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NEW ORDER MINING RIGHT LODGED FOR MAKHADO PROJECT

Highlights:

- New Order Mining Rights Application lodged for Makhado Coking Coal Project
- New Order Prospecting Rights Executed to Effect the Rio Tinto Farm Swap
- Makhado Project Bulk Sample removal process on track
- Makhado Definitive Feasibility Study on track for completion Q1 2011

NOMR Application Lodged

Coal of Africa Limited ("CoAL" or "the Company") is pleased to announce that it has lodged a New Order Mining Right ("NOMR") application with the South African Department of Mineral Resources ("DMR") in the Limpopo Province of South Africa for its Makhado Coking Coal Project ("Makhado Project").

In preparing the NOMR application, the Company completed baseline social and environmental studies, which were conducted by a group of specialist independent consultants. Consultation with interested and affected parties ("IAP's") is underway, which includes the formation of the Makhado Project Community Engagement Forum to facilitate consultation with the communities and land claimants affected by the Makhado Project. Once the NOMR application is accepted by the DMR, extensive economic, social and environmental impact studies will be prepared as part of the process in formulating an extensive Environmental Management Programme ("EMP"). The Mineral and Petroleum Resources Development Act ("MPRDA") and National Environmental Management Act ("NEMA") processes will be run in parallel during the next phase to ensure all relevant approvals are obtained.

John Wallington, CoAL's Chief Executive Officer, today commented: "This application is a significant step in the process of meeting all regulatory requirements to enable the establishment of the coking coal mine at Makhado, viewed as the Company's prized asset.

The Definitive Feasibility Study at Makhado is at the final stages and on track for completion this quarter."

NOPR's Executed to Effect the Rio Tinto Farm

CoAL is also pleased to announce that on 20 January 2011, the various New Order Prospecting Rights resulting from the previously agreed Farm Swap with Rio Tinto were executed, representing the final administrative process to complete the transaction.

Makhado Project Bulk Sample Update

As previously announced, the Company received approval from the DMR for the extraction of a bulk sample from the Makhado Project. The sampling involves the extraction of 19,100 tonnes of run of mine ("ROM") coal, to be transported to Tshikondeni Colliery, owned by Exxaro Resources Limited, for beneficiation to produce approximately 4,400 tonnes of coking coal. The intention is to have the full sample extracted and transported to Tshikondeni for processing by mid March 2011.

A portion of the sample will be tested by ArcelorMittal SA at Vanderbijlpark, which will facilitate the finalisation of specific terms and conditions relating to the proposed off-take agreement between CoAL and ArcelorMittal SA. Additional samples will be shipped globally to other potential customers for similar testing purposes.

Makhado Definitive Feasibility Study ("DFS")

CoAL has largely completed the DFS for the Makhado Project and is currently undergoing a "peer review" process which is expected to be completed in the first quarter of 2011. The intention thereafter is to commence with the detailed design phase of the project, pending approval of the above mentioned NOMR.

JOHN WALLINGTON

Chief Executive Officer

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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 Makhado coking coal project is expected to start production in 2013 and timing for Vele to reach production is still to be confirmed. These operations are targeted to collectively produce an initial 2Mtpa ramping up to a combined annual output of 10Mtpa 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.

Resource Estimation:

The information in this report that relates to exploration results, mineral resources or ore reserves in respect of the Makhado coking coal project is based on information compiled by Mark Craig Stewardson, who is registered as a Professional Natural Scientist (Pr Sci Nat, Reg. No. 400119/93) with the South African Council for Natural Scientific Professions ("SACNASP"), which is a Recognised Overseas Professional Organisation ("ROPO") in terms of the JORC Code. Mark Craig Stewardson is employed by Mineral Corporation Consultancy and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the JORC Code. Mark Craig Stewardson consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

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