EXTENSION TO NIMAG SALE OF SHARES AGREEMENT

ASX ANNOUNCEMENT **29 FEBRUARY 2012**

Further to its announcement of 23 December 2012 confirming the proposed management buyout ("MBO") of the NiMag Group of companies, consisting of Nimag (Pty) Ltd ("NiMag") and Metalloy Resources Investments (Pty) Ltd (together "the NiMag Group"), Coal of Africa Limited ("CoAL" or "the Company") advises that the Company has today agreed to extend the date for satisfaction of the conditions precedent under the applicable Sale of Shares Agreement from 28 February 2012 to 30 April 2012.

The extension has been sought to provide additional time required for the fulfilment of the conditions precedent which require, *inter alia*, the parties to obtain exchange control approval from the South African Reserve Bank for the vendor financing and the sale of the shares.

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 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 feed tonnes per month.

CoAL's Vele Colliery is expected to start production in the first half of 2012. During the initial phase, the operation is targeting 2.7 Mtpa ROM production to produce 1.0Mtpa 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 nearing completion. 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. 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.