COAL of AFRICA LIMITED

ANNOUNCEMENT **30 August 2013**

ANNUAL FINANCIAL STATEMENTS ANNOUNCEMENT

Coal of Africa Limited ("CoAL" or the "Company") is pleased to provide a copy of its Annual Financial Statements for the year ended 30 June 2013 which are also available on the Company's website, www.coalofafrica.com. Commentary for the year is provided below.

David Brown, Executive Chairman, commented on the period under review:

"CoAL has made significant progress in the execution of its focussed turnaround strategy during the last four months. This strategy will reposition CoAL as a project development company with a significant pipeline of hard coking coal near term and longer term projects.

The first major achievement was the release of the Makhado definitive feasibility study ("DFS") in June confirming the Company's potential to be a major hard coking coal producer, supported by the positive economics of the project. In the same month a new experienced management team was put in place; this team has made the decisive steps needed to reduce the cash losses suffered by the Company over a prolonged period.

Early June saw the announcement signalling the start of the Mooiplaats regulatory consultative process, which is expected to be completed at the end of August. In the event that there are no viable alternatives Mooiplaats is expected to be placed on care and maintenance, significantly reducing CoAL's cash losses and will enable the Company to embark on a formal sales process of the asset without continuing to incur these losses. In response to shareholder concerns, the Company has also reduced corporate overhead costs through a 25% reduction in head count and a review of all expenditure to ensure the Company's resources are being appropriately utilised.

In addition we identified the non-core assets and set about a disposal process and I am pleased to report that we have agreements in place for four of the five assets classified as non-core.

We have also made excellent progress on reducing the so called Take or Pay liability associated with our port allocation at Matola in Mozambique. We have at this time reduced this exposure by 50% and are aiming to move that up to about 80% by the end of the calendar year.

The next two achievements are enormously positive for the Company. The Board has approved our Vele technical plan and expansion project, subject to off-take agreements to support the procurement of funding for the capital and working capital expenditure. This now allows the Company to move forward in developing a project which will produce sufficient future cash flows to support the group overhead. This is augmented, in the short term, by the Company receiving a credit approved term sheet which will provide sufficient bridging financing for CoAL.

These major achievements place the Company on a sound footing as we move forward with confidence.

Despite turbulent operating, market and labour conditions, a number of significant milestones were accomplished during the year including the investment of $100 million and the signing of a Cooperation Agreement with strategic investor Beijing Haohua Energy Resource Co. Ltd ("BHE"). The completed Makhado Project DFS reflects the significant value of this project to the Company as well as the greater Limpopo province. Makhado has a net present value of $697 million and is expected to cost $406 million to build while the Company's other three project areas in the Soutpansberg coalfield provide significant long term scalability for any investment."

Salient features for the year

- One fatality (FY2012: nil) and 14 LTIs recorded during the year compared to 10 in the 2012 financial period.
- 3.777 million ROM tonnes (FY2012: 4.930 million ROM tonnes) of coal mined from the Vuna, Mooiplaats and Vele collieries.
- 3.371 million ROM tonnes (FY2012: 4.906 million ROM tonnes) processed, and 2.608 million tonnes (FY2012: 3.128 million tonnes) of saleable thermal coal produced.
- Total Company coal sales decreased by 25% year on year from 3.374 million tonnes in FY2012 to 2.544 million tonnes in FY2013 due to the depletion of the Vuna Colliery resource and the derailment on the Maputo rail corridor, resulting in the declaration of force majeure from mid-February to May 2013.
- $100.0 million investment by BHE which now owns 23.6% of CoAL through their subsidiary Haohua Energy International (Hong Kong) Company Limited ("HEI").
- CoAL signed a Cooperation Agreement enabling it to draw on HEI's commercial, technical and operational expertise in the development of the Company's project pipeline.
- The new CoAL executive management team started on 1 June 2013 and implemented cost reduction measures, including the restructuring of corporate and operational structures and the disposal of non-core assets.
- Completion of the Makhado Project DFS indicating a Net Present Value of R6.8 billion ($697.0 million).
- Reduction of bank debt with the remaining $4.2 million (30 June 2013: $12.5 million) owing to Deutsche Bank to be paid in September 2013 and Investec equity bank loan of $2.0 million repayable by November 2013.

- Agreement signed to dispose of the Woestalleen processing plant and related assets, conditional upon the satisfaction of certain approvals including regulatory aspects.
- The Maputo rail corridor derailment and strike action at the Mooiplaats Colliery in late 2012 resulted in reduced production of export quality thermal coal, exacerbating losses. In the event that there are no viable alternatives available in the short term, the Company upon completion of the formal s189 process will place the asset on care and maintenance.
- Advancement of the technical work on the Greater Soutpansberg Project provides further confidence in the long term potential of this resource.
- Market conditions for export quality thermal coal deteriorated significantly during the financial year, with the average price in US dollars being 19.7% lower than FY2012.

Corporate

CoAL continued to work on a number of initiatives to ensure the financial security of the Company which included the identification of a strategic investor at corporate level. This resulted in HEI, a subsidiary of BHE, investing $100.0 million in the Company by way of a subscription for shares.

The changes to the CoAL board during the year including the appointment of David Brown as Executive Chairman and Michael Meeser as Chief Financial Officer on 1 June 2013 resulted in the restructuring of the Company's operations. A strategic review of staffing resulted in Section 189 processes being completed at the corporate head office as well as the Vele coking and thermal coal colliery ("Vele Colliery") and Makhado coking and thermal coal project ("Makhado Project"). This process resulted in a reduction of the number of people employed by the Company. Post year-end, CoAL agreed to sell the Opgoedenhoop resource and is in the process of finalising agreements for the disposal of the Holfontein resource near Secunda in Mpumalanga.

OPERATIONAL REVIEW

The key operational coal statistics for the year are listed below:

	Total FY2013	Total FY2012*	Unit variance	% variance
ROM production	3,777,305	4,930,477	(1,153,172)	(23%)
ROM coal purchased	-	191,608	(191,608)	(100%)
Total coal feed to plant	3,370,599	4,906,616	(1,536,017)	(31%)
Combined average yield**	73.6%	63.7%	9.9%	15.5%
Saleable coal produced	2,607,824	3,128,144	(520,320)	(17%)

	Total FY2013	Total FY2012*	Unit variance	% variance
- Export coal	1,428,736	2,398,105	(969,369)	(40%)
- Middlings coal	1,179,088	730,039	449,049	62%
Total coal sales	2,543,902	3,373,781	(829,879)	(25%)
- Export***	1,043,605	1,662,204	(618,599)	(37%)
- Inland	542,103	923,160	(381,057)	(41%)
- Eskom	958,194	788,417	169,777	22%

Numbers in the table represent tonnes
*FY2012 figures include five months production from Vele Colliery.
**The yield is calculated using feed to plant and saleable coal produced excluding ROM coal sold as middlings coal. Vele Colliery yields will be included once production reaches steady state.
*** Export sales include coal from the Woestalleen, Mooiplaats Colliery and Vele collieries.

Woestalleen Complex

The Woestalleen Complex comprises the Vuna Colliery and three beneficiation plants. The Vuna Colliery regrettably recorded a fatality when an employee working for the rehabilitation contractor drowned in a pollution control dam. Vuna improved its safety record, as measured by lost time injuries ("LTIs"), with one lost LTI recorded during the 12 months (FY2012: one LTI) and one LTI (FY2012: three LTIs) was recorded at the Woestalleen processing plant during the period.

With the depletion of the coal resource at the Vuna Colliery during March 2013, the Company implemented measures to extend the life of the Woestalleen processing facility, resulting in the reprocessing of the Woestalleen discard dumps to produce middlings quality coal.

The Company has formally agreed to sell the Woestalleen Complex (excluding the Opgoedenhoop NOMR) to a consortium of investors and the asset is disclosed as an "operation held for sale" in the financial statements. The purchasers are in the process of providing the Company with satisfactory proof of funding and the relevant legislative approvals have been or will be submitted. In the interim, the purchaser is processing third party run of mine ("ROM") coal at Woestalleen on a cost-plus basis.

	FY2013	FY2012	Unit variance	% variance
ROM production	2,485,208	3,543,215	(1,058,007)	(30%)
Total coal feed to plant	2,088,595	3,318,386	(1,229,791)	(37%)
Average yield*	74.7%	63.2%	11.5%	18.2%
Saleable coal produced	1,922,149	2,095,934	(173,785)	(8%)

	FY2013	FY2012	Unit variance	% variance
- Export coal	965,473	1,568,745	(603,272)	(38%)
- Middlings coal	956,676	527,189	429,487	81%
Total coal sales**	1,207,748	1,310,230	(102,482)	(8%)
- Inland	466,014	718,335	(252,321)	(35%)
- Eskom	741,734	591,895	149,839	25%

Numbers in the table represent tonnes
* The yield is calculated using feed to plant and saleable coal produced excluding ROM coal sold as middlings coal.
**Export Sales are included in total sales from the Matola Terminal.

Mooiplaats Colliery

Ten LTIs were recorded during the 12 month period compared to six in FY2012 and there will be a refocus on safety for the coming year.

The Mooiplaats thermal coal colliery ("Mooiplaats Colliery") continued to experience challenging geological conditions during the year resulting in lower than budgeted ROM coal production. Various operational initiatives to identify potential improvements in the mining process to facilitate sustainable increased production have been undertaken at the colliery. These included the introduction of support contracts with equipment suppliers as well as cost control and optimisation measures. Despite initial improvements, Mooiplaats has not performed in line with managements' expectations and continues to experience constrained production output and the mine remains unprofitable. The labour unrest in the South African mining industry affected production and Mooiplaats experienced a wage related strike in September and October 2012 while the February 2013 force majeure declaration resulted in the colliery becoming a middlings only colliery and all coal produced was sold to the state power utility, Eskom ("Eskom").

The colliery is considered non-core and is recorded as an "operation held for sale" at 30 June 2013. The Company expects to commence a formal sales process in September 2013.

	FY2013	FY2012	Unit variance	% variance
ROM production	755,251	1,226,155	(470,904)	(38%)
ROM coal purchased	-	191,608	(191,608)	(100%)
Total coal feed to plant	762,286	1,425,941	(663,655)	(47%)
Average yield	70.3%	69.1%	1.1%	1.6%
Saleable coal produced	535,985	986,144	(450,079)	(46%)

	FY2013	FY2012	Unit variance	% variance
- Export coal	313,573	783,294	(469,271)	(59%)
- Middlings coal	222,412	202,850	19,562	9%
Total coal sales**	292,549	401,347	(108,798)	(27%)
- Inland	76,089	204,825	(128,736)	(63%)
- Eskom	216,460	196,522	19,938	10%

Numbers in the table represent tonnes
*Export sales include coal from Woestalleen, Mooiplaats and Vele and are reported.
**Export Sales are included in total sales from the Matola Terminal.

Vele

The Vele Colliery recorded one LTI during the year (FY2012: nil LTIs) and various safety, health and environmental policies continued to be monitored during year.

The Vele Colliery was adversely affected by higher than normal rainfall in January 2013, resulting in flooding of the pit and the declaration of force majeure. The February 2013 derailment on the Maputo rail corridor resulted in the closure of the railway line and a further force majeure period. During this period stockpile capacity was saturated resulting in the cessation of mining activities at site and the colliery recommenced railing of export quality thermal coal in May 2013. The Company has finalised additional core drilling and core testing in order to ascertain the coal quality at the colliery. This data has been utilised in a financial model which supports the investment case for a plant to produce semi-soft coking coal as well as sized and un-sized thermal coal. The board approved the technical plan and project plan which will allow the commencement of discussions on the required funding for Vele with the aim of and concluding the appropriate agreements by the end of the first quarter in CY2014 at which time construction will commence for the majority of CY2014 with production to commence in CY2015.

	FY2013	FY2012*	Unit variance	% variance
ROM production	536,846	161,107	375,739	233%
Total coal feed to plant	519,718	162,289	357,429	220%
Saleable coal produced	149,690	46,066	103,624	224%
- Export coal	149,690	46,066	103,624	224%
- Middlings coal	-	-	-	-
Total coal sales**	-	-	-	-
- Inland	-	-	-	-
- Eskom	-	-	-	-

Numbers in the table represent tonnes. (Vele Colliery yields will be included once production reaches steady state.)

*Production at the Vele Colliery commenced in February 2012.
**Export Sales are included in total sales from the Matola Terminal.

Makhado Project

The Makhado Project recorded no LTIs (FY2012: nil LTIs) during the year.

The Makhado Project DFS was completed during the year and indicates that the project has 344.8 million mineable tonnes in situ and a 16 year life of mine. The opencast project is expected to produce 12.6 million tonnes per annum ("Mtpa") of ROM coal yielding 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal for the domestic or export markets. The estimated average on-mine operating costs are R865 ($89) per tonne of hard coking coal (after thermal by-product credit) and the project is expected to cost R3.96 billion ($406 million) (including contingency) to build. The project's Internal Rate of Return ("IRR") of 30.1% and Net Present Value ("NPV") of R6.79 billion ($697 million) were calculated using independently forecast average hard coking coal prices over the life of the mine.

The Makhado Project is included in the annual report as an exploration project and the Company is in the process of fulfilling the Black Economic Empowerment requirements in conjunction with fund raising activities for the project prior to the granting of a new order mining right ("NOMR").

MbeuYashu Project (Greater Soutpansberg Project)

The MbeuYashu Project recorded one LTI (FY2012: nil LTIs) during the year.

The exploration and development of the CoAL prospects in the Soutpansberg coalfield is the catalyst for the long-term growth of the Company. The Department of Mineral Resources has accepted the Company's NOMR applications for the Mopane, Generaal and Chapudi projects, all forming part of the MbeuYashu project. Further exploration on these areas is expected to occur in FY2014.

SALIENT FINANCIAL FEATURES

- Classification of the Mooiplaats Colliery and Woestalleen Complex as "operations held for sale" and the continued classification of the Vele Colliery as a development asset.
- $145.4 million (FY2012: $242.5 million) in revenue generated by the Mooiplaats and Woestalleen operations for the year with revenue declining due to:
    - reduced ROM coal availability;
    - lower international coal prices compared to the previous year; and
    - a change of sales mix resulting from the force majeure.
- Coal sales mix was made up as follows:
    - export coal sales decreased by 37% to 1.044 million tonnes (FY2012: 1.662 million tonnes) as a result of the derailment in February 2013 preventing the transport of coal to the Matola terminal and, the depletion of the Vuna colliery resource;
    - inland sales of export quality coal decreased by 41% to 0.542 million tonnes (FY2012: 0.923 million tonnes) due to reduced availability of export quality coal; and

- sales to Eskom increased by 22% to 0.958 million tonnes (FY2012: 0.788 million tonnes) as a result of the Mooiplaats Colliery producing middlings coal only from February 2013 and the supply of a portion of the Vuna ROM coal to Eskom.

- Loss for the year of $148.2 million (FY2012: $138.9 million) including non-cash charges of $106.6 million (FY2012: $115.9 million) which includes:
  - impairment of Mooiplaats of $48.5 million (FY2012: $324k reversal);
  - depreciation and amortisation of $28.6 million (FY2012: $70.0 million);
  - unrealised foreign exchange losses of $28.6 million (FY2012: $41.6 million) as a result of the South African rand weakening against the United States dollar; and
  - share based payment expense of $0.7 million (FY2012: $5.0 million).
- Total unrestricted cash balances available to the Company at year-end of $29.9 million (FY2012: $19.5 million).
- CoAL continues to work on a number of initiatives to ensure the financial security of the Company going forward and is pleased to announce that it has signed, but is yet to execute, a credit approved term sheet relating for a bridging facility of not less than $10.0 million. The ability of the Company to continue as a going concern and pay its debts as and when they fall due is dependent on the execution of this document and, the sale of the Woestalleen Colliery and other non-core assets during the next six months as well as the sale of the Mooiplaats Colliery during the next financial year.
- Headline loss for the year of $0.11 (FY2012: loss of $0.23).

In conclusion, I take this opportunity to re-iterate the commitment of the Company to developing its valuable assets in a responsible manner. Furthermore, CoAL is fortunate to have dedicated shareholders and loyal staff with the desire and ambition to see the Company succeed.

David Brown
Executive Chairman

For more information contact:

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Investec Bank Limited is the nominated JSE Sponsor

About CoAL:
CoAL is an AIM/ASX/JSE listed coal exploration, development and mining company operating in South Africa. CoAL's key projects include the Vele Colliery (coking and thermal coal), the Greater Soutpansberg Project /MbeuYashu, including CoAL's Makhado Project (coking and thermal coal).

Financial results presentation:
CoAL invites you to the presentation of our financial results, with simultaneous webcast and conference call, for the year ended 30 June 2013.

DATE: 30 August 2013
VENUE: Hackle Brooke, 110 Conrad Drive, corner Conrad Drive and Jan Smuts Avenue, Craighall Park, Johannesburg
TIME: 11:30 (CAT)

The simultaneous webcast and conference call will be accessible at http://themediaframe.eu/links/coalofafrica130830.html or CoAL's website at www.coalofafrica.com.

(a) TELECONFERENCE

Country	Access number
Other countries (International Toll)	+27 11 535 3600
Other countries - Alternative	+27 10 201 6800
South Africa - Johannesburg	011 535 3600
South Africa - Johannesburg Alternative	010 201 6800
UK (Toll-Free)	0808 162 4061

(b) PLAYBACK

A playback of the teleconference will be available for 48 hours afterwards on the following telephone numbers:

Country	Access number
Other countries (International Toll)	+27 11 305 2030
South Africa (Telkom)	011 305 2030
UK (Toll-free)	0808 234 6771