ANNOUNCEMENT **10 March 2014**

INTERIM FINANCIAL STATEMENTS ANNOUNCEMENT

Coal of Africa Limited ("CoAL" or the "Company") is pleased to provide a copy of its Interim Financial Statements for the six months ended 31 December 2013 which are also available on the Company's website, www.coalofafrica.com. Commentary for the period under review is provided below.

David Brown, Chief Executive Officer commented on the period under review:

"The period reflects the Company's transition to a project development company. The execution against the five point turnaround strategy yielded positive results. The company has fared well considering the current coal commodity market as well as the wholesale changes that have been needed to ensure your Company is in a position to realise the significant upside potential embodied in its coal resources."

Principal activity and nature of operations

The principal activity of the Company and its subsidiaries is the acquisition, exploration and development of thermal and metallurgical coal properties in South Africa.

The Company's principal coking and thermal coal assets and projects include:

- The near-term development project, the Vele Colliery;
- The Makhado Project and the Greater Soutpansberg Project ("GSP") comprising three exploration stage coking and thermal coal projects, namely The Chapudi, Mopane and Generaal Projects; and
- Two non-core thermal assets, the Woestalleen and Mooiplaats collieries which are classified as 'Operations held for sale'.

Review of Operations

The Company's focus on safety continued and no lost time incidents ("LTIs") were recorded during the six month period (FY2013 H1: 10 LTIs).

The restructuring of CoAL continued during the period and resulted in the disposal of the Woestalleen Complex near Middelburg in Mpumalanga. The Company satisfied suspensive conditions of the transaction and by the end of December 2013, only the conditions requiring regulatory approval were outstanding. This was received at the end of January 2014 with the flow of funds in March 2014. The Opgoedenhoop New Order Mining Right ("NOMR") previously formed part of the Woestalleen Complex and was subject to a separate disposal process. The Company is awaiting regulatory approval for the transaction, expected in Q1 CY2014.

The Mooiplaats Colliery (near Ermelo) in Mpumalanga was placed on care and maintenance in August 2013, at which time it was producing Eskom quality coal only. The colliery is undergoing a formal disposal process which is expected to be completed during CY2014. During December 2013 the Company agreed to sell the Holfontein thermal coal project near Secunda, also in Mpumalanga, and received an option fee of ZAR5 million (US$0.5 million) for a one year option, extendable for further periods on the payment of additional option fees. The Company expects the buyer to exercise its option in CY2014 and once legislative approval for the transaction is granted, the purchase price of ZAR50 million (US$4.8 million) will become payable to CoAL.

During the six months ended December 2013, CoAL converted its interest in ASX listed Lemur Resources Limited into Bushveld Minerals Limited ("Bushveld") shares. CoAL will dispose of these shares in CY2014.

In addition, CoAL undertook processes to decrease overhead costs which included a reduction in staff numbers at its corporate office as well as its projects. These processes were completed by July 2013 and together with the relocation of the corporate office in Johannesburg, resulted in significant cost savings.

A further step in the turnaround strategy required the confirmation of the Vele Colliery coal quality. During the period the Company supplied samples of semi-soft coking coal to ArcelorMittal South Africa Limited ("AMSA") for tests in their coke batteries. The semi-soft coking coal test results were favourable, (meeting all of AMSA's technical requirements) and in January 2014 the Company received a Letter of Intent ("LoI") for the supply of coal. Both AMSA and CoAL wish to convert the LoI into a formal off-take agreement dependent on agreement on pricing parameters. Furthermore Eskom, the state power utility, successfully undertook combustion tests on Vele thermal coal and the parties are to hold further discussions with regards to a potential off-take agreement.

In terms of South African mining legislation, the Company requires a 26% Black Economic Empowerment ("BEE") shareholding for its mining and exploration projects. The Company is at an advanced stage of finalising agreements to enable a broad based BEE consortium (including communities and future employees) to acquire 26% of the Makhado Project. The company estimates the Makhado Project Net Present Value to be in excess of ZAR6.9 billion (US$ 656.9 million) and is planned to produce over two million tonnes per annum ("Mtpa") of hard coking coal and over three Mtpa of Eskom quality thermal coal. The construction of the project, including ramp-up, is expected to take 26 months commencing in CY2015 and has an initial life of mine of 16 years. The inclusion of a BEE shareholder ensures that the project has the requisite corporate structure for the granting of the NOMR and in time, the Makhado Project will benefit one of the least economically developed areas in South Africa.

Vele Colliery Plant Modification

The confirmation of the Vele coal's semi-soft coking coal characteristics by AMSA during the reporting period resulted in the scaling down of operations in anticipation of the processing plant modifications. The Company approached potential contractors for the detailed design and construction of the modification and in February 2014, appointed Sedgman South Africa ("Sedgman") to complete the three month front-end engineering and design ("FEED"). The FEED will enable CoAL to arrive at a class 1 EPC estimate and once complete, will increase the processing capacity to 2.7 Mtpa of run of mine ("ROM") coal and the simultaneous production of three products, namely:

- Semi-soft coking coal;
- Sized thermal coal for the regional market; and
- Thermal coal for Eskom.

The Vele Colliery has a life of mine in excess of 50 years. The Company estimates that it will cost approximately ZAR450 million (US$42.8 million) to complete the plant modification (including mine development and ramp up costs), funded by a combination of debt and equity, and has commenced discussions with South African financing institutions, which is expected to be agreed by the end of Q1 CY2014. Plant modifications will be completed in H1 CY2015, followed by a three month ramp-up period.

Current and future funding

During the reporting period the balances outstanding under the Deutsche Bank trade finance facility and the Investec Bank Limited ("Investec") derivative facility were repaid. Furthermore the Company secured a ZAR210.0 million (US$20.0 million) facility from Investec in October 2013 and has drawn ZAR107.0 million (US$10.2 million) of this for general working capital requirements. The Investec facility will be repaid using the proceeds from the disposal of non-core assets.

The Company has a long-term project pipeline and the modification of the Vele plant and the development of the Makhado Project will be followed by the development of the GSP project areas. The development of the Company's significant coking and thermal coal resources is expected to be funded by a combination of debt and equity.

Financial review

The loss for the six months under review amounted to US$46.3 million, or 4.42 cents per share compared to a loss of US$111.7 million, or 14.39 cents per share for the prior corresponding period.

The loss for the period under review of US$46.3 million (2012 H1: US$111.7 million) includes non-cash charges of US$30.3 million (2012 H1: US$96.1 million) as follows:

- Mooiplaats impairment loss of US$16.5 million (US$50.0 million in the six months ended 31 December 2012);
- net foreign exchange losses of US$12.6 million (2012: US$19.9 million) arising from the translation of inter-group loan balances, borrowings and cash due to changes in the ZAR:AUD exchange rate during the period; and
- depreciation of US$0.7 million (2012: US$9.8 million) and amortisation of US$0.5 million (2012: US$9.4 million) contributed further to the non-cash charges.
- loss of nil due to the discount on early settlement of the Grindrod receivable (2012: US$2.7 million);
- loss of nil (2012: US$4.3 million) on the fair value adjustment of the Investec equity derivative financing package.

As a result of the exclusion of impairment losses from the headline earnings calculations, the headline loss per reduced from 7.95 cents in the prior corresponding period, to 2.85 cents per share during the six months under review.

As at 31 December 2013, the Company had cash and cash equivalents of US$4.2 million compared to cash and cash equivalents of US$29.9 million at 30 June 2013.

Authorised and issued share capital

Coal of Africa Limited had 1,048,368,613 fully paid ordinary shares in issue as at 31 December 2013. The holders of ordinary shares are entitled to one vote per share and are entitled to receive dividends when declared.

Dividends

No dividends were declared or paid during the six months.

Highlights and events after the reporting period

- On 31 January 2014, the Department of Mineral Resources ("DMR") granted Section 11 approval in terms of the MPRDA for the disposal of Woestalleen Complex. The sale consideration of ZAR80 million (US$7.6million) was received on 6 March 2014.
- David Brown was appointed as Chief Executive Officer ("CEO") and Executive Director and Bernard Pryor was appointed Chairman, effective 1 February 2014.
- Appointment of Sedgman as the engineer for the FEED of the Vele Colliery plant modification.

Outlook

Good progress has been made on all elements of the turnaround strategy. The placement of the loss making Mooiplaats Colliery on care and maintenance and the commencement of a formal sales process, as well as the disposals of the Woestalleen Complex, Holfontein project and Bushveld investment are at various stages of completion and are all expected to be completed during CY2014. CoAL is in the process of re-negotiating its take or pay port obligations and this is expected to be completed by the end of H1 CY 2014.The confirmation of the Vele Colliery semi-soft coking coal qualities by AMSA could, subject to the requisite funds being raised, result in the commencement of the project's processing plant modifications, expected to be completed in H1 CY2015. The granting of the Makhado

Project NOMR is expected to occur in CY2014 with the 26 month construction period commencing in CY2015, again subject to the required funding being available.

Over the next three to twelve months, the Directors have identified certain key deliverables to ensure that the Consolidated Entity continues as a going concern. The ability of the Consolidated Entity to continue as a going concern and to pay its debts as and when they fall due is dependent on:

- The successful conclusion of additional funding from either financial institutions or the equity markets to meet planned commitments;
- The successful conclusion of negotiations with Rio Tinto with respect to the timing of the settlement of the US$30.0 million liability in order to match the Company's available cash resources; and
- The sale of other non-core assets (as discussed above) during the next twelve months including the release of the associated cash backed rehabilitation guarantees for these assets.

In conclusion, I take this opportunity to thank the Board of directors for the guidance provided as well as the loyal staff for their dedication.

____

David Brown

Chief Executive Officer

For more information contact:

David Brown	Chief Executive Officer	Coal of Africa	+27 10 003 8000
Michael Meeser	Chief Financial Officer	Coal of Africa	+27 10 003 8000
Celeste Harris	Investor Relations	Coal of Africa	+27 10 003 8038
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 8 9316 9100

Company advisors:

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Chris Sim/Jeremy Ellis	Nominated Adviser	Investec Bank plc	+44 20 7597 5970
Charmane Russell/Jane Kamau	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or +27 82 372 5816

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).

Coal of Africa (CoAL) invites you to the simultaneous webcast and conference call for the half year ended 31 December 2013.

Date: Monday, 10 March 2014

Time: 11:00 (CAT)

The webcast and conference call will be accessible at http://themediaframe.eu/links/coalofafrica140310.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)	0 808 162 4061

(b) PLAYBACK: Code 29625

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)	0 808 234 6771

View this invitation online at www.coalofafrica.com