



ANNOUNCEMENT

19 February 2014

COAL OF AFRICA SELECTS FEED CONTRACTOR FOR THE VELE PLANT MODIFICATION PROJECT

Coal of Africa (the "Company" or "CoAL") is pleased to announce it has appointed Sedgman South Africa (Sedgman) as the engineer for the front-end engineering design (FEED) for the plant modification project at its Vele Colliery, in the Limpopo province of South Africa.

CoAL is embarking on the modification and expansion of its Vele Colliery beneficiation plant which will enable it to optimally produce three coal products (semi-soft coking coal, thermal coal and sized coal) simultaneously at an expected processing capacity of 2.7 million tonnes of run-of-mine (ROM) per annum. The planned three-month FEED process will enable CoAL to arrive at a class 1 - EPC estimate.

Sedgman will establish the process and engineering design parameters for the plant modification from the results of exploration infill drilling, coal quality testing and analysis undertaken over the past 12 months. A sample of semi-soft coking coal was sent to ArcelorMittal South Africa Limited ("AMSA") in September 2013 for metallurgical coal trials. This coal yielded positive results and the parties are negotiating an off-take agreement.

The scope of the work for the FEED contract includes:

- Identify and improve sections of the existing plant to ensure a 500tph throughput capacity.
- A stockpile management philosophy and associated design.
- A ROM handling, crushing and screening section.
- A de-stoning wash plant.
- A sized coal screening plant.
- A classifier in the fines beneficiation circuit.
- A froth flotation plant for the beneficiation of the ultra-fines.
- Products and discard stockpiling and load-out facilities.

The construction of the plant modification is expected to be completed during H1 CY2015 followed by a production ramp-up phase.

David Brown, Chief Executive Officer stated: “The Company continues to make significant progress in the execution of our five-point turnaround strategy. The appointment of the FEED contractor as well as the recent product quality confirmation by ArcelorMittal South Africa has been crucial achievements for the project. We are currently focused on finalising off-take agreements and obtaining project finance for the plant modification, and are confident that this will be concluded within our committed time lines”

Authorised by
David Brown
CEO

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