COAL of AFRICA LIMITED

ANNOUNCEMENT **8 NOVEMBER 2011**

ISSUE OF SHARES AND SECONDARY TRADING NOTICE

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

The Placement is taking place in two tranches:

(a) tranche 1 – the issue of approximately 79,676,037 Shares ("Firm Placing Shares"); and
(b) tranche 2 – subject to the receipt of shareholder approval, the issue of approximately 50,323,963 Shares ("Conditional Placing Shares").

On 8 November 2011 the Firm Placing Shares were issued. Application was made for the 79,676,037 Shares to be admitted to trading on the AIM market of the London Stock Exchange ("Admission"). Admission became effective on 8 November 2011. The Shares will rank pari passu with the Company's existing Ordinary Shares. The Conditional Placing Shares are expected to be issued on or about 14 December 2011.

The Act restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A. By the Company giving this notice, sale of the Tranche 1Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies ASX under paragraph 708A(5)(e) of the Act that:

(a) the Company issued the Firm Placing Shares without disclosure to investors under Part 6D.2 of the Act;
(b) as at 8 November 2011 the Company has complied with the provisions of Chapter 2M of the Act as they apply to the Company, and section 674 of the Act (other than section 319 in relation to a financial year ended in the calendar year 2004); and
(c) as at 8 November 2011 there is no information:
    (i) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
    (ii) that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
        A. the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
        B. the rights and liabilities attaching to the Firm Placing Shares.

www.coalofafrica.com
AU: Level 1 Old Swan Brewery 173 Mounts Bay Road Perth WA 6000 Australia Telephone: +61 8 9322 6776 Facsimile: +61 8 9322 6778 Email: perth@coalofafrica.com ACN 008 905 388
ZA: 2nd Floor, Gabba Building, The Campus, 57 Sloane Street, Bryanston, Johannesburg, South Africa 2021 Tel: +27 11 575 4363 Fax: +27 11 576 4363 Email: adminza@coalofafrica.co.za

AUTHORISED BY:

Shannon Coates
Company Secretary

For more information contact:

John Wallington	Chief Executive Officer	Coal of Africa	+27 11 575 7423
Wayne Koonin	Financial Director	Coal of Africa	+27 11 575 6797
Shannon Coates	Company Secretary	Coal of Africa	+61 893 226 776
Chris Sim	Nominated Adviser	Evolution Securities	+44 20 7071 4300
Jos Simson/Emily Fenton	Financial PR	Tavistock	+44 207 920 3150

www.coalofafrica.com

About CoAL:

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

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

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

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