

Regulatory Story

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Company	Coal of Africa Limited
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COMPLETION OF NUCOAL ACQUISITION

Further to its announcement of 29 October 2009, Coal of Africa Limited ("CoAL" or "the Company") is pleased to confirm the completion of the acquisition of NuCoal Mining (Pty) Limited ("NuCoal"), following fulfillment of the suspensive conditions to the Share Sale Agreement ("SSA") signed on 29 October 2009. After adjusting for a 10% retention and adjustments to reflect the working capital position (including certain non-current liabilities) as at 31 December 2009, the final adjusted purchase price due to NuCoal is ZAR467m. The R65m retention will be withheld in relation to certain warranties and in accordance with the terms of the Share Sale Agreement.

In accordance with the terms of the SSA, CoAL's economic interest in NuCoal commenced on 1 January 2010.

Commenting on the transaction, CoAL's Managing Director Simon Farrell said:

"The acquisition of NuCoal cements CoAL's position as an emerging South African coal producer, transforming the Company into a multi-site producer, well placed to take advantage of the current strength in, and attractive outlook for, global coal markets"

NuCoal is a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal's Woestalleen Colliery, which produces 2.5Mtpa of saleable coal for domestic and export markets, has a number of off-take contracts in place. NuCoal has two beneficiation plants, one fully operational mine producing 350kt per month of run of mine ("ROM") coal and has recently commenced production at a second mine. In addition, NuCoal has a number of other development projects which CoAL will evaluate in the context of the Company's overall corporate strategy.

Azure Capital acted as Corporate Adviser to CoAL on the acquisition of NuCoal. The acquisition was funded by proceeds of the recent share placement completed 30 October 2009 which raised GBP56.9m (before costs), equivalent to ZAR731m based on prevailing exchange rates at the time. CoAL will apply the remaining proceeds of the placement to, amongst other things, accelerating capital expenditure at its Vele coking coal project and general working capital requirements.

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About CoAL:

Coal of Africa Limited ("CoAL") is an AIM/ASX/JSE listed coal mining and development company operating in South Africa. CoAL has three key projects including the 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656 mt Vele coking coal project and the 1 bn tonne Makhado coking coal project.

The Mooiplaats coal mine commenced production in 2008 and is currently ramping up to produce 2 mtpa. CoAL's Vele and Makhado coking coal projects are expected to start production in H1 2010 and Q4 2011 respectively producing an initial 2 mtpa rising to a combined annual output of 10 mtpa of coking coal.

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