COAL of AFRICA LIMITED

ANNOUNCEMENT **24 SEPTEMBER 2009**

COAL CONFIRMS PPP DISCUSSIONS WITH TRANSNET FREIGHT RAIL

Coal of Africa Limited ("CoAL" or "the Company"), the AIM/ASX/JSE listed coal mining and development company operating in South Africa (ticker: CZA), confirms that it is progressing discussions with Transnet Freight Rail ("TFR"), a division of Transnet, the South African Government owned rail and freight organisation, whereby it continues to explore the possibilities of a public private partnership ("PPP") on the Maputo rail corridor. Discussions with TFR are designed to ensure the availability of rail capacity to match the port capacity CoAL has secured through agreements with Grindrod Limited, as previously advised on 25 August 2008.

As per its announcement on 28 January 2009, CoAL's export capacity via the Matola terminal in Maputo is currently 1 million tonnes per annum ("mtpa"). This is expected to rise to 3 mtpa by late 2010 with further potential to reach 13 mtpa following an additional 10 mtpa expansion via the creation of a new dedicated coal export terminal.

Although terms and conditions have yet to be finalised, TFR and CoAL are committed to the process, and are exploring all options to ensure a solution is found that will meet the overall objective of facilitating the use of the Maputo corridor as a viable export route for coal producers, and an alternative to the Richards Bay Coal Terminal.

Comment on the status of discussions was made by TFR General Manager, Mr Fuzile Magwa, at the recent Coal Trans conference held in Johannesburg in September 2009. This was reported on by McCloskey's in a recent publication, extracts of which are set out below:

".... Transnet Freight Rail seems close to signing a public private partnership agreement with CoAL as part of its plans to ship coal through Maputo and which could also be the first of a string of similar TFR PPP deals. That emerged from the Coaltrans SA conference held last week in Johannesburg where TFR General Manager Fuzile Magwa said increasing coal exports through the Matola terminal in Maputo was a 'critical growth area.'

"Mr Magwa said TFR wanted to increase coal export volumes through Matola from 2mt/yr in 2009/10 to 10mt/yr in its 2013/14 financial year. The key to achieving this is finalising the PPP agreement with CoAL which is prepared to pay for the wagons required to move the coal to be 'ringfenced' for use on the Maputo corridor line to the terminal.

"CoAL Finance Director Blair Sergeant said CoAL has already invested $35m in the Matola terminal. 'These are not pie in the sky plans. They have been well thought out,' he commented. He said CoAL's strategy is to take the risk of this investment in infrastructure on its balance sheet rather than be exposed to it on the income statement through a 'take-or-pay' agreement with TFR. He said: 'TFR needs a 'take-or-pay' contract to justify the investment in building the wagons. The problem with 'take-or-pay' is that inevitably there will be mismatches between production levels and railage capacity which will hit the income statement.' Sergeant stressed the PPP had not been signed yet but said he was highly encouraged by the comments that Magwa had made in his presentation to the conference. Magwa said TFR will be looking at PPPs 'of all kinds' in its plans to grow railage volumes of both export coal and domestic coal, in particular to supply Eskom power stations. He added that TFR's separate export coal and domestic coal (general freight business) divisions would be combined into a single business unit to improve operating efficiencies.

"Sergeant said a 'unique set of circumstances' make the Maputo/Matola line ideal for a PPP with TFR. These included the markedly lower number of companies using Matola compared with the Richards Bay Coal Terminal (RBCT) and the fact that CoAL's production plans by themselves will underpin the economic viability of the scheme. 'TFR will not have 20 to 30 different users banging on their door to get wagons,' he commented. Magwa added: 'We believe it is appropriate to share the risk on the Maputo Corridor development with someone who is a major player in it. Further, the Maputo Corridor is small and relatively low risk. As we go into PPPs, we are trying things out as we go along. If we make mistakes on the Maputo corridor they will not have company busting implications.' Magwa's comments are the most comprehensive made so far by a TFR executive on its approach to structuring PPPs..."

AUTHORISED BY:

Simon Farrell
Managing Director

For more information contact:

Simon Farrell, Managing Director	CZA	+61 417 985 383	or	+61(8) 9322 6776
Peter Bacchus/ Alastair Cochran	Morgan Stanley	+44(0) 20 7425 8000		
Simon Edwards/ Chris Sim	Evolution Securities	+44(0) 20 7071 4300		
Jos Simson/ Leesa Peters	Conduit PR	+44(0) 20 7429 6603		
Melanie de Nysschen	Macquarie First South Advisers	+27(11) 583 2000		

About CoAL:

Coal of Africa Limited ("CoAL") is an AIM/ASX/JSE listed coal mining and development company operating in South Africa. CoAL has three key projects including the 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656Mt Vele coking coal project and the 1bn tonne Makhado coking coal project.

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.