



ANNOUNCEMENT

2 December 2013

UPDATE ON SALE OF NON-CORE ASSETS

Coal of Africa Limited (“CoAL” or “the Company”) which operates in South Africa, together with its subsidiaries, is pleased to announce further progress on the company’s five-point turnaround strategy.

1. **Attaining strategic investor** – completed February 2013 with Beijing Haohua Energy Resource Co. Limited
2. **Reduction in overhead structure** - completed July 2013, 30% reduction in overheads
3. **Product quality confirmation at Vele** – coal quality tests completed in August 2013 and plant modification approved by the Board
4. **Thermal assets restructure** – target completion June 2014 for all assets identified
5. **Secure funding for Makhado and obtain regulatory approvals** – target completion end of Q3 CY 2014

With regards to Point 4 of the turnaround strategy, CoAL had identified five non-core thermal assets (Woestalleen Colliery*, Opgoedehoop**, Lemur, Holfontein and Mooiplaats Colliery) for which the Company has been engaged in a sales process. Further to the closure of Mooiplaats Colliery in September 2013, CoAL is pleased to announce the following progress relating to the sale of the non-core thermal assets;

- The disposal of the mining right associated with the Portion 5 of the farm Opgoedehoop.
- The disposal by CoAL of all shares and intercompany loan accounts in NuCoal Mining Proprietary Limited (the “Woestalleen Complex”) to Blue Falcon 212 Trading Proprietary Limited for R80 million (US\$7.9 million) in cash. The Woestalleen Complex is held on the balance sheet as an asset held for sale at US\$ 0.98 million as at 30 June 2013 and generated US\$ 95.6million in revenue for the FY 2013, but the resource in the form of Vuna Colliery was mined out by April 2013 and would have no future economic benefits to the Company.

All conditions precedent to the sales of Woestalleen Complex and Opgoedehoop have been met, including the provision by the buyers of proof of funding. However before the transactions can be completed and payment received, approval by the Department of Mineral Resources (“DMR”) in terms of Section 11 of the Mineral & Petroleum Resources Development Act, 2002 is required. Applications with respect to both sales were submitted to the DMR in September 2013 with the Company awaiting approval of the changes in ownership. The Woestalleen complex and Opgoedehoop have been sold for a combined R100.8 million (US\$9.95 million) in cash. The proceeds will be used for working capital.

In addition, progress has been made on the disposal of CoAL’s shareholding in Lemur Resources Limited to Bushveld Minerals Limited, a company listed on the AIM of the London Stock Exchange. CoAL has received 19.5 million Bushveld Minerals Limited shares as consideration. The Company is in the process of exploring options to monetise this asset.

*Woestalleen Complex consists of the Woestalleen wash plant, the rapid load out facility and the Vuna Colliery. The Vuna Colliery was mined out in April 2013.

** Opgoedehoop is an undeveloped mining right held by NuCoal Mining Proprietary Limited.

For more information contact:

David Brown	Executive Chairman	Coal of Africa	+27 11 575 4363
Michael Meeser	Chief Financial Officer	Coal of Africa	+27 11 575 4363
Celeste Harris	Investor Relations	Coal of Africa	+27 11 575 6857
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 8 9316 9100

Company advisors:

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Chris Sim/Jeremy Ellis	Nominated Adviser	Investec Bank plc	+44 20 7597 5970
Charmane Russell/Jane Kamau	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or

Suite 8, 7 The Esplanade, Mt Pleasant, Perth WA 6153, Australia, Tel: +61 8 9316 9100, Fax: +61 8 9315 5475, Email: perth@coalofafrica.com ACN 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 4363, Email: admin@coalofafrica.com

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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 Greater Soutpansberg Project /MbeuYashu, including CoAL's Makhado Project (coking and thermal coal).