ANNOUNCEMENT **14 March 2017**

RESULTS FOR THE 6 MONTHS ENDING DECEMBER 2016

Coal of Africa Limited ("CoAL" or the "Company") is pleased to provide its Interim Financial Statements for the six months ending 31 December 2016. The full report is available on the Company's website: www.coalofafrica.com.

Highlights:

- No fatalities (FY2015: none) and no lost time injuries recorded during the year (FY2015: none);
- Decrease in loss for the period to US$12.97 million (2015: US$14.3 million);
- Consistent progress in the regulatory requirement for the projects; and,
- Company continues to explore opportunities with regard to the acquisition of a cash generating asset.

Review of Operations

Vele Colliery - Limpopo (Tuli) Coalfield (100% owned)

The Vele coking and thermal coal colliery ("Vele Colliery") recorded no LTIs during the period.

The original Vele Colliery Integrated Water Usage Licence ("IWUL") was renewed in January 2016 for a further 20 years, and also amended in line with the requirements for the Plant Modification Project (PMP) at the Colliery.

In January 2017, the South African Department of Mineral Resources ("DMR") granted an Environmental Authorisation in terms of the National Environmental Management Act ("NEMA") (Act 107 of 1998) and the Environmental Impact Assessment Regulations (2014) for Vele Colliery for stream diversion and associated infrastructural activities.

CoAL awaits the approval of an IWUL from the Department of Water and Sanitation ("DWS") which is the final regulatory approval required for the stream diversion in respect of the future mine work plan.

Makhado Coking Coal Project (74% owned)

As required under South African mining legislation, a minimum 26% black economic empowerment ("BEE") shareholding is required for mining and exploration projects. CoAL previously signed a Memorandum of

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Agreement to enable a Broad Based Black Economic Empowerment consortium comprising seven local communities to acquire a 20% interest in the Makhado Project and the Company has identified suitable BEE shareholders to acquire a further 6% interest in the project. These transactions were formalised in the prior year and will ensure that the Makhado Project has the requisite ownership structure.

The NOMR for the Makhado Project was granted in May 2015 as well as a section 11 approval for the transfer of the right to CoAL's subsidiary, Baobab Mining. The Company was granted the IWUL in January 2016 for the period equal to life of mine. The Company completed a Definitive Feasibility Study ("DFS") for Makhado during FY2013 which indicates that the project has 344.8 million mineable tonnes in situ and a 16 year life of mine. The opencast project is expected to produce 12.6Mtpa of ROM coal yielding 2.3Mtpa of hard coking coal and 3.2Mtpa of thermal coal for domestic and export markets. The Makhado project finalised the FEED during the prior financial year.

An interim court interdict seeking to halt any mining or construction activity was issued against CoAL during the second quarter of the 2014 financial year. 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.

The Company was granted an IWUL for a period of 20 years but was automatically suspended following an appeal to the DWS submitted by the Vhembe Mineral Resources forum and other parties.

Once regulatory approvals and funding is in place, the company will seek to commence construction in calendar year 2018, subject to board approval.

Greater Soutpansberg Project (MbeuYashu) (74% owned)

The MbeuYashu Project recorded no LTIs during the period.

Mooiplaats Colliery - Ermelo Coalfield (74% owned)

The Mooiplaats thermal coal colliery was placed on care and maintenance during the September 2013 quarter and recorded no LTIs during the period (FY2016 H1: nil).

During the period the Company continued discussions with potential purchasers and is assessing options regarding a transaction at the colliery.

Corporate

The Company is in the process of evaluating a number of opportunities to acquire a cash generating asset which meet CoAL's acquisition criteria. We continue to engage with potential funders to ensure any potential opportunity can be appropriately financed. Any purchase of this nature does not confer any certainty of funding for the enlarged group and the Company will keep the market informed in a timely manner. The Company is also aware of the current cash balances and the requirement to fund the last legacy liability in

June 2017 and is also in discussions to ensure the payment of this liability can be funded and provide sufficient funding to move forward on the Makhado Project.

Baobab Mining and Exploration (Proprietary) Limited ("Baobab")

The Company entered into a non-binding Memorandum of Understanding ("MOU"), in the prior period, with Qingdao Hengshun Zhongsheng Group Co Ltd ("Hengshun") with respect to a proposed equity investment in Baobab, a subsidiary of CoAL. Baobab is the legal owner of the mining right for the Makhado Project. Hengshun is an industrial conglomerate incorporated in Qingdao, Shandong Province, China and listed on the Shenzen Stock Exchange.

As the Company has been focusing on the acquisition of a cash generating asset and the repayment of the final legacy issues, there has been no progression of the MOU.

Yishun Brightrise Investment PTE Limited ("Yishun")

In September 2015, the Company and Yishun entered into a Loan Agreement in terms of which Yishun has agreed to lend the Company $10 million. The loan bears no interest and is repayable in certain circumstances.

During May 2016, the Company and Yishun amended the terms of the Loan to specify the conditions that would trigger the repayment of the Loan. The long stop date for the conditions was agreed as 31 December 2016 and if none of these trigger events occurred prior to the long stop date then the Loan would become convertible to equity. None of the trigger events have occurred and the Company will now convert the Loan to equity at the agreed price of $0.04081 per share.

The total amount of Conversion Shares will amount to 245,037,980 and the conversion into equity will occur in two tranches. The first tranche of 240,042,603 shares has taken place under the general placement authority according to the ASX Listing rule 7.1 and the second tranche of 4,995,378 shares will be converted into equity once the general placement authority has been replenished by shareholders at the Annual General Meeting ("AGM"). Post the issue of both tranches of the Conversion Shares Yishun will have a shareholding of 428,269,241 ordinary shares equating to a 19.28% shareholding of the Company. Yishun will have the right to nominate an independent director to the Board of CoAL.

Financial review

The loss for the six months under review was $12.97 million or 0.68 cents cents per share compared to a loss of $14.3 million, or 0.77 cents per share for the prior corresponding period.

The loss for the period under review of $12.97 million (H1 2015: $14.3 million) includes:

- net foreign exchange gain of $2.9 million (2015: loss of $9.4 million) arising from the translation of inter-group loan balances, borrowings and cash due to changes in the ZAR:USD and AUD:USD exchange rates during the period;

- employee benefit expense of $2.5 million (2015 expense: $2.0 million)
- other expenses of $2.3 million (2015: $3.2 million)
- an impairment of $10.6 million was recognized on the intangible asset due to the Company deciding not to renew its agreement with Terminal de Carvao da Matola (“TCM”) which granted the Company port capacity through the Matola terminal until 2028.
- depreciation of $0.2 million (2015: $0.2 million) and amortisation of NIL (2015: $0.4 million).

As at 31 December 2016, the Company had cash and cash equivalents of $7.0 million compared to cash and cash equivalents of $19.5 million at 30 June 2016.

Authorised and issued share capital

CoAL had 1,927,001,328 fully paid ordinary shares in issue as at 31 December 2016. 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

M&G INVESTMENT MANAGEMENT LIMITED share placement

On 8 February 2017, 49,007,596 CoAL shares were issued to the company’s shareholder M&G Investment Management Limited at a price of $4.081 cents per share in terms of the subscription agreement entered into between the Company and M&G to raise $2 million for working capital purposes.

Further investment

The Company entered into a conditional agreement with an external party to raise $10 million via the issuance of new equity, which will be subject to shareholder approval. A circular including further details of this investment will be sent to shareholders when the Company is in a position to disclose additional detail. The use of these funds is restricted until 31 March 2017. However if certain conditions precedent are not met by this date the funds can be used at the Company’s discretion subsequent to receipt of shareholder approval, and become unrestricted. The Company will update the market on or around 31 March 2017.

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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).