COAL of AFRICA LIMITED

Interim Results for the 6 months ending 31 December 2015

David Brown, Chief Executive Officer

De Wet Schutte, Chief Financial Officer

Monday 14 March 2016

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.

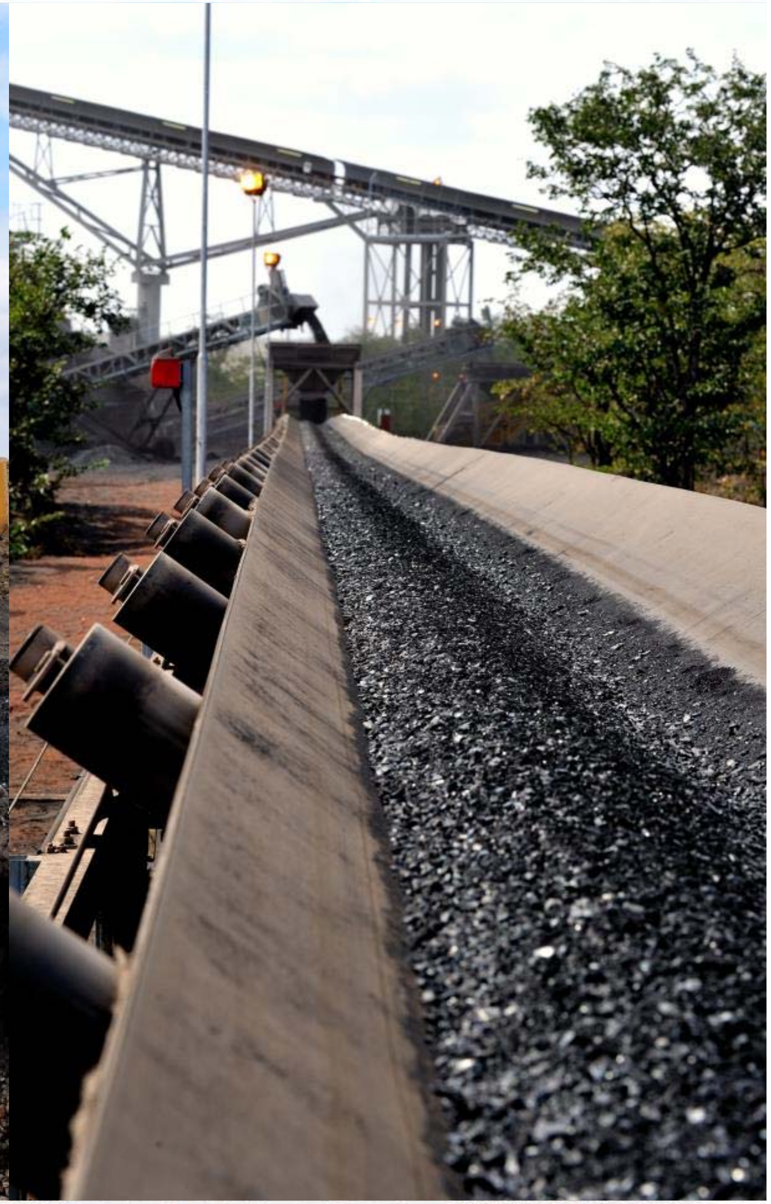
Competent persons' statement

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
Project review	David Brown
Financial review	De Wet Schutte
Project Universal Update	David Brown
Outlook and conclusion	David Brown

Introduction:
David Brown, Chief Executive Officer



CoAL Strategy

Vision to responsibly produce in excess of 9 million tonnes per annum of saleable product by 2021

Advantages	Key Risks
A Major Hard Coking Coal Resource in South Africa	Commodity Prices
Large Resource – extended LOM – over 100 years	Access to Capital and Funding Timetables
Logistics – in place and tested	Cost of Logistics – Distance to end user
Strong national and local government support as sees CoAL as a catalyst for industrial development in the Limpopo region	Regulatory Environment
Balance Sheet strengthened	
Legacy Issues resolved	

Continued execution during 6 months to Dec 2015

Debt	YBI Loan	$10million YBI loan in place
Cash generator	Universal Coal	Proposed acquisition – will provide positive cash flows and earnings prior to project delivery via Vele and/or Makhado
Assets	Non-core assets	▪ Opgoedenhoop and Holfontein under SPA ▪ Mooiplaats sale ongoing(assessing options)
Balance sheet	Purchases of assets No going concern modification	▪ Rio Tinto repayment terms finalised: $19 million outstanding ▪ Cash of $30 million on balance sheet ▪ Working capital in excess of 12 months

Legal Developments

- Makhado Project:

An interim court interdict seeking to halt any mining or construction activity was issued against the Makhado Project during Q2 FY2015. The matter was heard in the North Gauteng High Court and judged on two matters in December 2015

- The first relates to the condition to compel CoAL to conduct a Strategic Regional Impact Assessment and
- Secondly a review of the Environmental Authorisation. The condition compelling CoAL to conduct a Strategic Regional Impact Assessment has been set aside. The interim interdict against the Environmental Authorisation remains in place pending the review of the authorisation by LEDET(the regulator).

CoAL does not anticipate that the process will affect Makhado’s construction timetable.

- Rio Tinto Minerals Development Limited (Rio Tinto) :

The Company received a notice from Rio Tinto Minerals Development Limited (“Rio Tinto”) and Kwezi Mining Proprietary Limited (“Kwezi”) alleging that CoAL is in breach of an obligation under the agreements pursuant to which MbeuYashu acquired interests within the Greater Soutpansberg Project, and therefore all amounts owed by CoAL and MbeuYashu are now due for payment. On legal advice, CoAL will dispute the validity of the notice.If Rio Tinto and Kwezi pursue the matter, CoAL and MbeuYashu will defend it vigorously.

The original amount owed by CoAL and MbeuYashu to Rio Tinto and Kwezi was US$75 million of which US$56 million has already been paid (which equals 75% of the original acquisition price) and an amount of US$19m is still owing. Payments to Rio Tinto and Kwezi are due finally by 15 June 2017. CoAL and MbeuYashu have met, and will continue to meet all of their payment obligations to Rio Tinto and Kwezi

Coal market trends and pricing

Overview:

Current levels of pricing are sending a powerful message:

- Market is still oversupplied resulting in lower prices which
- Should act as a significant deterrent to investment in new capacity(resulting in reduced supply)
- As well as a deterrent to the continuation of certain supply sources(reduce current supply) not happening quickly enough

Metallurgical coal:

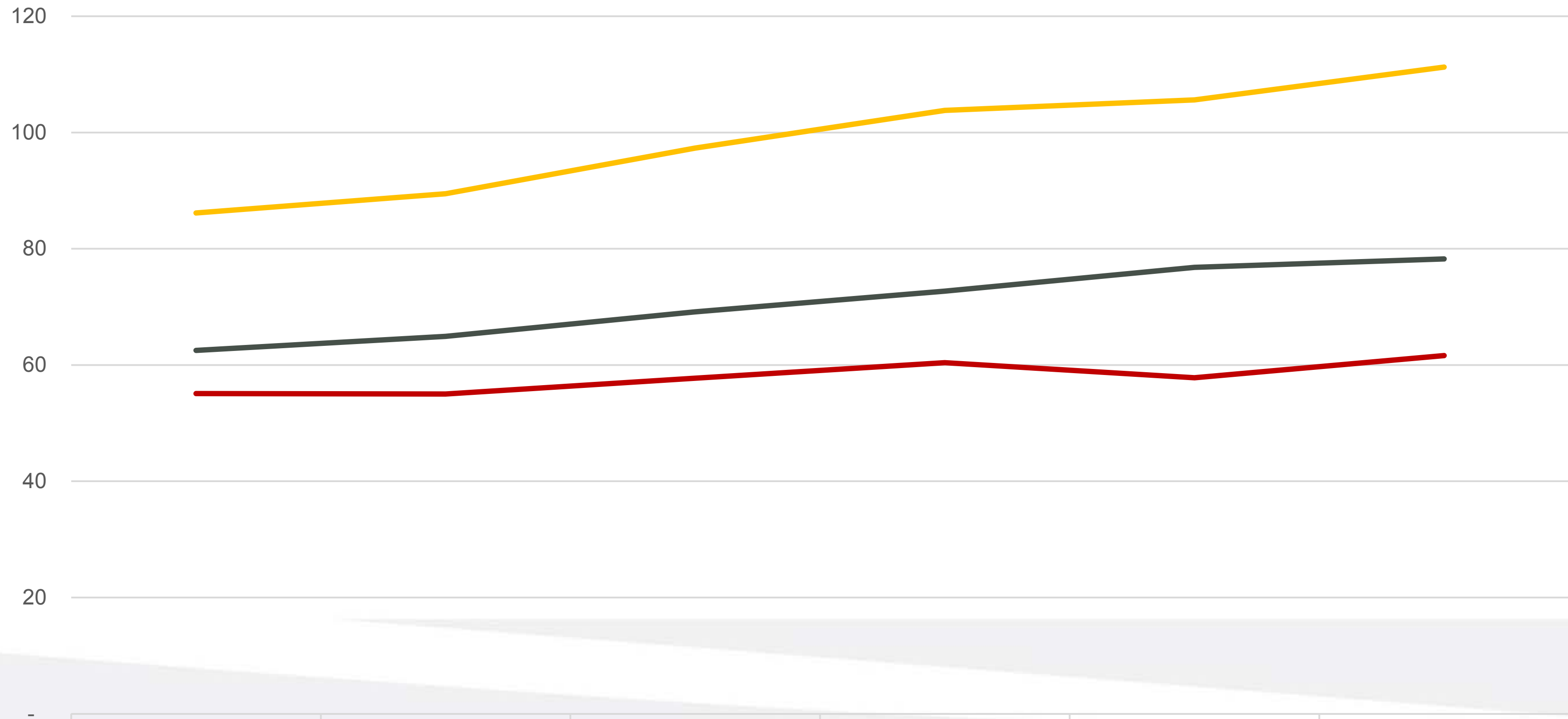
- Metallurgical coal prices for hard and semi-soft coking coal are being severely pressured by excess supply and weakening demand in China
- Weaker import demand reflects ready availability of domestic coal, combined with the contraction in steel consumption now as well as in the immediate future
- Market to finally find a floor before beginning a slow and painful recovery, which could take two to three years to complete

Thermal coal:

- Chinese economy shows signs of lower economic growth
- Indian market could be a growth market in the future
- Local demand appears positive as deficit grows

Price expectation – LoM met coal

Forward Curve Commodity Prices



	2016	2017	2018	2019	2020	LT
API forward curve	55	55	58	60	58	62
HCC forward curve	86	89	97	104	106	111
SCC forward curve	63	65	69	73	77	78

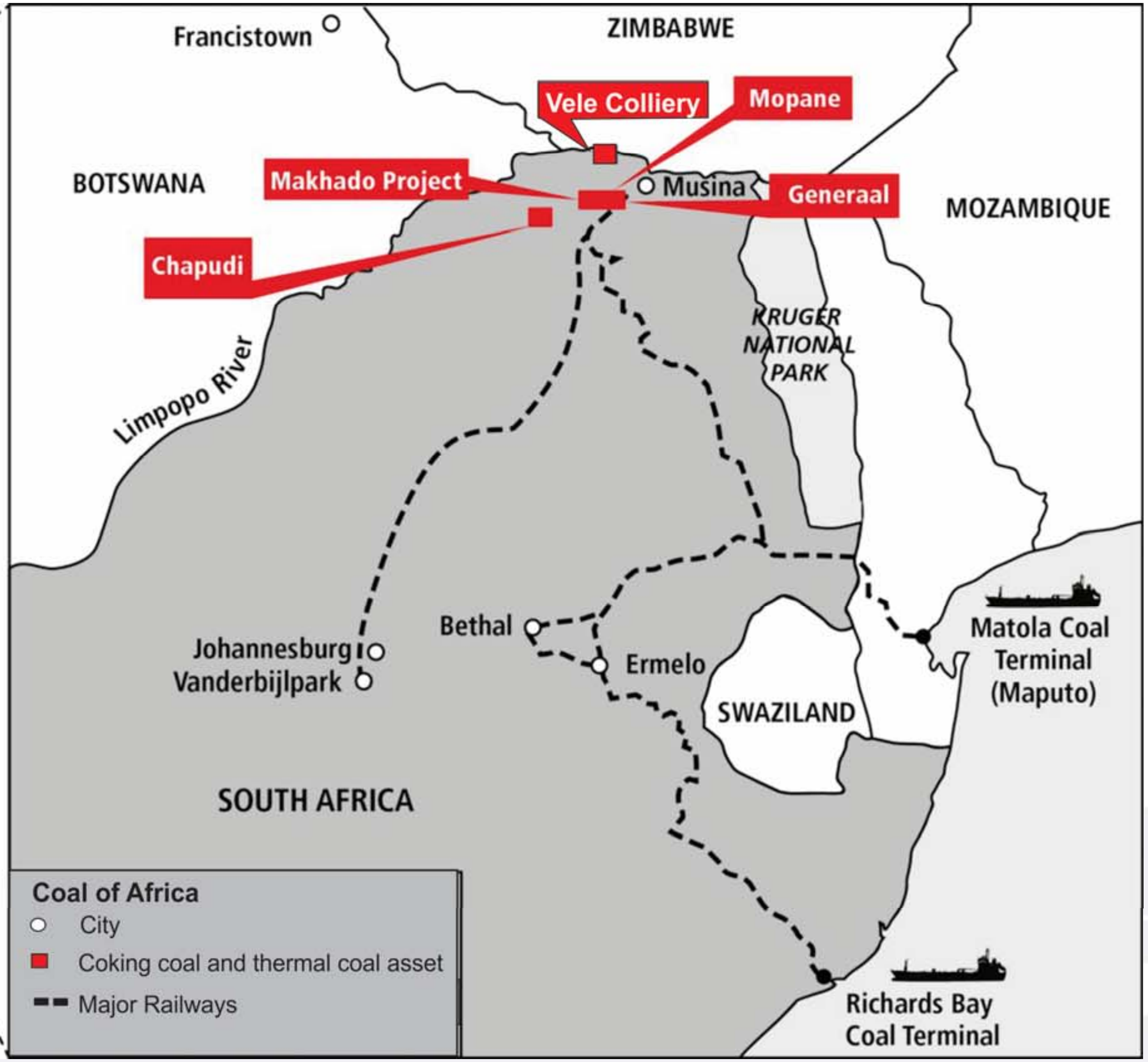
Source: Consensus view February 2016

Project review:
David Brown, Chief Executive Officer

CoAL Project pipeline

EVALUATION	DEVELOPMENT	OPERATION
Chapudi Mopane Generaal	Vele Makhado	Proposed Acquisition Universal Coal Mooiplaats
Future	Primary current project focus	Short Term
NOMR applications made	Vele: NOMR, IWUL and EA Makhado: FEED in progress NOMR, IWUL and EA	

CoAL project development – location



CoAL project development – resource

Abridged summary of JORC-compliant resources and reserve statement – Feb 2016	JORC-compliant resources (measured, indicated and inferred)[1,2]			JORC-compliant reserves (proven and 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)		
Vele (Limpopo) *	793.95	671.32	361.57	325.18	-	-
Makhado Project (Soutpansberg) **	795.6	691.6	344.7	172.8	16.5	0.0
GSP (Soutpansberg) ***	7,161.0	5,751.5	1,660.0	-	51.4	66.1
Total	**8,750.55**	**7,114.42**	**2,366.9**	**497.98**	**67.9**	**66.1**

Notes:
(1) Resources are stated inclusive of reserves
(2) Independent Technical Statement for the GSP (30 September 2012)

'* Vele(Limpopo) VBKOM CPR published in February 2016
'** Makhado Project MSA Group CPR published in February 2016
'*** GSP Venmyn Deloitte CPR published in February 2016

Mooiplaats Optionality

Option 1:

100% Sale of Mooiplaats

↓

Interested parties to obtain funding for acquisition

Option 2:
Majority Stake Sale of Mooiplaats and CoAL remain as minority shareholder for operational cash flows

↓

MOU signed for potential sale of a majority stake

Vele: ‘brownfields project’

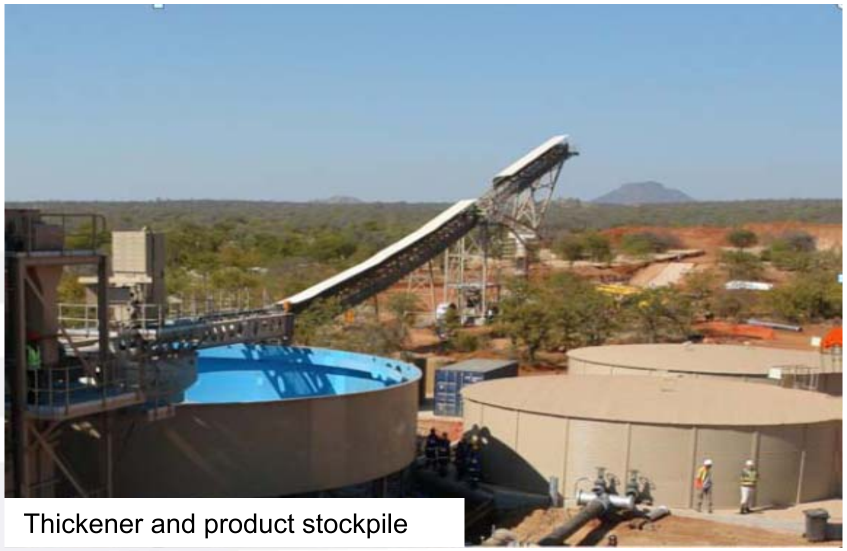
Project parameters

- Significant resource
- Licences in place
- Product suite and output being re-evaluated
- Pricing Concerns

Success since last presentation:

- Integrated Water Use license received – extension for 20 years
- Amendments for water use licence approved in line with the Plant modification plan
- EA appeal succesfully rejected
- EMC working collaboratively

Spiral plant



Thickener and product stockpile

Vele: ‘brownfields project, cont’d

Deliverable and strategy

- Board to review the project parameters:
  - Once all regulatory approvals have been received - only permission for non perennial stream diversion outstanding.
  - The regulatory process should be complete in H2 2016. Will remain on care and maintenance
  - The Company is exploring the potential of a domestic supply model to enhance returns – the drive is to see if the company can participate in a local IPP process
  - CoAL board will review the commencement date once all regulatory amendments have been approved and coal pricing allows for financial feasibility of this project.

Vele regulatory status

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	Department of Environmental affairs	Environmental authorisation to undertake mining activities	Life of mine	Authorisation received January 2015. Appeal against authorisation rejected
New order mining right (NOMR)	Department of Mineral Resources (regional and national)	Authorisation to mine resources in accordance with an approved mine plan	30 Years	Fully compliant in respect of PMP
Integrated water use licence	Department of Water and sanitation	Water used for construction and mining activities	20 Years	IWUL received Non perennial stream diversion amendment in progress – expected H2 2016

Makhado: medium term ‘greenfields’

Empowered:

- Company completed the empowerment structures, with the sale of a 26% interest in the Project to local communities and group of entrepreneur’s
- Sale is subject to the BEE shareholders securing the necessary funding for the purchase of their interest and for their share of the development costs of the project. Funding process has commenced
- Funding plan assumes a combination of both debt and equity, with the final combination to be finalised once the risk profile of the project is bedded down

Strategic Partner:

- Company signed an MOU for the potential acquisition of 34% of the Makhado project. The MOU also includes the potential of a debt facility package for Makahdo construction and the EPC contract.

Regulatory Environment:

- Interim Interdict still in place

Surface Rights:

- Not all in place, work in progress

Funding:

- Process underway for both the strategic/BEE and debt package

Marketing:

- Value based on long term pricing for commodity prices and exchange rates
- Thermal – both domestic and export works at long term pricing
- HCC – domestic sales

Makhado regulatory status

Significant progress made with all key authorisations

Authorisation	Issuing authority	Purpose	Duration	Status
Environmental authorisation	Limpopo economic development, environment and tourism	Environmental authorisation to undertake mining activities	Life of mine	Received August 2013 Interim interdict in place
New Order Mining Right (NOMR)	Department of Mineral Resources (regional and national)	Authorisation to mine resources in accordance with an approved mine plan	20 Years	Received May 2015
Integrated Water Use Licence	Department of Water and Sanitation	Water use limits for construction and mining activities	20 Years	Received Jan 2016

- Further minor permits will be required but these will be applied for as and when needed for the construction and operation of the mine

GSP: Massive Resource

Highlights

- Consolidation of tenements and coal resources to improve mine planning optionality, flexibility and economies of scale
- Significant resource base of coking and thermal coal products
- Access to domestic and export markets using existing rail capacity
- High potential for positive impact on job creation and other social upliftment programmes

Deliverable and strategy

- Participate in regional impact study for GSP
- Identify sweet spots for GSP – will not mine all areas and not simultaneously
- Advance project design

GSP regulatory

Project	Acceptance of mining right application by DMR	Submission of EMP
Mopane	May 2013	November 2013
Chapudi	July 2013	December 2013
Generaal	August 2013	January 2014

Financial review:
De Wet Schutte, Chief Financial Officer

Cashflow HY 2015

	Six months ended 31-Dec-15 $'000	Six months ended 31-Dec-14 $'000
Cash and cash equivalents at the beginning of the half-year	17 759	2 099
Net cash used in operating activities	(5 498)	(18 438)
Foreign exchange differences	(1 753)	1 796
Cash Flows from Investing Activities		
Decrease in restricted cash	-	4 073
Increase in other financial assets	(3 000)	(985)
Other Investing activities	(200)	(784)
Net cash (used in)/generated from investing activities	(3 200)	2 304
Cash Flows from Financing Activities		
Proceeds from the issue of shares and options	14 541	47 811
Share issuance costs	(832)	(2 307)
Repayment of borrowings	-	(6 124)
Repayment of deferred consideration	(992)	(6 590)
Proceeds from borrowings	10 000	-
Net cash generated by financing activities	22 717	32 790
Cash and cash equivalents at the end of the half-year	30 025	20 551

Financial performance HY2015

	Six months ended 31-Dec-15 $'000	Six months ended 31-Dec-14 $'000
Continuing operations		
Revenue	-	2
Cost of sales	-	-
Gross profit	-	2
Depreciation and amortisation	(614)	(790)
Foreign exchange (loss)/profit	(9,369)	14,292
Employee benefits expense	(2,036)	(2,532)
Other expenses	(3,168)	(10,761)
Operating lease expenses	(97)	(114)
Other income	335	249
Operating (loss)/profit	(14,949)	346
Interest income	327	250
Finance costs	(384)	(716)
Loss before tax	(15,006)	(120)
Income tax credit	1,067	-
Net loss for the period from continuing operations	(13,939)	(120)
Operations held for sale		
Loss for the period from operations held for sale	(386)	(707)
LOSS AFTER TAX	(14,325)	(827)
Other comprehensive loss, net of income tax		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	(39,693)	(42,665)
Total comprehensive loss for the period	(54,018)	(43,492)

Financial position HY2015

	31-Dec-15 $'000	30-Jun-15 $'000
ASSETS		
Non-current assets	227 268	269 254
Current assets	31 475	19 255
Assets classified as held for sale	13 917	18 118
	272 660	306 627
LIABILITIES		
Non-current liabilities	20 617	21 155
Current liabilities	14 936	7 563
Liabilities associated with assets held for sale	2 435	3 354
	37 988	32 072
NET ASSETS	234 672	274 555
EQUITY	234 672	274 555

Project Universal Update:
David Brown, Chief Executive Officer

Universal Coal Acquisition

- The Proposed Transaction represents a highly compelling and attractive value proposition for the shareholders of Universal and CoAL
- The Proposed Transaction is value accretive and should support a re-rating as CoAL transitions from a project developer to having cash generative assets:
  - Kangala producing at steady state;
  - Capital spend for New Clydesdale Colliery (“NCC”) is fully funded, with production due H2 2016
- Universal generates positive cash flows despite depressed commodity markets due to domestic supply strategy with an anticipated output of approximately 3.6 Mtpa of saleable product

Universal Coal Acquisition

A compelling and value enhancing transaction

The Universal Deal:

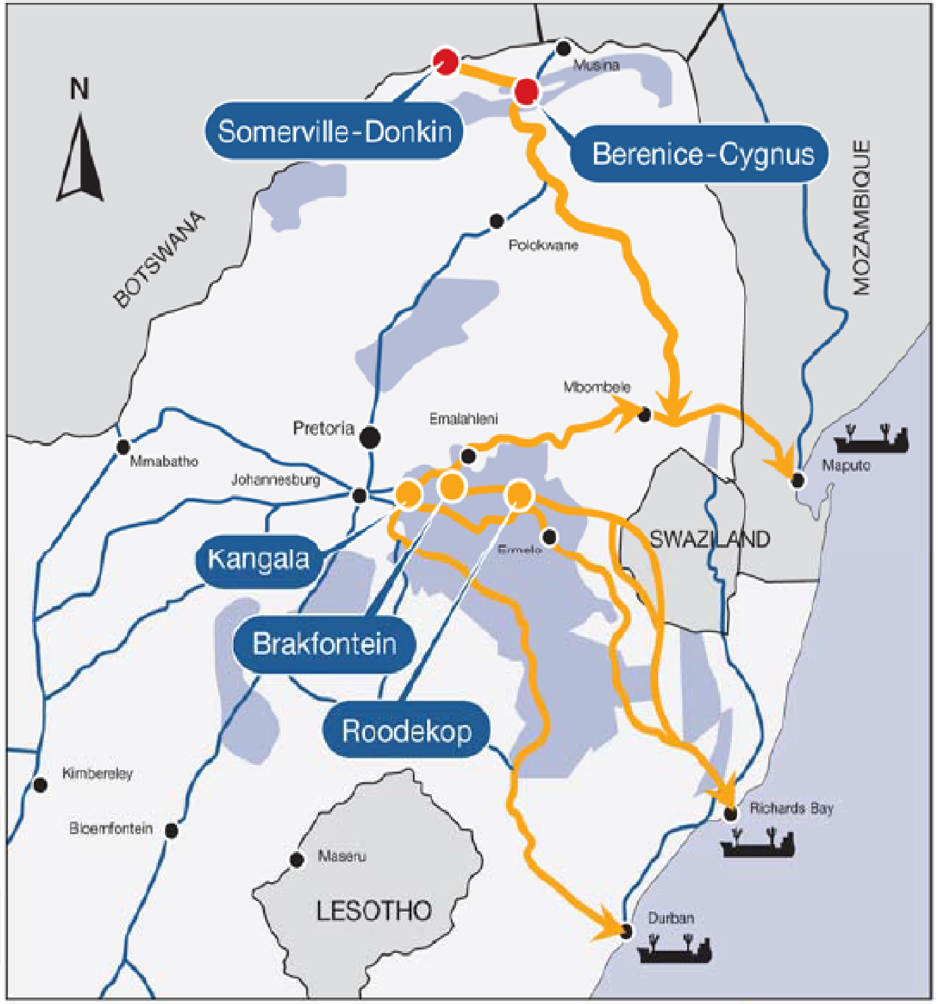
- Announced proposed offer to acquire 100% of Universal Shares at A$0.25 per share.
- Universal shareholders deadline for acceptance - 15 April 2016
- Coal shareholders approval received, Competition commission approval received and have received acceptances of 55.84% as at 11 March 2016.

The Deal financials:

- 100% successful acquisition approximates to US$91million
- Shareholders have two settlement options (*subject to certain exclusions*)
  - Interest bearing loan notes
  - A$0.20 and one CoAL share
  - The deal requires a minimum of 50% acceptances and a sub limit of 40% acceptances to be in loan notes

Universal Asset Overview

- Universal currently has one operating colliery, the Kangala thermal coal mine, a tier 1 asset, producing approximately 2.4 Mtpa of saleable product
- The Universal project pipeline consists of:
  - NCC, recently acquired from Exxaro Resources Limited ("Exxaro") with the potential to produce 3.2 Mtpa of ROM from underground operations;
    - Production expected to commence in H2 2016 at a run rate of 1.2 Mtpa of saleable product
    - NCC has the potential to produce 3.2 Mtpa of ROM from the underground operations with 2 Mtpa expected in phase 1



Universal's operations have an expected remaining life of mine ("LoM") of over 20 years.

Universal Asset Overview Cont'd

- The Roodekop project that borders NCC with the potential to produce 2 Mtpa of ROM:
  - Production expected in H2 2016 utilising the processing infrastructure at NCC
- The Brakfontein near Kangala is expected to produce 1.2 Mtpa of ROM coal
- A soft coking and thermal coal complex, the Berenice-Cygnus project, with a JORC compliant Resource of 1.35Bt GTIS

Project	Reserve		Resource				
	Proved Mt	Probable Mt	Measured Mt	Indicated Mt	Inferred Mt	Total Mt	Attributable to Universal Mt
Thermal Coal (Witbank)							
Kangala[1]	19.6	-	90.4	19.4	33.6	143.4	101.1
NCC[2]	28.8	12.0	143.5	3.6	16.9	164.0	101.2
Brakfontein[3]	9.6	-	31.7	39.4	4.7	75.8	38.1
Arnot South[4]	-	-	1.5	32.1	64.1	97.7	48.8
Total Thermal Coal	**58.0**	**12.0**	**267.1**	**94.5**	**119.3**	**480.9**	**289.2**
Coking Coal (Limpopo)							
Berenice[5]	-	-	394.0	694.3	116.1	1,204.4	602.2
Cygnus[6]	-	-	30.9	106.7	8.2	145.8	72.9
Somerville[5]	-	-	-	-	274.2	274.2	137.1
Total Coking Coal	**-**	**-**	**424.9**	**801.0**	**398.5**	**1,624.4**	**812.2**
Total	**58.0**	**12.0**	**692.00**	**895.5**	**517.8**	**2,105.3**	**1,101.4**
	70.0						

- The information in this table has been extracted without amendment from Universal's formal response to the Ichor Offer published by Universal on 20 October 2015.
- Mineral Resources are stated on a gross in situ basis and inclusive of Mineral Reserves.
- Rounding (conforming to the JORC Code) may cause computational discrepancies.
- The Resource and Reserve estimates for Kangala, Berenice, Cygnus and Somerville were prepared and first disclosed under the JORC Code 2004. They have not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.
- The Resource and Reserve estimates for the NCC, Brakfontein and Arnot South projects have been prepared to comply with the JORC Code 2012.

1. Universal has an attributable interest of 70.5 per cent. of the Kangala Project.
2. Universal has an attributable interest of 49 per cent. in the NCC and 74 per cent. in the Roodekop Project, collectively known as the NCC project.
3. Universal has an attributable interest of 50.29 per cent. in the Brakfontein Project and the right to negotiate to acquire up to a 74 per cent. interest upon completion of the BFS and award of a mining right.
4. Universal has an attributable interest of 50 per cent. in the Arnot South project
5. Universal has an attributable interest of 50 per cent. in the Berenice and Somerville Projects with an option to acquire up to a 74 per cent. interest.
6. Universal has an attributable interest of 50 per cent. in the Cygnus Project with an option to acquire up to a 74 per cent. interest

Universal Coal Acquisition

- Well balanced coal group with a mixed production profile for domestic and export markets delivering 10 Mtpa of saleable product from:
  - Kangala
    - 2.4 Mtpa – Eskom
    - Cash generative
  - NCC
    - 1.2 Mtpa – Eskom
    - Fully funded – production from H2 2016
    - Cash generative H2 2016
- The enlarged entity is positioned to further consolidate at the bottom of the mining cycle, focusing on quality assets owned by junior miners and major coal producers

✓ Growth in Resources

✓ Growth in Reserves

✓ Growing production profile

✓ Stable and low cost producer

✓ Experience operational management

✓ Growing cash flow to continue development

✓ Equity tradability enhanced

✓ Balance sheet strengthened

The way forward:
David Brown, Chief Executive Officer

Key deliverables to unlock intrinsic value

FY 2017

- Makhado construction activities commence – H2 CY 2016
- Completion of Makhado Strategic Partner Equity deal – H2 CY 2016
- Vele regulatory approvals received for plant modification – H2 CY 2016
- Makhado BEE Funding – H2 CY 2016
- Universal transaction completed

FY 2018

- Universal Coal delivers operational cash flows – Kangala and NCC in Commercial production

FY 2019/FY 2020

- Makhado in Commercial Production

DEFINED PATH FOR FUTURE VALUE CREATION

COAL of AFRICA LIMITED

Questions?

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