COAL of AFRICA LIMITED

ANNOUNCEMENT 13 December 2012

178 Mooiplaats employees re-instated

Coal of Africa Limited ("the Company") advises that it has signed a Memorandum of Understanding ("MOU") with the National Union of Mineworkers ("NUM") relating to the dismissal on 6 December 2012 of 178 employees of the Company's Mooiplaats mine. In terms of the MOU, the Company has agreed to re-instate the employees on the following terms:

- without pay for the period 3 to 12 December 2012 inclusive;
- all 178 will be issued with final written warning letters, valid for one year, for engaging in un-procedural industrial action;
- resumption of their normal shifts from 06:00 on 13 December 2012; and
- all pending disciplinary cases will follow due process

The Company expects to return to normal production by the end of next week. The copy of the MOU is available on the Company's website – www.coalofafrica.com

Authorised by

JOHN WALLINGTON

Chief Executive Officer

13 December 2012

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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, including CoAL's Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).

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