COAL of AFRICA LIMITED

ANNOUNCEMENT **15 DECEMBER 2011**

ISSUE OF SHARES AND SECONDARY TRADING NOTICE

Further to the announcements of 3 November 2011 and 14 December 2011 regarding the private placement to raise gross proceeds of approximately US$106,000,000 (equivalent of £66.3 million/South African Rand 845 million/A$102 million), through the issue of 130,000,000 new ordinary shares ("**Ordinary Shares**") in Coal of Africa Limited (the "**Company**") at an issue price of GBP0.51 (equivalent of A$0.874) ("Placement"), the Company announces that it has today issued the remaining 50,323,963 Ordinary Shares (the "**Conditional Placing Shares**") following shareholder approval at a general meeting held on 14 December 2011.

Following the admission of the Conditional Placing Shares, the number of Ordinary Shares in issue will be 662,284,573.

The Australian Corporations Act 2005 (the "**Act**") restricts the on-sale of securities issued without disclosure, unless the sale is exempt under section 708 or 708A of the Act. By the Company giving this notice, any on-sale of the Conditional Placing Shares noted above will fall within the exemption in section 708A(5) of the Act.

The Company hereby notifies the Australian Stock Exchange ("**ASX**") under paragraph 708A(5)(e) of the Act that:

(a) the Company issued the Conditional Placing Shares without disclosure to investors under Part 6D.2 of the Act;

(b) as at 15 December 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; and

(c) as at 15 December 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 Conditional Placing Shares.

AUTHORISED BY:

Shannon Coates

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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/ Jeremy Ellis	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.