

## CZA - Coal of Africa Limited - Resource upgrade at Vele Coal Project

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  
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( 'CoAL' or 'the Company' )

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### RESOURCE UPGRADE AT VELE COAL PROJECT

Coal of Africa Limited ("CoAL" or "Company"), the AIM/ASX/JSE listed coal development company operating in South Africa (ticker: CZA), is pleased to announce an upgraded resource of 441.47 million gross in situ tonnes (up from 352 mt Inferred) at its Vele (formerly Thuli) semi soft coking coal project in the Limpopo Province of South Africa.

The resource upgrade is the result of a recently completed 65 borehole drilling program that has been incorporated into an updated three dimensional geological model. As yet not all of the CoAL borehole sample results have been received from the accredited South African Bureau of Standards ("SABS") laboratory, but sufficient information is available to issue this resource estimation update.

The 441.47 million gross in situ tonnes may be summarised and classified as follows:

	Opencast	Underground	TOTAL	Percentage
<b>Measured*</b>	131.92	1.93	133.84	30.32
<b>Indicated*</b>	65.62	10.97	76.58	17.35
<b>Inferred*</b>	83.29	48.19	131.48	29.78
<b>Reconnaissance**</b>	91.12	8.45	99.57	22.55
	<b>371.95mt</b>	<b>69.52mt</b>	<b>441.47mt</b>	<b>100%</b>

\* As defined in JORC/SAMREC

\*\*As defined in SAMREC (SANS10320 ed 1) at 6.3.3.1:

"A **reconnaissance** coal resource is quantified as a minimum one cored borehole with coal quality data per 400 ha (approximately 2km spacing) for multiple seam deposit types, while for thick interbedded seam deposit types a reconnaissance coal deposit is quantified by a minimum one cored borehole with coal quality data per 1,600 ha (approximately 4km spacing)."

At this stage the resource estimation covers approximately 80% of the potential project area (refer to the note). Further resource upgrades are expected as drilling continues on the edges of the known resource and further lab analyses are received.

The Company proposes to now undertake a further drilling program consisting of 65 holes, which should result in over 70% of the resource being classified as Measured.

### **Current Borehole Information**

The recently completed exploration program of 65 boreholes spaced over the whole project area, have been geophysically wireline logged, and visual logging and correlation has taken place. This has resulted in the subdivision of two of the coal horizons into upper and lower plies. In addition, detailed sampling has taken place on a lithological basis to further facilitate the identification of potential selective mining horizons. In addition to the drilling, a detailed airborne magnetic survey of the project area has been completed and the preliminary interpretation of the results has been completed. A detailed interpretation is currently being done by the highly respected geophysicist Mr Geoff Campbell.

The current exploration samples have been analysed at the SABS laboratory and all samples have undergone float and sink analyses to 7 fractions all crushed to -25mm and full Proximate, Calorific value, Sulphur and Phosphorus analyses. The samples are currently undergoing free swelling and Roga index analyses. In addition, composites of the samples for the expected mining horizons are currently scheduled for full Ultimate, Ash composition, Petrographic, and coking coal tests including dilatation, Gieseler fluidity, and Gray - King.

### **Coal Qualities**

The coal quality estimation for a primary product of an expected semi soft coking coal at 12% Ash (air dried) with a swell expected to be in the order of 5.5 and a Roga of 70, has a theoretical yield of 21.37%, with weight averaged Sulphur of 1.03% and Phosphorus of 0.013%. The middlings product of a Local thermal coal at a 35% ash has Calorific values (air dried) of 21.02 GJ per tonne, and volatile matter contents of 26.52%. The yield of this product is expected to be 42.30%. It is expected however that the analysis of the outstanding boreholes and the bulk sample drilling program that is currently taking place should result in improvement of overall yields. It should also be noted that additional drilling is taking place to increase the geological confidence.

### **Mine Planning and Life of Mine Scheduling**

The Vele Project geological model has been given to MRM (Pty) Ltd, a wholly owned subsidiary of Runge Mining of Brisbane Australia, to do the mine design and Life of Mine scheduling. This process has

progressed well with the design phase completed and it is expected that a scoping study level schedule and operating cost estimation should be completed within the next two months.

Currently the open cast project has an average strip ratio of 4.04:1 with the cut off between open cast and underground being set at 7:1.

#### **Other Project Status**

CoAL's hard coking project, Makhado (formerly Baobab), is currently undergoing a similar evaluation to that applied to the Vele Project and a detailed resource estimation is expected in the next two months. This should also result in a significant resource upgrade.

The Company also confirms that its Mooiplaats Thermal Coal Project continues to progress in line with expectations and an update announcement on this project will be made in July.

Yours sincerely,

**SIMON J FARRELL**

*Managing Director*

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Note:

Refer to the ASX and Company websites for the following:

- \* Maps of Borehole localities, Resource estimation area and Karoo sequence extent;

#### **About CoAL:**

Coal of Africa Limited ("CoAL") is primarily focused on the acquisition, exploration and development of thermal and metallurgical coal projects. The Company's key projects, along with its leading

metals processing company NiMag Group (Pty) Ltd are in South Africa. The Company was incorporated in Western Australia and listed in 1980. Since 2005, the Company has also listed on both the AIM and JSE markets, allowing further growth in the Company's coal assets.

### **Resource Estimation**

The information in this announcement that relates to exploration results is based on information compiled by Mr John Sparrow (Member of the South African Council of Natural Scientific Professions SACNASP) 400109/03 an independent geological and technical consultant with 26 years experience in the Southern African and Australian regions. Mr Sparrow has compiled a number of competent person's reports for various organizations for the JSE, ASX, and TSE.

Mr Sparrow has sufficient experience which 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 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Sparrow has reviewed the information contained within this announcement and 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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