



REPORT FOR THE MARCH 2008 QUARTER

Coal of Africa Limited ('CoAL' or 'the Company') is pleased to announce its operational report for the quarter ended 31 March 2008. A full copy of this report, as released today on the ASX, is available at the Company's website, www.coalofafrica.com.

Highlights

- CoAL received Section 11 approval satisfying the last remaining condition for the acquisition of 70% of the Mooiplaats coal project.
- CoAL reached agreement to acquire the remaining 30% of the Mooiplaats coal project. The cash portion of ZAR130 million of the acquisition price was paid during quarter and shareholder approval for the issue of 4.75 million shares to complete the transaction was obtained in April.
- Signing of a co-operation agreement with Transnet Freight Rail for export rail capacity from CoAL's Baobab and Thuli projects commencing with rail capacity of 1 to 1.5 Mt PA in 2009 increasing to 10 Mt PA in 2012.
- Draft mining contract received for the mining of the Mooiplaats coal project.
- Completion of an Aeromagnetic study on the Baobab, Thuli and Tshikunda prospects.
- Over 5,000 metres of drilling were completed on the Thuli coal project comprising 55 holes.
- New Order Mining Right application for the Holfontein coal project submitted to the Department of Minerals and Energy.
- Despite Nimag (Pty) Ltd's nickel magnesium alloy business continuing to experience tough trading conditions, the group generated an EBIT for the quarter of A\$1.5 million.
- Cash balance at the end of the quarter was A\$63 million.

Commenting on the results today, Simon Farrell, Managing Director of CoAL, said, "We are pleased to announce continued strong progress across the Company's coal projects. Drilling at the Thuli project confirms our expectations of the coal reserves and we plan to submit Mining Right applications for both the Baobab and Thuli projects by the middle of this year."

DISCUSSION OF RESULTS

Coal Activities

Mooiplaats Coal Project (100% on completion in April)

During the quarter, CoAL received consent in terms of Section 11(1) of the Minerals and Petroleum Resources Development Act satisfying the last condition to complete the acquisition of 70% of the Mooiplaats coal project. CoAL paid the remaining acquisition price of GBP10 million and issued 4.44 million shares for the acquisition taking its interest in the project to 70%. Furthermore, the Company reached agreement to acquire the remaining 30% interest in the project for ZAR130 million in cash and 4.75 million CoAL shares. The issue of these shares required shareholders' approval which was obtained in April.

Management expect that mining will commence towards the end of the third quarter of this year and production will start in the following quarter. Limited access to the project site has led to a short delay in the development of the project. Discussions with the surface rights owner, allowing access to the site, have been ongoing and are expected to be finalised by the end of April.

A draft mining contract has been received, the terms of which are anticipated to be finalised by the end of May. Additional production related drilling has been commissioned to confirm data for the geological model to identify the best site for the Beta decline on the farm Klipbank.

New Order Prospecting Rights have also been executed for farms neighbouring the Mooiplaats project. The Prospecting Rights for the farms De Emigratie, Willemsdal and Klipfontein have an area of 9,260 Ha and the Directors believe that they may add significant additional coal resources to the project.

Discussions with potential off-take customers continued during the quarter and included the potential export of lean coal to Europe. Negotiations with Transnet regarding rail allocation for Richards Bay export coal together with port allocation agreements are expected to be finalised in the June quarter.

Baobab Coal Project (100%)

A detailed Aeromagnetic survey encompassing over 60,000 Ha of the Baobab, Thuli and Tshikunda project areas was undertaken during the quarter and was completed in April. During the survey, the helicopters used to collect the data will have flown more than 19,000 kilometres. The results of the survey will be used in an in-depth geophysical analysis to be undertaken in the June quarter.

Digitisation of the exploration data acquired from Exxaro Limited earlier in the year continued during the quarter under review. The information obtained from the data correlates with Management's expectations and will be included in an updated resource statement to be released later this year.

Detailed analysis has been completed on the selection of mineable coal horizons within the 35 metre thick coal seam. This analysis will be used in the geological modelling and resource estimation that will be performed in the next quarter. This exercise is expected to optimise the coal horizon being mined leading to higher coking coal yields.

Large diameter core drilling sites were prepared during the quarter allowing for the commencement of the large diameter core drilling in the June quarter. This drilling programme will yield samples for detailed petrochemical as well as other coal parameter testing. A further 5,000 metre smaller diameter drilling programme will be undertaken in the June quarter to define the coal outcrop zones and identify any dolerite intrusions.

East Coast Maritime (Pty) Ltd continued with Phase Two of the infrastructure study resulting in CoAL signing a Rail Cooperation Agreement with Transnet Freight Rail ('TFR'), the largest division of Transnet, the South African Government owned rail and freight organisation. The Rail Cooperation Agreement formalises interaction between CoAL and TFR whereby TFR will assist the Company to obtain the correct rail slots, appropriate rolling stock as well as commercially competitive freight rates for the transportation of its export coal to the Richards Bay and Maputo ports. CoAL has indicated to TFR that it will need railway capacity for the following export tonnages:

- 2009 - 1 to 1.5 Mt PA
- 2010 - 4 to 5 Mt PA
- 2011 - 4 to 5 Mt PA
- 2012 - 10 Mt PA

Thuli Coal Project (Limpopo) (74%)

LudikCore (Pty) Ltd and GeoMechanics (Pty) Ltd continued drilling on the Thuli Coal Project and by the end of March had drilled over 5,000 metres comprising some 55 holes. The remainder of the drilling programme consists of 15 holes, which will be completed in the June quarter. Furthermore, CoAL acquired the original drilling data from the exploration undertaken by Southern Sphere (Utah Mining) in the early 1980's. During March, the data was converted to digital format, validated and progress made on the modelling of the data.

The drilling programme together with the data acquired will result in the current exploration programme delivering a JORC/ SAMREC compliant 'Indicated' resource, upgrading the previously reported 'Inferred' resource. Management are confident that portions of the prospect will be in a JORC/SAMREC compliant 'Measured' status as the current exploration programme is confirming the results of the earlier Southern Sphere exploration programme.

Holfontein Coal Project (100%)

During the March quarter, the New Order Mining Right application for the Holfontein project was submitted to the Department of Minerals and Energy. Exploration on the project continued with over 6,500 metres drilled since February, including the portion of Holfontein and the portions of Wildebeesfontein recently acquired. The drilling programme will be completed during the current quarter and is expected to result in a JORC/SAMREC compliant 'Measured' resource. During the quarter, third parties approached the Company with regards to acquiring a significant stake in the project; the Directors are currently assessing these offers.

Nimag Group of Companies (100%)

The Nimag Group's profit before interest and tax for the nine months was ZAR14.7 million (A\$2.3 million). The nickel magnesium business continued to experience tough trading conditions in the form of thinner margins and increased working capital requirements but was able to improve significantly on the first six months' results. The smaller Ferro Silicon business operated well ahead of expectations contributing to the Group's profitability to date.

Authorised by



Simon Farrell
Managing Director
29 April 2008

For more information contact:

Simon Farrell, Managing Director	CoAL	+61 417 985 383 or +61 8 9322 6776
Petronella Gorrie	The Event Shop	+27 82 827 8815
Jos Simson/Leesa Peters	Conduit PR	+44(0) 20 7429 6603
Olly Cairns / Romil Patel	Blue Oar Securities Plc	+61 8 6430 1631 / +44(0) 20 7448 4400

www.coalofafrica.com

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Coal of Africa Limited (previously GVM Metals Limited)

ABN

98 008 905 388

Quarter ended ("current quarter")

31 March 2008

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	12,094	34,336
1.2	Payments for (a) exploration and evaluation	(1,273)	(7,954)
	(b) development		
	(c) production	(11,925)	(39,986)
	(d) administration	(1,944)	(7,856)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	2,106	2,747
1.5	Interest and other costs of finance paid	(73)	(148)
1.6	Income taxes paid	(1,558)	(1,570)
1.7	Other	-	-
Net Operating Cash Flows		(2,573)	(20,431)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	(51,038)	(92,763)
	(b)equity investments	-	-
	(c) other fixed assets	(62)	(744)
1.9	Proceeds from sale of: (a)prospects	-	-
	(b)equity investments	-	497
	(c)other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	(1,860)
Net investing cash flows		(51,100)	(94,870)
1.13	Total operating and investing cash flows (carried forward)	(53,673)	(115,301)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(53,673)	(115,301)
1.14	Cash flows related to financing activities		
	Proceeds from issues of shares, options, etc.(net) <i>see note 7.4 below</i>	-	116,939
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (Exchange rate related movements in foreign borrowings and reserves)		
	Net financing cash flows	-	116,939
	Net increase (decrease) in cash held	(53,673)	1,638
1.20	Cash at beginning of quarter/year to date	116,968	61,530
1.21	Exchange rate adjustments to item 1.20	(363)	(236)
1.22	Cash at end of quarter	62,932	62,932

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

	Current quarter \$A'000
1.23 Aggregate amount of payments to the parties included in item 1.2	180
1.24 Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Issuing of 4,444,445 shares as part consideration for acquisition of the Mooiplaats coal project.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	4,718	1,787

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(2,500)
4.2 Development	(1,500)
Total	(4,000)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	3,612	2,393
5.2 Deposits at call	61,107	118,357
5.3 Bank overdraft	(1,787)	(3,782)
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	62,932	116,968

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				

Appendix 5B
Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
-	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	301,873,917	301,873,917		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,444,445	4,444,445	30 pence	30 pence
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	23,252,263	23,252,263	<i>Exercise price</i> See Note 6	<i>Expiry date</i> See Note 6
7.8 Issued during quarter	Nil	Nil	<i>Exercise price</i> See Note 6	<i>Expiry date</i> See Note 6
7.9 Exercised during quarter	Nil	Nil	Nil	Nil
7.10 Expired during quarter	Nil	Nil		
7.11 Debentures <i>(totals only)</i>				

+ See chapter 19 for defined terms.

7.12	Unsecured notes (totals only)		
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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 April 2008
(Director)

Print name: Simon Farrell

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities:** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

6 Issued and Quoted Securities as at 31 March 2008:

Number Issued	Number Quoted	Exercise Price	Expiry Date	Lapsed Since End of quarter
13,500,000	-	A\$0.50	30 September 2011	-
555,575	-	GBP0.54	31 May 2009	-
196,688	-	GBP0.34	17 May 2009	-
7,000,000	-	A\$1.25	30 September 2012	-
1,625,000	-	GBP0.65	30 November 2009	-
375,000	-	A\$1.50	30 November 2009	-

+ See chapter 19 for defined terms.