



ANNOUNCEMENT

31 OCTOBER 2012

REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2012

Strategic investment agreement signed by Beijing Haohua Energy Resource Co. Limited and CoAL for US\$100 million creates an improved capital structure

Coal of Africa Limited ("CoAL" or "the Company") the coal exploration, development and mining company operating in South Africa, together with its subsidiaries, is pleased to provide its operational report for the quarter ended 30 September 2012. A copy of this report is available on the Company's website, www.coalofafrica.com.

Salient features

- Six lost time injuries ("LTI's") during the quarter (FY2012 Q4: two) primarily as a result of a vehicle accident at the Mooiplaats thermal coal colliery ("Mooiplaats Colliery") injuring four employees.
- 1,268,575 tonnes (FY2012 Q4: 1,315,849 tonnes) of run of mine ("ROM") coal and 548,798 tonnes (FY2012 Q4: 578,868 tonnes) of export quality coal produced at Woestalleen and the Mooiplaats Colliery.
- Extraction of ROM coal for the quarter doubled to 254,760 tonnes (FY2012Q4: 126,199 tonnes) at the Vele coking and thermal coal colliery ("Vele Colliery").
- Reduction in export coal sales during the quarter to 224,972 tonnes (FY2012 Q4: 411,005 tonnes) due to softer demand and lower throughput capacity at the Matola Terminal in Maputo, Mozambique ("Matola Terminal").
- On-going pressure on index linked RB1 export quality thermal coal prices with further declines from an average of US\$94/tonne in the quarter ended 30 June 2012 to an average of US\$87/tonne for the quarter ended 30 September 2012.
- One year binding term-sheet concluded with Eskom Holdings Limited ("Eskom"), the South African state owned electricity utility, for the supply of up to 1.14 million tonnes of coal on more favourable terms.
- Six week wage related strike at the Mooiplaats Colliery by the National Union of Mineworkers ("NUM") with an agreement to end the strike signed on 31 October 2012.
- Completion of annual wage negotiations and agreement reached with workers at Woestalleen on 7 September 2012.

Project Highlights

- Updating the reviewed Makhado Project Definitive Feasibility Study ("DFS") in progress.

- Exxaro Coal Proprietary Limited (“Exxaro”) elects not to exercise the pre-emptive right to acquire a 30% interest in the Makhado Project.

Financial Highlights

- Raising of US\$53.5 million in equity capital completed during the quarter comprising US\$8.7 million from Investec Bank Limited (“Investec”) and US\$44.8 million from a share issue.
- Agreement concluded with Beijing Haohua Energy Resource Company Limited’s (“BHE”) wholly-owned subsidiary, Haohua Energy International (Hong Kong) Company Limited (“HEI”), to subscribe for US\$100.0 million of CoAL shares at GBP0.25 per share, subject to certain conditions precedent.
- Acquisition of the Rio Tinto Minerals Development Limited’s (“RTMD”) Chapudi Project shareholder claims was finalised and the payment terms of the US\$13.6 million (after taking account of the US\$2.0 million deposit) were revised. The payment previously due on 1 October 2012 will be paid in three tranches: US\$5.6 million due on 1 November 2012 and, payments of US\$4.0 million on 31 December 2012 and 28 February 2013 respectively.
- Available cash at period end of US\$30.3 million.

Corporate Highlights

- Appointment of David Brown as Non-Executive Chairman and Bernard Pryor as Non-Executive Director of the Company.

Post Period Highlights

- Memorandum of Agreement (“MoA”) signed with the Nzhelele Farmers Association (“Nzhelele Farmers”) on the creation of additional water required for the Makhado Project.
- US\$20.0 million received into an escrow account to be held pending Foreign Investment Review Board (“FIRB”) approval (required for foreign direct investments into Australian companies).

Commenting today, Mr John Wallington, Chief Executive Officer of CoAL said: “In order to mitigate weaker international coal pricing pressures that persisted during the quarter, the Company remains focused on implementing cost control measures at its operations with the aim of conserving funds and reducing operating losses.

Shareholders, together with Investec, continued to support the Company during the quarter providing US\$53.5 million in additional equity. Following a process to identify a potential strategic long-term business partners for the business, Beijing Haohua Energy agreed to invest US\$100.0 million in CoAL endorsing the Company’s long-term growth and expansion strategy. Upon completion, the funds will be used to upgrade the processing plant and complete the production build-up at the Vele Colliery, enabling the project to simultaneously produce semi-soft coking coal and thermal middlings coal for the international and domestic markets. Further opportunities exist for the Company to benefit from BHE’s technical expertise and experience when developing the Greater Soutpansberg Projects.

The recent labour unrest in the South African mining sector is a cause for concern and the Mooiplaats Colliery experienced a six week wage related strike. Agreement with the union was reached today to end the strike. The Woestalleen and Vele collieries remained operational during this period, based on agreed wage settlements.

The appointments of David Brown as Non-Executive Chairman and Bernard Pryor as Non-Executive Director occurred at a critical juncture in the development of the Company and they have added valuable input since their appointment. Based on the strengthened balance sheet, our excellent project pipeline and new strategic partners Beijing Haohua Energy, we look forward to the future with confidence.”

QUARTERLY COMMENTARY

Market context

Index linked RB1 export quality thermal coal prices remain under pressure, declining by 19.8% from US\$106 per tonne on 1 January 2012 to US\$85 per tonne on 30 September 2012. During the quarter under review, prices averaged US\$87 per tonne compared to US\$94 per tonne in the previous quarter.

The South African rand remained volatile during the nine month period to 30 September 2012, trading between ZAR7.46 and ZAR8.56 against the US dollar. During the quarter, the average exchange rate weakened by 1.8%, from ZAR8.10 in the June 2012 quarter to ZAR8.25 in the current quarter, partly mitigating the decline in coal prices.

Strike action extended across various parts of the South African mining industry during the quarter to include the Mooiplaats Colliery which experienced a 6 week wage related strike resulting in the Company declaring “force majeure”.

Operational Summary

Export sales from the Matola Terminal decreased to 224,972 tonnes from the previous quarter’s 411,005 tonnes, due to softer market conditions as well as and delays in unloading trains due to mechanical issues and reduced throughput capacity at the Matola Terminal. Coal sold to the inland market remained relatively constant at 187,499 tonnes (FY2012 Q4:187,500 tonnes). Sales to Eskom declined 23.3% due to the deferral of coal deliveries until negotiations for a new off-take agreement were completed in August 2012. The Company and Eskom agreed to a new one year 1.14 million tonne off-take agreement during the quarter on more favourable terms and, the delivery of coal under the new contract commenced during August 2012.

September 2012 quarter (tonnes)	Woestalleen	Mooiplaats	Vele	Total
ROM production	993,632	274,943	254,760	1,523,335
ROM coal purchased	-	-	-	-
Total coal processed	719,138	286,139	252,023	1,257,300
Overall yield	70.4%	69.7%	*	-
Total coal produced	682,973	199,578	72,325	954,876
Export coal	380,906	167,892	72,325	621,123
Middlings coal	302,067	31,686	-	333,753
Total coal sales	320,766	75,718	-	621,456
Export**	-	-	-	224,972
Inland	144,311	43,188	-	187,499
Eskom	176,455	32,530	-	208,985

June 2012 quarter (tonnes)	Woestalleen	Mooiplaats	Vele	Total
ROM production	971,017	344,832	126,199	1,442,048
ROM coal purchased	-	78,167	-	78,167
Total coal processed	808,613	420,446	113,272	1,342,331
Overall yield	64.1%	69.9%	*	-
Total coal produced	518,307	293,890	42,299	854,496
Export coal	362,845	216,023	42,299	621,167
Middlings coal	155,462	77,867	-	233,329
Total coal sales	326,964	132,848	-	870,817
Export**	-	-	-	411,005
Inland	132,214	55,286	-	187,500
Eskom	194,750	77,562	-	272,312

* Vele Colliery yields will be included once production reaches steady state

**Export sales include thermal coal sales from Woestalleen, Mooiplaats Colliery and the Vele Colliery

Strategic Partner – Beijing Haohua Energy Resource Co. Limited

On 29 September, BHE, through its subsidiary HEI, submitted a binding offer to provide the Company with US\$100.0 million of equity funding with the transaction to be executed in two stages:

- an initial placement of US\$20.0 million (“Initial Placement”); and

- a conditional placement of US\$80.0 million (“Conditional Placement”).

The Initial Placement allows HEI to subscribe for US\$20.0 million of ordinary shares in CoAL at a subscription price of GBP0.25 per share, to be issued under the Company’s general authority to issue shares, and is subject to FIRB approval being received by 31 January 2013. Submission by BHE for FIRB approval took place on 23 October 2012 and a decision could be anticipated on or before 22 November 2012, following the standard review period of up to 30 days.

On 30 October 2012, US\$20.0 million was received into the escrow account pending FIRB approval at which time the funds will be released to the Company. Under the Conditional Placement, HEI will subscribe for a further US\$80.0 million of shares at GBP0.25 per share, subject to the following conditions:

- approval by 50% of the Company’s shareholders of the Conditional Placement for the issue of the shares and the waiving of the requirement for a mandatory offer when HEI’s interest in the Company exceeds 19.9%;
- relevant approvals from the Peoples’ Republic of China (“PRC”); and
- all other necessary regulatory and statutory approvals.

The transaction is also subject to the following conditions:

- a price adjustment mechanism will occur whereby, if PRC approval is not obtained, the Initial Placement share issue price will be increased to GBP0.35 per share, reducing the number of shares issued; and
- if by 31 January 2013 the conditions have not been fulfilled or it appears that the conditions will not be fulfilled, HEI and CoAL have agreed to co-operate and consider other arrangements pursuant to which HEI is able to provide funding support to CoAL. To further facilitate the development of CoAL’s projects, HEI has undertaken to assist, on favourable terms, future funding required by the Company.

Following the Initial Placement, HEI will hold 5.82% of CoAL’s ordinary shares and subsequent to the Conditional Placement will hold approximately 23.6% of the issued capital (assuming the shares are issued at GBP0.25 each). HEI will also be entitled to nominate two directors to the CoAL board and the parties have commenced discussions regarding co-operation on commercial, technical and operational matters enabling the Company to draw on BHE’s expertise during the development of the Makhado Project as well as the Chapudi, Mopane and Makhado Extension projects.

Investec Financing Package

During the quarter, Investec subscribed for 19,148,408 million CoAL shares raising approximately US\$8.7 million and provided a credit approved term sheet for a US\$50.0 million two-year cash collateralised loan facility. The Company continues to evaluate the proposal for the loan facility as part of its broader approach for potential debt financing for the business.

Equity issue

During the period the Company successfully placed 115,478,798 shares for GBP0.25 per share raising US\$44.8 million. A total of 80,570,166 shares were issued pursuant to CoAL's 15% general allowance to issue shares in terms of ASX Listing Rule 7.1 and the remaining 34,908,632 ordinary shares were issued following approval by shareholders at a General Meeting on 11 September 2012.

Deutsche Bank US\$50 million pre-export trade finance facility

In March 2010, the Company entered into a US\$50.0 million pre-export trade finance facility with Deutsche Bank A.G. (the "Facility") secured over CoAL's thermal coal assets, production and off-take agreements. In terms of the Facility, the total gross amount of the Facility will reduce by one twelfth or US\$4.2 million per month, commencing in October 2012, until the end of the Facility period. At the end of the quarter, US\$37.5 million (FY2012 Q4: US\$32.5 million) had been drawn against the Facility.

In anticipation of the commencement of the reduction of the Facility under the terms of the agreement and the breach of certain of the Facility equity covenants as at 30 June 2012, discussions to potentially restructure the Facility have commenced.

Cash and Available Facilities

Production, logistics and administration expenditure at the thermal operations and corporate expenses were funded from operational cash flows, borrowings and existing cash on hand during the September 2012 quarter. Timing of working capital flows and increased stock levels resulted in a rise in working capital funding requirements during the quarter.

The Company had 327,156 tonnes of export quality coal at the end of the quarter (June 2012: 165,376 tonnes), including 135,916 tonnes at the Matola Terminal (June 2012: 53,857 tonnes). The delivery of further coal to the Matola Terminal was affected by temporary outages of offloading equipment at the port during September 2012, which returned to normal operating capacity in October 2012.

Projected exploration and development expenditure for the next quarter, utilising operating cash flows as well as funds made available through shareholder and HEI's equity subscriptions, include:

- finalisation of the Makhado Project DFS to incorporate the production of middlings thermal coal as well as the underground mining of resources accessible from the deeper section of the opencast pit and extending into the Generaal property (part of the Makhado Extension project area);
- technical and exploration work on various tenements in the Chapudi, Mopane and Makhado Extension project areas;
- continuing with limited expenditure for the acquisition of farm properties, water, power and consulting work prior to the granting of the Makhado Project new order mining right ("NOMR");
- capital expenditure for the plant upgrade and working capital for site ramp-up of production at the Vele Colliery;
- operational expenditure at the thermal coal assets; and

- corporate costs and for general working capital.

Operational update

Woestalleen Complex – Witbank Coalfield (100%)

The Woestalleen processing facility recorded no LTI's during the quarter (FY2012 Q4: nil LTI's) as did the Vuna Colliery (FY2012 Q4: one LTI).

ROM coal produced by the Vuna Colliery increased by 2.3% from 971,017 tonnes in the June 2012 quarter to 993,632 tonnes in the current period. A portion of the #1 seam ROM coal mined at the colliery was delivered to Eskom as raw coal and the remaining ROM coal mined was processed to both an export grade product and a middlings product for Eskom.

During the quarter 719,138 tonnes (FY2012 Q4: 808,613 tonnes) of coal were processed which was 89,475 tonnes lower than the previous period. The decrease in coal processed is as a result of an increase in ROM coal available for sale to Eskom. Consequently ROM coal stock levels increased from 39,078 tonnes at the end of June 2012 to 137,559 tonnes at the end of September 2012. During the period Woestalleen produced 682,973 tonnes of saleable coal (FY2012 Q4: 518,307), up 31.8% quarter on quarter, comprising:

- 380,906 tonnes (FY2012 Q4: 362,845 tonnes) of export quality coal, and
- 302,067 tonnes (FY2012 Q4: 155,462 tonnes) of middlings product and raw coal supplied to Eskom.

In-pit sampling at the Vuna Colliery resulted in selective mining of the #1 coal seam leading to increased quantities of raw coal being available for sale to Eskom and the overall yield increasing to 70.4% (FY2012 Q4: 64.1%).

The Company continues to evaluate potential options to extend the life of the Woestalleen complex in anticipation of the depletion of the available ROM from the Vuna Colliery North Block by April 2013. Eskom recently announced an initiative to redirect approximately 20.0 million tonnes per annum ("Mtpa") of coal currently transported to the power stations by road, which will in future be transported by rail, reducing the cost of transport and the secondary impact on the national roads. To date, 37 trains have been loaded on behalf of Eskom as part of the pilot study and initiatives are underway by Eskom to increase the throughput volumes at Woestalleen.

Mooiplaats Colliery – Ermelo Coalfield (100%)

Four of the six LTI's recorded at the Mooiplaats Colliery during the quarter (FY2012 Q4: one LTI) resulted from an accident involving a single mine vehicle transporting employees. The accident highlighted the requirement for the improvement of safety management at the mine and focus thereon has intensified.

On 25 September 2012, the representative trade union at the Mooiplaats Colliery, NUM, embarked on protected strike action in relation to annual wage negotiations. The colliery employs 368 people, of which 176 are NUM members. The Company proposed a fair wage and benefit offer intended to reduce the gap with the South African Chamber of Mines wage rates. The proposal was not accepted and NUM applied for, and was awarded, a certificate to embark on a legal strike. An additional mediation process was unsuccessful resulting in the workers proceeding with the strike action and operations at the Mooiplaats Colliery ceased. Declaration of “force majeure” took place at the commencement of the strike and on 31 October 2012, a wage agreement was reached with the union.

Production at the Mooiplaats Colliery continues to be impacted by challenging geological conditions that led to a 20.3% decrease in ROM production to 274,943 tonnes (FY2012 Q4: 344,832 tonnes). There was no ROM coal purchased during the quarter (FY2012 Q4: 78,167 tonnes) and together with the reduced ROM production as a result of the strike, coal processed declined 31.9% from 420,446 tonnes to 286,139 tonnes. A total of 199,578 saleable tonnes (FY2012 Q4: 293,890 tonnes) were produced during the quarter, comprising:

- 167,892 tonnes (FY2012 Q4: 216,023 tonnes) of export quality coal; and
- 31,686 tonnes (FY2012 Q4: 77,867 tonnes) of middlings product for Eskom.

CoAL continued its discussions with Vunene Proprietary Limited (“Vunene”) to resolve the double granting over approximately 128ha of the mining area which is included in the Mooiplaats Colliery and Vunene NOMR. As part of the initiative to address the long term viability of the operation, various strategic restructuring alternatives including, but not limited to, potential partnerships or mergers that may create synergistic value are underway.

Vele Colliery – Limpopo (Tuli) Coalfield (100%)

Vele Colliery recorded no LTI's during the quarter (FY2012 Q4: nil LTI).

The build-up of production continued during the quarter with 254,760 tonnes (FY2012 Q4: 126,199 tonnes) of ROM coal produced as the open-cast pit advanced into areas more suitable for the production of both semi-soft coking and export grade thermal coal. A total of 252,023 tonnes (FY2012 Q4: 113,272 tonnes) of coal was processed during the period, producing 72,325 tonnes (FY2012 Q4: 42,299 tonnes) of saleable export quality thermal coal. During the period, the Vele Colliery continued to produce an export grade thermal coal product sold to offset costs and avoid the build-up of semi-soft coking coal product stockpiles not washed to market specification.

The Company awaits the results of the detailed bulk tests on the 10% ash coking coal product previously completed at ArcelorMittal South Africa Limited's Vanderbijlpark and Newcastle facilities.

Capital expenditure

The discard from washing the Vele Colliery semi-soft coking coal can be processed through a second stage wash plant to produce either an export grade thermal coal product or an Eskom middlings product. The planned expansion to the processing plant will facilitate the following:

- simultaneous production of semi-soft coking coal and a middlings thermal coal product;
- enhance the recovery of the coking coal fine fraction due to the friable nature of the coal;
- achieve the full ramp-up to the targeted processing capacity of 2.7 Mtpa; and
- improve the mine's operational and financial performance through higher yields of the coking coal products.

The project has been divided into two phases:

- **Phase 1** – de-watering of the ultra-fines by installing filter presses to eliminate the need for the temporary slurry pond.
- **Phase 2** – convert the front-end of the plant from a temporary to a permanent facility and simultaneously produce a middlings/thermal coal product along with the semi-soft coking coal. This phase also includes modification to the fines circuit to improve product quality and generate a fine fraction middlings product as well as, the introduction of froth flotation for beneficiating ultra-fines.

The plant upgrade will be financed using a combination of debt and cash. Phase 1 is scheduled to be completed during the first quarter of CY2013 and phase 2 commencing in CY2012 is scheduled for completion in H2 CY2013.

Environmental and regulatory compliance

As previously reported and as part of the Vele Colliery Environmental Authorisation, the Environmental Management Committee and sub-committees are operating effectively and include representatives from the relevant government departments, non-governmental organisations, municipalities, farming communities and other stakeholders.

Makhado Coking Coal Project – Soutpansberg Coalfield (100%)

Exxaro Option

In 2009, the Company and Exxaro signed the Option to Participate Agreement (the "Option Agreement") to enable CoAL to acquire detailed exploration information previously compiled by Iscor. As part of the Option Agreement, Exxaro retained the right to participate in up to 30% of the equity (the "Option") in the Makhado Project. At the end of the Option period, Exxaro informed CoAL that after consideration of the various alternative projects currently in their growth pipeline, combined with the current negative sentiments regarding the global and local macroeconomic growth outlook; Exxaro will be focusing on existing projects.

Product testing

Independent testing of the Makhado Project bulk sample confirmed previous results that the coal can be classified as a hard coking coal. The tests further confirmed that the 10% ash product performs well relative to other hard coking coals based on Coke Strength Reaction, Coke Reactivity Index and Reflectance and that the coal has a higher than average fluidity, dilatation and vitrinite content.

Definitive Feasibility Study

Subsequent detailed technical reviews with Exxaro and results of the coking coal tests led to the expansion of the scope of the DFS to include the thermal coal fraction and the potential for underground mining portions of the Makhado Project. The Company expects that the additional work completed on the draft DFS will result in the release of a Makhado Project Bankable Feasibility Study ("BFS") in early CY2013.

NOMR Application

The Company continues to make progress in respect of the regulatory matters associated with its application for the NOMR for the Makhado Project. The Company's preferred strategy is to implement Black Economic Empowerment at an operational level and to ensure better alignment with important stakeholders, including the interested and affected communities. The company is evaluating empowerment structures at the operating company level which will ultimately incorporate and give effect to the Makhado Project and NOMR, following the receipt of the requisite Ministerial approval in terms of section 11 of the Mineral and Petroleum Resources Development Act. Progress is also being made in respect of the acquisition of properties required for infrastructure, plant and operations for the project.

Water Requirements

CoAL and the Nzhelele Farmers signed a MoA on 23 October 2012 for the Makhado Project, in respect of the "creation" and use of water in the Nzhelele River catchment area of Limpopo Province, South Africa. The key objectives of the MoA are:

- improve the assurance of water supply to the Makhado Project and other water users; and
- facilitate the Makhado Project obtaining a bulk water allocation without negatively affecting the availability of water for agricultural purposes.

In terms of the MoA, the Nzhelele Farmers have surrendered portions of their water-use entitlements facilitating a bulk water supply for the Makhado Project. The parties have undertaken to form a technical working group with the aim of identifying projects which would create "new water" to replenish the allocation surrendered by the farmers. The MoA strives to ensure the co-existence of mining, local communities and agriculture maximising socio-economic development in the region.

Greater Soutpansberg Project

During the quarter CoAL continued with the process of compiling the exploration and technical data on the Chapudi, Mopane and Makhado Extension projects, and will commence with the remainder of the exploration programmes on these properties. A total of 39 small diameter holes and 42 large diameter holes are expected to be drilled over the next six months and further updates on the technical results will follow in due course.

Rio Tinto Chapudi coal asset acquisition

The share purchase agreement to acquire the Rio Tinto Chapudi coal assets was amended to allow for the sale of equity and the sale of shareholders' claims, totalling US\$75.0 million, to close separately.

The equity portion closed on 10 May 2012 and the amount of US\$29,357,545 was paid. The balance of the equity purchase price of US\$30.0 million will become payable on the earlier of the receipt of a NOMR on any of the properties that form part of the transaction or, two years from the date upon which the conditions precedent for the equity sale were fulfilled.

The shareholders' claims portion closed on 28 September 2012 and the amount of US\$13,642,455 (net of the US\$2.0 million deposit and interest thereon) was originally payable to RTMD on 1 October 2012. CoAL has renegotiated the payment terms whereby the amount will be payable as follows:

- US\$5,634,740 on 1 November 2012; and
- US\$4,000,000 on 31 December 2012 and 28 February 2013 respectively.

Disposal of the Holfontein Project

The Company previously agreed to sell the wholly owned Holfontein thermal coal project ("Holfontein Project") to Govhani Consulting Proprietary Limited ("Govhani") for a total consideration of ZAR100.0 million (approximately US\$13.0 million) plus a continuing payment to CoAL of ZAR2.00 (approximately US\$0.26) per tonne of saleable coal produced by the project. Govhani have completed a BFS for the Holfontein Project and discussions between the parties to finalise the transaction, subject to Govhani obtaining project financing, are on-going.

Corporate Activity

During the quarter, shareholders appointed David Brown as as Non-Executive Chairman and Bernard Pryor as Non-Executive Director of CoAL. Mr Brown joins the Company following almost 14 years at Impala Platinum Holdings Limited where he was most recently Chief Executive Officer since 2006. He is a Chartered Accountant and currently an independent non-executive director of Vodacom Group Limited. Mr Pryor was until recently chief executive of Q Resources plc and is a Non-Executive Director of African Minerals Limited. He previously held senior executive positions within Anglo American Plc including head of business development, and CEO of Anglo Ferrous Brazil Inc.

Richard Linnell, previously Chairman, Deputy Chairman Simon Farrell and Directors, Steve Bywater and Mikki Xayiya resigned from the CoAL board, and we thank them for their contribution.

Authorised by

JOHN WALLINGTON

Chief Executive Officer

31 October 2012

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 89 322 6776
Sakhile Ndlovu	Investor Relations	Coal of Africa	+27 11 575 6858
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
Robert Smith	JSE Sponsor	Investec Bank Limited	+27 11 286 7000
Charmane Russell/Jane Kamau	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or +27 82 372 5816

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).

The Mooiplaats Colliery commenced production in 2008 and is currently ramping up to produce 1.6 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 commenced 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 draft 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 May 2012, CoAL acquired the Chapudi coal project and several other coal exploration properties in the Soutpansberg coal basin in South Africa, subsequently renamed the Greater Soutpansberg Project, from the previous owners, including Rio Tinto. The Greater Soutpansberg Project is a consolidation of nine potential coking and thermal coal assets grouped into three proximate regions, namely Mopane, Makhado and Chapudi. The acquisition of these 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.

The updated resource estimates are presented in detail in the "Independent Technical Statement for Greater Soutpansberg Projects for Coal of Africa Limited, 31st May 2012" ("Technical Statement") prepared by Venmyn Rand (Pty) Ltd ("Venmyn"), which is available on the Coal of Africa website, www.coalofafrica.com.