ANNOUNCEMENT **2 AUGUST 2011**

UPDATE ON THE ACQUISITION OF RIO TINTO'S SOUTH AFRICAN COAL ASSETS

Coal of Africa Limited ("CoAL" or "the Company") advises that the date for fulfillment of the conditions precedent in terms of the Sale and Purchase Agreement ("SPA") for the acquisition of the Chapudi Coal Project and Related Exploration Properties (collectively, the "Coal Assets") in South Africa's Limpopo province, from joint venture companies held by Rio Tinto Minerals Development Limited and Kwezi Mining (Proprietary) Limited (collectively, the "Vendors"), entered into on 26 November 2010, has been extended from 1 August 2011 until 12 August 2011, to allow for certain shareholder approvals to be obtained, after which CoAL hopes to finalise the transaction.

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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 Vele Colliery (coking coal), the Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).

The Mooiplaats Colliery commenced production in 2008 and is currently ramping up to produce 2 million tonnes per annum ("Mtpa"). CoAL's Vele Colliery and Makhado Project are expected to start production in the first half of 2012 and the first half of 2013 respectively. These operations are targeted to collectively produce an initial 1Mtpa 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 Colliery. 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. The Woestalleen Colliery also incorporates two beneficiation plants with a total processing capacity of 350,000 run of mine feed tonnes per month.

In November 2010, CoAL agreed to acquire the Chapudi coal project and several other coal exploration properties in the Soutpansberg coal basin in South Africa from the previous owners, including Rio Tinto. When completed, the acquisition of these projects will significantly extend the scale and scope of certain of CoAL's existing projects in the region and will more than double the resource of the existing Makhado Project.