



ANNOUNCEMENT

28 February 2013

Derailment on the Matola rail corridor results in force majeure notice

Coal of Africa (“CoAL” or “the Company”) announces that it was advised by Transnet Freight Rail (“TFR”) of a derailment of 10 wagons on the Maputo (“Matola”) rail corridor on 18 February 2013 that has led to all rail traffic between Komatipoort and Maputo being suspended. Based on the current information the suspension is for a period of at least seven (7) weeks (“the suspension period”). TFR has attempted to establish alternative routes to the Matola Port which to date have unfortunately been unsuccessful.

Accordingly, the Company advises that its subsidiaries Limpopo Coal Company (Pty) Ltd (the holding company for the Vele Colliery), Langcarel (Pty) Ltd (the holding company for Mooiplaats) and NuCoal Mining (Pty) Ltd (the holding company for Woestalleen) have issued force majeure notices to their customers, contractors and other affected stakeholders.

The Company will implement measures at all operations to mitigate the commercial and operational impact of this force majeure. Production at Mooiplaats and Woestalleen will continue until stockpile capacity is exhausted. The existing stockpiles at Vele are at full capacity and have resulted in the temporary suspension of production. This suspension will preserve cash resources by reducing costs as the colliery, which is currently in developmental and product testing phase. Vele Colliery’s essential services will continue and a buffer contingency plan has been initiated to enable production to restart within 24 hours once TFR resumes operations on the Matola corridor.

In the second quarter of FY2013, the Company reported production of 1,153,486 tonnes run of mine coal of which 194,495 tonnes (16.86%) was produced by the Vele Colliery. The Company exported for sale 411,297 tonnes and in addition sold 418,355 tonnes to the domestic (inland and Eskom) market in the same period. The Company’s take or pay obligations will be appropriately adjusted as a result of the force majeure.

Coal of Africa will continue to provide updates on material developments as they occur.

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