



13 June 2012

**SIGNIFICANT INCREASE IN COAL RESOURCES LED BY ACQUISITION OF
SOUTPANSBERG ASSETS**

*Estimated gross tonnes in situ increase by 429% to 8.0 billion tonnes from 1.5 billion tonnes
in the Greater Soutpansberg area*

Coal of Africa Limited ("CoAL" or "the Company"), the coal exploration, development and mining company operating in South Africa, is pleased to announce another strategic milestone in its strategy to grow into a significant coking coal producer in the region. The Company today provided an update to its resource and reserve estimates for the prospecting areas (tenements) in its Greater Soutpansberg project area (the "Greater Soutpansberg"), located in the Limpopo Province of South Africa. The Greater Soutpansberg is a consolidation of nine potential coking and thermal coal assets in the Soutpansberg coalfield, several of which were held under prospecting rights held by the companies whose shares were acquired from Rio Tinto Minerals Development Ltd ("Rio Tinto") and Kwezi Mining (Pty) Ltd ("Kwezi"), in the transaction that closed on 11 May 2012 (the "Acquisition"). These have been grouped into three proximate regions, namely Mopane, Makhado and Chapudi.

The updated resource and reserve estimates follow the conclusion of the Acquisition in terms of which the shares in companies previously held by Rio Tinto and Kwezi were acquired and the estimates include the coal resources associated with the New Order Prospecting Rights ("NOPRs") held by those companies as well as other NOPRs over properties in the Greater Soutpansberg already held by CoAL or its subsidiaries.

Highlights

The Technical Statement indicates an increase in estimated coal resources for the Greater Soutpansberg of more than 1.3 billion mineable tonnes in situ ("MTIS") across the measured, indicated and inferred resource categories, principally due to the additional

assets acquired. Additional exploration drilling and delineation of the resources is underway with further increases in the estimated coal resources anticipated upon completion.

Additional highlights of the updated resource estimates for the Greater Soutpansberg include the following:

- Gross tonnes in situ ("GTIS") increased by 429% to 7.957 billion tonnes from 1.505 billion tonnes;
- Total tonnes in situ ("TTIS") increased by 404% to 6.443 billion tonnes from 1.279 billion tonnes;
- Mineable tonnes in situ ("MTIS") increased by 209% to 2.004 billion tonnes from 0.648 billion tonnes;
- Total licenced area of 99,719 hectares.
- Acquisition cost of US\$0.055 per MTIS tonne

Following the Acquisition, the total strike drilled to the extent sufficient to enable declaration of resources under the JORC Code, increased by 106% from 33km to 68km. A further 66km of strike remains to be drilled, representing a substantial opportunity for further increases in the overall resource measured in terms of GTIS, TTIS and MTIS.

Coal of Africa chief executive, John Wallington said today, "The additional prospecting rights represent an important development in the evolution of Coal of Africa and its partner Rothe Investments, by consolidating the potential coking and thermal coal assets in the Soutpansberg coalfield. Following the conclusion of the Acquisition from Rio Tinto and Kwezi Mining in early May 2012, we are pleased to report a significant increase in the consolidated coking and thermal resources in our Greater Soutpansberg assets taking Coal of Africa's estimated gross tonnes in situ in this coalfield from 1.5 billion tonnes to approximately 8 billion tonnes.

Having completed the Acquisition, we have started the exploration programmes and related technical work required to evaluate the potential of these assets in the Greater Soutpansberg area. We will continue to provide progress updates to the markets as we reach our milestones.

With this platform in place, the Company is well positioned to achieve its goal of creating a world class coking coal business producing in excess of 10 million tonnes per annum of saleable coking coal over the next ten years. The further upside potential of export grade thermal coal and middlings from our various assets remains attractive. On a broader basis, we continue to focus on our near term objectives of ramping up Vele to full production, and finalising the various work streams and Definitive Feasibility Study on the Makhado Project.”

Technical Statement

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.

The information contained in this announcement is presented on a summarised basis and the full details are set out in the detailed Technical Statement.

Webcast

Management will provide further insight on the Technical Statement and resource update via a webcast presentation at 16h00(CAT)/15h00(BST) on 13 June 2012. To register for attendance please follow the instructions below:

The presentation at 16:00 (CAT) will be simultaneously webcast at the following address:

<http://themediframe.eu/links/coalofafrica120613.html>

Teleconference

South Africa	+27 11 535 3600
UK (Toll-free)	+44 800 917 7042
South Africa – JHB Alternate	+27 10 201 6616
South Africa - Cape Town	+27 21 819 0900
South Africa - Durban	+27 31 812 7600
South Africa (Toll-Free)	+27 800 200 648

Australia (Toll-Free)	+1 800 350 100
South Africa (Toll-Free)	+27 800 200 648
Other Countries (Intl Toll)	+27 11 535 3600
Other Countries (Alternate)	+27 10 201 6616

Playback

A playback of the teleconference will be available for 48 hours afterwards on the following telephone numbers:

South Africa and other	Dial in no: +27 11 305 2030	Code: 20980#
Other Countries (Intl Toll)	Dial in no: +27 11 305 2030	Code: 20980#
Australia (Toll-Free)	Dial in no: +1 800 091 250	Code: 20980#
UK (Toll-Free)	Dial in no: +44 808 234 6771	Code: 20980#

Following the webcast, the presentation will be available on the Coal of Africa website, www.coalofafrica.com.

JORC Code

All coal resources are defined in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australasian Institute of Geoscientists and Minerals Council of Australia.

The Greater Soutpansberg

Following the Acquisition, CoAL's Greater Soutpansberg comprising nine areas has been re-organized into three regions, namely:

- the Chapudi Region, comprising the Chapudi, Chapudi West and Wildebeesthoek areas;

- the Makhado Region, comprising the Makhado Project and the Telema & Gray combined area (formerly referred to the Makhado Extension), Mount Stuart and Generaal areas; and
- the Mopane Region, comprising the Voorburg and Jutland areas.

These assets are held under various NOPRs by CoAL or its subsidiaries and the shares or rights, as applicable, were obtained pursuant to Ministerial consent in terms of Section 11 of the Mineral and Petroleum Resources Development Act.

Table 1: Summary of CoAL's resources and reserves

Project Area	Coalfield	JORC compliant Resources (Measured, indicated and inferred) ¹			Strike length drilled to date (km) ²	Strike length to be drilled (km) ³	JORC compliant Reserves (Proven and probable) ⁴
		Gross tonnes in situ (GTIS) Mt	Total tonnes in situ (TTIS) Mt	Mineable tonnes in situ (MTIS) Mt			Mineable tonnes in situ (MTIS) Mt
GREATER SOUTPANSBERG⁴							
CHAPUDI REGION							
- Chapudi	Soutpansberg	6,399.02	5,119.22	1,318.42	33.08	-	
- Chapudi West ⁷	Soutpansberg	-	-	-	-	-	
- Wildebeesthoek ⁷	Soutpansberg	-	-	-	-	17.50	
MAKHADO REGION							
- Generaal ⁷	Soutpansberg	-	-	-	-	15.00	
- Makhado	Soutpansberg	795.61	691.69	344.37	16.51	-	
- Mount Stuart	Soutpansberg	407.16	325.73	55.46	6.31	4.25	
- Telema & Gray ⁵	Soutpansberg	84.13	73.00	66.79	2.71	-	
MOPANE REGION							
- Jutland ⁷	Soutpansberg	-	-	-	-	20.90	
- Voorburg	Soutpansberg	270.71	233.76	219.36	9.32	8.48	
Total		7,956.63	6,443.40	2,004.40	67.93	66.13	
OTHER ASSETS⁶							
Vele	Limpopo	803.82	680.20	369.63	N/A	N/A	332.71
Mooiplaats	Ermelo	92.32	85.62	50.76	N/A	N/A	31.59
Vuna	Witbank	6.82	6.48	6.16	N/A	N/A	6.16
Total		902.96	772.30	426.55			370.46

¹ Refer to the 'Independent Competent Person's Report on the Principal Coal Assets of Coal of Africa Limited' dated 24 October 2011 and the 'Independent Technical Statement for Greater Soutpansberg Projects for Coal of Africa Limited, 31st May 2012' for a breakdown of these coal resources into measured, indicated and inferred

² Strike length drilled to the extent sufficient to enable declaration of resources under the JORC Code

³ Strike length to be drilled to the extent sufficient to enable declaration of resources under the JORC Code

⁴ Resources and reserves information extracted from the 'Independent Competent Person's Report on the Principal Coal Assets of Coal of Africa Limited' dated 24 October 2011 by Venmyn

⁵ Previously referred to as Makhado Extension

⁶ Refer to the 'Independent Competent Person's Report on the Principal Coal Assets of Coal of Africa Limited' dated 24 October 2011 for a breakdown of these coal resources into measured, indicated and inferred and reserves into proven and probable

⁷ Project areas where drilling is either in progress or has not yet been completed and resources to be defined thereafter

Due to the current state of exploration and the limited information available, no resources as per the JORC code have yet been declared for the Chapudi West, Wildebeesthoek, Generaal and Jutland areas. However the presence of potentially significant coal resources are known.

Table 2: Summary of current coal resources of the Greater Soutpansberg Area as at 31 May 2012¹

Region	Project/Area	Resource Category	Gross Tonnes in Situ (GTIS) (t)	Total Tonnes in Situ (TTIS) (t)	Mineable Tonnes in Situ (MTIS) (t)	Coal Attributable 100%
Mopane	Voorburg	Measured	109,435,158	98,491,642	94,915,200	100%
Makhado	Makhado		402,780,570	362,502,682	264,982,700	100%
	Telema & Gray		42,244,854	38,020,369	36,240,800	100%
TOTAL/WT. AVE MEASURED			554,460,582	499,014,693	396,138,700	100%
Mopane	Voorburg	Indicated	125,033,852	106,278,774	100,500,000	100%
Makhado	Makhado		298,594,886	253,805,653	76,390,000	100%
	Telema & Gray		29,581,152	25,143,979	23,225,000	100%
TOTAL/WT. AVE INDICATED			453,209,890	385,228,406	200,115,000	100%
Mopane	Voorburg	Inferred	36,238,997	28,991,198	23,940,000	100%
Makhado	Makhado		94,232,132	75,385,706	2,998,000	100%
	Telema & Gray		12,301,228	9,840,982	7,320,000	100%
	Mount Stuart		407,162,828	325,730,262	55,460,000	100%
Chapudi	Chapudi		6,399,023,436	5,119,218,749	1,318,420,000	100%
TOTAL/WT. AVE INFERRED			6,948,958,621	5,559,166,897	1,408,138,000	100%
GRAND TOTAL RESOURCES			7,956,629,093	6,443,409,996	2,004,391,700	100%

¹ Refer to the 'Independent Technical Statement for Greater Soutpansberg Projects for Coal of Africa Limited, 31st May 2012' for a detailed report on these resources

Table 3 : Summary of coal reserves of other CoAL assets as at 24 October 2011¹

Region	Project/ Area	Reserve Category	Mineable Tonnes in Situ (MTIS) (t)	ROM Tonnage (t)	Primary Saleable Product (t)	Saleable Secondary Product (t)	% ²
Limpopo	Vele	Proven	-	-	-	-	100%
Ermelo	Mooiplaats		31,590,200	18,656,800	9,433,300	779,900	100%
Mpumalanga	Vuna		6,155,700	6,547,400	3,381,600	2,101,200	100%
TOTAL/WT. AVE PROVEN			37,745,900	25,204,200	12,814,900	2,881,100	100%
Limpopo	Vele	Probable	332,709,000	299,391,000	92,387,000	-	100%
Ermelo	Mooiplaats		-	-	-	-	100%
Mpumalanga	Vuna		-	-	-	-	100%
TOTAL/WT. AVE PROBABLE			332,709,000	299,391,000	92,387,000	-	100%
GRAND TOTAL RESERVES			370,454,900	324,595,200	105,201,900	2,881,100	100%

¹ Refer to the 'Independent Competent Person's Report on the Principal Coal Assets of Coal of Africa Limited' dated 24 October 2011 for a detailed report on these resources as contained in the Registration Document filed on the same date and which is available on the Coal of Africa website on www.coalofafrica.com

² Percentage attributable to CoAL

Table 4 : Summary of coal resources (inclusive of reserves) of other CoAL assets as at 24 October 2011¹

Region	Project/ Area	Resource Category	Gross Tonnes in Situ (GTIS) (t)	Total Tonnes in Situ (TTIS) (t)	Mineable Tonnes in Situ (MTIS) (t)	Coal Attributable 100%
Limpopo	Vele	Measured	158,035,063	142,231,557	94,241,400	100%
Ermelo	Mooiplaats		73,995,856	70,296,063	48,330,100	100%
Mpumalanga	Vuna		6,820,858	6,479,815	6,155,700	100%
TOTAL/WT. AVE MEASURED			238,851,777	219,007,435	148,727,200	100%
Limpopo	Vele	Indicated	426,854,188	362,826,060	200,298,000	100%
Ermelo	Mooiplaats		13,234,655	11,249,457	2,260,000	100%
Mpumalanga	Vuna		-	-	-	100%
TOTAL/WT. AVE INDICATED			440,088,843	374,075,517	202,558,000	100%
Limpopo	Vele	Inferred	218,931,575	175,145,260	75,090,000	100%
Ermelo	Mooiplaats		5,092,178	4,073,742	170,000	100%
Mpumalanga	Vuna		-	-	-	100%
TOTAL/WT. AVE INFERRED			224,023,753	179,219,002	75,260,000	100%
GRAND TOTAL RESOURCES			902,964,373	772,301,954	426,545,200	100%

¹ Refer to the 'Independent Competent Person's Report on the Principal Coal Assets of Coal of Africa Limited' dated 24 October 2011 for a detailed report on these resources as contained in the Registration Document filed on the same date and which is available on the Coal of Africa website on www.coalofafrica.com

Resources by region

Chapudi Region

The Chapudi Region represents the most significant portion of the overall resource in the Greater Soutpansberg, consisting of the Chapudi, Chapudi West and Wildebeesthoek areas. The total prospecting rights area covers 40,792 hectares.

A total of 33km of strike length was drilled in the Chapudi area by Rio Tinto and based on the updated resource calculation prepared for the Company, the total resource for this area has been calculated as 1.318 billion tonnes (MTIS), 5.119 billion tonnes (TTIS) and 6.399 billion tonnes (GTIS). The resource of the Chapudi area, expressed as a percentage of total resource in the Greater Soutpansberg, is 54% for MTIS, 71% for TTIS and 72% for GTIS.

It should be noted that CoAL's estimate for the Chapudi area of 6.399 billion tonnes (GTIS) is significantly higher than the estimate for this area previously prepared by Rio Tinto (1.039 billion tonnes) on account of the following factors:

- CoAL's estimate includes certain farms over which NOPRs were already held by CoAL or its subsidiaries prior to completion of the Acquisition, which were not considered in the Rio Tinto estimate;
- CoAL's estimate quotes GTIS to a depth determined by the limit of the relevant NOPRs, whereas Rio Tinto's estimate assumed a maximum depth of 200 metres; and
- the Rio Tinto estimate was prepared prior to completion of the Pre-Feasibility Study drilling undertaken in 2009 and therefore does not reflect the results of that drilling program.

The Rio Tinto GTIS estimate for the Chapudi Project is more directly comparable to the current CoAL MTIS estimate of 1.318 billion tonnes, which was also prepared to a maximum depth of 200 metres. The difference between the two is largely attributable to the additional farms over which NOPRs were already held by CoAL or its subsidiaries which are included in CoAL's estimate.

CoAL continues with further technical work to refine the delineation of resource, including detailed analysis based on mining selective coal horizons as opposed to the bulk mining method intended by Rio Tinto. This will provide further clarity on the extent of the coking coal, high grade thermal and middling products available in the Chapudi area.

The Chapudi area lies to the west and along strike of the Makhado Project in the Makhado Valley of the Soutpansberg coalfield. Based on detailed technical work undertaken on the Makhado Project to date, this provides an important reference point to understand the continuity of the coal seams across the Chapudi area when re-logging boreholes based on delineating the selective coal horizons.

Makhado Region

The Makhado Region consists of the Makhado Project, which represents the most advanced exploration project in the Greater Soutpansberg, along with the Telema and Gray combined area (previously referred to as Makhado Extension) and Mount Stuart area to the east, and the Generaal area to the north. The total Makhado Region covers 32,922 hectares, of which the Makhado Project is 8,190 hectares.

The Definitive Feasibility Study for the Makhado Project is nearing completion, having recently received a favourable review by the CoAL Board of Directors during the quarter ended 31 March 2012. Detailed testing of product extracted from a bulk sample has been completed and confirmed that the 10% ash coking coal product performs well relative to other hard coking coals measured in terms of the Coke Strength Reaction, Coke Reactivity Index and Reflectance. Independent tests commissioned to confirm these results further suggest that the coal will be classified as a hard coking coal. Additional test work continues to determine the extent of an export grade thermal and middlings product.

The Generaal area is the largest within the Makhado Region, covering 13,470 hectares and a 20km, east-west striking, up-faulted block within the northern part of the Waterpoort Basin, immediately north of the Makhado Project. This provides the greatest synergy with the Makhado Project, further analysis of this potential is under review following completion of the Acquisition. Iscor drilled 48 holes and Rio Tinto a further 5 boreholes over this area. The

Iscor borehole database was acquired by CoAL and the resource has good potential for both coking coal, and a middlings thermal product.

Mopane Region

Following the Acquisition, the Mopane Region was further consolidated with various additional NOPRs within the Voorburg and Jutland areas that had not previously been held by CoAL, and have now been acquired, creating contiguous properties in this area over which the Company has NOPRs. The total consolidated area covers 26,005 hectares of which 11,504 hectares lie to the north on Voorburg and 14,501 hectares lie to the south on Jutland. The Voorburg area lies approximately 10km north of the main Soutpansberg Coalfield.

A metallurgical coal with a potential domestic and export thermal product has been identified in the Mopane Region. As a result of the Acquisition, the total strike drilled on Voorburg and Jutland increased from 7km to 9km and the remaining strike to be drilled tripled from approximately 7km to 21km, with the drilling program currently underway in this area.

Exploration drilling carried out by Iscor on the Voorburg area consisted of 39 diamond core boreholes, a further 4 by Rio Tinto and more recently 15 large diameter holes by CoAL. Previous drilling results on the Jutland area by Iscor in the 1970's do not conform to JORC standards and accordingly have not been included in the resource estimates. Following the Acquisition, the estimated resources for Voorburg increased marginally from previous estimates by 38Mt (MTIS), 45Mt (TTIS) and 53Mt (GTIS) to 219Mt (MTIS), 234 Mt (TTIS) and 271 Mt (MTIS) respectively. Further increases in the resources are anticipated with the additional exploration work planned for completion during the remainder of 2012.

In the late 1960's and early 1970's, exploration drilling on the Jutland area was carried out by Trans Natal Coal Mining Corporation with a total of 59 boreholes completed. Iscor continued with this work in the 1970's and 1980's and more recently Rio drilled 3 vertical reverse circulation holes on these properties. The Jutland area is likely to yield a coking coal product, with further testing required to determine the extent of a thermal coal product. Overall, the area has the potential to contribute significant additional coking coal production from the region. No resource has been declared and CoAL has commenced with the exploration program in this area.

Competent Person

The information in this announcement that relates to mineral resources or ore reserves has been compiled by Ms C Telfer (B.Sc. Hons. (Geol.), (DMS) Dip Bus Man Pr. Sci. Nat., FGSSA, MAusIMM, M.Inst.D) and Mr G Njowa (M.Sc. (Min. Eng), MRM, B.Sc.Hons. (Min. Eng), Grad CIS, MSAIMM, Pr Eng, MIAS), both full time employees of Venmyn Rand (Pty) Ltd, who both have relevant and appropriate experience and independence to appraise the coal assets. Both Ms C Telfer and Mr G Njowa are considered “Competent Persons”, and each have more than five years relevant experience in the assessment and evaluation of the types of coal exploration and mining properties presented in this announcement. Both Ms C Telfer and Mr G Njowa consent to the inclusion of the resource information in these Presentation Materials in the form and context in which it appears.

Glossary

- **Definitive Feasibility Study** - A study of the economic viability of the mining and production of base or precious metals or other minerals in such form and containing such detail as is customarily required by a bank or other financial institution engaged in mining project finance to enable it to determine whether to finance the development of a commercial mining operation.
- **Export grade thermal coal** – Coal that is used primarily for its heating value, typically measured at 6,000kcal. Thermal coal tends not to have the carbonization properties possessed by metallurgical coal.
- **Gross tonnes in situ (GTIS)** – At minimum thickness cut-off of 0.5m.
- **Hard coking coal** – A type of coking coal which enables the coke to be more efficient in/for steel making when it converts iron ore to raw steel.
- **JORC Code** - The 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australasian Institute of Geoscientists and Minerals Council of Australia.
- **km** - Kilometre.
- **Mineral Resource** - An estimated tonnage and grade of mineralisation in the ground reported in-line with the JORC Code.

- **Middlings product** – A by-product of export grade thermal coal of lower heating value typically used for power generation.
- **Mineable tonnes in situ (MTIS)** – At maximum opencast mining depth of 200m. No underground mining considered. Excludes all coal with volatiles <20%
- **Resource** - An estimated tonnage and grade of mineralisation in the ground.
- **Reserve** – The economically mineable part of a mineral resource
- **Total tonnes in situ (TTIS)** – At minimum thickness cut-off of 0.5m

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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 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 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 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 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.
