



ANNOUNCEMENT

2 APRIL 2012

Conditions Precedent fulfilled for NiMag disposal

Further to the announcements on 23 December 2011 and 26 February 2012 relating to the proposed management buyout ("MBO") of Nimag (Pty) Ltd ("NiMag") and Metalloy Resources Investments (Pty) Ltd (together "the NiMag Group") for a total consideration of R54.0 million in cash ("Purchase Consideration") and the extension of the date for satisfaction of the conditions precedent under the applicable agreement from 28 February 2012 to 30 April 2012, Coal of Africa ("CoAL or the Company") is pleased to advise that the conditions precedent to the disposal of NiMag were fulfilled on 31 March 2012 and accordingly, the MBO took immediate effect.

Payment of R32.4 million representing 60% of the Purchase Consideration, less costs of up to R0.4 million, are payable to CoAL on or before the closing date of 10 April 2012. The balance of the Purchase Consideration will be financed by way of a vendor loan provided by CoAL, with a cession of 40% of the shares in the NiMag Group held by CoAL as security against the loan. Provision is made for the outstanding balance to be increased if payment dates are not met.

The loan bears interest at the South African prime overdraft rate less 0.5%, payable quarterly in arrears. The capital is repayable in 12 equal quarterly instalments following the 39th month after the date of advance of the ABSA funding for the MBO or the date of repayment of the ABSA loan in full.

On closing, the requisite share transfer forms and certificates, board resolutions and other matters ordinarily associated with closing of a transaction of this nature will be attended to.

As previously advised in the Company's Registration Document published on 31 October 2011, the NiMag Group asset is considered to be non-core and has been classified as an asset held for sale.

JOHN WALLINGTON
Chief Executive Officer

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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. 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 ROM feed tonnes per month.

CoAL's Vele Colliery commenced production in Q3FY2012. During the initial phase, the operation is targeting 2.7Mtpa ROM production to produce 1Mtpa of saleable coking coal. The Makhado Project, CoAL's flagship project in the Soutpansberg coalfield, is well into the feasibility stage, with a DFS completed. 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. Upon completion, the acquisition of these projects will significantly extend the scale and scope of certain of CoAL's existing projects in the region and will more than double the resource of the existing Makhado Project.