COAL of AFRICA LIMITED

ANNOUNCEMENT 23 OCTOBER 2009

COMPLETION OF ACQUISITION OF 6% INTEREST IN LIMPOPO COAL

Further to its announcement of 14 July 2009, and following satisfaction of all suspensive conditions, Coal of Africa Limited ("CoAL" or the "Company"), the AIM/ASX/JSE listed coal mining and development company operating in South Africa (ticker: CZA), advises that it has today issued 1,990,000 fully paid ordinary shares at a deemed issue price of 34 pence to Shangoni Bezwe Management Services (Proprietary) Limited to acquire a 6% interest in Limpopo Coal Company (Proprietary) Ltd ("Limpopo Coal"), the company that owns the Vele coking coal project near Musina in the Limpopo Province ("Vele Project"). This increases CoAL's total interest in Limpopo Coal to 80%.

CoAL also announced on 14 July 2009 that it had executed a Sale of Shares and Claims Agreement with Tranter Holdings (Pty) Ltd to acquire the remaining 20% of the issued share capital of Limpopo Coal that it does not own. The consideration payable in respect of the 20% Acquisition is 5,625,750 fully paid ordinary shares in the Company, subject to the fulfilment or waiver of the following outstanding conditions:

1. The acquisition being approved by the Exchange Control Department of the South African Reserve Bank, either unconditionally or subject to such conditions as may be reasonably acceptable to the parties, by 31 October 2009; and

2. Limpopo Coal being granted a New Order Mining Right pursuant to s23 of the Mineral and Petroleum Resources Development Act (South Africa) in respect of the Farms comprising the Vele Coal Project by 31 December 2009.

Completion of the acquisition of the remaining 20% interest will take CoAL's interest in the Vele Project to 100%.

An Appendix 3B 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 23 October 2009, 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

AU: Level 1 Old Swan Brewery 173 Mounts Bay Road Perth WA 6000 Australia Telephone: +61 8 9322 6776 Facsimile: +61 8 9322 6778 Email: perth@coalofafrica.com ACN 008 905 388
ZA: Level 1 CoAL House Pinewood Office Park 33 Riley Street Woodmead 2191 South Africa Telephone: +27 11 803 8247 Facsimile: +27 11 807 6654 Email: johannesburg@coalofafrica.com

(c) as at 23 October 2009 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:

Simon Farrell
Managing Director

For more information contact:

Simon Farrell, Managing Director	CZA	+61 417 985 383	or	+61 8 9322 6776
Peter Bacchus/ Alastair Cochran	Morgan Stanley	+44(0) 20 7425 8000		
Simon Edwards/ Chris Sim	Evolution Securities	+44(0) 20 7071 4300		
Jos Simson/ Leesa Peters	Conduit PR	+44(0) 20 7429 6603		
Melanie de Nysschen	Macquarie First South Advisers	+27(11) 583 2000		

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.