


Regulatory Announcement

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Company Coal of Africa Ltd
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ANNOUNCEMENT 22 JULY 2008

RESOURCE UPGRADE MAKHADO 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 1.335 billion gross in situ tonnes (up from 713 mt) at its Makhado (formerly Baobab) coking coal project in the Limpopo Province of South Africa.

The resource upgrade follows further analysis of the borehole data acquired from Exxaro Resources Limited and boreholes completed by CoAL, which have been incorporated into the 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 1.335 billion gross in situ tonnes covered by this resource upgrade are situated on six farms representing approximately 40% of the total Makhado Project area. A further resource upgrade is expected before year end following analysis of data covering farms in the remaining 60% of the Project area.

The updated resource is summarised and classified as follows:

	IN SITU Resource	Rel Tonnes %	Opencast	Rel Tonnes %
	Million Metric Tonnes		Million Metric Tonnes	
Measured	230.067	17.233%	208.364	37.847%
Indicated	548.642	41.095%	201.797	36.690%
Inferred	250.690	18.777%	25.445	4.613%
Reconnaissance*	305.660	22.895%	114.771	20.853%
	1,335.06	100.00%	550.377	100.00%

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)."

Current Borehole Information

The exploration data consists of 402 boreholes. Visual logging and correlation analysis has been completed resulting in the subdivision of the thick interbedded carbonaceous horizon into five distinct "Seams" of coal rich horizons. Detailed sampling has taken place on lithological and correlatable horizons which further facilitates the identification of potential selective mining horizons. In addition to the drilling data and geological studies referred to above, a detailed airborne magnetic survey has been undertaken 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.

Coal Qualities

An estimate of the expected coal quality of the Makhado Project has been undertaken. The primary product is estimated to be coking coal at 12% Ash (air dried), swell >8.0, and a weight averaged Sulphur content of 0.97%. A theoretical yield of approximately 19.9% is expected for this product. The Project is also estimated to yield a middlings product, suitable for use as local thermal coal, with qualities being 35% ash, calorific value (air dried) of 21 GJ per tonne, and volatile matter content of 21.50%. The yield of this product is expected to be approximately 33 - 34%.

The current exploration samples have been analysed at the SABS laboratory and all samples have undergone float and sink analyses to 11 fractions all crushed to -25mm and full Proximate, Calorific value, Sulphur, free swelling index and Roga index analyses. Additional drilling is currently underway that will provide additional quality information to further refine these estimates. Composite samples from the expected mining horizons are currently scheduled for full Ultimate, Ash composition, Petrographic, and coking coal tests including dilatation, Gieseler fluidity, and Gray - King.

Mine Planning and Life of Mine Scheduling.

The Makhado 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 month.

Mr Simon Farrell, Managing Director of Coal of Africa, commented "This resource upgrade is excellent news for the Company and a significant milestone in the development of the Makhado Project. The upgrade confirms our view that the Makhado Project is capable of becoming a very substantial long life producer of high quality hard coking coal. There is substantial global demand for a product of this type and we expect this project to become our primary focus as we take the Company forward."

Yours sincerely,

SIMON J FARRELL

Managing Director

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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 resource estimation has been 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 sufficient experience relevant to the assessment of this style of mineralization to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - the JORC Code - and has compiled a number of Competent Person's reports for various organizations for the JSE, ASX, and TSE. Mr Sparrow consents to the

inclusion of the information in this report in the form and context in which it appears.

Glossary of terms:

Air dried - Sufficiently dry so that further exposure to air does not yield more moisture to be evaporated.

Calorific Value - The calorific value of a fuel describes how much heat per unit of weight it can produce when burnt.

Float and Sink Analysis - Use of a series of heavy liquids diminishing (or increasing) in density by accurately controlled stages in order to divide a sample of crushed coal or other minerals or metals into fractions that are either equal-settling or equal-floating at each stage.

Free Swelling Index (FSI) - A test for measuring the free-swelling properties of coal; consists of heating 1 gram of pulverized coal in a silica crucible over a gas flame under prescribed conditions to form a coke button, the size and shape of which are then compared with a series of standard profiles numbered 1 to 9 in increasing order of swelling.

Gieseler Fluidity - This test measures the plasticity of the coal and at what temperature the maximum fluidity is achieved.

Gray-King - An assay technique used to determine the coking properties of coal.

Middlings - A partially refined ore, that is intermediate in quality, size, price, or grade.

Plies - Lithological subdivisions of a coal seam, each of which has a uniform character.

Proximate Analysis - A technique that separates and identifies categories of compounds in a mixture; reported are moisture and ash content, the extracts of the mixture made with alcohol, petroleum ether, water, hydrochloric acid and resins, starches, reducing sugars, proteins, fats, esters, free acids, and so on; this type of analysis of solid fuels allows a prediction to be made as to how the fuel will behave in a furnace.

Roga Index (RI) - An analysis used to measure the caking and agglomerating nature (tendency to deform and stick together) of coal. The RI is measured on a scale of 0 to 90 with 0 being the least sticky in nature. If the coals have caking and agglomerating properties this could potentially be problematic for fluidised bed operation since the coal particles will stick together, de-fluidised and clinkers will be formed in the bed possibly causing defluidisation.

Resource Categories

Measured Resource: can be estimated with a high level of confidence with the sample locations spaced closely enough to confirm geological and grade continuity.

Indicated Resource: can be estimated with a reasonable level of confidence, with the sample locations spaced too widely apart to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Inferred Resource: can be estimated with a low level of confidence, being inferred from geological evidence and assumed but not verified geological and grade continuity.

Reconnaissance 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).(as defined in SAMREC (SANS10320 ed 1) at 6.3.3.1)

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