

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

Coal of Africa Limited

ABN

98 008 905 388

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---------------------|
| 1 | +Class of +securities issued or to be issued | Shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 34,908,632 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Fully paid ordinary |

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4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	Yes
5 Issue price or consideration	25 pence/ 3.25 Rand per share
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Coal of Africa Limited intends to use the net proceeds of the Placing, in addition to its existing cash balance, to finance the following: • the floatation, ultra fines and middlings plant and related design fees at the Vele Colliery (approximately US\$15 million); • the final payment of the first tranche of \$43 million for the Chapudi acquisition as announced on 10 May 2012 (approximately US\$ 14 million); • additional drilling, technical studies and related work to accelerate the Generaal, Voorburg and Jutland definitive feasibility studies and project management, environmental impact assessment and stakeholder engagement for the Greater Soutpansberg Project (approximately US\$11 million); • pre-mining right capital expenditure including land purchases, regulatory, permitting and construction of power lines, consultancy fees on detailed front-end engineering design as well as technical drilling and analysis for thermal coal and fines test work at Makhado (approximately US\$11 million); and • general working capital requirements.

7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	12 September 2012
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		Number	⁺ Class
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	800,951,034	Fully paid ordinary shares

		Number	⁺ Class
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	7,000,000	Class D Options exercisable at \$1.25 each on or before 30 September 2012.
		1,000,000	Class G Options exercisable at \$1.90 each on or before 30 September 2012.
		5,000,000	Class J Options exercisable at \$2.74 on or before 30 November 2014.
		818,500	Class K Options exercisable at \$1.90 on or before 30 June 2014.
		2,500,000	Class C Options exercisable at \$1.20 on or before 9 November 2015.
		1,441,061	ESOP Options exercisable at \$1.40 on or before 30 September 2015.
		2,670,000	ESOP Options exercisable at ZAR7.60 on or before 14 February 2017.
		1	Option to subscribe for 50 million ordinary shares for 60 pence each between 1 November 2010 and 1 November 2014, as approved by shareholders on 22 April 2010.

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- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

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Part 2 - Bonus issue or pro rata issue

Questions 11 to 33 – not applicable

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

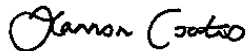
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Questions 11 to 33 – not applicable

Quotation agreement

- 1 *Quotation of our additional *securities is in ASX's absolute discretion. ASX may quote the *securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the *securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those *securities should not be granted *quotation.
 - An offer of the *securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any *securities to be quoted and that no-one has any right to return any *securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the *securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the *securities to be quoted under section 1019B of the Corporations Act at the time that we request that the *securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before *quotation of the *securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



12 September 2012

Sign here: Date:
Company secretary

Print name: SHANNON COATES
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