



ANNOUNCEMENT

21 OCTOBER 2010

Response to Press Statement

Coal of Africa Limited ("CoAL" or "the Company") notes the recent article published by Bloomberg on 14 October 2010 regarding the Company's Vele Colliery in the Limpopo Province of South Africa.

The Company would like to clarify that no decision has been made as yet by the Department of Environmental Affairs ("DEA") or the Department of Water Affairs in relation to the recommencement of development and the granting of the Integrated Water Use License application for the Vele Colliery.

CoAL is in active dialogue with the DEA and remains hopeful development can re-commence in Q4 2010. The Company will continue to keep the market informed of relevant progress.

A handwritten signature in blue ink, appearing to read "John 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 2012 and timing for Vele to reach production is expected to commence Q4 2010. These operations are targeted to collectively produce an initial 2 Mtpa ramping up to a combined annual output of 10 Mtpa 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.

CoAL currently has 1 Mtpa export capacity at the Matola Terminal in Maputo, Mozambique, increasing to 3 Mtpa on completion of the next phase of expansion at the terminal. CoAL also has the option to participate in further expansion at the Matola Terminal, which is expected to increase the capacity at the terminal by an additional 10 Mtpa.

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