COAL of AFRICA LIMITED

ANNOUNCEMENT **23 APRIL 2009**

REPORT FOR THE MARCH 2009 QUARTER

Coal of Africa Limited ("CoAL" or "the Company") announces its operational report for the quarter ended 31 March 2009. A full copy of this report is available at the Company's website, www.coalofafrica.com.

Highlights

- Increased coal production from the two continuous miners and sustained progress in the development of infrastructure at the Mooiplaats thermal coal project ("Mooiplaats Project).
- Agreement reached with Transnet Freight Rail ("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.
- Agreement to grant Exxaro Coal (Pty) Ltd an option to acquire up to 30% of the Makhado hard coking coal project ("Makhado Project") for a cash consideration equal to the Project's NPV, less a 20% discount.
- Selection of MCC Contracts ("MCC"), a division of Eqstra Holdings Limited, as preferred partner for the opencast mining operations at the 721 million gross in situ tonnes (total) Vele coking coal project ("Vele Project").
- Appointment of ELB Engineering Services (Pty) Ltd ("ELB") to construct a temporary 340 tonnes per hour ("tph") coal beneficiation plant to facilitate coking coal production at the Company's Vele Project from end November 2009.
- Memorandum of Understanding signed with Dowding, Reynard and Associates ("DRA") for the process design criteria and potential construction of the 15mtpa permanent coal beneficiation plant for the Vele Project.
- 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 to acquire 50% of the shares in Guiderius Investments Limited ("Guiderius"), which holds 60% of the Massabi Coal Joint Venture ("Massabi JV"), located in Zimbabwe.
- Establishment of Coal of Africa King Toni Mphephu Scholarship Trust which has enabled the first intake of 32 scholars from the Vhembe district of the Limpopo Province to study at tertiary education institutions.
- Appointment of Professor Ntshengedzeni Alfred Nevhutanda as Executive Director of CoAL.
- Cash balance at the end of the quarter was A$122 million - the Company has no debt.

Commenting on the results today, Simon Farrell, Managing Director of CoAL said, “Current global conditions are challenging but the Company is in the fortunate position of having no debt, considerable cash reserves and projects that will supply significant quantities of coal to the market. The Mooiplaats thermal coal project is on track to produce saleable export quality thermal coal early in the new financial year and I am confident that production on the Vele coking coal project will commence by the end of 2009. We have managed to remove a major infrastructure challenge faced by bulk commodity miners in securing sufficient port and rail allocation, guaranteeing our ability to export coal to the more lucrative international markets.”

DISCUSSION OF RESULTS

Mooiplaats Thermal Coal Project – Ermelo Coalfield (100%)

The Company is proud to announce that at the end of March 2009 it had recorded over 400,000 fatality free and lost time incident free man-hours. Progress on the underground and surface infrastructure continued according to schedule. The incline conveyor belt linking the underground operations to the surface infrastructure has been commissioned, allowing for the transport of coal to the surface stockpile areas. Production, stockpile and auxiliary conveyor belts are complete with the installation and commissioning of the remaining conveyor belts due early in the next quarter. Road network construction on the project remains on course for completion by the end of April 2009.

Development of the underground infrastructure was delayed due to the presence of a dyke but, by the end of March, the two Continuous Miners had progressed over 150 metres yielding 16,900 tonnes of coal.

Construction of change houses, offices and workshops has commenced and is expected to be completed by the end of April 2009, when phase one of the wash plant is commissioned. Kwena Processing (Pty) Ltd will operate the wash plant and Portaclone (Pty) Ltd has been appointed to construct the second phase of the plant. The slurry dams will be constructed and operated by ECMP (Pty) Ltd.

Discussions with third parties regarding the use of their coal sidings continued and finalisation of commercial terms are expected by the end of April. Negotiations regarding long term off-take agreements for the export of thermal coal, as well as the lean coal produced, are ongoing. In addition, discussions regarding the sale of lower quality thermal coal to Eskom continued.

Vele Coking Coal Project – Tuli Coal Field (74%)

During the March quarter, specialist studies required for the Environmental Impact Assessment and Environmental Management Plan were completed. These specialist studies will be discussed with all Interested and Affected Parties during April 2009 prior to submission to the Department of Minerals and Energy (“DME”) as part of the New Order Mining Right (“NOMR”) Application, submitted in October 2008. The Company remains hopeful of receiving a granted New Order Mining Right by September of this year.

The remaining 12 holes of the bulk sample drilling programme were completed in early 2009, allowing for better definition of the proposed bulk sample box-cut site. A full suite of geotechnical analysis as well as an incline drilling programme commenced during the quarter. The analysis to be undertaken includes a 70 hole drilling programme that will improve the project drilling density and resource modelling, assist in assessing underground mining roof and floor conditions as well as identify the presence of faulting and the continuity of the select mining horizon. CoAL will advise the market once all testing has been completed and the results received. The incline drilling programme will improve the data on the site identified for the extraction of the 5,000 tonne bulk sample for analysis by ArcelorMittal and other potential customers.

The tender process for the supply of a modular plant was finalised during the March quarter with a letter of intent sent to ELB for the construction of the plant. ELB has partnered with PBA Projects to design and construct the modular plant, which will be based on PBA's processing plant designs used in the marine diamond industry. A Memorandum of Understanding has been signed with DRA to design, construct and operate (via Minopex) the larger, permanent Vele coking coal wash plant. The modular wash plant will be relocated to the Makhado Project once the larger wash plant at Vele has been commissioned.

GRD Minproc has been mandated to complete a Project Feasibility Study document on the Vele Project, results of which are expected by August 2009. This study will include both the underground and open cast sections of the project.

Agreements with surface rights owners 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.

MCC has been appointed as the preferred partner to conduct opencast mining operations at the Company's Vele coking coal project. MCC has been a leader in the field of surface contract mining for over 25 years and has vast experience in both hard rock and coal mining. Current contracts performed by MCC involve the excavation of over 15 million tonnes of ore and waste rock per month. Formalisation of the open cast mining agreements with MCC is expected to be finalised by the end of the June 2009 quarter.

Makhado Coking Coal Project – Soutpansberg Coal Field (100%)

The Company reached agreement with Exxaro Coal (Proprietary) Limited , a wholly owned subsidiary of Exxaro Resources Limited ("Exxaro"), whereby CoAL has granted Exxaro an option, subject to certain conditions, to acquire up to 30% of the Makhado Coking Coal Project for cash consideration equal to the NPV of Project, less a 20% discount.

Importantly, Exxaro (originally part of Iscor) was responsible for all of the historical drilling and exploration activities undertaken in the Soutpansberg Coal Field, including Coal of Africa's Makhado Project. Further, it is currently the only hard coking coal producer in South Africa and the sole South African based supplier to ArcelorMittal SA and as a result, can bring to CoAL a depth of coking coal experience unrivalled in the South African context. Exxaro are willing to commit their extensive resources and assist CoAL in *inter alia*, the analysis of the project geology, mine planning, beneficiation and marketing of the coal produced.

Exxaro is South Africa's largest black-controlled, diversified mining company, listed on the JSE Limited. Exxaro has a diverse and world-class commodity portfolio in coal, mineral sands, base metals and industrial minerals, with exposure to iron ore through a 20% interest in listed Kumba Iron Ore . As the fourth-largest South African coal producer with capacity of 45 million tonnes per annum and the third-largest global producer of mineral sands, Exxaro is a significant participant in the coal and mineral sands markets and provides a unique listed investment opportunity into these commodities.

A large diameter 20 hole drilling programme was completed during the quarter and laboratory results of the core samples yielded good quality hard coking coal. Initial logging information confirmed thicker coal zones than previously reported and further results of laboratory analysis will be included in upgraded resource statements.

An agreement with the surface rights owner of the farm Tanga 849 MS has been finalised while negotiations with other Makhado Project surface right owners are ongoing and will be finalised pending the DME's approval of the exchange of New Order Prospecting Rights between Rio Tinto and CoAL.

Holfontein Coal Project (100%)

The Holfontein Project is recognised as an asset available for sale. Discussions continued with the DME regarding the NOMR Application. This Application was submitted in early 2008 and CoAL is confident that the approval will be granted in the near future.

Rail Allocation Secured for Coking Coal Projects

Agreement was reached with TFR, a division of Transnet, the South African Government owned rail and freight organisation, for the rail allocation of 1 mtpa to the Matola Terminal. This rail allocation matches the Company's port allocation of 1 mtpa through the Matola Terminal, secured through an agreement with Terminal De Carvao Da Matola Limitada.

During the March quarter, CoAL successfully railed over 38,000 tonnes of third party coal to the Matola Terminal. Of the coal railed, over 22,000 tonnes were shipped from the Terminal during the period, ensuring the viability of the rail and port allocation while at the same time generating income from the allocation. The Company also notes that TFR announced during the quarter a record of 50,000 tonnes railed in one week via the Maputo corridor, further evidence of the practical viability of this export route as an alternative to the Richards Bay Coal Terminal.

Increase in Export Allocation at the Matola Terminal

CoAL announced earlier in the financial year that it had secured the rights to up to 100% of any increased capacity at the Matola Terminal in return for contributing loan funding. During the March quarter, the Company agreed to loan the required funds for the proposed 2 mtpa expansion at the Matola Terminal which will increase CoAL's export allocation at the port to 3 mtpa. The increased port capacity is expected to be effective from 1 August 2010 and discussions with TFR to secure an additional 2 mtpa rail capacity are ongoing.

Acquisition of stake in Massabi Joint Venture

The Company has executed an agreement ("the Agreement") to acquire 50% of the shares in Guiderius, which holds 60% of the Massabi JV located in the Massabi Coalfield, for a consideration of US$5 million plus up to an additional US$5 million subject to certain conditions and at the discretion of CoAL. In determining whether or not to pay the additional consideration, CoAL will consider the level of additional risk exposure that the Company might experience taking into account various factors, including, without limitation, the prevailing political climate in Zimbabwe.

The Massabi Coalfield has been known since 1895, since then no further exploration work was done until Union Carbide drilled 35 boreholes in 1975. Union Carbide withdrew from the area in the late 1970's due to political unrest in Zimbabwe.

The exploration area is approximately 20km^2. Massabi started conducting detailed exploration in March 2008 and to date a total of 90 diamond drill boreholes were drilled on a grid of 350m by 350m. A total of 7000m of diamond core was drilled. The cores were sampled, geologically and geophysically logged. Up to six coal bearing horizons were identified and intersected as shown in the figure below. Samples were submitted to two coal laboratories in South Africa for proximate analyses.

The laboratory analyses of over 500 samples of the coal seams revealed good quality coal with coking coal properties. Floatation analysis with relative densities of less than 1.5 g/cc of samples from selected seams yielded recovery of over 50%; low sulphur < 1%; calorific values of >28 Mj/Kg and ash content of < 15%.

An airborne geophysical survey was undertaken in September 2008 with an area of approximately 60 km sq aero-magnetically surveyed at 100m line spacing using a gradiometer magnetometer system. The aeromagnetic survey confirmed the structure of the depositional basin and structure affecting the coal bearing seams. The airborne data is shown in figure 6.

The exploration priority will now be to use all the recently accumulated data to produce a robust geological model and to convert a coal resource into a reserve using all available data and a sophisticated modelling program.

Feasibility studies are currently being done and should be completed in 6-8 months time.

Establishment of the Coal of Africa King Toni Mphephu Scholarship Trust ("the Trust")

At the Company's launch of its Makhado Project in 2008, it was announced that an educational trust would be established for the benefit of scholars residing in the vicinity of CoAL's projects. In early 2009, the Company committed R2.5 million to the Trust, enabling 32 scholars from the area to study mining related courses at tertiary institutions.

The Trust will be overseen by his Highness Thovhele Toni Mphephu Ramabulana, King of the VhaVenda, VhaVenda chiefs, a senior Limpopo Education Department employee, CoAL representatives as well as independent Trustees. Annual contributions by the Company to the Trust are expected to increase as the project approaches production.

Nimag Group of Companies (100%)

As a result of cost cutting and restructuring measures implemented by management of Nimag, the Group returned a small loss for the quarter despite continued difficult trading conditions.

Authorised by

SIMON J FARRELL

Managing Director

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About CoAL:
AIM and JSE listed Coal of Africa Limited ("CoAL"), is primarily focused on the acquisition, exploration and development of metallurgical and thermal coal projects. The Company's key projects, along with its leading metals processing company NiMag Group (Pty) Ltd are in South Africa.

Resource Estimation:
Resource estimations 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.