COAL

COAL of AFRICA LIMITED

Financial year-end 30 June 2012

David Brown, Chairman
John Wallington, CEO
Wayne Koonin, FD

Monday, 1 October 2012

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 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.

Agenda

Introduction	David Brown
Operational review	John Wallington
Financial review	Wayne Koonin
Outlook and conclusion	John Wallington

Introduction:
David Brown, Chairman

Emerging metallurgical coal producer

- **Vision to responsibly produce 10 million tonnes of coal per annum**
  - pipeline of high quality coking and thermal coal projects
  - identify strategic investors to develop projects
  - New Order Mining Rights (NOMR) applications on Greater Soutpansberg properties
- **Key risks**
  - commodity cycle and South African political environment
  - funding and regulatory timelines
- **Board changes**
  - realise value for shareholders by delivering on growth strategy

Operational review:
John Wallington, Chief Executive Officer

Profile of Beijing Haohua Energy Resource Co (BHE) – a large state-owned Chinese coal producing company

Company profile	▪ BHE is a large state-owned Chinese coal producer based in Beijing ▪ Engaged in the mining, washing, export and sale of coal products ▪ BHE is listed on the Shanghai Stock Exchange and is one of the constituent stocks of the SSE 130 and SSE Composite Index
Background	▪ BHE was founded in 2002 by: Jingmei Group, the only Chinese coal producer under the Beijing Municipal Government; Minmetals, a leading diversified mining company; Shougang, one of the largest steel producers in China; China Coal, one of China's top three coal producers; and CCRI, the only coal research institute servicing the coal industry in China ▪ Major products include anthracite and thermal coal
Financial	▪ 2011 financial year: – revenue – US$1,075 million – operating cash flow – US$157 million – cash – US$369 million – gross margin – 43% – net margin – 19%
Customers	▪ Major international customers: Posco, Nippon Steel ▪ Major domestic customers: Shougang, Ansteel, HBIS, Chalco, Hebei Iron & Steel
Investment rationale	▪ The transaction would be the first investment by BHE outside of the PRC and would represent a mutually beneficial strategic partnership between CoAL and HEI, with a vision to unlock the intrinsic value inherent in CoAL's operations and projects ▪ **CoAL's** hard coking coal projects present an exciting opportunity for BHE to complement their existing anthracite and thermal coal product offerings

北京昊华能源股份有限公司
BEIJING HAOHUA ENERGY RESOURCE CO.,LTD

Transaction summary – US$100m subscription for shares

Overview	▪ Binding offer from BHE ▪ Subscribe for US$100 million of CoAL shares at a price of GBP 25 pence per share ▪ Strategic partnership to develop CoAL's operations and projects
Beijing Haohua Energy Resource Group	▪ BHE, listed on the Shanghai Stock Exchange, is a Beijing based coal producer and is engaged in the mining, washing, export and sales of coal products ▪ BHE is the largest exporter of anthracite coal from China

Transaction structure	▪ Proposed transaction has been structured in two tranches
	  ▪ initial subscription of US$20 million, interest of 4.8% to 5.2% in CoAL; and
	  ▪ second subscription of US$80 million; increase BHE's interest to approximately 23% in CoAL

Initial Placement (First subscription)	▪ Initial placement subject to Australian Foreign Investment Review Board approval; state approval not required ▪ BHE to provide CoAL with a US$20 million deposit; apply to the settlement of the Initial Placement by 31 October 2012
Conditional Placement (second subscription)	▪ Conditional upon receiving the requisite approvals, including People's Republic of China, shareholder, and all necessary regulatory statutory approval and consents ▪ BHE and CoAL intend to conclude the Conditional Placement by 31 January 2013
Co-operation Agreement	▪ Subject to the implementation of the Initial and Conditional Placement, CoAL has undertaken to facilitate the appointment of two BHE nominees to the board of directors of CoAL and to engage in discussions to formalise the strategic partnership through a co-operation agreement

北京昊华能源股份有限公司
BEIJING HAOHUA ENERGY RESOURCE CO.,LTD

Exxaro elects not to exercise option to acquire 30% of Makhado Project

Background

- Option agreement signed in 2009
- Enabled CoAL to acquire detailed exploration information previously compiled by Iscor
- Exxaro retained the right to a 30% equity participation in the Makhado Project

Process

- Draft Definitive Feasibility Study provided to Exxaro in March 2012
- Completion of detailed testing by AMSA by June 2012
  - hard coking coal product at the 10% ash level
  - additional high quality export grade thermal by-product
- Extend option period to 30 September to further evaluate based on dual product

Decision

- Elected not to exercise option on 28 September 2012
  - project pipeline across geographies and commodities
  - current negative sentiment on global and local macro-economic outlook
  - co-incides with CoAL decision to accept BHE offer to invest US$100m in company

Overview: projects and operations

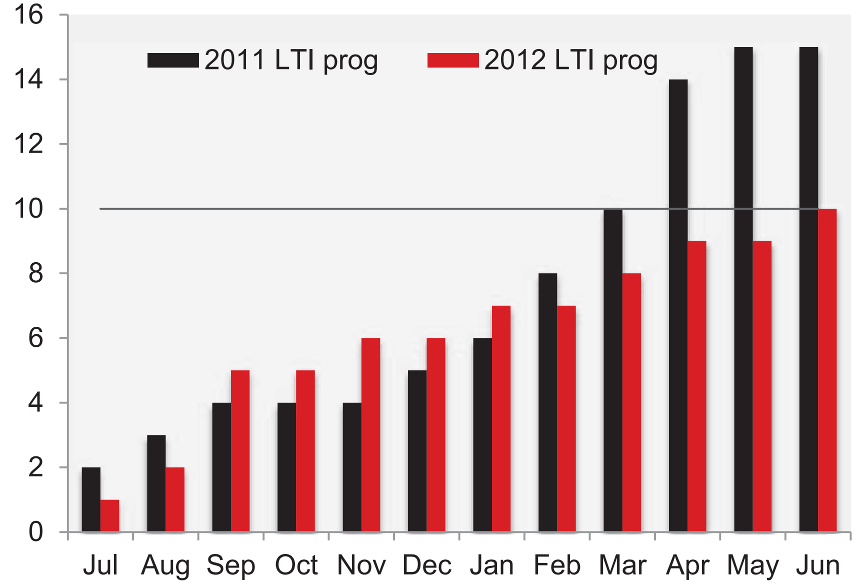
EXPLORATION	DEVELOPMENT	MINING
Chapudi Chapudi West Generaal Jutland Makhado Extension Mt Stuart Voorburg Wildebeesthoek	Makhado	Mooiplaats Woestalleen[1] Vele

- Assets in three major phases (exploration, development, mining)
- Primary focus: development of coking coal asset portfolio
- Upside potential based on project pipeline

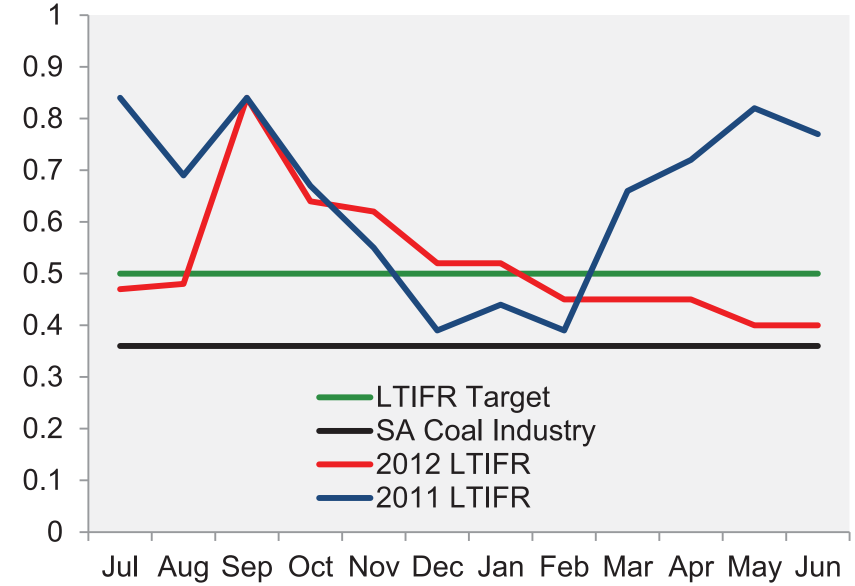
[1] *Includes the Zonnebloem (Vuna) Colliery, the remaining open-cast pit in operation*

Improved safety performance

Lost time injuries



Lost time injury frequency rate versus industry



- Improved safety performance with zero fatalities: 10 LTIs recorded during the year (F2011: 15)
  - 3,000 FFPS* at Vuna
  - 3,000 FFPS* at Woestalleen
  - 2,000 FFPS* at Mooiplaats
- Improved LTIFR from 0.77 to 0.4 for the group

** Fatality free production shifts*

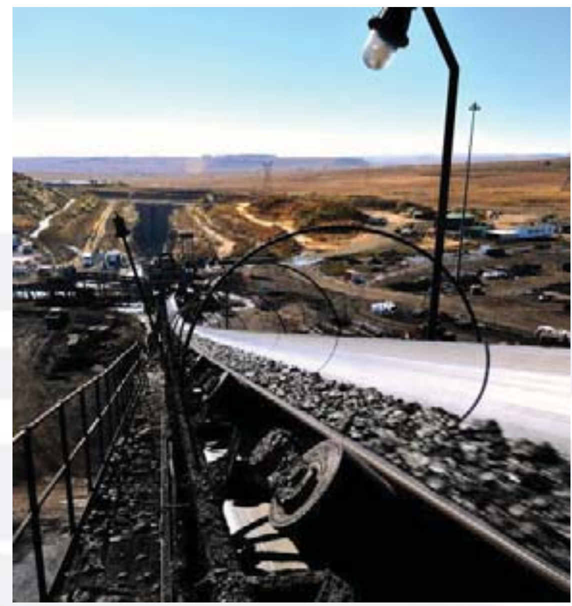
Strategic milestones - FY2012

- **Current year**
  - Vele Colliery Environmental authorisation obtained; railing of first thermal coal
  - Makhado Project DFS reviewed by board; additional technical work advanced
  - Chapudi acquisition completed; resource and reserves increased to 8.0bn GTIS
- **Post year-end**
  - equity raising of US$53.5 million; discussions with Deutsche Bank on current facilities
  - Board of Directors strengthened; appointment of new Chairman and Non-executive director

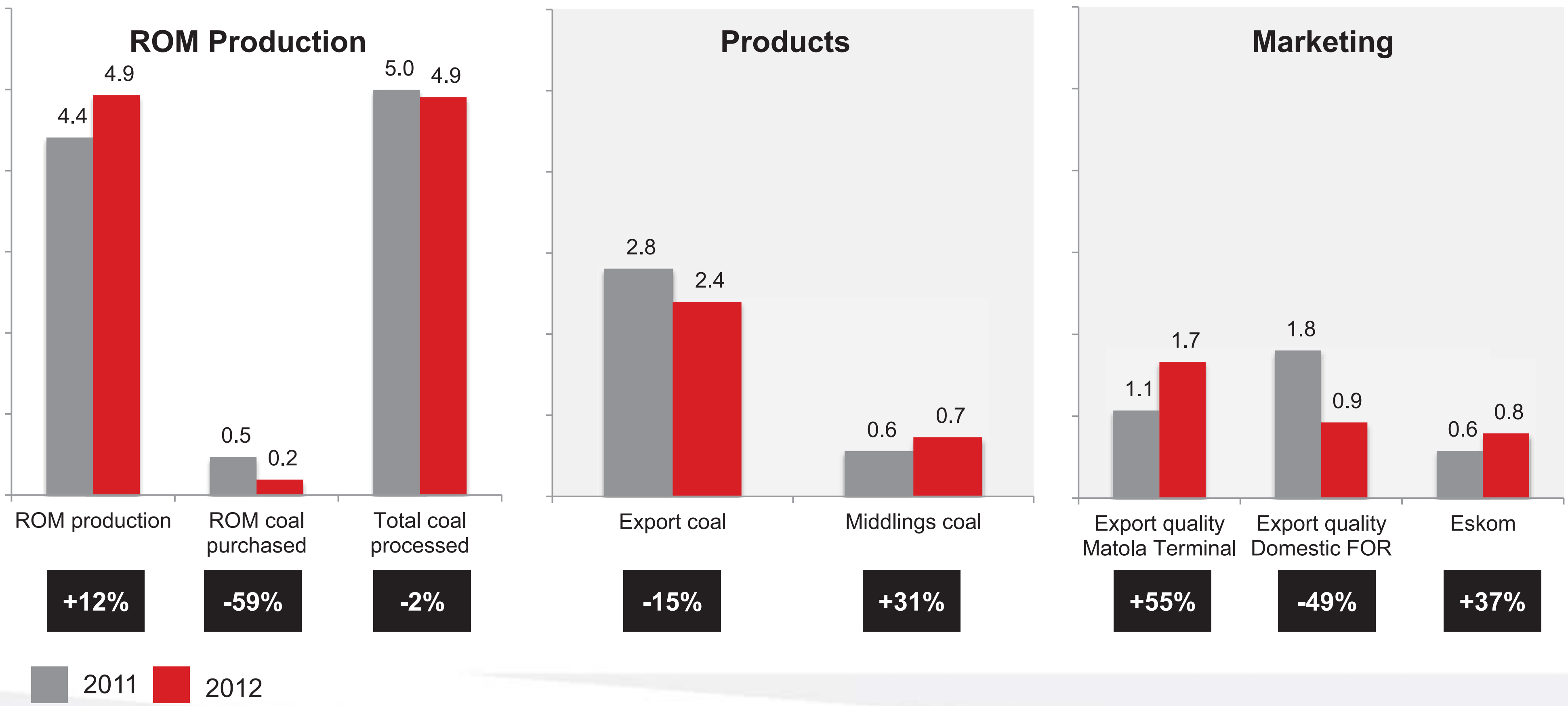
Operational milestones – FY2012

- **Mooiplaats and Woestalleen**
  - ROM production — increased 12% to 4.9Mt (FY2011: 4.4Mt)
  - coal revenue — increased 5.7% to $242m (FY2011: $229m)
  - coal margin — marginally lower at 13.9% (FY2011: 14.1%)
- **Vele Colliery**
  - ROM production — in ramp-up phase; 161, 000t for the five months to June
  - coal revenue — 46,066t of export coal sold to date



Group operational performance summary (Mt)



Higher ROM production	Lower volume of export quality coal	Lower domestic sales
Increased number of sections from 4 to 5 at Mooiplaats.	Transition from South to North block at Vuna Colliery	Expiry of legacy contracts

Development stage assets: Vele Colliery

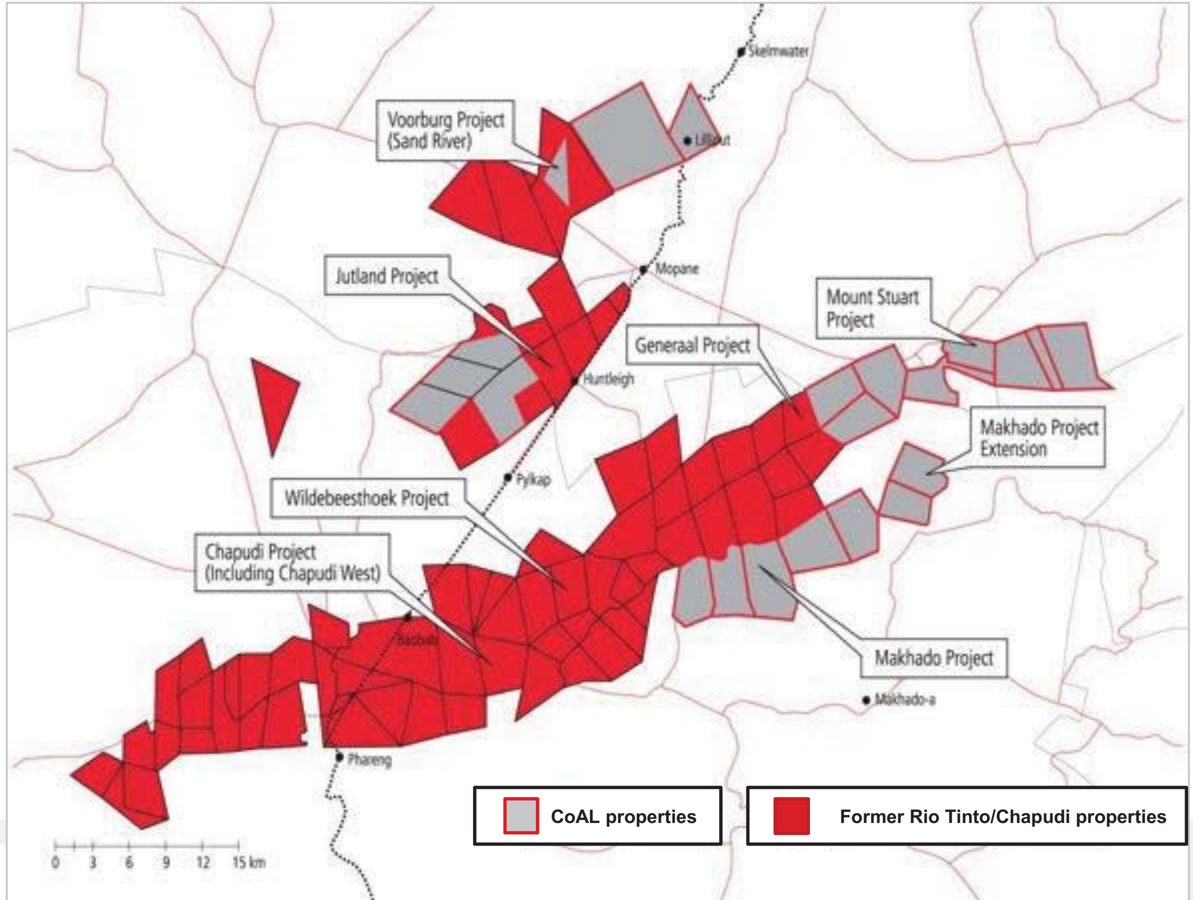
- **FY2012 highlights: commencement of production**
  - **Jul 2011** – environmental authorisation granted;
  - **Oct 2011** – suspension of IWUL lifted, full operations commenced
  - **Sep 2011** – MoA with SANParks and DEA
  - **Nov 2011** – MoU with Save Mapungubwe Coalition
  - **Feb 2012** – plant commissioned, processing of material commences
  - **Apr 2012** – first delivery of thermal coal to the Musina siding for export via Matola Terminal (Mozambique)
- **Post year-end**
  - design and technical work for modifications to plant launched to:
    - enhance fines recovery, increase yield and reduce costs
    - increase throughput to 2.7Mtpa
    - produce thermal coal and semi-soft coking coal
- **Key statistics for FY2012 (tonnes)**
  - ROM production 161,107t (from February 2012)
  - total coal produced 46,066t (all export quality)

Exploration projects: Makhado Project

- **Highlights: advancing steadily**
  - **Definitive Feasibility Study completed**
    - reviewed by CoAL Board of Directors
    - additional work in progress to include thermal product; potentially a significant value enhancer
  - **independent coking coal product tests commissioned**
    - confirmed outcome of detailed tests conducted by AMSA
    - product classified as hard coking coal
  - **democratically elected community forum**
    - 35 members representing seven local communities
  - **regulatory processes well-advanced**
    - construction power (5MVA)
    - land and servitudes for railway line
    - NOMR - EMP
    - evaluation of water sources

Exploration projects: Greater Soutpansberg Project

- **Highlights: enhanced position**
  - repositions CoAL – primary focus: Limpopo region (Tuli and Soutpansberg coalfields)
  - consolidation of tenements and coal resources to improve mine planning optionality, flexibility and economies of scale
- **Significant resource**
  - significant resource base of coking and thermal coal products > 8.0bn GTIS
  - strategic position in the Soutpansberg coalfield covering a significant portion of the 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 through the proposed Phase IV expansion



Mining operations: thermal coal assets

Woestalleen Colliery

Key statistics for FY2012 (tonnes)	
ROM production	3,543,214
ROM Coal purchased	–
Overall yield	63.2%
Total coal produced	2,095,934 (75% export quality)
Coal sales – Export	(see Mooiplaats)
Coal sales – Inland	718,335
Coal sales - Eskom	591,895

Highlights: Evaluating options to extend LOM

- IWUL received in Q3 FY2012, allowing for mining of the North Block
- Life of mine ends April 2013
- Test work undertaken on reprocessing of dump material
- Several trains loaded with coal onto rail at Woestalleen as pilot project

Mooiplaats Colliery

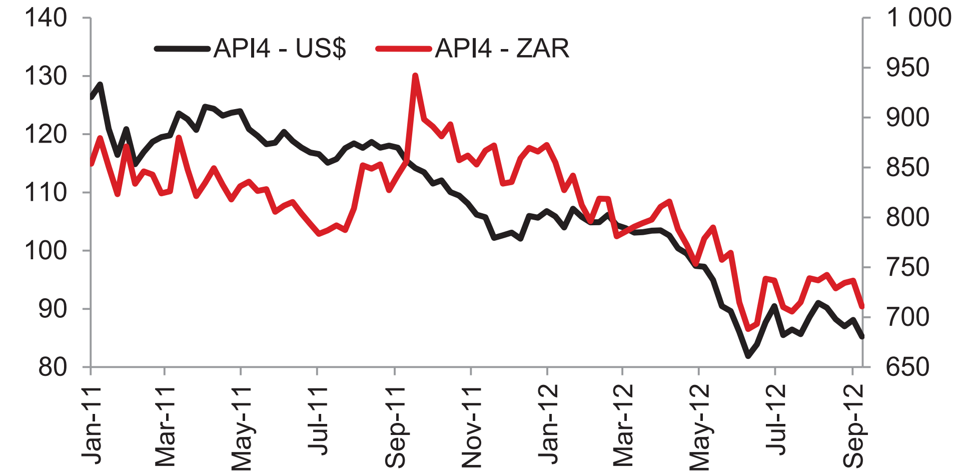
Key statistics for FY2012 (tonnes)	
ROM production	1,226,155
ROM coal purchased	191,608
Overall yield	69.2%
Total coal produced	986,064 (79% export quality)
Coal sales – Export	1,662,204
Coal sales – Inland	204,825
Coal sales - Eskom	196,552

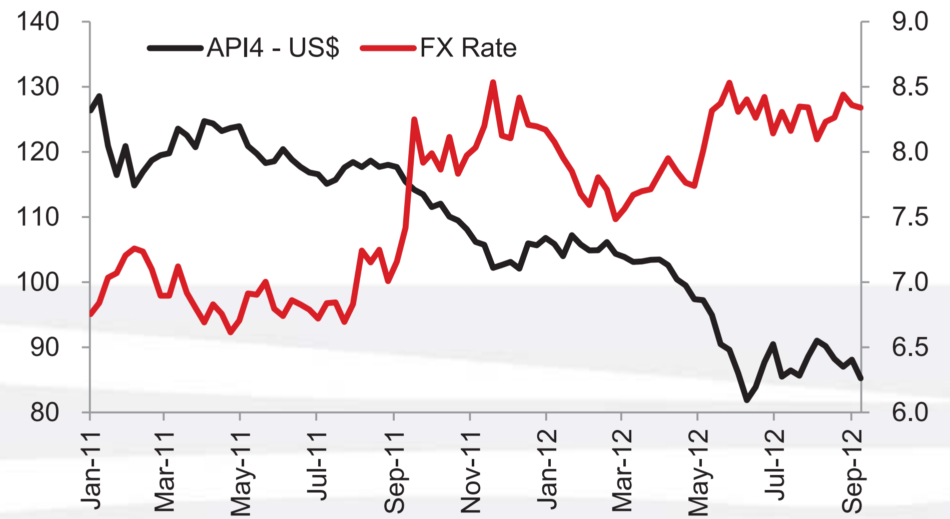
Highlights: Steady state production

- Transfer to owner-managed mining operations and commissioning of 5th underground section led to improved production
- Strategic discussions with parties in the area to optimise spare plant capacity
- Planning and feasibility study of the Mooiplaats South Extension at an advanced stage
- Double-granting over a portion of one of the farms in the process of being resolved

Thermal price history analysis

- API4 decreased from over US$116 in July 2011 to approximately US$87 at the end of the period
- For the first quarter in the financial year the ZAR depreciation against the US$ provided a buffer against the weakness in the US$ prices
- For the remaining three quarters the ZAR exchange rate remained stable and put pressure on the ZAR API4
- Export coal prices declined by 26.4% from an average of US$107.72 to current US$85.24
- Weakening in currency (ZAR) buffered the fall by 18% of the API4 price

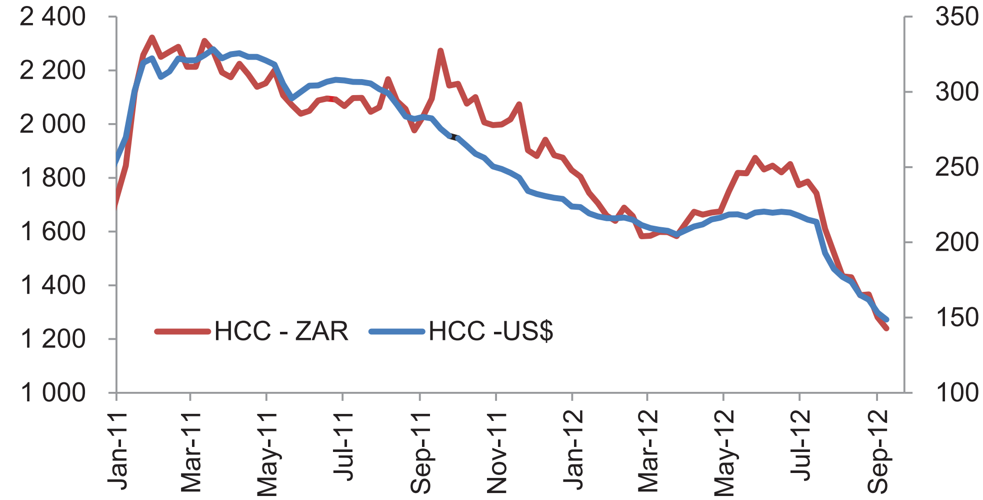


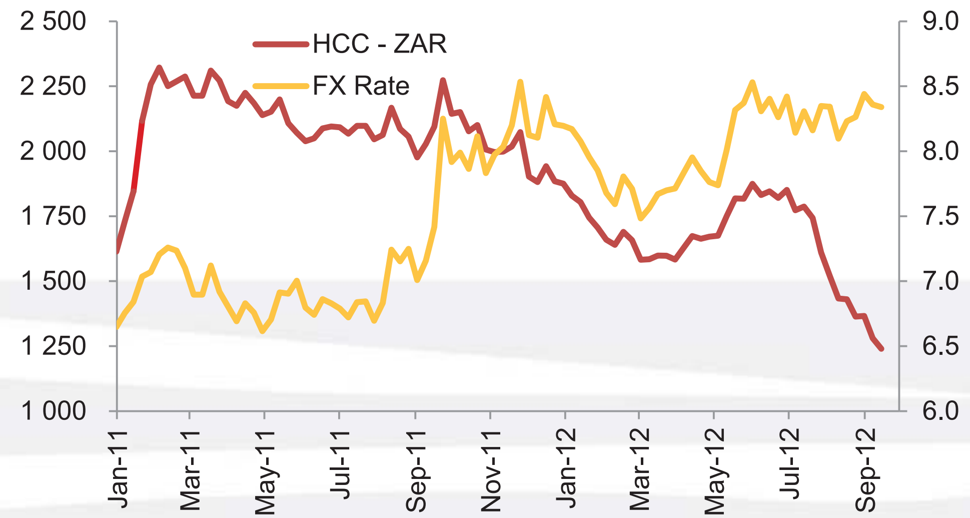


Source: Argus media

Coking coal price history analysis

- Hard coking coal prices in US$ declined by 45% from US$270 to current US$150 (spot)
- In ZAR terms, the price decline was 31%, again mitigated by a weakening ZAR
- Current prices are too low to sustain marginal production, resulting in capacity reductions in North America and Australia



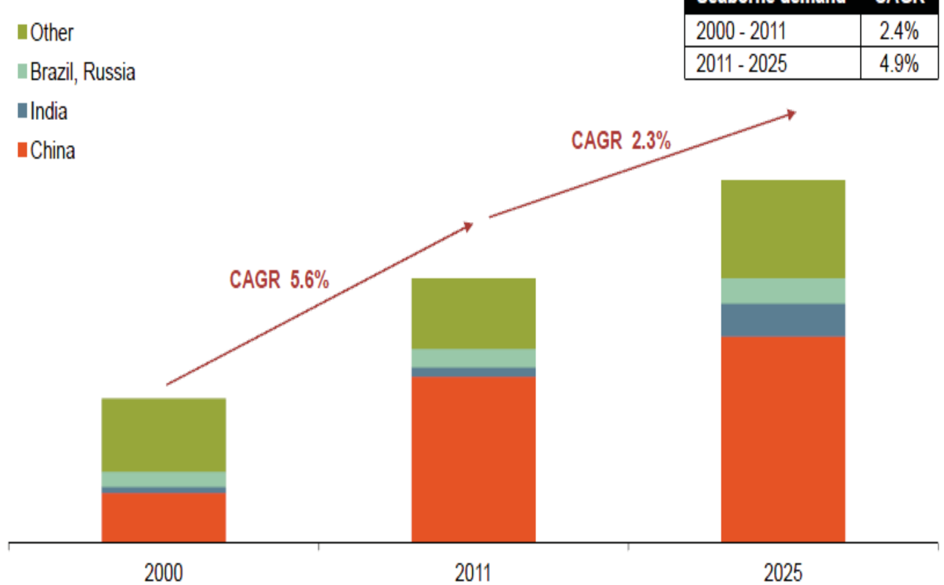


Source: Argus media

Long-term outlook for coal and market drivers

- Global coking coal is largely dependent on supply from Australia and North America
- South Africa and Mozambique are among the new major sources of supply
- BRICS anticipated to be the main drivers for the coking coal market
- Per capita steel consumption in India and China remains low compared to OECD countries
- South East Asian and Brazilian economic development could further drive demand for coking coal

Projected coking coal demand (Mtpa)

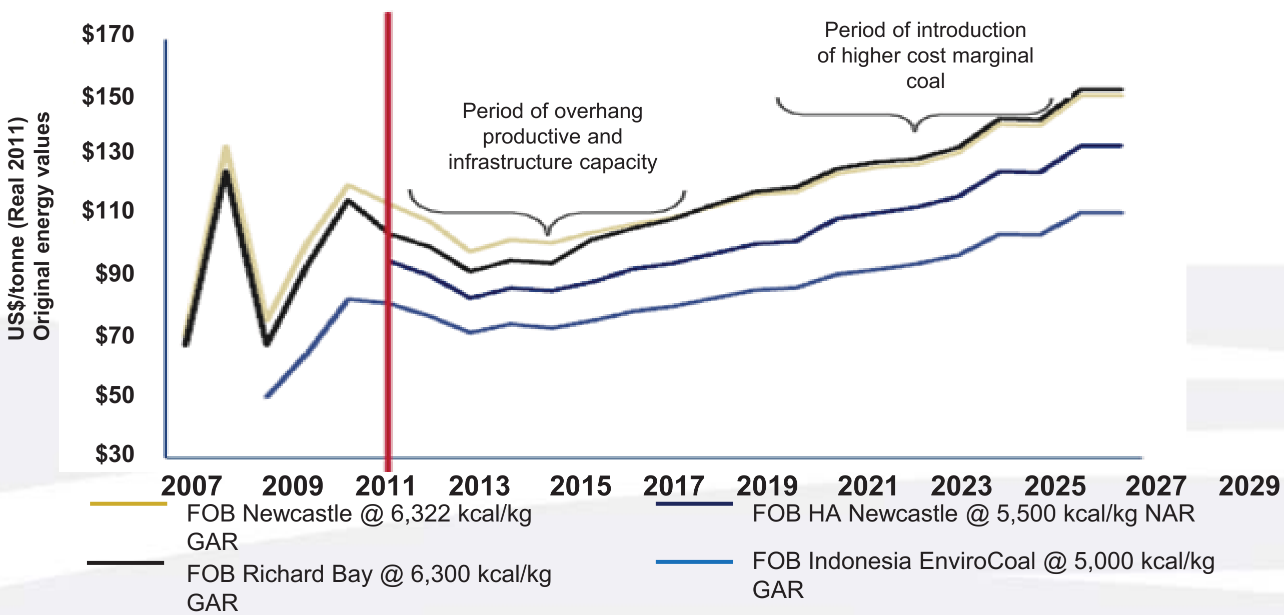


Seaborne demand	CAGR
2000 - 2011	2.4%
2011 - 2025	4.9%

Source: BHP Biilliton

Stabilisation of long-term thermal coal pricing

- Thermal coal to stabilise through continued Asian demand and rationalisation of supply
- China and India will drive the rebound with rapidly growing economies which are heavily reliant on coal
- Longer term fundamentals suggest the demand trend will continue
- China and India, in particular, have little alternative to expand coal use in the power sector
- Meeting the substantial demand growth will require expansion of existing supply basins and development of new reserves in more remote regions, exerting price pressure across the entire global supply chain
- Mining company's new coal projects at current pricing levels and capital intensity would most likely not be developed

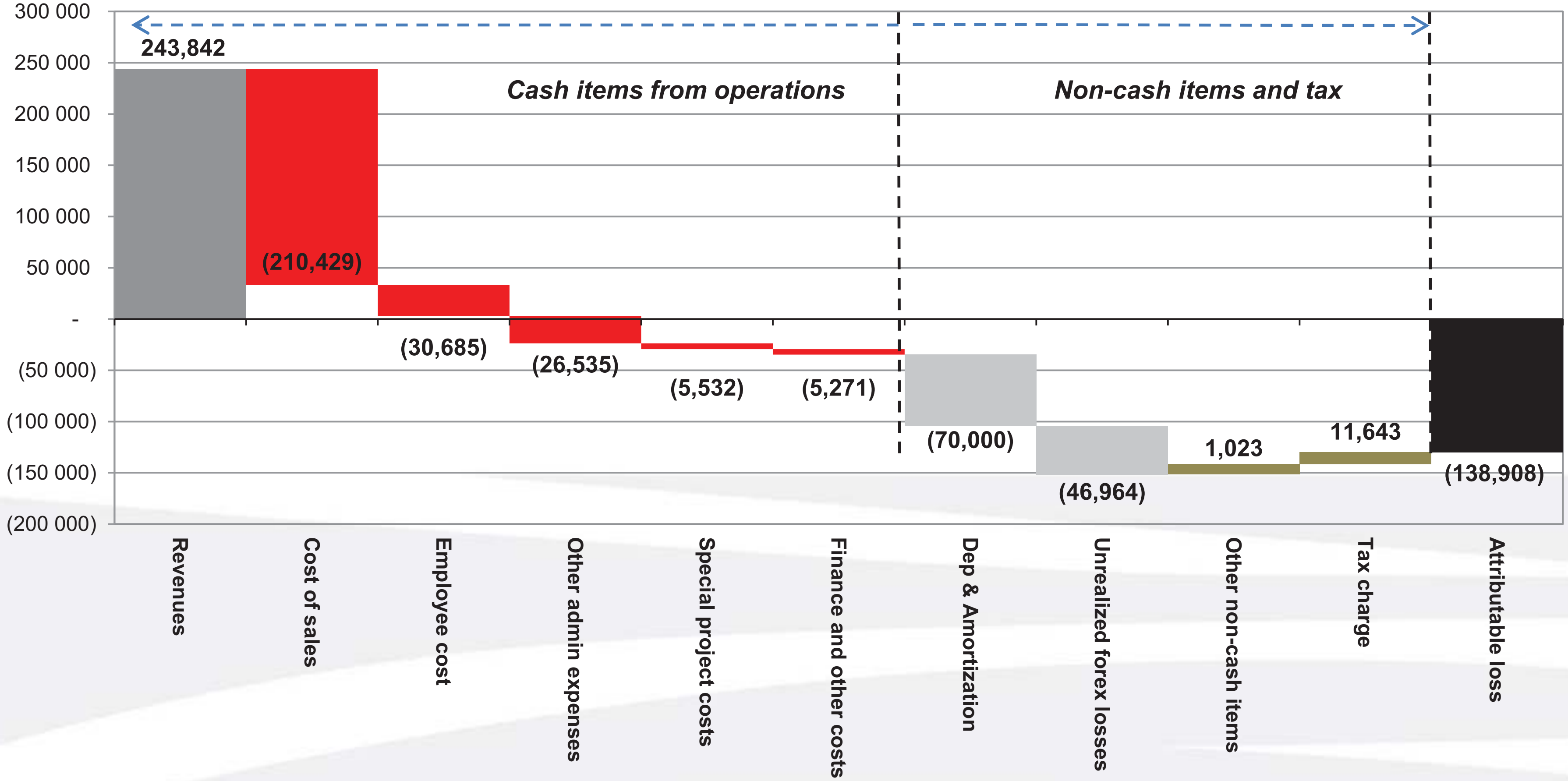


Source: BHP Biilliton

Financial review:
Wayne Koonin, Financial Director

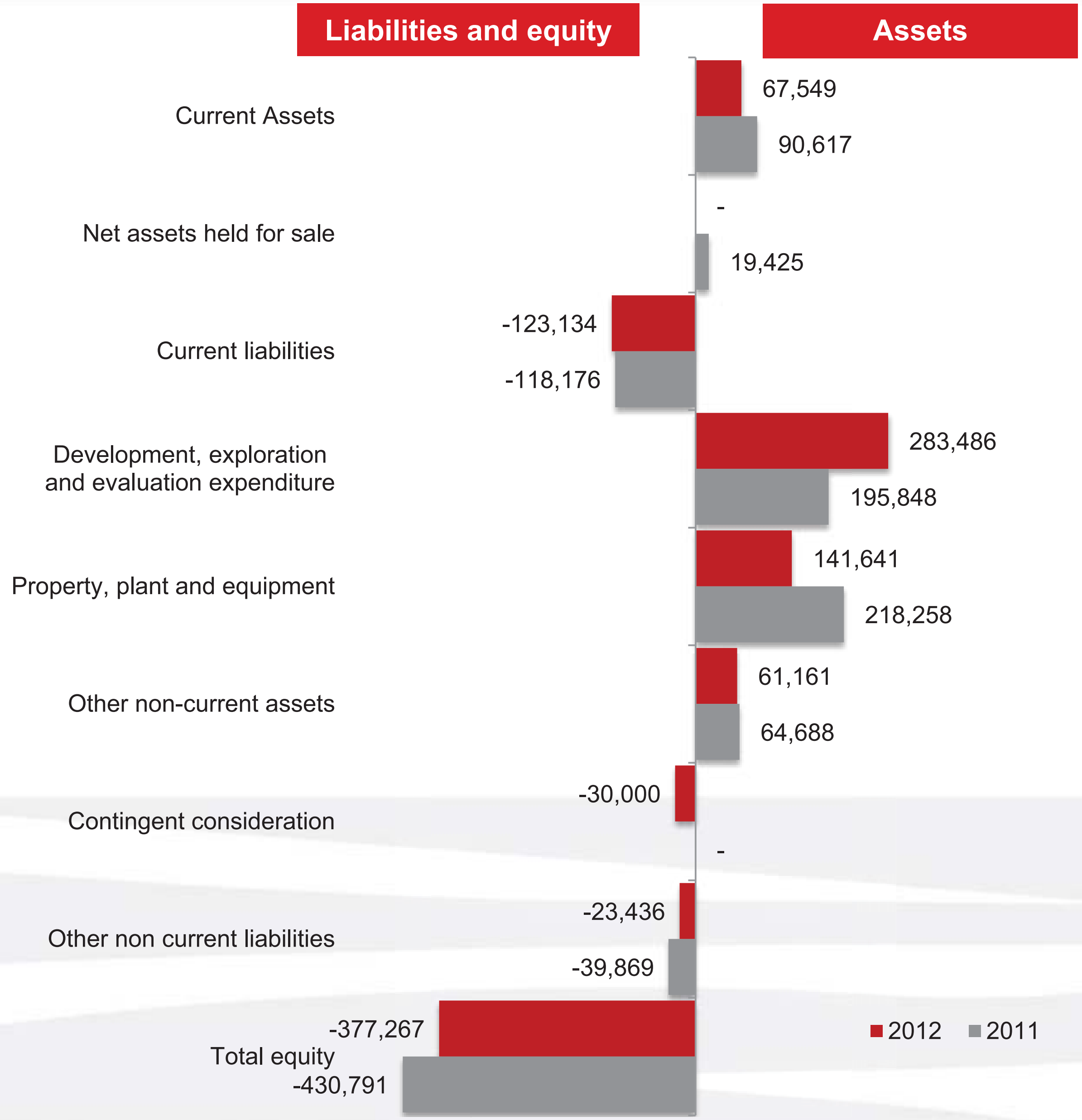
Financial performance ($)

Revenue	stable production but negative impact of lower coal prices
Cost of sales	impact of higher logistics costs dampened with stringent management
Depreciation and amortisation	US$70m annual charge for operating assets – Woestalleen and Mooiplaats
Unrealised forex loss	US$47.0m due to weakening of the South African rand against the US dollar



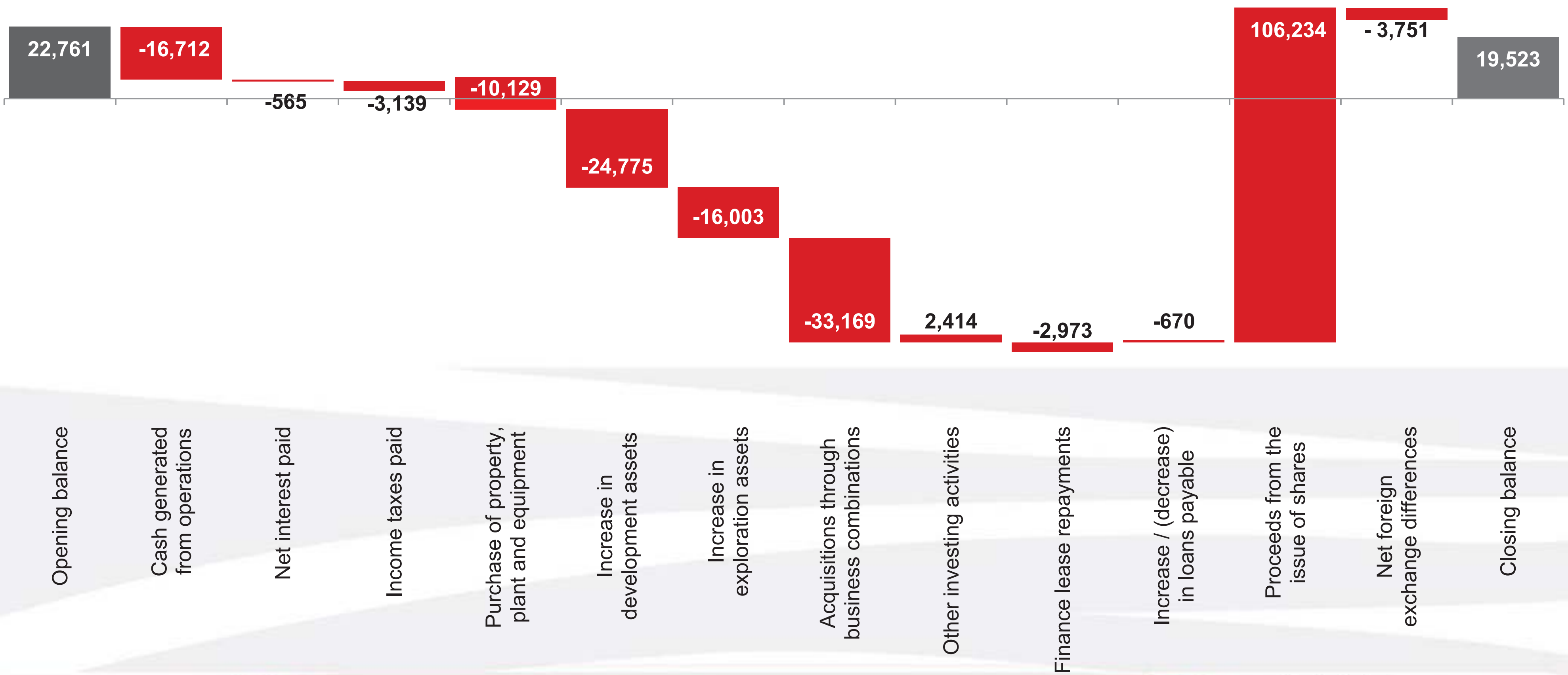
Balance sheet ($)

Current assets	Lower receivables at year end based on timing of deliveries
Current liabilities	US$13.6m payable to Rio Tinto for Chapudi acquisition (terms of repayment under negotiation)
	US$32.5m Deutsche Bank facility; cash repayments commencing Jan 2012
Development, exploration and evaluation expenditure	Capitalised costs on Vele Colliery and Makhado Project; acquisition of Chapudi finalised
Property, plant and equipment	Mooiplaats and Woestalleen operating assets; annual depreciation and amortisation charge of US$70m
Non-current liabilities	Includes $30m due to Rio Tinto in two years for Chapudi transaction
Total equity	Increased subsequent to year-end with equity raise of US$53m



Cashflow ($)

Cash flow from operations	Impact of soft coal price
Purchase of property, plant and equipment	Completion of construction of Vele Colliery plant and infrastructure
Increase in development and exploration assets	Makhado surface rights, DFS expenses, NOMR and IWULA preparatory work
Acquisitions through business combinations	Acquisition of Rio Tinto Chapudi coal assets (first tranche)
Proceeds from issue of shares	130m shares issued Nov 2011; further equity raise of US$53m subsequent to year-end



Sources of funding

CURRENT FUNDING SOURCES	
Closing cash balance	▪ US$19.5m
Additional restricted cash	▪ US$12.0m in cash backed guarantees to be converted into insurance backed guaranteed; estimated release of US$6.0m
Working capital debt facility – Deutsche Bank	▪ US$50.0m facility of which US$17.5m undrawn at year-end; subject to covenant restrictions ▪ Balance at year end US$32.5m; capital repayment from January 2013 in 1/12th tranches until October 2013 ▪ Restructuring of facility under negotiation
364 day debt facility – JP Morgan Chase	▪ US$40m facility; undrawn at year end ▪ Expires on 3 November 2012; Company not intending to renew based on restrictive covenants
ADDITIONAL SOURCES OF FUNDING POST YEAR END	
Equity financing	▪ US$53.5m completed subsequent to year-end
BHE financing	▪ Binding offer for US$100m – firm placement of US$20m – conditional placement, subject to shareholder approval, of US$80m

The way forward:
John Wallington, Chief Executive Officer

Short-term targets to unlock value

Vele	▪ Complete construction of flotation, ultra fines and middlings plant to ramp up to 2.7Mtpa ROM ▪ Complete coking and thermal coal tests ▪ Secure market for products ▪ Conclude MOA with Mapungubwe Coalition
Makhado	▪ Attain all requisite regulatory approvals ▪ Evaluation of financing alternatives for Makhado Project ▪ Board approval to commence construction activities for Makhado Project in 2013
GSP*/ Tshipise	▪ Detailed exploration programme to substantiate resource ▪ Prioritisation and evaluation of potential projects pipeline ▪ Evaluate resource and implementation of carbon credit programme.
Thermal assets	▪ Limited remaining life for Vuna Colliery ▪ Evaluating options for additional ROM and utilisation of wash plant capacity ▪ Strategic restructuring process underway for Mooiplaats

**Greater Soutpansberg Project (MbeuYashu)*

Questions?

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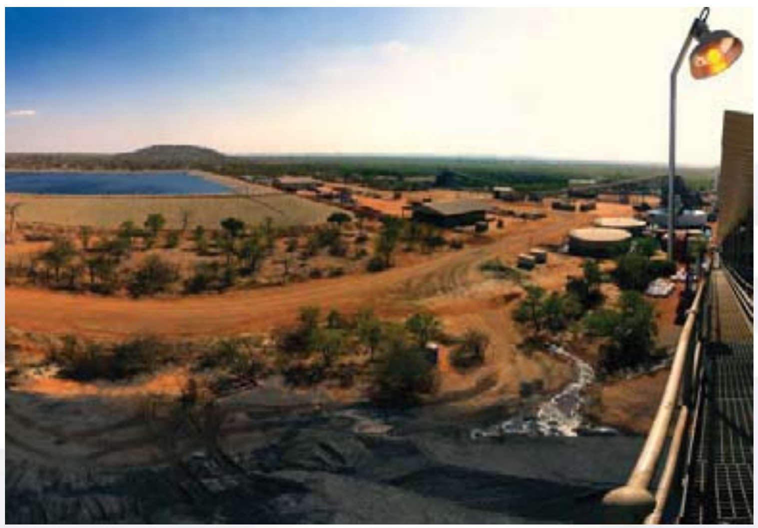

Annexures

Proposed transaction summary – binding offer to subscribe for US$100m shares in CoAL at 25p

Introduction	▪ Haohua Energy International (Hong Kong) Resource Co. Limited (**HEI**), a wholly owned subsidiary of Beijing Haohua Energy Resource Co. Limited (**BHE**), has submitted a binding offer to CoAL to provide them with US$100 million of equity funding ▪ The proposed transaction is to be executed in two steps: 1. an initial placement for US$20 million 2. a conditional placement for US$80 million ▪ In the event that HEI invests the full US$100 million, CoAL and HEI have agreed to implement a co-operation agreement
Co-operation agreement principles	▪ Consultation in relation to expenditure and financial management ▪ Sharing of business, marketing and technical advice and expertise ▪ Marketing arrangements (Subject to any other marketing or offtake arrangements entered, or principally agreed to be entered, into by CoAL) ▪ HEI will also undertake to use its best endeavours to secure future funding for the Company on favourable terms
Ancillary terms	▪ Following the initial placement and conditional placement HEI will hold 23.6% of the issued ordinary share capital of CoAL ▪ If by 31 January 2013 the conditions have not been fulfilled or it becomes apparent that the conditions will not be fulfilled, HEI and CoAL have agreed to co-operate to consider other arrangements pursuant to which HEI is able to provide the equity funding support to CoAL

北京昊华能源股份有限公司
BEIJING HAOHUA ENERGY RESOURCE CO.,LTD

Proposed transaction summary – two tier placement structure for total of US$100m

Initial placement	▪ Subscribe for US$20 million of ordinary shares in CoAL at a subscription price of GBP 25 pence per share ▪ The initial placement will be: – conditional upon obtaining the necessary Australian FIRB approval (required for all foreign direct investments into Australia by state-owned entities) – settled through the issuance of CoAL shares under general authority provided to the board of directors of CoAL ▪ To secure its commitment to subscribe for the initial placement, HEI will, by 31 October 2012, provide CoAL with a US$20 million deposit which would be: – applied to the settlement of the Initial Placement – be returned to HEI should the FIRB approval not be obtained ▪ A price adjustment mechanism is included in the agreement whereby, if the Conditional Placement is not implemented, the subscription will take place at an increased price of GBP 35 pence ▪ Following the initial placement HEI will hold an effective 4.8% (GBP 35 pence) to 5.2% (GBP 25 pence) of the issued ordinary share capital of CoAL
Conditional placement	▪ Subscribe for a further US$80 million of ordinary shares in CoAL at a subscription price of GBP 25 pence per share ▪ The conditional placement will be conditional on: – the requisite approvals from the People's Republic of China – CoAL shareholder approval (75%) for the issue of conditional placement shares – CoAL shareholder approval to waive the requirement for a mandatory offer when HEI exceeds 19.9% – other requite regulatory and statutory approvals, to the extent required

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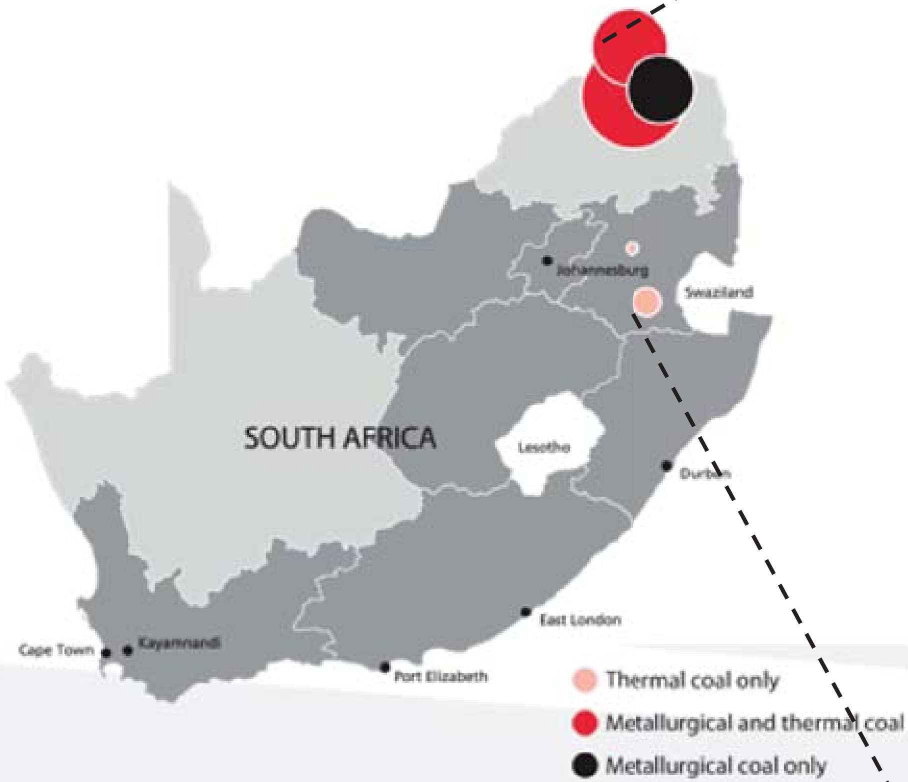
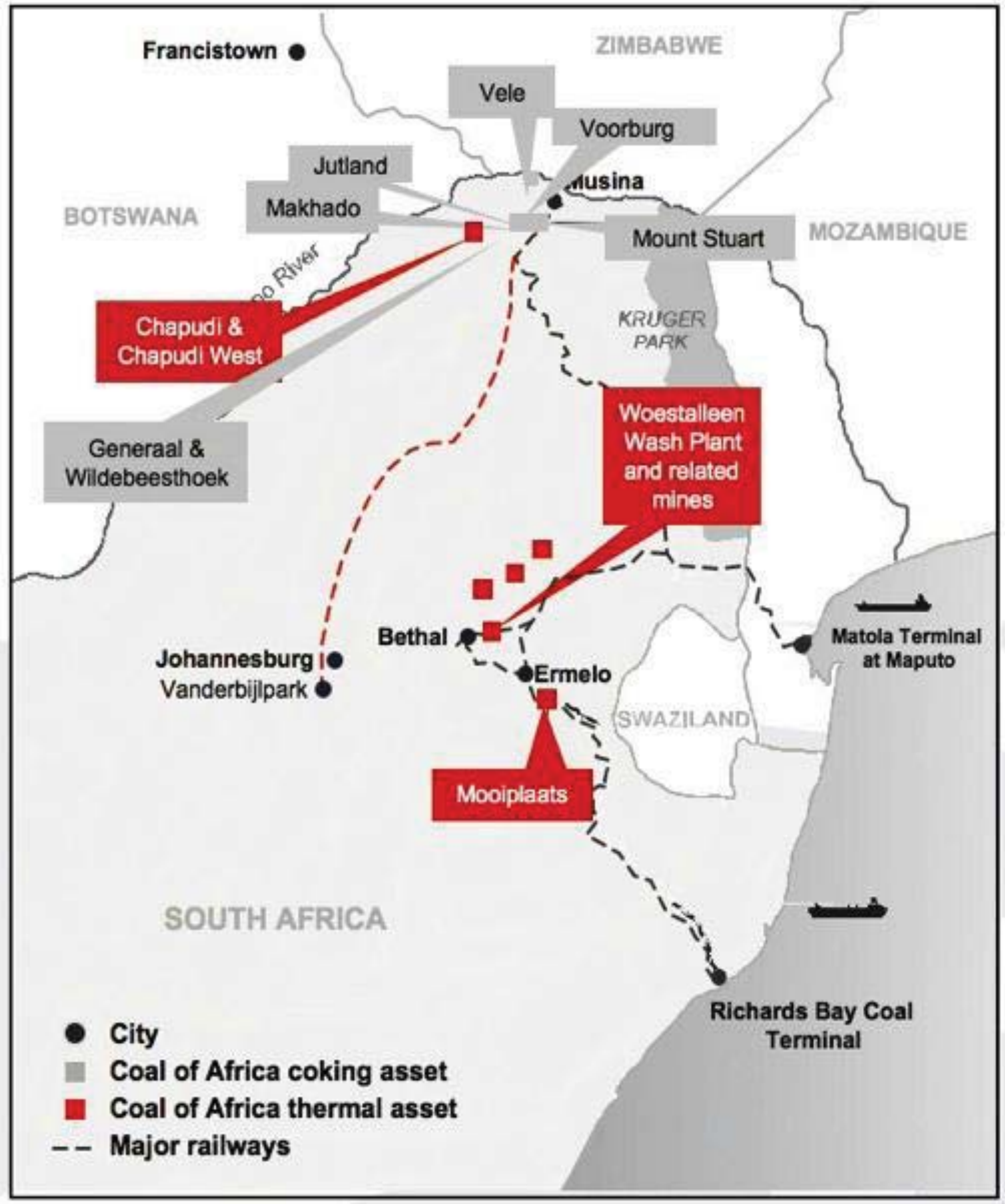
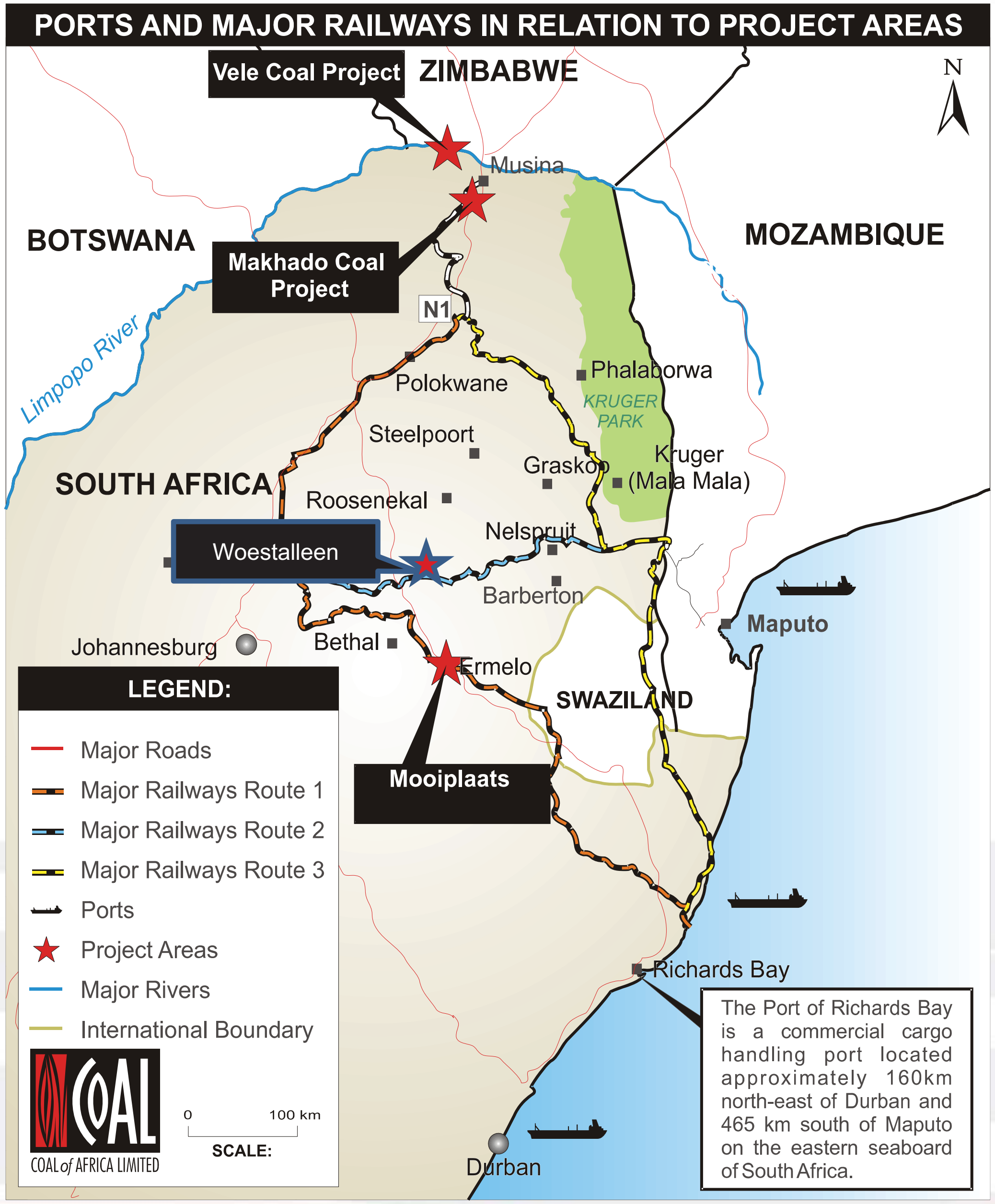
Overview: Project location map





FY2012 highlights: Maputo rail corridor to Maputo

- **Capacity**
  - additional wagons have been deployed on the Maputo corridor;
  - total of 1200 wagons currently operational
- **Performance**
  - performance throughput on the corridor was negatively impacted as a result of the charger car conversion at the TCM during Q4,FY2012 and Q1, FY 2013
  - upgrade of the charger cars will reduce tip cycle from 6 min per wagon to 4 min per wagon
- **Costs**
  - high rail and port costs relative to Richards Bay corridor
  - address issue to improve competitiveness
- **Expansion of corridor**
  - discussion ongoing with TFR
  - successfully commenced railings from Vele Colliery to Maputo via Hoodspruit line.
  - various efficiency projects under way to improve throughput of this corridor
  - discussions ongoing with TFR



FY2012 highlights: Matola Terminal, Maputo

- **Phase 3.5**
  - increase of terminal capacity from 6.0Mtpa to 7.3Mtpa
  - additional 700, 000t of coal capacity
  - additional discharge station improved flexibility / redundancy on tipping and inflows
  - due for completion October 2013
- **Phase 4**
  - expansion of 10 - 20Mtpa
  - right secured to any increased capacity
  - participation up to 100%, subject to providing funding
  - design phase underway

Matola Dry Bulk Terminal, Maputo (Mozambique)

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	691.7	344.4	-	16.5	0.0
GSP (Soutpansberg)	7,161.0	5,751.7	1,660.0	-	51.4	66.1
Vele Colliery (Limpopo)	803.8	680.2	369.6	332.7	-	-
Mooiplaats Colliery (Ermelo)	92.3	85.6	50.8	31.6	-	-
Woestalleen Colliery(Witbank)	6.8	6.4	6.2	6.2	-	-
Total	**8,859.5**	**7,215.6**	**2,431.0**	**370.5**	**67.9**	**66.1**

1 Resources are stated inclusive of reserves
2 Independent Technical Statement for the GSP (31 May 2012)
3 Competent Person's Report (24 October 2011)

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
5	Domestic demand for both coking and thermal coal (ArcelorMittal South Africa and Eskom)
6	Strategically located assets
7	Right to participate in any future expansion of capacity at Matola Terminal by up to 20 Mtpa

WELL DEFINED PATH FOR LONG TERM GROWTH

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