COAL of AFRICA LIMITED

ANNOUNCEMENT **1 MARCH 2011**

MAKHADO PROJECT NEW ORDER MINING RIGHT APPLICATION ACCEPTED

Coal of Africa Limited ("CoAL" or "the Company") is pleased to advise that it has received the acceptance letter from the Department of Mineral Resources ("DMR") for the New Order Mining Right Application for the Makhado Coking Coal Project lodged on 24 January 2011.

The acceptance letter triggers the commencement of the rigorous process that is required prior to the final granting of the NOMR.

The Company is progressing with extensive economic, social and environmental impact studies as part of an intensive process of formulating the detailed Environmental Management Programme.

The detailed design phase of the Makhado Project will commence once the Definitive Feasibility Study has been finalised and approved by the CoAL board of directors. The Company anticipates that this will occur by the end of the June quarter.

JOHN WALLINGTON

Chief Executive Officer

For more information contact

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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.

Resource Estimation:

The information in this report that relates to exploration results, mineral resources or ore reserves in respect of the Makhado coking coal project is based on information compiled by Mark Craig Stewardson, who is registered as a Professional Natural Scientist (Pr Sci Nat, Reg. No. 400119/93) with the South African Council for Natural Scientific Professions ("SACNASP"), which is a Recognised Overseas Professional Organisation ("ROPO") in terms of the JORC Code. Mark Craig Stewardson is employed by Mineral Corporation Consultancy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mark Craig Stewardson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.