



ANNOUNCEMENT

15 October 2013

VELE COLLIERY UPDATE

Coal of Africa Limited (“CoAL”) is pleased to announce that its board approved a R220 million expansion at Vele Colliery in August 2013. This is in line with the Company’s publicly announced strategy to reposition itself as a project development company focusing on its coking coal assets.

The approval follows the re-evaluation and confirmation of the quality of coal at Vele, and the conclusion of a review of the current operations. As part of that process and in order for the colliery to reduce the current cash losses incurred, the colliery will cease production during October 2013 in order to prepare for the construction phase of the announced expansion. The Company has commenced the required fund raising activities which should be finalised by the end of March 2014. Completion of the expansion is expected by the end of 2014. Thereafter, the colliery will begin to ramp up operations during 2015, and will be at full production by the end of that year.

A collaborative and inclusive engagement process with the contractor companies operating at the mine has been concluded, with 49 people retained. A total of 138 employees have been redeployed to other operations and 155 employees were retrenched. Throughout this process, the Company attempted to minimise job losses, while proactively engaging with all its stakeholders to minimise these impacts. This resulted in 55% of jobs preserved.

The Company’s commitment to recruit from its local labour-sending areas will be upheld upon commencement of the construction phase in 2014.

The Company will continue to honour all its obligations in terms of the relevant authorisations, and remains committed to on-going engagement and co-operation with all its key stakeholders.

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Investec Bank Limited is the nominated JSE Sponsor

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