COAL *of* AFRICA LIMITED

ANNOUNCEMENT **11 May 2012**

Chapudi acquisition transaction closed

Further to the announcement of 10 May 2012 regarding the completion of the acquisition of the Chapudi Coal Assets, Coal of Africa Limited ("CoAL" or "the Company"), is pleased to confirm that the initial tranche of the purchase consideration of US$29,357,545 in respect of the equity, was paid to Rio Tinto Minerals Development Limited and Kwezi Mining (Proprietary) Limited. Accordingly, the transaction has closed and Keynote Trading & Investment 108 (Proprietary) Limited, a subsidiary of the Company, has taken ownership of the equity.

For more information contact:

John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 4363
Wayne Koonin	Financial Director	Coal of Africa	+27 11 575 4363
Shannon Coates	Company Secretary	Coal of Africa	+61 893 226 776
Sakhile Ndlovu	Investor Relations	Coal of Africa	+27 11 575 6858
Chris Sim/Jeremy Ellis/Neil Elliot	Nominated Adviser	Evolution Securities	+44 20 7071 4300
Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 207 920 3150
Reuben Govender	JSE Sponsor	J.P. Morgan Equities Limited	+27 11 507 0430
Charmane Russell/Jane Kamau	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 +27 82 372 5816

www.coalofafrica.com

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 Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).

The Mooiplaats Colliery commenced production in 2008 and is currently ramping up to produce 2 Mtpa. The Woestalleen Colliery, acquired through the acquisition of NuCoal Mining (Pty) Limited in January 2010, currently processes approximately 2.5Mtpa of saleable coal for domestic and export markets. The Woestalleen Complex also incorporates three beneficiation plants with a total processing capacity of 350,000 run-of-mine (ROM) feed tonnes per month.

CoAL's Vele Colliery started commercial production in Q1 2012. During the initial phase, the operation is targeting 2.7 Mtpa ROM production to produce 1.0Mtpa of saleable coking coal. The Makhado Project, CoAL's flagship project in the Soutpansberg coalfield, is well into the feasibility stage, with a Definitive Feasibility Study having been reviewed by the CoAL Board in March 2012. An application for a New Order Mining Right for the Makhado Project was submitted in January 2011.

In November 2010, CoAL agreed to acquire the Chapudi coal project and several other coal exploration properties in the Soutpansberg coal basin in South Africa from the previous owners, including Rio Tinto. The acquisition of the Chapudi Coal Assets strengthens Coal of Africa's position as one of the most substantial holders of prospecting and mining rights for coking coal in South Africa's Soutpansberg coalfield.