COAL of AFRICA LIMITED

Financial year-end 30 June 2013

David Brown, Executive Chairman

Michael Meeser, Chief Financial Officer

Friday, 30th August, 2013

www.coalofafrica.com

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Important Notice

Recipients of this presentation should refer to (1) the Independent Technical Statement for Coal of Africa as at 10 December 2012, 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.

Agenda

Introduction	David Brown
Operational review	David Brown
Financial review	Michael Meeser
Outlook and conclusion	David Brown

Introduction:
David Brown, Executive Chairman

Repositioned mining development company

- **Vision to responsibly produce 7 million tonnes of coal per annum**
  - pipeline of high quality coking and thermal coal projects - Vele, Makhado and Greater Soutpansberg
  - identification of strategic investors to develop Vele and Makhado
- **Key risks**
  - commodity cycle and South African regulatory environment
  - funding and regulatory timelines
- **Management changes**
  - experienced management team in place since 1 June 2013

Enhanced turnaround strategy: five key priorities

1. Attaining strategic investor – Done

2. Thermal assets restructure – Mooiplaats S189 process to be completed; Woestalleen – agreement signed

3. Product quality confirmation at Vele - Done

4. Reduction in overhead structure - Done

5. Secure funding for Makhado and obtain regulatory approvals – in progress

Execution during FY2013: 1/3

Equity	**Strengthened financial structure**	• $100m – equity transaction with Beijing Haohua Energy Resource Co Ltd • $53.5m – capital raise with other shareholders • $14m – cash generated from sale of "balance sheet" items
Debt	**Repayment initiative almost complete**	• Deutsche Bank debt of $37.5m reduced by $24.9m to $12.6m as at 30 June 2013. Will be repaid in full by September 2013 • Investec Bank equity backed loan debt of $6.9 m reduced by $4.9m. Will be repaid in full by November 2013 • Post year-end receipt of term sheet for Corporate facility
Logistics	**Marketing relationship and take or pay**	• Long-term marketing agreement signed with Vitol • Matola Phase 4 port option restructured; no funding obligation • Take or pay liability based on 2.25 million tonnes reduced by 1.5 million tonnes as a result of "leases" to 3rd parties. Working on further reductions by end of the calendar year

Execution during FY2013: 2/3

People

A smaller and focused team

- Management changes complete, Board size reduced. Corporate overhead significantly reduced
- Head count reduced by nearly 30% circa $3m per annum saving
- No bonus payments for FY 2013 or salary increases for senior employees for FY 2014

Non - core

Mooiplaats

- Section 189 process announced in June 2013 - entails a 60 day consultation process with labour and other stakeholders
- Process completed during August 2013. In the event that there are no viable alternatives available the colliery is to be placed on Care and Maintenance.
- Cash burn to reduce from approximately R240m to R40m per annum
- Considering sale of this asset

Sale - assets

Positive Progress regarding the clean up

- Sale of Woestalleen and other non core assets such as Opgoedenhoop, Holfontein and Lemur are progressing well
- Substantial clean-up of legal matters.

Execution during FY2013: 3/3

Future Value

Makhado DFS points to a robust economic future

- DFS released as committed in June 2013
- Good project economics – IRR of 30.1%
- Funding to be done at project level and process has commenced

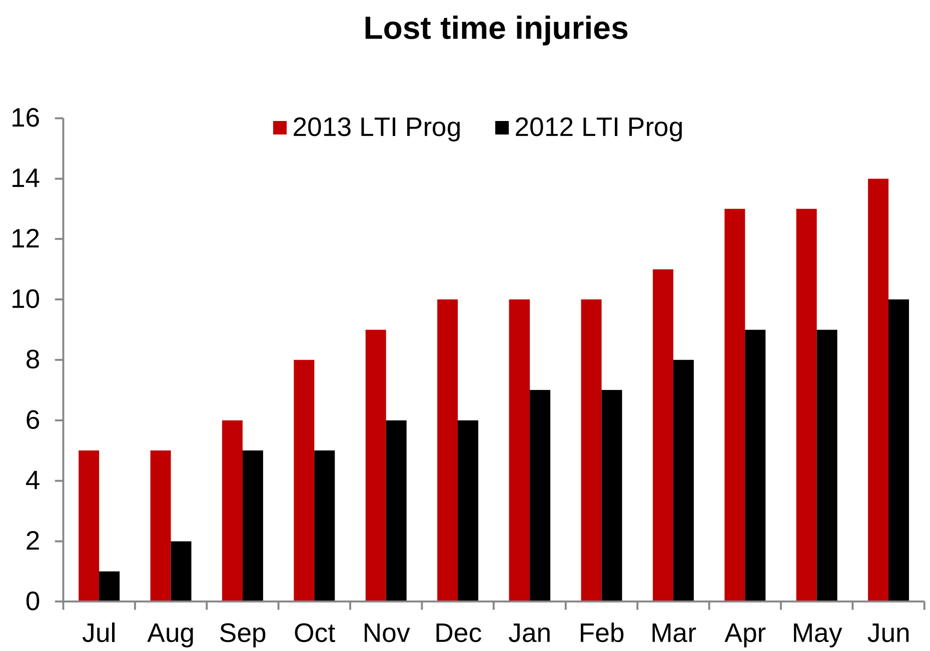
Operational review:
David Brown, Executive Chairman

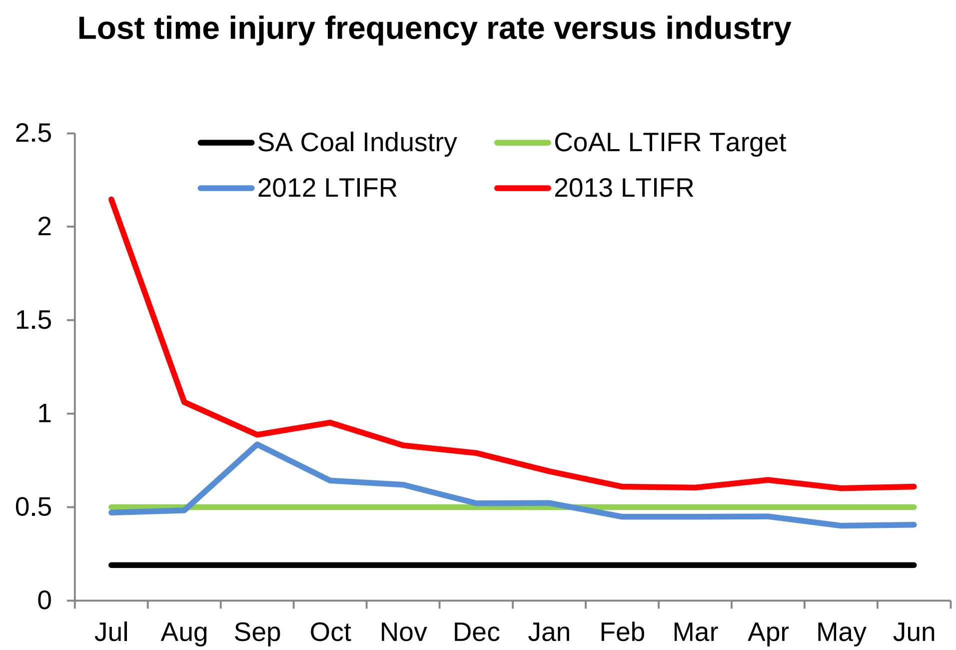
Repositioned CoAL

EVALUATION	DEVELOPMENT	NON-CORE
Chapudi Chapudi West Generaal Jutland Makhado Extension Mt Stuart Voorburg Wildebeesthoek	Vele Makhado	Mooiplaats Woestalleen Holfontein Opgoedenhoop
Future	Primary Current Focus	Closure and Sale

- Assets in two major phases (evaluation and project development)
- Development of Vele and Makhado to drive short-term activities
- Development of evaluation projects with a significant resource pipeline with further hard coking coal potential

Refocus on safety

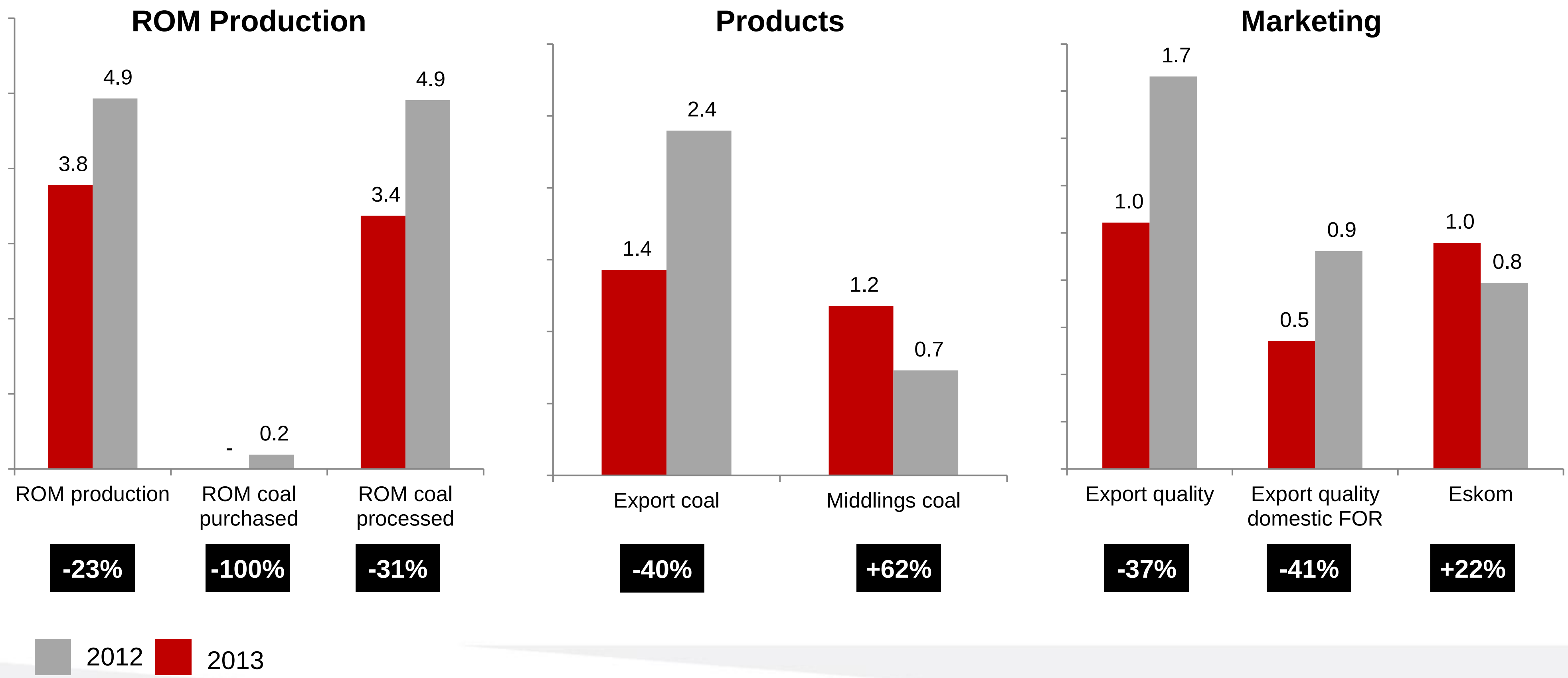




- Safety performance not satisfactory as recorded one fatality for the year: 14 LTIs recorded during the year (FY2012: 10)
  - 4,000 FFPS* at Vuna
  - 4,000 FFPS* at Woestalleen
  - 3,000 FFPS* at Mooiplaats
  - 1,000 FFPS* at Vele

** Fatality-free production shifts*

Group operational performance summary



**Figures shown in millions of metric tonnes*

Lower ROM production	Lower volume of export quality coal	Increased Eskom sales
Strike action at Mooiplaats and the depletion of the Vuna Colliery resource in March 2013 affected production	Force majeure prevented the railing of coal to the Matola terminal	Force majeure resulted in Mooiplaats producing middlings coal only

Project development: Vele Colliery

Feb 2013 Enhanced quality testing initiated – drilling and sample testing

Aug 2013 CoAL board approved project subject to off-take agreement and funding

Future Activities FY2014 and beyond

- produce 2.7 million ROM tonnes per annum
- produce SSCC* as well as sized and un-sized thermal coal
- funding and off-take phase: completed by 31 March 2014; production will cease by October 2013 to prepare for construction phase
- construction phase: up to 12 months
- ramp-up phase: 6 months

** Semi Soft Coking Coal*

Project development: Makhado Project

- **Highlights:**
  - **Definitive Feasibility Study completed**
    - released to the market June 2013
  - **Independent coking coal product tests commissioned**
    - confirmed outcome of detailed tests conducted by AMSA
    - product classified as premium hard coking coal
  - **Democratically elected community forum**
    - 35 members representing seven local communities
  - **Regulatory processes well-advanced**
    - funding and empowerment work streams underway
    - potential to supply local markets by FY2017

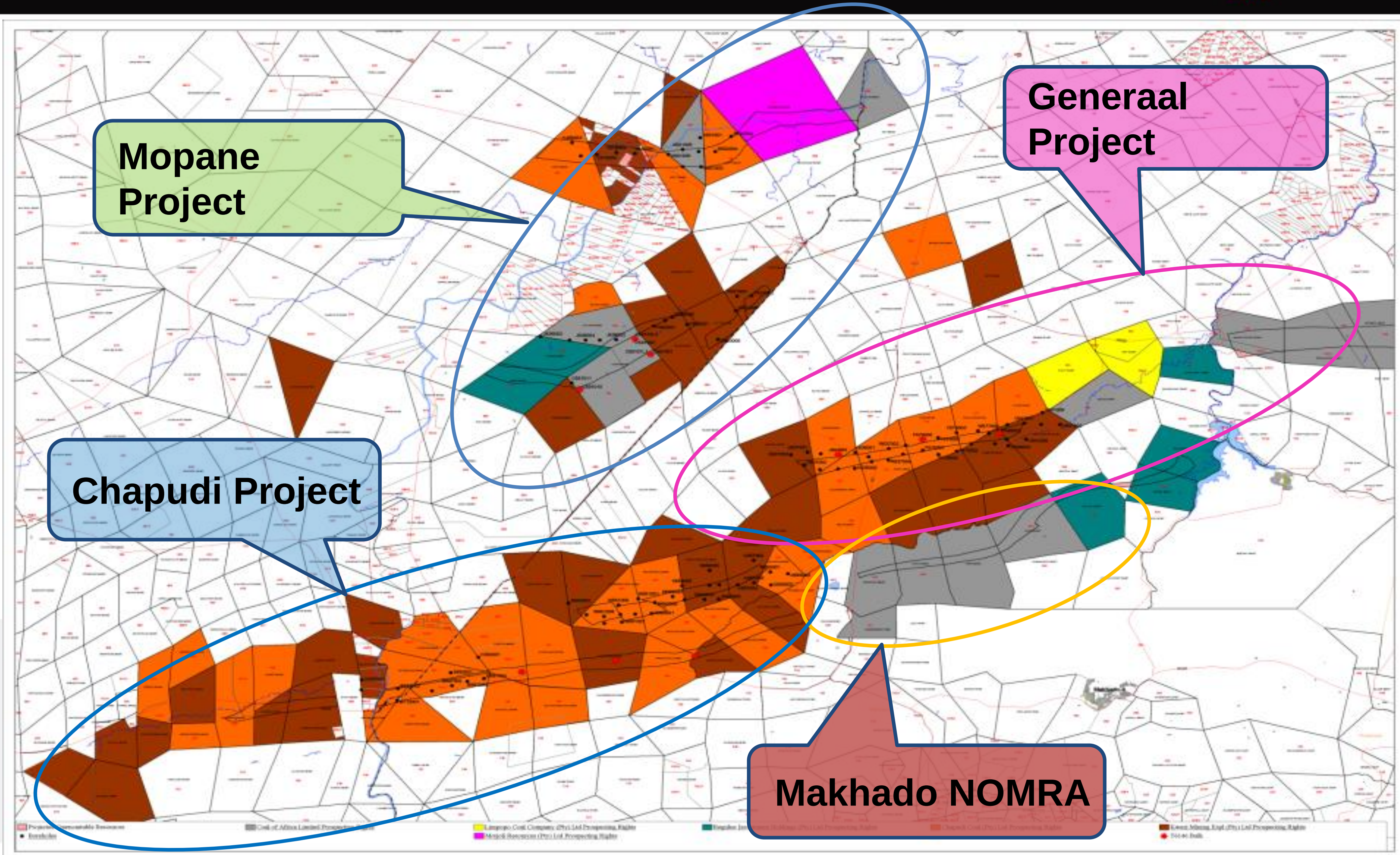
Project Development: Makhado Project

- CoAL completed a Class II Definitive Feasibility Study on the Company's flagship Makhado Project
- Extract and summary from DFS/CPR:
  - 12.6Mtpa ROM, producing 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal over the life of mine of 16 years
  - Net Present Value of R6.79 billion (US$697m) at a 8% discount rate (real)
  - Project Internal Rate of Return of 30.1%
  - Capital expenditure of R3.96 billion (US$406.3m), including contingency
  - Non-discounted peak funding requirement is R4.2 billion (US$432.8m)
  - The average on-mine operating costs are R865.00 (US$88.71) per saleable hard coking coal tonne (thermal coal is treated as a by-product and is therefore a credit to the cost)
  - The Makhado Project benefits from existing infrastructure with respect to rail, road, power and port allocation

Quality confirmed for Makhado : Wood Mackenzie

- Makhado has the potential to produce hard coking coal with a coke strength of 64
- Makhado coal has excellent characteristics resulting in its product supporting weaker coals in a blend
- Makhado coal has high reactive content, strong caking properties and high fluidity
- Potential markets identified as India, Brazil, Turkey, Japan, Taiwan and South Africa

Projects



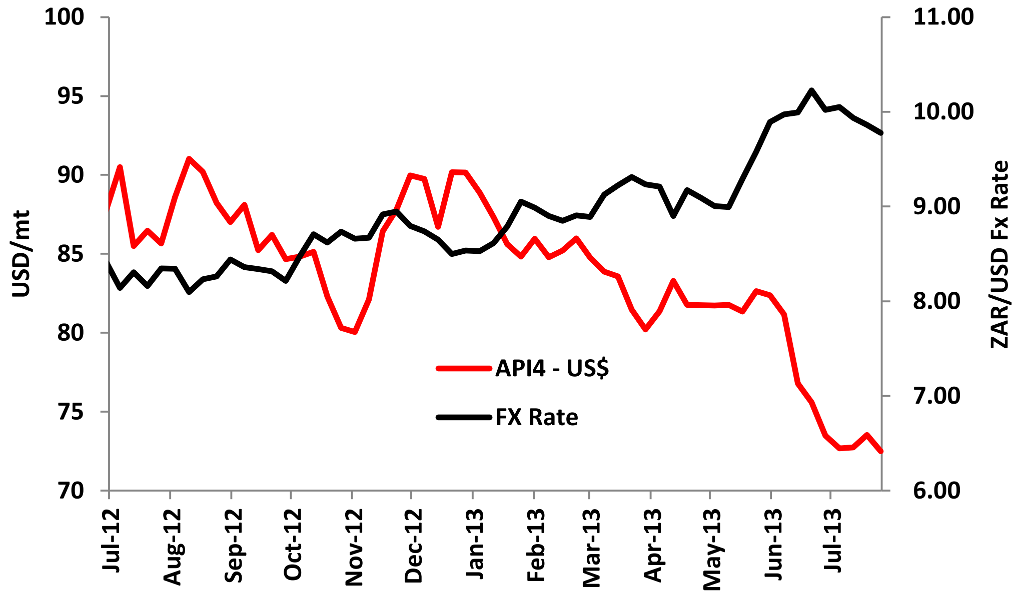
Mopane Project
Generaal Project
Chapudi Project
Makhado NOMRA

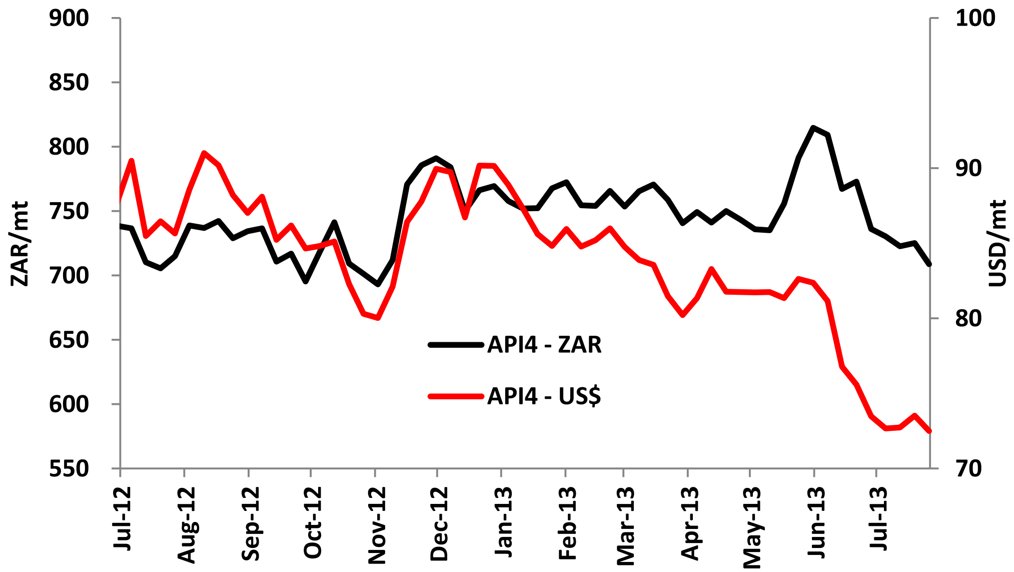
Thermal coal : Price history

- Thermal coal indices (API4) have continued their decline over the financial year from a high of $91.02/mt in August 2012 to a low of $72.67 in late June 2013. A decline of approximately 20.2%

- The significant devaluation in the South African Rand against the US Dollar has mitigated the impact on South African producers resulting in June 2013 prices in South African Rand terms being largely in line with the prices in July 2012

- Slower than expected import growth from China, reduced demand from the Atlantic, coupled with an increase in supply from the Pacific producers and no material “supply” response to the lower prices weighed heavily on prices during this financial year

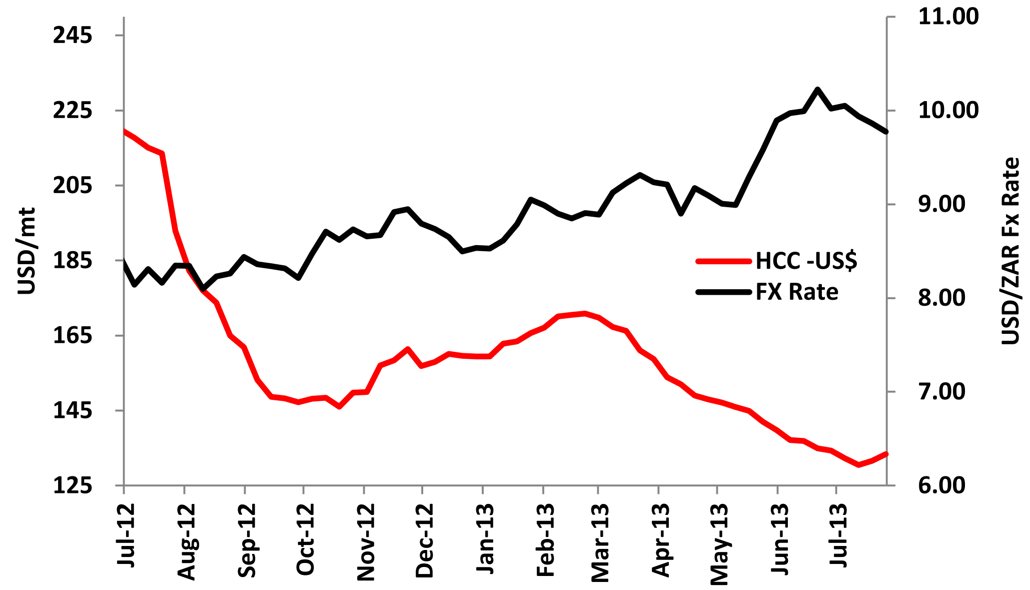


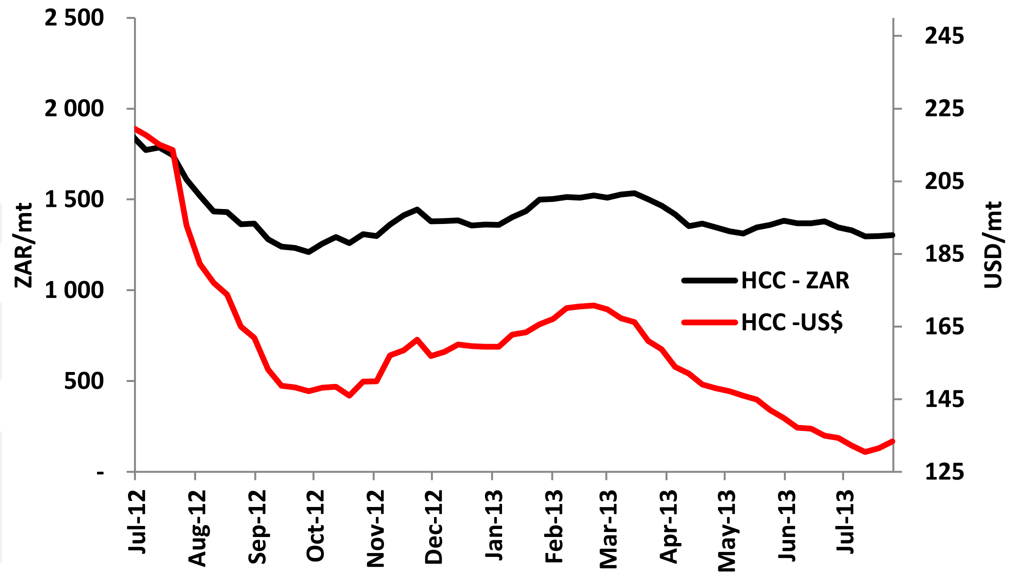


Price Source: Argus Media

Metallurgical coal : Price history

- Australian hard coking coal indices have declined over the financial year from a high of $217.71/mt in July 2012 to a low of $134.33 in June 2013. A decline of approximately 38.3%.
- The significant devaluation in the South African Rand against the US Dollar has mitigated the impact in South African Rand basis. The decline on a South African Rand basis has been 24.1%
- Prices remained subdued during the financial year despite relatively robust seaborne import volume growth into China and a decline of overland imports as part of the total supply.
- Supply side response globally has assisted the slow down of the decline in prices. In addition investment decisions in brown and greenfield projects globally are being re-evaluated.





Price Source: Argus Media

Outlook for coal and market drivers

Thermal coal

- Pressure on US and Colombian producers due to a weak European market, lower than expected demand growth from Asia and strong supply growth from mainly Australia and Indonesia will continue to weigh on South African thermal coal prices as SA producers have to aggressively defend their market share in the Asian markets
- Support to the prices due to the growth in demand from predominantly China and India in the Pacific basin are to some extent being neutralised by the decline of demand from the European market for thermal coal
- The medium-term outlook for thermal coal remains subdued with demand remaining weak and ample supply available

Metallurgical coal

- The sustained import growth of seaborne metallurgical coal into China and the decline of overland imports from Mongolia in a relatively stagnant supply environment should provide support for prices in the medium-term
- The longer term outlook of metallurgical coal prices appears to be more robust as supply side response over the medium term will start to impact on prices positively. The long-term fundamentals for metallurgical coal remains strong due to the limited greenfield and brownfield expansion opportunities globally, coupled with the expected increase in demand due to the continued industrialisation and urbanisation of Asia, more specifically in China and India

Financial review:
Michael Meeser, Chief Financial Officer

Financial performance FY2013

- The key drivers of the results for the year under review:
  - 25% reduction in sales volume
  - 37% reduction in export sales
  - domestic sales of export quality coal decreased by 41%
  - 22% increase in sales to Eskom
  - reduction in sales prices for export sales
  - devaluation of ZAR by 14%

- Operational performance affected by:
  - strike action at Mooiplaats
  - derailment on the Matola rail corridor
  - depletion of the Vuna Colliery resource
  - flooding at Vele

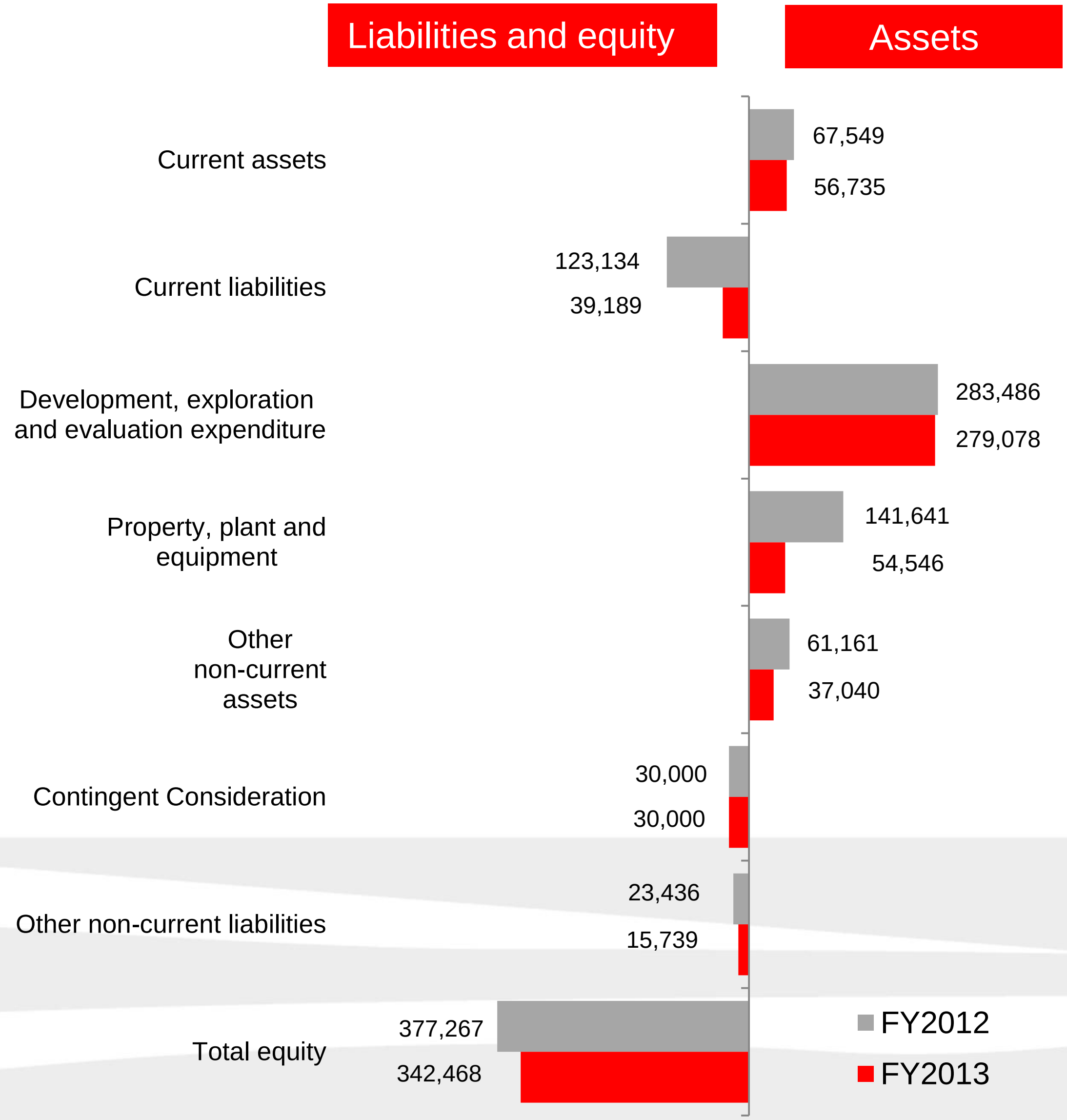
- In accordance with International Financial Reporting Standards (‘IFRS’), the Mooiplaats and Woestalleen operation have been classified as Assets Held for Sale. This results in a single line entry in the annual consolidated financial statements

Financial performance FY2013

	2013	2012
Sales volume (mt)	2.544	3.373
- Domestic	1.500	1.711
- Export	1.044	1.662
	$'000	**$'000**
Revenue	146,396	243,842
- Domestic	61,991	62,868
- Export	83,392	179,625
- Other	1,013	1,349
Cost of sales	(131,439)	(210,429)
Gross margin	14,957	33,413
Employee cost	(31,634)	(35,690)
Depreciation and amortisation	(28,609)	(70,000)
Impairment	(48,545)	324
Take or pay port obligations	(2,424)	(1,570)
Foreign exchange losses	(29,375)	(48,871)
Other	(29,877)	(26,311)
Net finance costs	(247)	(1,846)
Loss for the year before tax	(155,754)	(150,551)
Tax credit	7,617	11,643
Loss for the year	(148,137)	(138,908)

Balance sheet ($'000)

Current assets	Receivables and inventory reduced in line with operational changes while cash balances increased
Current liabilities	Borrowings reduced together with trade payables
Development, exploration and evaluation expenditure	Capitalised costs of Vele and projects offset by foreign exchange movements of $41m
Property, plant and equipment	Impairment charge on Mooiplaats of $48.7m, depreciation charges $27.7m and exchange rate losses of $14.5m
Other non-cash assets	Early-receipt of port loan and replacement of cash backed rehab guarantees
Total equity	Additional equity issue of $145.4m offset by loss of $148m for the year and $31.9 movement foreign currency translation reserve



Cashflow FY2013

Cash predominantly used to fund operating losses, repayment of Deutsche facility while capital expenditure and expansion capex were reduced

	2013	2012
	$’000	**$’000**
Opening balance	19,523	22,761
Net proceeds from share issue	142,348	106,234
Cash flows from operating activities	(68,968)	(16,712)
Income taxes paid	-	(3,139)
Capital expenditure	(33,569)	(50,907)
Acquisitions	-	(33,169)
Other investing activities	6,600	2,414
Finance income / (expense)	371	(565
Loan repayments	(38,248)	(3,643)
Foreign exchange differences	(1,881)	(3,751)
Closing balance	**29,938**	**19,523**

Funding

- Current market conditions required the Company to conserve cash through:
  - staff reductions
  - reduced development expenditure
  - overhead savings
- Process commenced for the sale of non-core assets in line with the strategy
- Project development funding (Vele and Makhado) to be structured on a limited recourse project finance basis. Discussions have commenced with funders
- Credit approved funding term sheet received from a South African financial institution to provide an 18 month ZAR200 million facility

The way forward:
David Brown, Executive Chairman

Short-term targets to unlock value

Vele	▪ Raise funding for plant expansion ▪ Coking and thermal coal tests complete, progress to commercial terms ▪ Commence construction of modified plant during CY2014 ▪ Commence production during CY2015
Makhado	▪ Attain all requisite regulatory approvals in conjunction with Empowerment transaction to be concluded CY2014 ▪ Progress financing alternatives for the Makhado Project CY2014
GSP*/ Tshipise	▪ EIA base line studies incorporating public participation to be completed and submitted to the DMR (FY2014)
Non-core assets	▪ Sale of Non-core assets to be completed during CY2014.

**Greater Soutpansberg Project (MbeuYashu)*