



ANNOUNCEMENT

15 OCTOBER 2008

VELE & MOOIPLAATS PROJECT UPDATE

Coal of Africa Limited ("CoAL" or "the Company") is pleased to announce that it has lodged a New Order Mining Right Application with the Department of Minerals and Energy in Polokwane for its Vele coking coal Project in Limpopo. This is in line with CoAL's schedule to establish a large opencast mine which will have the capacity at full output to deliver 5 million tonnes of coking coal per annum to the South African domestic and international export markets.

Meanwhile, at the Mooiplaats thermal Project in Mpumalanga, the coal seam has been exposed in the boxcut, surface infrastructure continues to be established, the Company's first continuous miner is ready for delivery, the mining contract has been signed and CoAL remains on track to commence mining activities before the end of the 2008 calendar year.

Simon Farrell, Managing Director of CoAL, commented: "Despite the global turmoil in financial markets, we are rapidly moving forward and meeting all of our published development milestones.

Alone amongst the major commodities, coal prices are holding up quite well. Whilst there has been a retreat on thermal coal prices, coking coal, which is our main focus, continues to enjoy spot prices well above the current years contract prices. The Company's cash position is very strong and by the time we bring Mooiplaats into production, we will still have close to \$A200 million in cash and no debt. On the basis of our coal price forecasts, we expect to meet all of the capital expenditure to complete full ramp up of Mooiplaats out of operating cash flows."

AUTHORISED BY

A handwritten signature in black ink, appearing to read "Shannon Coates".

SHANNON COATES

Company Secretary

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About CoAL:

Coal of Africa Limited ("CoAL"), is primarily focused on the acquisition, exploration and development of metallurgical and thermal 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.

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