



ANNOUNCEMENT

22 MARCH 2010

COAL EXECUTES NEW ORDER MINING RIGHT FOR VELE PROJECT

Further to the Company announcement dated 2 February 2010, Coal of Africa Limited ("CoAL" or the "Company") is pleased to announce that the New Order Mining Right ("NOMR") granted by the South African Department of Mineral Resources ("DMR") for its 100% owned Vele coking coal project ("Vele Project") near Musina in the Limpopo Province has now been executed. The formal execution of the NOMR includes approval of the Environmental Management Plan ("EMP") submitted as part of the NOMR application. The Company will now proceed with immediate development of the Vele Project.

The Company has undertaken a significant amount of preparation in anticipation of the granting and execution of the NOMR to accelerate development at the Vele Project. To this end, the Engineering, Procurement, Construction and Management contractor will commence immediately with earthworks and civil construction for the erection of the modular plant, to be transported by road from Cape Town. The mining contractor will be mobilised at the same time to begin preparation for the excavation of the initial box-cut. The construction and preparation is planned to be completed to produce the first coking coal product in Q3 2010.

CoAL will develop its Vele Project in two phases. Phase 1 will initially comprise the establishment of a modular coal treatment plant with the ability to deliver an estimated 1 million saleable tonnes (yield dependant) of coking coal per annum, and expects to attain this annualised production target rate by the end of 2010. Phase 2 is planned to deliver 5 million tonnes per annum ("mtpa") of saleable coking coal, the development of which will be dictated by market conditions.

It is anticipated that 100% of Phase 1 production from Vele will be the subject of an off-take agreement with ArcelorMittal South Africa ("Mittal"). As previously announced, the Company signed a Letter of Intent in April 2008 ("Mittal LOI") which provides for the off-take from the Company's coking coal properties of a minimum of 2.5 mtpa, with an option for Mittal to increase this to 5 mtpa. Under the terms of the Mittal LOI, CoAL will be obliged to deliver the coal on a free on rail basis in return for a free on board index related price.

Recent reports suggest that the 2010 contracts for hard coking coal have been agreed and settled at US\$200/t, which bodes very well for the Vele Project to deliver robust economics.

Formal negotiations with Mittal to convert the Mittal LOI referred to above into a formal off-take agreement are continuing.

Due to the delay in receiving the initial grant of the NOMR and subsequent delay in execution of the NOMR, the Company has incurred a number of additional charges that were not part of the original budget, including but not limited to standing time penalties, storage and transportation costs. Furthermore, certain costs have increased from the time of preparation of the original budget until now, being physical mobilisation of the project. Therefore, the total capital expenditure budget for Phase 1 has been revised upwards from the originally stated ZAR350 million to ZAR450 million.

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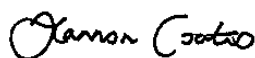
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The Company notes that, as at the end of February 2010, a total of ZAR260 million of the above mentioned budget has already been expended, leaving ZAR190 million outstanding to complete Phase 1. It is anticipated that the remaining capital expenditure will be spent between now and the end of 2010. Furthermore, the Company expects that a doubling of the Phase 1 capacity can be achieved with a further capital expenditure of approximately R200 million.

Commenting today, Simon Farrell, Managing Director of CoAL, said: "This development paves the way for immediate mobilisation to bring the Vele Project into production. CoAL has undertaken a significant amount of preparation work in anticipation of the NOMR which will allow first production of coking coal in Q3 this year. The Company looks forward to developing Vele at a time when coking coal prices are being settled around \$200/t, 55% higher than 2009/10 prices."

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About CoAL:

Coal of Africa Limited ("CoAL") is an AIM/ASX/JSE listed coal mining and development company operating primarily in South Africa. CoAL has 4 key projects including the 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656 mt Vele coking coal project, the 1.3 billion tonne Makhado coking coal project ("Makhado Project") (including resources to be acquired under the Rio Tinto farm swap arrangements) and the recently acquired Woestalleen Colliery and associated mining operations producing in excess of 2mtpa export quality thermal coal.

The Mooiplaats coal mine commenced production in 2008 and is currently ramping up to produce 2 mtpa. CoAL's Vele and Makhado coking coal projects are expected to start production in Q3 2010 and Q1 2012 respectively, producing an initial 2 mtpa rising to a combined annual output of 10 mtpa of coking coal.