

Regulatory Story

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Company	Coal of Africa Limited
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Headline	Interdict application regarding Vele Colliery
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INTERDICT APPLICATION REGARDING VELE COLLIERY

Coal of Africa Limited ("CoAL" or "the Company") notes that Court papers were this week served in a South African High Court interdict application on its wholly owned subsidiary, Limpopo Coal Company (Pty) Ltd ("Limpopo Coal"), the company that owns the Vele Colliery near Musina in the Limpopo Province ("Vele Project").

The applicants that have served the documentation comprise a group of predominantly environmental and conservational non-governmental organisations ("Applicants").

The Appeals

As widely reported in the media, the South African Department of Mineral Resources ("DMR") has received a number of appeals against the grant of the New Order Mining Right ("NOMR"), as well as the approval of the Environmental Management Plan ("EMP") for CoAL's Vele Colliery.

CoAL has since responded to these appeals and the appellants now have 21 days to comment (subject to any application to extend time) on CoAL's response, following which the Minister of Mineral Resources (for the NOMR appeals) and the Director-General (for the EMP appeal) have 30 days in which to make a decision.

As the Company has previously advised, the execution of the NOMR and approval of the EMP was the result of an extensive and exhaustive process spanning a period of more than 18 months, including public and government participation (including the Departments of Water Affairs and Environmental Affairs) and the engagement of over 12 independent experts who contributed to a comprehensive Environmental Impact Assessment.

The Directors believe that most of the issues raised in the appeals have already been addressed during the Environmental Impact Assessment phase, within the Environmental Management Plan, or are simply conjecture unrelated to the Vele mine, and these comprehensive documents do not have the deficiencies claimed.

As such, the Company strongly believes the appeals have no basis or legal merit whatsoever and will be defending them vigorously.

CoAL will provide an update on progress in due course.

The Interdict

The Applicants seek an order that Limpopo Coal stop mining pending the finalisation of the above mentioned appeals and any High Court review which the Applicants may bring in respect of the NOMR for the Vele Project. CoAL would like to clarify that the formal execution of the NOMR included the approval of the Environmental Management Plan submitted as part of the NOMR application. The Applicants also seek an order that Limpopo Coal stop earth moving activity and plant construction until a water licence is granted and until deproclamation of "nature reserve" areas covered by the mining right, has been processed.

The interdict application is brought on the ordinary motion roll, which is a non urgent interdict.

Limpopo Coal will be also be opposing the interdict application.

Yours sincerely

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About CoAL

CoAL is an AIM/ASX/JSE listed coal mining and development company operating in South Africa. CoAL's key projects include the Woestalleen Colliery, the Mooiplaats thermal coal mine, the Vele coking coal project and the Makhado coking coal project.

The Mooiplaats coal mine commenced production in 2008 and is currently ramping up to produce 2 million tonnes per annum ("Mtpa"). CoAL's Vele and Makhado coking coal projects are expected to start production in Q3 2010 and 2012 respectively, collectively producing an initial 2 Mtpa rising to a combined annual output of 10 Mtpa of coking coal.

In 2010, CoAL completed the ZAR650m acquisition of NuCoal Mining (Pty) Limited ("NuCoal"), a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal owns the Woestalleen Colliery, which has a number of off-take contracts in place and processes approximately 2.5Mtpa of saleable coal for domestic and export markets. NuCoal also owns two beneficiation plants, one fully operational mine producing approximately 300kt per month of ROM coal and has recently commenced production at a second mine.

CoAL currently has 1 Mtpa export capacity at the Matola Terminal in Maputo, Mozambique, increasing to 3 Mtpa on completion of the next phase of expansion at the terminal. CoAL also has the option to participate in further expansion at the Matola Terminal, which is expected to increase the capacity at the terminal by an additional 10 Mtpa.

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