



## ANNOUNCEMENT

25 FEBRUARY 2010

### COAL MOVES TO 100% INTEREST IN VELE PROJECT

Further to shareholder approval at the Company's Annual General Meeting held on 30 November 2009 and following satisfaction of the remaining suspensive condition with the grant of the New Order Mining Right for the Vele coking coal project as announced on 3 February 2010, Coal of Africa Limited ("CoAL" or the "Company") confirms it has today issued 5,625,750 ordinary shares ("Shares") to Tranter Holdings (Proprietary) Limited at a deemed issue price of £0.40 in consideration for the acquisition of a 20% interest in Limpopo Coal Company (Proprietary) Limited, taking the Company's interest to 100%.

In addition, 350,000 Shares were also today issued at a deemed issue price of A\$2.00 per Share in lieu of services rendered for rail and port logistics. The Shares were issued to a nominee of Inkanyezi Logistic Solution CC pursuant to a Logistics Lead Negotiator Agreement entered into on 18 October 2007 between Inkanyezi Logistic Solution CC and the Company, pursuant to which the Company agreed to issue Shares as a success fee for services rendered.

Following admission of the 5,975,750 Shares, the number of Shares on issue will be 480,514,663.

The Company has also today issued 912,500 options, exercisable at R12.50 each on or before 30 June 2014, to various employees pursuant to the terms and conditions of the Company's Share Option Plan approved by shareholders at the Company's Annual General Meeting held on 30 November 2009.

An Appendix 3B for each of the above issues will be lodged following this announcement.

#### **Secondary Trading Notice Pursuant to Paragraph 708A(5)(e) of the Corporations Act 2001 ("Act")**

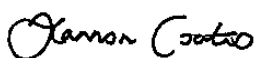
The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A of the Act. By giving this notice, a sale of the Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

- (a) the Company issued the Shares without disclosure to investors under Part 6D.2 of the Act;
- (b) as at 25 February 2010, the Company has complied with the provisions of Chapter 2M of the Act (other than section 319 in relation to a financial year ended in the calendar year 2004) as they apply to the Company, and section 674 of the Act; and
- (c) as at 25 February 2010 there is no information:

- a. that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
- b. that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
  - i. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
  - ii. the rights and liabilities attaching to the relevant Shares.

**AUTHORISED BY:**



**Shannon Coates**  
*Company Secretary*

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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 4 key projects including the 113 million tonne ('mt') Mooiplaats thermal coal mine, the 656 mt Vele coking coal project, the 1.3 bn tonne Makhado coking coal project (including the Rio farm swap) and the recent acquired Woestalleen Colliery and associated mining operations producing in excess of 2mtpa export thermal coal.

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.