

CZA - Coal of Africa Limited - Placement and off-take agreement reached with World's largest Steel Company

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

('CoAL' or 'the Company')

PLACEMENT AND OFF-TAKE AGREEMENT REACHED WITH WORLD'S LARGEST STEEL COMPANY

('CoAL' or 'the Company')

Coal of Africa Limited, the AIM/ASX/JSE listed coal development company operating in South Africa, is pleased to announce that it has reached agreement with ArcelorMittal (NYSE: MT), the world's largest and most global steel company, whereby:

1. ArcelorMittal will subscribe for up to 60 million new ordinary shares @ £1.11 per share ("the Placement"), raising £66.7 million and representing approximately 16 per cent of CoAL's issued capital as enlarged by the issue of such shares ("Placement Shares");
2. ArcelorMittal will enter into an off-take agreement with CoAL to secure a minimum 2.5 million tonnes per annum of coking coal from CoAL's 100 per cent owned Baobab and 74 per cent owned Thuli Coal Projects in the Limpopo Province of South Africa. ArcelorMittal also has an option to increase its coal off-take to 5 million tonnes per annum; and
3. ArcelorMittal will have the right to nominate one person to be appointed as a director of the Company following completion of the first tranche of the Placement as described below.

The Placement Shares are to be placed pursuant to the authority to issue shares recently granted by shareholders at a General Meeting held on 8 April 2008 and will be issued in two tranches. The first tranche will comprise such number of shares that, when aggregated with ArcelorMittal's existing shareholding in CoAL, will result in a holding of 14.9% of the issued capital of the Company ("First Tranche"). The balance ("Second Tranche"), or such lower number that ensures ArcelorMittal's holding in CoAL does not exceed 20% of the enlarged issued capital, will be issued upon the Australian Foreign Investment Review Board's approval being obtained. A copy of the 3B application can be found on the company's website.

Further announcements of the completion of the First Tranche and the Second Tranche will be made in due course.

Terms and conditions of the off-take agreement are subject to final negotiations and formal documentation, however in principle it has been agreed that the coal will be delivered to the town of Musina in the Limpopo province, at a Free-on-Rail ("FOR") price linked to the Free-on-Board ("FOB") price of Kestrel hard coking coal sold by Rio Tinto and reported by Wood Mackenzie, assuming similar quality and specification parameters.

ArcelorMittal employs over 310,000 personnel in more than 60 countries and in 2007 announced revenues of USD 105.2 billion, with a crude steel production of 116 million tonnes, representing around 10 per cent of world steel output.

Managing Director of CoAL, Simon Farrell, commenting on the agreement stated, "This is the most significant event in CoAL's short history operating within the coal industry. We are very glad to welcome ArcelorMittal as a significant shareholder and first customer which reinforces CoAL's status as an emerging mid-tier coal producer."

Executive Vice President, Sudhir Maheshwari of ArcelorMittal said "This investment reinforces ArcelorMittal's strategy of vertical integration into raw materials and further strengthening our commitment to South Africa."

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.

About ArcelorMittal

ArcelorMittal is the world's largest and most global steel company, with 310,000 employees in more than 60 countries. The company brings together the world's number one and number two steel companies, Arcelor and Mittal Steel.

ArcelorMittal is the leader in all major global markets, including automotive, construction, household appliances and packaging, with leading R&D and technology, as well as sizeable captive supplies of raw materials and outstanding distribution networks. An industrial presence in 28 European, Asian, African and American countries exposes the company to all the key steel markets, from emerging to mature, positions it will be looking to develop in the high-growth Chinese and Indian markets.

ArcelorMittal key financials for 2007 show revenues of USD 105.2 billion, with a crude steel production of 116 million tonnes, representing around 10 per cent of world steel output.

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MTP), Brussels (MTBL), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

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