COAL of AFRICA LIMITED

ANNOUNCEMENT **11 MARCH 2009**

HALF YEAR FINANCIAL REPORT: 31 DECEMBER 2008

Coal of Africa Limited ("CoAL" or "Company"), the AIM/ASX/JSE listed coal development company operating in South Africa (ticker: CZA), herewith lodges its results for the six month period ended 31 December 2008 ("Half Year Accounts"), indicating that progress on the Company's coal projects continues according to schedule, with sales of export thermal coal expected early in the next financial year.

As previously announced, the Company has secured port allocations at both the Richards Bay Dry Bulk Terminal and the Matola Terminal in Maputo, Mozambique. The port allocations, together with rail allocation from Transnet Freight Rail, ensures that the Company will be able to deliver mined product to its export customers as planned.

The Half Year Accounts reflect a loss for the six months of A$1.3 million, which included write downs of investments and a downward revaluation of nickel assets totalling approx A$4 million, and therefore an otherwise good result in what has proven to be an extraordinary period of global economic turbulence.

CoAL had a cash balance of A$204 million and no debt as at 31 December 2008, ensuring the Company has sufficient resources for the exploration and development of its projects.

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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HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2008

The directors present their report together with the consolidated financial report for the half-year ended 31 December 2008 and the auditor's review report thereon:

Directors

The directors of the Company in office during or since the end of the half-year are:

Name	***Period of directorship***
Richard Linnell *Chairman*	Appointed 1 August 2001
Simon J Farrell *Managing Director*	Appointed 21 December 2000
Blair Sergeant *Finance Director*	Appointed 30 June 2004
Peter G Cordin *Non-Executive Director*	Appointed 1 December 1997
Steve Bywater *Non-Executive Director*	Appointed 8 February 2007
Pierre Leonard *Non- Executive Director*	Appointed 11 November 2008
Professor Alfred Nevhutanda *Executive Director*	Appointed 6 February 2009
Shannon Coates *Company Secretary*	Appointed 14 December 2007

Results

For the half year ended 31 December 2008, the consolidated entity reported an after tax loss of A$1,294,334 (2007: loss of A$2,237,709) which included interest earned of A$8,947,176 (2007: A$1,157,778), a loss of A$2,106,820 (2007: profit of A$350,746) due to the revaluation of nickel inventory held by Nimag and a loss of A$1,993,855 on the write-down of the value of shares held in listed investments.

The cash balance at the end of December 2008 was A$204,681,789.

Review of Activities

Highlights

- Resource upgrade on Makhado hard coking coal project ("Makhado Project") from 713 million to 1.335 billion gross in situ tonnes.
- Resource upgrade on Vele coking coal project ("Vele Project") from 441 million to 721 million gross in situ tonnes.
- Company's coal resources totalled 2.2 billion gross in situ tonnes at the end of December 2008, with approximately 95% of the resources located in the higher value coking coal projects.
- Delivery and commissioning of the first two continuous miners at the Mooiplaats thermal coal project ("Mooiplaats Project"), with development of the associated infrastructure on schedule.
- Production of first run of mine coal at the Mooiplaats Project.

- Completion of negotiations with Transnet Freight Rail ("TFR") securing rail allocation for the transport of coal from the Company's Mooiplaats Project.
- Lodging of a New Order Mining Right ("NOMR") Application with the Department of Minerals and Energy ("DME") for the Vele Project.
- Revision of the Vele Project mining plan to include open cast as well as underground sections thereby improving the coking coal yield, significantly reducing mining costs and extending the life of the mine.
- Memorandum of Understanding signed by CoAL and Rio Tinto to swap certain prospecting rights and enter into a Joint Venture on other prospecting rights, all located in and around CoAL's Makhado Project.
- Long term port allocation secured at the Richards Bay and Maputo ports for the export of coal.
- Tenders submitted jointly with Independent Power Producers ("IPP") for the base load power supply programme for both the Vele and Makhado Projects, were unconditionally pre-qualified by Eskom.
- Approval from the Australian Foreign Investment Review Board granted to the Company's Black Economic Empowerment ("BEE") partner to increase its stake beyond 15% to 17.3%, raising an additional GBP15.6 million.
- Extension of BEE agreement to 30 April 2009 ensuring the Company complies with South African legislative requirements for mining companies.

Post period highlights

- Appointment of Morgan Stanley & Co. International Limited and Evolution Securities Limited as Joint Brokers to the Company. Evolution Securities also appointed as Nominated Advisor to CoAL.
- Agreement reached with TFR to transport 1 million tonnes per annum ("mtpa") to the Matola dry bulk terminal in Maputo, Mozambique ("Matola Terminal").
- Agreement to provide funding to expand the Matola Terminal, securing an additional 2 mtpa port allocation with an anticipated completion date of 1 August 2010.
- Appointment of Professor Ntshengedzeni Alfred Nevhutanda as Executive Director of CoAL.
- Selection of MCC Contracts ("MCC"), a division of Eqstra Holdings Limited as preferred partner for the Vele Project opencast mining operations.

The Company announced that its first mine will produce saleable export quality thermal coal in the new financial year and plans to have a second coking coal project in production by the end of the year are progressing according to schedule. The Company has secured sufficient port and rail allocation, guaranteeing its ability to transport and export its mined product thereby removing the significant infrastructure challenges faced by emerging bulk commodity mining companies. Despite tough global conditions, CoAL continues to have a low cost base and is well positioned to develop its current projects, as well as being able to take advantage of potential future prospects that may arise.

Discussion of the Results

Rail and Port Allocation

The Company has secured long term port allocation for the export of coal mined at the Mooiplaats Project through the Richards Bay dry bulk terminal operated by Grindrod Limited ("Grindrod"). The throughput agreement provides CoAL with an allocation of 900,000 tonnes of coal per annum commencing in 2009 and includes the potential to increase its export capacity to 3 mtpa once the terminal expansion is complete. In return, CoAL will participate in the funding of the expansion.

Included in the agreement signed with Grindrod, CoAL has secured long term port allocation through the Matola Terminal. The agreement provides for an allocation of 1 mtpa through the Matola Terminal commencing in 2009. Under the agreement, CoAL has secured the rights to up to 100% of any increased capacity at the Matola dry bulk terminal in return for the Company participating in the funding of the expansion. The first phase of Grindrod's intended two phase expansion of the terminal will increase CoAL's export capacity to 3 mtpa and on completion of the second phase of expansion, CoAL will have a total capacity of 13 mtpa of the terminal's annual 16 mtpa capacity.

Negotiations with TFR for rail services for the transport of coal to the Richards Bay dry bulk terminal are complete and the Company has secured a five year rail agreement for the movement of coal from its Mooiplaats Project to the terminal. TFR has allocated CoAL the current empty wagons returning from ArcelorMittal's Vanderbijl Park steel works, ensuring the Company will be able to satisfy its initial 900,000 tonne dry bulk terminal port allocation.

Extension of BEE Agreement

The agreement with Coal Investments Limited ("CIL") whereby CIL would subscribe for CoAL shares and be granted an option which, if exercised, would result in CIL, African Global Capital I, L.P. ("AGC") and their affiliates holding in excess of 26% of the Company's shares, was extended to 30 April 2009. AGC is a private equity initiative involving Mvelphanda Holdings (Pty) Ltd, OZ management LP (an operating entity of Och-Ziff Capital Management LLC (NYSE: OZM)) and Palladino Holdings Ltd.

When implemented, the agreement will ensure that CoAL is fully compliant with South African legislation requiring black empowered groups ("BEE Groups") to hold more than 26% of a mining company's equity by 2014. CIL, AGC and their affiliates agreed to use commercially reasonable endeavours to transfer their holdings in the Company to a BEE Group by the end of April.

IPP Submissions Pre-Qualified by Eskom

Both of CoAL's independent base load generation tenders submitted as part of independant IPP consortiums, whereby the IPP will supply Eskom with base load power, have been unconditionally pre-qualified by Eskom. The submission to supply coal to the proposed IPP located close to the Vele Project was made jointly with Mulilo Energy (Pty) Ltd and China Railway Construction Corporation and, with AES Energy Developments for an IPP in the proximity of the Makhado Project. In both cases, the coal supplied would be a "middlings" product, a lower quality coal produced additional to the coking coal. The economics of neither the Vele nor Makhado Projects is reliant on the sale of the middlings fraction but if successful, this would provide substantial upside to the Projects.

Mooiplaats Thermal Coal Project (100%)

The rehabilitation of the decline shaft and preparation of the surrounding areas for mining activity allowed for the production of the first run of mine coal in October. Development of the box-cut and surface infrastructure continued, enabling the contractors to sink to coal and concrete the mine floor. Stabilisation of the decline ramp floor and side walls is complete and over 150 metres of the incline conveyor belt structure has been installed, with commissioning due in the March quarter. Negotiations with the contract miner have been concluded and the supply of mining equipment, infrastructure and wash plant secured with delivery of two continuous mining machines producing the first run of mine coal.

The development of the underground mining portals is at an advanced stage with production from these due to commence by the end of the March quarter, followed by the first coal sales in the June quarter. Surface infrastructure establishment is progressing according to plan and the first wash plant modules are scheduled for commissioning during the March quarter.

Additional production related drilling as well as drilling to identify the site for the second decline shaft commenced on the neighbouring farms, Klipbank and Adrianople. Exploration on other neighbouring farms has begun, allowing for further expansion of the Mooiplaats project mining area.

Discussions are continuing with various parties regarding long term off-take agreements for the export of thermal coal mined at Mooiplaats, together with the short and long term lean coal production. In addition, the initial letter of offer for the sale of lower quality thermal coal has been submitted to Eskom with discussions expected to be concluded by the time export sales commence in the June quarter.

Mooiplaats Thermal Coal Project in proximity to the Camden Power Station and Richard Bay railway line

Vele Coking Coal Project (74%)

Exploration on the Vele Project resulted in a resource upgrade from 441mt to 721 million gross in situ opencastable tones, including 158 million tonnes in the 'Measured' and 324 million tonnes in the 'Indicated' categories. Drilling on the three bulk sample drill sites has been completed and the washability tests on the core samples finalised with further detailed analysis underway. Large diameter drill ("LDD") cores have been submitted for detailed laboratory analysis and initial results indicate a significant improvement in both coking coal qualities and yield when compared to historical results. Indications are that the resource contains prime coking coal with phosphorous levels below 0.01%, rather than the semi-soft coking coal as previously reported.

Detailed studies have been undertaken and the NOMR Application and the Environmental Scoping Report have been submitted. Specialist studies for the Environmental Impact Assessment and Environmental Management Plan are almost complete and are due for submission in early 2009. Furthermore, an application to amend the

Vele Project New Order Prospecting Right was submitted to the DME so as to facilitate the extraction of a bulk sample of 5,000 tonnes of coal from a box-cut for extensive testing and analysis by ArcelorMittal.

During November, the preliminary Vele Project mine production schedule was revised to include both underground and open cast sections. The revised schedule will potentially deliver significantly improved coking coal yields with substantially reduced mining costs and an extended mine life to beyond 2040. The current drilling programme will better define the site of the proposed bulk sample box-cut with the remaining 12 holes due to be completed early in 2009. This work, over and above improving the drilling density and resource modelling, will assist in assessing the roof stability, presence of faulting and continuity of the select mining horizon.

Initial marketing of the coking coal fraction will be finalised on completion of a formal off-take agreement with ArcelorMittal who have indicated that they will purchase between 2.5 and 5 million tonnes FOR Musina at a price benchmarked against the FOB Kestrel (east coast of Australia) coking coal prices. Other major consumers have already expressed strong interest in securing a supply of coking coal from the Vele and Makhado Projects and discussions in this respect are ongoing.

As noted above, the Company has entered into an agreement with an IPP to supply base load electricity to Eskom which, if successful, will improve the economics of the Vele Project significantly.

The tender procedure for opencast mining contractors commenced in November with the appointment of MCC in February 2009. During the period under review, the Company initiated processes to identify suitable bulk sample as well as underground mining contractors.

Negotiations with surface rights owners on the Vele Project have been finalised allowing for the development of the required infrastructure and bulk sample box-cut once legislative approval for the sample has been granted.

Makhado Coking Coal Project (100%)

CoAL and Rio Tinto entered into a joint venture and farm swap agreement relating to the New Order Prospecting Rights forming part of Rio Tinto's Chapudi and CoAL's Makhado Project. The rationalisation of the prospecting rights held by CoAL and Chapudi provides significant benefits to both companies in terms of improving economics and bringing the projects into commercial production.

Digitisation of the exploration data acquired from Exxaro Limited was finalised and this, together with results of exploration work previously undertaken, resulted in the creation of geological models included in the updated resource statement released in July, increasing the resource base to 1.335 billion tonnes. These models have been submitted to independent mine planners who are in the process of generating life-of-mine schedules which will be used in the NOMR Application.

Exploration drilling totalling over 3,400 metres was completed on the Makhado Project during the six months resulting in the design and commencement of two large diameter drilling programmes ("LDD"). The first LDD programme comprised 40 holes and yielded bulk samples for detailed coking coal analysis while the second 20 hole LDD programme focused on three sites and by the end of December 2008, 12 holes had been completed. Results of core analysed by laboratories yielded good quality hard coking coal and full results of this programme are expected in the June quarter.

The NOMR Application is almost complete and significant progress is being made on the Environmental Scoping Report, the Environmental Impact Assessment and Environmental Management Plan, all of which will be submitted to the DME once Section 11 approval has been received for the Rio Tinto farm swap. Negotiations with surface rights owners have commenced and will be finalised pending the approval of the farm swap.

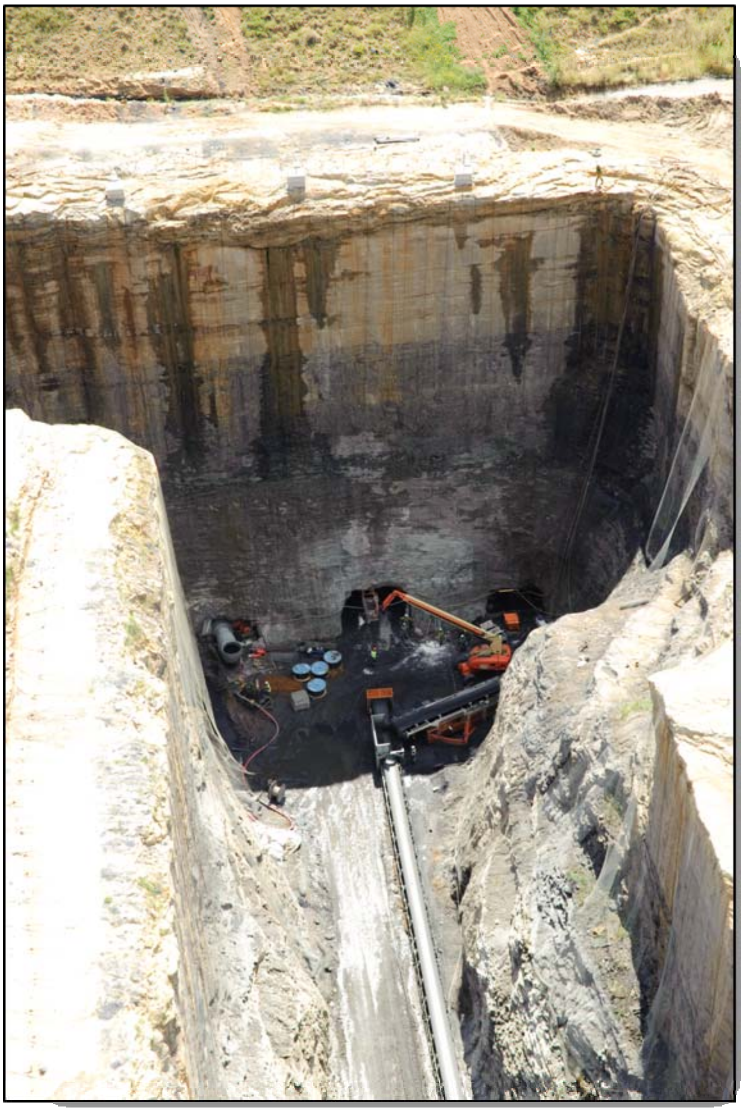
The NOMR Application to be submitted will include Rio Tinto's coal prospect areas that are contiguous with CoAL's Fripp and Tanga farms. Detailed studies have been completed and the life of mine is expected to be in excess of 20 years yielding a saleable coking coal as well as a percentage of middlings suitable for power generation. The Company has entered into a supply agreement with a global IPP who has submitted a bid in the recent Eskom tender for base load power.

Holfontein Thermal Coal Project (100%)

CoAL previously reached agreement to sell 100% of the Holfontein coal project ("Holfontein Ptroject") to Lachlan Star Limited ("Lachlan Star") for A$25 million, payable in a mix of cash and shares on the satisfaction of certain conditions. In late December, the Company agreed to terminate the agreement whereby Lachlan Star would acquire 100% of the Holfontein Project as Lachlan Star failed to acquire the necessary shareholder approval. A NOMR Application for the Holfontein Project has been submitted to the DME and CoAL will continue to add value to the Project.

Nimag Group of Companies (100%)

The nickel magnesium business continued to experience tougher trading conditions in the form of thinner margins and increased working capital requirements due to depressed global demand for its alloys and recording a loss of A$2.1 million (December 2007: profit of A$350,746) primarily due to the revaluation of nickel inventory. The Nimag Group is considered a non-core asset and CoAL continues to review its strategy in relation to this asset.



Mooiplaats shaft entry portal

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 18.

Signed in accordance with a resolution of the directors:

S.J. Farrell
Director

Dated at Perth, Western Australia, this 11th day of March 2009.

Mooiplaats conveyor infrastructure

Resource Estimation:
Resource estimations in this Half Year Financial Report have been compiled by Mr John Sparrow (Member of the South African Council of Natural Science Professions SACNASP) 400109/03, an independent geological and technical consultant with 26 years experience in the Southern African and Australian regions. Mr Sparrow has sufficient experience relevant to the assessment of this style of mineralization to qualify as a Competent Person as defined in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves - the JORC Code - and has compiled a number of Competent Person's reports for various organizations for the JSE, ASX and TSE. Mr Sparrow consents to the inclusion of the information in this report in the form and context in which it appears.

COAL OF AFRICA LIMITED

CONSOLIDATED INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated 31.12.2008 A$	Consolidated 31.12.2007 A$
Sale of goods		14,880,476	23,874,760
Interest earned		8,947,176	1,157,778
Other		136,756	100,675
Total revenue		**23,964,408**	**25,133,213**
Changes in inventory, raw materials and consumables used		(12,831,516)	(20,463,808)
Consulting, accounting & professional expenses		(701,786)	(285,763)
Employee expenses		(3,487,980)	(2,169,059)
Depreciation and amortisation expenses		(124,676)	(83,570)
Loss on disposal of asset held for sale		-	(7,919)
Diminution in investments		(1,993,855)	-
Office rent and outgoings		(538,074)	(150,980)
Borrowing costs		(93,566)	(87,216)
Nickel inventory revaluation		(2,106,820)	350,746
Other expenses from ordinary activities		(3,380,469)	(4,228,877)
Profit / (Loss) from continuing operations before income tax		**(1,294,334)**	**(1,993,233)**
Income tax expense		-	(244,476)
Profit / (Loss) after income tax for the half year		**(1,294,334)**	**(2,237,709)**
Profit attributable to minority equity interest		-	-
Net profit / (loss) attributable to members of the parent entity		**(1,294,334)**	**(2,237,709)**
Basic earnings/ (loss) per share for Coal of Africa Limited		(0.32) cents	(0.75) cents
Diluted earnings/ (loss) per share		(0.32) cents	(0.70) cents
Headline earnings/ (loss) per share		(0.32) cents	(0.75) cents

There are no dilutive potential ordinary shares therefore diluted earnings or loss per share has not been calculated or disclosed.

COAL OF AFRICA LIMITED

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	Consolidated 31 December 2008 A$	Consolidated 30 June 2008 A$
CURRENT ASSETS			
Cash assets		204,681,789	252,004,859
Receivables		22,358,770	11,751,597
Inventory		2,860,280	4,885,106
Total Current Assets		229,900,839	268,641,562
NON CURRENT ASSETS			
Assets held for sale		25,571,252	25,207,997
Intangibles		5,075,909	3,169,660
Mineral interests		174,414,817	174,932,316
Exploration Expenditure		23,375,255	18,203,831
Other financial assets		15,512,967	8,099,845
Property, plant and equipment		39,558,049	3,075,970
Logistics assets		23,296,447	-
Deferred tax		122,762	187,475
Total Non Current Assets		306,927,458	232,877,094
TOTAL ASSETS		536,828,297	501,518,656
CURRENT LIABILITIES			
Payables		2,778,881	6,179,806
Provisions		146,924	111,738
Current tax liability		91,185	581,338
Total Current Liabilities		3,016,990	6,872,882
NON CURRENT LIABILITIES			
Interest bearing liabilities		252,192	187,626
TOTAL NON CURRENT LIABILITIES		252,192	187,626
TOTAL LIABILITIES		3,269,182	7,060,508
NET ASSETS		**533,559,115**	**494,458,148**
EQUITY			
Contributed equity	2	568,346,774	533,053,005
Reserves		9,371,692	4,270,160
Accumulated losses		(47,230,601)	(45,936,267)
TOTAL PARENT EQUITY INTEREST		530,487,865	491,386,898
Minority Equity Interests		3,071,250	3,071,250
TOTAL EQUITY		**533,559,115**	**494,458,148**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	A$ Ordinary Share Capital	A$ Capital Profit Reserves	A$ Foreign Currency Translation Reserves	A$ Share Options Reserve	A$ Retained profits/ (losses)	A$ Minority Equity Interests	A$ Total
Balance at 1.7.2008	**533,053,006**	**136,445**	**(5,390,389)**	**9,524,104**	**(45,936,267)**	**3,071,250**	**494,458,148**
Shares issued during the period	36,000,000						36,000,000
Options exercised during the period	1,469,752			(552,709)			917,043
Share based payments	1,125,000			273,729			1,398,729
Options issued for capital raising	165,000						165,000
Share issue costs	(3,465,984)						(3,465,984)
Profit/ (Loss) attributable to members of parent entity					(1,294,334)		(1,294,334)
Foreign currency translation adjustments attributable to members of parent entity			5,380,512				5,380,512
Balance at 31.12.2008	**568,346,774**	**136,445**	**(9,877)**	**9,245,124**	**(47,230,601)**	**3,071,250**	**533,559,115**

	A$ Ordinary Share Capital	A$ Capital Profit Reserves	A$ Foreign Currency Translation Reserves	A$ Share Options Reserve	A$ Retained profits/ (losses)	A$ Minority Equity Interests	A$ Total
Balance at 1.7.2007	**177,189,359**	**136,445**	**(2,705,466)**	**7,879,673**	**(34,692,704)**	**3,071,250**	**150,878,557**
Shares issued during the period	121,763,054						121,763,054
Options exercised during the period	741,960			(270,839)			471,121
Share based payments	12,126,257						12,126,257
Options issued for capital raising	(1,607,675)			1,607,675			-
Share issue costs	(5,295,206)						(5,295,206)
Profit/ (Loss) attributable to members of parent entity					(2,237,709)		(2,237,709)
Foreign currency translation adjustments attributable to members of parent entity			438,551				438,551
Balance at 31.12.2007	**304,917,749**	**136,445**	**(2,266,915)**	**9,216,509**	**(36,930,413)**	**3,071,250**	**278,144,625**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

	Consolidated 31.12.2008 A$	Consolidated 31.12.2007 A$
Cash Flows used in Operating Activities		
Cash receipts in the course of operations	16,194,689	21,280,449
Interest received	9,015,723	1,123,623
Cash payments in the course of operations	(29,482,253)	(30,539,045)
Interest paid	(93,566)	(74,993)
Tax paid	(513,484)	(12,512)
Net cash generated by/(used in) operating activities	**(4,878,891)**	**(8,222,478)**
Cash Flows used in Investing Activities		
Deposits paid on investments	(5,824,112)	-
Proceeds from sale of equity investments	-	496,618
Exploration expenditure	(5,171,424)	(10,086,067)
Payments for investments	(27,893,308)	(46,505,343)
Payments for property, plant and equipment	(37,406,098)	(667,834)
Net cash provided by investing activities	**(76,294,942)**	**(56,762,626)**
Cash Flows from Financing Activities		
Proceeds from issues of shares and options	34,003,641	116,938,970
Repayment of borrowings	-	(100,152)
Net cash provided by financing activities	**34,003,641**	**116,838,818**
NET INCREASE/ (DECREASE) IN CASH HELD	**(47,170,192)**	**51,853,714**
Cash at the beginning of the half-year	**252,004,859**	**61,530,490**
Exchange rate adjustment	(152,878)	202,997
Cash at the end of the half-year	**204,681,789**	**113,587,201**

The accompanying notes form part of these financial statements.

NOTE 1

(a) Basis of preparation of Half Year Report

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, and other authoritative pronouncements of the Australian Accounting Standards Board.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the 30 June 2008 annual financial report and any public announcements made by the company and its controlled entities during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

These half year consolidated financial statements were approved by the Board of Directors on 9th March 2008.

These consolidated half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2008, except for the adoption of amending mandatory standards for annual reporting periods beginning on or after 1 January 2009, as described in Note 1(d).

(b) Principles of consolidation

The consolidated half year financial statements comprise the financial statements of Coal of Africa Limited and its controlled entities.

A controlled entity is any entity controlled by Coal of Africa Limited. Control exists where Coal of Africa Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Coal of Africa Limited to achieve the objectives of Coal of Africa Limited.

All intercompany balances and transactions between entities in the economic entity, including any unrealised profits have been eliminated on consolidation. Where a controlled entity has entered or left the economic entity during the year its operating results have been included from the date control was obtained or until the date control ceases.

(c) Dividends

No dividend has been paid or is proposed in respect of the half-year ended 31 December 2008 (2007: None).

(d) Changes in accounting policies

New/revised standards and interpretations applicable for the years commencing 1 July 2008 have been reviewed and it was determined that changes were not required to the existing accounting policies adopted by Coal of Africa Limited. Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the group for the interim reporting period. The directors have not yet assessed the impact of these new or amended standards (to the extent relevant to the group) and interpretations.

	Consolidated 31 Dec 2008 A$
2. CONTRIBUTED EQUITY	
411,375,378 (30.6.2008: 398,254,492) fully paid ordinary shares	568,346,774
Movements in contributed equity	
Opening balance at beginning of the half-year	533,053,006
- 690,886 options exercised on 3 July 2008	1,469,752
- 12,000,000 ordinary shares issued on 4 Aug 2008	36,000,000
- 375,000 ordinary shares issued on 4 Aug 2008 in lieu of Put option	1,125,000
- 55,000 ordinary shares issued on 4 Aug 2008 in lieu of professional fees	165,000
Less: share issue costs	(3,465,984)
Total equity at the end of the half-year	568,346,774

Options

The following options to subscribe for ordinary fully paid shares are outstanding at balance date:

Number Issued	Number Quoted	Exercise Price	Expiry Date
9,250,000	-	A$0.50	30 September 2011
250,000	-	A$2.05	1 May 2012
196,688	-	GBP0.34	17 May 2009
7,000,000	-	A$1.25	30 September 2012
934,114	-	GBP0.65	30 November 2009
1,000,000	-	A$1.90	30 September 2012
600,000	-	A$1.25	1 May 2012
1,650,000	-	A$3.25	31 July 2012

690,886 options at GBP0.65 each were exercised during the six months under review.

3. SEGMENT INFORMATION

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest or dividend-earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

Business segments
The consolidated entity comprises the following main business segments:

Manufacturing	Mineral processing by Nimag in South Africa
Investing	Equity and fixed income instrument investments in South Africa, Australia and United Kingdom
Coal Exploration	Coal projects in South Africa

31 December 2008

Primary reporting industry	**Manufacturing**	**Investing**	**Coal Exploration**	**Consolidated**
	A$	A$	A$	A$
Revenue				
Total segment revenue	14,880,476	-	-	14,880,476
Unallocated revenue	95,863	8,790,291	207,778	9,083,932
Total revenue				**23,964,408**
Results				
Segment results	(2,435,424)	3,882,377	(2,741,287)	(1,294,334)
Net profit/ (loss) before income tax				**(1,294,334)**
Depreciation and amortisation	30,129	5,629	88,918	124,676
Assets				
Segment assets	11,792,557	287,687,618	237,348,122	536,828,297
Consolidated total assets				**536,828,297**
Liabilities				
Segment liabilities	2,306,535	181,370	781,277	3,269,182
Consolidated total liabilities				**3,269,182**

4. SHARE BASED PAYMENTS

Shareholders, at the Annual General Meeting held on 27 November 2008, approved the grant of 1,650,000 Class I options to the Company's Chief Operating Officer. The options are exercisable at a price of $3.25 on or before 31 July 2012 and vest subject to the attainment of certain performance conditions.

The terms and conditions of the grants made during the six months ended 31 December 2008 are as follows:

Grant Date	No. of Options	Vesting Conditions	Maturity Date
1 Dec 2008	1,650,000	• 560,000 vest immediately upon issue; • 500,000 vest 12 months from issue date; • 590,000 vest 24 months from issue date	31 July 2012

The fair value of the options and assumptions for the six months ended 31 December 2008:

Value of option at grant date	$0.4888 (using Binomial Option Valuation methodology)
Share price	$1.18
Exercise Price	$3.25
Expected volatility	100%
Option life	3.67 years
Expected dividends	Nil
Risk-free interest rate	4%

The basis of measuring fair value is consistent with that disclosed in the 30 June 2008 Annual Report. The fair value will be amortised and brought to account over the vesting period of the options. During the period ended 31 December 2008, the expense recognized for options issued to employees was A$273,728.

On 4 August 2008, the Company issued 55,000 ordinary shares for nil consideration to an unrelated consultant in lieu of professional fees. The fair value per share at time of issue was $3.00. During the period ended 31 December 2008, professional fees expense of A$165,000 has been recognized in the Income Statement.

5. BUSINESS COMBINATION (ACQUISITION OF CONTROLLED ENTITIES)

The consolidated entity did not acquire control over any entities during the period ended 31 December 2008.

6. DISPOSAL OF CONTROLLED ENTITIES

The consolidated entity did not lose control over any entities during the half year period or the half year ended 31 December 2008.

7. CONTINGENT LIABILITIES

In accordance with normal industry practice the Company has agreed to provide financial support to its 100% controlled entities. There are no other contingent liabilities as at 31 December 2008.

8. EVENTS SUBSEQUENT TO REPORTING DATE

- On 28 January 2009, the Company announced that it had reached agreement with TFR for the rail allocation of 1 mtpa to the Matola Terminal in Maputo, Mozambique. The rail allocation ensures that CoAL will be able to utilise the Company's 1 mtpa port allocation for the export of coal. Although neither the Vele nor Makhado Projects located in the Limpopo province are in production, the Company has successfully railed third party coal to the Matola Terminal, generating income from the allocation and ensuring the practical viability of the rail and port infrastructure.
- On 28 January 2009, CoAL announced that it has reached agreement whereby it will loan the funds for the 2 mtpa expansion of the Matola Terminal. The Company has the right to participate in up to 100% of any increased capacity at the Matola Terminal, consequently increasing CoAL's annual allocation to 3 mtpa from an expected date of 1 August 2010.

There are no other matters or events which have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the directors,

1. The financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

   a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and

   b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half year ended on that date.

2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of directors.

S. J. Farrell
Director

Dated at Perth, Western Australia, this 11th day of March 2009.

MOORE STEPHENS

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF COALOF AFRICA LIMITED

As lead auditor for the review of Coal of Africa Limited and its controlled entities for the half year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Coal of Africa Limited and its controlled entities during the period.

Neil Pace

Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Dated in Perth, this 11th day of March 2009.

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Partners
Syd Jenkins
Neil Pace
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Dino Travaglini

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF COAL OF AFRICA LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Coal of Africa Limited and its controlled entities ("the consolidated entity"), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and the cash flow statement for the half-year ended on that date, a summary of significant accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at half year's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that it is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: "Review of an Interim Financial Report Performed by the Independent Auditor of the Entity", in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporation Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001. As the auditor of Coal of Africa Limited and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

A review of the half-year financial report consists of making enquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the applicable independence requirements of the Corporations Act 2001.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Coal of Africa Limited and its controlled entities is not in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001.

Neil Pace

Moore Stephens

Neil Pace
Partner

Moore Stephens
Chartered Accountants

Dated in Perth, this 11th day of March 2009.

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