

6 August 2012

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**COAL OF AFRICA LIMITED**

*(incorporated and registered in Western Australia with ACN 008 905 388)*  
**("CoAL" or the "Company")**

**Placing to raise approximately US\$44.8 million (before expenses)**

**Appointment of new Chairman and Board changes**

CoAL today announces it has successfully placed 115,478,798 new shares ("**Placing Shares**") with institutional investors at a price of 25p per share (3.25 Rand) to raise gross proceeds of US\$44.8 million (£28.9 million/South African Rand 375.5 million). The placing price represents a discount of 1.96 per cent. to the closing middle market price of 25.5p per Ordinary Share on AIM on 3 August 2012 (the "**Placing**"). Deutsche Bank AG ("**Deutsche Bank**"), Investec Bank plc ("**Investec**") and Investec Bank Limited ("**Investec SA**") acted as Joint Global Co-ordinators and Joint Bookrunners (collectively "**the Managers**"). Investec SA acted as the JSE Transaction Sponsor to CoAL. The Company is pleased to have received the support of its shareholders in the Placing, especially given the current difficult conditions of the world coal market, demonstrating their recognition of the potential of the Company's assets.

80,570,166 Placing Shares have been placed firm and will be issued by the Company further to the Company's authority to allot Ordinary Shares for cash, on a non-pre-emptive basis (the "**Firm Placing Shares**"). 34,908,632 Placing Shares ("**Conditional Placing Shares**") have been placed with investors conditional on shareholder approval at a general meeting of the Company to be convened on or around 11 September 2012 (the "**GM**" or "**General Meeting**").

**Board Changes**

Following a review by the CoAL board of Directors ("**Board**") of its composition and in consultation with its major shareholders, the Company is pleased to announce that it has today appointed David Brown as Chairman and Bernard Pryor as a Non-executive Director. Both Mr Brown and Mr Pryor will join the Board with immediate effect.

David Hugh Brown, aged 49, until recently, served as the Chief Executive Officer of Impala Platinum Holdings Limited (September 2006 to June 2012). He joined the Implats Group in January 1999 and served as Chief Financial Officer from that date until August 2006. He was also Chairman of Impala Platinum Limited, the major operating subsidiary of Impala Platinum Holdings Limited.

He was also a Non-executive Director of Zimplats Holdings Limited, an ASX listed Platinum producer and served as Chairman from March 2010 to June 2012. In addition he served on the boards of Mimosa Mines Pvt and Two Rivers Platinum a joint venture company with African Rainbow Minerals Limited.

Prior to joining Impala Platinum Holdings Limited he worked in the information technology sector for four years and almost five years for Exxon Mobil in Europe.

Mr Brown is currently an independent Non-executive director of Vodacom Group Limited. He has in the past served as a Non-executive director of Simmer & Jack Limited. He is a Chartered Accountant (SA) and completed his articles with Ernst & Young. He graduated from the University of Cape Town, South Africa.

Bernard Robert Pryor, aged 54 was until recently Chief Executive of Q Resources plc and is a Non-executive Director of African Minerals Limited. Between 2006 and 2010 Mr Pryor held senior executive positions within Anglo American plc as Head of Business Development, and Chief Executive Officer of Anglo Ferrous Brazil Inc. From 2000 to 2006 he was Director and Chief Operating Officer of Adastra Minerals Inc., developing the Kolwezi tailings deposit in the Democratic Republic of Congo. Prior to that, Mr Pryor held several global minerals consulting positions. Mr. Pryor is a graduate of Imperial College, London, from where he received a BSc (Hons) in Metallurgical Engineering.

Subject to shareholder approval and determination of the vesting terms it is intended that David Brown will be granted 2,500,000 options to be issued as soon as possible after shareholder approval for nil consideration at an exercise price of 25p, and 2,500,000 options to be issued three years after appointment for nil consideration at an exercise price of 50p. It is also intended that subject to shareholder approval and determination of the vesting terms Bernard Pryor will be granted 1,000,000 options to be issued as soon as possible after shareholder approval for nil consideration at an exercise price of 25p and 1,000,000 options to be issued three years after appointment for nil consideration at an exercise price of 50p. In the event of a change of control of the company, all these options will vest.

Richard Linnell and Simon Farrell will step down from the Board with immediate effect to pursue other business interests. During their tenure they have overseen significant growth in the Company's operations and were instrumental in generating that growth. The Board is grateful for their contributions to the Company and wishes them well with their future endeavours.

In addition, Steve Bywater and Mikki Xayiya, both Non-executive Directors of the Company will also step down from the Board with immediate effect. Again the Board wishes them well in their future endeavours. Following these changes the board will consist of nine directors of whom six will be Non-executive Directors.

John Wallington and Wayne Koonin will remain in the capacity of Chief Executive Officer and Financial Director respectively.

Following these changes to the Board, the composition of the Board's committees will be reviewed.

David Brown, Chairman of the Company commented:

"I am looking forward to working with the management of CoAL with a view to realising the significant potential of the Company. CoAL has an exciting suite of coking coal assets including those in the Greater Soutpansberg Basin which has the makings to become a new world class coking and thermal coal basin. A key focus of our efforts will be to re-establish shareholder value and in order to facilitate this all strategic options will be assessed. The Company is at the critical stage of moving beyond the junior mining scene and I look forward to leading all stakeholders in its next crucial stage of development."

## **The Placing**

The Placing is subject to the terms and conditions set out in the Appendix to this Announcement. The allocations including the split of Firm Placing Shares and Conditional Placing Shares to be received by each Placee are at the discretion of the Managers and CoAL.

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 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 9 August 2012 on AIM and on or around 10 August 2012 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 12 September 2012 and on or around 13 September 2012 on the JSE.

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. The Appendix to this Announcement (which forms a part of this Announcement) sets out further information relating to 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 the Managers and the Company. Placees should refer to their trade confirmation and Placing Allocation Letter in respect of each. The Firm Placing Shares are expected to settle on AIM on 9 August 2012 and on the JSE on 10 August 2012. The expected date of the GM is on or around 11 September 2012 and the anticipated settlement date of the Conditional Placing Shares on AIM is 12 September 2012 and on the JSE is 13 September 2012, 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.

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

### **Use of proceeds and Funding Arrangements**

The Company intends to use the net proceeds of the Placing, in addition to its existing cash balance of \$11.6 million to finance the following:

- The floatation, ultra fines and middlings plant and related design fees at the Vele Colliery – approximately US\$15 million;
- The final payment of the first tranche of \$43 million for the Chapudi acquisition as announced on 10 May 2012 – approximately US\$14 million

- Additional drilling, technical studies and related work to accelerate the Generaal, Voorburg and Jutland definitive feasibility studies and project management, environmental impact assessment and stakeholder engagement for the Greater Soutpansberg Project – approximately US\$11 million;
- Pre-mining right capital expenditure including land purchases, regulatory, permitting and construction of power lines, consultancy fees on detailed front-end engineering design as well as technical drilling and analysis for thermal coal and fines test work at Makhado – approximately US\$11 million; and
- General working capital – approximately US\$3.2 million

Approximately 30.2 per cent. of the proceeds of the Placing are subject to approval of the issue of the Conditional Placing Shares at the General Meeting. If the issue of the Conditional Placing Shares is not approved by shareholders at the GM, the Company will seek alternative means to obtain funding for the continuing development of its projects and to provide working capital for the Company.

As announced on 18 July 2012, CoAL and Investec have also entered into a credit approved term sheet to provide the Company with a US\$50 million two-year loan facility in order to replace an existing 364 day revolving finance facility. The availability of the facility is subject to conditions precedent, including the parties having entered into formal loan financing and security documents. Under the proposed terms of the loan facility, the loan must be cash collateralised with the provision that the facility could be settled, at CoAL's discretion, utilising either cash or shares, provided that the Company has sufficient authorities in place to issue shares for cash. Accordingly, Investec and the Company continue to work together to finalise the facility on terms mutually acceptable to both parties. In the event that these negotiations are unable to be concluded, the Company may evaluate alternative sources of finance.

As previously announced CoAL is also continuing to consider various long term debt and equity financing options in relation to the expected construction and development costs for the Makhado Project following the granting of the new order mining right, and has involved three international investment banks in this process. This funding would be in addition to the potential investment in and co-funding of the Makhado Project by Exxaro pursuant to Exxaro's option to acquire a 30% interest in the project.

### **Reasons for the Placing**

Prior to the decline in the world thermal coal price CoAL would have expected to be able to use the cash flow from its operations to fund a significant portion of its operational and capital expenditure requirements. However, since the last equity fundraising announced in November 2011, there have been a number of events and circumstances which have adversely affected CoAL's cash position and the rate of expenditure of the funds raised in that equity fundraising. In particular:

- the market has experienced a significant fall in thermal coal prices, which has meant that CoAL has had to fund approximately US\$19 million of expenditures at the Makhado Project and the Greater Soutpansberg Project from existing cash balances
- a longer than expected period for ramp up at the Vele Colliery for FY2013, requiring approximately US\$17million of additional working capital during the ramp up phase
- payment of approximately US\$4.5 million, approximating 50% of the withholding warranty provision in terms of the settlement of the litigation in relation to the Nucoal acquisition

As a result CoAL is carrying out the Placing to raise the required additional funding for the continuing ramp up at the Vele Colliery, pre-mining right capital expenditure at the Makhado project, including technical drilling and analysis for final thermal coal and ultra-fines test work, the acquisition of certain farm properties for the rail logistics and securing the 5MVA power allocation for the construction phase of the mine, final payment of the first tranche of the Chapudi acquisition and for additional drilling activities at CoAL's Generaal, Voorburg and Jutland tenements and for general working capital.

To be able to concentrate its resources on developing its projects, the Company continues to finalise the arrangements to seek to restructure and improve the terms of its existing short term debt facilities, as outlined in the quarterly update for the June quarter published on 1 August 2012.

The Company expects to complete the definitive feasibility study in respect of its Makhado Project by the end of September 2012 and the Company is targeting a Phase 1 run of mine ("**ROM**") of 10-14 Mtpa to produce c.2.2-2.5 Mtpa of hard coking coal and 0.5-1Mtpa of export grade thermal coal for approximately 16 years. The Company continues to evaluate its multiple funding options for the Makhado Project. The date for the formal exercise of Exxaro's right to a 30 per cent. participation in the Makhado Project has been extended to 30 September 2012 to allow for the completion of additional studies and finalising the proposed transaction consideration. The Company is considering a number of long term debt and equity financing options to fund the Makhado Project net of any potential Exxaro investment and co-funding of the project development costs.

### **Investec SA Equity Facility**

As a result of the Firm Placing, the Company has utilised the remainder of its capacity under the ASX Listing Rules to issue shares up to 15 per cent. of its issued share capital without shareholder approval. The Company will be unable to issue further shares (including the further shares for which it can require Investec to subscribe for under the financing arrangements announced on 18 July 2012) without first obtaining shareholder approval unless and until shareholders ratify the issue of the Firm Placing Shares at the GM.

### **Related Party Transaction**

Under the AIM Rules for Companies, M&G Investment Management Ltd., ("**M&G**") is a "**Related Party**" of the Company as a result of the current level of their shareholding in the Company of approximately 17.46 per cent. M&G have subscribed for a total of 40,458,850 shares, in the Placing, including Firm Placing Shares and Conditional Placing Shares, which is considered a "**Related Party Transaction**". The Directors of the Company consider, having consulted with its Nominated Adviser, Investec, that the terms of the Related Party Transaction are fair and reasonable in so far as the Company's shareholders are concerned.

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There is no information in relation to the appointments of Mr. Brown or Mr Pryor required pursuant to Schedule 2 paragraph (g) of the AIM rules for Companies other than as follows:

| Current directorships    | Previous directorships                                                                                                                                                                              |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <u>David Brown</u>       |                                                                                                                                                                                                     |
| Vodacom Group Limited    | Impala Platinum Holdings Ltd<br>Barplats Investments<br>Zimplats Holdings Ltd.<br>Simmer & Jack Ltd.<br>Mimosa Mining Company (PVT) Limited<br>TransAfrika Resources Limited<br>Two Rivers Platinum |
|                          |                                                                                                                                                                                                     |
| <u>Bernard Pryor</u>     |                                                                                                                                                                                                     |
| African Minerals Limited | Anglo Ferrous Brazil<br>Adastra Minerals Inc<br>Q Resources plc                                                                                                                                     |

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Deutsche Bank, Investec and Investec SA are acting as Global Co-ordinators and Joint Bookrunners in connection with the Placing. Investec SA is acting as the JSE Transaction Sponsor to the Company. Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin – Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority. Details about the extent of Deutsche Bank AG's authorisation and regulation by the Financial Services Authority are available on request. Investec, is authorised and regulated by the Financial Services Authority and Investec SA is authorised by the Financial Services Board. Deutsche Bank, Investec and Investec SA are acting for the Company in connection with the Placing and no-one else and none of Deutsche Bank and Investec or Investec SA will be responsible to anyone other than the Company for providing the protections afforded to the respective clients of Deutsche Bank, Investec or Investec SA 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, Deutsche Bank, Investec or Investec SA 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, Deutsche Bank, Investec and Investec SA to inform themselves about, and to observe, such restrictions.

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

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## **APPENDIX**

### **TERMS AND CONDITIONS OF THE PLACING**

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

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MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND HAVE BEEN DIRECTED ONLY AT PERSONS WHO HAVE BEEN 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 CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY.

Persons by whom or on whose behalf a commitment to acquire Placing Shares has been given (the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and accepted such offer on the terms and conditions, and have provided the representations, warranties, acknowledgements, undertakings and agreements contained in this Appendix and in the Placing Allocation Letter. 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.

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, 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 have not been, nor will they 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**

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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.

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 80,570,166 Placing Shares have been placed firm (the “**Firm Placing Shares**”) and an additional 34,908,632 new Ordinary Shares have been 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 9 August 2012 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 10 August 2012. Settlement of the Firm Placing Shares to be held on the South African Share Register is expected to take place on or around 10 August 2012 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 and held on the UK depository interest register 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 12 September 2012 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 13 September 2012. 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 13 September 2012 in accordance with the terms of the Placing Allocation Letters.

### **Placing**

Participation in, and principal terms of, the Placing:

- 1 Deutsche Bank is acting as joint bookrunner and co-lead manager and as agent of the Company, Investec is acting as joint bookrunner, co-lead manager and as agent of the Company and Investec SA is acting as joint bookrunner, co-lead manager and as agent of the Company.

- 2 By participating in the Placing, you (and any person acting on your behalf including, for the avoidance of doubt, any nominee) acknowledge that Deutsche Bank, Investec and Investec SA 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 Deutsche Bank is acting as the joint bookrunner and co-lead manager in respect of the Placing, Investec is acting as the joint bookrunner and co-lead manager and Investec SA is acting as the joint bookrunner and co-lead manager and all 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 none of Deutsche Bank, Investec or Investec SA are 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 any of Deutsche Bank, Investec, or Investec SA in relation to your participation in the Placing. Therefore none of Deutsche Bank, Investec or Investec SA 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 any of Deutsche Bank, Investec or Investec SA.
- 3 Each prospective Placee's allocation (and the split between Firm Placing Shares and Conditional Placing Shares) will have been confirmed to the Placee orally by the Relevant Manager, and (a) conditional contract note(s) and a Placing Allocation Letter 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 the Placing Allocation Letter and in accordance with the Company's constitution.
- 4 Each prospective Placee's allocation and commitment will have been evidenced by (a) conditional contract note(s) issued to such Placee by the Relevant Manager and a Placing Allocation Letter. The terms and conditions of this Appendix will be deemed to be incorporated in the Placing Allocation Letter and contract note(s) (where applicable). 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.
- 5 Any agreement to acquire Placing Shares is made on the terms and conditions of this Appendix and 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 each Placee and, except with each of the Managers' 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.
- 6 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.
- 7 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".

- 8 All obligations under the 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".
- 9 By participating in the Placing, 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.
- 10 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 Placing process or of any alternative method of effecting the Placing as the Managers and the Company may agree.
- 11 Each prospective Placee who is subscribing for Placing Shares will be required to sign a Placing Allocation Letter to be provided by Deutsche Bank or Investec in the UK or by Investec SA or Deutsche Bank or their affiliates or agents 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 9 August 2012 or such other date as may be agreed between the Company and the Managers, not being later than 15 August 2012;
  - (ii) 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 the Managers) 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 the Managers, not being later than 16 August); and
  - (iii) 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 12 September 2012 or such other date as may

be agreed between the Company and the Managers, not being later than 19 September 2012;

- (iii) 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 the Managers) 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 the Managers, not being later than 20 September 2012); 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 Conditional Placing Shares as though they had been given and made on such dates by reference to the facts and circumstances then subsisting;
- (c) in the opinion of any of the Managers, 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 each of the Managers by the respective time or date where specified (or such later time or date as the Company and each of the Managers 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 each of the Managers (if capable of waiver) by the respective time or date where specified (or such later time or date as the Company and each of the Managers 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 Managers may, in their absolute discretion and upon such terms as they think fit, jointly (but not severally) 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 Managers 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 they 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 discretion of each of the Managers and the Company.

#### **Right to terminate under the Placing Agreement**

Each of the Managers may, in each case in each of their absolute discretions, 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 that Manager; or the occurrence of a force majeure event which, in the opinion of that Manager, 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, each Manager 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 Manager who terminated the Placing Agreement as set out in the paragraph above 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 any of the Managers of any right of termination or other discretion under the Placing Agreement is within the absolute discretion of each Manager and the Managers need not make any reference to Placees and neither the Managers nor the Company shall have any liability to Placees whatsoever in connection with any such exercise.

## **No Prospectus**

The Placing Shares have been offered to a limited number of specifically invited persons only and are not 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 depository interest register, on a delivery versus payment basis in Depository Interest form within CREST.

The Company will deliver the Placing Shares in Depositary Interest form to CREST accounts operated by Deutsche Bank and Investec acting as agents for the Company and Deutsche Bank and Investec 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 August 2012 in CREST in accordance with the instructions set out in the 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 12 September 2012.

### **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 August 2012 on a T+4 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 13 September 2012 and settlement of such shares is expected to take place on 13 September 2012, 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.

Each Placee who has been allocated Placing Shares in the Placing has signed a Placing Allocation Letter which together with the form of confirmation (if applicable) states the number of Placing Shares (both Firm Placing Shares and Conditional Placing Shares) that have been allocated to each Placee 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 three percentage points above the base rate from time to time of Barclays Bank PLC, as determined by the Managers.

Each Placee agrees that, if it does not comply with these obligations, the Managers (or any of them) 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 relevant Manager'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 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 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 Managers 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 each of the Managers may in their 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 is of the essence as regards to obligations pursuant to this Appendix, the Placing Allocation Letter and form of confirmation (if applicable);
- 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 the Placing Allocation Letter and as set out in this Appendix and further agrees that the provisions of the Placing Allocation Letter and as set out in 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 are 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                                                                                                                                                                                 |
| 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 General Meeting                                                                                                                                                            |
| 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     |
| Deutsche Bank                        | Deutsche Bank AG, London Branch                                                                                                                                                                                                                                  |
| European Economic Area               | the European Union, Iceland, Norway and Liechtenstein                                                                                                                                                                                                            |
| 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 11 September 2012 in order, among other things, to consider, and if thought fit pass, the Shareholder Resolution                                                     |
| GM Notice                            | the notice convening the General Meeting                                                                                                                                                                                                                         |
| Investec                             | Investec Bank plc                                                                                                                                                                                                                                                |

|                                |                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investec SA                    | Investec Bank Limited                                                                                                                                                                                                                                                                                                                   |
| JSE                            | JSE Limited, a public company incorporated with limited liability under the laws of the Republic of South Africa, with registration number 2005/022939/06 and licensed as an exchange under the South African Securities Services Act, 2004 (No 36 of 2004), as amended, often referred to as the "Johannesburg Stock Exchange"         |
| London Stock Exchange or LSE   | London Stock Exchange plc                                                                                                                                                                                                                                                                                                               |
| Managers                       | Deutsche Bank, Investec and Investec SA and "Manager" shall mean any of them as the context requires                                                                                                                                                                                                                                    |
| 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 6 August 2012 among the Company, the directors of the Company and the Managers in respect of the Placing                                                                                                                                                                                                    |
| Placing Allocation Letters     | the letters sent to each of the Placees referring to the terms and conditions of the Placing set out in this Announcement and setting out further terms and conditions of the Placing                                                                                                                                                   |
| Placing Price                  | £0.25 per Placing Share or in the case of Placing Shares to settle in STRATE, ZAR3.25 per Placing Share                                                                                                                                                                                                                                 |
| 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                                                                                                                                                                                                                                                                                               |

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|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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                                                                                                                            |