

CZA - Coal of Africa Limited - Update on Mooiplaats Coal Project

Coal of Africa Limited
(previously, "GVM Metals Limited")
(Incorporated and registered in Australia)
(Registration number ABN 008 905 388)
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('CoAL' or 'the Company')

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UPDATE ON MOOIPLAATS COAL PROJECT

Coal of Africa Limited ("CoAL" or "the Company") is pleased to provide the following update on progress of production at its Mooiplaats thermal coal project in South Africa:

Mining

Blasting of the access ramp floor has been completed, and concreting is in progress. Boxcut walls are being supported and the first continuous miner is expected to commence cutting of the underground coal portals during the latter half of November 2008, at which time the Company also expects to take delivery of its second continuous miner.

Coal Processing Plant and Infrastructure

Rain has caused some delays in civil work, however this is not expected to have a major impact on the construction schedule. Processing structures are expected to be erected on site during Q1 2009, with commissioning by March 2009 and first sales to take place by the end of H1 2009. Water allocation for the project is currently being reviewed by the Department of Water Affairs and Forestry (DWAF), together with Eskom. Power generating sets, transformers and substations have been delivered, as well as several conveyor drive components. Surface infrastructure is under construction and is expected to be completed by the end of Q1 2009.

Logistics

Road construction is progressing well and is anticipated to be completed by the end of January 2009.

Successful discussions were held with a local coal producer to obtain interim access to rail loading facilities, together with the proposed processing of a 2,000 tonne bulk sample of coal from the first underground production to assess lean coal qualities for marketing purposes.

Negotiations with Transnet Freight Rail are close to completion and the Company remains confident that it will secure adequate rail allocation to match the already secured port capacity at the dry bulk terminal at Richards Bay.

Managing Director, Simon Farrell commenting on the Mooiplaats progress said, "I am pleased to report continued progress at the Mooiplaats coal project, largely in line with scheduled timing. Cutting of the underground coal portals will commence shortly, and the second continuous miner is scheduled for handover on 24th November.

These developments leave us on track for commissioning by March 2009 and first sales to take place by the end of H1 2009."

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About Mooiplaats:

The Mooiplaats coal project is a series of adjacent 'farms' comprising roughly 16,000ha adjacent to the Camden power station in the Mpumalanga province in South Africa. The first two continuous miners are expected to be cutting coal by the end of the 2008. Following ramp up, a total of seven continuous miners are expected to produce 3.5 to 4 million ROM tonnes per year by mid 2010.

The Company has secured long term port allocation for the export of coal mined at Mooiplaats through the Richards Bay dry bulk terminal operated by Grindrod. The throughput agreement provides CoAL with an allocation of 900,000 tonnes of coal per annum commencing in 2009 and

the potential to increase its export capacity to 3 million tonnes per annum once the terminal expansion has been completed.

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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