



ANNOUNCEMENT

17 December 2014

Capital Raising Update

Further to the announcements of 26 August 2014 and 25 September 2014, in which Coal of Africa Limited (“CoAL” or the “Company”) announced a capital raising of up to 695 million shares at an issue price of GBP 0.055 to be implemented in a two-stage process (the “Capital Raising”), the Company announces that it has agreed with all of the participants in the Capital Raising to split the second stage, which was previously conditional on receipt from TMM Holdings (Pty) Ltd (“TMM”) of confirmation that it had received sufficient funding to fulfil its second stage funding commitment, into two parts.

The second stage of the capital raising will now comprise 300 million ordinary shares at the same issue price of GBP 0.055 per share (raising an aggregate amount of £16.50 million in this stage) (“Stage 2”). It is expected that the 300 million Stage 2 shares will be issued on 18 December 2014 and admitted to trading on the ASX, AIM and the JSE on or around 23 December 2014.

The remaining 144 million ordinary shares will now be issued (at the same price of GBP 0.055 each) on or around 29 April 2015 (“Stage 3”). CoAL will apply for the admission of these Stage 3 shares to trading on the AIM, on the ASX and on the JSE. The Stage 2 and Stage 3 shares will be fully paid ordinary shares in the capital of CoAL and, on issue, will rank equally in all respects with CoAL’s existing fully paid ordinary shares.

Details of the revised allocations for each of the investors participating in the Capital Raising are set out below. The splitting of the second stage of the Capital Raising does not change the total amount being raised, and does not have any impact on the use of proceeds of the Capital Raising as set out in the announcement of 26 August 2014.

The shares to be issued in Stage 2 and Stage 3 of the Capital Raising will be split as follows:

| | Stage 2 | Stage 3 |
|--|--------------------|--------------------|
| Haohua Energy International (Hong Kong) Resource Co. Limited | 80 000 000 | 37 000 000 |
| M & G Investment Management Limited | 60 000 000 | 28 000 000 |
| Investec Asset Management (Proprietary) Limited | 50 000 000 | - |
| TMM Holdings (Proprietary) Limited | 110 000 000 | 79 000 000 |
| Total | 300 000 000 | 144 000 000 |

Stage 3 of the Capital Raising is not subject to any conditions other than completion of Stage 2. As the approval of CoAL’s shareholders for the issue of these shares, obtained at the meeting on 25 September

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Bernard R. Pryor – Chairman, David H. Brown – Chief Executive Officer, Michael G. Meeser – Chief Financial Officer
Non-executive directors: Peter G. Cordin, Andrew D. Mifflin, Khomotso B. Mosehla, Thabo F. Mosololi, Rudolph H. Torlage

2014, will have expired prior to their issue, CoAL intends to issue the Stage 3 without shareholder approval as permitted pursuant to Rule 7.1 of the ASX Listing Rules.

David Brown, Chief Executive Officer of CoAL commented: “The restructuring of the Fundraise allows CoAL to conclude the equity raise and remove the conditions associated with TMM. The Company is appreciative for the support of its shareholders and now looks forward to progressing the Vele and Makhado projects and embarking on the value creation strategies previously outlined to shareholders.”

For more information contact:

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Investec Bank Limited is the nominated JSE Sponsor

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 Greater Soutpansberg Project /MbeuYashu, including CoAL’s Makhado Project (coking and thermal coal).
