



ANNOUNCEMENT

10 December 2012

Coal of Africa Limited's response to Save Mapungubwe Coalition's withdrawal from the Memorandum of Understanding

Coal of Africa Limited ("CoAL" or "the Company") advises that the Save Mapungubwe Coalition ("the Coalition") has confirmed its withdrawal from the Memorandum of Understanding ("MoU") signed with CoAL on 24 November 2011. The Coalition and CoAL signed the MoU committing to working together and strengthening cooperation in the interest of sustainable development and the preservation and protection of the Mapungubwe Cultural Landscape.

In a public statement released on 7 December 2012, the Coalition stated that there is additional information that highlights past and on-going non-compliance with water legislation at the Vele Colliery ("Vele" or "the mine"), as well as existing detrimental impacts that now require remediation. The Company is of the firm view that the basis on which the Coalition is withdrawing and its allegations are inaccurate, which CoAL has addressed on numerous occasions with the Coalition. In addition, the Coalition has to date not been to the Vele mine site in spite of the numerous invitations from the company for it to visit in order to observe and appreciate the systems introduced to manage the environment.

The mine is regularly audited by environmental authorities and to date has not received negative feedback on environmental compliance. The Company is compliant with the requirements of the Environmental Authorisation for the mine as evidenced by the consistent compliance record exceeding 90% on environmental audits at the mine conducted by an independent environmental control officer and independent environmental manager. This is a major achievement and reflection of the success that we have attained through collaboration with various stakeholders.

AU: Level 1 Old Swan Brewery, 173 Mounts Bay Road, Perth WA 6000, Australia, **Tel:** +61 8 9322 6776, **Fax:** +61 8 9322 6778, **Email:** perth@coalofafrica.com, CAN 008 905388
ZA: 2nd Floor, Gabba Building, The Campus, 57 Sloane Street, Bryanston, Johannesburg, South Africa 2021, **Tel:** +27 11 575 4363, **Fax:** +27 11 576 7484, **Email:** adminza@coalofafrica.co.za
UK: 5th Floor, 33 St. James's Street, London, SW1A 1HD, United Kingdom, **Tel:** +44 (0) 20 7839 8840, **Fax:** +44 (0) 20 7004 0959

David H. Brown - Chairman, John N. Wallington - Chief executive officer, Professor N. A. Nevhutanda - Corporate affairs director, Bernard R. Pryor - Non-executive director,
Peter G. Cordin - Non-executive director, Khomotso B. Mosehla - Non-executive director, Dave J. K. Murray - Non-executive director, Rudolph H. Torlage - Non-executive director

CoAL reiterates that Vele has valid regulatory licenses and permits, including the Integrated Water Use Licence, for all of its activities and production will continue as planned. In this regard, CoAL confirms that the Coalition's withdrawal from the MoU will not have an impact on the daily operations at the mine.

Coal of Africa looks forward to a constructive on-going working relationship with the Coalition in the Environmental Management Committee ("the Committee") established in terms of the Environmental Authorisation for Vele. The Company would want the Coalition to utilise the Committee constructively, as stated in their press release, to ensure compliance with environmental, water and heritage legislation at Vele, and the preservation and protection of the Mapungubwe Cultural Landscape.

Coal of Africa is pleased that the Committee and sub-committees are operating effectively and include representatives from the relevant government departments, non-governmental organisations, municipalities, farming communities and other stakeholders.

Authorised by

JOHN WALLINGTON

Chief Executive Officer

10 December 2012

For more information contact:

David Brown	Chairman	Coal of Africa	+27 11 575 4363
John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 4363
Sakhile Ndlovu	Investor Relations	Coal of Africa	+27 11 575 6858

Company advisors:

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
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 Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).