COAL of AFRICA LIMITED

ANNOUNCEMENT **4 APRIL 2011**

VELE INTEGRATED WATER USE LICENSE GRANTED

Coal of Africa Limited ("CoAL" or the "Company") is pleased to advise that the integrated water use licence for the Company's Vele Colliery has been granted by the South African Department of Water Affairs. The application was lodged on 1 November 2009, and CoAL has since been in constant interaction with Government officials in order to progress its approval. The Company has undergone an intensive application process, including public participation meetings, to meet all the legislative requirements pursuant to the South African National Environmental Management Amendment Act, 1998 (Act No. 107 of 1998).

John Wallington, CoAL's Chief Executive Officer, commented: "Coal of Africa welcomes the decision to grant the licence. The Company is acutely aware of the sensitivity of the area and the significant responsibilities the approval brings."

As previously announced, the rectification process relating to the compliance notice issued with respect to the Vele Colliery continues and any development in this regard will be announced in due course.

JOHN WALLINGTON

Chief Executive Officer

For more information contact:

John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 7423
Wayne Koonin	Finance Director	Coal of Africa	+27 11 575 4363
Shannon Coates	Company Secretary	Coal of Africa	+61 893 226 776
Chris Sim	Nominated Adviser	Evolution Securities	+44 20 7071 4300
Jos Simson/Emily Fenton	Financial PR	Tavistock	+44 207 920 3150
Melanie de Nysschen/ Annerie Britz/ Yvette Labuschagne	JSE Sponsor	Macquarie	+27 11 583 2000

www.coalofafrica.com

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.

AU: Level 1 Old Swan Brewery 173 Mounts Bay Road Perth WA 6000 Australia Telephone: +61 8 9322 6776 Facsimile: +61 8 9322 6778 Email: perth@coalofafrica.com ACN 008 905 388
ZA: 2nd Floor, Gabba Building, The Campus, 57 Sloane Street, Bryanston, Johannesburg, South Africa 2021 Tel: +27 11 575 4363 Fax: +27 11 576 4363 Email: adminza@coalofafrica.co.za