



Regulatory Announcement

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Company	Coal of Africa Limited
TIDM	CZA
Headline	Rail allocation secured
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Coal of Africa Limited

28 January 2009

ANNOUNCEMENT

28 JANUARY 2009

RAIL ALLOCATION SECURED FOR COKING COAL PROJECTS

- Rail allocation secured with Transnet Freight Rail ("TFR") for 1 million tonnes per annum ("mtpa") to the Matola dry bulk terminal ("Matola Terminal").
- Agreement to provide funding to expand the Matola Terminal, securing additional 2 mtpa port allocation by anticipated completion of 1 August 2010.

Further to its announcement on 25 August 2008, Coal of Africa Limited ('CoAL' or the 'Company') is pleased to announce that agreement has been reached with Transnet Freight Rail ("TFR"), a division of Transnet, the South African Government owned rail and freight organisation, for the rail allocation of 1 mtpa of coal to the Matola Terminal in Maputo, Mozambique.

This allocation matches the Company's port allocation of 1 mtpa for the export of coking coal from the Vele and Makhado Coking Coal Projects ("Coking Coal Projects") through the Matola Terminal, secured via a throughput agreement with Terminal De Carvao Da Matola Limitada.

Although development of the Coking Coal Projects remains on track, neither of the Coking Coal Projects are currently in production. However, CoAL has already successfully railed third party coal to ensure the practical viability of the rail and port allocation, generating income from the allocation at the same time.

CoAL also announced on 25 August 2008 that the Company had secured the rights to up to 100% of any increased capacity at the Matola Terminal in consideration for contributing loan funding. CoAL subsequently received formal advice that the proposed 2 mtpa expansion at the Matola Terminal will proceed and we are pleased to announce that agreement has been reached whereby the Company will loan the required funds for the expansion. Consequently, CoAL's allocation at the Matola Terminal will be 3 mtpa, commencing from the anticipated expansion completion date of 1 August 2010. Discussions are ongoing with TFR to secure 2 mtpa additional rail capacity to match the planned port capacity at the Matola Terminal.

The 3 mtpa export allocation via the Matola Terminal is in addition to the potential domestic off-take agreement of up to 5mtpa of coking coal with ArcelorMittal, which is the subject of the executed Letter of Intent announced on 21 April 2008.

Simon Farrell, Managing Director of CoAL, commented: "The initial rail allocation secured on the Maputo corridor, together with the increased capacity at Matola, represents further significant milestones for the Company and overcomes a huge logistical challenge. Furthermore, it potentially adds substantial value to the Coking Coal Projects of Vele and Makhado now that the Company has a clear and tested route to the export markets."

Mr Farrell also noted: "In addition to the current expansion plans at Matola, a feasibility study for a further 10mtpa increase in capacity is underway. Given that the Company also has the rights to this additional capacity, CoAL may secure a total of 13mtpa export capacity via the Matola Terminal in addition to the potential 5mtpa domestic off-take agreement with ArcelorMittal. This would provide CoAL with the opportunity to deliver significant volumes of coking coal to global and domestic markets. "

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.

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