COAL of AFRICA LIMITED

ANNOUNCEMENT **28 APRIL 2010**

REPORT FOR THE QUARTER ENDED 31 MARCH 2010

Coal of Africa Limited ("CoAL" or "the Company") provides its operational report for the quarter ended 31 March 2010. A full copy of this report is available on the Company's website, www.coalofafrica.com.

Highlights

- Granting and execution of a New Order Mining Right ("NOMR") for the Vele coking coal project ("Vele Project").
- Completion of the acquisition of Nucoal Mining (Pty) Ltd ("Woestalleen") for ZAR467m comprising the Woestalleen processing facility, the Zonnebloem, Klipbank and Hartogshoop coal mines and the Opgoedenhoop and Klipfontein coal projects.
- Completion of the acquisition of the remaining 20% of the Vele Project, increasing the Company's interest in the project to 100%.
- Commencement of mining of export quality thermal coal from the Mooiplaats thermal coal project ("Mooiplaats Colliery").
- First exports of thermal and low volatile "lean" coal from the Matola Terminal in Maputo, Mozambique ("Matola Terminal").
- Approval from the Department of Mineral Resources ("DMR") for the extraction of a bulk sample from the Makhado coking coal project ("Makhado Project") for delivery to ArcelorMittal South Africa Limited ("ArcelorMittal SA").
- Granting of a conditional NOMR for the Holfontein coal project (which is held available for sale) near Secunda in the Mpumalanga Province.
- Securing of a US$20 million working capital facility from JP Morgan Chase.
- Cash balance at the end of the quarter of A$41.6 million.

Commenting on the results today, Simon Farrell, Managing Director of CoAL said: "The execution of the mining right was the final step required for development of the Vele Project to commence. The construction is expected to be completed early in the third quarter of 2010, followed soon thereafter by sales of coking coal. Furthermore, the completion of the acquisition of NuCoal's Woestalleen assets and the mining of thermal coal at the Mooiplaats Colliery ensures that the Company is positioned to sell significant quantities of coal into the improving international and domestic coal markets."

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DISCUSSION OF RESULTS

Mooiplaats Colliery – Ermelo Coalfield (100%)

During the quarter, underground mining operations at the Mooiplaats Colliery entered the export quality bituminous (thermal) coal seam. The transition from lean to bituminous coal is associated with marked improvements in roof and floor conditions and reduction in mining costs. The Company commenced processing run of mine ("ROM") coal from a neighbouring third party to utilize spare processing capacity available during the ramp-up in addition to the 90,000 tonnes produced at the mine. The processing plant produced 84,067 tonnes of primary product and 14,897 tonnes of the lower grade middlings product. The primary product was railed from the Umlabo siding to the Matola Terminal and the middlings product is intended to be sold to Eskom. The first shipment of coal was loaded during January and by the end of the March 2010, the Company had exported 132,315 tonnes of coal comprising both lean and export quality thermal coal.

Following discussions with the DMR, the Environmental Management Plan for the extension of the NOMR to include the farms Klipbank and Adrianople was re-submitted during the quarter, facilitating the regulatory approval for the development of the south decline.

Woestalleen – Witbank Coalfield (100%)

The fulfillment of outstanding suspensive conditions and working capital adjustments in January 2010 resulted in the Company completing the acquisition of 100% of Woestalleen for ZAR467 million, which includes a retention of ZAR65 million relating to certain warranties detailed in the applicable Share Sale Agreement. Settlement of the above mentioned acquisition was effective from 1 January 2010.

The Woestalleen assets include two beneficiation plants with total name plate capacity of 350,000 ROM feed tonnes per month, the Zonnebloem, Hartogshoop and Klipbank open cast coal mines (each located approximately 35km away), and the Opgoedenhoop and Klipfontein coal projects.

During the three months ended 31 March 2010, Woestalleen produced 1,180,477 tonnes of ROM coal, of which 765,332 tonnes was trucked to the wash plant for processing and the balance was sold unprocessed. Total processed product of 543,882 tonnes was sold during the three months, 79% of which was RB1 tonnage sales, exported via either Richards Bay Coal Terminal, Richards Bay Dry Bulk Terminal or the Matola Terminal.

The Company continues with the process of integrating the Woestalleen operations into CoAL and expects to finalise this process in the June quarter.

Vele Coking Coal Project – Tuli Coal Field (100%)

On 2 February 2010, the Company announced that the DMR had granted Limpopo Coal Company (Pty) Ltd ("Limpopo Coal"), the company that owns the Vele Project, a NOMR. This satisfied the last outstanding suspensive condition for the acquisition of the remaining 20% of Limpopo Coal and on 25 February 2010 the Company issued 5,625,750 ordinary shares to take the Company's interest to 100%. The NOMR was executed on 22 March 2010 allowing for the commencement of the development of the Vele Project.

The Company is developing the Vele Project in two phases. Phase 1 will comprise the establishment of a modular coal processing plant with the ability to deliver an estimated 1 million saleable tonnes per annum ("Mtpa") (yield dependant) of coking coal. The designs to double the capacity of the plant, if required, are well advanced. Phase 2 of the project is planned to deliver 5Mtpa of saleable coking coal, with a start date to be determined by market conditions.

CoAL has undertaken a significant amount of preparation in anticipation of the granting and execution of the NOMR. This included the construction and pre-commissioning of the modular coal processing plant at a site in Cape Town. The plant modules will now be trucked to the project and the plant is expected to be commissioned in Q3 2010. ELB Engineering, the Engineering, Procurement and Management contractor has commenced preparing the site for construction of the plant and mining related and processing infrastructure. MCC Contracts (a division of Eqstra Holdings Limited), the appointed mining contractor broke ground for the eastern opencast pit during the first week in April.

As announced during the quarter, the estimated total capital expenditure required to complete Phase 1 of the Vele Project is R450 million, a significant amount of which has already been spent.

CoAL anticipates that the bulk of the Phase 1 production will be purchased by ArcelorMittal SA. The Company and ArcelorMittal SA continue to negotiate the terms and conditions of a formal off-take agreement, reflective of the previously signed Letter of Intent ("LOI") that provides for ArcelorMittal SA to purchase between 2.5Mtpa and 5Mtpa which CoAL will deliver free on rail (FOR) but receive a market related indexed free on board price (FOB).

During the quarter a further 20 exploration holes totalling over 2,000 metres were drilled on the planned east pit mining area. This improved the drilling density and results thereof confirmed the structure and composition of the coal. All cores have been geophysically logged and core samples sent to the Company's laboratory in Polokwane for analysis.

Makhado Coking Coal Project – Soutpansberg Coal Field (100%)

During the quarter, the Company completed an additional 38 exploration holes comprising over 2,600 metres. This will be used to define the southern edge of the coal and provide additional information for updating the geological model, which will include both sedimentology as well as geological structure. The high level study on the processing plant required for the project continued and a modular wash plant similar to that built for the Vele Project, is being considered to allow for rapid start-up of the project.

During March, the Company received approval from the DMR for the extraction of a bulk sample from the Makhado Project. The sample to be extracted will yield 19,100 tonnes of ROM coal which will be transported to Tshikondeni Colliery, where it is expected to be beneficiated to 4,400 tonnes of coking coal with a 12% ash content. This sample will be sent to the Company's laboratory in Polokwane for analysis. ArcelorMittal SA will then test the coal in their coking ovens at Vanderbijlpark. The testing is intended to facilitate the finalisation of certain terms and conditions related to volumes and pricing for the proposed off-take agreement between CoAL and ArcelorMittal SA.

During the period, CoAL, in conjunction with Rio Tinto, prepared the documentation required by the DMR to effect the Rio Tinto Farm Swap agreement. This documentation was lodged with the DMR in Polokwane in April.

Holfontein Coal Project (100%)

As announced on 2 February 2010 the DMR granted the Company a NOMR for its Holfontein coal project situated near Sasol's Secunda coal production area. The Holfontein NOMR is conditional upon the delivery of certain documents to the DMR and the Company expects the DMR to execute the NOMR in Q2 2010. The Company continues to classify Holfontein as a non core asset available for sale and will commence active marketing of the property immediately upon execution of the above mentioned NOMR.

Polokwane Analytical Laboratory

The Company's analytical laboratory in Polokwane in the Limpopo Province continued performing petrographic, thermal and various other coal quality tests on samples from the Company's Vele and Makhado Projects. Results from the tests undertaken on the samples from the projects will be released once all of the results have been received.

Nimag Group of Companies (100%)

The sale of the loss-making Metalloy Fibres business during the quarter, combined with improving nickel prices and a stable demand for the Nimag Group's products resulted in continued profitability for the Nimag Group. Management is focused on developing the Nimag Group and growth is expected to be derived from acquisitions and the identification of new clients and products.

Corporate Activity

During the period, the Company executed a US$20 million unsecured, revolving loan facility agreement ("JP Facility") with JP Morgan Chase. The JP Facility is available for a period of 12 months and interest is payable at a rate of LIBOR plus 3% plus a cost based component. Commitment fees and arrangement fees are also payable at rates considered standard for these types of facilities. As at 31 March 2010, the Company had drawn down the facility in full.

Authorised by

SIMON J FARRELL
Managing Director
28 April 2010

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About CoAL:
Coal of Africa Limited ("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 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656 mt Vele coking coal project and the 1 billion tonne Makhado coking coal project (including resources to be acquired pursuant to the Rio Tinto farm swap arrangements).

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, collectively producing an initial 2 Mtpa rising to a combined annual output of 10 Mtpa of coking coal.

In 2010, CoAL completed the ZAR650m 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 2.5Mtpa of saleable coal for domestic and export markets. NuCoal also owns two beneficiation plants, one fully operational mine producing 350kt per month of ROM coal and has recently commenced production at a second mine.

CoAL currently has 1 Mtpa export capacity at the Matola Terminal, increasing to 3 Mtpa on completion of the next phase of expansion at the terminal. CoAL also has the option to participate in further expansion at the Matola Terminal, which is expected to increase the capacity at the terminal by an additional 10 Mtpa.

Resource Estimation:
Resource estimations have been compiled, according to the JORC and SAMREC codes, by Mr John Sparrow (Member of the South African Council of Natural Science Professions SACNASP) 400109/03, an independent geological and technical consultant with 26 years experience in the Southern African and Australian regions. Mr Sparrow has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined in the JORC Code and has compiled a number of Competent Person's reports for various organizations for the JSE, ASX and TSE. Mr Sparrow consents to the inclusion of the information in this report in the form and context in which it appears. The JORC Code is the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and SAMREC is the South African Code for the Reporting of Mineral Resources and Mineral Reserves.