



ANNOUNCEMENT

7 January 2013

Memorandum of Understanding signed with Vitol Group

Coal of Africa Limited (“the Company” or “CoAL”) is pleased to announce the signing of a binding Memorandum of Understanding (“the MOU”) with the Vitol Group of Companies (“Vitol”). Under the terms of the MOU, which the Company will be operating under from the date of the agreement, Vitol has been appointed as the Company’s exclusive marketing agent for all export thermal and coking coal for a period of eight years, except for the Makhado product where the marketing period is five years from the start of production. The coal available under this MOU excludes all coal subject to current agreements that are in place as well as any coal off-take that may be agreed with the Company’s strategic equity partners.

In addition, an agreement has also been reached between CoAL and Grindrod whereby Grindrod has agreed that, whilst CoAL’s option to take up capacity for any Phase 4 Expansion at the TCM export terminal in Maputo (“TCM”) remains intact, CoAL is no longer obliged to fund its own share of the capital for the Phase 4 expansion.

CoAL CEO, John Wallington said, “This MOU not only formalises our strategic relationship with Vitol but also provides CoAL with access to a global marketing network that will greatly assist the development of export markets for our coking and thermal coal products as we bring our Vele and Makhado projects online. In addition, our growing relationship with Vitol will assist CoAL with mitigating any take or pay obligations at TCM as we develop both Vele and Makhado and begin exporting.”

Bob Finch, Head of Vitol Coal, said “We are delighted to have entered into this partnership with CoAL. It expands our coal trading portfolio and reaffirms our commitment to the South African coal industry, as well as helping to develop the activities of TCM and underpinning the Phase IV expansion plans.”

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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).