

CZA - CoAL' - Response to ASX's Price Query dated 17 April 2008

Coal of Africa Limited
(previously, "GVM Metals Limited")
(Incorporated and registered in Australia)
(Registration number ABN 008 905 388)
Share code on the JSE Limited: CZA
ISIN AU000000CZA6
Share code on the Australian Stock Exchange Limited: CZA
ISIN AU000000CZA6
('CoAL' or 'the Company')

RESPONSE TO ASX'S PRICE QUERY DATED 17 APRIL 2008

24 April 2008

Ms Jill Hewitt
Issuers Adviser (Perth)
Australian Securities Exchange
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

Dear Ms Hewitt

We refer to your letter dated 23 April 2008 regarding the Company's response to ASX's Price Query dated 17 April 2008 ("Response").

In response to your questions outlined in that letter, we provide the following information:

1. The Company confirms that it believes the agreement between the Company and ArcelorMittal for the placement of 60,000,000 of the Company's Shares with ArcelorMittal ("**Placement**") and off-take of coal, as announced on 21 April 2008 ("**Agreement**") is material to the Company pursuant to Listing Rule 3.1.
2. Negotiations and a final and legally binding agreement in relation to the Placement and the Agreement were not finalised until Sunday 20 April 2008, at which time the Company received a Subscription Form duly executed by ArcelorMittal ("**Subscription Agreement**"). Therefore the Company become "aware" of the Agreement on that date and at that time.
3. The Announcement was made at the very first opportunity that negotiations with ArcelorMittal were completed and a formal and legally binding agreement was finalised. We also note that the Company's Response, provided to the ASX on 17 April 2008, confirmed that the Company was in confidential and incomplete negotiations with various organisations regarding a number of different issues,

including potentially taking an equity position in the Company, however, those negotiations had not, and may not have been, concluded. The Company noted it would make a relevant announcement to ASX if and when those negotiations were completed. Once those negotiations were concluded and a legally binding agreement was entered into, an appropriate release was made to ASX.

4. As mentioned above:

- the Company's Response, provided to the ASX on 17 April 2008, confirmed that the Company was in confidential and incomplete negotiations with various organisations regarding a number of different issues, including potentially taking an equity position in the Company, however, those negotiations had not, and may not have been, concluded. The Company noted it would make a relevant announcement to ASX if and when those negotiations were completed; and
- an announcement was made at the very earliest opportunity following the completion of negotiations with ArcelorMittal, which we reiterate was not until a legally binding agreement was finalised on Sunday 20 April 2008. Therefore, prior to this point in time, the Company is of the view that all of the exceptions to Listing 3.1 as set out in Listing Rule 3.1A applied. On completion of the legally binding Subscription Agreement on Sunday 20 April an announcement was immediately prepared and lodged with ASX on market opening, Monday 21 April 2008 ("**Announcement**").

With reference to the exception in Listing Rule 3.1A.2 and the requirement for confidentiality, the Company does not believe that the movement in share price indicates that confidentiality in relation to the Agreement had been lost, prior to the Announcement being lodged with ASX. The movement in the Company's share price could have been as a result of a number of factors as noted below:

- As was previously noted in the Company's Response of 17 April 2008, the Company had been made aware of market speculation regarding certain organisations that may have been seeking to acquire the Company's securities. Specifically, this speculation included rumours circulating in South Africa that Xstrata was acquiring shares in the Company, together with the Financial Times in the United Kingdom reporting in the week ending 18 April 2008 on rumours that BHP was also seeking to acquire the Company.
- Recent coking coal contract negotiations, which had been completed at around US\$300 per tonne, representing more than a 200% increase on last years contract price in addition to recent thermal coal contract prices concluded in excess of US\$135 per tonne.

With reference to the exceptions in Listing Rule 3.1A.3, it is the Company's view that the transaction the subject of the Agreement remained an incomplete proposal until such time as a legally binding Subscription Agreement duly executed by ArcelorMittal reflecting the terms and conditions of the Placement was received by the Company. As previously noted, this was received via email on Sunday 20 April 2008.

5. The Company can confirm that it is in compliance with the Listing Rules, in particular, Listing Rule 3.1.

Please do not hesitate to contact me if further information is required.

Yours sincerely

Shannon Coates
Company Secretary

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