



ANNOUNCEMENT

11 MARCH 2010

COAL RECEIVES APPROVAL TO TAKE BULK SAMPLE FROM MAKHADO PROJECT

Coal of Africa Limited ("CoAL" or the "Company") is pleased to confirm it has received approval from the South African Department of Mineral Resources to its application to take a bulk sample from its Makhado coking coal project ("Makhado Project").

The Makhado Project, in which CoAL holds a 100% interest, is located in Soutpansberg, 60 kilometres from Musina in the Limpopo Province, close to Rio Tinto's Chapudi project and covers an area of more than 23,000 hectares. The Makhado Project will comprise an opencast mine, planned to deliver 5 million tonnes of hard coking coal product per annum at full output.

The Company will now commence the sampling process, which will involve excavating an opencast pit on the Farm Tanga. Approximately 411 000 bank cubic metres of overburden will be removed to expose 19,100 tonnes of run-of-mine coal. This coal will be transported to Tshikondeni Colliery where it will be beneficiated to a 12% ash coking coal. This is expected to provide 4,400 tonnes of product which will be sampled and analysed at CoAL's laboratory in Polokwane.

Following the processing and laboratory analysis of the bulk sample, the coal will be provided to ArcelorMittal SA to test in their coking ovens at Vanderbiljpark for "value in use" analysis. This testing is necessary in order to finalise certain terms and conditions of the proposed off-take agreement between CoAL and ArcelorMittal SA, including terms and conditions relating to pricing and volumes.

CoAL continues to liaise with the South African Department of Mineral Resources in relation to effecting the Exchange of Prospecting Rights Agreement entered into with joint venture companies held by the Rio Tinto Group and Kwezi Group of South Africa ("Farm Swap"), as announced on 29 October 2009. While the Company continues to prepare the New Order Mining Right ("NOMR") application for Makhado, which is progressing well, CoAL is legally restricted from lodging the NOMR application until the required regulatory approval for the Farm Swap is received. The Company will advise of any updates in this regard in due course.

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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 H1 2010 and Q4 2011 respectively, producing an initial 2 mtpa rising to a combined annual output of 10 mtpa of coking coal.