

CZA - Coal of Africa Limited - Approval received and new agreement reached to acquire 100% interest in Mooiplaats Coal project, South Africa

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
Share code on the Australian Stock Exchange Limited: CZA
ISIN AU000000CZA6

APPROVAL RECEIVED AND NEW AGREEMENT REACHED TO ACQUIRE 100% INTEREST IN MOOIPLAATS COAL PROJECT, SOUTH AFRICA

- * Section 11 (1) approval received satisfying last remaining condition to complete acquisition of the 70% interest in the Mooiplaats Coal Project ("Mooiplaats")
- * Coal of Africa Limited ("CoAL" or "the Company") also reaches agreement to acquire remaining 30% interest in Mooiplaats for ZAR 130 million and 4.75 million shares

CoAL of Africa Limited (ticker "CZA"), the AIM/ASX/JSE listed coal development company operating in South Africa, today announces that it has received consent from the Deputy Director General: Mineral Regulation Department of Minerals and Energy, in terms of Section 11(1) of the Minerals and Petroleum Resources Development Act 2002, satisfying the last remaining condition precedent for CoAL to complete its acquisition of 70% of the issued capital of the South African company that owns Mooiplaats (70% Acquisition").

CoAL will now make the final £10 million cash payment and issue the remaining 4.44 million shares in the Company to take its interest to 70%.

Furthermore, CoAL is pleased to announce that it has also reached agreement to acquire the remaining 30% interest ("30% Acquisition"), taking its interest in Mooiplaats to 100% upon completion.

Total consideration payable for the 30% Acquisition has been agreed at ZAR130 million in cash, together with 4.75 million shares in CoAL. Based on the current share price and foreign exchange rates, this equates to approximately A\$26.2 million (approximately £8.65 million). The issue of the 4.75 million shares is subject to shareholder approval.

Settlement of both transactions, save for the issue of 4.75 million shares pursuant to the 30% Acquisition which remains subject to shareholder approval, is expected within the next two weeks. The Company will lodge the relevant Appendix 3B and the application for admission to AIM for the 4.44m consideration shares (relating to the 70% Acquisition) under separate cover and will lodge a Notice of Meeting to, amongst other things, approve the issue of 4.75 million shares, in due course.

Managing Director of CoAL, Mr Simon Farrell said, "Receiving Section 11 approval is a significant milestone, crystallising the Company's control in bringing Mooiplaats into production. This, together with the agreement to take our interest to 100% clearly provides maximum upside and reward to the Company's shareholders at time when spot coal prices continue trade at record levels."

Yours sincerely,

SIMON J FARRELL
Managing Director

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About CoAL:

Coal of Africa Limited ("CoAL"), formerly GVM Metals Limited, 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.

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