



ANNOUNCEMENT

6 AUGUST 2010

INTERACTION WITH DEPARTMENT OF ENVIRONMENTAL AFFAIRS

Further to the Company announcement of 2 August 2010, in response to comments made by the South African Minister of Water and Environmental Affairs on the Company's Vele Colliery, Coal of Africa Limited ("CoAL" or "the Company") advises that the management of CoAL have now met with various senior representatives of the Department of Environmental Affairs ("DEA"). Following this meeting, which took place on Monday 2 August, the DEA has provided formal notification to CoAL of the various activities which the DEA believes are being undertaken without the appropriate authority.

The Company and the DEA have agreed to meet again on Tuesday, 10 August 2010, to discuss in detail each of the concerns identified by the DEA. The Company is confident that each matter can be adequately resolved to the satisfaction of both parties and will advise the market as appropriate in due course.

Yours sincerely

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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 coal mine commenced production in 2008 and is currently ramping up to produce 2 million tonnes per annum ("**Mtpa**"). CoAL's Vele and Makhado coking coal projects are expected to start production in Q3 2010 and 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 ZAR467m 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 mine producing approximately 300kt 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 in Maputo, Mozambique, 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.