COAL of AFRICA LIMITED

ANNOUNCEMENT **15 NOVEMBER 2011**

NOTICE OF GENERAL MEETING AND PROXY

Further to its announcement of 3 November 2011, pursuant to which Coal of Africa Limited (the "Company") announced a private placement to raise gross proceeds of approximately US$106 million (equivalent of £66.3 million/ZAR845 million/A$102 million) through the placement of 130,000,000 new shares in the capital of the Company ("Shares") at an issue price of GBP0.51 (equivalent of ZAR6.50/A$0.874) ("Placement"), the Company has today despatched the attached Notice of General Meeting ("Notice") and Proxy Form to shareholders for a general meeting to be convened in London on 14 December 2011.

The Notice contains resolutions seeking shareholder ratification of the issue on 8 November 2011 of Tranche 1 of the Placement, comprising 79,676,037 Shares and shareholder approval to issue Tranche 2 of the Placement, being the remaining 50,323,963 Shares ("Conditional Placing Shares").

Subject to obtaining shareholder approval to issue the Conditional Placing Shares, the Company will apply for admission of the Conditional Placing Shares to trading or quotation and listing of the Conditional Placing Shares on the AIM market of London Stock Exchange plc ("AIM") on 15 December 2011 and on the Main Board of JSE Limited ("JSE") on 20 December 2011. Application will also be made to the Australian Securities Exchange for the admission of the Conditional Placing Shares.

Accordingly, the anticipated settlement date for the Conditional Placing Shares on AIM is 15 December 2011.

AUTHORISED BY:

Shannon Coates
Company Secretary

For more information contact:

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Melanie de Nysschen/Annerie Britz/ Yvette Labuschagne	JSE Sponsor	Macquarie	+27 11 583 2000

www.coalofafrica.com

COAL of AFRICA LIMITED

About CoAL:

CoAL is an AIM/ASX/JSE listed coal exploration, development and mining company operating in South Africa. CoAL's key projects include the Vele Colliery (coking and thermal coal), the Makhado Project (coking coal) and the Mooiplaats and Woestalleen Collieries (both thermal coal).

The Mooiplaats Colliery commenced production in 2008 and is currently ramping up to produce 2 Mtpa. The Woestalleen Colliery, acquired through the acquisition of NuCoal Mining (Pty) Limited in January 2010, currently processes approximately 2.5Mtpa of saleable coal for domestic and export markets. The Woestalleen Complex also incorporates three beneficiation plants with a total processing capacity of 350,000 run of mine feed tonnes per month.

CoAL's Vele Colliery is expected to start production in the first half of 2012. During the initial phase, the operation is targeting 2.7 Mtpa ROM production to produce 1.0Mtpa saleable coking coal.. The Makhado Project, CoAL's flagship project in the Soutpansberg coalfield, is well into the feasibility stage, with a Definitive Feasibility Study nearing completion. An application for a New Order Mining Right for the Makhado Project was submitted in January 2011.

In November 2010, CoAL agreed to acquire the Chapudi coal project and several other coal exploration properties in the Soutpansberg coal basin in South Africa from the previous owners, including Rio Tinto. Upon completion, the acquisition of these projects will significantly extend the scale and scope of certain of CoAL's existing projects in the region and will more than double the resource of the existing Makhado Project.

COAL of AFRICA LIMITED

ABN 98 008 905 388

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting
14 December 2011

Time of Meeting
11.00 am (London time)

Place of Meeting
Tavistock Communications
8th Floor
131 Finsbury Pavement
London EC2A 1NT

A Proxy Form is enclosed
Please read this Notice and Explanatory Memorandum carefully.
If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Coal of Africa Limited
ABN 98 008 905 388

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Coal of Africa Limited ABN 98 008 905 388 will be held at 11.00 am (London time) on 14 December 2011 at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT for the purpose of transacting the following business referred to in this Notice of General Meeting.

AGENDA

ITEMS OF BUSINESS

1. Resolution 1 – Ratification of issue of Shares – Placement Tranche 1

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.4 and for all other purposes, the Company ratify the allotment and issue of 79,676,037 Shares at an issue price of GBP0.51 each on or about 7 November 2011 to the parties and on the terms and conditions set out in the Explanatory Memorandum*"

> The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue the subject of Resolution 1 and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. Resolution 2 – Proposed issue of Shares – Placement Tranche 2

To consider and, if thought fit to pass the following resolution as an **ordinary resolution**:

"*That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves the allotment and issue of up to 50,323,963 Shares at an issue price of GBP0.51 each as more particularly described in the Explanatory Memorandum*".

> The Company will disregard any votes cast on Resolution 2 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the resolution is passed, and any person associated with those persons. However, the Company need not disregard a vote if the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of this Notice of General Meeting, the following definitions apply:

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Company means Coal of Africa Limited ABN 98 008 905 388.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means *Corporations Act 2001* (Cth).

Director means a director of the Company from time to time;

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

GBP means Great Britain pounds.

Listing Rules means the Listing Rules of the ASX.

Notice means this Notice of General Meeting.

Resolution means a resolution contained in this Notice.

Shares means fully paid ordinary shares in the capital of the Company.

By order of the Board

Shannon Coates
Company Secretary

Dated: 4 November 2011

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a Corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf either on a show of hands or on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 11.00am (London time) on 12 December 2011. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
  - by returning a completed proxy form in person or by delivery or post using the pre-addressed envelope provided with this Notice to:

    Coal of Africa Limited

    Level 1, 173 Mounts Bay Road

    Perth WA 6000
  - by faxing a completed proxy form to +61 8 9322 6778.

  The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 11.00am (London time) on 12 December 2011. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 5.00pm (London time) on 12 December 2011. Changes in the register of shareholders after this time will be disregarded in determining the rights of any person to attend the and vote at the meeting.

Coal of Africa Limited
ABN 98 008 905 388

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting of Coal of Africa Limited ("**CoAL**" or the "**Company**").

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

BACKGROUND TO RESOLUTIONS 1 AND 2

On 3 November 2011 the Company announced it is undertaking a private placement to raise approximately US$106,000,000 (equivalent of £66.3 million/South African Rand 845 million/A$102 million) (less expenses) through the issue of 130,000,000 new Shares at an issue price of GBP0.51 (equivalent of A$0.874) each ("**Placement**"). The Placement is in two tranches:

(a) tranche 1 – the issue of 79,676,037 Shares; and

(b) tranche 2 – subject to the receipt of Shareholder approval, the issue of up to 50,323,963 Shares.

The Company also announced that it has entered into a new 364 day US$40 million revolving credit facility with J.P. Morgan Limited Ltd, (the "**New Bank Facility**"). Drawdown on the New Bank Facility is conditional on the Company raising minimum gross proceeds of US$75 million in the Placement. In the event that Resolution 2 is not passed, the Shares which are subject of tranche 2 will not be issued and the proceeds of tranche 1 alone will constitute the proceeds of the Placement. It is unlikely that the proceeds of tranche 1 alone will satisfy this requirement and therefore the Company will be unable to drawdown on the New Bank Facility if Resolution 2 is not passed.

The Company intends to use the net proceeds of the Placing to finance the following:

- the remaining capital expenditure to bring the Vele project into production and related working capital – c. US$25 million;
- the first tranche cash consideration for the Chapudi Acquisition upon receipt of regulatory approvals (by no later than 30 April 2012 under the terms of the Sale and Purchase Agreement (as amended) with the Sellers) – US$43 million payable on completion of the acquisition in addition to the deposit of US$2 million that has already been paid to the Sellers;
- c. US$15 million on targeted exploration activities and a technical programme at Chapudi and in respect of other Soutpansberg Coalfield projects in order to advance preparation for New Order Mining Right applications; and
- c. US$17 million for general working capital/corporate purposes including c. US$10 million to establish a financial guarantee for the Transnet Freight Rail account and c. US$5 million in adviser fees for the preparation of the registration document and Mineral Expert's Report published on 31 October 2011.

In the event that Resolution 2 is not passed, the Company will need to find alternative ways to fund these projects and there is no guarantee that such funding will be available or of the terms of any such alternative funding.

J.P. Morgan Securities Ltd. ("**JPMC**") is acting as sole global co-ordinator and bookrunner, Mirabaud Securities LLP ("**Mirabaud**") is acting as joint lead manager and Evolution Securities Limited ("**Evolution**") is acting as colead manager in connection with the Placement. Macquarie First South Advisers (Proprietary) Limited ("**Macquarie**") is acting as the Johannesburg Stock Exchange Transaction Sponsor to CoAL.

Resolution 1 relates to tranche 1 of the Placement and tranche 2 of the Placement is conditional on the passing of Resolution 2.

RESOLUTION 1 – RATIFICATION OF ISSUE OF SHARES – PLACEMENT TRANCHE 1

Listing Rule 7.4 permits the ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the 15% threshold set by Listing Rule 7.1. The effect of such ratification is to restore a company's maximum discretionary power to issue further shares up to 15% of the issued capital of the Company without requiring shareholder approval.

Pursuant to Resolution 1, the Directors are seeking ratification under Listing Rule 7.4 of the issue of 79,676,037 Shares that was made on or about 3 November 2011 in order to restore the right of the Company to issue further securities within the 15% limit during the next 12 months.

The following information in relation to the Shares is provided to shareholders for the purposes of Listing Rule 7.5:

(a) 79,676,037 Shares were allotted and issued;
(b) the Shares were issued at an issue price of GBP0.51 (equivalent of A$0.874) each;
(c) the Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
(d) the Shares were issued to sophisticated and institutional investors, none of whom related parties of the Company for the purposes of section 228 of the Corporations Act; and
(e) funds raised from the issue will be used as set out in the Explanatory Memorandum.

RESOLUTION 2 – PROPOSED ISSUE OF SHARES – PLACEMENT TRANCHE 2

Resolution 2 seeks shareholder approval to the issue of a maximum of 50,323,963 Shares at an issue price of GBP0.51 (equivalent of A$0.874) each.

Listing Rule 7.1 requires shareholder approval for the proposed issue of securities in the Company. Listing Rule 7.1 broadly provides, subject to certain exceptions, that shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the company's currently issued securities.

The following information in relation to the Shares to be issued is provided to shareholders for the purposes of Listing Rule 7.3:

(a) the maximum number of Shares the Company can issue is 50,323,963;
(b) the Company will allot and issue the Shares no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver to the Listing Rules;
(c) the shares will be allotted on one date;
(d) the Shares will be issued at GBP0.51 (equivalent of A$0.874) each;
(e) the Shares will be issued and allotted to applicants to be determined by JPMC and the Company. The allottees will be clients of JPMC, Mirabaud or Evolution. None of the allottees will be related parties of the Company for the purposes of section 228 of the Corporations Act;
(f) upon issue, the Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue; and
(g) the purpose of the issue will be used as set out in the Explanatory Memorandum.

GLOSSARY

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Company means Coal of Africa Limited ABN 98 008 905 388.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Listing Rules means the Listing Rules of the ASX.

Meeting means the General Meeting the subject of the Notice.

Notice means the notice of General Meeting which accompanies this Explanatory Memorandum.

Resolution means a resolution proposed pursuant to the Notice.

Shares means fully paid ordinary shares in the capital of the Company.

COAL of AFRICA LIMITED
ABN 98 008 905 388

Lodge your vote:

By Mail:
Coal of Africa Limited
Level 1, 173 Mounts Bay Road
Perth WA 6000

Alternatively you can fax your form to
+61 8 9322 6778

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

For your vote to be effective it must be received by 11:00am (London time) Monday 12 December 2011

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.
Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate “Certificate of Appointment of Corporate Representative” prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔

View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

☑ **Review your securityholding**

☑ **Update your securityholding**

Your secure access information is:

SRN/HIN:

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark **X** to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Coal of Africa Limited hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Coal of Africa Limited to be held at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London, EC2A 1NT on Wednesday, 14 December 2011 at 11:00am (London time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Ratification of Issue of Shares - Placement Tranche 1			
2	Proposed Issue of Shares - Placement Tranche 2			

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ____________ Contact Daytime Telephone ____________ Date / /

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Computershare