



# Mining Indaba Presentation

February 2012

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## Important Notice

Recipients of this presentation should refer to the Independent Technical Statement for Coal of Africa as at 18 September 2011, prepared by Venmyn Rand (Pty) Ltd, which is available on CoAL's website ([www.coalofafrica.com](http://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.

# Executive overview

## Emerging developer and producer

- Emerging developer and producer of export quality thermal coal and coking coal
- Two operating thermal collieries (Mooiplaats, Woestalleen)
- Two coking coal development projects (Vele – early operations; Makhado – advanced feasibility study)
- Coking coal exploration projects (Chapudi, Chapudi West, Generaal, Jutland, Makhado Extension, Mt Stuart, Voorburg, Wildebeeshoek)

## Primary focus: development of coking coal asset portfolio

- Significant pipeline of coking coal projects to transform CoAL into a world class coking coal company
- Vele mine: all regulatory approvals received in 2011; commenced operations in January 2012
- Makhado Project: bankable feasibility study nearing completion; application for mining right at an advanced stage
- Chapudi Project: completion of acquisition from Rio Tinto by April 2012; substantial drilling data
- Voorburg/Jutland Project: large scale development potential; less sensitive environmental issues
- Mt Stuart: further extension options to Makhado development

## Access to bulk infrastructure

- Strategically positioned assets with good access to rail corridors and port capacity
- Effectively services both domestic and international markets
- Provides much-needed resource for growth
- Regional and national economic benefits

## Responsible development

- Committed to the responsible development and management of collieries and projects
- Supports and complies with environmental, social and all other legislation
- Engages regularly and transparently with all stakeholders
- Creates employment opportunities, and supports skills development and training programmes

# CoAL overview

## Sustainable development



### Approach to sustainability

- Create long-term value for the broadest group of stakeholders
- Focus on the sustainability of the business as a whole and emphasis on environmental, social and governance issues
- Aim to prevent or minimise adverse impact on surrounding the environment and communities
- Prevent injury to employees and contractors through a zero harm policy
- Promote good relationships with stakeholders and demonstrate active stewardship of land and biodiversity

### Adding economic value

- Stakeholders stand to benefit in the short, medium and long-term
- CoAL adding much-needed resource for economic growth in one of South Africa's poorest provinces
- Direct and indirect job creation
- Infrastructure development

### Corporate social responsibility

- CSR plans will focus on the mine community where labour is drawn
- Emphasis on the provision of infrastructure and the eradication of poverty through social and physical contributions
- Job creation in three key areas: agricultural, tourism and conservation, water resource development
- King Toni Thovele Mphephu bursary fund in place to address critical skills shortage

### Environment

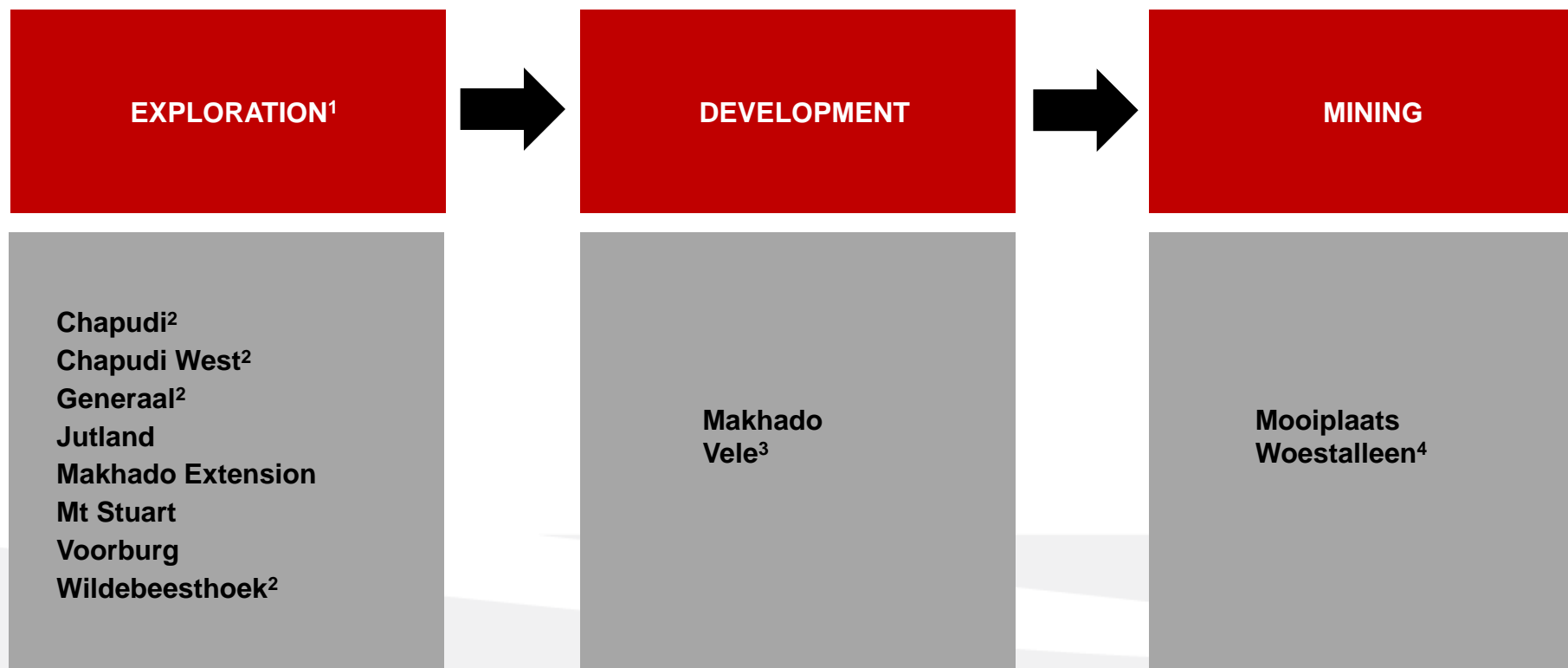
- Vele and Makhado situated in remote parts of the Limpopo province, near the environmentally significant Mapungubwe World heritage site
- State of the art environmental management programmes to ensure the impacts of mining are mitigated
- CoAL complies with all environmental legislation
- Amended mine plan to include an underground component to help minimise the visible surface impact at Vele
- Vele was granted an Integrated Water Use Licence (IWUL) in May 2011 by the Department of Water Affairs (DWA)
- Detailed water-balance compiled by specialists to address water demand for processing, portable use on site, irrigation of rehabilitated areas, dust suppression and livestock/game



- CoAL is committed to maintaining a safety, health and environmental management structure in compliance with legislated requirements and in accordance with accepted industry practice
- CoAL strives to:
  - Prevent injury to employees and contractors through a zero harm policy
  - Prevent or minimise any adverse impact arising from its activities

# CoAL overview

## Projects and operations



- Assets in three major phases (exploration, development, mining)
- Primary focus: development of coking coal asset portfolio
- Upside potential based on project pipeline
- Substantial growth through the acquisition of the Chapudi and related properties<sup>2</sup>

<sup>1</sup> Refer to slide 14 with map indicating properties being acquired through the Rio Tinto/Chapudi acquisition

<sup>2</sup> Subject to completion of the Chapudi acquisition

<sup>3</sup> Upon completion of construction and the commissioning of the Vele mine by circa Q1 2012, the mine will be in commercial production and form part of the mining portfolio

<sup>4</sup> Includes the Zonnebloem (Vuna) Colliery, the remaining open cast pit in operation

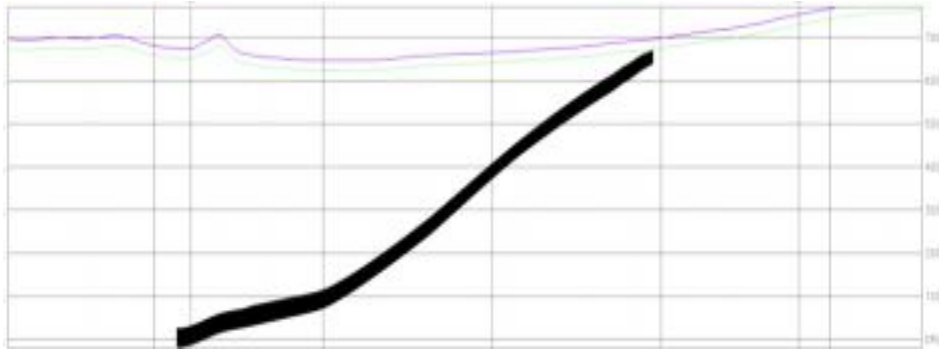


# CoAL overview

## Projects coalfields profile

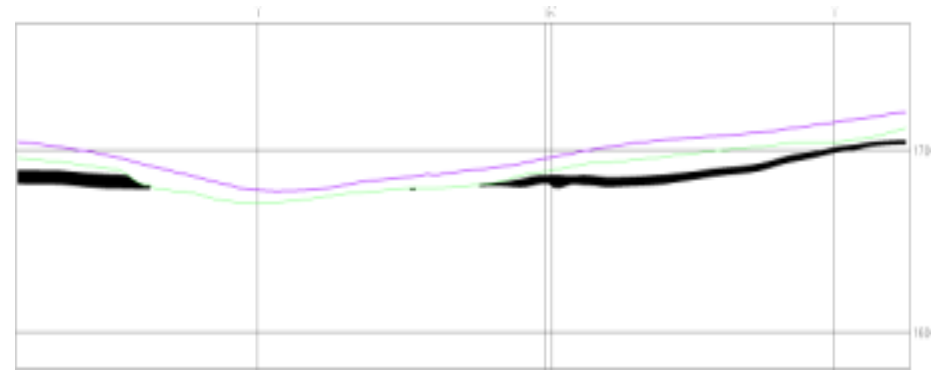


### Soutpansberg



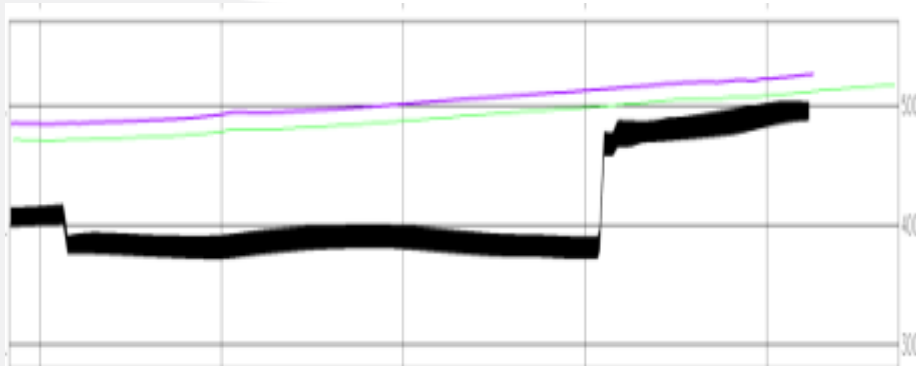
2 x vertical exaggeration looking east

### Witbank coalfield geological section



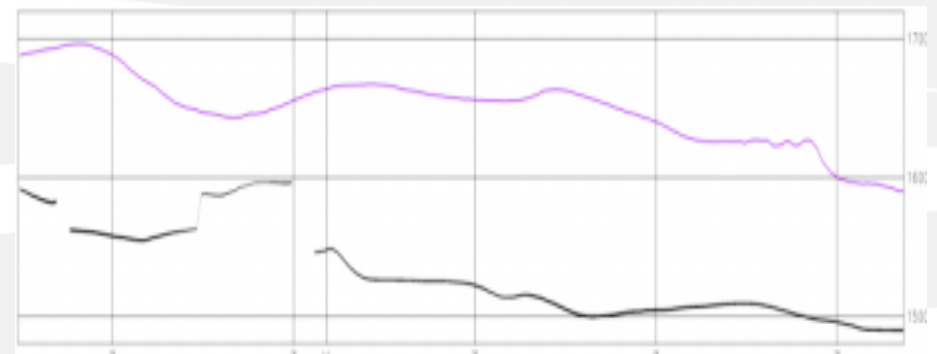
4 x vertical exaggeration looking east

### Limpopo coalfield geological section



2 x vertical exaggeration looking east

### Ermelo coalfield geological section



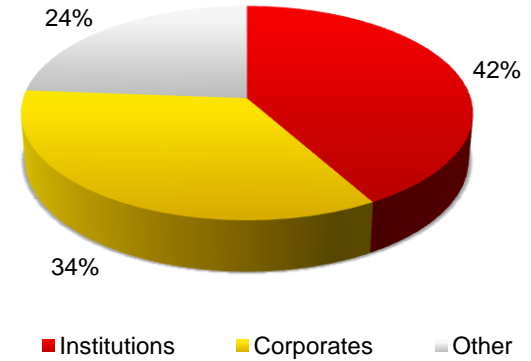
4 x vertical exaggeration looking east

— Surface topography      — Limit of weathering      — Coal

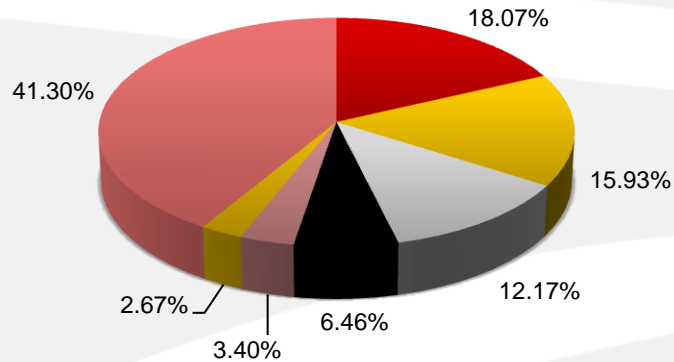
### Commentary

- As at 31 December 2011, total number of shares in issue: **662,284,573**
- Six largest shareholders hold circa 60% of the company

### Ownership by investor type (31 December 2011)

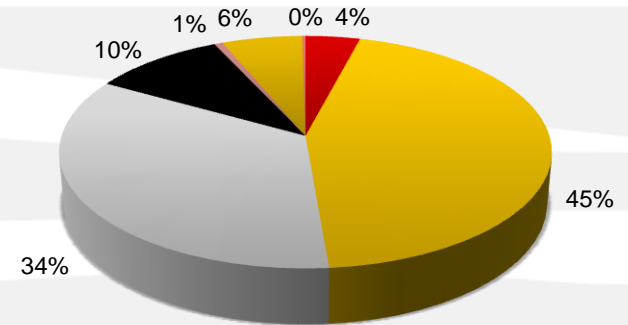


### Major shareholders (31 December 2011)



- M&G Investment Management Ltd
- Africa Management Limited
- BlackRock Group
- Other
- ArcelorMittal
- Capital Group
- GCM Resources

### Ownership by geography (31 December 2011)



- Australia
- North America
- Other
- UK
- Asia
- Rest of Europe
- South Africa

# Key market data and trading performance

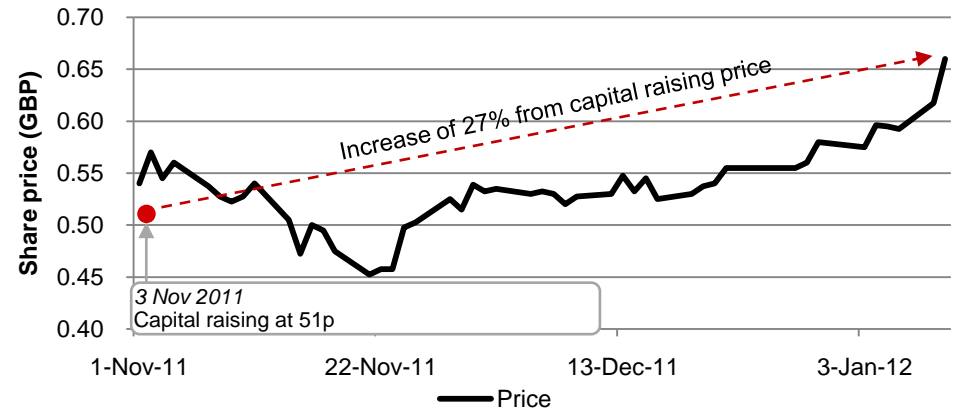


## Key market data

US\$ million

Number of shares in issue (million)	662.29
Share price at 31 January 2012 (US\$)	1.00
<b>Market capitalisation</b>	<b>662.29</b>
Net debt	30.91
Minorities	0.58
<b>Enterprise value</b>	<b>693.78</b>

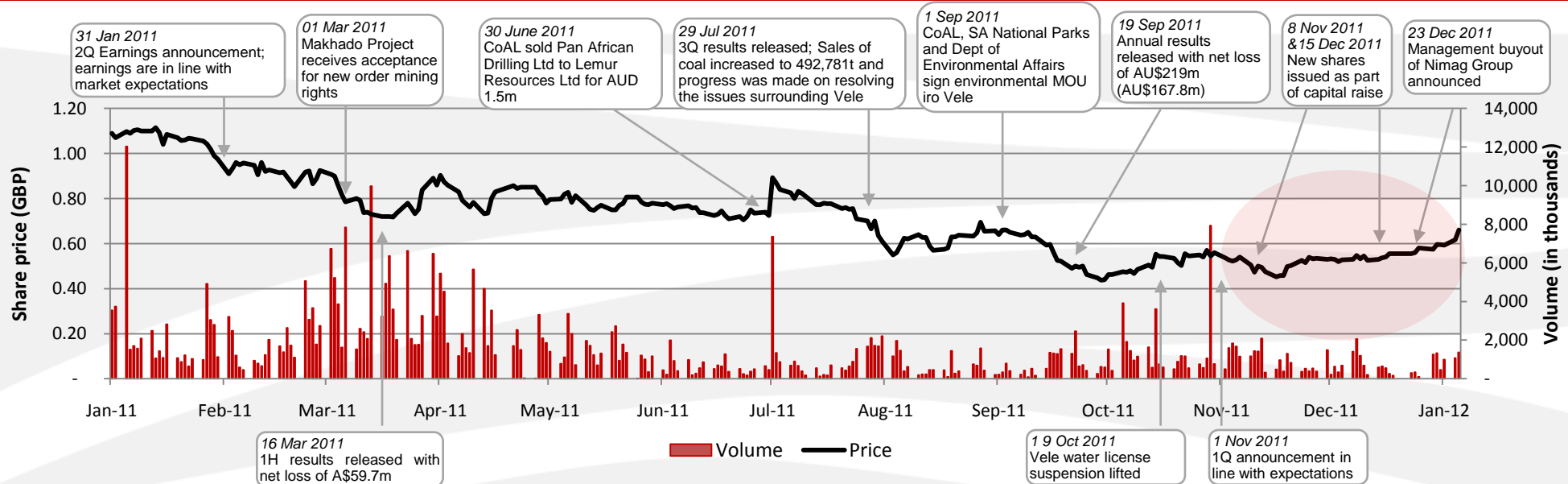
## Share price performance since capital raise<sup>1</sup>



<sup>1</sup> Included in the below one year share price graph (highlighted in red)

Figures taken from Bloomberg on 11 January 2012

## One year annotated share price performance



# Overview of project locations



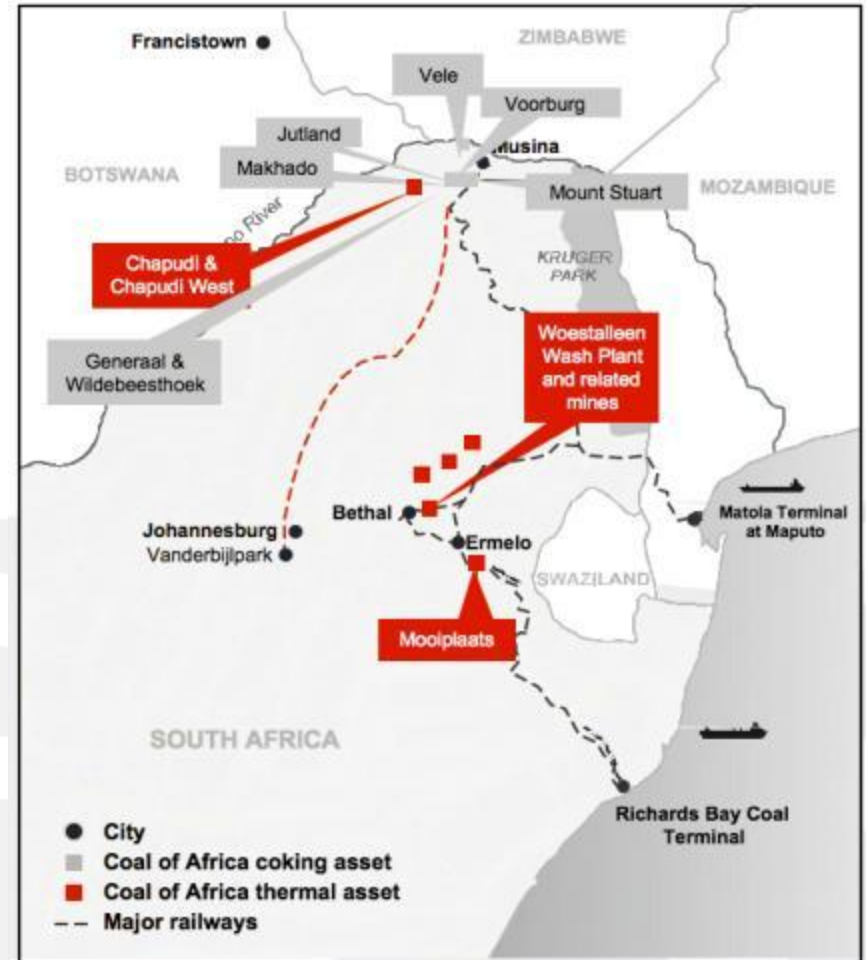
Thermal coal assets	Resources/Reserves <sup>2</sup>
Mooiplaats	50.760/31.590 Mt MTIS <sup>1</sup>
Woestalleen wash plant & related pits	6.155/6.155 Mt MTIS
Chapudi	1,040.000/ n/a <sup>3</sup> Mt MTIS <sup>4</sup>

Coking coal assets	Resource/Reserve <sup>2</sup>
Makhado	411.156 / n/a <sup>3</sup> Mt MTIS (O/C area)
Vele	369.629 / 332.709 Mt MTIS (O/C & U/G)
Mount Stuart	In process ~55.460 / n/a <sup>3</sup> Mt MTIS
Voorburg (Coal of Africa)	In process ~ 181.811 / n/a <sup>3</sup> Mt MTIS

## Port allocation

- Matola Terminal: currently 3.0 Mtpa (of 6.0 Mtpa);
- Option over Phase 4 expansion for additional 10-20 Mtpa; study currently being conducted
- Richards Bay Coal Terminal: 207 Ktpa (Quattro allocation)

1. Mineable tonnes in situ
2. Resources are inclusive of reserves
3. Currently insufficient information available to generate estimate of reserves
4. Rio Tinto estimate (JORC)



# FY2011 highlights

## Consolidated thermal coal production

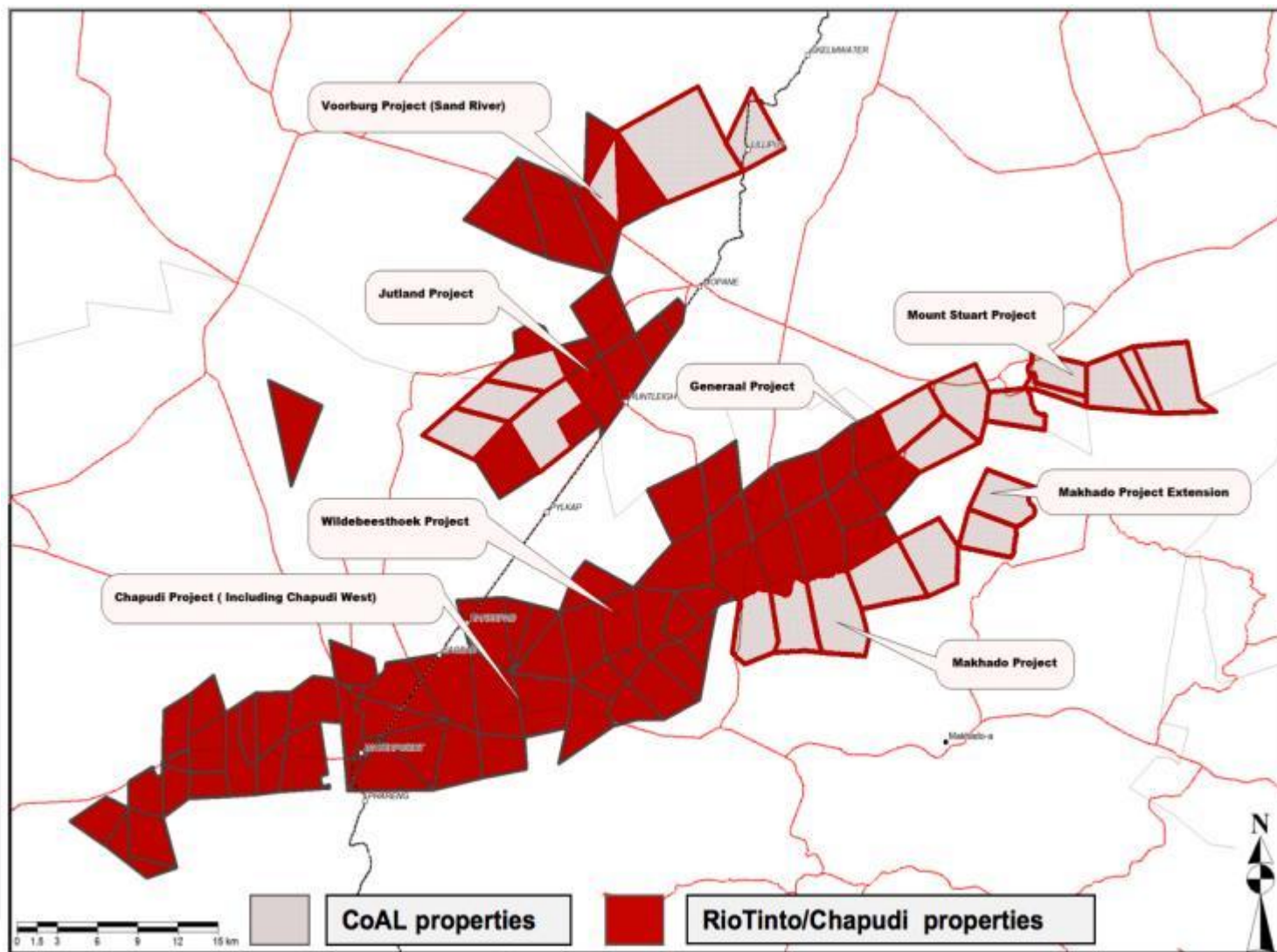


- Mooiplaats FY2011 12 months production (FY2010:12 months)
- Woestalleen FY2011 12 months production (FY2010: 6 months)
- ROM tonnes 75% increase to 4.4Mt (FY2010: 2.5Mt)
- Washed tonnes 5.0Mt including 0.5Mt purchased coal (FY2010: 2.3Mt incl 0.3Mt purchased coal)
- Overall yield 66.4% up 10% (FY2010: 56.4%)
- Saleable tonnes 154% rise in saleable tonnes to 3.3Mt (FY2010: 1.3Mt)
- Sales tonnes 3.3Mt sold - 2.9Mt export; 0.4Mt Eskom (FY2010 1.3Mt – 1.1Mt export; 0.2Mt Eskom)



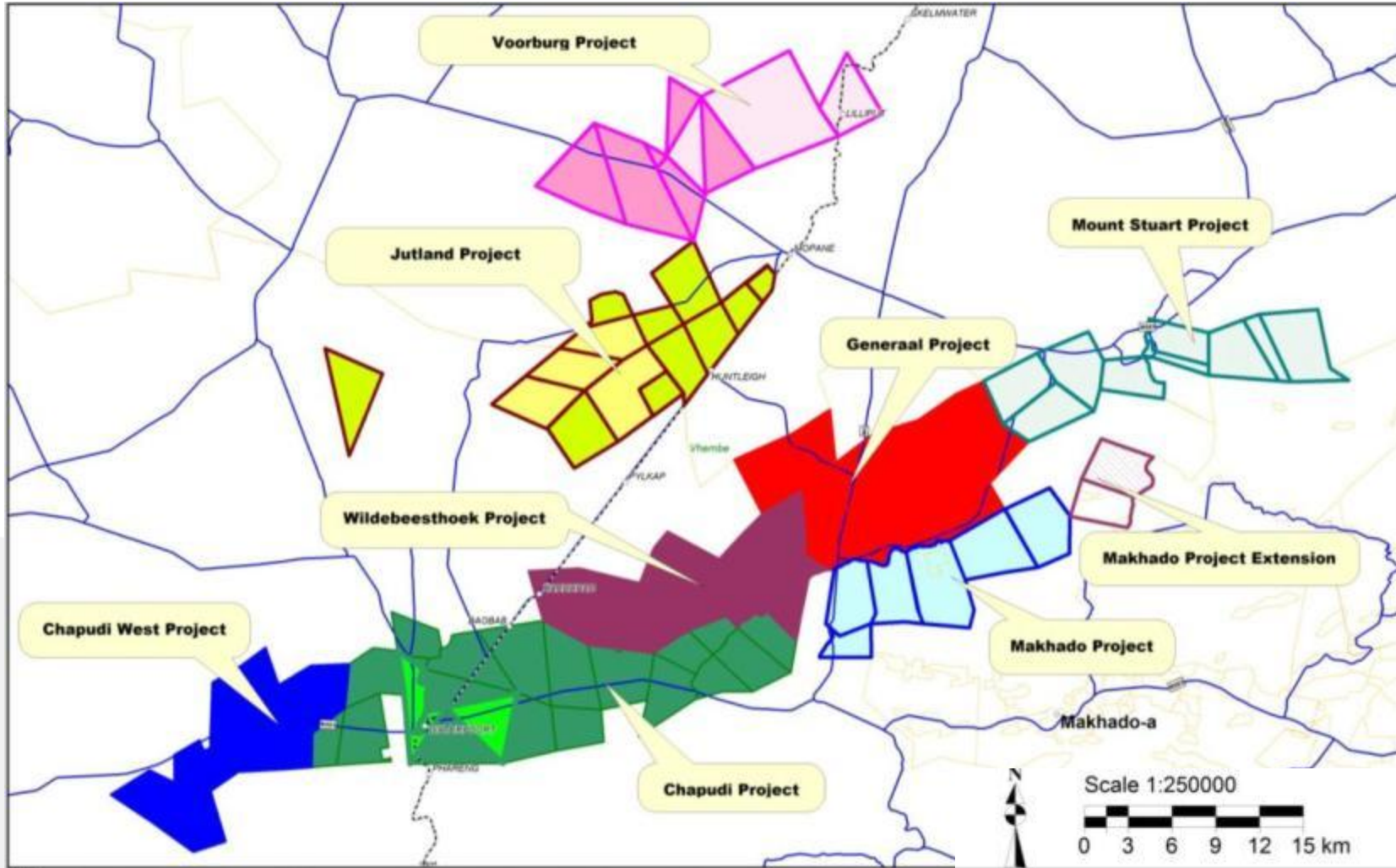
# Proposed Chapudi acquisition

## Consolidation of coking coal assets

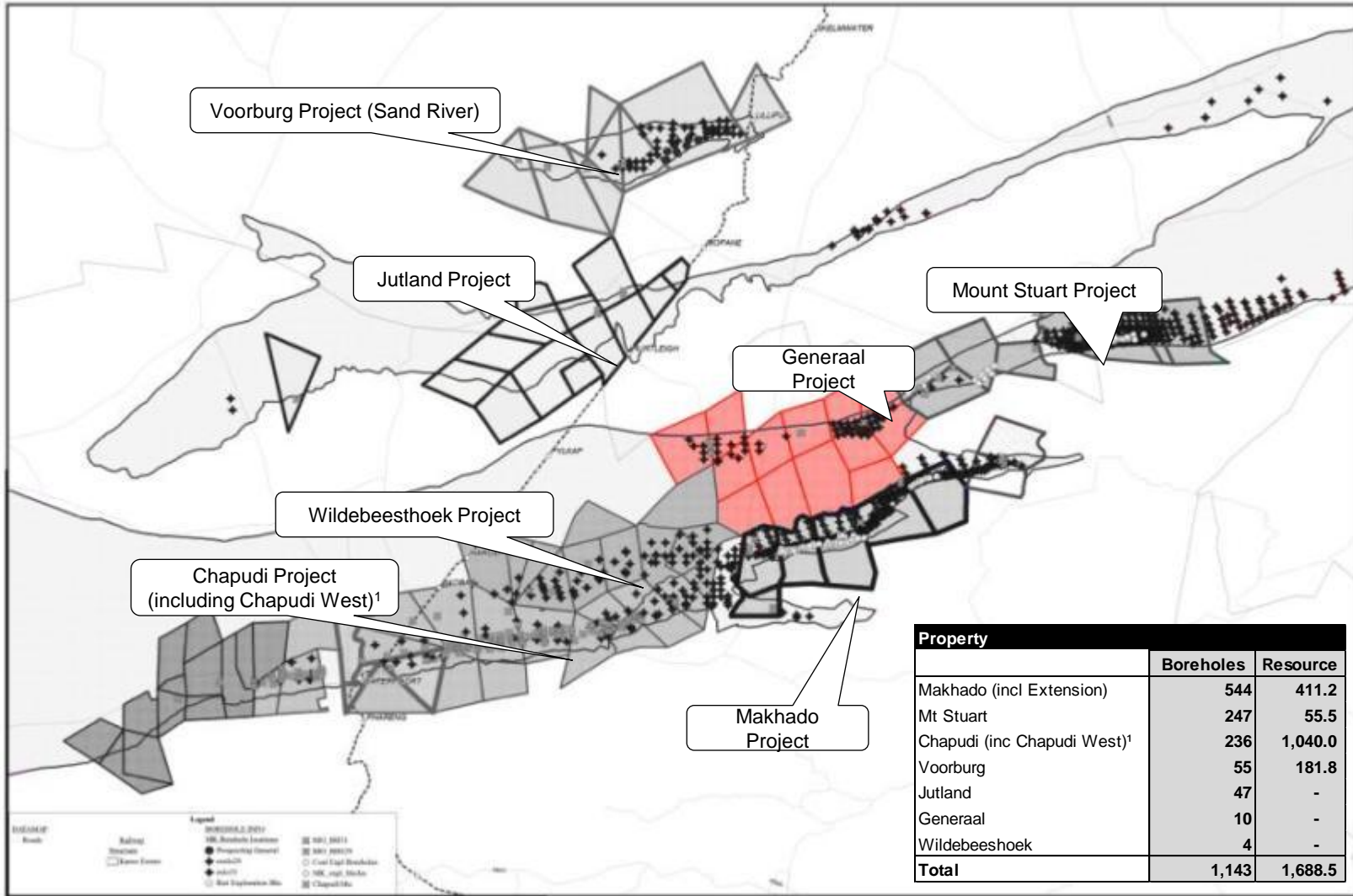


- Acquisition of the Chapudi coal project and several other coal exploration properties from Rio Tinto and Kwezi Mining
- Current estimated 1,040Mt JORC resource<sup>1</sup>
  - both thermal and coking coal development projects
  - significant exploration potential
- Expected to cement CoAL as the largest holder of prospecting rights in the highly prospective Soutpansberg Basin
- US\$75m total consideration
  - US\$2m cash deposit (paid Nov 2010)
  - US\$43m upfront cash consideration payable on regulatory approval (by April 2012)
  - US\$30m deferred cash consideration payable on the earliest of:
    - (i) The granting of a NOMR for any property
    - (ii) 24 months from fulfillment of all condition precedents for the sale

# Soutpansberg projects After Rio farm swap & Chapudi transaction



Note: Solid shaded areas denote the acquired assets



Source: Map and borehole data - Coal of Africa Limited; resource information as per Venmyn report excluding Chapudi

<sup>1</sup> Based on estimate by Rio Tinto as per announcement by CoAL on 29 November 2010 (subject to completion of the Chapudi acquisition)

# Summary reserve and resource statement (18 Sep 2011)



## Coal Reserves of CoAL's Principal Mineral Assets

Project Name	Mineable Tonnes in SITU (MTIS)	RoM Tonnage (t)	Saleable Primary Product (t)	Saleable Secondary Product (t)	Coal Attributable (%)
Mooiplaats	31,590,200	18,656,800	9,433,300	779,900	100%
Vuna	6,155,700	6,547,400	3,381,600	2,101,200	100% <sup>1</sup>
Vele	332,709,000	299,391,000	92,387,000	0	100%
<b>Total</b>	<b>370,454,900</b>	<b>324,595,200</b>	<b>105,201,900</b>	<b>2,881,100</b>	<b>100%</b>

## Coal Resources of CoAL's Principal Mineral Assets (Inclusive of Reserves)

Project Name	Gross Tonnes in SITU (GTIS)	Total Tonnes in SITU (TTIS)	Mineable Tonnes in SITU (MTIS)	Coal Attributable (%)
Mooiplaats	92,322,689	85,619,262	50,760,100	100%
Vuna	6,820,858	6,479,815	6,155,700	100% <sup>1</sup>
Vele	803,820,826	680,202,877	369,629,400	100%
Makhado	879,734,822	764,699,202	411,156,500	100%
Voorburg	217,778,959	188,929,976	181,811,100	100%
Mount Stuart	407,162,828	325,730,262	55,460,000	100%
<b>Total</b>	<b>2,407,640,982</b>	<b>2,051,661,394</b>	<b>1,074,972,800</b>	<b>100%</b>

<sup>1</sup> CoAL has a 49% legal interest but a 100% economic interest in Vuna Colliery which forms part of Woestalleen

Source: Independent Technical Statement prepared by Venmyn Rand (Pty) Ltd

# Soutpansberg projects

## Resources and exploration potential



Property	Recently acquired	Area (ha)	Prospective strike length (km)	Coking coal	Thermal coal	Preferred option	Development potential
Chapudi	Yes	20,467	31.4	✓	Domestic	Thermal	Potential for export -grade thermal coal on selected horizons
Chapudi West	Yes	8,678	7.6	✓	Domestic	Thermal	Potential for export -grade thermal coal on selected horizons
Wildebesehoek	Yes	10,675	14.4	✓	Export	Coking coal	Potential for high-grade coking coal
Generaal	Yes	13,721	15.1	✓	Export	Coking coal	Coking coal similar to Makhado
Voorburg	Partially	6,811	9.7	✓	Export	Coking coal	Coking coal similar to Makhado
Jutland	Partially	8,162	11.5	✓	Export	Coking coal	Coking coal similar to Makhado
Mount Stuart	No	9,130	15.2	✓	Export	Coking coal	Potential for high-grade coking coal

	Measured Resource	Indicated Resource	Inferred Resource	GTIS
Chapudi	90	220	730	
Makhado <sup>1</sup>	284	27	-	947 <sup>2</sup>

1. Excludes the Makhado Project Extension which has the farms Telema and Gray and are not part of the current NOPR
2. Based on the report compiled by The Mineral Corporation on 14 June 2010. Measured and Indicated gross in situ resources were estimated only for the proposed opencast area to a maximum depth of 140metres.
3. The total gross in situ resource (GTIS) estimate of 947Mt relates to the entire project area with no depth cut-offs applied

# Vele and the Mapungubwe National Park



- Vele's proximity to the Mapungubwe Cultural Landscape World Heritage Site has been a point of concern for interested and affected parties in the Limpopo province
- CoAL actively pursues collaboration with stakeholders in implementing the EMP, and the responsible development and operation of the mine so as to preserve and protect this cultural heritage site
- This collaboration resulted in the signing of a Memorandum of Agreement and Memorandum of Understanding

## Memorandum of Agreement (MOA)

- MOA signed on 1 September 2011 between CoAL, Department of environmental affairs and SANParks which seeks to:
  - ensure the conservation and integrity of the site
  - maintain and strengthen co-operation between the three parties
  - Environmental Management Committee incorporating all stakeholders

## Memorandum of Understanding (MOU)

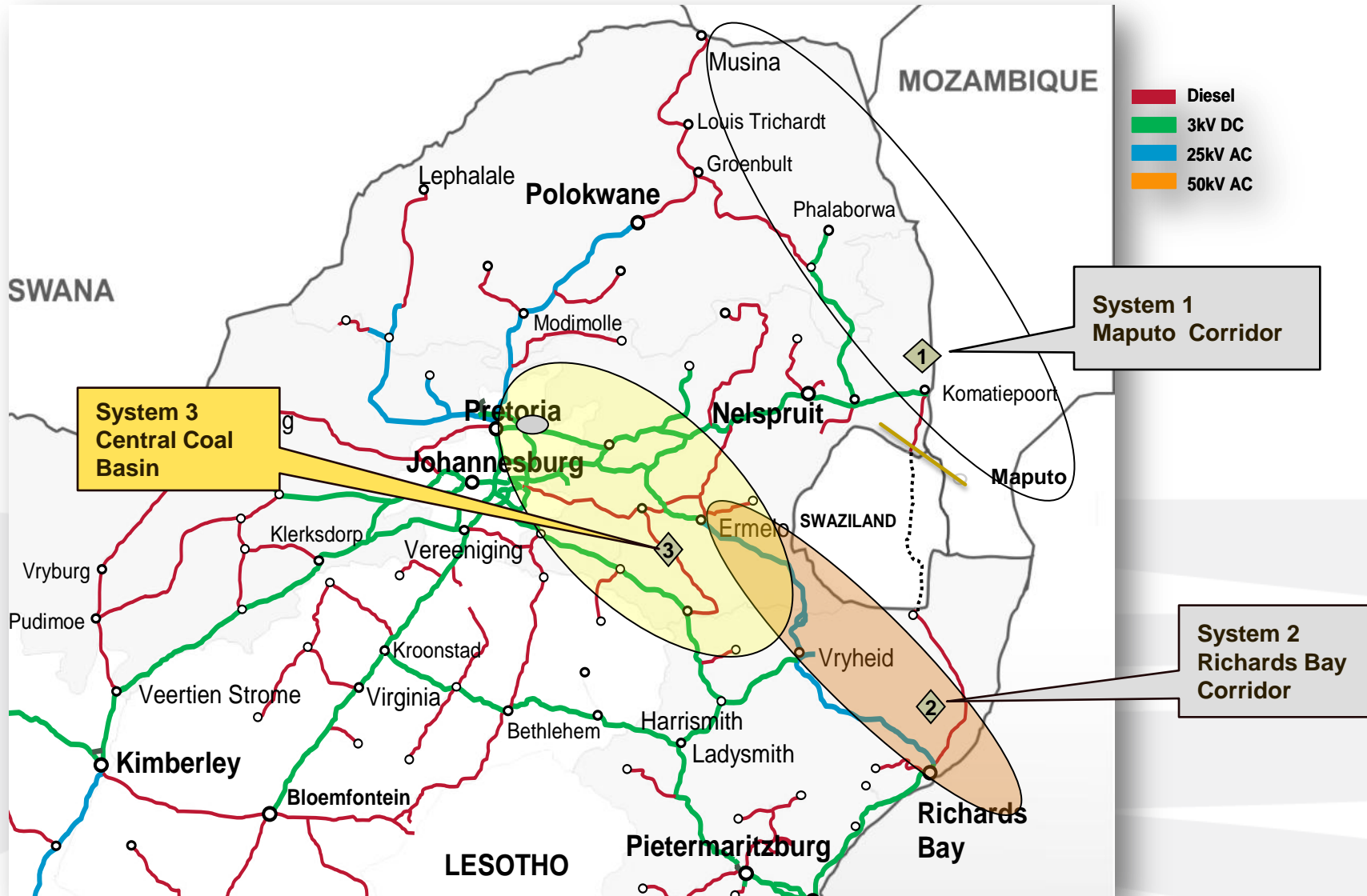
- MOU signed on 24 November 2011 between CoAL and the Save Mapungubwe Coalition
- Commitment to work together and strengthen the cooperation in the interest of sustainable development, and the preservation and protection of the Mapungubwe cultural landscape.



Representative from the Save Mapungubwe Coalition (left) and CoAL CEO John Wallington (right) signing the MOU

# Logistic review

# Main export coal corridors – South Africa



Source: Transnet presentation - McCLOSKEY conference India: 8 October 2009: Fuzile Magwa, Regional Operating Executive

# Rail – Thermal assets

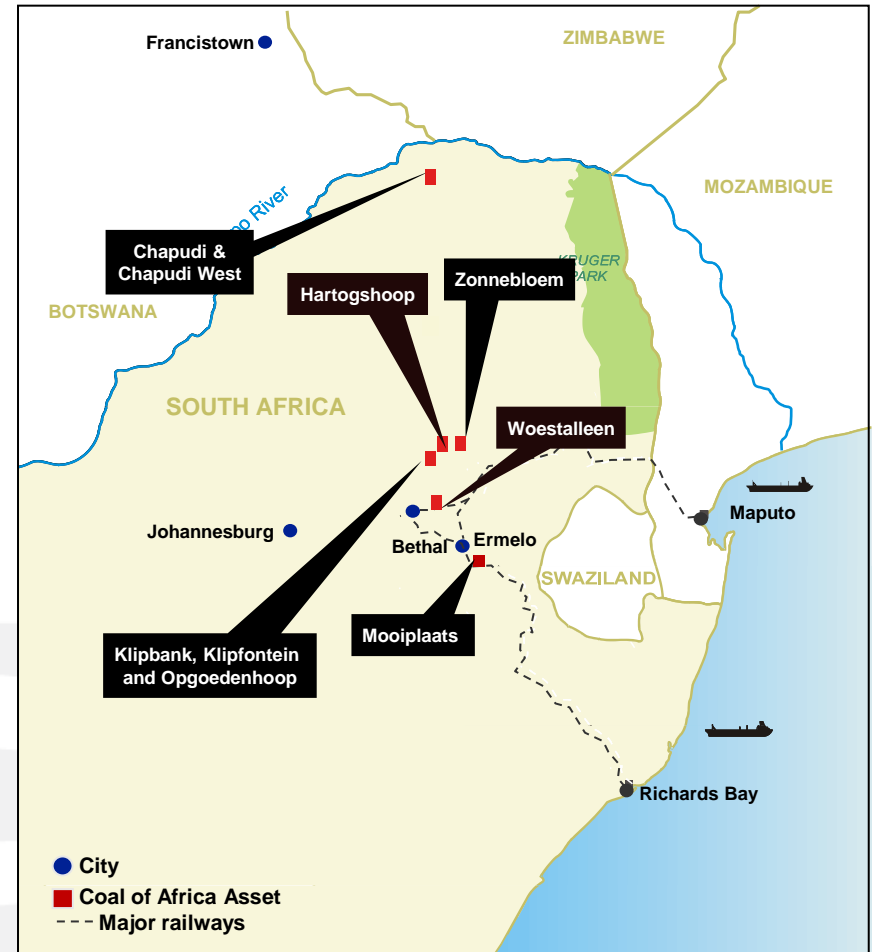


## Siding

- Have an arrangement to utilise nearby Umlabu siding in the interim with a private siding at the colliery currently under investigation
- Connection routes to Maputo and Richards Bay
- RBCT compliant siding at Woestalleen with a design capacity of more than 4Mt tonnes per annum

## Rail

- Rail agreements allow transport through Maputo corridors with a current capacity of 2.5mtpa
- Richards Bay Dry Bulk flows via empty wagons returning from ArcelorMittal's Vanderbijl Park steel works
- The Maputo Terminal (Matola) and Richard's Bay Coal Terminal (RBCT) utilise the ring-fenced wagon fleets that are allocated to these corridors



# Rail – Coking assets

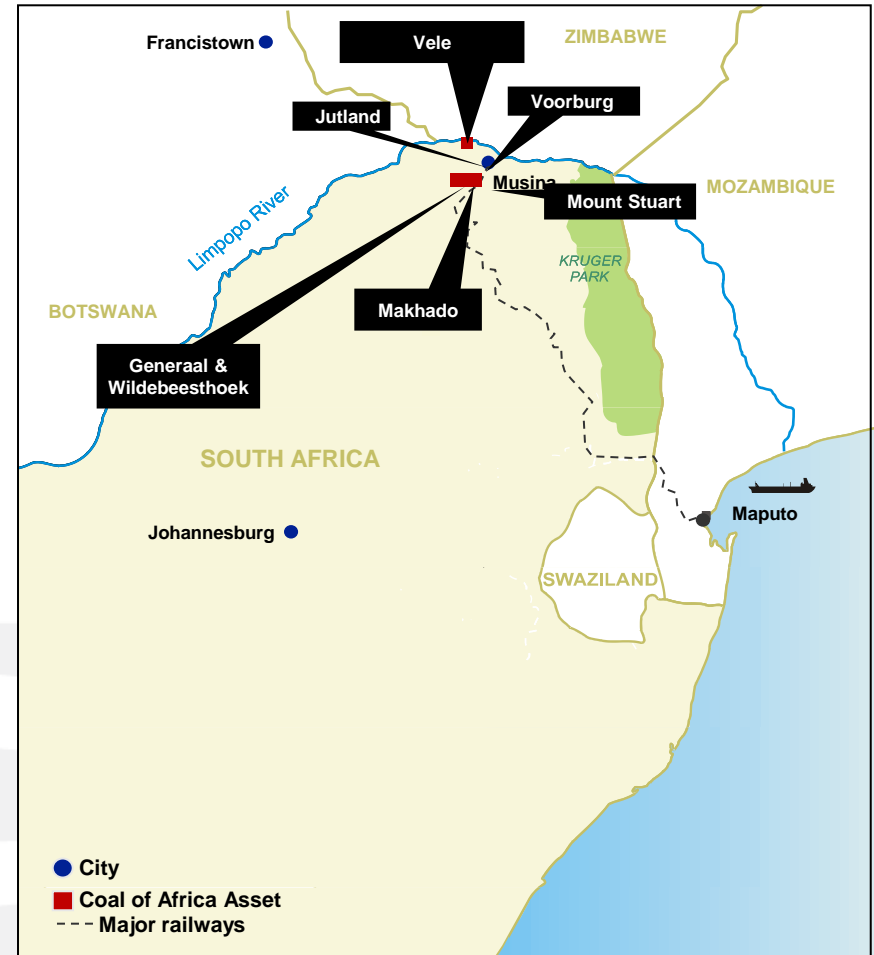


## Siding

- Makhado :
  - Nearby siding under detailed design
- Vele:
  - Long-term rail link from Vele to Musina (nearest mainline)
  - Technical feasibility study completed for Mactransco siding as an interim loading facility.
  - Trucking contracts in negotiation to enable movement from mine to siding

## Rail

- Rail agreements allow transport through Maputo corridors with a current capacity of 2.5Mtpa
  - Negotiating long-term outcome with Transnet Freight Rail
- Private sector participation options for purchase of rolling stock under discussion with Transnet



# Matola port, Maputo



## Port

- Allocation of 1Mtpa secured August 2008 through the Matola dry bulk terminal in Maputo with option to extend for 5+5+5 year agreement
- Secured right to any increased capacity in consideration for providing funding
- Terminal capacity recently expanded from 2Mtpa to 6Mtpa
  - CoAL co-funded expansion with Grindrod
  - CoAL's allocation now 3Mtpa
- Long-term expansion to up to 20Mtpa
  - CoAL has secured an option over 100% of the additional capacity



Matola dry bulk terminal

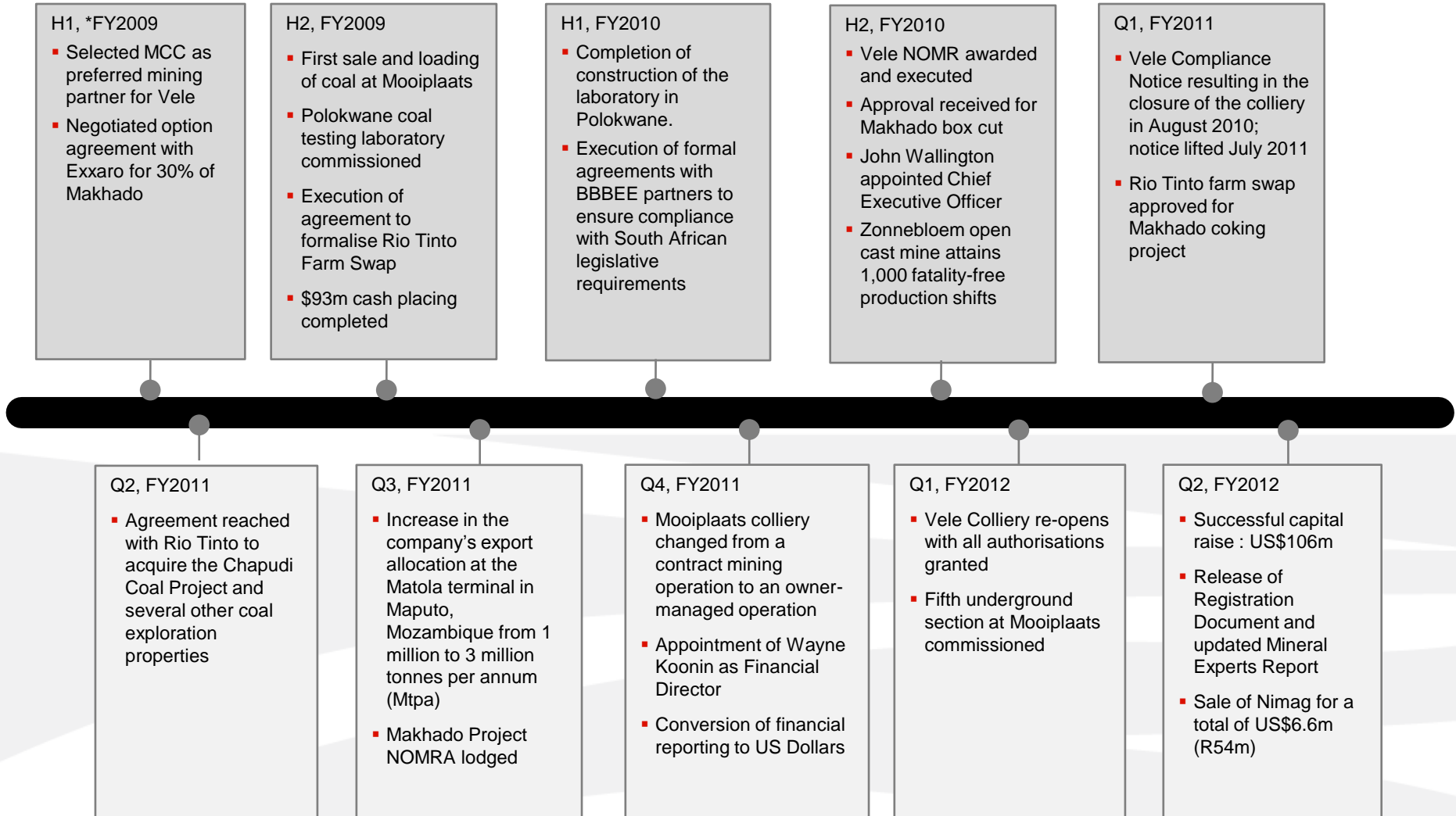
# Rolling stock – Maputo corridor



Details of rolling stock	Description
<b>Current</b>	<ul style="list-style-type: none"><li>▪ Fleet size of 750 CFR and 80 CCL wagons</li><li>▪ Ability to transport 3.6Mtpa</li></ul>
<b>Additional</b>	<ul style="list-style-type: none"><li>▪ CCL wagons from the Transnet coal line to be redeployed to the Maputo corridor</li><li>▪ Ability to transport a further 2Mtpa</li></ul>
<b>Potential efficiency improvements</b>	<ul style="list-style-type: none"><li>▪ Increase train length to 60 wagons</li><li>▪ Reduce cycle time of train sets from 5 days to 2.5 days</li></ul>
<b>Future</b>	<ul style="list-style-type: none"><li>▪ Transnet Private Sector Participation Framework</li><li>▪ Option for sourcing of rolling stock to meet further planned port capacity of 10Mtpa under discussion with Transnet</li></ul>

# Key deliverables

# Track record of delivery



\* Financial year-end is June 30

# Near-term operational priorities and targets



	Target (CY)	Event
<b>Vele</b>	<ul style="list-style-type: none"> <li>Q1 2012</li> </ul>	<ul style="list-style-type: none"> <li>Commence commissioning and initial production</li> <li>Target coking coal production: 2.7Mtpa run of mine and 1.0Mtpa saleable</li> </ul>
<b>Makhado</b>	<ul style="list-style-type: none"> <li>Q1 2012</li> <li>Q2 2012</li> <li>H1 2012</li> </ul>	<ul style="list-style-type: none"> <li>Complete Definitive Feasibility Study</li> <li>Finalise negotiation on ArcelorMittal South Africa off-take agreement</li> <li>Obtain various regulatory approvals and trigger exercise period for Exxaro's 30% buy-in option</li> </ul>
<b>Chapudi</b>	<ul style="list-style-type: none"> <li>By April 2012<sup>1</sup></li> <li>During 2012/13</li> </ul>	<ul style="list-style-type: none"> <li>Finalise remaining conditions (including regulatory approval) and complete Chapudi Acquisition from Rio Tinto</li> <li>Carry out exploration and technical studies, update Resource &amp; Reserves estimate and prepare a new order mining right application</li> </ul>
<b>Thermal coal assets</b>	<ul style="list-style-type: none"> <li>Ongoing</li> </ul>	<ul style="list-style-type: none"> <li>Continue to optimise production targeting 5.0Mtpa run of mine production in FY2012</li> <li>Consider alternative options to extend life of mine at Woestalleen</li> <li>Assess potential to increase capacity utilisation at Mooiplaats</li> </ul>
<b>Logistics</b>	<ul style="list-style-type: none"> <li>Ongoing</li> <li>Ongoing</li> <li>TBD</li> </ul>	<ul style="list-style-type: none"> <li>Increase rail capacity in line with evolution of production/export profile</li> <li>Discussion with Transnet Freight Rail ("TFR") on expansion of Maputo rail corridor</li> <li>Phase 4 expansion at Matola Port – option to take up to 100% of any potential additional 10–20Mtpa expansion</li> </ul>
<b>Corporate</b>	<ul style="list-style-type: none"> <li>Q4 2011</li> <li>Q2 2012</li> </ul>	<ul style="list-style-type: none"> <li>"Go live" date on new Microsoft Dynamics AX ERP system</li> <li>Complete delisting from ASX and migrate primary listing to the LSE</li> </ul>

<sup>1</sup> 30 April 2012: Date for fulfilment of the conditions precedent according to the Sale and Purchase Agreement with the vendors

# Recent developments



## Vele: significant progress

- Feb 2010: New Order Mining Right granted
- April 2011: Integrated Water Use Licence (“IWUL”) granted and administrative fine paid to facilitate rectification and granting of environmental authorisations
- July 2011: Environmental Authorisation granted (Compliance Notice lifted)
- July/August 2011: Appeal lodged against granting of IWUL and the IWUL is suspended
- August 2011: Limited activities commenced and petition submitted to the Minister for the lifting of the suspension of the IWUL
- September 2011: Landmark memorandum of agreement signed between the Department of Environmental Affairs (“DEA”), SANParks and CoAL relating to responsible development and co-operation in relation to Vele and Mapungubwe Heritage Site
- October 2011: Lifting of suspension of the IWUL on 18 October 2011; full operations commenced

## Makhado: positive developments

- Definitive Feasibility Study at an advanced stage
- Detailed independent testing and reporting of bulk sampling in process
- Off-take discussions with ArcelorMittal in progress (product testing finalised, Letter of Intent executed)

## Mooiplaats: improved yield and production

- Transition from contract mining to an owner-managed operation
- Fifth underground section commissioned

## Corporate: clear focus on deliverables

- Experienced management team and new board members appointed
- Updated Mineral Expert’s Report and Registration Document filed October 2011
- Conversion of reporting currency to US Dollar (US\$) for FY2011 accounts
- Successfully completed US\$106m capital raising and US\$40 million senior unsecured 364 day facility with JP Morgan Chase in November 2011

# Progress at Vele



Oversize material



Discard and product



ROM from end



ROM feed to temp crush

# Summary – Investment highlights



1	Multiple large scale coking coal projects and significant resource base (>1bn tonnes MTIS on current asset portfolio <sup>1</sup> )
2	Strategy to create scale via consolidation of coking coal assets
3	Well-defined path for long-term growth in coking coal to enhance the existing thermal coal assets portfolio
4	Assets strategically located with access to key potential domestic clients and main coal export corridors with current capacity of 3Mtpa (rail and port infrastructure)
5	Future expansion potential in port capacity by a further 10-20Mtpa to accommodate planned production growth
6	Compelling sector dynamics with attractive coking and thermal coal demand and supply fundamentals
7	Strong and experienced management team
8	Stable and concentrated shareholder register

MTIS: Mineable tonnes in situ

<sup>1</sup> Excluding Chapudi resource of 1,040 million tonnes based on estimate by Rio Tinto as per announcement by CoAL on 29 November 2010

# Appendices

# FY2011 highlights

## Financial summary



- **Revenue**

165% increase to US\$261.4m (FY2010: US\$98.4m)

  - FY2011 - 12 months production at Woestalleen; build up phase at Mooiplaats
  - FY2010 - 6 months production and sales at Woestalleen and Mooiplaats
- **Gross profit**

40% increase to US\$37.9m (FY2010: US\$27.1 m)
- **Operating costs<sup>1</sup>**

Flat year on year at US\$49.3m (FY2010: US\$49.6m) with increase size of business and full year costs for Woestalleen
- **Adjusted loss before tax<sup>1</sup>**

49% decrease to US\$11.4m (FY2010: \$22.5m)
- **Forex loss**

US\$29.9m loss (FY2010: US\$3.0m gain) of which US\$29.3m (FY2010 US\$2.7m loss) was unrealised and non-cash related
- **Non-cash charges**

\$176.9m (FY2010: \$159.2m) consisting of the following:

	FY2011	FY2010
Impairment losses	\$97.4m	\$54.0m
Depreciation and amortisation	\$79.5m	\$26.7m
Share based payments (BEE option)	\$nil	\$78.5m
<b>Total</b>	<b>\$176.9m</b>	<b>\$159.2m</b>

- **Net loss before tax<sup>2</sup>**

21% increase to \$218.1m (FY2010: \$178.7m)
- **Net loss after tax<sup>3</sup>**

31% increase to \$219.0m (FY2010: \$167.8m)

<sup>1</sup> Excludes other gains and losses, which includes cash and non-cash losses totaling US\$0.4m (FY2010: US\$1.4m)

<sup>2</sup> Adjusted net loss before tax (excluding certain non-cash items and foreign exchange gains and losses) includes net interest income of US\$0.6m (FY2010: US\$1.4m)

<sup>3</sup> After tax charge of US\$0.9m (FY2010: US\$10.9m credit)

# Thermal coal quality data sheet



Coal mine	Mooiplaats Colliery			Woestalleen Colliery		
Physical locality	Mpumalanga province, South Africa					
Rank	High grade thermal coal					
Mine location	Mpumalanga province, Ermelo					
Mining method	Underground - Bord and Pillar			Open-cast two sources (Vuna \ Hartogshoop)		
Seams	B Upper Coal Seam			Number 2 and 1 seams		
% washed	100					
Laboratory undertaking test	Inspectorate M&L, Middelburg, South Africa			Midlab, Middelburg, South Africa		
Railway \ Transportation	Transnet Freight Rail					
Shipping port	Matola, Maputo, Mozambique					
Other notes	Composite of timed interval belt samples					
Proximate analysis	Unit	Air dried	As received basis	Unit	Air dried	As received basis
Total moisture	%		9.0	%		9.5
Inherent moisture	%	4.3		%	4.0	
Ash	%		12.2	%		12.5
Volatile matter	%		26.5	%		26.5
Fixed carbon	%		52.3	%		51.0
Total sulphur	%		0.87	%		0.45
Gross calorific value	MJ/kg	27.3	6,300	MJ/kg	27.2	6,300
Net calorific value	MJ/kg		6,000	MJ/kg		6,000

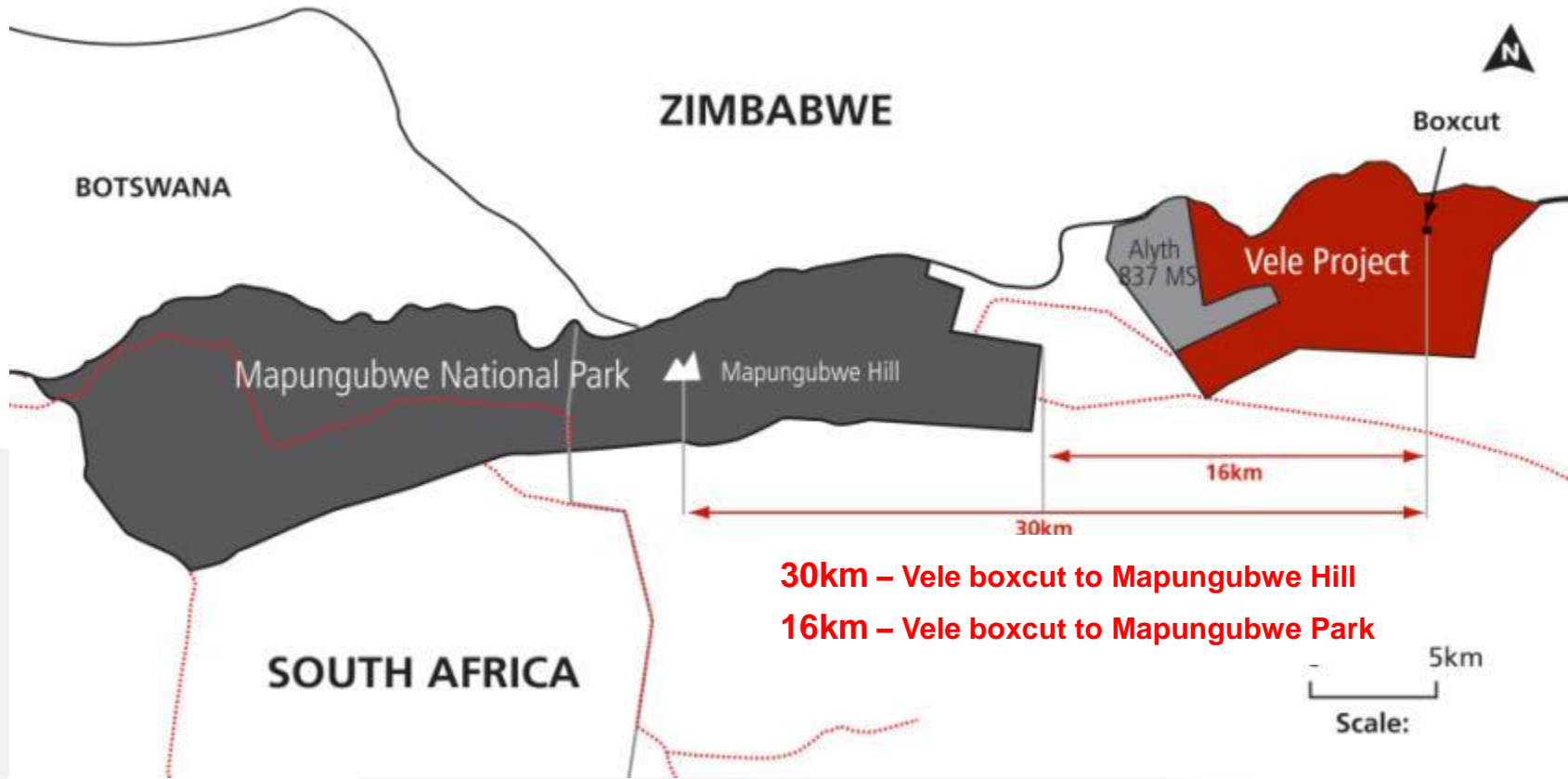
# Comparison of product specifications



Brand	Vele	Makhado	Hunter Valley SSCC	Gloucester SCC	Blackwater weak coking	Gregory HCC	Kestrel HCC	Mozambique export coking coal	Goonyella HCC	Peak Downs HCC
Producer	CoAL	CoAL	Newcastle	Gloucester Coal	BMA	BMA	Rio Tinto	Generic	BMA	BMA
Total moisture % (ar)		8.5	9	9	10	8.5	8	>10	10	9.5
Inherent moisture % (ad)	1.7	0.9	2.5	2	2	2	2	1	1	1
Ash % (ad)	12.5	10	9	10.5	8	7	6.5	9 - 11	8.5	9.7
Volatile matter % (ad)	36.1	30.3	33	34	27	33.5	34	22	23.8	20.5
Sulphur % (ad)	0.98	0.98	0.55	0.96	0.5	0.65	0.65	0.9 - 1.1	0.52	0.8
Phosphorus % (ad)	0.003	0.009	0.040	0.040	0.080	0.035	0.030	0.07 - 0.10	0.020	0.035
Free swelling index	8.5	9.5	4	8	6	9	8.5	9	8	8.5
Max fluidity (ddpm)	6,515	6766	100-400	10,000	400	7,500	10,000	400 – 1,000	1,100	350
Vitrinite content %	83.4	84.9	na	66	55	71	75	>80	>80	68
Vitrinite reflectance (RoV max)	0.77	1	0.8	0.83	1.03	0.92	0.94	1.3 - 1.4	1.17	1.42
CSR index	35.1	68	21	38	35	60	56	65 - 70	68	74
M10	10.7	7.7	na	11	9	8	9	na	7	7
I20	71.5	73.3	na	66	74	74	na	na	77	78

Note: Makhado and Vele Gray King Indices  $G_{11}$  and  $G_9$  (respectively). Makhado and Vele Roga Indices 91 and 84 (respectively).

# Vele mine: Distance from Mapungubwe



Source: Coal of Africa Limited

# FY2011 highlights

## Income statement



US\$ Millions	FY2011	FY2010
Revenue	261.425	98.376
Cost of sales	(223.483)	(71.242)
<b>Gross profit</b>	<b>37.942</b>	<b>27.134</b>
Employee benefit expenses	(21.362)	(10.354)
Other expenses	(26.134)	(35.085)
Operating leases	(1.874)	(1.008)
Other losses	(0.498)	(1.344)
Take or pay obligations	–	(3.199)
<b>Net loss before foreign exchange adjustments</b>	<b>(11.926)</b>	<b>(23.856)</b>
Foreign exchange (loss)/gain	(29.923)	2.953
<b>Adjusted net loss after foreign exchange</b>	<b>(41.849)</b>	<b>(20.903)</b>
Impairment losses	(97.400)	(53.961)
Depreciation and amortisation	(79.521)	(26.684)
Share-based payments (Broad-Based Black Economic Empowerment option)	–	(78.515)
<b>Operating loss</b>	<b>(218.770)</b>	<b>(180.063)</b>
Net finance income	0.664	1.407
<b>Loss before income tax</b>	<b>(218.106)</b>	<b>(178.656)</b>
Income tax (charge)/credit	(0.897)	10.898
<b>Net loss for the year</b>	<b>(219.003)</b>	<b>(167.758)</b>
<b>Loss per share – basic and diluted (US cents)</b>	<b>0.41</b>	<b>0.37</b>

# FY2011 highlights

## Balance sheet



US\$ Millions	30 June 2011	30 June 2010
Non-current assets	478.794	522.931
Current assets	90.617	123.319
Assets held for sale	22.268	14.638
<b>Total assets</b>	<b>591.679</b>	<b>660.888</b>
Non-current liabilities	39.869	39.296
Current liabilities	118.176	90.918
Liabilities classified as held for sale	2.843	–
<b>Total liabilities</b>	<b>160.888</b>	<b>130.214</b>
<b>Net assets</b>	<b>430.791</b>	<b>530.674</b>
Issued capital	686.577	685.740
Accumulated deficit	(429.589)	(210.586)
Reserves	173.228	51.242
Non-controlling interest	0.575	4.278
<b>Net Assets</b>	<b>430.791</b>	<b>530.674</b>

# FY2011 highlights

## Cash flow statement



US\$ Millions	FY2011	FY2010
Cash used in operations	(2.527)	(7.629)
Other	0.290	(1.540)
<b>Cashflow from operating activities</b>	<b>(2.237)</b>	<b>(9.169)</b>
Purchase property plant and equipment	(34.975)	(7.728)
Increase in development assets	(21.320)	(96.804)
Increase through business combinations	–	(64.057)
Increase in exploration assets	(19.350)	(2.528)
Other	5.621	(1.737)
<b>Net cash used in investing activities</b>	<b>(70.024)</b>	<b>(172.854)</b>
Net change in working capital facility	(20.000)	20.000
Increase in export trade finance facility	32.500	–
Proceeds from issue of shares	0.309	167.827
Other	2.644	(8.171)
<b>Net cash (used in) generated by financing activities</b>	<b>10.908</b>	<b>179.656</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(61.353)</b>	<b>(2.367)</b>
Net foreign exchange differences	12.060	4.442
Cash and cash equivalents at beginning of the year	72.054	69.979
<b>Cash and cash equivalents at the end of the year</b>	<b>22.761</b>	<b>72.054</b>

# Equity placing (November 2011)

## Proposed use of proceeds



Asset	Capital required	Description
Chapudi	<ul style="list-style-type: none"> <li>US\$43m</li> </ul>	<ul style="list-style-type: none"> <li>First tranche of payment upon receipt of regulatory approvals (by no later than 30 April 2012<sup>1</sup>)</li> </ul>
Vele	<ul style="list-style-type: none"> <li>US\$25m</li> </ul>	<ul style="list-style-type: none"> <li>Remaining capital expenditure to start production and start up working capital</li> </ul>
Licences	<ul style="list-style-type: none"> <li>US\$15m</li> </ul>	<ul style="list-style-type: none"> <li>First year expenditure for Chapudi and other Soutpansberg Complex projects (exploration and technical programme in preparation for NOMR application)</li> </ul>
Other working capital requirements	<ul style="list-style-type: none"> <li>US\$23m</li> </ul>	<ul style="list-style-type: none"> <li>Working capital and costs associated with capital raising</li> </ul>
<b>Total</b>	<ul style="list-style-type: none"> <li><b>US\$106m</b></li> </ul>	

<sup>1</sup> Date for fulfilment of the conditions precedent according to the Sale and Purchase Agreement with the vendors



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