



ANNOUNCEMENT

2 NOVEMBER 2009

**COAL NEGOTIATES CONTRACT EXTENSIONS WITH
MANAGING DIRECTOR AND FINANCE DIRECTOR**

Coal of Africa Limited ("CoAL" or "the Company"), the AIM/ASX/JSE listed coal mining and development company operating in South Africa (ticker: CZA), is pleased to confirm it has reached in principle agreement with Managing Director, Mr Simon Farrell, and Finance Director, Mr Blair Sergeant, to renew their existing employment arrangements.

SIMON FARRELL

Mr Farrell's original agreement, which commenced on 1 January 2004 and expired on 30 June 2009, has been renegotiated on the following key terms:

- 3.5 year term, commencing on 1 July 2009 and expiring on 31 December 2012;
- Annual remuneration of \$550,000, exclusive of superannuation;
- Up to a maximum of 50% of annual remuneration as a performance based bonus, at the discretion of the Board;
- Subject to shareholder approval at the Company's upcoming AGM on 30 November 2009, 3,000,000 Options for no consideration, exercisable on or before 30 November 2014 at an exercise price of A\$2.74 each, to Simon Farrell or his nominee, and subject to the following vesting conditions:
 - 2,000,000 Options to vest 12 months after grant of New Order Mining Right in respect of Company's Vele Project; and
 - 1,000,000 Options to vest 12 months after grant of New Order Mining Right in respect of Company's Makhado Project.

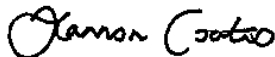
BLAIR SERGEANT

Mr Sergeant's existing agreement commenced on 1 January 2008 and is due to expire on 31 December 2009. It will be renewed from 1 January 2009 on the following key terms:

- 3 year term, commencing on 1 January 2009 and expiring on 31 December 2012. Mr Sergeant has agreed to remain in South Africa for a minimum of the first year of this term;
- Annual remuneration of \$375,000, exclusive of superannuation;

- Up to a maximum of 50% of annual remuneration as a performance based bonus, at the discretion of the Board;
- Monthly rental allowance of R\$20,000 whilst residing in South Africa;
- 2x economy return airfares to/from Perth per annum for Mr Sergeant's wife and 2 children whilst residing in South Africa;
- Subject to shareholder approval at the Company's upcoming AGM on 30 November 2009, 2,000,000 Options for no consideration, exercisable on or before 30 November 2014 at an exercise price of A\$2.74 each, to Blair Sergeant or his nominee, and subject to the following vesting conditions:
 - 1,000,000 Options to vest 12 months after grant of New Order Mining Right in respect of Company's Vele Project;
 - 500,000 Options to vest 12 months after grant of New Order Mining Right in respect of Company's Makhado Project; and
 - 500,000 Options to vest upon completion of the Company's acquisition of NuCoal Mining (Pty) Limited.

Yours sincerely,



SHANNON COATES
Company Secretary

For more information contact:

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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 has three key projects including the 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656 mt Vele coking coal project and the 1.3 bn tonne Makhado coking coal project (including the Rio farm swap).

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 2011 respectively producing an initial 2 mtpa rising to a combined annual output of 10 mtpa of coking coal.