



ANNOUNCEMENT

24 MARCH 2011

COAL SECURES US\$50 MILLION FACILITY WITH DEUTSCHE BANK

Coal of Africa Limited ('CoAL' or the 'Company') announces it has today, via its wholly owned South African subsidiary Langcarel (Pty) Limited ("Borrower"), secured a revolving thermal coal export finance facility ("Facility") for up to US\$50 million ("Facility Amount") with Deutsche Bank AG, Amsterdam ("Lender").

The Facility will be used to provide funds for capital expenditure and general working capital purposes. It will also be used to repay the Company's existing US\$20 million unsecured, revolving loan facility agreement with JP Morgan Chase, details of which were announced on 28 April 2010, which is currently drawn down in full.

CoAL and its subsidiaries NuCoal Mining (Pty) Limited and Woestalleen Colliery (Proprietary) Limited will guarantee the Borrower's obligations under the Facility Agreement. Additional key terms of the Facility Agreement are set out in Annexure A.

The funds available under the Facility, together with the Company's current cash balance of US\$31 million as at 18 March 2011, provide CoAL with sufficient working capital to execute its operational strategy. Furthermore, the Company is benefitting from improved cash flow as a result of higher thermal coal prices combined with the implementation of recent cost cutting measures.

A handwritten signature in blue ink, appearing to read 'J. Wallington'.

JOHN WALLINGTON

Chief Executive Officer

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About CoAL:

CoAL is an AIM/ASX/JSE listed coal mining and development company operating in South Africa. CoAL's key projects include the Woestalleen Colliery, the Mooiplaats thermal coal mine, the Vele coking coal project and the Makhado coking coal project.

The Mooiplaats coal mine commenced production in 2008 and is currently ramping up to produce 2 million tonnes per annum ("Mtpa"). CoAL's Makhado coking coal project is expected to start production in 2013 and timing for Vele to reach production is still to be confirmed. These operations are targeted to collectively produce an initial 2Mtpa ramping up to a combined annual output of 10Mtpa of coking coal.

In 2010, CoAL completed the ZAR467m acquisition of NuCoal Mining (Pty) Limited ("NuCoal"), a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal owns the Woestalleen Colliery, which has a number of off-take contracts in place and processes approximately 2.5Mtpa of saleable coal for domestic and export markets. NuCoal also owns two beneficiation plants, one fully operational mine producing approximately 300kt per month of ROM coal and has recently commenced production at a second mine.

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ANNEXURE A

Tenor:	Up to 30 months.
Drawdown:	The Facility shall be available for drawdown, in minimum individual amounts of US\$2,500,000 or multiples thereof.
Availability Period:	The Facility is available for drawdown in minimum individual amounts of US\$2,500,000 on a 7-120 days revolving basis for a period of 30 months. Availability in the last 12 months will be limited in accordance with the repayment schedule (see Repayment below).
Repayment:	Unless the Facility is extended or refinanced earlier at the sole discretion of the Lender, the Facility Amount will be reduced each month by one twelfth.
Revolving:	The Facility will be available on a revolving basis during the Availability Period.
Offtake Contracts Coverage Ratio requirement:	Borrower undertakes that throughout the lifetime of the Facility, certain Offtake Contracts proceeds to be paid into Collection Accounts held with the Lender in the name of Borrower, and pledged to the Lender, shall always be equal to or greater than 130% of the amount outstanding under the Facility.
Security:	At all times the aggregate outstanding under the Facility will be secured by the following (in all cases documents to be in form and substance acceptable to the Lender), including but not limited to: • A first ranking assignment by the relevant Borrower of its rights under the Offtake Contracts (including payment instruments e.g. letters of credit), in favour of the Lender. The Offtakers have acknowledged such assignment following a notice given by the relevant Borrower; • Pledge over the Collection Accounts with the Lender; • Pledge over Customer Foreign Currency Accounts with Deutsche Bank, Johannesburg.
Interest Rate:	LIBOR plus 3% per annum

The Facility agreement contains other terms and conditions (inclusive of fees) standard for these types of facilities.