



ANNOUNCEMENT

13 JULY 2009

COAL PROJECTS UPDATE

Coal of Africa Limited ("CoAL" or the "Company"), the AIM/ASX/JSE listed coal mining and development company operating in South Africa (ticker: CZA), provides the following update on the Company's Mooiplaats thermal coal project in the Mpumalanga Province ("Mooiplaats Project"), Vele coking coal project, near Musina in the Limpopo Province ("Vele Project") and the Makhado coking coal project, also in the Limpopo Province ("Makhado Project").

MOOIPLAATS

Following the announcement on 9 June 2009, the Company confirms that a revised mining layout for the project has been finalised following an extensive reassessment of the mine plan and geological conditions at Mooiplaats. Depending on the rate of development, export quality thermal coal is now expected to be reached in November 2009 at the earliest, or the first quarter of 2010 at the latest. Other than this, all other aspects of the original mine planning and scheduling remain the same. Importantly, there has been no material amendment to either the anticipated tonnage schedules or the project's Life of Mine. Forecast run of mine ("ROM") production for the next 5 years is as follows:

Calendar Year	2010	2011	2012	2013	2014
ROM Production	1.7m	2.7m	3.1m	3.4m	3.2m

Operations at the Mooiplaats Project are continuing well, with mid volatile "lean" coal currently being produced at a rate of 30,000 ROM tonnes per month, whilst establishing access into the export thermal coal resource. The Company is encouraged by ongoing discussions with a number of interested parties specifically looking for mid volatile lean coal. In the event one or more of these discussions materialises into a formal off-take agreement, production of the lean coal can quickly be ramped up to over 80,000 ROM tonnes per month.

As previously announced, the Company has already reached agreement on terms and conditions for the off-take of the export quality thermal coal to be produced at Mooiplaats.

Furthermore, discussions are proceeding with third parties requiring coal processing facilities as well as rail and port access whilst build-up at Mooiplaats continues.

VELE

The Company is to develop its Vele Project in two phases. Phase 1 will initially comprise the establishment of a modular coal treatment plant, which will have the ability to deliver approximately 1 million saleable tonnes (yield dependant) of coking coal per annum, expected to be delivered to ArcelorMittal for use at its steelworks in Vanderbijl Park. The capacity of the modular coal treatment plant can be doubled should ArcelorMittal seek to increase their off-take from Vele. The Letter of Intent signed with ArcelorMittal in April 2008 ("Mittal LOI") provides for potential off-take from the Company's coking coal properties of 2.5 - 5 mtpa. Phase 2 will deliver the planned full capacity of 5 million tonnes of coking coal per annum.

The Company is ready to launch Phase 1 immediately upon the granting of a New Order Mining Right ("NOMR"), currently under review by the South African Department of Minerals and Energy ("DME"), and approval is expected by the end of Q3 2009. A significant amount of preparation has already been completed for Phase 1, and capital expenditure committed to the modular plant, which will shorten the production lead time. Wet commissioning of the modular plant is scheduled for August this year. The timing of the Phase 2 expansion to deliver 5 million tonnes per annum of saleable coking coal will be dictated by market conditions.

The total capital expenditure required to complete Phase 1 is estimated at R350 million. To double the Phase 1 capacity is estimated to cost a further R200m and an additional R2.65 billion is required for Phase 2 (5 mtpa). The Mittal LOI provides for a free on rail ("FOR") delivery in return for a free on board ("FOB") indexed price, delivering a significantly better margin than what would otherwise be enjoyed through exporting the coal. Initial mining will be by opencast methods, which is also contributing to lower initial mining establishment costs.

CoAL once again confirms that the Company has sufficient cash resources available to complete the development of the Mooiplaats Project, as well as the establishment of Phase 1 of the Vele Project.

MAKHADO

CoAL is progressing with planning of its Makhado Project. Analysis of the coal resource quality is continuing, post the completion of additional large diameter bulk sample drilling in Q2 2009.

The full scale project plan is based on the production of 5 million tonnes of coking coal per annum. A similar phased approach to that at Vele utilising a modular coal processing plant may also be applied at Makhado, which will lower initial capital requirements and enable CoAL to self-fund the build up into a full capacity mine. Current indications are that a modular plant based first phase, with a capacity of 1 million saleable tonnes (yield dependent) of coking per annum, will require a capital investment in the order of R500 million, compared to R2.7 billion required for the full-scale mine development. Market conditions will determine whether the development of Makhado will be based on full scale production of 5mtpa or a similar phased approach as taken at Vele.

CoAL has prepared the documentation for the Makhado Project mining right application, which is planned for submission to the DME once Section 11 approval has been obtained for the Farm swap with Rio Tinto. This is expected H2 2009 as previously communicated.

CoAL will report further details in its next quarterly report scheduled for release by the end of July 2009.

AUTHORISED BY:



Simon Farrell
Managing Director

For more information contact:

Simon Farrell, Managing Director
Peter Bacchus/ Alastair Cochran
Simon Edwards/ Chris Sim
Jos Simson/ Leesa Peters

CZA	+61 417 985 383	or	+61 8 9322 6776
Morgan Stanley	+44(0) 20 7425 8000		
Evolution Securities	+44(0) 20 7071 4300		
Conduit PR	+44(0) 20 7429 6603		

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.