



ANNOUNCEMENT

14 JULY 2009

ACQUISITION OF 26% INTEREST IN LIMPOPO COAL

Coal of Africa Limited ("CoAL" or the "Company"), the AIM/ASX/JSE listed coal mining and development company operating in South Africa (ticker: CZA), is very pleased to announce it has executed two binding agreements to collectively secure the remaining 26% interest in Limpopo Coal Company (Proprietary) Ltd ("Limpopo Coal"), the company that owns the Vele coking coal project, near Musina in the Limpopo Province ("Vele Project") and in which CoAL already holds a 74% interest.

CoAL acquired 74% of the issued share capital in Limpopo Coal following shareholder approval at a general meeting of the Company held on 28 June 2006. It has now executed Sale of Shares and Claims Agreements with Tranter Holdings (Pty) Ltd ("First Agreement") to secure 20% of the issued share capital of Limpopo Coal ("20% Acquisition") and with Shangoni Bezwe Management Services (Proprietary) Limited ("Second Agreement") to secure the remaining 6% of the issued shares of Limpopo Coal ("6% Acquisition").

Completion of both transactions will take CoAL's interest in the Vele Project to 100%.

The consideration payable in respect of the 20% Acquisition is 5,625,750 fully paid ordinary shares ("20% Shares") in the Company and the consideration payable in respect of the 6% Acquisition is 1,990,000 fully paid ordinary shares ("6% Shares") in the Company.

CoAL confirms that the above transaction in no way affects the Company's BEE status at the corporate level, which it is hopeful of finalising by the end of July.

First Agreement - 20% Acquisition

The consideration payable for the 20% Acquisition is payable upon the fulfilment or waiver of the following suspensive conditions:

1. The Board of Directors of CoAL passing all resolutions required to approve the Company entering into and implementing the First Agreement and the 20% Acquisition by 30 June 2009;
2. The shareholders of CoAL passing all resolutions required to approve the issue by CoAL of the 20% Shares in accordance with the First Agreement by 30 September 2009;
3. Tranter Holdings (Pty) Ltd passing a resolution in terms of section 228 of the Companies Act (South Africa) approving the entering into and implementation of the First Agreement by 30 June 2009;

4. The First Agreement and the 20% Acquisition being approved by the Exchange Control Department of the South African Reserve Bank, either unconditionally or subject to such conditions as may be reasonably acceptable to the parties, by 31 October 2009; and
5. Limpopo Coal being granted a New Order Mining Right pursuant to s23 of the Mineral and Petroleum Resources Development Act (South Africa) in respect of the Farms comprising the Vele Coal Project by 31 December 2009.

As at the date of this announcement, suspensive conditions 1, 2 and 3 have been satisfied.

Second Agreement - 6% Acquisition

The consideration payable in respect of the 6% Acquisition is 1,990,000 fully paid ordinary shares ("6% Shares") in the Company, payable upon the fulfilment or waiver of the following suspensive conditions:

1. The Board of Directors of CoAL passing all resolutions required to approve the Company entering into and implementing the Second Agreement and the 6% Acquisition by 30 June 2009;
2. The shareholders of CoAL passing all resolutions required to approve the issue by CoAL of the 6% Shares in accordance with the Second Agreement by 30 September 2009;
3. Shangani Bezwe Management Services (Proprietary) Limited passing a resolution in terms of section 228 of the Companies Act (South Africa) approving the entering into and implementation of the Second Agreement by 31 July 2009; and
4. The Second Agreement and the 6% Acquisition being approved by the Exchange Control Department of the South African Reserve Bank, either unconditionally or subject to such conditions as may be reasonably acceptable to the parties, by 31 October 2009.

As at the date of this announcement, suspensive conditions 1, 2 and 3 have been satisfied.

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
Morgan Stanley
Evolution Securities
Conduit PR

+61 417 985 383 or +61 8 9322 6776
+44(0) 20 7425 8000
+44(0) 20 7071 4300
+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.