

Coal of Africa Limited - Proposed cash placing to raise approximately US\$100 million

3 November 2011

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COAL OF AFRICA LIMITED

(incorporated and registered in Western Australia with ACN 008 905 388)

("CoAL" or the "Company")

Proposed cash placing to raise approximately US\$100 million (before expenses)

CoAL today announces its intention to conduct a placing to raise approximately US\$100 million (before expenses) through the issue of new ordinary shares ("**Ordinary Shares**") in the Company (the "**Placing Shares**") (the "**Placing**").

Up to 79,676,037 Placing Shares are to be placed firm and issued by the Company further to the directors' authority to allot Ordinary Shares for cash, on a non-pre-emptive basis (the "**Firm Placing Shares**"). An additional number of Placing Shares ("**Conditional Placing Shares**") will be placed with investors conditional on shareholder approval at a general meeting of the Company to be convened on or around 14 December 2011 (the "**GM**"). The precise total number of shares issued in the Placing will be finally determined such that the proceeds arising from the Placing amount to approximately US\$100 million (before expenses).

The price per Ordinary Share at which the Placing Shares are to be placed (the "**Placing Price**") will be determined at the close of the Bookbuild (as defined below). The Placing will be to institutional investors to raise approximately US\$100 million (approximately £63 million/South African Rand 798 million) (before expenses). The Placing is being conducted through an accelerated book-building process to be undertaken by J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**")), which is also 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 Co-Lead Manager to the Placing (together with J.P. Morgan Cazenove, the "**Managers**"). Macquarie First South Capital (Proprietary) Limited ("**Macquarie**") is acting as the JSE Transaction Sponsor to CoAL.

New Bank Facility

CoAL also announces today that it has entered into a new 364 day US\$40 million revolving credit facility with J.P. Morgan Europe 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 Placing, an

amount such that drawdown is expected to require the approval by shareholders for the issue of the Conditional Placing Shares at the GM on or around 14 December 2011. The New Bank Facility is unsecured and has a negative pledge mechanism in place. Under the terms of the New Bank Facility, the Company must draw down its existing facilities to a balance of US\$45 million before it may begin to draw down the New Bank Facility. The New Bank Facility includes ongoing requirements as to the Group's environmental compliance status, planning and procedures.

The Placing

The Placing is subject to the terms and conditions set out in Appendix A. J.P. Morgan Cazenove will today commence an accelerated bookbuilding process in respect of the Placing ("**Bookbuild**"). The book will open with immediate effect. The timing of the closing of the book, pricing and allocations is at the discretion of J.P. Morgan Cazenove and CoAL. Details of the Placing Price will be announced as soon as practicable after the close of the Bookbuild.

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 their date of issue.

The Firm Placing Shares will be issued on a non-pre-emptive basis.

The Company will apply for admission of the Firm Placing Shares to trading on the AIM market of London Stock Exchange plc ("**AIM**") ("**First Admission**") and the Main Board of the JSE Limited ("**JSE**"). It is expected that admission to trading or quotation and listing of the Firm Placing Shares will take place on or around 8 November 2011 on AIM and on or around 9 November 2011 on the JSE.

The Company will also apply for admission of the Conditional Placing Shares, the issue of which is subject to shareholder approval, on AIM ("**Second Admission**") and on the JSE. It is expected that admission to trading or quotation and listing of the Conditional Placing Shares will take place on AIM on or around 14 December 2011 and on the JSE and on or around 15 December 2011.

Application will also be made for the Placing Shares to be admitted to the ASX.

The Firm Placing is conditional, among other things, upon First Admission becoming effective. The Conditional Placing is conditional, among other things, upon shareholder approval and First Admission and Second Admission becoming effective. The Firm Placing is not conditional on the Conditional Placing. At the GM, Placees who have been allocated to receive Conditional Placing Shares will not be entitled to vote on the resolution to approve the issue of the Conditional Placing Shares.

The Placing is also conditional upon the placing agreement between the Company and the Managers not being terminated. Appendix A to this Announcement (which forms a part of this Announcement) sets out further information relating to the Bookbuild and the terms and conditions of the Placing.

Investors who participate in the Placing will receive an allocation of Firm Placing Shares and/or Conditional Placing Shares at the discretion of J.P. Morgan Cazenove. Placees should refer to their trade confirmation and Placing Allocation Letter in respect of each. The Firm Placing Shares will settle on AIM on a T+3 basis and on the JSE on a T+5 basis. The expected date of the GM is on or around 14 December 2011 and the anticipated settlement date of the Conditional Placing Shares on AIM is 14 December 2011 and on the JSE is 19 December 2011, however these dates are subject to change.

In the event shareholder approval for the issue of the Conditional Placing Shares is not received at the GM, the Conditional Placing Shares will not be issued, and the proceeds of the Firm Placing alone will constitute the Placing proceeds. Drawdown of the New Bank Facility is conditional on the Company raising minimum gross proceeds of US\$75 million in the Placing. It is unlikely that the proceeds of the Firm Placing alone will satisfy this requirement and therefore the Company will be unable to drawdown on the New Bank Facility unless approval for the Conditional Placing Shares is received.

For the avoidance of doubt, no commissions or other consideration will be payable by the Managers or the Company in respect of any agreement to subscribe for Placing Shares.

Reasons for the Placing and the use of proceeds

CoAL requires finance for the continuing development of the Company's projects including the Vele colliery and for the completion of the acquisition of Chapudi Coal (Proprietary) Limited and Kwezi Mining Exploration Proprietary Limited, the holders of certain prospecting rights over coal assets at Chapudi in the Soutpansberg Coalfield, South Africa from Rio Tinto Minerals Development Limited and Kwezi Mining Proprietary Limited (together the "**Sellers**") (the "**Chapudi Acquisition**"), announced on 29 November 2010.

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 the Conditional Placing is not approved at the GM, 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.

The Company expects to complete the definitive feasibility study in respect of its Makhado project in this quarter and continues to evaluate its multiple funding options for the project.

Commenting on the Placing, John Wallington, Chief Executive Officer of CoAL said:

"The last twelve months have been challenging for CoAL, but even set against this backdrop, we have achieved both core business stabilisation and growth. The Company's two operating assets produced in excess of 4 Mt of thermal coal along with positive cash flows. The year ahead holds the prospect of both the start of material production at Vele, and the completion of the Chapudi acquisition which will enable CoAL to consolidate its position as a leading holder of coking coal New Order Prospecting Rights in the Soutpansberg Coalfield in the Limpopo Province. Today's announcement regarding our proposed equity capital raise and a new credit facility would ensure that growth can be sustained on the foundations of a robust balance sheet and strong capital base."

Analyst conference call

A conference call for analysts and investors will be held today at 10.30am (GMT). The dial-in details are as follows:

UK Access Number: 0800 368 1950 (Toll Free)

International Access Number: +44 (0)20 3140 0668

The Conference ID in all cases will be: 412277#

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

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This Announcement has been issued by and is the sole responsibility of the Company. No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability is or will be accepted by J.P. Morgan Cazenove, Mirabaud, Evolution or Macquarie or by any of their respective affiliates or agents as to or in relation to, the accuracy or completeness of this Announcement or any other written or oral information made available to or publicly available to any interested party or its advisers, and any liability therefore is expressly disclaimed.

J.P. Morgan Cazenove is acting as Global Co-ordinator and Bookrunner, Mirabaud is acting as Joint Lead Manager, and Evolution is acting as Co-Lead Manager in connection with the Placing. Macquarie is acting as the JSE Transaction Sponsor to the Company. Each of J.P. Morgan Cazenove, Evolution and Mirabaud, each of which is authorised and regulated by the Financial Services Authority, and of Macquarie which is authorised by the Financial Services Board are acting for the Company in connection with the Placing and no-one else and none of J.P. Morgan Cazenove, Mirabaud, Evolution nor Macquarie will be responsible to anyone other than the Company for providing the protections afforded to the respective clients of J.P. Morgan Cazenove, Mirabaud, Evolution and Macquarie nor for providing advice in relation to the Placing or any other matter referred to herein.

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, Mirabaud, Evolution or Macquarie 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, Mirabaud, Evolution and Macquarie to inform themselves about, and to observe, such restrictions.

Macquarie is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("MBL"). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie.

The information in this Announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would require preparation of further prospectuses or other offer documentation, or be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction.

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. The information in this Announcement does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") nor the security laws of any state or other jurisdiction of the United States. The securities mentioned herein may not be offered or sold in the United States except pursuant to Regulation S under the Securities Act or another exemption from, or transaction not subject to, the registration requirements of the Securities Act. There will be no public offer of securities in the United States.

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APPENDIX A

TERMS AND CONDITIONS OF THE PLACING

IMPORTANT INFORMATION REGARDING THE PLACING FOR INVITED PLACEEES ONLY, CAPITALISED TERMS USED IN THIS APPENDIX ARE DEFINED IN THE GLOSSARY TO THIS APPENDIX

THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA OR JAPAN OR ANY OTHER JURISDICTION IN OR INTO WHICH SUCH RELEASE, PUBLICATION OR DISTRIBUTION IS UNAUTHORISED OR UNLAWFUL.

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 PERSONS SELECTED BY THE MANAGERS WHO ARE: (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 AND ARE "**INVESTMENT PROFESSIONALS**" FALLING WITHIN ARTICLE 19(5) OF THE UNITED KINGDOM FINANCIAL SERVICES AND MARKETS ACT, 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (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 THE REPUBLIC OF SOUTH AFRICA, INVESTORS QUALIFYING IN TERMS OF SECTION 96(1)(A) & (B) OF THE SOUTH AFRICAN COMPANIES ACT, 2008 (NO 71 OF 2008); OR (D) 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 ANNOUNCEMENT AND THE TERMS AND CONDITIONS SET OUT IN 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 including the United Kingdom and South Africa will be required to execute placing allocation letters in a form provided ("**Placing Allocation Letter**").

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 and any failure to comply with these restrictions may constitute a violation of applicable securities laws in such jurisdictions. This Announcement and the information contained herein is not for release, publication or distribution, directly or indirectly, to persons in the United States, Australia, Canada or Japan or in any other jurisdiction in which such release, publication or distribution is unauthorised or unlawful. Persons into whose possession this Announcement may come are required by the Company to inform themselves about and to observe any restrictions on transfer of this Announcement. No public offer of securities of the Company is being made in any jurisdiction.

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 or other jurisdiction in the United States and may not be, directly or indirectly, offered, sold, pledged, resold, taken up, delivered or otherwise transferred in or into the United States except pursuant to an exemption from, or in 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 and/or registered with the ASIC, or the CIPC 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 Australia, Canada or Japan. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold, resold, pledged, taken up, delivered or otherwise transferred directly or indirectly, in or into Australia, Canada or Japan or any other jurisdiction where to do so would be unauthorised or unlawful.

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 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, 2008, (No 71 of 2008). Accordingly, any securities referenced in this Announcement will not be offered in such a way as to require the issuing and registration of a prospectus in South Africa in accordance with applicable South African law. This Announcement is being distributed only to certain identified investors in South Africa to whom it may be lawfully distributed. Nothing in this Announcement should be viewed, or construed, as "advice" as that term is used in the South African Securities Services Act, 2004 and/or Financial Advisory and Intermediary Services Act, 2002.

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, and will not be, 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 (as amended), the United Kingdom Companies Act 2006 or otherwise.

Notice to US Residents

This Announcement may not be distributed, taken or transmitted in or into the United States, its territories or possessions and 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 may not be, directly or indirectly, offered, sold, resold, pledged, taken up, delivered or otherwise transferred in or into the United States unless such Placing Shares are registered under the Securities Act or are offered and sold 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. The Placing Shares are not being offered or sold to persons in the United States and are only being offered and sold outside the United States pursuant to a transaction exempt from the registration requirements of the Securities Act in compliance with and in reliance on Regulation S.

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.

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. Under the Placing up to 79,676,037 of the Placing Shares are to be placed firm (the "**Firm Placing Shares**") and an additional number of new Ordinary Shares are available to be placed subject to shareholder approval at the General Meeting (the "**Conditional Placing Shares**").

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 Firm Placing Shares to AIM. It is expected that AIM Admission of the Firm Placing Shares will become effective and that dealings on AIM in the Firm Placing Shares will commence at 8.00 a.m. (London time) on or around 8 November 2011 in accordance with the terms of the Placing Allocation Letters.

Application will be made to the JSE for the Firm Placing Shares to be listed and admitted to trading on the Main Board of the JSE. It is expected that listing will become effective at 9.00 a.m. (Johannesburg time) on or around 9 November 2011. Settlement of the Firm Placing Shares to be held on the South African Share Register is expected to take place on or around 10 November 2011 in accordance with the terms of the Placing Allocation Letters.

Application will be made to the London Stock Exchange for admission to trading of the Conditional Placing Shares to AIM. Settlement for any Conditional Placing Shares issued and allotted pursuant to the Placing will, subject to the passing of the Shareholder Resolution, take place on the date of the Second Admission which is expected to be on or around 14 December 2011 in accordance with the terms of the Placing Allocation Letters.

Application will be made to the JSE for the Conditional Placing Shares to be listed and admitted to trading on the Main Board of the JSE. It is expected that listing will become effective at 9.00am (Johannesburg time) on or around 15 December 2011. Settlement of the Firm Placing Shares to be held on the South African Share Register is expected, subject to the passing of the Shareholder Resolution to take place on or around 19 December 2011 in accordance with the terms of the Placing Allocation Letters.

Bookbuild

The Managers will today commence an accelerated bookbuilding process in respect of 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.

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 J.P. Morgan Cazenove is acting as global co-ordinator, bookrunner and manager, Mirabaud is acting as lead manager and Evolution is acting as co-manager and as agents of the Company.

- 2 By participating in the Bookbuild and Placing, you (and any person acting on your behalf including, for the avoidance of doubt, any nominee) acknowledge that J.P. Morgan Cazenove, Mirabaud and Evolution are not making any recommendation to you nor advising you, nor are you relying on them to advise, regarding the suitability or merits of your acquiring any Placing Shares or entering into any transaction connected with them. You acknowledge and agree that J.P. Morgan Cazenove is acting as the global co-ordinator, bookrunner and manager in respect of the Placing, Mirabaud is acting as lead manager and Evolution is acting as co-manager and are assisting the Company in identifying prospective purchasers for the Placing Shares and providing other assistance to the Company in respect of the Placing. Accordingly, you acknowledge and agree that they are not acting for, and that you do not expect them to have, and acknowledge and agree that they do not have, any duties or responsibilities towards you for providing protections afforded to their customers or clients or advising you with regard to your participation in the Placing and that you are not, and will not be, a customer or client of either J.P. Morgan Cazenove, Mirabaud and Evolution in relation to your participation in the Placing. Therefore none of them will be responsible to you or to any other person for providing the protections afforded to their respective clients or for providing advice in relation to the transactions and arrangements described in this Announcement, nor do the contents or receipt of this Announcement constitute the provision of investment advice by either J.P. Morgan Cazenove, Mirabaud or Evolution.
- 3 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.
- 4 The Bookbuild will establish a single price in Pounds Sterling. 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 South African Rand, in each case payable to the Managers by all Placees whose bids are successful (the "**Placing Price**"). The Placing Price, the number of Placing Shares to be issued, the split of the Placing Shares between Firm Placing Shares and Conditional Placing Shares and the aggregate proceeds to be raised through the Placing will be determined by the Bookrunner in consultation with 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 "**Placing Results Announcement**").
- 5 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 or South African Rand Placing Price, which is ultimately established by the Bookrunner in consultation with the Company, or at prices in Pounds Sterling or South African Rand up to a price limit in Pounds Sterling or South African Rand specified in its bid. Bids may be scaled down or allocated between Firm Placing Shares and Conditional Placing Shares by the Bookrunner on the basis referred to in paragraph 9 below.
- 6 The Bookbuild is expected to close no later than 4:30 p.m. (London time) on 3 November 2011 but may be closed earlier or later at the discretion of the Bookrunner. The Bookrunner may accept bids that are received after the Bookbuild has closed. The Company reserves the right (with the agreement of the Bookrunner) to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion.
- 7 Each prospective Placee's allocation (and the split between Firm Placing Shares and Conditional Placing Shares) will be confirmed to the Placee orally by the Relevant Manager following the close of the Placing, and (a) conditional contract note(s) and in certain jurisdictions including the United Kingdom and South Africa, a Placing Allocation Letter, will be despatched 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 Firm Placing Shares

and/or Conditional Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix and any Placing Allocation Letter and in accordance with the Company's constitution.

- 8 Each prospective Placee's allocation and commitment will be evidenced by (a) conditional contract note(s) issued to such Placee by the Relevant Manager and in certain jurisdictions including the United Kingdom and South Africa, a Placing Allocation Letter. The terms of this Appendix will be deemed to be incorporated in the contract note(s) and/or, where appropriate, the Placing Allocation Letter. The Placing Allocation Letter must be signed and returned, but if you fail to return an executed Placing Allocation Letter its terms and the terms of this Appendix will be deemed to have been accepted by you.
- 9 The Placing Results Announcement shall detail the number of Placing Shares to be issued (both Firm Placing Shares and Conditional Placing Shares) and the Placing Price in Pounds Sterling as well as the South African Rand price derived from that Pounds Sterling price at an exchange rate to be determined at the sole discretion of the Bookrunner.
- 10 Subject to paragraphs 5 and 6 above, the Bookrunner may choose to accept bids, either in whole or in part, on the basis of allocations determined at its discretion (in consultation with the Company) and may scale down any bids for this purpose on such basis as it may determine. The Bookrunner may allocate accepted bids between Firm Placing Shares and Conditional Placing Shares as it may in its absolute discretion determine. The acceptance of bids shall be at the Bookrunner's absolute discretion. The Bookrunner may also, notwithstanding paragraphs 5 and 6 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 Bookrunner reserves the right not to accept bids or to accept bids in part rather than in whole.
- 11 A bid in the Bookbuild will be made on the terms and subject to the conditions in this Announcement and, in certain jurisdictions including the United Kingdom and South Africa, the terms and conditions in the Placing Allocation Letter (a copy of which has been provided to each prospective Placee) 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.
- 12 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.
- 13 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".
- 14 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".
- 15 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.
- 16 To the fullest extent permissible by law and applicable rules of the FSA, 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 whether or not a

recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and the Managers shall have no liability to the Placees for the failure of the Company to fulfil those obligations. 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 any alternative method of effecting the Placing as the Managers and the Company may agree.

- 17 Each prospective Placee resident in the United Kingdom or South Africa who is subscribing for Placing Shares will be required to sign a Placing Allocation Letter to be provided by J.P. Morgan Cazenove in the UK or by J.P. Morgan Cazenove or its affiliate or agent in South Africa. The terms and conditions contained in this Appendix will be deemed to be incorporated in that Placing Allocation Letter.

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) in relation to the obligations relating to both the Firm Placing Shares and the Conditional Placing Shares:
 - (i) AIM Admission of the Firm Placing Shares occurring not later than 8.00 a.m. (London time) on 8 November 2011 or such other date as may be agreed between the Company and J.P. Morgan Cazenove, not being later than 11 November 2011;
 - (ii) the Company having lodged with the ASX an Appendix 3B announcement conditional only on the issue of the Firm Placing Shares by the business day after the date of this Announcement (or such other date as may be agreed between the Company and J.P. Morgan Cazenove not being later than 12 November 2011);
 - (iii) the JSE having confirmed to the Company in writing before the date of AIM Admission of the Firm Placing Shares (or such other date as may be agreed between the Company and J.P. Morgan Cazenove) the agreement of the JSE that the Firm Placing Shares will be eligible for listing on the JSE on that date (or such other date as may be agreed between the Company and J.P. Morgan Cazenove, not being later than 11 November 2011); and
 - (iv) 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 the date of the AIM Admission of the Firm Placing Shares as though they had been given and made on such dates by reference to the facts and circumstances then subsisting;
- (b) in relation to the obligations relating to the Conditional Placing Shares:
 - (i) the passing without amendment of the Shareholder Resolution at the General Meeting;
 - (ii) AIM Admission of the Conditional Placing Shares occurring not later than 8.00 a.m. (London time) on 14 December 2011 or such other date as may be agreed between the Company and J.P. Morgan Cazenove, not being later than 21 December 2011;
 - (iii) the Company having lodged with the ASX an Appendix 3B announcement conditional only on the issue of the Conditional Placing Shares by 15

December 2011 (or such other date as may be agreed between the Company and J.P. Morgan Cazenove not being later than 22 December 2011);

- (iv) the JSE having confirmed to the Company in writing before the date of AIM Admission of the Conditional Placing Shares (or such other date as may be agreed between the Company and J.P. Morgan Cazenove) the agreement of the JSE that the Conditional Placing Shares will be eligible for listing on the JSE on that date (or such other date as may be agreed between the Company and J.P. Morgan Cazenove, not being later than 21 December 2011); and
 - (v) 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 the date of the AIM Admission of the Conditional Placing Shares as though they had been given and made on such dates by reference to the facts and circumstances then subsisting;
- (c) the agreement between the Bookrunner and the Company of the Placing Price and the number of Placing Shares (including the number of Firm Placing Shares and the number of Conditional Placing Shares) to be issued as established in the Bookbuild process;
- (d) 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 Firm 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 (both Firm Placing Shares and Conditional 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 Firm Placing is not conditional in any way on the Conditional Placing.

If: (i) any of the conditions contained in the Placing Agreement in relation to the Conditional Placing Shares are not fulfilled or waived by the Bookrunner (if capable of waiver) 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 Conditional Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Conditional 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 AIM Admission of either the Firm Placing Shares or the Conditional Placing Shares 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 each case in its absolute discretion, at any time before AIM Admission of the Firm Placing Shares or the Conditional Placing Shares (as the case may be), terminate the Placing Agreement by giving notice to the Company in certain circumstances, including, inter alia, 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 opinion of the Bookrunner; 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 AIM Admission of the Firm Placing Shares, the Placing Agreement is not capable of rescission or termination to the extent that it relates to the Placing of the Firm Placing Shares.

Notwithstanding AIM Admission of the Firm Placing Shares, the Bookrunner retains its rights under the Placing Agreement to terminate the placing of the Conditional Placing Shares in accordance with the terms thereof. Any such termination after completion of the placing of the Firm Placing Shares will not, for the avoidance of doubt, affect the completed placing of the Firm Placing Shares.

If any of the obligations of the Bookrunner with respect to the Placing are terminated in the manner contemplated above, the rights and obligations of each Placee shall cease and terminate at such time and no claim can be made by any Placee in respect thereof. The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances.

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 Bookrunner needs not make any reference to Placees and neither the Bookrunner nor the Company shall have any 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, South Africa or in any other jurisdiction. No offering or admission document or prospectus has been or will be submitted to be approved by the FSA, the London Stock Exchange plc or registered by CIPC 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). Each Placee, by accepting a participation in the 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 lawyer, 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 fraud.

Registration and Settlement

UK Settlement

Settlement of transactions in the Placing Shares following AIM Admission will take place in respect of the Placing Shares to be held on the UK depositary interest register, on a delivery versus payment basis in Depositary Interest form within CREST.

The Company will deliver the Placing Shares in Depositary Interest form to CREST accounts 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.

It is expected that settlement of the Firm Placing Shares will be on 8 November 2011 in CREST on a T+3 basis in accordance with the instructions set out in the conditional trade confirmation or Placing Allocation Letter.

Settlement for any Conditional Placing Shares issued and allotted pursuant to the Placing will, subject to the passing of the Shareholder Resolution take place on the date of AIM Admission of such shares which is expected to be 14 December 2011.

South African Settlement

Settlement of transactions in the Placing Shares following listing on the JSE will take place in respect of the 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 Computershare Investor Services (Pty) Limited acting as broker under the rules of Strate to manage settlements on behalf of the Company.

The Placing Allocation Letter sets out further details of the proposed arrangements for payment for and settlement of Placing Shares to be held on the South African share register.

It is expected that settlement of the Firm Placing Shares will be 10 November 2011 on a T+5 basis in accordance with the instructions set out in the Placing Allocation Letter.

Admission to listing on the JSE for any Conditional Placing Shares issued and allotted pursuant to the Placing will, subject to the passing of the Shareholder Resolution, take place on 15 December 2011 and settlement of such shares is expected to take place on 19 December 2011, in accordance with the instructions set out in the Placing Allocation Letter.

General

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 Relevant Manager's opinion, delivery or settlement is not possible or practicable within CREST 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(s) and those Placees resident in the United Kingdom or South Africa have been sent a Placing Allocation Letter stating the number of Placing Shares (both Firm Placing Shares and Conditional 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 or Strate rules and regulations and settlement instructions that it has in place with the Managers.

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 LIBOR 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 or securities transfer 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(s) and Placing Allocation Letter (if applicable) 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 or securities transfer tax.

Representations and Warranties

By participating in the Bookbuild and Placing each Placee (and any person acting on such Placee's behalf including, for the avoidance of doubt, any nominee) 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 Appendix, in its entirety and that its acquisition of Placing Shares is subject to and based upon only the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained herein;
- 2 acknowledges that no offering or admission 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 or admission document in connection therewith;
- 3 acknowledges that neither the Managers nor the Company nor any of their respective affiliates or agents nor any person acting on behalf of any of them has provided, nor will they 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 respective 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, their respective affiliates or agents or any person acting on behalf of any of them 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 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 including, without limitation, the registration document dated 31 October 2011, such information being all that it deems necessary and appropriate to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on (and will not receive nor rely on) any other information given or representations, warranties (whether express or implied) 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 not relied (and is not entitled to rely) on any investigations that the Managers or any person acting on their behalf may have conducted with respect to the Placing Shares or the Company and has made and relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
- 5 represents and warrants that it has neither received nor relied on any confidential price sensitive information concerning the Company or the Placing Shares in accepting an invitation to participate in the Placing;

- 6 acknowledges that the Ordinary Shares are listed, admitted to trading or quoted (as the case may be) on AIM, the ASX and the JSE and the Company is therefore required to publish certain business and financial information in accordance with the rules of such exchanges and has published a registration document dated 31 October 2011 (collectively, the "**Exchange Information**"), which includes a description of the nature of the Company's business and the Company's most recent resource statements, financial statements, and similar statements for preceding financial years, and that it is able to obtain or access the Exchange Information without undue difficulty;
- 7 acknowledges that neither the Managers nor any person acting on their behalf nor any of their affiliates nor its or their respective directors, officers, employees, agents, partners or professional advisers has or shall have any liability for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement contained in the Exchange Information, any other information made available by or on behalf of the Company or made publicly available by the Company on its website, by press release, by public filing or otherwise or any other information, provided that nothing in this paragraph excludes the liability of any person for fraud made by that person;
- 8 acknowledges that it is not, and at the time the Placing Shares are acquired will not, be a resident of the United States, Australia, Canada or Japan, and that the Placing Shares have not been and will not be registered under the securities legislation of the United States, Australia, Canada or Japan and, subject to certain exceptions, may not be offered, sold, resold, pledged, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;
- 9 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 the United States, Australia, Canada or Japan;
- 10 acknowledges that the Placing Shares have not been and will not be registered under the securities legislation of the United States, Australia, Canada or Japan and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;
- 11 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 (depository receipts and clearance services) and that the Placing Shares are not being acquired in connection with arrangements to issue depository receipts or to transfer Placing Shares into a clearance system;
- 12 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 and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such purchase, and it will provide promptly to the Managers such evidence, if any, as to the identity or location or legal status of any person which any Manager may request from it in connection with the Placing (for the purpose of complying with such regulations or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by the Managers on the basis that any failure by it to do so may result in the number of Placing Shares that are to be purchased by it or at its direction pursuant to the Placing being reduced to such number, or to nil, as the Managers may decide at their sole discretion;
- 13 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 Bookrunner has been given to the offer or resale;

- 14 represents and warrants that it has not offered or sold and, prior to the expiry of a period of six months from the relevant AIM 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 FSMA;
- 15 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 the relevant AIM 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;
- 16 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;
- 17 represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving, the United Kingdom;
- 18 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;
- 19 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;
- 20 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 by no later than the settlement date for the relevant Placing Shares;
- 21 represents and warrants that its participation in the Placing will not cause its (or its associates) aggregate shareholding in the Company to be 20% or more of the issued share capital of the Company;
- 22 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);
- 23 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 is an "Investment Professional" falling 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;

- 24 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;
- 25 represents and warrants that if it resides in the Republic of South Africa and qualifies as an addressee described in section 96(1)(a) or 96(1)(b) of the South African Companies Act, 2008 (No 71 of 2008), as amended;
- 26 represents and warrants that it has complied with and will comply with all applicable provisions of the South African Companies Act, 2008 (No 71 of 2008), as amended, Securities Services Act, 2004 (No 36 of 2004), as amended and the JSE Listings Requirements in relation to the Placing Shares;
- 27 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 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;
- 28 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 and/or Placing Allocation Letter relating to the Placing in the form provided to you by any of the Managers;
- 29 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 and any Placing Allocation Letter on the due time and date set out herein and it has obtained all necessary consents and authorities to enable it to give its commitment so to subscribe, 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 and it will remain liable for any shortfall below the net proceeds of such sale and the placing proceeds of such Placing Shares and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties due pursuant to or referred to in these terms and conditions) which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;
- 30 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 Placing 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;
- 31 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 for stamp duty or stamp duty reserve tax or

securities transfer 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 or Strate stock account of the Relevant Manager 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;

- 32 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;
- 33 acknowledge that time shall be of the essence as regards to obligations pursuant to this Appendix to the Announcement;
- 34 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;
- 35 agrees to indemnify on an after tax basis 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;
- 36 represents and warrants that it is an institution or an addressee 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 all or a substantial portion of any investment in the Placing Shares and the Placee will not look to the Managers for all or any part of any such loss or losses it may suffer;
- 37 represents and warrants that it is entitled to subscribe for the Placing Shares under the laws of all relevant jurisdictions which apply to it;
- 38 represents and warrants that it is outside the United States; has not purchased the Placing Shares as a result of any directed selling efforts within the meaning of Rule 902(c) of Regulation S; and its purchase of the Placing Shares will be in compliance with the requirements of Regulation S, including, without limitation, that the offer and sale of the Placing Shares to it constitute an "**offshore transaction**" as such term is defined in Regulation S;
- 39 understands and acknowledges that the Placing Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of 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 or another exemption from, or transaction not subject to, the registration requirements of the Securities Act 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; and

- 40 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 with the Securities Act.

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.

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 or 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 in respect of the Placing Shares 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.

Definitions

AIM Admission	the admission by the London Stock Exchange of the Firm Placing Shares or the Conditional Placing Shares, as the context requires, to trading on AIM becoming effective in accordance with the AIM Rules
AIM	the AIM market operated by London Stock Exchange plc
AIM Rules	the AIM Rules for Companies as issued by the London Stock Exchange from time to time
Announcement	this announcement (including the Appendix)
Appendix	the appendix to the 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 the Official List of ASX
Australian Corporations Act	the Corporations Act 2001 (Cth) of Australia and any Class Orders issued by ASIC
Bookbuild	the bookbuilding process to be conducted by the Bookrunner to arrange participation by Placees in the Placing which will establish the number of Placing Shares at the Placing Price
Bookrunner	J.P. Morgan Cazenove
certificated or in certificated form	where a share or other security is not in uncertificated form
CIPC	the South African Companies and Intellectual Property Commission, previously the South African Companies and Intellectual Property Registration Office
Company	Coal of Africa Limited
Conditional Placing Shares	Placing Shares to be placed with investors conditional on shareholder approval at the GM
CREST	the relevant system (as defined in the CREST Regulations) for the paperless Settlement of Share transfers and the holding of shares in uncertified form in respect of which Euroclear UK & Ireland Limited is the Operator (as defined in the CREST Regulations)
Depository Interests or DIs	independent securities constituted under English law and issued or to be issued by Computershare Investor Services PLC in respect, and representing on a 1 for 1 basis, underlying Ordinary Shares which may be held or transferred through the CREST system
European Economic Area	the European Union, Iceland, Norway and Liechtenstein
Evolution	Evolution Securities Limited
Firm Placing Shares	Placing Shares to be placed firm and issued by the Company further to the directors' authority to allot Ordinary Shares for cash, on a non-pre-emptive basis
FSA	the UK Financial Services Authority
FSMA	the Financial Services and Markets Act 2000
General Meeting or GM	a general meeting of the shareholders of the Company to be

	convened to be held on or around 14 December 2011 in order, among other things, to consider, and if thought fit pass, the Shareholder Resolution
GM Notice	the notice convening the General Meeting
LIBOR	London Interbank Offered Rate
London Stock Exchange or LSE	London Stock Exchange plc
J.P. Morgan Cazenove	J.P. Morgan Securities Ltd.
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, 2004 (No 36 of 2004), as amended, often referred to as the "Johannesburg Stock Exchange"
Managers	J.P. Morgan Cazenove, Mirabaud and Evolution
Mirabaud	Mirabaud Securities LLP
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 this Placing Announcement and the Placing Agreement
Placing Agreement	the placing agreement dated 3 November 2011 among the Company, the directors of the Company and the Managers in respect of the Placing
Placing Allocation Letters	the confirmation to be sent by each of the Placees in certain jurisdictions referring to the terms and conditions 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	the aggregate of the Firm Placing Shares and the Conditional Placing Shares or any of them as the context requires
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
Regulatory Information Service	one of the regulatory information services approved by the London Stock Exchange for the distribution to the public of AIM announcements, the Companies Announcement

	Platform in relation to announcements released by the Company to the ASX and the Securities Exchange News Service in relation to announcements released to the JSE
Regulation S	Regulation S under the Securities Act
Securities Act	the US Securities Act of 1933, as amended
Shareholder Resolution	the resolution of the shareholders of the Company set out in the GM Notice which is required to be passed to enable the Company to issue the Conditional Placing Shares to Placees
South African Rand	the lawful currency of the Republic of South Africa
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 (No 36 of 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