COAL of AFRICA LIMITED

ANNOUNCEMENT **11 May 2011**

VELE SECTION 24G APPLICATION UPDATE

Coal of Africa Limited ("CoAL" or "the Company") advises that as part of the Section 24G Application submitted by its wholly owned subsidiary Limpopo Coal Company ("LCC") to the Department of Environmental Affairs ("DEA"), an administration fine of ZAR9.250 million (A$1.259 million) has been paid to the department.

Pursuant to CoAL's commitment to comply with all legislative requirements, including the compliance notices issued in respect of Vele Colliery, LCC submitted a rectification application in terms of Section 24G of the South African National Environmental Management Act, 107 of 1998.

The payment of the administration fine is a pre-condition to enable the DEA to consider and decide upon the rectification application relating to an environmental authorisation for Vele Colliery.

CoAL continues to engage with the South African Government in good faith and transparently in order to co-operate and comply with all legislative requirements.

Authorised by

JOHN WALLINGTON
Chief Executive Officer
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For more information contact

John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 7423
Wayne Koonin	Financial Director	Coal of Africa	+27 11 575 6797
Ryan Rockwood	Transaction Adviser	Azure Capital	+61 447 760 058
Jeremy Ellis / Romil Patel / Chris Sim	Nominated Adviser	Evolution Securities	+44 20 7071 4300
Jos Simson / Emily Fenton	Financial PR	Tavistock	+44 207 920 3150
Natalie Di-Sante/ Yvette Labuschagne / Annerie Btiz/ Melanie de Nysschen	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 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.