



**ANNOUNCEMENT**

**12 NOVEMBER 2008**

### **IPP SUBMISSIONS PRE-QUALIFIED BY ESKOM**

Coal of Africa Limited ("CoAL" or "the Company") is pleased to announce that both of the Company's recent proposals, submitted jointly with Independent Power Producers ("IPP's") in response to South African utility, Eskom's tender for the independent generation of base load power, have been unconditionally pre-qualified.

CoAL made two separate joint submissions to supply coal to a proposed IPP located close to each of the Company's Makhado and Vele coking coal projects. In both cases, the coal supplied would be a "middlings" product, a lower quality coal produced additional to the primary coking coal product. Importantly, the successful economics of both coking coal projects are in no way dependent upon CoAL's ability to sell the middlings fraction, but it does represent substantial upside in the event that the IPP's were ultimately successful.

Eskom anticipates that the IPP programme will increase South Africa's power generation by up to 4,500 MW by 2017, thereby reducing prevailing electricity supply shortages. CoAL's two submissions formed part of 23 pre-qualified tenders shortlisted by Eskom. The pre-qualified companies will be invited to submit their proposals at the end of November 2008, with contracts to be concluded by the first quarter of 2010. The "Build, Own, Operate" contracts are expected to last for 25 years, with the plants expected to start generating electricity between 2012 and 2017.

At the Makhado project, CoAL teamed up with AES Energy Developments ("AES") and at the Vele project, the Company submitted jointly with Mulilo Energy (Pty) Ltd ("Mulilo Energy") and China Railway Construction Corporation ("CRCC").

#### **AES**

As one of the world's largest power companies, AES owns and operates a diverse and growing portfolio of generation and distribution businesses with the capacity to service 100 million people worldwide. AES's power plants encompass a broad range of technologies and fuel types, from coal and gas to renewables such as wind, hydro and biomass. AES utilities power major cities, from São Paulo to Indianapolis to Douala. Beyond power, AES also mines coal, turns seawater into drinking water, and is committing significant resources to alternative sources of energy to ensure a sustainable future. It is also building a climate change business to develop projects that offset greenhouse gas emissions and produce emissions offset credits.

## CRCC

CRCC is an organisation that has built expertise in various areas including project contracting, design and consulting, real estate, capital operation and logistics. CRCC is one of the largest and most powerful multiple construction corporations in China and the world. The corporation has complete and comprehensive credentials in the construction industry chain.

## Mulilo Energy

Mulilo Energy was formed in 2007 as the project company in South Africa for the construction of CRCC built power stations. Mulilo Energy is the exclusive partner in South Africa for the CRCC and the China Railway 15<sup>th</sup> Bureau Group (CR15G). The Directors of Mulilo Energy are well acquainted with their Chinese partners, having first established contact with the Chinese energy industry in 1989. Since then, they have jointly completed a number of high technology projects in South Africa and China.

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**About CoAL:**

Coal of Africa Limited ("CoAL" or "the Company"), is primarily focused on the acquisition, exploration and development of metallurgical and thermal coal projects. CoAL'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, CoAL has also listed on both the AIM and JSE markets, allowing further growth in the Company's coal assets.

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