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COAL of AFRICA LIMITED

ANNOUNCEMENT **29 OCTOBER 2009**

PROPOSED PLACING OF APPROXIMATELY £59.6 MILLION

PROPOSED ACQUISITION OF NUCOAL FOR ZAR650 MILLION

INTENTION TO MOVE TO THE OFFICIAL LIST OF THE UK LISTING AUTHORITY AND TO THE MAIN MARKET OF THE LONDON STOCK EXCHANGE

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CoAL of Africa Limited ("CoAL" or "the Company") continues its strategy of focusing on the acquisition, exploration and development of thermal and metallurgical coal projects in South Africa. CoAL announces today its proposed cash placing to raise up to approximately £59.6m (the "Placing") and the proposed conditional acquisition of NuCoal Mining (Pty) Limited ("NuCoal") for ZAR650m (the "Acquisition"). In addition, CoAL announces its intention to seek admission to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange.

Highlights

The proposed placing by CoAL of new ordinary shares (the "Placing Shares") will be to institutional investors to raise up to £59.6m (before expenses). Under the Placing, up to 59,867,731 new ordinary shares are available to be placed representing approximately

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14.52% of CoAL's existing issued Ordinary Shares. J.P. Morgan Cazenove Limited ("JPMC") is acting as Global Co-ordinator and Sole Bookrunner, Evolution Securities Limited ("Evolution") is acting as joint lead manager and Mirabaud Securities LLP ("Mirabaud") is acting as co-lead manager (together, the "Managers").

The Company intends to use the net proceeds of the Placing to fund the Acquisition, with the remainder being used for some or all of the following: to increase logistics capacity (including the first instalment of capital required to effect wagon acquisitions from Transnet Freight Rail), to accelerate capital expenditure at the Vele and Makhado projects, to pursue other smaller, opportunistic bolt on acquisitions of coal projects, and for general working capital requirements. In the event that the Acquisition does not complete, CoAL envisages using the proceeds to accelerate expansion of logistic facilities at the Matola Terminal and Maputo port, for alternative acquisitions and for general working capital.

CoAL also intends to move from the AIM Market ("AIM") and apply for a primary listing and admission of its Ordinary Share capital to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange (the "LSE"). Work has commenced on the LSE listing process and, as part of this, CoAL is currently considering changing its country of incorporation. It is anticipated that a move to the Main Market of the LSE as a primary listing will be concluded in H1 2010 and, upon admission to the Main Market, CoAL's listing on AIM would be cancelled. This is based on the assumption that all elements of the re-domiciliation and listing process can be satisfactorily concluded in this period.

About NuCoal

NuCoal is a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal's Woestalleen Colliery, which produces 2.5Mtpa of saleable coal for domestic and export markets, has off-take contracts in place. NuCoal has two beneficiation plants, one fully operational mine as well as one re-entering production in Q4 2009 and three planned to commence production in 2010 (2) and 2013 (1).

The Acquisition, if completed, will transform CoAL into a multiple project producer by adding five existing and future mining operations. The resultant raising of CoAL's profile may facilitate negotiating leverage with suppliers, service providers, customers and authorities as CoAL becomes a producer of scale. Additionally, there is potential to realise synergies through blending the NuCoal product with Mooiplaats' product and through transporting NuCoal's product via CoAL's rail and port capacity. NuCoal also has a strong operational management team in place and CoAL intends to retain key personnel.

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Commenting on today's announcement, Simon Farrell, Managing Director of CoAL said:

"Today's proposed placing and acquisition further underpin CoAL's track record in building a high quality mid-tier thermal and coking coal business. The Company already benefits from a sizeable resource base, carefully considered logistics and a high quality and supportive investor base including its proposed off-take partners. The proposed acquisition of NuCoal would, once completed, transform CoAL into a multi-site producer, well placed to take advantage of the current strength in, and attractive outlook for, global coal markets. Recognising the growing size of the Company and its mining assets, its predominantly London focussed institutional investor base and share trading liquidity, a move to the Main Market of the LSE represents the logical next step in CoAL's exciting development trajectory."

This summary should be read in conjunction with the full text of the following announcement.

Analyst Presentation

Coal of Africa Ltd will be holding an analyst presentation today at 10.30am prompt, at The Walbrook Club, 37a Walbrook, London, EC4N 8BS. If you would like to attend, please contact Jos Simson on 0207 429 6603 or jos@conduitpr.com.

A teleconference facility will also be available to dial into the conference call today at 10:30am (GMT).

Details to access the conference call are as follows:
The Dial-in number in the UK will be: 0800 358 2705
Elsewhere, the Dial-in number will be: 0044 (0) 20 8609 0205
The Conference ID in all cases will be: 252058#

A copy of the presentation is available on the company's website: www.coalofafrica.com

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Proposed Placing of approximately £59.6m.

Proposed acquisition of NuCoal for ZAR650m.

Intention to move to the Official List of the UK Listing Authority and to the Main Market of the London Stock Exchange

1. Introduction

CoAL today announces its intention to raise up to approximately £59.6m (before expenses based on yesterday's closing share price of 99.5 pence) by way of a placing of the Placing Shares. Under the Placing, up to 59,867,731 new ordinary shares are available to be placed, representing up to approximately 14.52% of CoAL's existing issued share capital. The proposed issue of the Placing Shares will be at a price established through an institutional bookbuilding process.

2. Background to and reasons for the Acquisition

The Company has developed a reputation for successfully developing assets within budget through the railing and sale of first coal from the Mooiplaats project, which was acquired in 2007. CoAL has an attractive portfolio of producing and development stage coking and thermal coal assets, suitable for both domestic and export markets. In parallel with the development of its mining operations and core assets, the Company has remained cognisant of the importance of logistics, securing considerable supporting rail and port capacity allocations to ensure production can be exported when required.

Whilst focussing on its existing asset portfolio, the CoAL management team has also continually assessed complementary acquisition opportunities. As part of this process, NuCoal was identified as having assets close to CoAL's with a similar logistical profile, both of which could improve significantly by combination with CoAL. As part of the discussions with NuCoal management, CoAL made available its rail and port logistical arrangements to NuCoal and an exclusive option agreement for CoAL to acquire 100% of NuCoal was signed on 21 August 2009. Detailed due diligence is ongoing. An agreement for the acquisition of NuCoal was signed on 29 October 2009. Further details of the acquisition are set out below.

CoAL's Board of Directors believes the proposed acquisition of NuCoal will strengthen the Company's position as a multiple project South African coal producer and will further enhance the Company's significant growth profile, delivering strong returns for shareholders in the medium to long term.

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3. Information on NuCoal

NuCoal is a thermal coal producer with assets in South Africa in close proximity to CoAL's Mooiplaats mine. NuCoal's Woestalleen Colliery, which in the year ended 30 June 2009 produced 2.5Mt of saleable coal, produces saleable coal for domestic and export markets, with some off-take contracts in place. NuCoal has two beneficiation plants with a capacity, when fully operational, of 4.2Mtpa, one fully operational mine as well as one re-entering production in Q4 2009 and three entering production in 2010 (2) and 2013 (1). NuCoal's fully operational mine is 49% owned by NuCoal although NuCoal has 100% effective economic control through a life of mine management contract.

The Woestalleen Colliery and plant produces at an average free-on-rail ("FOR") cost of approximately ZAR343/t, with 1.8Mt of saleable washed coal being processed during the year ended 30 June 2009. The capacity of the plant doubled in 2008 which allowed NuCoal to process some of the additional run-of-mine ("ROM") tonnes generated by the now fully operational and captive mine, Zonnebloem, which came into production in August 2008. This, coupled with production from Klipbank, which came online in September 2007, meant that bought-in tonnes were nil in the year ended 30 June 2009. The increase in capacity and hence saleable tonnes, coupled with increases in the revenue per saleable tonne has seen revenue increase by 94% and 214% in year ended 30 June 2008 and year ended 30 June 2009 respectively.

Zonnebloem, with mining costs of approximately ZAR130/t, will continue to be the major mine that provides ROM production to Woestalleen with anticipated production in the current financial year of 3.3Mt. Zonnebloem produced 2.5Mt in the year ended 30 June 2009 with a wash yield of 63%.

NuCoal also has three projects which are anticipated to come online in Q4 2009 (1) and 2010 (2); namely Opgoedenhoop (opencast and underground), Klipbank (opencast and underground), (Klipbank complex); Hartogshoop; and Klipfontein.

It is proposed that the board of NuCoal will resign in their capacity as directors on completion of the acquisition but key operational staff are expected to stay on including Chief Operating Officer, Paul Erskine, who has been responsible for much of NuCoal's development.

Additionally, as part of the Acquisition, CoAL intends to enter into a fixed price hedging contract over all of NuCoal's non-contracted saleable coal in 2010 and over a proportion in 2011 and 2012 to underpin the acquisition cost.

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Income statement of NuCoal[1,2]

Rands in 000s	Year ended 30 June 2007 Pro forma	Year ended 30 June 2008 Actual	Year ended 30 June 2009 Actual
Revenue	158,178	306,078	961,422
Cost of sales	(120,637)	(165,890)	(385,202)
Gross profit	**37,541**	**140,188**	**576,220**
Other income	(6,638)	(5,932)	(5,658)
Operating expenses	(28,339)	(64,088)	(371,498)
EBITDA	**2,564**	**70,168**	**199,064**
Depreciation	(10,704)	(21,686)	(41,183)
EBIT	**(8,140)**	**48,482**	**157,881**
Net finance costs	(2,668)	(13,815)	(20,013)
Profit before tax	**(10,808)**	**34,667**	**137,868**
Tax	2,125	9,649	(3,080)
Profit after tax	**(8,653)**	**25,018**	**134,788**
Key performance indicators			
Revenue growth	–	93.5%	214.1%
ROM tonnes[3]	1,078,581	1,538,990	3,507,607
Sales tonnes	895,111	1,297,932	2,502,787
Revenue (R/sales t)	177	236	384
Mining cost (R/ ROMt)	69	64	77
Gross profit (%)	23.7%	45.8%	59.9%
Operating expense as % of revenue	17.9%	20.9%	38.6%
EBITDA %	1.6%	22.9%	20.7%
EBIT %	(5.1)%	15.8%	16.4%

1 Source: Unaudited NuCoal management information

2 These figures exclude the results of Khanyisa Colliery, conditionally disposed of in July 2009

3 Includes ROM tonnes and bought in ROM tonnes

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Balance sheet overview of NuCoal[1,2]

Rands in 000s	Year ended 30 June 2007 Actual	Year ended 30 June 2008 Actual	Year ended 30 June 2009 Actual
Property, plant and equipment	14,949	73,215	94,652
Intangible assets	25,624	41,093	51,876
Investments in subsidiaries	43,000	25,873	88,282
Loans and receivables	16,039	81,635	102,274
Deferred tax asset	8,021	-	-
Total fixed assets	**107,634**	**221,816**	**337,084**
Inventories	2,728	5,776	38,413
Trade and other receivables	10,362	33,313	60,896
Trade and other payables	(16,036)	(39,614)	(103,230)
Working capital	**(2,946)**	**(525)**	**(3,921)**
Provisions	(513)	(868)	(1,700)
Trading capital employed	**104,175**	**220,423**	**331,463**
Debt items	(91,617)	(184,010)	(239,724)
Cash and cash equivalents	4,995	(1,863)	54,863
Net assets	**17,553**	**34,550**	**146,557**
Share capital	-	-	-
Retained income	17,552	34,550	146,557
Total equity	**17,552**	**34,550**	**146,557**
Key performance indicators			
Inventory days (based on CoS)	23	9	21
Debtors days (based on revenue)	26	24	17
Creditors days (based on CoS)	(39)	(60)	(64)
Net working capital days	**10**	**(26)**	**(26)**

1 Source: Unaudited NuCoal management information

2 These figures exclude the results of Khanyisa Colliery, conditionally disposed of in July 2009

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4. Principal terms of the Acquisition

CoAL has agreed to purchase NuCoal for ZAR650m, subject to the satisfaction of suspensive conditions prior to 31 March 2010. These conditions include conditions which are administrative in nature and the responsibility of the current shareholders of NuCoal and relate to streamlining the legal and ownership structure of NuCoal in order to affect the transfer of NuCoal to the Company in an effective and efficient manner. Other conditions include some which relate to the acquisition by NuCoal of certain mineral interests and the resolution of certain issues arising in the due diligence exercise to the satisfaction of CoAL. Certain regulatory approvals are also required to be obtained as part of this process. NuCoal's shareholders and the relevant regulatory authorities are currently progressing matters in order to satisfy these conditions. In addition, the transaction remains subject to satisfactory completion of CoAL's due diligence. CoAL's Board of Directors has engaged external legal, accounting, technical and taxation advisors who are conducting due diligence reviews in relation to NuCoal. Findings from these reviews will be tabled to the Board, which will make a final resolution to proceed with the acquisition of NuCoal upon (and assuming) satisfactory conclusions.

Satisfaction of the suspensive conditions is expected by 31 March 2010. Many of the conditions should be fulfilled before this date. However, the consent required from South Africa's Minister of Mineral Resources for the change in ownership of NuCoal is anticipated to be the longest lead time suspensive condition. Following this, the purchase consideration of ZAR650m less an escrow amount of ZAR130m (being 20% of the purchase consideration) shall be payable by CoAL to NuCoal's shareholders in cash. In order to provide CoAL with recourse for any breach of certain key representations and warranties which NuCoal's shareholders will provide to CoAL pursuant to the transaction, CoAL will withhold the escrow amount over a period of one year, releasing the balance of the purchase price to NuCoal's shareholders on the first anniversary of the closing date should no claims be made.

Risk factors in relation to the Company and the NuCoal acquisition are set out in Appendix B.

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5. Information on the Placing

5.1 Use of Proceeds.

The net proceeds of the Placing will be used to fund the ZAR650m Acquisition with the remainder being used for some or all of the following: to increase logistics capacity (including the first instalment of capital required to effect wagon acquisitions from Transnet Freight Rail), to accelerate capex at the Vele and Makhado projects, to pursue other smaller, opportunistic bolt on acquisitions of coal projects, and for general working capital requirements.

In the event that the Acquisition does not complete, CoAL envisages using those proceeds earmarked for the Acquisition to accelerate expansion of logistic facilities at the Matola Terminal and Maputo port, for alternative acquisitions and for general working capital.

5.2 Details of the Placing Including Bookbuild and Settlement

It is proposed that the Placing will be undertaken by the placing of new ordinary shares with institutional investors. Under the Placing, up to 59,867,731 new ordinary shares are available to be placed. The proposed issue of the Placing Shares will take place at a set price which will be established through an institutional bookbuilding process.

JPMC is acting as Global Co-ordinator and Sole Bookrunner, Evolution is acting as joint lead manager and Mirabaud is acting as co-lead manager. The Placing will take place in accordance with and subject to the terms and conditions set out in Appendix A of this announcement.

Participation in the bookbuild will only be available to persons who are invited to participate by the Managers. To enter a bid into the bookbuilding process, institutional investors will be required to communicate their bid to JPMC, Evolution or Mirabaud, specifying the number of Placing Shares which they wish to subscribe for and any price limit to which their offer to participate is subject. The Placing Price will ultimately be agreed by the Company and JPMC following closure of the book. Institutions participating in the Placing will receive the Placing Shares subject to the satisfaction of the conditions contained in, and the non-termination of, the Placing Agreement. It is expected that the books will close no later than 4:30p.m. (London time) on 29 October 2009 but may be closed earlier or later at the discretion of the Company and JPMC. An announcement detailing the Placing Price and the proceeds to be received from the Placing will be made as soon as practicable after the close of the bookbuilding process.

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When admitted, the Placing Shares will be credited as fully paid and will rank pari passu in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. Application will be made for the Placing Shares to be admitted to trading on AIM, ASX and JSE.

It is currently expected that settlement for the Placing Shares through CREST as well as admission to trading on AIM will take place on 3 November 2009. It is expected that settlement for the Placing Shares being settled through either CHESS or Strate, and admission to trading on each of the ASX and the JSE, is anticipated to take place on 5 November 2009.

Full details of the terms and conditions of the Placing are set out in Appendix A to this announcement. Placees participating in the Placing will be deemed to have read and understood the full terms and conditions relating to the Placing set out in this announcement (including the Appendices to this announcement) and to be participating on the basis that they accept these terms and conditions in full.

5.3 Placing Authority

CoAL has a placement capacity to issue up to 59,867,731 new shares representing up to 14.52% of its existing issued share capital.

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6. Announcement of intention to seek a primary listing on the Official List of the UK Listing Authority

CoAL intends to move from AIM and apply for a primary listing and admission of its Ordinary Share capital to the Official List of the UK Listing Authority and to trading on the Main Market of the LSE. Work has commenced on the LSE listing process and, as part of this, CoAL is currently considering changing its country of incorporation. It is anticipated that a move to the Main Market of the LSE as a primary listing will be concluded in H1 2010 and, upon admission to the Main Market, CoAL's listing on AIM would be cancelled. This is based on the assumption that all elements of the re-domiciliation and listing process can be satisfactorily concluded in this period. The Company has appointed advisers in this regard and will keep shareholders informed as to progress.

Resource Estimation:

Resource estimations relating to the Company have been compiled, according to the JORC and SAMREC codes, by Mr John Sparrow (Member of the South African Council of Natural Science Professions ("SACNASP") 400109/03), an independent geological and technical consultant with 26 years experience in the Southern African and Australian regions. Mr Sparrow has sufficient experience relevant to the assessment of this style of mineralization to qualify as a Competent Person as defined in the JORC Code and has compiled a number of Competent Person's reports for various organisations for the JSE, ASX and Toronto Stock Exchange. Mr Sparrow consents to the inclusion of the information in this announcement in the form and context in which it appears. The JORC Code is the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and SAMREC is the South African Code for the Reporting of Mineral Resources and Mineral Reserves.

Information on NuCoal

The information on NuCoal has been provided by NuCoal's management or is taken from publicly available sources and has not been independently checked or legally verified. To the fullest extent permitted by law, no representation or warranty, express of implied, is given by or on behalf of the Company as to the accuracy or completeness of the information.

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The distribution of this announcement and the Placing of the Placing Shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, J.P. Morgan Cazenove or Evolution Securities Limited or Mirabaud Securities LLP that would permit an offering of such shares or possession or distribution of this announcement or any other offering or publicity material relating to such shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required by the Company, J.P. Morgan Cazenove Limited, Evolution Securities Limited and Mirabaud Securities LLP to inform themselves about, and to observe, such restrictions.

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APPENDIX A

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION FOR PLACEES ONLY REGARDING THE PLACING

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MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC) ("**QUALIFIED INVESTORS**"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(1) OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT, 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); OR (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; (C) IN AUSTRALIA, PERSONS TO WHOM AN OFFER OF SECURITIES MAY BE MADE UNDER SECTION 708(8) OR 708(11) OF THE AUSTRALIAN CORPORATIONS ACT; (D) IN SOUTH AFRICA, THOSE PERSONS ENVISAGED UNDER AN OFFER DETAILED IN SECTION 144(b) OF THE SOUTH AFRICAN COMPANIES ACT NO 61 OF 1973; OR (E) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

Persons who are invited to and who choose to participate in the Placing, by making an oral or written offer to subscribe for Placing Shares (the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, undertakings and agreements contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges that it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business. In addition, Placees located in certain jurisdictions will be required to execute investor letters in a form provided.

This Announcement does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unauthorised or unlawful. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in Canada or Japan or in any jurisdiction in which such publication or distribution is unlawful. Persons into whose possession this Announcement may come

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are required by the Company to inform themselves about and to observe any restrictions of transfer of this Announcement. No public offer of securities of the Company is being made in Australia, the United Kingdom, the United States, the Republic of South Africa or elsewhere.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or the laws of any state and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or as part of a transaction not subject to, the registration requirements of the Securities Act and applicable state laws.

The relevant clearances have not been, and nor will they be, obtained from the securities commission of any province or territory of Canada; no prospectus has been lodged with or registered by the ASIC or the Japanese Ministry of Finance; and the Placing Shares have not been, and nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Canada or Japan. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into Canada, Australia or Japan or any other jurisdiction outside the United Kingdom.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any State securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the announcement of which it forms part should seek appropriate advice before taking any action.

Notice to Australian Residents

This announcement is not a prospectus for the purposes of the Australian Corporations Act and may not contain all of the information that an Australian investor may find in a prospectus prepared in accordance with the Australian Corporations Act which may be required in order to make an informed investment decision regarding, or about the rights attaching to, Placing Shares. As no prospectus will be lodged with ASIC or otherwise prepared in accordance with the Australian Corporations Act in respect of the Placing, the Placing Shares will only be offered or issued to persons in Australia to whom an offer of shares for issue may be made without a prospectus under Part 6D.2 of the Australian Corporations Act or to persons outside Australia in accordance with the laws of any other applicable jurisdiction. If you are located in Australia, you confirm and warrant that you are a person to whom an offer of securities may be made under section 708(8) or section 708(11) of the Australian Corporations Act such that any offer or invitation to you does not require a prospectus or other form of disclosure document under the Australian Corporations Act and you agree that you will not offer to sell the Placing Shares to any person that is not a sophisticated or professional investor under section 708(8) or section 708(11) of the Australian Corporations Act until the day after a notice is lodged by the Company with the ASX that complies with subsections 708A(5)(e) and (6) of the Australian Corporations Act.

Notice to South African Residents

This document is not a prospectus and is not to be construed as an offer to the public in terms of the South African Companies Act No 61 of 1973.

Notice to UK Residents

This Announcement is not a prospectus for the purposes of the Prospectus Rules published by the UK Financial Services Authority ("**FSA**") and has not been approved by, or filed with, the FSA. This Announcement contains no offer to the public within the meaning of Section 102B of the United Kingdom Financial Services and Markets Act, 2000, the United Kingdom Companies Act, 2006 or otherwise.

NOTICE TO US RESIDENTS

THIS ANNOUNCEMENT MAY ONLY BE DISTRIBUTED (I) OUTSIDE THE UNITED STATES OR (II) WITHIN THE UNITED STATES TO PERSONS WHO ARE ACCREDITED INVESTORS AND WHO ARE ALSO QIBs. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS ANNOUNCEMENT IN WHOLE OR IN

PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

THE PLACING SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND ARE BEING OFFERED SOLELY (1) OUTSIDE THE UNITED STATES PURSUANT TO REGULATION S OR (II) WITHIN THE UNITED STATES TO PERSONS WHO ARE ACCREDITED INVESTORS WHO ARE ALSO QIBs IN RELIANCE ON RULE 144A OR ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Placees of the Placing Shares who are located in the US will be required to make certain acknowledgements, representations, warranties and agreements, contained in an investor letter, which letter shall contain, among other things, an agreement not to reoffer, resell, pledge or otherwise transfer the Placing Shares except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any State securities laws.

Passive Foreign Investment Company

No determination has been made as to whether or not the Company may be treated as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes and there is a risk that the Company will be treated as such. The Company will be treated as a PFIC if 75 percent or more of its gross income in a taxable year, including its pro rata share of the gross income of any corporation in which it is considered to own, directly or indirectly, 25 percent or more of the shares by value, is passive income (as defined for U.S. federal income tax purposes). Alternatively, the Company will be treated as a PFIC if at least 50 percent of the value of its assets (within the meaning of the PFIC rules) in a taxable year, averaged over the year, including its pro rata share of the value of assets (within the meaning of the PFIC rules) of any corporation in which it is considered to own 25 percent or more of the shares by value, are held for the production of, or produce, passive income (as defined for U.S. federal income tax purposes). If the Company is a PFIC, U.S. holders (as defined below) of the Ordinary Shares may be subject to a number of detrimental U.S. federal tax consequences, including but not limited to accelerated recognition of income regardless of the timing of distributions, interest charges on deferred income, recharacterisation of gain on the disposition of the Ordinary Shares as ordinary income, the denial of any step-up in basis of the Ordinary Shares upon the death of a U.S. holder, and the ineligibility of distributions for taxation at the long-term capital gains rate as "qualified dividend income." Specifically, if the Company were to be treated as a PFIC for any taxable year, a U.S. holder would be required to allocate rateably over such U.S. holder's holding period any "excess distributions" received (i.e., the portion of any distributions received on the Ordinary Shares in a taxable year in excess of 125% of certain average historic annual distributions) and any gain realized on the sale, exchange or other disposition of our Shares. The amount allocated to the current taxable year would be subject to U.S. federal income tax as ordinary income and the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year. An interest charge for the deemed deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

For this purpose a "U.S. holder" is a beneficial owner of Ordinary Shares that is a United States person within the meaning of Section 7701(a)(30) of the Internal Revenue Code and which includes an individual citizen or resident (as determined for U.S. federal income tax purposes), a corporation or other entity organized under the laws of the United States or any of its political subdivisions and classified as a corporation for U.S. federal income tax purposes, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust. Persons who hold Ordinary Shares through one or more partnerships, trusts, estates or other entities should consult with their own tax advisers as to how the PFIC rules may apply to them.

The Company has not undertaken any analysis as to whether it is a PFIC for U.S. federal income tax purposes. PFIC status is determined annually after the close of the year in question. The Company makes no assurance that it is not currently a PFIC, that it will not become a PFIC in the future, that if it becomes a PFIC it will have timely knowledge or notify U.S. holders of such, or that it will provide U.S. holders with information necessary for such holders to make filings or elections in response to its PFIC status (which elections might mitigate certain of the adverse U.S. federal income tax consequences described above). The U.S. federal income tax provisions regarding PFICs are very complex and are affected by various factors in addition to those described above. U.S. holders of Ordinary Shares are strongly encouraged to consult with their own tax advisors about the PFIC rules in connection with purchasing, holding, or disposing of Ordinary Shares.

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NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Details of the Placing Agreement and the Placing Shares

The Managers have entered into the Placing Agreement with the Company under which the Managers have severally (and not jointly or jointly and severally), on the terms and subject to the conditions set out therein, undertaken to use their reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price.

The Placing Shares will, when issued, be credited as fully paid and will rank pari passu in all respects with the existing issued Ordinary Shares including the right to receive all dividends and other distributions declared made or paid after the date of issue.

In this Appendix, unless the context otherwise requires, Placee means a Relevant Person (including individuals, funds or others) on whose behalf a commitment to subscribe for Placing Shares has been given.

Application for listing and admission to trading

Application will be made to the London Stock Exchange for admission to trading of the Placing Shares to AIM. It is expected that Admission on AIM will become effective and that dealings on AIM in the Placing Shares will commence at 8.00 a.m. (London time) on 3 November 2009.

Application will be made to the ASX for quotation of the Placing Shares on the ASX as soon as reasonably practicable following the issue of the Placing Shares. It is expected that dealings on the ASX in the Placing Shares will commence at 8.00 a.m. (Sydney time) on 5 November 2009.

Application will be made to the JSE for the Placing Shares to be listed and admitted to trading on the Main Board of the JSE. It is expected that admission will become effective and that dealings on the JSE in the Placing Shares will commence at 9.00 a.m. (Johannesburg time) on 5 November 2009.

Bookbuild

The Managers will today commence an accelerated bookbuilding process in respect to the Placing (the "**Bookbuild**") to determine demand for participation in the Placing by Placees. This Appendix gives details of the terms and conditions of, and the mechanics of participation in, the Placing. No commissions will be paid to Placees or by Placees in respect of any Placing Shares.

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The Managers and the Company shall be entitled to effect the Placing by such alternative method to the Bookbuild as they may, in their sole discretion, determine.

Participation in, and principal terms of, the Placing

1 JPMC is acting as sole Bookrunner and as an agent of the Company. Evolution is acting as joint lead Manager and Mirabaud is acting as co-lead Manager, both as agents of the Company.

2 Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by the Managers. The Managers and their respective affiliates or their respective agents are entitled to enter bids as principal in the Bookbuild.

3 The Bookbuild will establish a single price in pounds sterling. An Australian Dollar and a South African Rand price will be determined from that pounds sterling price at an exchange rate to be determined at the sole discretion of the Bookrunner. When submitting bids, Placees will be entitled to choose whether they wish to settle in pounds sterling or Australian Dollar or South African Rand, in each case payable to the Managers by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price and the aggregate proceeds to be raised through the Placing will be agreed between the Bookrunner and the Company following completion of the Bookbuild. The Placing Price will be announced on a Regulatory Information Service following the completion of the Bookbuild (the "**Pricing Announcement**").

4 To bid in the Bookbuild, Placees should communicate their bid by telephone to their usual sales contact at the Managers (the "**Relevant Manager**"). Each bid should state the number of Placing Shares for which the prospective Placee wishes to subscribe at either the pounds sterling, Australian Dollar or South African Rand Placing Price, which is ultimately established by the Company and the Bookrunner, or at prices in pounds sterling, Australian Dollars or South African Rand up to a price limit in pounds sterling, Australian Dollars or South African Rand specified in its bid. Bids may be scaled down by the Bookrunner on the basis referred to in paragraph 9 below.

5 The Bookbuild is expected to close no later than 4.30 p.m. (London time) on 29 October 2009 but may be closed earlier or later at the discretion of the Bookrunner. The Managers may, in agreement with the Company, accept bids that are received after the Bookbuild has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.

6 Each Placee's allocation will be confirmed to the Placee orally by the Relevant Manager following the close of the Placing, and a conditional contract note will be dispatched as soon as possible thereafter. The Relevant Manager's oral confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of the Relevant Manager and the Company, under which the Placee agrees to acquire the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and in accordance with the Company's constitution.

7 Each prospective Placee's allocation and commitment will be evidenced by a conditional contract note issued to such Placee by the Relevant Manager. The terms of this Appendix will be deemed to be incorporated in that contract note.

8 The Pricing Announcement shall detail the number of Placing Shares to be issued and the Placing Price in pounds sterling as well as the Australian dollar and South African Rand price derived from that pounds sterling price at an exchange rate to be determined at the sole discretion of the Bookrunner.

9 Subject to paragraphs 4 and 5 above, the Managers may choose to accept bids, either in whole or in part, on the basis of allocations determined at their discretion (in consultation with the Company) and may scale down any bids for this purpose on such basis as it may determine. The Managers may also, notwithstanding paragraphs 4 and 5 above, subject to the prior consent of the Company (i) allocate Placing Shares after the time of any initial allocation to any person submitting a bid after that time and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting a bid after that time. The Managers each reserve the right not to accept bids or to accept bids in part rather than in whole.

10 A bid in the Bookbuild will be made on the terms and subject to the conditions in this Announcement and will be legally binding on the Placee on behalf of which it is made and except with the Bookrunner's consent will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, owed to the Relevant Manager, to pay it (or as it may direct) in cleared funds an amount equal to the product of the Placing

Price and the number of Placing Shares such Placee has agreed to acquire. Each Placee's obligations under this paragraph will be owed to the Relevant Manager.

11 Except as required by law or regulation, no press release or other announcement will be made by the Managers or the Company using the name of any Placee (or its agent), in its capacity as Placee (or agent), other than with such Placee's prior written consent.

12 Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the relevant time, on the basis explained below under "Registration and Settlement".

13 All obligations under the Bookbuild and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Right to terminate under the Placing Agreement".

14 By participating in the Bookbuild, each Placee will agree that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.

15 To the fullest extent permissible by law, none of the Managers nor any of their respective affiliates or agents shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise). In particular, none of the Managers nor any of their respective affiliates or agents shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of the conduct of the Bookbuild process or of such alternative method of effecting the Placing as the Managers and the Company may agree.

16 Each prospective Placee who is purchasing the Placing Shares in the US will be required to sign an investor letter to be provided by the Relevant Manager.

Conditions of the Placing

The obligations of the Managers under the Placing Agreement in respect of the Placing Shares are conditional on, inter alia:

(a) AIM Admission occurring not later than 8.00 a.m. (London time) on 3 November 2009 or such other date as may be agreed between the Company and the Managers, not being later than 6 November 2009;

(b) the Company having lodged with the ASX an Appendix 3B announcement conditional only on the issue of the Placing Shares by the business day after the date of this Announcement (or such other date as may be agreed between the Company and the Managers not being later than 6 November 2009);

(c) the JSE having confirmed to the Company in writing before the date of AIM Admission (or such other date as may be agreed between the Company and the Managers) the agreement of the JSE that the Placing Shares will be eligible for listing on the JSE on the date of Admission (or such other date as may be agreed between the Company and the Managers, not being later than 6 November 2009);

(d) the agreement between the Bookrunner and the Company of the Placing Price and the number of Placing Shares to be issued as established in the Bookbuild process;

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(e) in relation to the conditional share purchase agreement between the Company and the NuCoal Vendors regarding the acquisition by the Company of the entire issued share capital of NuCoal Mining (Pty) Limited and its subsidiaries there having occurred no default or breach by the Company or any other party to the agreement of its terms and it not having been terminated by any party by the time immediately prior to Admission;

(f) the warranties contained in the Placing Agreement being true and accurate and not misleading on and as of the date of the Placing Agreement and at AIM Admission as though they had been given and made on such dates by reference to the facts and circumstances then subsisting; and

(g) in the opinion of the Bookrunner, acting in good faith, there having been since the date of the Placing Agreement no material adverse effect (as defined in the Placing Agreement), whether or not foreseeable at the date of the Placing Agreement.

If (i) any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived by the Bookrunner by the respective time or date where specified (or such later time or date as the Company and the Bookrunner may agree), (ii) any of such conditions becomes incapable of being fulfilled or (iii) the Placing Agreement is terminated in the circumstances specified below, the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee against either the Company or any of the Managers in respect thereof.

The Bookrunner may, in its absolute discretion and upon such terms as it thinks fit, waive compliance by the Company with the whole or any part of any of the Company's obligations in relation to the conditions in the Placing Agreement save that certain conditions, including the condition relating to Admission taking place, may not be waived. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement.

Neither the Bookrunner nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and /or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing each Placee agrees that any such decision is within the absolute discretion of the Bookrunner and the Company.

Right to terminate under the Placing Agreement

The Bookrunner may, in its absolute discretion, at any time before Admission, terminate the Placing Agreement by giving notice to the Company in certain circumstances, including a breach of the warranties given to the Managers in the Placing Agreement, the failure of the Company to comply with obligations which are material in the Bookrunner's opinion or, the occurrence of a force majeure event which in the opinion of the Bookrunner, is likely to prejudice the success of the Placing. Following Admission to AIM, the Placing Agreement is not capable of rescission or termination to the extent that it relates to the Placing or the Placing Shares.

By participating in the Placing, the Placees agree that the exercise by the Bookrunner of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of the Bookrunner and the Company and that they need not make any reference to Placees and that they shall have no liability to Placees whatsoever in connection with any such exercise.

No Prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require a prospectus in the United Kingdom, Australia, South Africa or in any other jurisdiction. No offering document or prospectus has been or will be submitted to be approved by the FSA, ASIC or registered in the South African Companies and Intellectual Property Registration Office in relation to the Placing and Placees' commitments will be made solely on the basis of the information contained in this Announcement (including this Appendix and Appendix 2). Each Placee, by accepting a participation in the

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Placing, agrees that the content of this Announcement is exclusively the responsibility of the Company and confirms that it has neither received nor relied on any other information, representation, warranty, or statement made by or on behalf of the Company or the Managers or any other person and none of the Managers nor the Company nor any other person will be liable for any Placee's decision to participate in the Placing based on any other information, representation, warranty or statement which the Placees may have obtained or received and, if given or made, such information, representation, warranty or statement must not be relied upon as having been authorised by the Company, its officers or board of directors. Each Placee acknowledges and agrees that it has relied on its own investigation of the business, financial or other position of the Company in accepting a participation in the Placing, including the merits and risks involved. The Company is not making any undertaking or warranty to any Placee regarding the legality of an investment in the Placing Shares by such Placee under any legal, investment or similar laws or regulations. Each Placee should not consider any information in this Announcement to be legal, tax or business advice. Each Placee should consult its own attorney, tax advisor and business advisor for legal, tax and business advice regarding an investment in the Placing Shares. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission on AIM, the ASX and the JSE respectively, will take place:

- in respect of the Placing Shares to be held on the UK share register, on a delivery versus payment basis in Depositary Interest form within CREST;

- in respect of Placing Shares to be held on the Australian share register, on a delivery versus payment basis through CHESS; or

- in respect of Placing Shares to be held on the South African share register, on a delivery versus payment basis in accordance with the rules of Strate with the Bookrunner or its nominated affiliate or agent acting as broker under the rules of Strate to manage settlement on behalf of the Company.

The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to any Placee in any form it requires if, in the Bookrunner's opinion, delivery or settlement is not possible or practicable within CREST, CHESS or Strate, as the case may be, or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing will be sent a conditional contract note stating the number of Placing Shares to be allocated to it at the Placing Price and settlement instructions.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the standing CREST, CHESS or Strate rules and regulations and settlement instructions that it has in place with the Managers.

The Company will deliver the Placing Shares:

- in Depositary Interest form to a CREST account operated by the Bookrunner as agent for the Company and the Bookrunner will enter its delivery (DEL) instruction into the CREST system. The input to CREST by a Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment;

- in CHESS holdings as the Bookrunner directs in respect of the Placing Shares which are to be allotted in uncertificated form and, in each case, the Company will ensure that the same are enabled for settlement as soon as practicable after Admission and in any event prior to the relevant Record Date; or

- in Strate as the Bookrunner directs in respect of the Placing Shares which are to be allotted in uncertificated form and, in each case, the Company will ensure that the same are enabled for settlement as soon as practicable after Admission and in any event prior to the relevant Record Date.

It is expected that settlement will be on 3 November 2009 in CREST on a T+3 basis, on 5 November 2009 in CHESS on a T+3 basis and on 5 November 2009 in Strate on a T+5 basis in each case in accordance with the instructions set out in the conditional contract note.

Interest is chargeable daily on payments not received from Placees on the due date in accordance with the arrangements set out above at the rate of two percentage points above London Interbank Offered Rate as determined by the Bookrunner.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Bookrunner may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Bookrunner's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due thereof. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the conditional contract note is copied and delivered immediately to the relevant person within that organisation. Insofar as Placing Shares are registered in a Placee's name or that of its nominee or in the name of any person for whom a Placee is contracting as agent or that of a nominee for such person, such Placing Shares should, subject as provided below, be so registered free from any liability to UK stamp duty or stamp duty reserve tax.

Representations and Warranties

By participating in the Placing each Placee (and any person acting on such Placee's behalf) makes the following representations, warranties, acknowledgements, undertakings and agreements (as the case may be) to the Company and to the Managers:

1 represents and warrants that it has read and understood this Announcement, including the Appendices, in its entirety;

2 acknowledges that no offering document or prospectus has been prepared in connection with the placing of the Placing Shares and represents and warrants that it has not received a prospectus or other offering document in connection therewith;

3 acknowledges that neither the Managers nor the Company nor any of their affiliates or agents nor any person acting on behalf of any of them has provided, and will not provide it, with any information or material regarding the Placing Shares or the Company other than this Announcement; nor has it requested any of the Managers, the Company, any of their affiliates or agents or any person acting on behalf of any of them to provide it with any such information or material;

4 acknowledges that the content of this Announcement is exclusively the responsibility of the Company and that none of the Managers nor any person acting on their respective behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement, prospectus or otherwise. Each Placee further represents, warrants and agrees that the only information on which it is entitled to rely and on which such Placee has relied in committing itself to acquire the Placing Shares is contained in this Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any of the Managers or the Company and neither the Managers nor the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement. Each Placee further acknowledges and agrees that it has relied on

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its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;

5 acknowledges that the Ordinary Shares are listed, admitted to trading or quoted (as the case may be) on the ASX, AIM and the JSE and the Company is therefore required to publish certain business and financial information in accordance with the rules of such exchanges (collectively, the "**Exchange Information**"), which includes a description of the nature of the Company's business and the Company's most recent financial statements, and similar statements for preceding financial years, and that it is able to obtain or access the Exchange Information without undue difficulty;

6 acknowledges that neither the Managers nor any person acting on their behalf nor any of their affiliates or agents has or shall have any liability for the Exchange Information, any publicly available or filed information or any representation relating to the Company, provided that nothing in this paragraph excludes the liability of any person for fraudulent misrepresentation made by that person;

7 acknowledges that it is not, and at the time the Placing Shares are acquired will not, be a resident of Canada or Japan, and that the Placing Shares have not been and will not be registered under the securities legislation of Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;

8 unless otherwise specifically agreed with the Managers, represents and warrants that it is, or at the time the Placing Shares are acquired that it will be, the beneficial owner of such Placing Shares, or that the beneficial owner of such Placing Shares is not a resident of Canada or Japan;

9 acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, within those jurisdictions;

10 represents and warrants that the issue to it, or the person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any of sections 67, 70, 93 or 96 of the Finance Act, 1986 (depositary receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer Placing Shares into a clearance system;

11 represents and warrants that it has complied with its obligations in connection with money laundering and terrorist financing under the United Kingdom Proceeds of Crime Act, 2002, the United Kingdom Terrorism Act, 2003 and the United Kingdom Money Laundering Regulations, 2007 and the equivalent Australian and South African legislation (the "**Regulations**") and, if making payment on behalf of a third party, that satisfactory evidence has been obtained and recorded by it to verify the identity of the third party as required by the Regulations;

12 if a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, represents and warrants that the Placing Shares purchased by it in the Placing will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in a member state of the European Economic Area which has implemented the Prospectus Directive other than Qualified Investors, or in circumstances in which the prior consent of the Managers has been given to the offer or resale;

13 represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from Admission, will not offer or sell any Placing Shares to persons in the United Kingdom, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;

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14 represents and warrants that it has not offered or sold and will not offer or sell any Placing Shares to persons in the European Economic Area prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted in and which will not result in an offer to the public in any member state of the European Economic Area within the meaning of the Prospectus Directive;

15 represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) relating to the Placing Shares in circumstances in which section 21(1) of the FSMA does not require approval of the communication by an authorised person;

16 represents and warrants that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;

17 represents and warrants that if it resides in a member state of the European Economic Area it is a Qualified Investor within the meaning of the Prospectus Directive;

18 represents and warrants that it has complied and will comply with all applicable provisions of the Australian Corporations Act (including relevant insider trading provisions) and the ASX Listing Rules in relation to the Placing Shares;

19 agrees that it must comply with all applicable provisions of the Australian Foreign Investments and Takeovers Act, 1975 (Cth) in relation to the Placing Shares;

20 represents and warrants that its participation in the Placing will not cause its aggregate shareholding in the Company to be 20% or more of the issued share capital of the Company;

21 represents and warrants that it is not a 'related party' of the Company as that term is defined in section 228 of the Australian Corporations Act and/or the ASX Listing Rules, (or if it is a 'related party' of the Company, that its acquisition of Placing Shares would not require the Company to obtain the approval of its shareholders under section 208(1)(a) of the Australian Corporations Act);

22 represents and warrants that if it resides in the United Kingdom it is a Qualified Investor within the meaning of the Prospectus Directive and a person (a) who has professional experience in matters relating to investments and fall within article 19(5) (investment professionals) of the Order, or (b) who falls within article 49(2)(a) to (d) (high net worth companies, unincorporated associations etc) of the Order;

23 represents and warrants that if it resides in Australia it is a person to whom an offer of securities may be made under section 708(8) or section 708(11) of the Australian Corporations Act and agrees that it will not offer to sell the Placing Shares to any person that is not a sophisticated or professional investor under section 708(8) or section 708(11) of the Australian Corporations Act until the day after a notice is lodged by the Company with ASX that complies with subsections 708A(5)(e) and (6) of the Australian Corporations Act;

24 represents and warrants that if it resides in the Republic of South Africa it qualifies as an addressee described in section 144(b) of the South African Companies Act No 61 of 1973;

25 represents and warrants that it and any person acting on its behalf is entitled to acquire the Placing Shares under the laws of all relevant jurisdictions and that it has all necessary capacity and has obtained all necessary consents and authorities (including without limitation any and all approvals that may be required for the purposes of the South African Exchange Control Regulations, 1961) to enable it to commit

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to this participation in the Placing and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement) and will honour such obligations, and it has had access to such financial and other information concerning the Company and the Placing shares as it deems necessary in connection with its decision to purchase the Placing Shares;

26 where it is acquiring Placing Shares for one or more managed accounts, represents and warrants that it is authorised in writing by each managed account (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties, acknowledgements, undertakings and agreements in this Appendix and the announcement of which it forms part; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to you by any of the Managers;

27 undertakes that it (and any person acting on its behalf) will make payment for the Placing Shares allocated to it in accordance with this Announcement on the due time and date set out herein, failing which the relevant Placing Shares may be placed with other placees or sold as the Bookrunner may in its sole discretion determine and without liability to such Placee;

28 acknowledges that none of the Managers, nor any of their respective affiliates, nor their respective agents nor any person acting on behalf of any of them, is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Placees and that participation in the Placing is on the basis that it is not and will not be a client of any of the Managers and that none of the Managers have any duties or responsibilities to it for providing the protections afforded to their respective clients or customers or for providing advice in relation to the Placing nor in respect of any representations, warranties, acknowledgements, undertakings or indemnities contained in the Placing Agreement nor for the exercise or performance of any of its rights and obligations thereunder including any rights to waive or vary any conditions or exercise any termination right;

29 undertakes that the person whom it specifies for registration as holder of the Placing Shares will be (a) itself or (b) its nominee, as the case may be. Neither the Managers nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and the Managers in respect of the same on the basis that the Placing Shares will be allotted to the CREST, CHESS or Strate stock account of the Bookrunner or its affiliate or agent who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;

30 acknowledges that any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on behalf of itself and on behalf of any person on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Company or the Managers in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;

31 acknowledge that time shall be of the essence as regards obligations pursuant to this Appendix to the Announcement;

32 agrees that the Company and the Managers and their respective affiliates and agents and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements, undertakings and agreements which are given to the Managers on their own behalf and on behalf of the Company and are irrevocable, and with respect to any of the representations, warranties, acknowledgements, undertakings and agreements deemed to have been made by a purchaser of the Placing Shares as a fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and it has full power and authority to make the foregoing representations, warranties, acknowledgements, undertakings and agreements on behalf of each such account;

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33 agrees to indemnify and hold the Company and the Managers and their respective affiliates and agents harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Appendix and further agrees that the provisions of this Appendix shall survive after completion of the Placing;

34 represents and warrants that it is an institution which (a) has such knowledge and experience in financial and business matters and expertise in assessing credit, market and all other relevant risks as to be capable of evaluating, and has evaluated independently, the merits, risks and suitability of its investment in the Placing Shares, and (b) it and any accounts for which it is acting are each able to bear the economic risk of such investment, and are each able to sustain a complete loss of any investment in the Placing Shares;

35 represents and warrants that it is either (a) outside the United States and has not purchased the Placing Shares as a result of any directed selling efforts within the meaning of Rule 902(c) of Regulation S or (b) an Accredited Investor who is also a QIB who is purchasing the Placing Shares for its own account, or for the account of one or more persons who are Accredited Investors and QIBs, and is aware, and each beneficial owner of such Placing Shares has been advised, that the sale of such Placing Shares to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act for its own account or for the account of one or more other investors who are Accredited Investors and who are also QIBs for which it is acting as a duly authorised fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof within the meaning of the Securities Act and has not purchased the Placing Shares as a result of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) under the Securities Act), including advertisements, articles, research reports, notices or other communications published in any newspaper, magazine, on a website or in or on any similar media, or broadcast over radio or television, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising;

36 understands and acknowledges that the Placing Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Placing Shares have not been and will not be registered under the Securities Act or the securities laws of any State in the United States. It agrees that the Placing Shares may not be reoffered, sold, pledged or otherwise transferred, and that it will not directly or indirectly reoffer, sell, pledge or otherwise transfer the Placing Shares, except in an offshore transaction in accordance with Rule 903 or 904 of Regulation S and that such offer, sale, pledge or transfer must, and will, be made in accordance with any applicable securities laws of any State or other jurisdiction of the United States;

37 understands that no representation has been, is being or will be made by the Company as to the availability of an exemption from the registration for the reoffer, resale, pledge or transfer of the Placing Shares in accordance the Securities Act; and

38 understands that the Placing Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act and that, for so long as they remain "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, they may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank.

Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Each Placee, and any person acting on behalf of the Placee, acknowledges that none of the Managers owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings, acknowledgements, agreements or indemnities in the Placing Agreement.

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Each Placee and any person acting on behalf of the Placee acknowledges and agrees that the Managers or any of their respective affiliates or agents may, at their absolute discretion, agree to become a Placee in respect of some or all of the Placing Shares.

When a Placee or person acting on behalf of the Placee is dealing with the Managers, any money held in an account with any of the Managers, on behalf of the Placee and/or any person acting on behalf of the Placee will not be treated as client money within the meaning of the rules and regulations of the FSA made under the FSMA. The Placee acknowledges that the money will not be subject to the protections conferred by the client money rules; as a consequence, this money will not be segregated from the relevant Manager's money, as the case may be, in accordance with the client money rules and will be used by the Managers in the course of their own respective businesses and the Placee will rank only as a general creditor of the Managers.

If the Company or any of the Managers their respective affiliates or agents request any information about a Placee's agreement to acquire Placing Shares, including, without limitation, any information required by the South African Reserve Bank for the Placing Shares to be settlement in Strate and any evidence supporting the representations and warranties given above, such Placee shall (and it undertakes to) promptly disclose it to them.

All times and dates in this Announcement may be subject to amendment. The Managers shall notify the Placees and any person acting on behalf of the Placees of any changes.

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APPENDIX B

RISK FACTORS

Prospective investors should be aware that an investment in the Company involves a high degree of risk and should only be made by those with the necessary expertise to appraise the investment. The following are considered by the Company to be the risk factors which are specific to the Company and its subsidiaries (together the "Group") and its industry and which are material to taking investment decisions in the Ordinary Shares and should be read in conjunction with the other information contained in this announcement. Such factors are not intended to be presented in any assumed order of priority. The list below does not purport to be an exhaustive list. Additional risks and uncertainties not presently known to the Company, or which it currently believes to be immaterial, may also have an adverse effect on the Group.

An investment in the Company is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses which may arise therefrom (which may be equal to the whole amount invested). No representation is or can be made as to the future performance of the Group and there can be no assurance that the Company will achieve its objectives.

COMPANY SPECIFIC RISKS – EXPLORATION, DEVELOPMENT AND PRODUCTION

The Group's mining operations are subject to the normal risks of mining, and its profits are subject to numerous factors beyond the Group's control. Certain of these risk factors are set out below.

Mineral reserves and resources estimates

The estimating of mineral reserves and mineral resources is a subjective process and the accuracy of reserve and resource estimates is a function of the quantity and quality of available data and the assumptions used and judgments made in interpreting engineering and geological information. There is significant uncertainty in any reserve or resource estimate and the actual deposits encountered and the economic viability of mining a deposit may differ materially from the Group's estimates. The exploration of mineral rights is speculative in nature and is frequently unsuccessful. The Group may be unable to successfully discover and/or exploit reserves.

Estimated mineral reserves or mineral resources may have to be recalculated based on changes in metals prices, further exploration or development activity or actual production experience. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates may change. This could result in alterations to development and mining plans which may, in turn, adversely affect the Group's operations. It could also have a material adverse effect on estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence reserve or resource estimates. There can be no assurance that any resources recovered can be brought into profitable production. Market price fluctuations, increased production costs or reduced recovery rates, or other factors may render the present estimated or inferred resources of the Group uneconomical or unprofitable to develop at a particular site or sites.

Exploration, project development and mining risks

Exploration for mineral resources involves many risks and hazards including environmental hazards (including discharge of pollutants or hazardous chemicals), industrial accidents, occupational and health hazards, unscheduled plant shutdowns or other processing problems, technical failures, labour force disruptions, the unavailability of materials and equipment or exploration, production or supply infrastructure, unusual or unexpected rock formations, pit slope failures, changes in the regulatory environment, weather conditions, cave-ins, rock bursts, water conditions and stock losses. Such occurrences could result in damage to, or destruction of, production facilities, personal injury or death, environmental damage, delays in mining, increased production costs and other monetary losses and possible legal liability to the owner or operator of the mine. The Group may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past mining activities for which it was not responsible.

Ability to exploit successful discoveries

It is possible that the Group may not be able to exploit commercially viable discoveries in which it holds an interest and few properties that are explored are ultimately developed into producing mines.

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Exploration may require external approvals or consents from relevant authorities and the granting of these approvals and consents is beyond the Group's control. The granting of such approvals and consents may be withheld for lengthy periods, not given at all, or granted subject to the satisfaction of certain conditions which the Group cannot or may consider impractical or uneconomic to seek to meet. As a result of such delays, the Group may incur additional costs and losses, reduced revenue or lose part or all of its equity in a licence.

If the relevant approvals and consents are granted, there can be no assurance that any mineralisation discovered will result in proven and probable reserves being attributed to the Company. If reserves are developed, it can take a number of years from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. Substantial expenditures are required to establish the viability of coal reserves through drilling and, in the cases of new properties, to construct mining and processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Company will result in any new commercial mining operations being brought into operation.

Production estimates

The Group cannot give any assurance that it will achieve its production estimates. The failure of the Group to achieve its production estimates could have a material and adverse effect on any or all of its future cash flows, results of operations and financial condition. These production estimates will be dependent on, among other things, the accuracy of mineral reserve and resource estimates, the accuracy of assumptions regarding ore grades and recovery rates, ground conditions and physical characteristics of ores, such as hardness and the presence or absence of particular metallurgical characteristics and the accuracy of estimated rates and costs of mining and processing.

The Group's actual production may also vary from its estimates for a variety of reasons, including, adverse operating conditions (such as unexpected geological conditions, fire, weather, accidents), compliance with governmental requirements, labour and safety issues, delays in installing or repairing plant and equipment, inability to complete, or lack of success of, capital development and exploration drilling.

Future capital requirements

Further funds will be required to develop the Group's projects, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities and to meet any unanticipated liabilities or expenses which the Group may incur. The Group may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Group's activities and future projects may result in delay or indefinite postponement of exploration, development or production on the Group's properties or even loss of a property interest (including any prospecting or mining right). There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Group and might involve substantial dilution to shareholders.

Environmental regulation

The Group's operations are subject to existing and possible future environmental and health and safety legislation, regulations and actions which could impose significant costs and burdens on the Group (the extent of which cannot be predicted) both in terms of compliance and potential penalties, liabilities and remediation or decommissioning costs. Breach of any environmental obligations could result in penalties and civil liabilities and/or suspension of operations, any of which could adversely affect the Group.

Mining operations have inherent risks and liabilities associated with damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment are constantly changing and are generally becoming more restrictive. Approval is required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

Equipment and availability

The current and foreseeable levels of global exploration and development activity are such that equipment utilisation rates are high, and the Group will be in a competitive environment in relation to sourcing appropriate equipment. If it is unable to source appropriate equipment economically or at all then this would have a material adverse effect on the Company's financial or trading position.

Volatility of prices for mineral and other commodities

The supply, demand and prices for commodities are volatile and are influenced by factors beyond the Group's control. These factors include global demand and supply, exchange rate, interest and inflation rates and political events. A significant prolonged decline in commodity prices could impact the viability of some of the Group's exploration activities.

Economic and political risks

Whilst the Group will make every effort to ensure it has robust commercial agreements covering its activities, there is a risk that the Group's activities are adversely impacted by economic and political factors such as the imposition of additional taxes and charges, cancellation or suspension of licences, expropriation, war, terrorism, insurrection and changes to laws governing mineral exploration and operations. There is also the possibility that the terms of any licence the Group holds (including any favourable tax provisions) may be changed.

COMPANY SPECIFIC RISKS – RISKS RELATING TO THE BUSINESS

Government regulation

The Group's exploration activities, development projects and any future mining operations are subject to laws and regulations in South Africa governing the acquisition and retention of title to mineral rights, mine development, health and worker safety, employment standards, waste disposal, protection of the environment, and protection of endangered and protected species and other matters. It is possible that future changes in applicable laws, regulations and agreements, or changes in their enforcement, regulatory interpretation or application could result in changes to legal or practical requirements or the terms of existing permits, rights and agreements applicable to the Group or its projects, which could have a material and adverse impact on the Group's current exploration activities, planned development projects or future mining operations, including by requiring the Group to cease, materially delay or restrict exploration, development or mining operations.

Where required, obtaining necessary permits or rights to conduct exploration or mining operations can be a complex and time consuming process and there can be no assurance that any necessary permits or rights will be obtainable on acceptable terms, in a timely manner, or at all. The costs and delays associated with obtaining necessary permits or rights and complying with these permits or rights and applicable laws and regulations could stop, delay or restrict the Group from proceeding with exploration activities or with development or future mining operations. Any failure to comply with applicable laws, regulations, permits or rights, even if inadvertent, could result in the material interruption or restriction of exploration activities, development or mining operations, or fines, penalties or other liabilities.

The South African government has passed the Mineral and Petroleum Resources Royalty Act (the "Royalty Act"). The Royalty Act aims to impose a royalty on mining companies in favour of the National Revenue Fund on the transfer of mineral resources. It will come into effect on 1 March 2010. Royalties imposed differ between refined and unrefined mineral resources but in both instances are based on a percentage of gross sales, derived from a pre-determined formula measuring the ratio of earnings before interest and tax and the gross revenue realised. Coal is generally unrefined and according to the legislation the royalty to be imposed will be gross sales multiplied by a percentage determined according to a formula which should not exceed 7 per cent. There is, however, uncertainty regarding interpretation of the new legislation.

The ability of the Company, and its South African subsidiaries and their operations, to transfer cash out of South Africa and to enter into agreements which require or potentially require the transfer of cash out of South Africa (for example through payment of the purchase price or in the event of a breach of warranties given) is subject to South African exchange control regulations. The South African Reserve Bank ("SARB"), and in particular its Exchange Control Department ("ECD"), has been delegated the authority to administer the South African exchange control system. The ECD has wide discretion that is exercised in accordance with the exchange control regulations and the exchange control rulings in line with the policy guidelines laid down by the South African Minister of Finance. Certain banks have been appointed as authorised dealers in terms of the exchange control regulations and these authorised dealers assist the ECD in administering the exchange control system, their authority being regulated by the exchange control rulings. All applications to the ECD must be made though an authorised dealer. Any cash flows from South Africa are regulated by exchange control regulations. There can be no assurance in the event that the Company makes an application to the SARB for a transfer of funds out of South Africa or enter into an agreement that such transfer will be approved, in which case any restrictions placed on the Company in respect of any such transfer or agreement may have a material adverse effect on the Group's business, operating results and financial condition.

The South African Government has passed the Mineral and Petroleum Resources Development Amendment Act, 2008 which has not yet commenced. Once it commences, which date is presently unknown, this will require any change in the shareholding of mining concessions and a change of control of those held (directly or indirectly) by

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quoted companies (which were previously exempted) to be submitted to the South African Minister of Mineral Resources for approval. This may cause additional delay and complication in the completion of transactions involving the Company's assets. Any such consent would be subject to the Minister being satisfied regarding the Broad-Based Black Economic Empowerment ("**BBBEE**") arrangements in place, as well as the new shareholder being in a position to support the holder, if necessary, to ensure the holder can still meet the requirements that were met when the right was issued and the terms and conditions of the licence. These include financial and technical capability.

Title

The acquisition and retention of title to mineral rights is a detailed and time-consuming process. Title to, and the area of, mineral resource claims may be disputed or challenged. Although the Group believes it has taken and is taking reasonable measures to secure title to its projects, there is no guarantee that title to its projects will be granted, that prospecting rights will be converted into mining rights or that title will not be challenged or impaired. Any successful challenges to the title of the Group's projects could stop, materially delay or restrict the Group from proceeding with exploration activities, any development, or future mining operations.

Certain of the Group's mining rights and prospecting rights may from time to time have technical defects, errors or breaches, have not been registered with the applicable authority or may have consents or approvals outstanding. These include, for instance, outstanding consents ("**Section 11 Consents**") in terms of section 11 of the Mineral and Petroleum Resources Development Act, 2002 ("**MPRDA**") and/or outstanding registration of Section 11 Consents at the Mining and Petroleum Titles Registration Office ("**MPTRO**") established in terms of the Mining Titles Registration Act 1967, ("**MTRA**") and/or discrepancies in related documentation, including in relation to the Mooiplaats, Vele and Makhado projects. Whilst the Company believes that these are primarily administrative in nature, and written notice must be given prior to cancellation or suspension of the relevant rights, there can be no guarantee that the rights in question will not be cancelled, suspended, revoked or otherwise impaired and any such cancellation, suspension, revocation or impairment to the rights comprising the Group's projects could stop, materially delay or restrict the Group from proceeding with exploration activities, mining activities, any development, or future mining operations.

Most of the Company's mineral rights have been acquired through acquisition of the shares of existing holders or the mineral interests of existing holders. In certain cases administrative matters remain outstanding which are required to complete the record of the acquisition process, including in relation to the Mooiplaats, Vele and Makhado projects. Whilst the Company believes these are administrative in nature, there can be no guarantee that the process of recording the acquisitions will be completed, nor is there a guarantee that as a result of any such non-completion the Group's projects will not stop, be materially delayed or that the Company will not be restricted from proceeding with exploration activities, mining activities, any development, or future mining operations.

BBBEE

The MPRDA introduced a broad based socio economic charter (the "**Mining Charter**") which sets out a framework, targets and timetable for affecting the entry of historically disadvantaged South Africans ("**HDSA**") into the mining industry in South Africa (which is also known as the BBBEE legislation). The implementation and administration of the Mining Charter is in its infancy and the long term implications for mining companies, including the Company, are still unfolding. The MPRDA gives the South African Minister of Mineral Resources a discretion when considering a licence application regarding the BBBEE structure to be implemented by an applicant. In general, the Mining Charter refers to targets of 15% of equity or attributable units of production vesting in HDSA hands within five years from the commencement of the MPRDA (i.e. by 30 April 2009) and 26% of equity or attributable units of production vesting in HDSA hands within ten years from the commencement of the MPRDA (i.e. by 30 April 2014). Specific commitments which a company has made regarding HDSA ownership are generally recorded as a condition of the mineral rights granted by the South African Minister of Mineral Resources. The Company has not yet met the 15% BBBEE participation threshold. However, although formal agreements have not yet been signed, the Company has finalised the terms of an in-principle transaction with Firefly Investments 163 (Pty) Limited (a company wholly owned and controlled by HDSAs) which is expected to be implemented if the Department of Mineral Resources confirms that it will ensure compliance by the Company with the Mining Charter. Implementation of the proposed transaction will depend on, among other things, the approval of the Australian Foreign Investment Review Board.

Although the Company has a BBBEE strategy and intends to comply with the Mining Charter or any requirement imposed by the South African Minister of Mineral Resources going forward, no assurance can be given that it will be able to achieve the objectives of the Mining Charter at all times, including the 15% or 26% (by 30 April 2014) ownership target. Furthermore, no assurance can be given that the Company's ownership interests in its underlying assets will not change materially, or that the extent and composition of its BBBEE partners will not

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change from time to time. Non-compliance with any specific condition contained in a mineral right regarding HDSA ownership may result in enforcement action and could ultimately result in the withdrawal of the mineral right by the South African Minister of Mineral Resources.

Land claims

Certain of the areas over which mineral rights have been granted to the Company are the subject of land claims in terms of the South African Restitution of Land Rights Act, 1994 by indigenous former inhabitants which if successful or if settled could result in significant costs or burdens for the Company. Generally a claim is made only to the surface rights attaching to the land and not to the mineral rights as well, however the legal position on the question whether a claim under the South African Restitution of Land Rights Act could include mineral rights is not clear. South African case law decided before the MPRDA took effect indicates that a claim under the South African Restitution of Land Rights Act may include mineral rights. The substantial change to the South African mining and mineral law regime brought about by the MPRDA may arguably prevent a claim in respect of the mineral rights. If a land claim is settled in favour of the claimants this should not stop mining or prospecting operations as the mineral rights holder has statutory rights relating to accessing the land but there may be a delay while access terms and conditions are negotiated with any new land owner. The Company should receive fair value compensation from the Government for any land or mineral rights which are given to claimants, although the amount of such compensation will form part of any settlement negotiations and may not match the values attributed by the Company thereto. Settlement of a land claim over an area for which the company holds mining rights but no surface rights may nevertheless require the Company to participate in the settlement and to find and fund alternative land for the claimants the interests of securing the mining areas.

Future transactions and financing

The Group plans to develop existing, and acquire new, interests through acquisitions, joint ventures and other strategic alliances (including, for example, the Rio Tinto joint venture and farm swap, the NuCoal acquisition and the Vele acquisition – see below). However, there can be no assurance that any such transactions can be concluded on acceptable terms or at all or that conditions to which such transactions may be subject will be satisfied. Future transactions may also require payments to be made and exploration expenditures to be incurred. The only potential sources of funding currently available to the Group are through the issue of additional equity and/or debt capital or through bringing in a partner to fund the exploration and development costs on investments it may acquire. There is no assurance that the Group will be successful in raising sufficient funds or attracting a suitable partner to enable it to meet its obligations under its agreements.

Rio Tinto farm swap and joint venture

The Company has entered into a farm swap (exchange of prospecting rights) agreement (the "**FS Agreement**") with the Rio Tinto group relating to the Company's Makhado project. The FS Agreement (and the application for a New Order Mining Right) is conditional on, inter alia, approval being granted by the South African Minister of Mineral Resources for the transfer and cession of relevant prospecting rights and interests in such prospecting rights under section 11 of the MPRDA, consents required in terms of the South African Competition Act, 1998 and South African exchange control regulations, execution of certain further documentation and any outstanding board or shareholder approvals. There can be no guarantee that such approval will be granted. If the FS Agreement does not proceed to completion, this may impact the viability of the Company's Makhado project. In addition, the Company has entered into a memorandum of understanding in relation to a joint venture relating to the Company's Makhado project. There can be no guarantee that such joint venture will proceed.

NuCoal acquisition

The Company has entered into a conditional agreement to acquire the entire issued share capital of NuCoal (the "**NuCoal Acquisition Agreement**"). The NuCoal Acquisition Agreement is conditional on, among other things, conditions which are administrative in nature and which are the responsibility of the current shareholders of NuCoal and relate to streamlining the legal and ownership structure of NuCoal in order to effect the transfer of NuCoal to the Company in an effective and efficient manner. Other conditions include some which relate to the acquisition by NuCoal of certain mineral interests and the resolution of certain issues arising in the due diligence exercise to the satisfaction of the Company. Certain regulatory approvals are also required to be obtained by as part of this process including SARB approval and approval being granted by the South African Minister of Mineral Resources in terms of section 11 of the MPRDA. A number of the conditions to the NuCoal Acquisition Agreement are outside of the control of the Company and so there can be no guarantee that all of these conditions will be satisfied and that the NuCoal Acquisition Agreement will proceed to completion.

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Vele acquisition

The Company owns 80% of Limpopo Coal Company (Pty) Limited ("**Limpopo Coal**") (the company that owns the Vele coking coal project) and has entered into a binding agreement to acquire the remaining 20% interest in Limpopo Coal held by Tranter Holdings (Pty) Limited. This agreement (and the acquisition contemplated by it) is conditional on, among other things, SARB approval and the granting of a New Order Mining Right to Limpopo Coal. There can be no guarantee that SARB approval will be obtained or that the New Order Mining Right will be granted.

Infrastructure – port allocation, rail access and power supply

The Company has secured long term port allocation for the export of coal through the Maputo port terminal in Mozambique. Any future allocation to accommodate any increased production will depend on a number of factors including, without limitation, expansion of the port terminal. Although the owners of the Maputo port terminal have announced potential future expansion, there can be no guarantee that such expansion will take place. The Company is obliged to notify to the Maputo port terminal the anticipated tonnage for the coming year and to the extent that there is any delay in any of the Group's projects or production is lower than expected the Company may be left with "take or pay" costs on the excess notified capacity.

The Company has entered into an agreement with Transnet Freight Rail (a division of the South African government owned rail and freight organisation) for the transportation of coal by rail from the Company's operations in South Africa to the Matola Terminal in Maputo, Mozambique. Any non performance by Transnet Freight Rail of such agreement or dispute between the South African and Mozambique governments in relation to the cross border rail link may materially and adversely impact the Company's operations.

The Group depends on the reliable and continuous delivery of sufficient quantities of power to its mines. South Africa has experienced and continues, to a limited extent, to experience widespread and prolonged power outages, also known as load shedding. The Group has power generators for use in the event of a power outage. However, should a serious failure of basic infrastructure take place or high occurrences of power outages across the country continue, exploration, development and production at the Group's operations in South Africa could be materially and adversely impacted.

Proposed move to the Main Market of the LSE

The Company has commenced work on its proposed move from AIM to the Main Market of the LSE and, as part of this, may change its country of incorporation. However, there can be no guarantee that this process will be completed within the anticipated timeframe or at all. There can also be no assurance that any proposal relating to such process will not have potential adverse tax, regulatory or other consequences for certain shareholders or that, whether as a result of any such adverse consequences or otherwise, any such proposal will receive all necessary shareholder, regulatory or other approvals.

Major shareholders and conflicts of interest

The Company has a number of major shareholders. Whilst the Board has set up a procedure to deal with potential conflicts of interest (whereby potentially conflicted directors are required to abstain from relevant discussions and votes), there can be no assurance that conflicts will not arise or that, if they do, they can be successfully overcome. Further, the Company is party to certain agreements which contain consent requirements regarding certain material decisions such as issues of shares, changes in share capital structure or material borrowings, acquisitions, disposals or changes in business. To the extent such agreements remain outstanding, refusal of such consents might materially impair or prevent the Company from pursuing its plans.

Insurance

The Company's insurance coverage may prove inadequate to satisfy potential claims and losses. Further, the Group may become subject to liabilities that cannot be insured against or against which it may elect not to be insured fully or at all because of high premium costs.

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Litigation

Legal proceedings may arise from time to time in the course of the Group's business. The Company cannot preclude the possibility that litigation may be brought against it or other companies in the Group.

The Company is subject to certain existing claims, including a claim regarding an entitlement to be issued shares in the Company. Whilst the Company does not believe these claims to be well founded or material, there can be no assurance that such claims will not be successful or that, if successful, they will not have an adverse impact upon the Company or other adverse effects that may not have been anticipated.

Joint ventures

Members of the Group hold interests in joint ventures and may pursue further joint venture opportunities in the future. Joint ventures may involve special risks associated with the possibility that the joint venture partners may: (i) have economic or business interests or targets that are inconsistent with those of the Group; (ii) take action contrary to the Group's policies or objectives with respect to their investments, for instance by veto of proposals in respect of joint venture operations; (iii) be unable or unwilling to fulfil their obligations under the joint venture or other agreements; or (iv) experience financial or other difficulties. Any of the foregoing may have a material adverse effect on the results of operations or financial condition of the Group. In addition, the termination of certain of these joint venture agreements, if not replaced on similar terms, could have a material adverse effect on the results of operations or financial condition of the Group.

HIV/AIDS

HIV/AIDS is prevalent in Africa. Employees or contractors of the Group in South Africa may have or could contract the potentially deadly virus. The prevalence of HIV/AIDS could cause lost employee man-hours and loss of personnel who are trained and experienced in mine exploration and extraction activities.

Currency risk

The Company reports its results in Australian Dollars, whilst the majority of its costs are in South African Rand and revenues are in US Dollars. This may result in additions to the Company's reported costs or reductions in the Company's reported revenues.

Dependence on key personnel

There can be no assurance that the Group will be able to manage effectively the expansion of its operations or that the Group's current personnel, systems, procedures and controls will be adequate to support the Group's operations. Any failure of management to manage effectively the Group's growth and development could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's business is dependent on retaining the services of a small number of key personnel of the appropriate calibre as the business develops. The success of the Group is, and will continue to be to a significant extent, dependent on the expertise and experience of the directors and senior management. Whilst the Group has entered into contractual arrangements with the aim of securing the services of the existing management team, the retention of their services cannot be guaranteed. Accordingly, the loss of key personnel could have an adverse effect on the Group.

No geographical diversification

The Group's key projects are all located in South Africa. Any circumstance or event which negatively impacts the ownership or development of mining projects in South Africa could materially affect the financial performance of the Company and more significantly than if it had a more diversified asset base.

Service providers and contractors

The Group is unable to predict the risk of: insolvency, non-performance of contracts or other managerial failure by, or unionization of, any of the customers or contractors or other suppliers or service providers (including, without limitation, off-takers) of the Group in connection with its current or future exploration, development, production or other activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Company. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial

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condition of the Company.

GENERAL RISKS

The activities of the Group are also subject to the usual commercial risks and factors such as competition and economic conditions may generally affect the Group's ability to generate income or achieve its objectives.

Trading and liquidity in the Ordinary Shares

An investment in the Ordinary Shares is highly speculative and subject to a high degree of risk. The price of publicly quoted securities can be volatile and is dependent upon a number of factors, some of which are general market or sector specific and others that are specific to the Company. Only those who can bear the risk of the loss of their entire investment should invest.

Notwithstanding the fact that an application will be made for the Ordinary Shares to be traded on AIM and the JSE and quoted on the ASX, this should not be taken as implying that there will be a "liquid" market in the Ordinary Shares and an investment in the Ordinary Shares may be difficult to realise. In addition, the price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally.

The market for shares in small to medium size public companies, such as the Company, is less liquid than for larger public companies. The Group is aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment; a prospective investor should not consider such purchase unless he is certain he will not have to liquidate his investment for an indefinite period of time. The share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The value of the Ordinary Shares may go down as well as up. The market price of the Ordinary Shares may not reflect the underlying value of the Company's net assets. Investors may therefore realise less than their original investment or sustain a total loss of their investment.

Force majeure

The Group's projects now or in the future may be adversely affected by risks outside the control of the Group including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

General economic conditions

Market conditions, particularly those affecting resource companies, may affect the ultimate value of the Company's share price regardless of operating performance. The Company could be affected by unforeseen events outside its control, including, natural disasters, terrorist attacks and political unrest and/or government legislation or policy. Market perception of resource companies may change which could impact on the value of investors' holdings and impact on the ability of the Company to raise further funds by an issue of further shares in the Company. General economic conditions may affect exchange rates, interest rates and inflation rates. Movements in these rates will have an impact on the Company's cost of raising and maintaining debt financing.

Investment

The value of an investment in the Company could, for a number of reasons go up or down. There is also the possibility that the market value of an investment in the Company may not reflect the true underlying value of the Company.

Taxation

Any change in the Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Group, affect the Company's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

Passive Foreign Investment Company

Please refer to Appendix A, "NOTICE TO US RESIDENTS", "Passive Foreign Investment Company" for a detailed description regarding the risks of the Company being treated as a "passive foreign investment company" ("PFIC")

for U.S. federal income tax purposes.

Forward looking statements

This announcement contains forward looking statements, including, without limitation, statements containing the words "believe", "anticipated", "expected" and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Group, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Give these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. To the extent lawfully permitted, the Company disclaims any obligations to update any such forward looking statements in this document to reflect future events or developments.

DEFINITIONS

In addition to those terms otherwise defined in this document, the following expressions have the following meaning unless the context otherwise requires:

Accredited Investor	accredited investors as defined in Rule 501(a) of Regulation D
Admission	the admission by the London Stock Exchange of the Placing Shares to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM market operated by the London Stock Exchange
AIM Rules	the current rules published by the London Stock Exchange applicable to companies with a class of listed securities admitted to trading on AIM
Announcement	this announcement (including the appendix to this announcement)
ASIC	the Australian Securities & Investments Commission
ASX	ASX Limited (ACN 008 624 691), a company registered under the Australian Corporations Act and, where the context permits, the Australian Securities Exchange operated by ASX Limited
ASX Listing Rules	the Listing Rules of the ASX and any other rules of ASX which are applicable while the Company is admitted to the Official List of ASX
Australian Corporations Act	the Corporations Act 2001 (Cth) of Australia and any Class Orders issued by ASIC
A$ or Australian Dollars	the lawful currency of Australia
Bookrunner	JPMC
certificated or in certificated form	where a share or other security is not in uncertificated form
CHESS	the Clearing House Electronic Subregister System

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CREST	the relevant system, as defined in the CREST Regulations (in respect of which Euroclear UK & Ireland Limited is the operator as defined in the CREST Regulations)
Depositary Interests or DIs	independent securities constituted under English law and issued or to be issued by the Depositary in respect, and representing on a 1 for 1 basis, underlying Ordinary Shares which may be held or transferred through the CREST system
Evolution	Evolution Securities Limited
European Economic Area	the European Union, Iceland, Norway and Liechtenstein
FSA	the Financial Services Authority
FSMA	the Financial Services and Markets Act 2000
JPMC	J.P. Morgan Cazenove Limited
JSE	JSE Limited, a public company incorporated with limited liability under the laws of the Republic of South Africa, with registration number 2005/022939/06 and licensed as an exchange under the South African Securities Services Act, No 36 of 2004, as amended, often referred to as the "Johannesburg Stock Exchange"
London Stock Exchange or LSE	the London Stock Exchange plc
Managers	JPMC, Evolution and Mirabaud;
Mirabaud	Mirabaud Securities LLP
NuCoal Vendors	means Troy Holdings & Investments Inc, Kusile Mining (Proprietary) Limited and Nucoal Holdings (Proprietary) Limited
Ordinary Shares	ordinary shares in the share capital of the Company
Placee	any person (including individuals, funds or otherwise) by whom or on whose behalf a commitment to acquire Placing Shares has been given
Placing	the placing of the Placing Shares with Placees to be effected by the Managers on the terms and subject to the conditions set out in the Placing Agreement
Placing Agreement	the placing and underwriting agreement dated 29 October 2009 among the Company and the Managers in respect of the Placing
Placing Price	the price per Ordinary Share at which the Placing Shares are placed, such price being determined as part of the Bookbuild

Placing Shares	up to 59,867,731 Ordinary Shares to be issued pursuant to the Placing
pounds sterling, £ or GBP	the lawful currency of the United Kingdom
Prospectus Directive	the Directive of the European Parliament and of the Council of the European Union 2003/71/EC
QIB	qualified institutional buyer, as defined in Rule 144A under the Securities Act
Rand or South African Rand	the lawful currency of the Republic of South Africa
Record Date	the Australian Record Date, the UK Record Date and/or the South African Record Date, as applicable
Regulation D	Regulation D under the Securities Act
Regulation S	Regulation S under the Securities Act
Regulatory Information Service	one of the regulatory information services approved by the London Stock Exchange for the distribution to the public of AIM announcements and shall include the services through or ways in which announcements are released by the Company on or to the ASX or the JSE
Rule 144A	Rule 144A under the Securities Act
Securities Act	the US Securities Act of 1933, as amended
Strate	Strate Limited, a company duly registered and incorporated in the Republic of South Africa under registration number 1998/02224/06, licensed as a central securities depository under the South African Securities Services Act, 2004
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia

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