

Coal of Africa Limited
(previously, "GVM Metals Limited")
(Incorporated and registered in Australia)
(Registration number ABN 008 905 388)
JSE Share code: CZA
ASX Share code: CZA
ISIN AU000000CZA6
("CoAL" or the "Company")

POLICY FOR TRADING IN COAL OF AFRICA SECURITIES

Coal of Africa provides its updated "Policy for Trading in Company Securities", in compliance with the ASX Listing Rules.

QUOTE

POLICY FOR TRADING IN COMPANY SECURITIES

COAL OF AFRICA LIMITED ("COMPANY")

The Company is a public company incorporated in Australia and its securities are listed on both the Australian Securities Exchange ("ASX") and on the Alternative Investment Market of the London Stock Exchange ("AIM").

This Policy provides an overview of the restrictions on trading in the Company's securities under Australian law. It also sets out the specific restrictions imposed by the AIM Rules.

Directors, officers and employees (in this policy references to directors, officers and employees includes all of the directors, officers and employees) who wish to trade in Company securities must first have regard to the statutory provisions of the Corporations Act 2001 (Cth) dealing with insider trading.

Directors, officers and employees must also have regard to the statutory provisions regulating insider trading on any other exchange on which the Company is listed, including AIM.

Insider trading is the practice of dealing in a company's securities (ie. shares and options) by a person in possession of information generally not available, but if it were generally available would, or would be likely to influence a person's decision to transact in the company's securities. It may also include the passing on of this information to another or procuring another person to deal in the securities.

Legally, insider trading is an offence which carries severe penalties, including imprisonment.

Insider Trading Prohibition

In summary, directors, officers and employees of the Company must not, whether in their own capacity or as an agent for another, subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, any securities in the Company, or procure another person to do so:

1. if that director, officer or employee possesses information that a reasonable person would expect to have a material effect on the price or value of the

securities or influence a person's decision to buy or sell the securities in the Company if the information was generally available;

2. if the director, officer or employee knows or ought reasonably to know, that:
 - (a) the information is not generally available; and
 - (b) if it were generally available, it might have a material effect on the price or value of the securities in the Company or influence a person's decision to buy or sell the securities in the Company.

Further, directors, officers and employees must not either directly or indirectly pass on this kind of information to another person if they know, or ought reasonably to know, that this other person is likely to deal in the securities of the Company or procure another person to do so.

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the Company's securities are set out in the Appendix.

Prohibited Transactions

Directors, officers and employees must not enter into transactions or arrangements which operate to limit the economic risk of their security holding in the Company without first seeking and obtaining prior written clearance from the Chair.

Directors, officers and employees must not enter into agreements that provide lenders with rights over their interests in securities in the Company without first seeking and obtaining prior written clearance from the appropriate Approving Officer. Directors, officers and employees are prohibited from entering into transactions or arrangements which limit the economic risk of participating in unvested entitlements.

Close Period

In addition to the prohibitions on insider trading set out in the Corporations Act, in accordance with the AIM Rules the Company requires that its directors, officers and employees do not deal in any of its securities during a Close Period.

Close Period means any of the following:

- the period of two months preceding the publication of the Company's annual results (or, if shorter, the period from its financial year end to the time of publication);
- the period of one month immediately preceding the announcement of its quarterly results or, if shorter, the period from the relevant financial period end up to and including the time of the announcement;
- any other period in which the Company is in possession of unpublished price sensitive information or any time it has become reasonably probable that such information will be required by the AIM Rules to be announced.

Please note that even if it is outside of a Close Period, directors, officers and employees must not trade in the Company's securities if they are in possession of inside information.

Circumstances when trading may be permitted subject to prior written clearance

A person may trade in the Company's securities inside a Close Period, subject to obtaining prior written clearance in accordance with the procedure described below, in the following circumstances:

- if the Approving Officer is satisfied that the person seeking the clearance does not possess unpublished price sensitive information about the Company and the sale of the securities is necessary to alleviate severe personal hardship however, the permission of the London Stock Exchange plc is also required in this circumstance; or
- where the individual director, officer or employee has entered into a binding commitment prior to the Company being in such a Close Period where it was not reasonably foreseeable at the time the commitment was made that a Close Period was likely; and that AIM was notified of the commitment at the time it was made.

Procedure for obtaining clearance prior to trading

Directors, officers and employees must not trade in the Company's securities during a Close Period unless the director, officer or employee obtains prior written clearance from:

1. in the case of employees, the Chief Executive Officer or in his absence, the Company Secretary;
2. in the case of a director or officer, the Chair or in his absence, the Chief Executive Officer;
3. in the case of the Chief Executive Officer, the Chair;
4. in the case of the Chair, the Chair of the Audit Committee,

(each an "Approving Officer").

A request for prior written clearance under this policy should be made in writing using the form attached to this policy entitled 'Request for Prior Written Clearance to Trade in Company Securities' and given to the Approving Officer. The request may be submitted in person, by mail, by email or by facsimile.

Any written clearance granted under this policy will be valid for the period of 5 business days from the time which it is given or such other period as may be determined by the Approving Officer. The expiry time of the clearance will be stated in the clearance granted. Written clearance under this policy may be given in person, by mail, by email or by facsimile.

Prior written clearance cannot be granted by an Approving Officer without first obtaining the permission of the London Stock Exchange plc where clearance is sought to sell securities to alleviate severe personal hardship.

Trading which is not subject to this policy

The following trading during a close period by directors, officers and employees is excluded from this policy:

1. undertakings or elections to take up entitlements under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
2. the take up of entitlements under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
3. allowing entitlements to lapse under a rights issue or other pre-emptive offer (including an offer of shares in lieu of a cash dividend);
4. the sale of sufficient entitlements nil-paid to allow take up of the balance of the entitlements under a rights issue; or
5. undertakings to accept, or the acceptance of, a takeover offer.

Trading in derivative products

The prohibitions on trading in the Company's securities imposed by the Company and set out in this policy extend to trading in financial products issued or created over or in respect of the Company's securities.

Notification

Directors must disclose details of changes in securities of the Company they hold (directly or indirectly*) to the company secretary as soon as reasonably possible after the date of the change but in any event:

1. no later than 3 business days after the change; or
2. if they begin to have or cease to have a substantial shareholding or there is a change in their substantial holding, the business day after the change.

*Includes securities held by family members, which includes (i) spouse (ii) civil partner (iii) any child under the age of 18 (iv) any trust where such individuals are trustees or beneficiaries, or (v) any company in which they have control or more than 20% of the equity or voting rights.

Directors are referred to the Company's Director's Disclosure Obligations document and Director's Declaration of Interest Form. The company secretary is to maintain a register of notifications and acknowledgements given in relation to trading in the Company's securities. The company secretary must report all notifications of dealings in the Company's securities to the next board meeting of the Company.

Directors are reminded that it is their obligation under section 205G of the Corporations Act to notify the market operator within 14 days after any change in a director's interest.

Breaches

Breach of the insider trading prohibition could expose directors, officers and employees to criminal and civil liability. Breach of insider trading law or this Policy will be regarded by the Company as serious misconduct which may lead to disciplinary action and/or dismissal.

This policy does not contain an exhaustive analysis of the restrictions imposed on, and the very serious legal ramifications of, insider trading.

Directors, officers and employees who wish to obtain further advice in this matter, are encouraged to contact the company secretary.

This Policy also applies to the Company's related entities.

ASX Listing Rule Requirements

It is a requirement for admission to the official list of ASX, and an on-going requirement for listing, that the Company has a policy for trading in company securities.

The Company will give a copy of this policy to ASX for release to the market. The Company will also give any amended version of this policy to ASX when it makes a change to: the periods within which directors, officers and employees are prohibited from trading in the Company's securities; the trading that is excluded from the operation of the policy; or the exceptional circumstances in which directors, officers and employees may be permitted to trade during a Close Period, within five business days of the amendments taking effect. The Company will also give this policy to ASX immediately on request by ASX.

APPENDIX

Examples of information which, if made available to the market, may depending on the circumstances be likely to have a material impact on the price of the Company's securities include, but are not limited to:

- the financial performance of the Company;
- entry into or termination of a material contract, such as a major supply contract or a joint venture;
- a material acquisition or sale of assets by the Company;
- an actual or proposed takeover or merger;
- a material claim against the Company or other unexpected liability, for example the threat of material litigation against the Company;
- any actual or proposed change to the Company's capital structure, for example a share issue;
- a change in dividend policy.

UNQUOTE

Bryanston
31 December 2010

JSE Sponsor
Macquarie First South Advisers (Pty) Ltd

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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 Makhado coking coal project is expected to start production in 2013 and timing for Vele to reach production is still to be confirmed. These operations are targeted to collectively produce an initial 2Mtpa ramping up to a combined annual output of 10Mtpa of coking coal.

In 2010, CoAL completed the ZAR467m 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.