Unlocking the value of the Limpopo and Soutpansberg coalfields

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IHS McCloskey South African Coal Exports Conference

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Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 18 September 2011, and (2) the Independent Technical Statement for the Greater Soutpansberg for Coal of Africa Limited, 31st May 2012, each prepared by Venmyn Rand (Pty) Ltd, which are available on Coal of Africa's website (www.coalofafrica.com), for full details of the coal resource and reserve estimates referred to in this presentation and the basis on which those estimates have been prepared.

Competent persons’ statement

The information in these Presentation Materials that relates to mineral resources or ore reserves has been compiled by Ms C Telfer (B.Sc. Hons. (Geol.), (DMS) Dip Bus Man Pr. Sci. Nat., FGSSA, MAusIMM, M.Inst.D) and Mr G Njowa (M.Sc. (Min. Eng), MRM, B.Sc.Hons. (Min. Eng), Grad CIS, MSAIMM, Pr Eng, MIAS), of Venmyn Rand (Pty) Ltd, who both have relevant and appropriate experience and independence to appraise the coal assets. Both Ms C Telfer and Mr G Njowa are considered“Competent Persons”, and each have more than five years relevant experience in the assessment and evaluation of the types of coal exploration and mining properties presented in this announcement.Both Ms C Telfer and Mr G Njowa consent to the inclusion of the resource information in these Presentation Materials in the form and context in which it appears.

Economic forecasts: medium-term global recovery from China and India to provide support for demand

Real GDP growth forecast (%)

	2010	2011	2012	2013	2014
China	10.5	9.2	7.7	7.9	8.2
India	9.6	6.9	6.0	7.0	7.8
Japan	4.6	-0.7	2.6	1.3	2.6
UK	1.8	0.8	-0.5	0.9	1.4
US	2.4	1.8	2.1	1.8	2.8

Currency forecast (per US dollar)

	2010	2011	2012	2013	2014
South Africa (rand)	7.32	7.25	8.10	8.92	8.14
Euro	0.76	0.72	0.79	0.86	0.80
Japan (yen)	87.78	79.81	79.02	78.61	78.89
China (renminbi)	6.77	6.46	6.31	6.25	6.06
India (rupee)	45.73	46.66	53.64	51.64	49.24

Source: IHS Global Insight

Forecast regional changes to coal demand: driven from Asia

Growth : Changes in demand (Mt)	2012	2013	2014
Europe	13.45	-4.10	-0.40
Mediterranean	2.45	1.50	3.10
Americas	-4.10	3.50	0.90
Asia	53.05	37.7	38.70
Total	64.85	38.60	42.30

Nominal imbalance expected: total supply and demand of coal

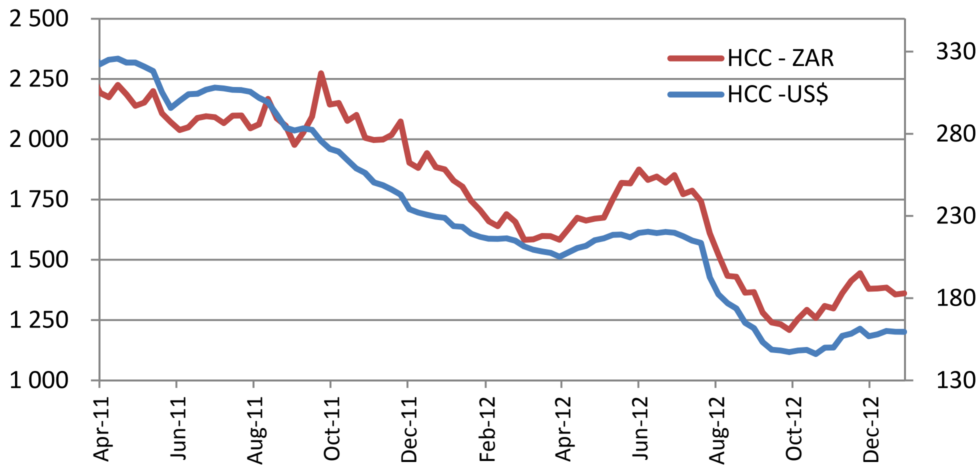
	2012		2013		2014
Demand	825.41	4.6%	864.01	4.9%	906.31
Supply	815.03		853.53		896.53

% YoY increase in demand

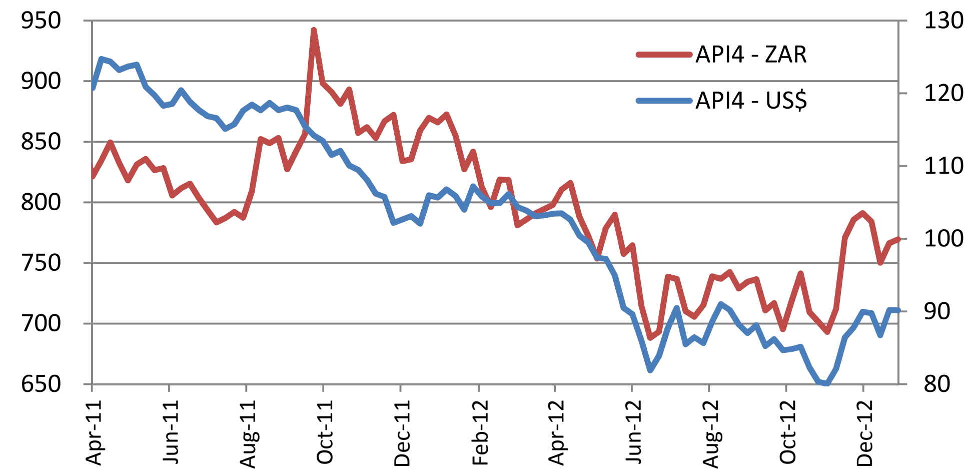
Source: IHS McCloskey Steam Coal Forecaster SCF 68 Vlm 3 ,2012

Price history analysis

Coking coal



Thermal coal

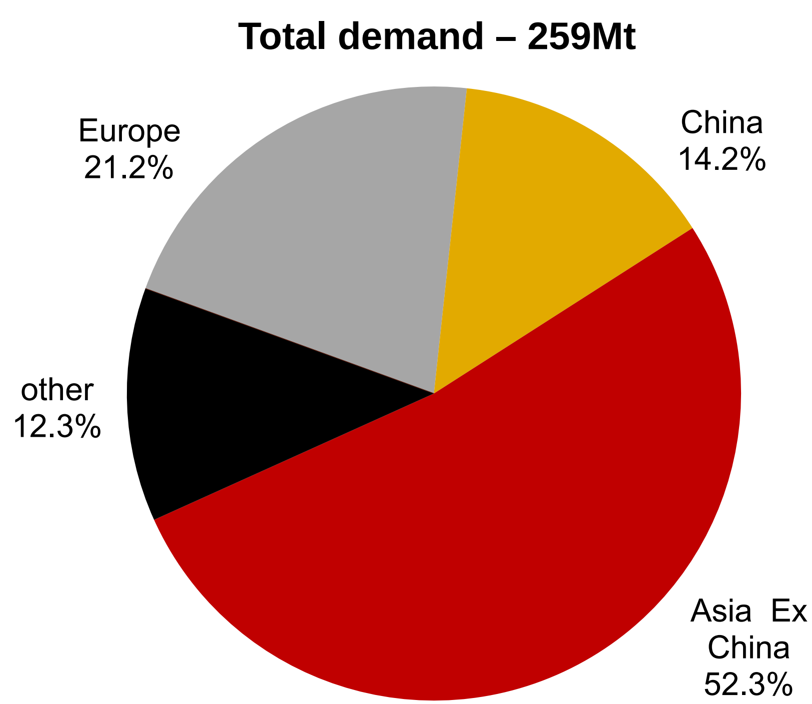


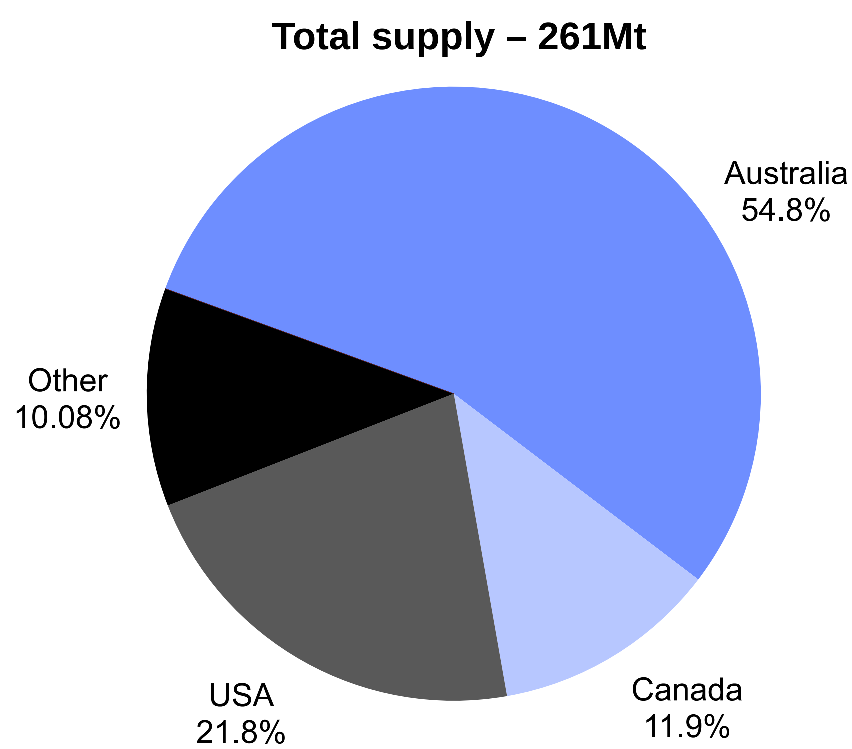
- HCC: ↓51% to US$159 in December 2012
  - from peak of US$324 in April 2011
  - ZAR weakness mitigated impact: ↓37%
- Marginal producers: Current prices below production cost
  - risk of supply reduction from North America and Australia

- API4: ↓28% to US$89 in December 2012
  - from ~US$123 in April 2011
  - ZAR weakness mitigated impact : ↓21%
- Current export coal prices: ↓6% to US$84 since December 2012

Source: Argus Media

Seaborne metallurgical coal demand and supply – 2012





Year	Demand (Mt)	Supply (Mt)
2013F	264	267
2014F	278	279
2015F	290	292
2016F	296	296
2017F	304	301

Source: Macquarie Commodities Compendium– January 2013

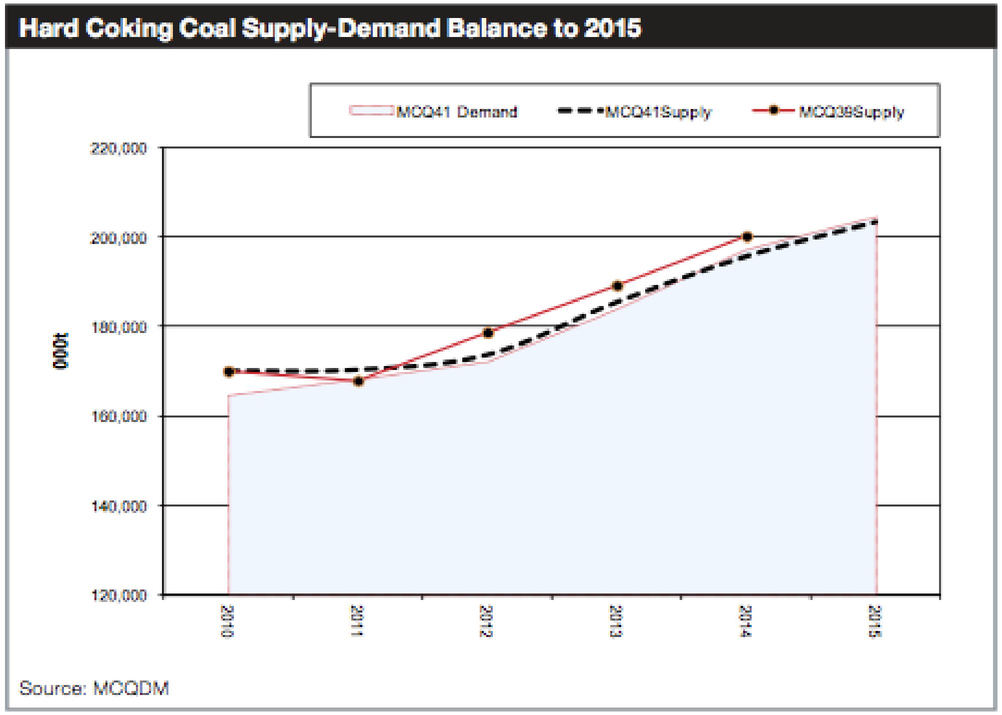
Outlook for hard coking coal to 2015

Supply-side

- Global supply largely dependent on Australia (Queensland)
  - ~80% seaborne export growth by 2017
- Supply gap anticipated in China
- Emerging sources of supply: Mongolia and Mozambique

Demand-side

- Emerging markets expected to drive demand
  - Despite lower per-capita steel consumption in India and China than OECD countries
  - South east Asia and Brazil economic development: Further potential demand drivers



Supply-demand balance: hard coking coal ('000t)

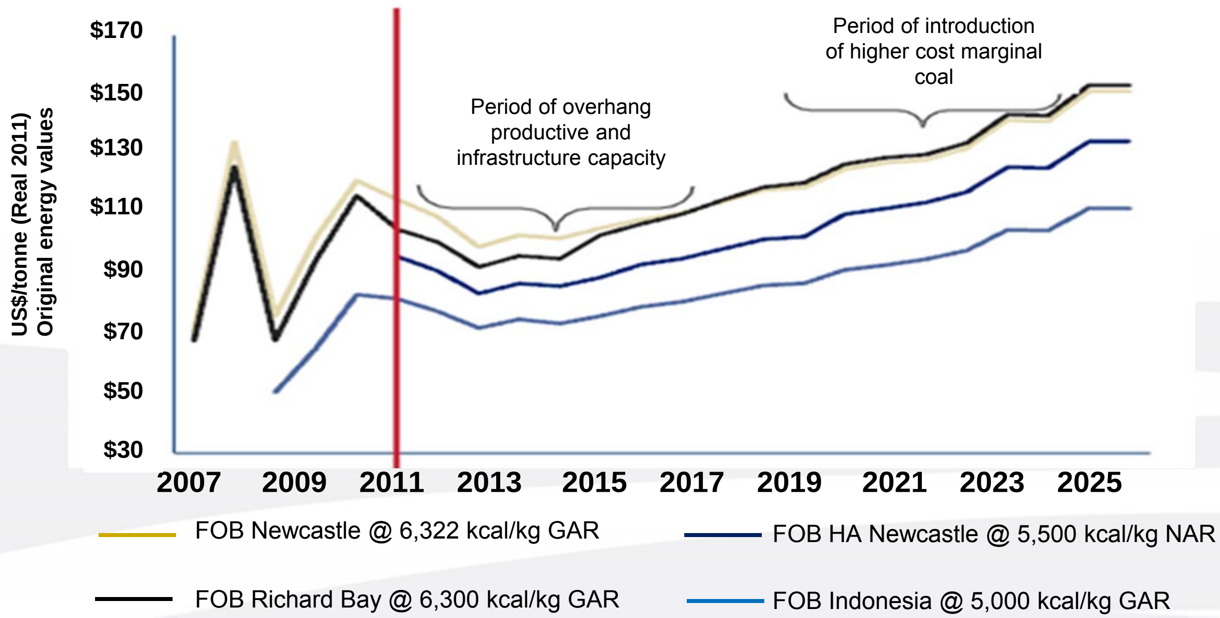
	2010	2011 (Est.)	F2012	F2013	F2014	F2015
Seaborne demand	164,648	168,174	172,130	183,876	197,239	204,547
Seaborne supply	170,062	170,314	173,653	185,450	195,710	203,418
Unmet demand	-5,415	-2,140	-1,523	-1,574	1,530	1,130

Oversupply situation expected to reverse during 2014

Source: IHS McCloskey Metall\urgical Coal Quarterly MCQ 41 3 Year outlook ,2nd Qtr 2012 ; Macquarie -The Global Commodities Specialist 18/01/2013

Stabilisation of long-term thermal coal pricing

- Longer-term fundamentals: demand trend expected to continue
- Rebound driven by China and India:
  - economic growth heavily reliant on coal
  - limited alternatives to expand coal use in power sector
- Potential demand growth contingent on new reserves coming on stream in more remote regions
  - potential for price pressure across global supply chain
  - current pricing levels and capital intensity impacts feasibility of new coal projects



Source: BHP Billiton

Mining in South Africa: the current reality

- A key employment driver in the New Growth Path: provides 1.3 million jobs (500 000 direct and 800 000 indirect)*
- Major contributor to domestic economy: accounts for ~ 19% of GDP (9% direct, 10% indirect and induced) and 12% direct investment in South Africa*
- 94% of South Africa's electricity generated from coal powered plants*
- Unlocking value of country's mineral wealth: 17.7% (R26bn) of corporate tax receipts and R5.5 bn in royalties in 2011*
- Government intention to specify certain minerals as strategic creating uncertainty with investors
- Investment required in national logistics infrastructure key to successfully operating mines: power, water and transport

** Chamber of mines : 'South African Mining – Managing the challenges' presentation ,12 October 2012*



CoAL's positioning in the Limpopo mining landscape

Limpopo mining landscape

- Current contribution of ~ 4% of coal mining in South Africa with potential to grow to ~40% within next three decades
- Estimated to contain about 75 billion tonnes of coal
- Significant good quality thermal and metallurgical coal deposits

Critical factors for unlocking potential

- Regional stakeholder alignment between Eskom, TFR, the Department of Water Affairs to develop and integrate globally competitive rail, road and water infrastructure
- Promoting the industry, attracting investment and achieving both industrial growth and transformation

CoAL's positioning

- Uniquely placed to contribute significantly and responsibly to developing Limpopo's mineral wealth
- Collaborating with government and provincial authorities to protect the environment and the welfare of local communities e.g. MoA with DEA and SANParks at Vele Colliery
- Engaging with host communities to ensure broad-based benefits: jobs, skills and social infrastructure e.g. Makhado Colliery Community Consultative Forum with 35 democratically elected members representing seven communities

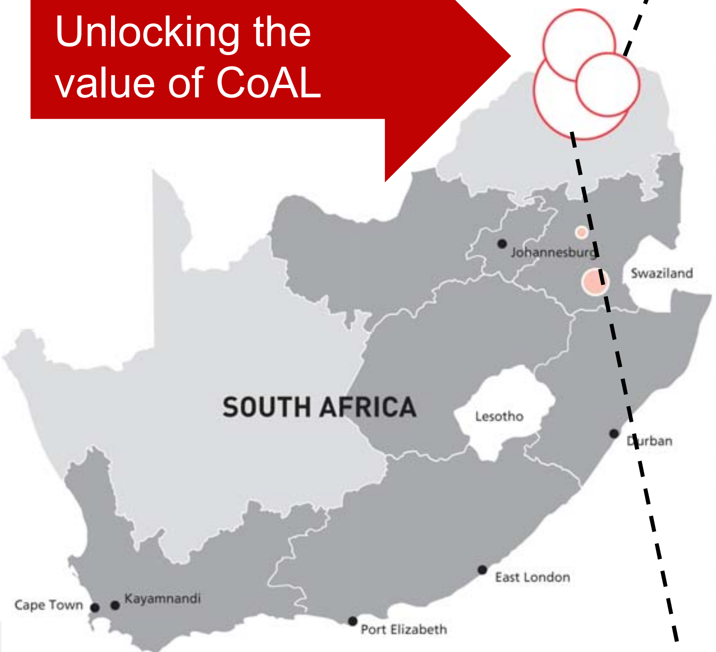
Transition from exploration to mining

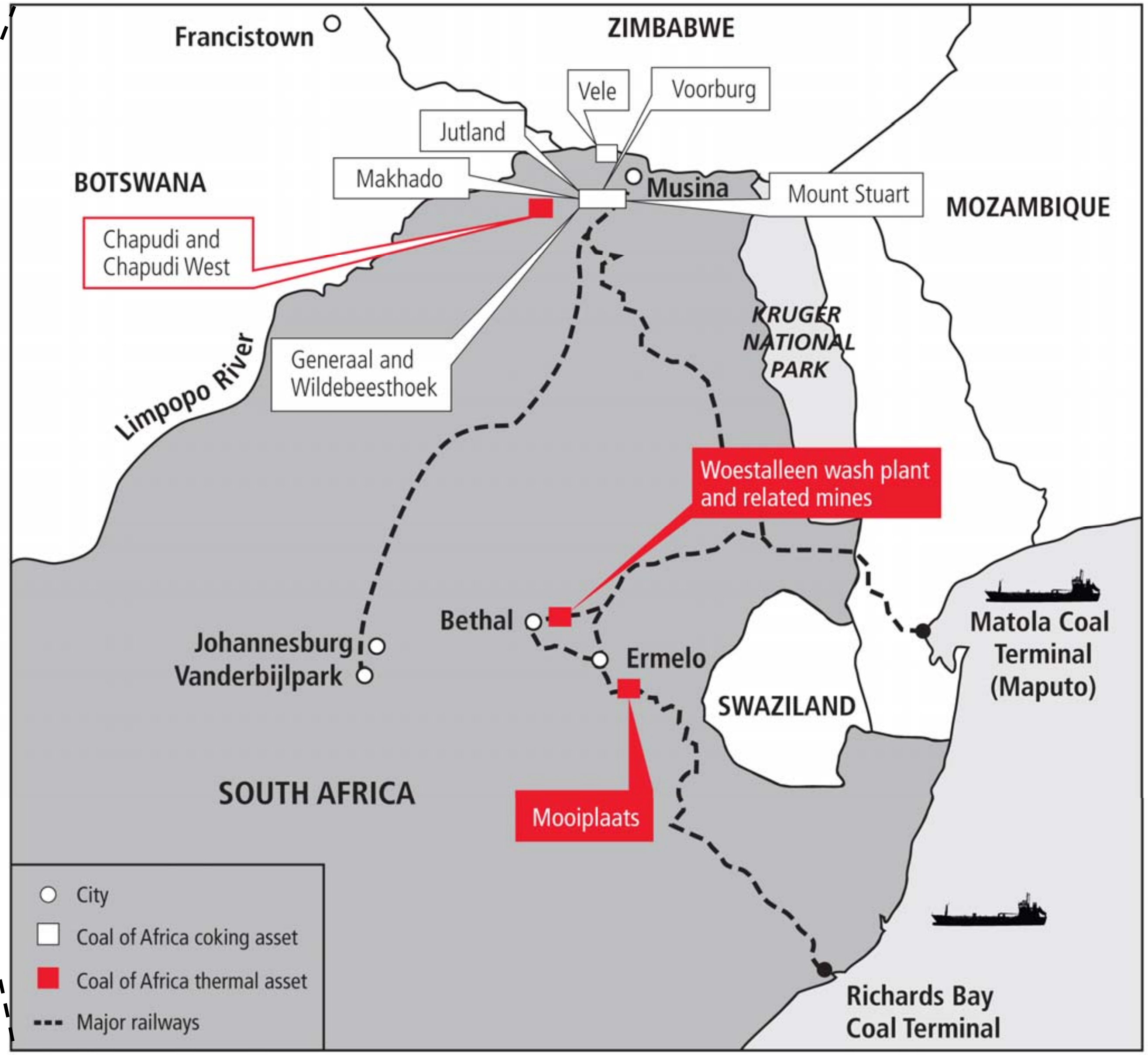
Coal of Africa: Future metallurgical coal producer

- **Vision to responsibly produce 10 million tonnes of coal per annum**
  - pipeline of good quality coking and thermal coal projects
  - identify strategic partners to develop projects
  - Secure the requisite regulatory licenses and authorisations
- **Key risks**
  - commodity cycle
  - South African socio - political environment
  - funding and regulatory timelines

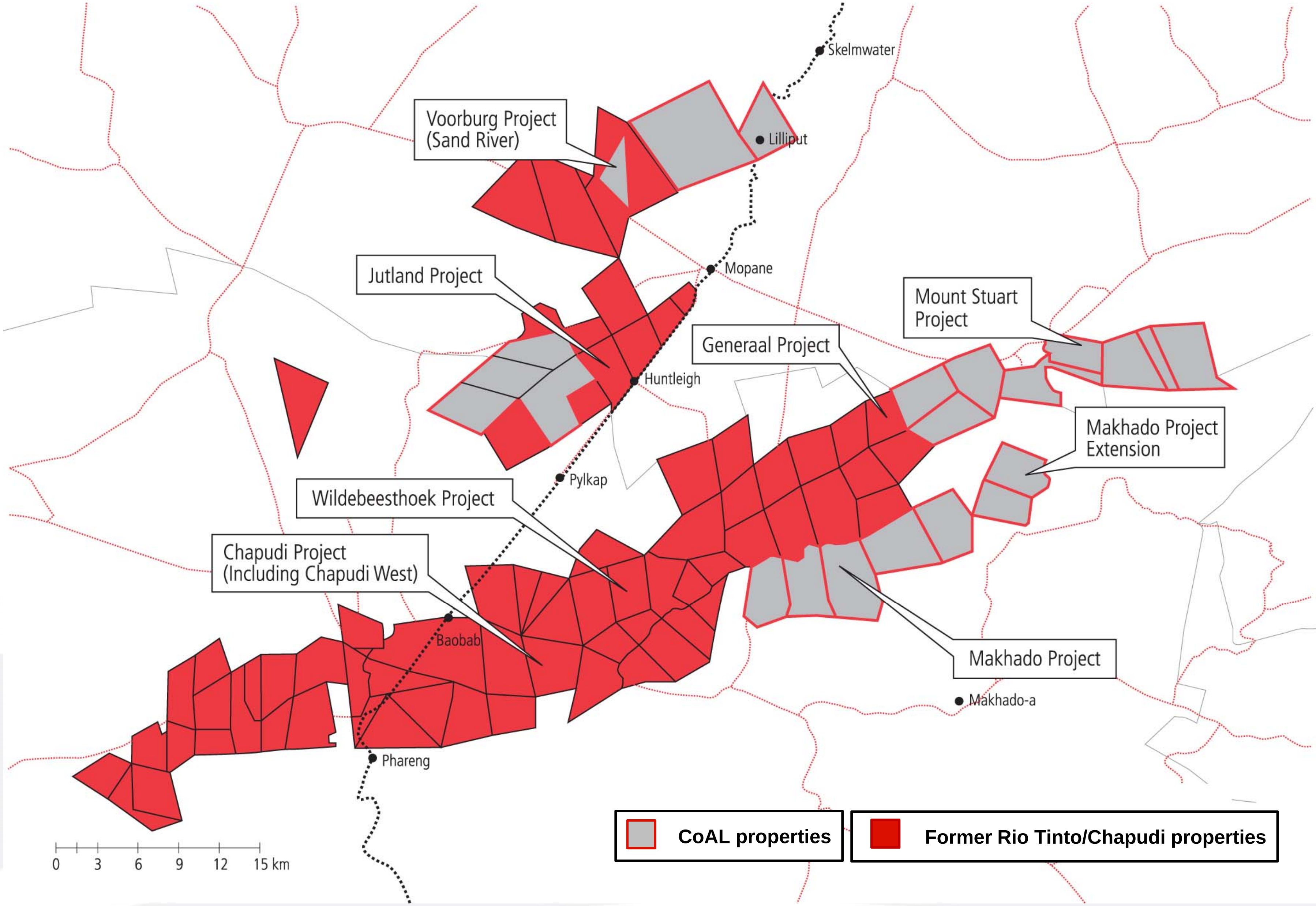
Project location map

Unlocking the value of CoAL





Contiguous Limpopo properties offer future value



Contiguous Limpopo properties offer future value

- **Highlights: enhanced position**
  - establishes CoAL in the Limpopo region (Limpopo and Soutpansberg coalfields)
  - consolidating tenements and resource to improve mine planning optionality, flexibility and economies of scale
- **Significant resource**
  - significant resource base of potential coking and thermal coal products >8.0bn tonnes
  - strategically positioned in Soutpansberg coalfield covering a significant portion of available strike length
- **Logistics**
  - access to domestic and export markets with installed rail capacity and access to Matola Terminal
  - option to increase port throughput capacity

Projects and operations

EXPLORATION	DEVELOPMENT	MINING
Chapudi Chapudi West Generaal Jutland Makhado Extension Mt Stuart Voorburg Wildebeesthoek	Makhado Vele (In ramp up)	Mooiplaats Woestalleen[1] Vele

COAL OF AFRICA: VALUE DRIVERS

- Assets in three major phases (exploration, development, mining)
- Upside potential based on project pipeline
- Development of Limpopo (predominantly coking coal assets) will enable CoAL to benefit from positive long term industry fundamentals

[1] *Includes the Zonnebloem (Vuna) Colliery, the remaining open-cast pit in operation*

Substantial resources and reserves across provinces

Abridged summary of JORC compliant resource & reserve statement – 31 May 2012	JORC-compliant resources (measured, indicated and inferred)[1,2]			JORC compliant reserves (proven & probable)[2]	Strike length drilled to date (km)	Strike length to be drilled (km)
Project name (Coalfield)	**Gross tonnes in situ** (Mt)	**Total tonnes in situ** (Mt)	**Mineable tonnes in situ** (Mt)	**Reserves** (Mt)		
Makhado Project (Soutpansberg)	795.6	691.5	344.4	-	16.5	0.0
GSP (Soutpansberg)	7,161.0	5,751.5	1,660.0	-	51.4	66.1
Vele Colliery (Limpopo)	795.7	672.9	362.5	325.6	-	-
Mooiplaats Colliery (Ermelo)	86.8	80.8	45.1	30.1	-	-
Woestalleen Colliery(Witbank)	1.6	1.5	1.4	1.4	-	-
Total	**8,840.7**	**7,198.2**	**2,413.4**	**357.1**	**67.9**	**66.1**

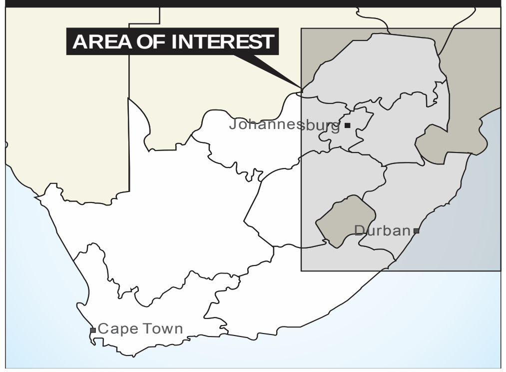
- Represent ~90% of South Africa's accessible hard coking coal resources and ~10% of total remaining domestic coal resources
- Similar in size and range of coking coals to Russia's Elga and Kuzbass Coalfields
- Southern portions of coal field: prime hard coking coals
- Significantly simpler infrastructure routes compared to new fields outside Australia namely Russia, Mongolia, British Columbia, and Moatise

1 Resources are stated inclusive of reserves
2 Independent Technical Statement for the GSP (30 September 2012)
3 Competent Person's Report (12 December 2012)

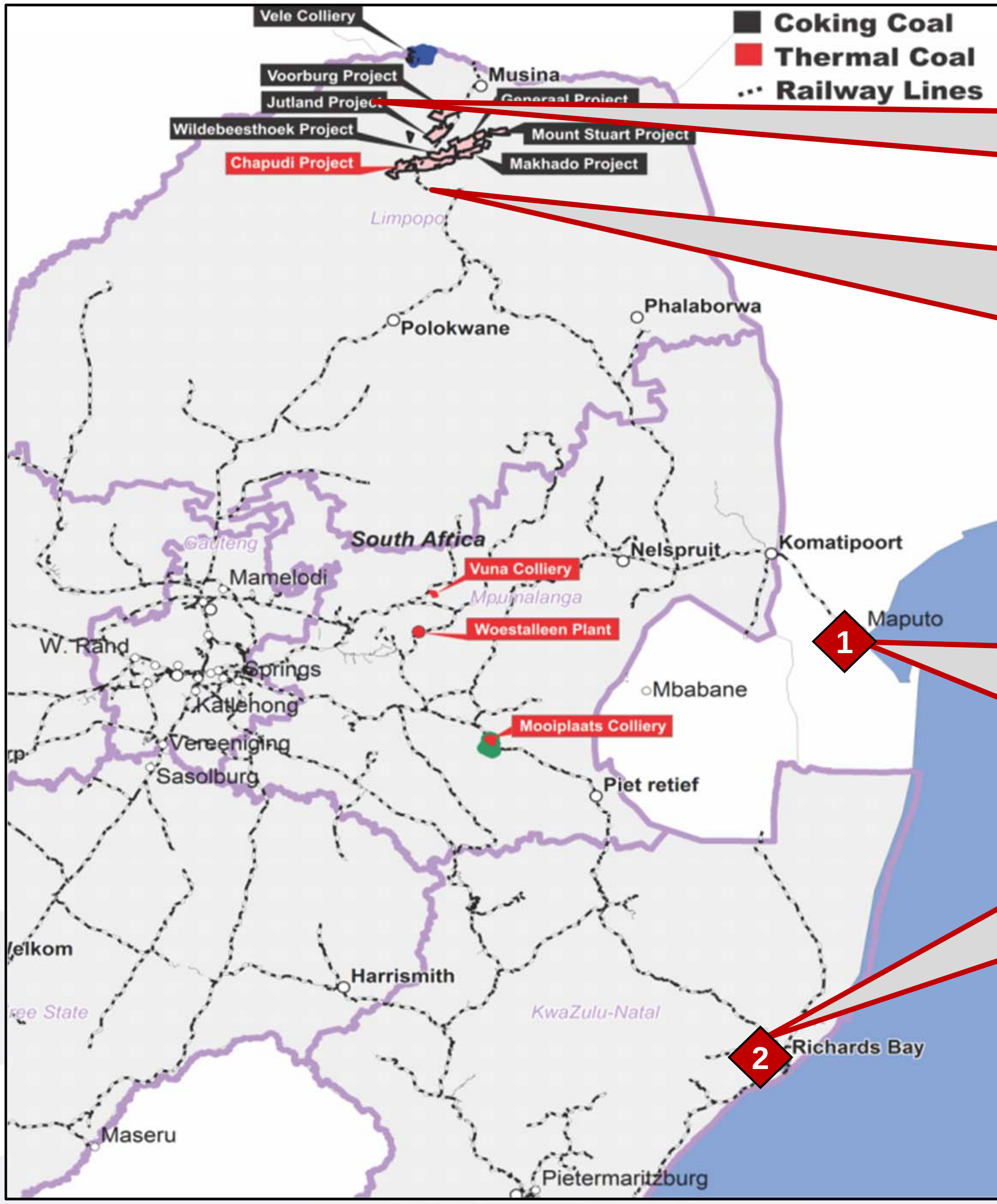
Logistics: main export corridors

LOCALITY WITHIN AFRICA

LOCALITY WITHIN SOUTH AFRICA



FROM/TO	RBCT	MATOLA
	km	km
Vele (Musina)	1256	735
Makhado	1205	683
Woestalleen	559	404
Mooiplaats	448	405



Existing railway line to Matola
- ±6-8Mtpa capacity before further upgrades

Inland rail and access to RBCT
- Supply to domestic customers via inland rail system
- Alternative access via RBCT through Western corridor via Pyramids
- Cost differential on rail and port

System 1: Maputo Corridor via Matola Terminal (Mozambique)
- CoAL – 3.0Mtpa allocation
- Right to participate in port expansion

System 2: Richards Bay Corridor via Richards Bay Coal Terminal
- CoAL - 207,000tpa allocation under the Quattro allocation

Matola Terminal, Maputo

- Matola
  - current capacity of 6.0Mtpa with 4.5Mtpa allocated to coal and 1.5 Mtpa magnetite
    - Coal of Africa has 3.0Mtpa capacity
  - right secured to any increased capacity and participation of up to 100%
    - no funding obligation following finalisation of Vitol terminal throughput agreement
  - Phase 3.5 port expansion
    - increase of terminal capacity from 6.0 Mtpa to 7.3Mtpa
    - expected completion October 2013

Matola Dry Bulk Terminal, Maputo (Mozambique)

Investment highlights

1	▪ Multiple large-scale coking-coal projects with significant resource base (>2bn mineable tonnes in situ)
2	▪ Strategy to create a series of regionally optimised mines through the consolidation of the GSP coking-coal portfolio
3	▪ GSP tenements provide optionality, flexibility and economies scale across contiguous and adjacent resources
4	▪ Key strategic relationships such as BHE and Vitol
5	▪ Domestic demand for both coking and thermal coal
6	▪ Strategically located assets close to logistics infrastructure
7	▪ Right to participate in any future expansion of capacity at Matola Terminal

WELL-DEFINED PATH FOR LONG-TERM GROWTH

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