

CoAL hopes Makhado results will entice Exxaro

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Resources Editor

CoAL of Africa Limited (CoAL) yesterday reported its loss per share for the six months to December widened to 13,36 US cents from 12,30c in its previous interim period.

CoAL has sent results from a definitive feasibility study into its Makhado coking coal venture to Exxaro Resources, which has an option to buy a 30% stake in the project, bringing a welcome injection of funding into the next big mine CoAL is building, CEO John Wallington said yesterday.

CoAL completed the study into a mine at Makhado and the company,

COAL OF AFRICA		
Half Year	2012	2011
Revenue (\$m)	143.8	88.3
Pretax (\$m)	(78.5)	(68.9)
Net income (\$m)	(74.7)	(66.5)
Diluted EPS (c)	(13.36)	(12.30)
Dividend PS (c)	—	—

which plans to switch its primary listing to London from Sydney this year, and ArcelorMittal SA, a 16% shareholder in CoAL, has tested the coking coal at its Vanderbijlpark and Newcastle steel mills, proving it is a hard coking coal.

The study has been sent to Exxaro so the diversified mining company, which is one of SA's largest coal producers, can make a

decision whether to take up its option to buy a 30% stake in Makhado, Mr Wallington said.

CoAL is doing test work to see if Makhado can also produce a thermal coal product. A mining right application for Makhado was submitted in January. It takes up to a year for a right to be granted.

CoAL battled to finalise its Vele coking coal project, running into fierce objections from environmentalists opposed to a mine near the Mapungubwe world heritage site. After months of negotiations, an agreement has been signed between CoAL, the Department of Environmental Affairs and South African National Parks, setting up an envi-

ronmental management committee involving all stakeholders.

A memorandum of understanding has been agreed between CoAL and the Save Mapungubwe Coalition to work together on sustainable development and protect the cultural heritage area.

The parties are working towards signing a memorandum of agreement, a more binding document.

As a result of settling the opposition to the mine and finalising regulatory requirements, including lifting the suspension on a water licence, Vele is now in production and ramping up to full output.

The mine produced and stock-piled 16 800 tons of run-of-mine coal

by the end of last month. Vele's coal will be sold to ArcelorMittal and offshore customers. Vele is CoAL's third operating mine.

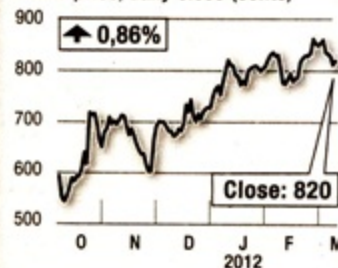
CoAL will go on a road show this month to introduce potential customers to coking coal from Makhado and Vele, which will produce 1-million tons a year of saleable coal.

The Woestalleen operation in Witbank produced 2,6% less coal in the six months to December because of operational difficulties.

It generated 1,7-million tons of run-of-mine thermal coal. In the six months to end-June, the mine will produce 1,6-million tons. The mine produced 823 877 tons of export-quality coal compared to 1-million

COAL OF AFRICA

Share price, daily close (cents)



tons a year ago. Eskom-quality coal doubled to 334 123 tons.
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