



ANNOUNCEMENT

21 MAY 2009

SUBMISSION OF VELE PROJECT ENVIRONMENTAL IMPACT ASSESSMENT AND MANAGEMENT PROGRAMME

Coal of Africa Limited ("CoAL" or "Company"), the AIM/ASX/JSE listed coal development company operating in South Africa (ticker: CZA), is pleased to announce that, as part of its application for a New Order Mining Right for the Vele Colliery Project ("Vele Project"), a comprehensive Environmental Impact Assessment ("EIA") and Environmental Management Programme ("EMP") was submitted to the Department of Minerals and Energy ("DME") on 15 May 2009. CoAL has committed to spending R500 million over thirty years to ensure the highest levels of environmental and social performance.

The EIA and EMP process was managed by Jacana Environmentals cc in partnership with Naledi Development Restructured (Pty) Ltd, both highly qualified environmental / social practitioners. The environmental and social assessment process included a scoping phase, detail impact assessments by independent specialists and extensive stakeholder consultation. In addition to complying with national regulations, the process also considered international best practices. Furthermore, the 2,000 page document included numerous independent expert reports covering impact assessments on the following areas:

1. Soil survey, land use, sensitive landscapes and land capability;
2. Biodiversity;
3. Surface water;
4. Groundwater;
5. Air quality;
6. Noise;
7. Heritage;
8. Paleontology;
9. Visual;
10. Blasting;
11. Socio economic; and
12. Macroeconomic.

The DME will be responsible for forwarding the EIA / EMP report and specialist reports to the relevant South African government departments for comment. A notification has also been sent to all registered interested and affected parties informing them of the availability of the documents on the Company's website and at specific locations, and requesting their comments within the next 60 days.

Commenting on CoAL's commitment to a sustainable environment and co-existence with the communities and existing land uses and conservation initiatives, Riaan van der Merwe, CoAL's Chief Operating Officer, said:

"In addition to the significant investment required to develop the mine whilst simultaneously minimising environmental impacts such as water management infrastructure, cladding of stockpiles, tarring of access road, etc, an amount in excess of R18million is committed per annum and will include:

- rehabilitation & revegetation;
- offset biodiversity programmes;
- dust suppression;
- rescue & relocation operations for protected fauna & flora species;
- staff to oversee the indigenous nursery and the rehabilitation, and specialists to assist with rescue operation / revegetation programme;
- environmental monitoring & auditing."

In the region of R1 million will be spent on heritage resources. An archaeologist and paleontologist will be employed on a retainer basis to monitor any new excavations for archaeological and/or paleontological artifacts. A further R160 million has been committed over the first five years for skills development, infrastructure development and community services.

"The macro-economic impacts emanating from the proposed mine will be significant: it has the potential to create over 28,000 direct and indirect jobs, which in the context of one of the poorer provinces in South Africa is a critical consideration. The potential exports generated from the mine, together with the possible reduction in the need for South African companies to import coking coal, will also have a substantial affect on South Africa's balance of payments," van der Merwe continued.

Despite recent media reports to the contrary, the proposed Vele Project is not located within the Mapungubwe National Park (which houses the World Heritage Site of Mapungubwe Hill), the Transfrontier Conservancy Area (TFCA) project or their associated buffer zones. This has been confirmed by representatives from the TFCA, SANParks and the Department of Environment and Tourism and referencing published maps on these organisations websites.

The Vele Project will be located approximately 48km west of Musina, adjacent to existing intensive agriculture on the Limpopo River bordering Zimbabwe.

The EIA/EMP report and specialist reports are available from www.coalofafrica.com from 21 May 2009.

Yours sincerely



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About CoAL:

Coal of Africa Limited ("CoAL") is primarily focused on the acquisition, exploration and development of thermal and metallurgical coal projects. The Company's key projects, along with its leading metals processing company NiMag Group (Pty) Ltd are in South Africa. The Company was incorporated in Western Australia and listed in 1980. Since 2005, the Company has also listed on both the AIM and JSE markets, allowing further growth in the Company's coal assets.

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