



ANNOUNCEMENT

19 June 2013

Makhado Definitive Feasibility Study delivers robust economic returns and provides a platform to turn CoAL into a significant global hard coking coal and thermal coal producer

Coal of Africa Limited (the Company or CoAL) is pleased to announce the results of a Class II¹ Definitive Feasibility Study (DFS) at its flagship Makhado coking coal project (Makhado). Makhado is CoAL's anchor project in the Soutpansberg coalfield, Limpopo Province of South Africa, where CoAL has access to a significant hard coking and thermal coal resource, with the estimated gross tonnes in situ in the order of 8 billion tonnes².

Highlights of the Makhado DFS include:

- *12.6 million tonnes per annum (Mtpa) Run of Mine (ROM) which is expected to produce 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal.*
- *Favourable Internal Rate of Return (IRR) of 30.1% (unleveraged) and a Net Present Value (NPV) of R6.79billion (US\$697m) at a real discount rate of 8%.*
- *Mineable tonnes in-situ (MTIS) 344.8 million tonnes (Mt).*
- *16 year Life of Mine (LOM) at a mine average gate cost of R865.00 (US\$88.71) per saleable hard coking coal tonne (after thermal coal by-product credit).*
- *Capital expenditure of R3.96 billion (bn) (US\$406.3m) including contingency.*
- *Non-discounted peak funding requirement is R4.2bn (US\$432.8m).*
- *Makhado has a hard coking coal (HCC) producing a metallurgical coke with a high coke strength after reaction (CSR) value above 60.*
- *The Makhado Project benefits from excellent existing infrastructure with respect to rail, road, power and port allocation.*

The DFS was undertaken by CoAL with the assistance of a number of leading independent industry consulting firms. The DFS defined a 16 year LOM, with mining expected to take place at an average rate of 12.6Mtpa ROM in order to produce 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal, at a steady state. The resource will be mined on an opencast basis with the potential for expansion into underground.

The accompanying presentation is available from the Company's website www.coalofafrica.com.

¹ Class II (Feasibility): Being that studies and estimates of variables are detailed in nature. Capital cost estimates are required in the range - 10% to +15% and the contingencies applied being 8% - 12%. The purpose of this study is to obtain funding.

² 8 billion of gross tonnes in situ representing 795.6Mt for Makhado and 7.2 billion tonnes for CoAL's other projects in the Soutpansberg Coalfield.

David Brown (Chairman) commented:

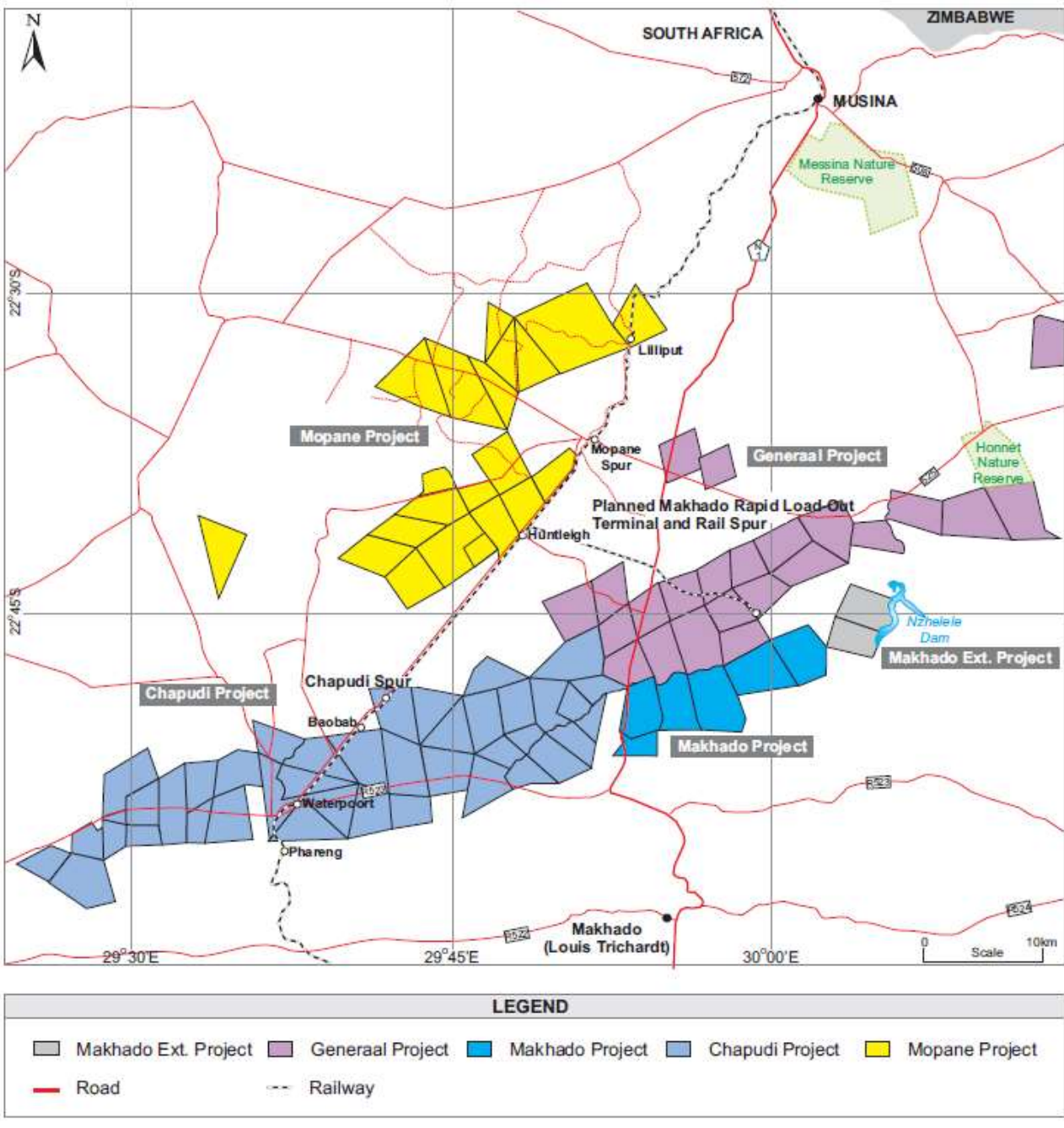
"We are delighted to announce the results of our Feasibility Study on our flagship, Makhado Project.

This high quality hard coking coal project will not only deliver robust economic returns but also contribute meaningfully to the economic development of the Limpopo province in South Africa. Makhado further provides South Africa with a new coking coal producing asset in the region, utilising established infrastructure for domestic and international markets. The Makhado Project represents the future of the Company and is the first step in the development of a major 8 billion tonne resource across our Soutpansberg Coalfield. We have now embarked on the financing stage of the Makhado Project and have already commenced discussions with both potential Black Economic Empowerment (BEE) groups, including our communities and strategic partners. We are working towards a funding structure which will include debt funding, whereby CoAL retains majority ownership with the incoming partner's contribution meeting CoAL's full equity requirement for the Project. Our regulatory approval and funding requirements are targeted to be completed by H1CY14."

Resources

Makhado is located in the Tshipise South subdivision of the Greater Soutpansberg Coalfield. Within the project area, a number of coal seams occur within a 30m to 40m thick carbonaceous zone of the Madzaringwe Formation (Figure 1). The seams dip northwards at approximately 12°.

FIGURE 1: LOCATION OF MAKHADO AND GREATER SOUTPANSBERG PROJECTS

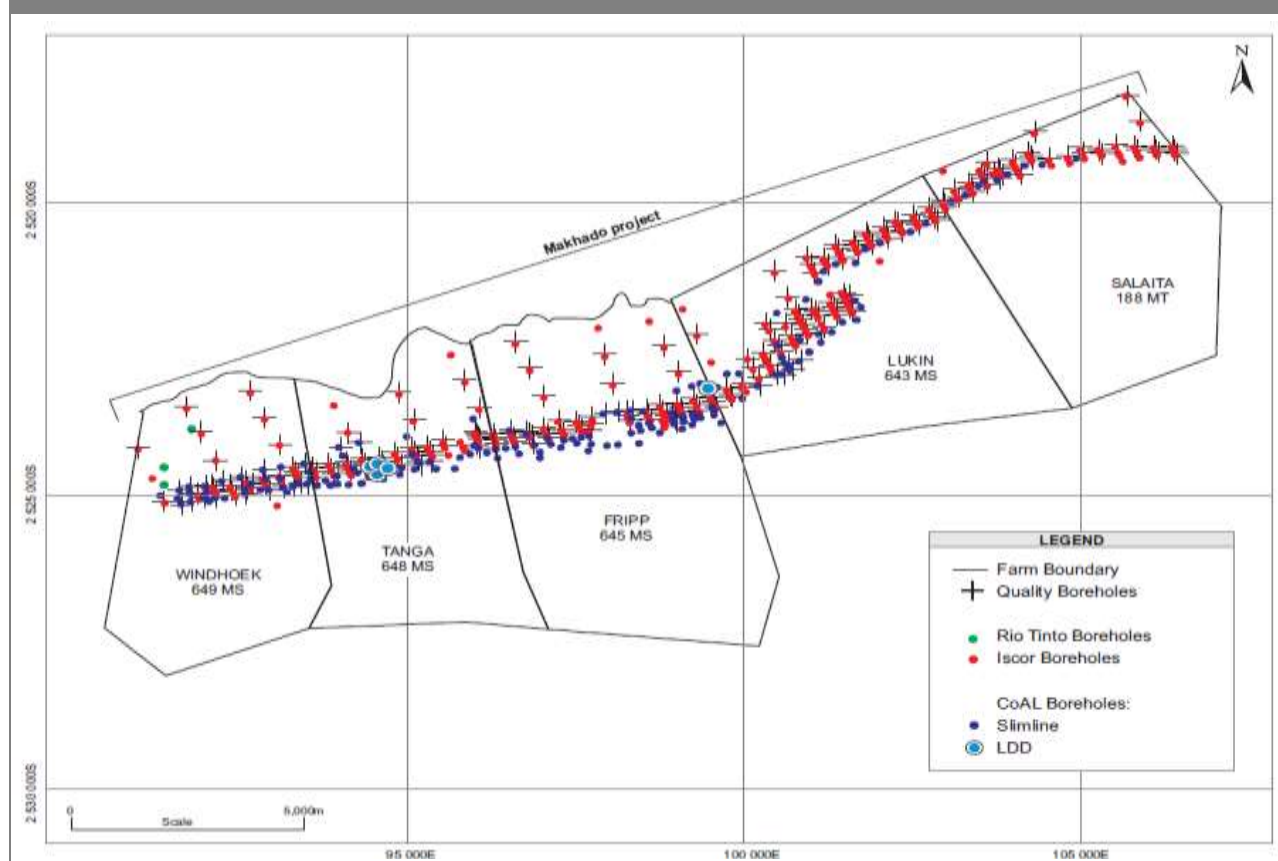


Source: CoAL

The Soutpansberg Coalfield was extensively explored by Iscor in the 1970s and 1980s. CoAL purchased Iscor's dataset in 2007 and in the same year started prospecting and exploration drilling. Up until 2012, out of a total of 506 boreholes (Figure 2), CoAL has drilled a total of 214 boreholes, within the Makhado Project area.

Of the 214 boreholes drilled by CoAL, 172 boreholes were diamond core. In addition, 24 Large Diameter Drilling (LDD) boreholes, 13 open-hole or percussion holes and 5 geotechnical holes were drilled.

FIGURE 2: LOCATION OF EXPLORATION BOREHOLES AND BULK SAMPLING SITES



Source: CoAL

Aerial magnetic and radiometric surveys have also been undertaken.

Between August 2010 and April 2011, CoAL excavated a boxcut on the farm Tanga 849 MS. From this 45,849 tonnes (t) of ROM has been processed, producing 21,800t of coal, some of which was transported to Exxaro’s Tshikondeni Coking Coal Mine for process testing. This bulk sample was excavated in order to confirm the hard coking coal qualities and coking product quantities, and to test various processing options for the coal.

The Coal Resource estimate is based on all available historical and recent drilling and other geological information as of 31 August 2011, collated into a Sable™ database. This model remains unchanged to 1 May 2013, except that the thermal product has been included in the reporting of the resources.

The Coal Reserve and Resource estimates are reported in accordance with the JORC Code and the Australian Guideline for Estimating and Reporting of Inventory Coal, Coal Resources and Coal Reserves. The resource for the Makhado Project, as at 1 May 2013 and inclusive of reserves, is summarised in Table 1 below.

| RESOURCE CATEGORY | GROSS TONNES IN SITU (GTIS) (ad) | GEOL. LOSSES (%) | TOTAL TONNES IN SITU (TTIS) (ad) | MINEABLE TONNES IN SITU (MTIS) (ad) |
|---------------------------|----------------------------------|------------------|----------------------------------|-------------------------------------|
| Total Measured Resources | 402,780,570 | 10% | 362,502,513 | 265,024,500 |
| Total Indicated Resources | 298,594,886 | 15% | 253,805,653 | 76,743,000 |
| Total Inferred Resource | 94,232,132 | 20% | 75,385,706 | 2,998,000 |
| | 795,607,588 | 13% | 691,693,872 | 344,765,500 |

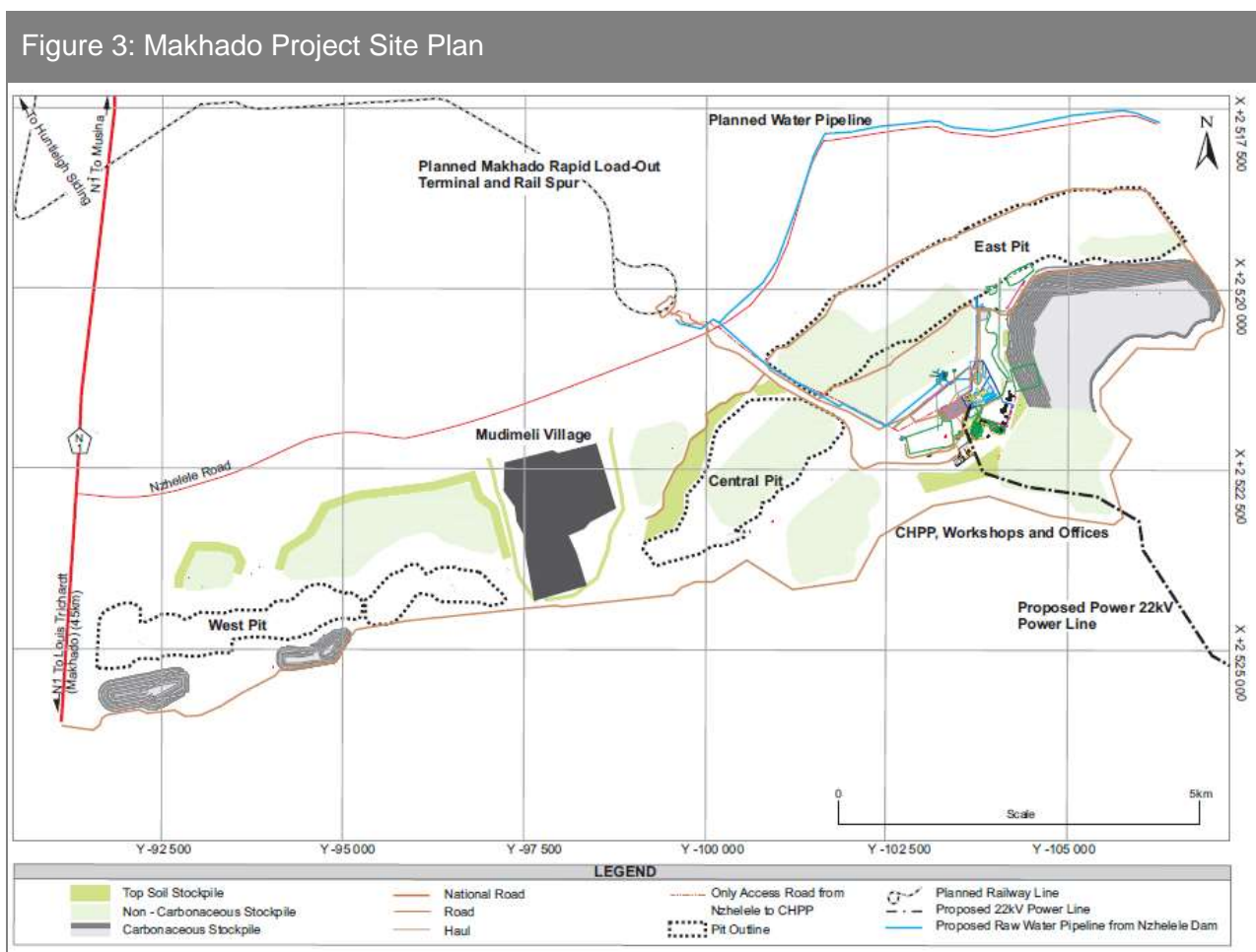
Notes: (ad) – Air dried basis

Source: CoAL Competent Person. Also independently verified by Venmyn Deloitte.

Mine Plan

The project has been divided into three separate mining areas for technical, logistical and practical reasons, namely East Pit, Central Pit and West (Figure 3). The East and Central Pits are separated by the Siloam fault with a displacement of approximately 50m. The Central and West Pits are separated by an area of sterilised coal associated with the village of Mudimeli.

- Mining will be staggered, commencing in the East Pit followed by the Central and West Pits.
- This approach enables CoAL to optimise the resources required for mining over the LOM, as well as to provide a consistent balance of ROM quantity and quality through to the plant.
- Makhado is planning to mine 12.6Mtpa, at steady state over LOM, with first production scheduled for month 26 from project start.
- Development of the East Pit will include plant and infrastructure components which will cater for the production volumes from the other pits.



Source: CoAL

Makhado contains a number of coal seams with their dips requiring the walls of the pit to be benched for stability at 15-metre intervals and the overburden and interburden to be placed on surface until such time as concurrent backfilling can begin. This geological setting is amenable to the proposed opencast large truck and shovel mining method.

To achieve the required production rate of 12.6Mtpa ROM, the mining build-up schedule requires overburden waste material to be pre-stripped in the initial box-cutting and ramp-building stage to establish an in-pit coal inventory before coal extraction proceeds. Thereafter, for the following 5 years there will be a low to moderate annual overburden strip ratio of 1:3.3.

A Whittle pit optimisation exercise was used to develop the economics of the coal deposit in relation to its technical aspects. This allowed the selection of the optimal shell for each of the pits based upon their undiscounted NPV. The practical pits will extend from an average depth of 30m below surface (to take into account the negative effect of oxidation on the coal in the upper layers) to a maximum pit depth being 197m, 161m and 121m for the East, Central and West Pits, respectively.

The subsequent increase in stripping volumes, up to a strip ratio of 1:4.1 annually, occurs concurrently with the second pushback in the East and Central Pits. Due to the friable nature of the coal and its orientations, “through seam blasting” technology will be employed to break the parting and coal seams. This tried and tested blasting technology will minimise coal losses as well as coal contamination during the loading process.

Crusher and screening systems will be located to the south of each of the pits. The coal processing plant will be located to the south of the East Pit. The processing plant site was selected to minimise haulage distances as the East Pit is the largest pit with the greatest portion of coal reserves.

The operational expenditure (opex) is based on a contractor mining model with the Company responsible for mine planning, geological and geotechnical controls as well as cost management.

Recent work carried out on detailed mine planning has enabled a coal Reserve Statement to be issued by CoAL, confirming a total of 173 million ROM tonnes available to be mined for the Makhado Project. These estimates have been reviewed by Competent Persons, Venmyn Deloitte. Below in Table 2 is the Makhado reserve statement.

| TABLE 2: THE MAKHADO COAL RESERVE STATEMENT | | | | | |
|---|------------------|---|----------------------|---|-------------------------------------|
| MINING BLOCK / PIT | RESERVE CATEGORY | MINEABLE TONNES IN SITU (MTIS) RESERVE (ad) | ROM RESERVE (t) (ad) | HARD COKING COAL MARKETABLE RESERVE (t) | THERMAL COAL MARKETABLE RESERVE (t) |
| East Pit | Probable | 94,585,936 | 86,801,000 | 14,773,000 | 24,330,000 |
| Central Pit | | 53,472,256 | 49,071,000 | 6,747,000 | 10,560,000 |
| West Pit | | 40,192,263 | 36,884,000 | 4,116,000 | 9,645,000 |
| GRAND TOTAL / AVERAGE MAKHADO RESERVES | | 188,250,455 | 172,756,000 | 25,636,000* | 44,535,000 |

Notes: (ad) – Air dried basis

* Hard coking coal production excluding fines of 4.07%

The total marketable reserve includes a period of ramp-up to a steady state rate of 2.3Mtpa of hard coking coal production.

Source: CoAL Competent Person. Also independently verified by Venmyn Deloitte.

Process Plant

A coal processing plant has been designed capable of handling the 12.6Mt of the ROM per annum in order to produce the estimated 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal. The hard coking coal will have an ash content of 10%, whilst that of the thermal coal will be 30% ash.

A Process Design Criteria (PDC) completed by DRA Mineral Projects (Pty) Ltd (DRA), was used as the basis for engineering studies and the coal handling process plant design. The site plan, plant layouts, equipment lists and associated utilities are at an advanced stage.

The processing plant will include the following processing steps:-

- ROM is de-stoned in the pit by scalping off the +50mm which will be discarded. The -50+0mm stream, which is estimated to be approximately 77% of the mined ROM delivered to the tip, will be conveyed to the plant feed stockpile as feed to the hard coking plant;
- The processing plant comprises mainly of three processing sections:
 - A double-stage Dense Medium Separation plant for both de-stoning and beneficiation of the hard coking coal and the thermal product, achieved through a high gravity wash followed by a low gravity wash (for the coarse size fraction of -50+1mm).
 - A fines (-1+0.15mm) circuit comprising of a low gravity Reflux Classifier process for the production of the coking coal and a high gravity Reflux Classifier for the production of the thermal product.
 - An ultra-fines (-0.15mm) circuit of Jameson column flotation cells for the production of the coking coal and a potential thermal product.

The plant has been designed to optimise yields with all size fractions being beneficiated. Further design considerations included quality management and environmental protection, with an onsite laboratory and zero-effluent discharge.

Yields

Full washability testwork was carried out on the various coal seam core samples. The results were imported into the Minex™ coal simulation programme and used to assess the yields and resultant product specifications. These results were utilised for the determination of the potential saleable tonnes and product specifications for reserve purposes.

The theoretical yield variations at the Makhado Project are based on a 1.4 relative density (RD) wash product. An initial assessment of the resource indicates a hard coking coal yield of 18.8% at 10% ash (inclusive of additional 4.07% recovery from fines) and a thermal coal yield of 25.8% at 30% ash. Therefore, the overall yield as defined by the total product tonnes as a percentage of the ROM tonnes is 44.6%.

Coal Quality and Marketing

As part of the DFS, CoAL completed a comprehensive independent coal quality testing and analysis programme which finalised coal quality specifications and determined the coal yield on Makhado. The various metallurgical testwork programmes, which included both washing and coking tests, were carried out at various facilities and reviewed by both Venmyn Deloitte and A&B Mylec.

The testwork proved that Makhado is capable of producing a hard coking coal product with a 10% ash content for the export and domestic markets, as well as a thermal coal product also for the domestic or export market. According to A&B Mylec, potential exists to increase the yield for the Makhado Project and this will be investigated in due course.

In addition, CoAL contracted the independent services of Wood Mackenzie (Australia) Pty Ltd (Wood Mackenzie) to assess the global coal outlook in relation to the Makhado coal quality parameters.

TABLE 3: MAKHADO QUALITY SPECIFICATIONS

| Specification | Parameter & Units | Makhado |
|----------------------------|----------------------------|---------|
| Proximate Analysis | Ash (%) | 10.10 |
| | Volatiles (%) | 31.00 |
| | Fixed Carbon (%) | 57.00 |
| | Sulphur (%) | 1.00 |
| | Phosphorous (%) | 0.023 |
| Coke and Coking Properties | Theoretical Coke Yield (%) | 73.00 |
| | Theoretical Coke Ash (%) | 13.80 |
| | CSN | 9.00 |
| | Fluidity | 8,700 |
| | CSR | 64 |
| Rank | Ro Max % | 0.95 |

Source: Wood Mackenzie

Note: The Makhado qualities are generally in line with other seaborne traded hard coking coals.

Wood Mackenzie assessed the typical quality of the coking coal at Makhado to be hard coking coal with a relatively high CSR value above 60 and therefore has an ability to carry weaker coals in the coke blend. The assessment was based on specifications relative to other international hard coking coal producers and on the global outlook for hard coking coal. The Makhado hard coking coal specification also indicates that it would be a good primary coal in a hard coking coal blend, as demonstrated in blending tests at ArcelorMittal South Africa's Vanderbijlpark Steel Plant. In addition, the Makhado coal has higher levels of organic sulphur than some competing Australian products, which have inorganic sulphur that tends to lower steel quality and contributes to emissions. As such, this coal should be classified as a high volatile matter hard coking coal and is expected to be priced at benchmark parity. The geographical location of the Makhado Project is an important factor in determining its likely markets.

Makhado's thermal coal is significantly different from the South African coalfields currently producing thermal product for both export and domestic use, mainly because of its high calorific value. Therefore extensive combustion tests were carried out to ascertain its usability primarily in Eskom's power stations that are able to receive coal on rail. The tests confirmed that it is well within the specifications for Eskom's power stations and, for export, the grade conforms to coal specifications required by importers and would be a suitable blend product for the power and cement industry in Asia.

CoAL envisages product to be sold domestically and exported through CoAL's allocation at Terminal de Carvão da Matola (TCM), Maputo in Mozambique. Makhado coal will have a freight advantage in serving the South African domestic market compared to imported coking coals.

The thermal fraction of approximately 3.2Mtpa could be sold to South Africa's electrical authority, Eskom. The project can also produce an export quality thermal coal.

Infrastructure

The Makhado Project benefits from excellent existing infrastructure with respect to rail, road, power and port allocation. The site is located immediately to the east of the N1 highway (36km north of the town of Makhado) linking South Africa to Zimbabwe and the rest of Africa, through the Beitbridge border post. Access to the site will be via the existing road infrastructure.

Water

It is intended that water will initially be obtained from boreholes for the construction phase and this will be supplemented by some 4.6 million litres per day of water to be obtained from the Nzhelele Dam subject to the Company attaining a water use licence.

Power

It is envisaged that CoAL will install a 15km 22 Kilovolts overhead powerline from the Eskom Paradise substation to a consumer substation to be built at the East Pit in order to provide for the 10 Megavolts amp required for the mine and plant.

Rail

It is expected rail access will be obtained through the construction of a 22km railway spur and rapid loading facility from the existing Huntleigh Siding, which will connect through to the local domestic market as well as for export through to TCM at the international Port of Maputo, Mozambique, located approximately 700km from the mine site.

Discussions are ongoing to ensure cost competitiveness for the Maputo corridor in comparison to other export corridors.

Port

Currently, CoAL has 3Mtpa throughput allocation at TCM, with the option to subscribe for up to 100% (approximately 20Mtpa additional capacity) of the Phase IV expansion.

TCM has its own exclusive berth, shiploaders, stockpile area, rail tippers, stacker reclaimers and conveyor handling systems.

Site Infrastructure

The mine infrastructure includes plant and mining infrastructure, workshops and offices, haul roads, stockpiles, etc. Various studies have been undertaken to optimally position the various requirements of a successful coal mining and processing project and also taking into account the potential impact of these on the environment and local community.

Capital Costs

The capital cost estimate was compiled by an independent quantity surveying company Venn & Milford. The costs were estimated from Bills of Quantities (BoQ) derived from detailed drawings, quotations received for equipment and extracts from estimates of recently completed projects.

The estimates were completed on an accuracy range of +15% to -10% in real terms and do not include escalation.

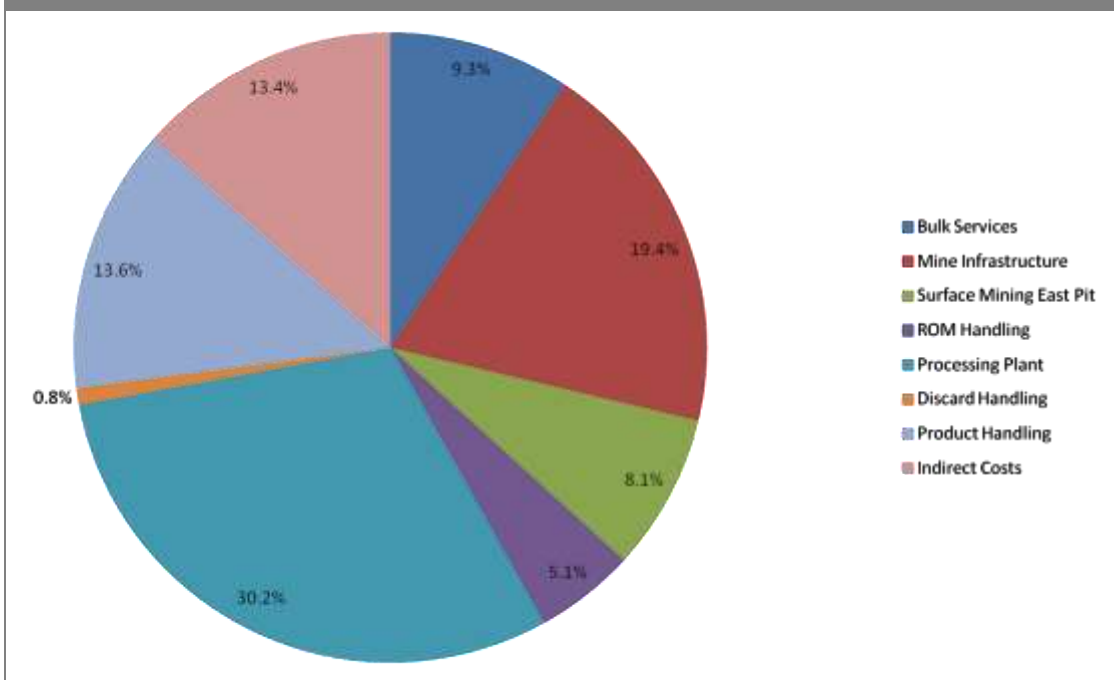
These estimates were reviewed and signed off by Venmyn Deloitte as meeting the requirements of a Class II Feasibility Study, as stated in the Competent Persons Report (CPR).

TABLE 4: CAPITAL OVER LIFE OF MINE (BASE – DATED JANUARY 2013)

| Capex WBS | ZAR million | US\$ Million (R9.75:\$1) |
|--|----------------|-----------------------------|
| Bulk Services | 337.2 | 34.6 |
| Mine Infrastructure | 705.9 | 72.4 |
| Surface Mining East Pit | 292.9 | 30.1 |
| ROM Handling | 186.2 | 19.1 |
| Processing Plant | 1,095.8 | 112.4 |
| Discard Handling | 30.6 | 3.1 |
| Product Handling | 495.4 | 50.8 |
| Indirect Costs (Owners Team; Environmental Guarantee; Insurance) | 487.4 | 50.0 |
| Contingencies | 329.6 | 33.8 |
| Total Capex | 3,961.0 | 406.3 |
| Peak Funding | 4,219.6 | 432.8 |

Source: Various Consultants, information compiled by Venn & Milford. Also independently reviewed by Venmyn Deloitte

FIGURE 4: CAPITAL COST - PERCENTAGE ALLOCATION (EXCLUDING CONTINGENCIES)



Note: Contingencies as reflected in Table 4 represent 9.1% of total Capital cost and are excluded in the pie chart.

Source: Various Consultants, information compiled by Venn & Milford. Also independently reviewed by Venmyn Deloitte.

Operating Costs

The average on-mine operating costs are R865 (US\$88.71) per saleable hard coking coal tonne (thermal coal is treated as a by-product and is therefore a credit to the cost). On-mine operating costs are defined as costs including mining, processing, maintenance, logistics, overheads and in-direct costs, therefore taking into account the full cost of all the processes from mine to market.

TABLE 5: TOTAL MINE OPEX (BASE-DATED JANUARY 2013)

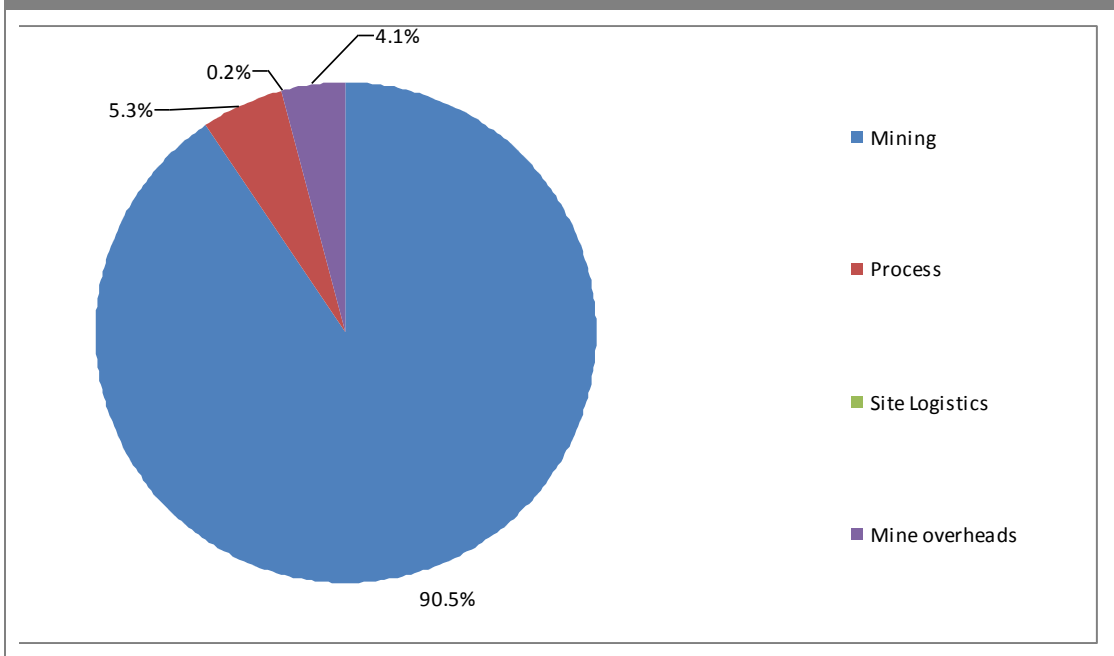
| Description | ZAR/ROM Tonne | ZAR/Saleable Hard coking Coal Tonne | US\$/Saleable Hard coking Coal Tonne (R9.75:¥1) |
|-----------------------------|---------------|-------------------------------------|---|
| Mining | 213.01 | 1 126.42 | 115.53 |
| Process | 12.39 | 65.61 | 6.72 |
| Site Logistics | 0.46 | 2.43 | 0.25 |
| Mine Overheads | 9.62 | 50.87 | 5.20 |
| Thermal Coal Revenue * | | -380.33 | -39.01 |
| Total mine gate cost | 235.48 | 865.00 | 88.71 |

Note: * Thermal coal based on current Eskom contracts.

Excludes Rail (export) and Port charges

Source: Various Consultants, information compiled by CoAL. Also independently reviewed by Venmyn Deloitte.

FIGURE 5: TOTAL MINE GATE OPERATING COST – US\$/SALEABLE COKING COAL TONNE



Note: Thermal credit pro-rated against cost.

Source: Various Consultants, information compiled by CoAL. Also independently reviewed by Venmyn Deloitte.

Economics

The financial model evaluates the estimated economic returns from the development and operation of the Makhado mine. The model is a real term model and does not make provision for escalation.

Production estimates, capital-cost estimates and operating cost estimates have been combined in the financial model to calculate the IRR and NPV based on the estimated cash flows resulting from developing and operating the Makhado mine.

The model parameters/variables and a summary of the results are outlined below in Table 6 and Table 7.

TABLE 6: BASE CASE VARIABLES

| | |
|--|-----------|
| Discount Rate (real) | 8% |
| ZAR/US\$ Exchange Rate | R9.75:\$1 |
| Average price per tonne for hard coking coal * | \$206.16 |
| Overall Yield (hard coking coal) | 18.8% |
| Overall Yield (thermal coal) | 25.8% |

Source: CoAL

*- HCC price based on long term view of independent experts. The price over LOM ranges from \$180.42 (2016) to \$230.28 (2032)

TABLE 7: BASE CASE ANALYSIS RESULTS – JANUARY 2013

| | | |
|--------------------------------|----------|------------|
| Capital Investment (Capex) | R3.96bn | \$406.3m |
| Cash Flow before Tax | R23.48bn | \$2 408.4m |
| Net Cash Flow (non-discounted) | R17.01bn | \$1 744.7m |
| Net Present Value | R6.79bn | \$697.0m |
| Internal Rate of Return (real) | 30.1% | 30.1% |
| Payback Period | 6 years | 6 years |

Note: ZAR9.75: US\$1

Source: CoAL

Licensing

The New Order Mining Right (NOMR) application for the Makhado Project was submitted on 20 January 2011 and accepted by the Department of Mineral Resources (DMR) on 25 February 2011. The environmental authorisation requirements and processes, the main legal frameworks being the Mineral and Petroleum Resources Development Act 28 of 2002 (MPRDA), the National Environmental Management Act 107 of 1998 (NEMA) and the National Water Act 36 of 1998 (NWA), were undertaken in parallel.

The final Environmental Impact Assessment / Environmental Management Programme (EIA/EMP) was submitted to the authorities on 25 September 2012 and the final submission of the Integrated Water User License (IWUL) application on 10 December 2012.

All regulatory licenses (NOMR and IWUL) applications are expected to be received by H1 CY14, subject to the Company concluding a BEE partnership transaction. The Company is making progress in acquiring all required surface rights including the farms Lukin and Salaita.

Review of the Company's DFS

Venmyn Deloitte was mandated by CoAL to perform an independent high level review of the results of the Company's DFS on the Makhado Project, to verify that the Makhado DFS meets the industry standard requirements of a study of this level and to prepare an independent and updated Competent Persons Report on the project for the Company's public reporting purposes.

Venmyn Deloitte and their team of Experts (mainly using the consulting company WorleyParsons-TWP) have completed the high level review of the Makhado Project's resources and reserves, as well as the results of the DFS prepared by CoAL and its consultants. Venmyn Deloitte concluded that the technical and financial basis and estimates relating to the project are "reasonable".

Venmyn Deloitte believes that the assumptions and financial valuation are a fair reflection of the project, as at 1 May 2013, based upon the information available at that point in time. Their overriding conclusion is that it meets the industry standard requirements of a DFS (Class II Feasibility Study). A Class II study requires that studies and estimates of variables are detailed in nature. Capital cost estimates are required in the range +15% to -10% and the contingencies applied being 8% to 12%. The DFS clearly demonstrated that the Makhado Project is feasible, with the normal risks typically associated with resource projects.

The DFS is therefore complete and ready for submission to a funding institution or other potential investors for their consideration. The Company will proceed with obtaining off-take agreements for its hard coking and thermal coal products and commence with the construction phase of the project.

Statements from Venmyn Deloitte:

Review of Resources and Reserves: *“Venmyn Deloitte has independently reviewed both the Resource and Reserve statements, prepared by CoAL, for the Makhado Project and found them to be compliant with the JORC code and a reliable estimation of the coal within the ground based upon the currently available information.*

The JORC compliant Coal Resource for the Makhado Project, as at 1st May 2013 were estimated and signed off by CoAL's Competent Person, Mr J C H K Sparrow (Pr.Sci.Nat.), CoAL's chief geologist.

Coal Reserves were estimated and signed off by CoAL's Competent Person, Mr M J Brönn, CoAL's Mining Engineer and Optimisation Manager, as at 1st May 2013 and in accordance with the JORC Code. Venmyn Deloitte has reviewed VBKom's Whittle input parameters and optimised pit shell and has also reviewed CoAL's financial model based on the estimated production, mining and processing costs and capital expenditure which CoAL used to demonstrate the economic viability of extracting these Coal Reserves. Venmyn Deloitte is satisfied that the modifying factors are reasonable and have been appropriately applied in the derivation of the reserves.”

Conclusion: *“The DFS has clearly demonstrated that the Makhado Project is feasible, with the normal risks typically associated with resource projects. The Makhado Project represents CoAL's first project within the greater Soutpansberg Coalfield area, and the company is poised to become a significant global coking coal producer. The potential benefit of this project to the local community, the Limpopo Province and South Africa as a whole has been clearly demonstrated in this report.”*

Venmyn Deloitte Competent Persons:

C.A. Telfer

B.SC. HONS (GEOL.), (DMS) DIP BUS MAN
PR. SCI. NAT., MGSSA, MAUSIMM
Competent Person

G. Njowa

M.SC MRM (MIN. ENG), BSC HONS (MIN. ENG), GRAD CIS
MSAIMM, MAUSIMM, PR ENG, MIASSA.
Competent Person and Valuator

The table below indicates the consultants used in preparing and verifying the DFS.

| TABLE 8: CONSULTANTS AND AREAS OF RESPONSIBILITY | |
|--|--|
| Detail | Scope |
| Venn & Milford Inc. | Capital cost estimate |
| MCC Contracts (Pty) Ltd wholly owned by EQSTRA Ltd | Mining contractor specialist |
| VBKom Consulting Engineers (Pty) Ltd | Mine design specialist |
| DRA (Pty) Ltd | Coal Handling Process Plant |
| RCE | Rail logistics |
| Minopex (subsidiary of DRA Group) | Operation and maintenance of the plant |
| Semane Consulting Engineers (Pty) Ltd | Civil, structural and infrastructure engineering |
| Bigen Africa Services (Pty) Ltd | Bulk water |
| WSM Leshika (Pty) Ltd | Ground Water Extraction (Boreholes) |
| EHL Engineers (Pty) Ltd | Electrical and ICT Design (Information Technology) |
| Sandvik (Pty) Ltd | Bulk power and product handling |
| NOSA wholly owned by MICROmega Ltd | Safety and Health |
| Jacana Environmental cc | Environmental management and closure provision |
| Naledi Development (Pty) Ltd | SLP (Social labour plan); Community Engagement |
| CoAL Owner's Team and Support Services | Project Management, Finance, Security, HR |

Competent Persons Statement

The JORC compliant Coal Resources for the Makhado Project, as at 1 May 2013 were estimated and signed off by CoAL's Competent Person, Mr J C H K Sparrow (Pr.Sci.Nat.), CoAL's chief geologist. Mr Sparrow is a member of the South African Council for Natural Scientific Professions, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time; Mr Sparrow is a full-time employee of the company.

Coal Reserves were estimated and signed off by CoAL's Competent Person, Mr M J Brönn, CoAL's Mining Engineer and Optimisation Manager, as at 1st May 2013 and in accordance with the JORC Code. Mr Brönn is a member of the South African Institute for Mining and Metallurgy, a Recognised Overseas Professional Organisation included in a list promulgated by the ASX from time to time; Mr Brönn is a full-time employee of the company.

Both Mr Sparrow and Mr Brönn have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Both Mr Sparrow and Mr Brönn consent to the inclusion in this report on the matters based on their information in the form and context in which it appears.

The Resource Statement and Reserve Statement have been independently verified by Venmyn Deloitte.

Webcast

Management will provide further insight on the Definitive Feasibility Study via a simultaneous webcast and conference call at 12h30 (CAT) on 19 June 2013.

The simultaneous webcast and conference call will be accessible on

<http://themediiframe.eu/links/coalofafrica130618.html> CoAL's website at www.coalofafrica.com.

Teleconference

| | |
|---|-----------------|
| Australia (Toll-free) | 1 800 350 100 |
| Other countries (International toll) | +27 11 535 3600 |
| Other countries (Alternative) | +27 10 201 6616 |
| South Africa (Toll-free) | 0800 200 648 |
| South Africa (Johannesburg) | 011 535 3600 |
| South Africa (Johannesburg Alternative) | 010 201 6800 |
| UK (Toll-free) | 0808 162 4061 |
| USA and Canada (Toll-free) *0 for operator | 1 800 921 0864 |

PLAYBACK

A playback of the teleconference will be available for 48 hours afterwards on the following telephone numbers:

| | | |
|-----------------------------|---------------|-------------|
| South Africa (Telkom) | 011 305 2030 | Code: 23654 |
| USA and Canada (Toll) | 412 317 0088 | Code: 23654 |
| Other countries (Toll-free) | 0808 234 6771 | Code: 23654 |

AUTHORISED BY:

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Chairman

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| | | | |
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| Chris Sim/Neil Elliot | Nominated Adviser | Investec Bank plc | +44 20 7597 5970 |
| Charmane Russell/James Duncan | 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, including CoAL's Makhado coking coal Project.