



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 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.

AUTHORISED BY:

John Wallington
Chief Executive Officer

For more information contact:

David Brown	Chairman	Coal of Africa	+27 11 575 4363
John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 4363
Sakhile Ndlovu	Investor Relations	Coal of Africa	+27 11 575 6858
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

Company advisors:

Suite 8,7 The Esplanade, Mt Pleasant, Perth WA 6153, Australia, **Tel:** +61 8 9316 9100, **Fax:** +61 8 9315 5475, **Email:** perth@coalofafrica.com
ZA: 2nd Floor, Gabba Building, The Campus, 57 Sloane Street, Bryanston, Johannesburg, South Africa 2021, **Tel:** +27 11 575 4363, **Fax:** +27 11 576 7484, **Email:** adminza@coalofafrica.co.za
Company Registration: ACN 008 905388

David H. Brown - Chairman, John N. Wallington - Chief executive officer, Professor N. A. Nevhutanda - Corporate affairs director
Non-executive directors: Peter G. Cordin, Khomotso B. Mosehla, Dave J. K. Murray, Bernard R. Pryor, Rudolph H. Torlage

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Chris Sim/Neil Elliot	Nominated Adviser	Investec Bank plc	+44 20 7597 5970
Charmane Russell/James Duncan	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or +27 82 372 5816

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).