Thursday, 3 November 2011

THE INFORMATION CONTAINED HEREIN IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL

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

## Results of Placing

Further to the announcement earlier today, CoAL is pleased to announce that 130,000,000 new ordinary shares ("**Ordinary Shares**") in the Company (the "**Placing Shares**") have been successfully placed by J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove ("**J.P. Morgan Cazenove**")), Mirabaud Securities LLP ("**Mirabaud**") and Evolution Securities Limited ("**Evolution**"), (together the "**Managers**"), to institutional and other investors.

The placing price has been set at 51 pence per share (or 6.50 South African Rand). The placing price is equivalent to a 10.5% discount to the closing mid-market price on the AIM market of the London Stock Exchange ("**AIM**") on 2 November 2011. Accordingly, the placing will raise gross proceeds of approximately £66.3 million (approximately US$106 million / South African Rand 845 million). The Placing Shares represent approximately 24.4% of CoAL's issued share capital prior to the Placing.

79,676,037 Placing Shares have been placed firm and are to be issued by the Company further to the directors' authority to allot Ordinary Shares for cash, on a non-pre-emptive basis (the "**Firm Placing Shares**"). An additional 50,323,963 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 14 December 2011 (the "**GM**").

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

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

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

Application will also be made to the Australian Securities Exchange for the admission of the Placing Shares. Following notice of the meeting convening the GM, the timing of the admission and settlement of the Conditional Placing Shares will be confirmed.

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 Conditional Placing Shares will not be entitled to vote on the motion to approve the issue of the Conditional Placing Shares.

Under the AIM Rules for Companies, M&G Investment Management Ltd. is currently a "**Related Party**" of the Company as a result of the current level of its shareholding in the Company of approximately 14.97%. M&G Investment Management Ltd. has subscribed for a total of 40,000,000 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, Evolution, that the terms of the Related Party Transaction are fair and reasonable in so far as the Company's shareholders are concerned.

In some instances, Placees' subscriptions are subject to compliance with the Australian Foreign Acquisitions and Takeovers Act, 1975 and the approval of the Australian Foreign Investment Review Board. In the event that such approval is not forthcoming or is not received prior to the issue of the Conditional Placing Shares then those shares which would require such approval will not be issued to those Placees and, if not placed with other Placees, the total funds raised will be reduced accordingly.

John Wallington, Chief Executive Officer of CoAL, commented: "We are delighted with the success of this capital raise against the backdrop of such highly volatile stockmarket conditions. We remain extremely positive about the prospects for our projects and now have significant funding in place to support their ongoing development."

**Contacts**

CoAL
Tel: +27 (0) 11 575 4363

John Wallington
Wayne Koonin

J.P. Morgan Cazenove
Tel: +44 (0) 20 7325 1000

Verne Grinstead
Chris Nicholls
Neil Passmore

Mirabaud
Tel +44 207 878 3362

Peter Krens
Rory Scott

Evolution
Tel: +44 (0) 20 7071 4300

Chris Sim
Mark Wellesley-Wood
Jeremy Ellis

Macquarie
Tel: +27 (0) 11 583 2000

Melanie de Nysschen
Annerie Britz
Yvette Labuschagne

Tavistock (United Kingdom)
Tel: +44 (0) 20 7920 3150

Jos Simson
Emily Fenton

Russell & Associates (South Africa)
Tel: +27 (0) 11 880 3924
Tel: +27 (0) 82 372 5816

Charmane Russell
James Duncan

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

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

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

Macquarie First South Capital (Proprietary) Limited ("**Macquarie**") is acting as JSE Transaction Sponsor to the Company. Macquarie is not an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia), and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 ("**MBL**"). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie.

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

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

The information in this Announcement may not be forwarded or distributed to any other person and may not be reproduced in any manner whatsoever. Any forwarding, distribution, reproduction, or disclosure of this information in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions.