



## ANNOUNCEMENT

3 JUNE 2013

### **Coal of Africa proposes to place Mooiplaats Colliery on care and maintenance**

Coal of Africa Limited ("the Company" or "CoAL") advises that it proposes placing the Mooiplaats Colliery ("Mooiplaats" or "the Colliery") on care and maintenance and will embark on a regulatory Section 189A ("S189A") process with effect from 3 June 2013 with stakeholders. This decision follows sustained and concerted attempts over the past two financial years to make the operation profitable and enable it to produce positive cash flows.

The Company's efforts to improve productivity and establish profitable operations at Mooiplaats, including capital investment, have been hampered by the global downturn in thermal coal prices over the last year. The situation has been exacerbated by the inability of the Colliery to ramp up production to achieve required targets due to poor operational performance and challenging geological conditions. Consequently the Company has continued incurring an unacceptable level of operational losses.

Mooiplaats recorded a loss of approximately R167million for the financial year ended 30 June 2012 and has generated an average monthly loss of R20million since the beginning of the current financial year. The Company has an allocation of three million tonnes in Maputo at the Matola Terminal and is working to mitigate the take or pay exposure. The Company's cash position as at 31 March 2013 was US\$67.4million.

The regulatory S189A process will begin on 3 June 2013 and will involve a two month consultation period whereby CoAL must engage with all relevant stakeholders. This process will evaluate alternatives to placing the Colliery on care and maintenance.

David Brown, Chairman of CoAL said: "This decision has not been taken lightly as CoAL recognises the importance of conserving jobs, but at the same time the need to preserve the Company's financial structure and ensure its future sustainability is paramount."

Mooiplaats currently employs 290 employees and 258 contractors. Coal of Africa will continue to provide updates on material developments as they occur.

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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), the Greater Soutpansberg Project, including CoAL's Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).