



ANNOUNCEMENT

28 APRIL 2011

REPORT FOR THE QUARTER ENDED 31 MARCH 2011

Coal of Africa Limited ("CoAL" or "the Company") provides its operational report for the quarter ended 31 March 2011. A copy of this report is available on the Company's website, www.coalofafrica.com.

Highlights

- Increased production of 1,109,447 tonnes of run of mine ("ROM") coal (Q2: 954,915) and 710,590 tonnes of export quality coal (Q2: 686,403) at the Company's Woestalleen and Mooiplaats thermal collieries.
- Submission of the New Order Mining Right ("NOMR") application for the Makhado coking coal project ("Makhado Project") and formal acceptance of the NOMR application by the South African Department of Mineral Resources ("DMR").
- Execution of the New Order Prospecting Rights ("NOPR") for the Rio Farm Swap.
- Extraction of bulk sample from the Makhado Project completed and processing of bulk sample commenced.
- Increase in Company's export allocation at the Matola terminal in Maputo, Mozambique ("Matola Terminal") from 1.0 to 3.0 million tonnes per annum ("mtpa").
- Securing of US\$50 million export finance facility with Deutsche Bank AG, Amsterdam ("Deutsche Bank") and repayment of the JP Morgan Chase ("JPMC") US\$20 million facility.
- Cash balance at the end of the quarter of A\$25.1 million.

Commenting on the results, John Wallington, Chief Executive Officer of CoAL said: "The measures implemented at Mooiplaats and Woestalleen collieries started to impact positively during the quarter under review. During March 2011, CoAL's export allocation at the Matola Terminal increased from one to three mtpa, which will increase the proportion of total sales that would be exposed to current export market prices which averaged above US\$120/tonne during the period under review."

"The Company continues to engage with the relevant government departments to fully comply with all applicable legislation at the Vele Colliery. Further updates will follow in due course."

QUARTERLY COMMENTARY

Woestalleen Mines and Processing Plant – Witbank Coalfield (100%)

The Zonnebloem mine continued its impeccable safety record in the March quarter, with the site not recording a single lost time injury since start-up in 2008. The Woestalleen plant site recorded two lost time injuries during the quarter, resulting in an increased focus on safety through the initiation of additional safety audits.

Production at Woestalleen's open cast mines increased by 11% compared to the previous quarter, yielding 845,515 tonnes (Q2: 761,393 tonnes) of ROM coal. Zonnebloem produced 727,223 tonnes (Q2: 639,087 tonnes) and Hartogshoop 118,292 tonnes (Q2: 109,790 tonnes) of ROM coal. Klipbank colliery was mined out in the previous quarter (Q2: 12,516 tonnes) and is in the process of being closed.

A total of 907,978 tonnes (Q2: 829,065 tonnes) of ROM coal was processed at the Woestalleen processing facility during the quarter, producing 499,117 tonnes (Q2: 500,940 tonnes) of export quality coal and 84,850 tonnes (Q2: 97,368 tonnes) of middlings product for Eskom, the South African electricity utility. The overall yield of 64.3% (Q2: 72.2%) was lower than in the previous quarter due to lower quality of ROM coal mined.

Mooiplaats Colliery – Ermelo Coalfield (100%)

Although Mooiplaats had reported no lost time injuries for more than six months from August 2010, the colliery reported three lost time injuries during the quarter. Safety programmes have been intensified to address identified shortcomings.

Production increased by 36% to 263,932 tonnes of ROM coal in the March 2011 quarter, compared to 193,522 tonnes of ROM coal in the December 2010 quarter. This increase is primarily attributable to expansion of the pit room to facilitate additional production from the four underground sections.

A total of 121,178 tonnes (Q2: 162,146 tonnes) of ROM coal was purchased during the quarter. Plant throughput of 388,380 tonnes (Q2: 355,698 tonnes) increased during the quarter producing 211,473 tonnes (Q2: 185,463 tonnes) of export quality coal and 66,907 tonnes (Q2: 67,758 tonnes) of middlings product for Eskom.

Marketing and Logistics

During the quarter, a total of 735,680 tonnes (Q2: 812,923 tonnes) of coal was sold, consisting of 198,347 tonnes (Q2: 170,776 tonnes) of export coal through the Matola Terminal, 418,141 tonnes (Q2: 504,731 tonnes) of export quality coal on a free on rail basis and 119,192 tonnes (Q2: 137,416 tonnes) of middlings coal to Eskom. Total sales by colliery for the quarter were as follows: Woestalleen 423,529 tonnes (Q2: 583,617 tonnes) and Mooiplaats 312,151 tonnes (Q2: 229,306 tonnes).

Completion of phase three of the port upgrade and expansion program resulted in the Company's export capacity at the Matola Terminal in Mozambique increasing from 1.0mtpa to 3.0mtpa during

March 2011. The Company also benefitted from additional rail capacity created by Transnet Freight Rail during the period, with the Maputo Corridor's average weekly capacity increasing by more than 70%, resulting in railings of 278,077 tonnes to the Matola Terminal (Q2:192,945 tonnes) during the quarter.

Summary of Production and Sales (tonnes)

	Woestalleen	Mooiplaats	Total
<i>March 2011 quarter</i>			
ROM production	845,515	263,932	1,109,447
ROM coal purchased	-	121,178	121,178
Total coal processed	907,978	388,380	1,296,358
Overall Yield	64.3%	71.7%	66.5%
Total coal produced	583,967	278,380	862,347
Export coal	499,117	211,473	710,590
Middlings coal	84,850	66,907	151,757
Coal railed to the Matola Terminal	-	278,077	278,077
Total coal sales	423,529	312,151	735,680
Export quality – Matola Terminal	-	198,347	198,347
Export quality – Domestic FOR	356,986	61,155	418,141
Middlings quality - Eskom	66,543	52,649	119,192
<i>December 2010 quarter</i>			
ROM production	761,393	193,522	954,915
ROM coal purchased	-	162,146	162,146
Total coal processed	829,065	355,698	1,184,763
Yield	72.2%	71.2%	71.9%
Total coal produced	598,308	253,221	851,529
Export coal	500,940	185,463	686,403
Middlings coal	97,368	67,758	165,126
Coal railed to the Matola Terminal	-	192,945	192,945
Total coal sales	583,617	229,306	812,923
Export quality coal sales – Matola Terminal	-	170,776	170,776
Export quality coal sales – Domestic FOR	504,731	-	504,731
Middlings quality coal sales (Eskom)	78,886	58,530	137,416

Vele Coking Coal Project – Tuli Coal Field (100%)

As announced at the end of the December quarter, the development phase of the Vele coking coal project (“Vele Colliery”) is near completion. No construction or mining activity has taken place at the Colliery since the Compliance Notices were served on the Company by the South African Department of Environmental Affairs (“DEA”) in August 2010. The mine remains on care and maintenance.

The Company continues to work closely with various South African government departments to resolve these issues. The South African Department of Water Affairs (“DWA”) granted the Integrated Water Use Licence (“IWUL”) for the Colliery on 29 March 2011 and the Company submitted the final set of rectification papers in terms of Section 24G of the South African National Environmental Management Amendment Act, 1998 (Act No. 107 of 1998) (“NEMA”) to the DEA during the reporting period.

Makhado Coking Coal Project – Soutpansberg Coal Field (100%)

The NOMR application for the Makhado Project was lodged with the DMR in January 2011 and formally accepted by the DMR at the end of February 2011. This allowed for the commencement of the rigorous processes required prior to the granting of the NOMR.

During the quarter, independent experts continued with the baseline social and environmental studies for the NOMR and the consultation processes with interested and affected parties. Extensive economic, social and environmental impact studies will be prepared as part of the NOMR process resulting in the formulation of a detailed Environmental Management Plan, as part of the overall submissions required for the application.

The Company completed the review process for the Makhado Project Definitive Feasibility Study (“DFS”) during the reporting period. Upon completion of the DFS and approval thereof by the CoAL Board of directors (“Board”), the detailed design phase of the Project will commence. The Company envisages that completion of the DFS and the subsequent Board approval will be finalised during the second half of 2011.

Extraction of the bulk sample was completed during the quarter, and the Company commenced transportation of the ROM sample to Exxaro’s Tshikondeni Colliery for processing. The sample is expected to yield approximately 3,000 tonnes of coking coal for further testing by ArcelorMittal (South Africa) and other potential export customers. The results of these tests are intended to facilitate the finalisation of the proposed off-take agreement between CoAL and ArcelorMittal SA.

Corporate Activity

Deutsche Bank Facility

The Company, through its wholly owned subsidiary Langcarel (Pty) Ltd, has secured a US\$50 million revolving thermal coal export finance facility from Deutsche Bank. The facility will be used for capital expenditure and general working capital purposes. Additionally, during the quarter, this facility was used to repay the existing fully drawn loan facility of US\$20 million with JPMC.

Authorised by



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 thermal 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 ZAR467 million 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 Zonnebloem mine producing approximately 300kt per month of ROM coal and has recently commenced production at a Hartogshoop mine.
