

Coal of Africa Limited
(Previously GVM Metals Limited)
Incorporated and registered in Australia
Registration number ACN: 008 905 388
Share code on the AIM/ASX/JSE: CZA
ISIN: AU000000CZA6
(`CoAL` or `the Company`)

BLACK ECONOMIC EMPOWERMENT TRANSACTION FINALISED

- CoAL to issue 50 million options, representing approximately 10.85% of CoAL's issued capital, to Firefly Investments 163 (Pty) Ltd ("Firefly")
- Options to be exercisable at 60 pence each, expiring 5 years from the date of issue, and subject to a 12 month "Lock-in period"
- Firefly will also have the right to nominate two persons to the CoAL Board
- African Global Capital I, L.P. ("AGC") and Coal Investments Limited ("CIL"), which collectively own 17.33% of the issued share capital of CoAL, have agreed to cede their voting rights to Firefly

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 pleased to announce that it has reached agreement with its Broad Based Black Economic Empowerment ("BBBEE") partners. The agreement will be immediately implemented to ensure compliance with South African legislative requirements for black empowered groups to hold at least a 26% participation in mining companies by 2014 and to pave the way for the Company's long term future in South Africa.

Firefly, which is wholly owned and controlled by historically disadvantaged South Africans, will lead the BBBEE consortium ("Consortium"). Firefly's current shareholders include Mosomo Investment Holdings (Pty) Ltd and Mtungwa Resources (Pty) Ltd, companies lead by Kgomotso Brian Mosehla and Patrick Ntshalishali. Firefly undertakes to, within a period of three months, distribute the options to the King of the VhaVenda from the Limpopo province, His Majesty Khosi Khulu Toni Mphephu Ramabulana, representing his constituents of the Mudimeli, Musekwa, Makushu-Musholombi and Tshivhula communities, relevant female empowerment and youth groups, as well as a special purpose vehicle to promote and develop entrepreneurs and other specific community groups in the Limpopo province.

Commenting on the agreement, CoAL's Managing Director Mr Simon Farrell said "This is the culmination of a great deal of effort and consultation to ensure broad based community participation in the future success of CoAL. This historic agreement paves the way for CoAL's long term future in South Africa and our development projects. We are delighted that CoAL not only has community participation, but also community support for our development plans."

Also commenting on the transaction, King Ramabulana stated "I am very happy for my people to be a part of Coal of Africa's BBBEE consortium. CoAL has committed to sustaining partnerships to deliver education, health and social initiatives - signifying its depth of commitment to the communities in which it operates. We are also looking at creating value for our communities through mining, like our counterparts in other parts of this country. The Kingdom of the VhaVenda is therefore appreciative of the opportunity to be a part of this Company and fully supports CoAL and its projects."

CoAL has agreed to issue a total of 50 million options exercisable at 60 pence each, expiring five years from the date of issue to Firefly. This agreement replaces the arrangement previously announced on 13 June 2008 whereby CoAL had agreed to issue an option to acquire 50 million shares to CIL. The options will be issued to Firefly, subject to Firefly not being able to exercise the options for a period of 12 months from the issue thereof. In addition, the issue of the options will be subject to certain regulatory approvals, including consent of the Australian Foreign Investment Review Board. The "in the money" options will represent approximately 10.85% of CoAL's issued capital upon being converted into ordinary shares.

Firefly will also have the right to nominate two persons to the CoAL Board.

To facilitate the BEE transaction the Company's second largest shareholder, AGC, an entity associated with Mvelaphanda Holdings (Proprietary) Limited, Palladino Holdings Limited and OZ Management LP, and its affiliate CIL, which currently hold in the aggregate 17.33% of the issued capital of CoAL, have entered into an agreement with Firefly in terms of which amongst other things, they will cede their voting rights over the ordinary shares of CoAL to Firefly.

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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 656Mt Vele coking coal project and the 1bn 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.