



ABN 98 008 905 388

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting
25 September 2014

Time of Meeting
10 a.m. (London time)

Place of Meeting
Tavistock Communications
8th Floor
131 Finsbury Pavement
London EC2A 1NT

A Proxy Form is enclosed

Please read this Notice and Explanatory Memorandum carefully.
If you are unable to attend the General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.

Coal of Africa Limited

ABN 98 008 905 388

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Coal of Africa Limited ABN 98 008 905 388 will be held at 10 a.m. (London time) on 25 September 2014 at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT for the purpose of transacting the following business referred to in this Notice of General Meeting.

AGENDA

ITEMS OF BUSINESS

1. Resolution 1 - Approval of issue of Shares

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purpose of Listing Rule 7.1 and all other purposes, the Company approves the allotment and issue of up to 695,000,000 Shares at an issue price of GBP0.055 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice."

<p>The Company will disregard any votes cast on Resolution 1 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary shares if the resolution is passed, and any person associated with those persons.</p> <p>However, the Company need not disregard a vote if:</p> <ul style="list-style-type: none">• the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or• it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

OTHER BUSINESS

To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

For the purposes of this Notice of General Meeting, the following definitions apply:

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Company means Coal of Africa Limited ABN 98 008 905 388.

Constitution means the Company's constitution, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company from time to time.

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

GBP means pounds sterling.

Listing Rules means the Listing Rules of the ASX.

Notice means this Notice of General Meeting.

Resolution means a resolution contained in this Notice.

Shares means fully paid ordinary shares in the capital of the Company.

By order of the Board

Tony Bevan
Company Secretary

Dated: 26 August 2014

How to vote

Shareholders can vote by either:

- attending the meeting and voting in person or by attorney or, in the case of corporate shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the proxy form accompanying this Notice and by submitting their proxy appointment and voting instructions in person, by post or by facsimile.

Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the meeting are asked to arrive at the venue 15 minutes prior to the time designated for the meeting, if possible, so that their holding may be checked against the Company's share register and attendance recorded. Attorneys should bring with them an original or certified copy of the power of attorney under which they have been authorised to attend and vote at the meeting.

Voting by a corporation

A shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

- A shareholder entitled to attend and vote is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit.
- Should any resolution, other than those specified in this Notice, be proposed at the meeting, a proxy may vote on that resolution as they think fit.
- If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the shareholder's behalf either on a show of hands or on the poll and the shares that are the subject of the proxy appointment will not be counted in calculating the required majority.

- Shareholders who return their proxy forms with a direction how to vote but do not nominate the identity of their proxy will be taken to have appointed the Chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned but the nominated proxy does not attend the meeting, the Chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chairman of the meeting, the secretary or any Director that do not contain a direction how to vote will be used where possible to support each of the resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10 a.m. (London time) on 23 September 2014. Proxies lodged after this time will be invalid.
- Proxies may be lodged using any of the following methods:
 - by returning a completed proxy form in person or by delivery or post using the pre-addressed envelope provided with this Notice to:
Coal of Africa Limited
Suite 8, 7 The Esplanade,
Mt Pleasant
Western Australia 6153
Australia
 - by faxing a completed proxy form to the facsimile number provided on the Proxy Form accompanying this Notice.

The proxy form must be signed by the shareholder or the shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the power of attorney, or the power itself, must be received by the Company at the above address, or by facsimile, and by 10 a.m. (London time) on 23 September 2014. If facsimile transmission is used, the power of attorney must be certified.

Shareholders who are entitled to vote

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 10 a.m. (London time) on 23 September 2014. Changes in the register of shareholders after this time will be disregarded in determining the rights of any person to attend and vote at the meeting.

Coal of Africa Limited

ABN 98 008 905 388

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolution contained in the accompanying Notice of General Meeting of Coal of Africa Limited (“CoAL” or the “Company”).

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to this Explanatory Memorandum.

BACKGROUND TO RESOLUTION 1

Key terms of the Placement

On 26 August 2014, the Company announced it was proposing to undertake a private placement to raise up to approximately GBP38.225 million (or approximately US\$64.9 million)¹ through the issue of up to 695,000,000 new Shares (“**Placement Shares**”) at an issue price of GBP0.055 per Share (“**Placement**”). A copy of this announcement is attached as Annexure A to this Explanatory Memorandum.

The Placement Shares are proposed to be issued in two separate stages:

- the issue of 251,000,000 Shares (“**Stage 1 Placement Shares**”) to raise a total of approximately GBP13.805 million, conditional upon the fulfilment of the Stage 1 Conditions as defined below (“**Stage 1 Placement**”); and
- the issue of 444,000,000 Shares (“**Stage 2 Placement Shares**”) to raise a total of approximately GBP24.420 million, conditional upon the fulfilment of the Stage 2 Conditions as defined below (“**Stage 2 Placement**”).

The Placement Shares are proposed to be issued to the entities set out in the table below (“**Placees**”), pursuant to subscription agreements entered into between the Placees and the Company on or about 26 August 2014 (“**Subscription Agreements**”):

Placees	Number of Stage 1 Placement Shares	Number of Stage 2 Placement Shares	Total number of Placement Shares	Issue price per Share (GBP)	Currency of settlement
Haohua Energy International (Hong Kong) Resource Co. Limited (“ HEI ”), a subsidiary of Beijing Haohua Energy Resource Co. Limited	98,000,000	117,000,000	215,000,000	0.055	US\$, based on the Exchange Rate
TMM Holdings (Proprietary) Limited (“ TMM ”)	26,000,000	189,000,000	215,000,000	0.055	Rand, based on the Exchange Rate
M&G Investment Management Limited (“ M&G ”)	97,000,000	88,000,000	185,000,000	0.055	GBP
Investec Asset Management (Proprietary) Limited (“ IAM ”)	30,000,000	50,000,000	80,000,000	0.055	Rand, based on the Exchange Rate
Total Placement Shares to be issued	251,000,000	444,000,000	695,000,000	-	-

¹ Based on an exchange rate as at 19 August 2014 of GBP 1: US\$1.70

Total amount to be raised (GBP)	13.805 million	24.420 million	38.225 million	-	-
--	-----------------------	-----------------------	-----------------------	---	---

Under the Subscription Agreements, the Stage 1 Placement is conditional upon the following conditions (“**Stage 1 Conditions**”):

- the approval by the Company’s shareholders of Resolution 1 at the Meeting;
- HEI and M&G each having received confirmation from the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) that it has no objection to the acquisition by HEI and M&G of their respective Placement Shares; and
- HEI having received all necessary regulatory approvals within the People's Republic of China for it to acquire its Placement Shares.

The Stage 1 Placement Shares will be issued and paid for within three Business Days of the date on which CoAL notifies the Placees that each of the Stage 1 Conditions has been satisfied.

If any of the Stage 1 Conditions has not been satisfied by 23 November 2014, or such later date as the Company and the Placees agree (not to be later than the Stage 2 Cut-Off Date, as defined below), the Subscription Agreements will automatically terminate and the Placement will not proceed.

Under the Subscription Agreements, the Stage 2 Placement is conditional upon the following conditions (“**Stage 2 Conditions**”):

- completion of the Stage 1 Placement having taken place (“**Stage 1 Completion Condition**”); and
- TMM having obtained sufficient funds to purchase its Stage 2 Placement Shares or the Company having found a substitute investor or investors to subscribe for TMM’s Stage 2 Placement Shares and each such investor having entered into a subscription agreement with the Company in respect of some or all of TMM’s Stage 2 Placement Shares on substantially similar terms to the Subscription Agreements (“**TMM Condition**”).

The Stage 2 Placement Shares will be issued and paid for within three Business Days of the date on which CoAL notifies the Placees that the TMM Condition has been satisfied (unless the TMM Condition is satisfied before the Stage 1 Completion Condition has been satisfied, in which case the Stage 2 Placement Shares will be issued and paid for at the same time as the Stage 1 Placement Shares).

Under the Subscription Agreement with TMM, if TMM has not obtained sufficient funds to purchase its Stage 2 Placement Shares by 1 December 2014, then the Company has the right to terminate TMM’s participation in the Stage 2 Placement. In that case, the Company may seek to find one or more other investors to take up TMM’s Stage 2 Placement Shares at the issue price of GBP0.055 per Share and otherwise on substantially similar terms.

If the Stage 1 Completion Condition has been satisfied, but the TMM Condition has not been satisfied, by the earlier of (1) 24 December 2014 and (2) the date which is three Business Days earlier than three months after the date of the EGM (the “**Stage 2 Cut-Off Date**”), then the Stage 1 Placement will proceed but the Stage 2 Placement will not proceed.

The Company will notify ASX as and when it receives notice that a condition has been fulfilled.

CoAL has given certain limited warranties to the Placees under the Subscription Agreements (“**Warranties**”), and each Placee has the right to terminate its participation in the Placement if it becomes aware that there has been a breach of any Warranty, or any fact or circumstance has arisen which would render any of the Warranties untrue or inaccurate or misleading in any respect which, in the reasonable opinion of the relevant Placee, is material in the context of its investment in CoAL, in each case as if the Warranties were repeated at all times between the date of the Subscription Agreements and completion of the relevant stage of the Placement. If a Placee terminates its Subscription Agreement before the Stage 1 Placement has completed, then each other Placee will also have the right to terminate its Subscription Agreement and the number of Placement Shares may decrease accordingly or the Placement may not proceed at all. If a Placee terminates its Subscription Agreement after the Stage 1 Placement has completed, then each other Placee will have the right to terminate its Subscription Agreement, but only insofar as it relates to their participation in the Stage 2 Placement and CoAL will be entitled to retain the proceeds from the Stage 1 Placement.

The Company has been informed by each of HEI and M&G that they have sought approval from the Foreign Investment Review Board (“**FIRB**”) for the acquisition of their respective Placement Shares. The Company has also been informed by HEI that it has submitted the necessary applications for the regulatory approvals required to satisfy the Stage 1 Conditions.

Shareholdings in the Company

As at the date of this Explanatory Memorandum, the following Placees were substantial shareholders in the Company:

Placee	Number of Shares held	Percentage shareholding
HEI	247,417,579	23.60%
M&G	161,128,850	15.37%
IAM	61,951,031	5.91%

If the Placement proceeds, the shareholdings of the Placees in the Company are expected to be:

Placee	Number of Shares held		Percentage shareholding	
	Following Stage 1 Placement	Following Stage 1 Placement and Stage 2 Placement	Following Stage 1 Placement	Following Stage 1 Placement and Stage 2 Placement
HEI	345,417,579	462,417,579	26.58%	26.53%
M&G	258,128,850	346,128,850	19.87%	19.85%
TMM	26,000,000	215,000,000 ²	2.00%	12.33% ³
IAM	91,951,031	141,951,031	7.08%	8.14%

Use of Placement proceeds

Subject to completion, the Company intends to use the proceeds raised from the Placement primarily as follows:

- To settle the outstanding acquisition consideration of the tenements comprised in the Company's Greater Soutpansberg Projects;
- To implement modifications to the existing plant at the Vele Colliery;
- To resolve the current contractual exposure resulting from the take or pay provisions of the throughput agreement between the Company, Terminal De Carvao Da Matola Limitada and Grindrod Corridor Management Proprietary Limited;
- To settle the Investec Bank Limited working capital facility in accordance with its terms; and
- To fund the Company's expected working capital requirements for the next 18 months.

In addition to the Placement, the Company is seeking to secure funding from the planned disposal of certain non-core assets, including the Mooiplaats Colliery, within the next 18 months, and is reliant on that funding as well as the Placement proceeds to be able to achieve all of the uses stated above. While the Directors are confident of completing one or more of these planned disposals, there can be no guarantee that any of these initiatives will be successful. Further, even if successful, these planned disposals would not provide all the funding required to satisfy the Company's needs without the Placement.

If the Placement is not approved at the Meeting or does not proceed in whole or in part for any other reason, including as a result of any of the other Placement conditions not being satisfied, or the Company is not able to achieve the planned disposal of certain non-core assets including the Mooiplaats Colliery (whether at all or for the expected amount) within the next 18 months, the Company will need to seek funding from other sources to meet its future capital expenditure and working capital needs. While the Company is confident of being able to obtain substitute funding if the planned disposal of certain non-core assets including the Mooiplaats Colliery does not go ahead, it would be significantly more challenging to obtain alternative funding if the Placement proceeds are not received in full, and there can be no guarantee that such funding will be available at all or that, if available, it will be on terms which are commercially acceptable to the Company. **It is therefore vitally important to the continued operation of the Company that shareholders vote in favour of Resolution 1 at the Meeting.**

² Assumes TMM subscribes for Shares under the Stage 2 Placement.

³ Assumes TMM subscribes for Shares under the Stage 2 Placement.

If Stage 2 Placement does not proceed

In the event that TMM is not able to obtain sufficient funds to purchase its Stage 2 Placement Shares, the Company has the right to terminate TMM's participation in the Stage 2 Placement and is confident that alternative methods could be implemented to obtain the funds that would otherwise have been provided by TMM.

In particular, the Company has already engaged with third parties who, for timing reasons, have been unable to participate in the Placement and who could possibly absorb TMM's Stage 2 Placement Shares if needed. Additionally, the Company has the ability to issue up to 15% of the Company's total issued share capital without requiring further shareholder approval, which could be utilised if the Stage 2 Placement does not proceed.

The Directors only intend to progress these alternative funding options if the Placement cannot proceed as currently planned. There is no current intention to obtain additional funding beyond the Placement proceeds and the proceeds of planned asset disposals as described above.

RESOLUTION 1 – APPROVAL OF ISSUE OF PLACEMENT SHARES

Resolution 1 seeks shareholder approval to the issue of a maximum of 695,000,000 Shares at an issue price of GBP 0.055 per Share.

Listing Rule 7.1 requires shareholder approval for the proposed Placement. Listing Rule 7.1 broadly provides, subject to certain exceptions, that a listed company must not, without prior approval of its shareholders, issue securities if the number of securities issued, or when aggregated with the number of securities issued by the company during the previous 12 months, exceeds 15% of the number of securities on issue at the commencement of that 12 month period.

Given the issue of the Placement Shares under the Placement will exceed this 15% threshold and none of the exceptions in Listing Rule 7.2 apply, shareholder approval is required in accordance with Listing Rule 7.1.

The effect of Resolution 1 will be to allow the Company to issue the Placement Shares during the period of 3 months after the date of the Meeting (or a longer period if allowed by ASX), without using the Company's 15% annual placement capacity, if the other Placement conditions are satisfied or waived (if applicable).

The following information in relation to the Placement Shares is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company will issue is 695,000,000;
- (b) the Company will allot and issue the Stage 1 Placement Shares three Business Days after the date on which CoAL is notified that all of the Stage 1 Conditions have been fulfilled and no later than three months after the date of the Meeting unless otherwise extended by ASX granting a waiver to the Listing Rules;
- (c) the Company will allot and issue the Stage 2 Placement Shares three Business Days after the date on which CoAL is notified that the TMM Condition has been fulfilled (unless the TMM Condition is satisfied before the Stage 1 Completion Condition has been satisfied, in which case the Stage 2 Placement Shares will be issued and paid for at the same time as the Stage 1 Placement Shares) and no later than three months after the date of the Meeting unless otherwise extended by ASX granting a waiver to the Listing Rules;
- (d) the issue price of the Placement Shares is GBP0.055 per Share;
- (e) the Placement Shares will be issued to the Placees as set out in the section entitled "Key terms of the Placement" in this Explanatory Memorandum;
- (f) upon issue, the Placement Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue;
- (g) the intended use of the Placement funds raised is as set out in the section entitled "Use of Placement proceeds" in this Explanatory Memorandum; and
- (h) a voting exclusion statement has been included in the Notice.

BOARD'S RECOMMENDATION

The Board unanimously recommends that shareholders of the Company support the issue of the Placement Shares and vote in favour of Resolution 1 at the Meeting and those Directors who hold Shares intend to vote their Shares in favour of Resolution 1.

GLOSSARY

ASX means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

Board means the board of Directors of the Company.

Business Day means any day that banks are open for business in London, United Kingdom, and Johannesburg, Republic of South Africa.

Company means Coal of Africa Limited ABN 98 008 905 388.

Constitution means the constitution of the Company, as amended from time to time.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company from time to time.

Exchange Rate means the GBP – Rand or the GBP – US\$ (as applicable) midpoint currency spot exchange rate published by Bloomberg at 17:00 (South African time) on (1) in the case of the first stage of the Placement, the Business Day immediately preceding the completion date for the issue of the first stage Placement Shares, and (2) in the case of the second stage of the Placement, the Business Day immediately preceding the completion date for the issue of the second stage Placement Shares.

FIRB has the meaning given in this Explanatory Memorandum.

GBP means pounds sterling.

Listing Rules means the Listing Rules of the ASX.

Meeting means the General Meeting the subject of the Notice.

Notice means the notice of General Meeting which accompanies this Explanatory Memorandum.

Placees has the meaning given in this Explanatory Memorandum.

Placement has the meaning given in this Explanatory Memorandum.

Placement Shares has the meaning given in this Explanatory Memorandum.

Rand means the South African rand.

Resolution means a resolution proposed pursuant to the Notice.

Shares means fully paid ordinary shares in the capital of the Company.

Stage 1 Placement has the meaning given in this Explanatory Memorandum.

Stage 1 Completion Condition has the meaning given in this Explanatory Memorandum.

Stage 1 Conditions has the meaning given in this Explanatory Memorandum.

Stage 1 Placement Shares means the Shares proposed to be issued under the Stage 1 Placement.

Stage 2 Placement has the meaning given in this Explanatory Memorandum.

Stage 2 Conditions has the meaning given in this Explanatory Memorandum.

Stage 2 Cut-Off Date has the meaning given in this Explanatory Memorandum.

Stage 2 Placement Shares means the Shares proposed to be issued under the Stage 2 Placement.

Subscription Agreements has the meaning given in this Explanatory Memorandum.

TMM Condition has the meaning given in this Explanatory Memorandum.

US\$ means United States dollars.

Warranties has the meaning given in this Explanatory Memorandum.



ANNEXURE A

ANNOUNCEMENT

26 August 2014

PRIVATE PLACEMENT

Coal of Africa Limited ("**CoAL**" or "the **Company**") today announces that it has entered into conditional agreements with certain existing and new investors to raise up to approximately GBP38.225 million (or approximately US\$64.9 million)¹ through the issue of up to 695,000,000 new shares in the Company ("**Placement Shares**") at an issue price of GBP0.055 per share ("**Placement**"). The issue price represents a premium of approximately 101.5% to the closing mid-market price on the AIM market of the London Stock Exchange on 22 August 2014.

CoAL is the holder of multiple large-scale coal assets that are strategically located in close proximity to existing logistics and infrastructure in the Limpopo province, with a combined resource base in excess of 2 billion minable tonnes *in situ*, with hard-coking coal as the primary product. Management has embarked on, and has substantially completed, a turnaround strategy with five key priorities, of which the final two outstanding are:

- Completing the planned disposal of certain non-core assets (including the Mooiplaats Colliery); and
- Securing funding of, and regulatory clearances for, the Makhado Project.

As further described below, the Company intends to use the bulk of the proceeds from the Placement, together with the proceeds from the planned disposal of certain non-core assets (including the Mooiplaats Colliery), to unlock the inherent value in the underlying resources over the short, medium and long term and provide working capital for the Company over the next 18 months.

Use of Proceeds

Subject to completion, the Company intends to use the expected proceeds from the Placement and from the planned disposal of certain non-core assets, including the Mooiplaats Colliery, primarily as follows:

Proposed use	Amount
To settle the outstanding acquisition consideration of the tenements comprised in the Company's Greater Soutpansberg Project.	US\$30 million

¹ Based on an exchange rate as at 19 August 2014 of GBP1:US\$1.70

AU: Coal of Africa Limited, Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia, Tel: +61 8 9316 9100, Fax: +61 8 9316 5475

ZA: South Block, Summercon Office Park, Cnr Rockery Lane and Sunset Avenue, Lonehill, 2191, Tel: +27 10 003 8000 Fax: +27 11 388 8333 Email: adminza@coalofafrica.com

To implement modifications to the existing plant at the Vele Colliery.	US\$25 million
To resolve the current contractual exposure resulting from the take or pay provisions of the throughput agreement between the Company, Terminal De Carvao Da Matola Limitada and Grindrod Corridor Management Proprietary Limited.	US\$10 million
To settle the Investec Bank Limited working capital facility in accordance with its terms.	US\$6 million
To fund the Company's expected working capital requirements for the next 18 months.	US\$16 million

David Brown, CEO of CoAL commented,

“In terms of CoAL’s strategy going forward, we have allocated the resources into short, medium and long term growth projects. It is important for CoAL to raise these funds to commence the value creation process. The short term plan relates to the plant modification at the Vele Colliery. Vele Colliery is a "brownfields" project, which implies less time and risk to develop the asset compared to a "greenfields" project, and has the potential to become CoAL’s near term cash generator. This would enable CoAL to move forward and develop its medium term project, Makhado. The intention is that this project will be funded at the project level by debt funding and partly through the sale of equity at the asset level. These short and medium term projects would be the enablers for the longer term growth through the development of the Greater Soutpansberg Project assets.”

The Placement

The requirement for the Placement has arisen from a number of factors, including: the delay in and reduction in the expected quantum of consideration for the disposal of the Mooiplaats Colliery; additional costs incurred to complete the product testing at the Vele Colliery for ArcelorMittal South Africa Limited; the Company only partially mitigating its take-or-pay obligations under the throughput agreement between the Company, Terminal De Carvao Da Matola Limitada and Grindrod Corridor Management Proprietary Limited following the placing of the Mooiplaats Colliery on care and maintenance; and the cessation of production at the Vele Colliery in anticipation of the plant modification. The final payment for the acquisition of the assets comprised in the Greater Soutpansberg Project, which represent access to more than 1.6 billion minable tonnes in situ, is also now payable. The Company has been negotiating to defer this payment until it is cash generative, but agreement on this has not yet been reached and the payment is now due.

The Placement Shares are proposed to be issued to the following investors (collectively, "**the Placees**") pursuant to subscription agreements entered into between the Placees and the Company ("**Subscription Agreements**"):

- Haohua Energy International (Hong Kong) Resource Co. Limited ("**HEI**");
- M&G Investment Management Limited ("**M&G**");
- Investec Asset Management (Proprietary) Limited ("**IAM**"); and
- TMM Holdings (Proprietary) Limited ("**TMM**").

The Placees are existing substantial shareholders of the Company, other than TMM, who will be a new substantial shareholder. TMM was established in 2003 and is the umbrella company for a number of specialised entities that offer a variety of industry specific integrated security solutions. One of TMM's objectives is to seek out investment opportunities in any business sector which presents sustainable growth opportunities.

The Placement Shares are proposed to be issued in two separate stages:

- the issue of 251,000,000 shares in the Company ("**Stage 1 Placement Shares**") to raise a total of approximately GBP13.805 million, conditional upon the fulfilment of the Stage 1 Conditions as defined below ("**Stage 1 Placement**"); and
- the issue of 444,000,000 shares in the Company ("**Stage 2 Placement Shares**") to raise a total of approximately GBP24.420 million, conditional upon the fulfilment of the Stage 2 Conditions as defined below ("**Stage 2 Placement**").

The Placement Shares are proposed to be issued to the Placees as set out in the table below:

Placees	Number of Stage 1 Placement Shares	Number of Stage 2 Placement Shares	Total number of Placement Shares
HEI	98,000,000	117,000,000	215,000,000
TMM	26,000,000	189,000,000	215,000,000
M&G	97,000,000	88,000,000	185,000,000
IAM	30,000,000	50,000,000	80,000,000
Total Placement Shares to be issued	251,000,000	444,000,000	695,000,000
Total amount to be raised (GBP)	13.805 million	24.420 million	38.225 million

Under the Subscription Agreements, the Stage 1 Placement is conditional upon the following conditions ("**Stage 1 Conditions**"):

- the approval by the Company's shareholders of the Placement as required by the ASX Listing Rules at an extraordinary general meeting of the Company ("**EGM**");
- HEI and M&G each having received confirmation from the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) that it has no objection to the acquisition by HEI and M&G of their respective Placement Shares; and
- HEI having received all necessary regulatory approvals within the People's Republic of China for it to acquire its Placement Shares.

The Stage 1 Placement Shares will be issued and paid for within three business days of the date on which CoAL notifies the Placees that each of the Stage 1 Conditions has been satisfied.

If any of the Stage 1 Conditions has not been satisfied by 23 November 2014, or such later date as the Company and the Placees agree (not to be later than the Stage 2 Cut-Off Date, as defined below), the Subscription Agreements will automatically terminate and the Placement will not proceed.

Under the Subscription Agreements, the Stage 2 Placement is conditional upon the following conditions ("**Stage 2 Conditions**"):

- completion of the Stage 1 Placement having taken place ("**Stage 1 Completion Condition**"); and
- TMM having obtained sufficient funds to purchase its Stage 2 Placement Shares or the Company having found a substitute investor or investors to subscribe for TMM's Stage 2 Placement Shares and each such investor having entered into a subscription agreement with the Company in respect of some or all of TMM's Stage 2 Placement Shares on substantially similar terms to the Subscription Agreements ("**TMM Condition**").

The Stage 2 Placement Shares will be issued and paid for within three business days of the date on which CoAL notifies the Placees that the TMM Condition has been satisfied (unless the TMM Condition is satisfied before the Stage 1 Completion Condition has been satisfied, in which case the Stage 2 Placement Shares will be issued and paid for at the same time as the Stage 1 Placement Shares).

Under the Subscription Agreement with TMM, if TMM has not obtained sufficient funds to purchase its Stage 2 Placement Shares by 1 December 2014, then the Company has the right to terminate TMM's participation in the Stage 2 Placement. In that case, the Company may seek to find one or more other investors to take up TMM's Stage 2 Placement Shares at the issue price of GBP0.055 per share and otherwise on substantially similar terms. The company has already engaged with third parties who, for timing reasons, have been unable to participate in the Placement and who could possibly absorb TMM's Stage 2 Placement Shares.

If the Stage 1 Completion Condition has been satisfied, but the TMM Condition has not been satisfied, by the earlier of (1) 24 December 2014 and (2) the date which is three Business Days earlier than three months after the date of the EGM (the "**Stage 2 Cut-Off Date**"), then the Stage 1 Placement will proceed but the Stage 2 Placement will not proceed.

The Company will notify ASX as and when it receives notice that a condition has been fulfilled.

If the Placement is not approved at the EGM or does not proceed in whole or in part for any other reason, including as a result of any of the other Placement conditions not being satisfied, or if the Company is not able to achieve the planned disposal of certain non-core assets, including the Mooiplaats Colliery (whether at all or for the expected amount), within the next 18 months, the Company will need to seek funding from other sources to meet its future capital expenditure and working capital needs. As has been previously disclosed, the Company is committed to the disposal of certain of its non-core assets, including the Mooiplaats Colliery, and the directors of the Company are confident of completing one or more of these disposals. However, there can be no guarantee that any of these initiatives will be successful. Further, even if successful, these planned disposals would not provide all the funding required to satisfy the Company's needs without the Placement proceeds. The Company would therefore need to immediately seek funding from other sources, and there can be no guarantee that such funding will be available at all or that, if available, it will be on terms which are commercially acceptable to the Company. It is therefore vitally important for the continued operation of the Company that the Placement be approved by shareholders at the EGM.

The Company will apply for admission of the Placement Shares on ASX, on AIM and on the JSE. Upon issue, the Placement Shares will be fully paid ordinary shares in the capital of the Company and rank equally in all respects with the existing fully paid ordinary shares on issue.

Under the AIM Rules for Companies, M&G and HEI are related parties of the Company as a result of the current level of their shareholding in the Company of approximately 23.6% and 15.37%, respectively. HEI's subscription for a total of up to 215 million Placement Shares (98 million Stage 1 Placement Shares and 117 million Stage 2 Placement Shares) and M&G's subscription for a total of up to 185 million Placement Shares (97 million Stage 1 Placement Shares and 88 million Stage 2 Placement Shares), are therefore considered related party transactions under the AIM Rules. The directors of the Company consider, having consulted with the Company's Nominated Adviser, Investec Bank plc, that the terms of each of these related party transactions are fair and reasonable in so far as the Company's shareholders are concerned.

The EGM

The EGM is expected to be held at 10 a.m. (London time) on 25 September 2014 at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT. The Company intends to dispatch the Notice of EGM and Explanatory Memorandum to shareholders later today.

Authorised by

David Brown

Chief Executive Officer

26 August 2014

For more information contact:

David Brown	Chief Executive Officer	Coal of Africa	+27 10 003 8000
Michael Meeser	Chief Financial Officer	Coal of Africa	+27 10 003 8000
Celeste Harris	Investor Relations	Coal of Africa	+27 10 003 8000
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

Company advisors:

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Chris Sim/George Price/Jeremy Ellis	Nominated Adviser	Investec Bank plc	+44 20 7597 5970
Charmaine Russell/Jane Kamau	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or +27 82 372 5816

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).

All Correspondence to:
The office of the Depository
Computershare Investor Services PLC
The Pavilions, Bridgwater Road,
Bristol, BS99 6ZY

MR A SAMPLE
< DESIGNATION >
SAMPLE STREET
SAMPLE TOWN
SAMPLE CITY
SAMPLE COUNTY
AA11 1AA

CANCELLED

Form of Instruction - Extraordinary General Meeting to be held on Thursday, 25 September 2014

To be effective, all forms of instruction must be lodged at the office of the Depository at:
Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY by Monday, 22 September 2014 at 10.00 am (London Time).

Explanatory Notes:

1. Please indicate, by placing 'X' in the appropriate space overleaf, how you wish your votes to be cast in respect of each of the Resolutions. If this form is duly signed and returned, but without specific direction as to how you wish your votes to be cast, the form will be rejected.
2. The 'Abstain' option overleaf is provided to enable you to vote withheld on any particular Resolution. However, it should be noted that a 'Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a Resolution.
3. Any alterations made in this form should be initialled.

Kindly Note: This form is issued only to the addressee(s) and is specific to the unique designated account printed hereon. This personalised form is not transferable between different: (i) account holders; or (ii) uniquely designated accounts. Computershare Investor Services PLC (the "Depository") and the Custodian accept no liability for any instruction that does not comply with these conditions.

CANCELLED

All Named Holders

MR A SAMPLE
< Designation >
Additional Holder 1
Additional Holder 2
Additional Holder 3
Additional Holder 4



Form of Instruction



Please use a **black** pen. Mark with an X inside the box as shown in this example.



C0000000000

I/We hereby instruct the Custodian "Computershare Clearing PTY Limited A/c CCNL DI" to vote on my/our behalf at the Extraordinary General Meeting of Coal of Africa Limited to be held at **Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT**, on **Thursday, 25 September 2014 at 10.00 am (London Time)** and at any adjournment thereof.

CANCELLED

Resolution

1. Approval of issue of Shares

For Against Abstain

Signature

Date

CANCELLED
MM / YY

In the case of joint holders, only one holder need sign. In the case of a corporation, the Form of Instruction should be signed by a duly authorised official whose capacity should be stated, or by an attorney.



H 8 8 5

0 5

C Z A





COAL of AFRICA LIMITED
ABN 98 008 905 388



┌ 000001 000 CZA
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

**For your vote to be effective it must be received by 10:00am (London Time) / 5:00pm (Perth Time)
Tuesday, 23 September 2014**

How to Vote on the Item of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite the item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on the item your vote will be invalid.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

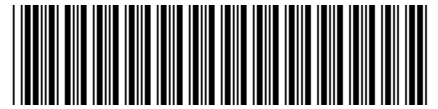
SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Coal of Africa Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Coal of Africa Limited to be held at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London EC2A 1NT on Thursday, 25 September 2014 at 10:00am (London Time) and at any adjournment or postponement of that meeting.

STEP 2 Item of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Resolution 1 Approval of issue of Shares

	For	Against	Abstain
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of the item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on the resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

CZA

999999A

Computershare +

COAL of AFRICA LIMITED

(previously, GVM Metals Limited)
(Incorporated and registered in Australia)
(Registration number: ABN 98 008 905 388)
Share code on the JSE Limited: "CZA"
ISIN: AU000000CZA6
("CoAL" or "the Company")



Computershare Investor Services (Pty) Limited
Reg No 2004/003647/07

FORM OF PROXY – GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, 25 SEPTEMBER 2014 AT 10:00 AM (GMT)

Only for use by certificated shareholders or dematerialised shareholders of CoAL of Africa Limited who have selected "own-name" registration.

For use by CoAL shareholders at the General Meeting of shareholders to be held at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London, EC2A 1NT, United Kingdom on Thursday, 25 September 2014 at 10:00am (GMT) and at any adjournment or postponement of that meeting.

If you have dematerialised your shares with a Central Securities Depository Participant ("CSD Participant") or broker and have not selected "own-name" registration, you must arrange with your CSD Participant or broker to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you wish to vote in this regard. This must be done in terms of the agreement entered into between you and the CSD Participant or broker.

I/We (Names in full – please print)

of (address – please print):

being the holder of shares in CoAL hereby appoint:

1. _____ of _____ or failing him/her,

2. _____ of _____ or failing him/her,

the Chairman of the Meeting, as my/our proxy to attend and vote for me/us at the General Meeting of shareholders to be held at Tavistock Communications, 8th Floor, 131 Finsbury Pavement, London, EC2A 1NT, United Kingdom on Thursday, 25 September 2014 at 10:00am (GMT) and at any adjournment or postponement thereof, and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat in accordance with the following instructions (see notes):

	For	Against	Abstain
Ordinary Resolution 1 Approval of Issue of Shares			

Signed at _____ on _____ 2014

Name

(In block letters)

Signature/s

Assisted by me

(If applicable)

Full name/s of signatory/ies if signing in a representative capacity

(In block letters and authority to be attached – see note 11)

Please read the notes below:

Notes

- (1) Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of CoAL) to attend, speak, vote or abstain from voting in place of that shareholder at the General Meeting of shareholders.
- (2) A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the Meeting," but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the General Meeting of shareholders will be entitled to act as proxy to the exclusion of those whose names follow.
- (3) **Forms of proxy must be lodged with or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 AM on 22 September 2014.**
- (4) The completion and lodging of this form of proxy will not preclude the shareholder from attending the General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
- (5) **If the signatory does not indicate in the appropriate place on the face hereof how he/she wishes to vote in respect of any resolutions, his/her proxy shall be entitled to vote as he/she deems fit in respect of that resolution. Please see information on how the Chairman of the Meeting will vote proxies contained in the Notice of Meeting accompanying this Form of Proxy.**
- (6) The Chairman of the Meeting shall be entitled to decline to accept the authority of a person signing this form of proxy:
 - under a power of attorney; or
 - on behalf of a company;unless the power of attorney or authority is deposited at the office of CoAL's transfer secretaries, not less than 48 hours before the time appointed for the holding of the General Meeting.
- (7) The Chairman of the Meeting may reject or accept any form of proxy, which is completed and/or received other than in accordance with these notes, provided that the Chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
- (8) A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alterations must be signed, not initialled.
- (9) If the shareholding is not indicated on the form of proxy, the proxy will be deemed to be authorised to vote the total shareholding registered in the shareholder's name.
- (10) A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in CoAL in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries no less than 48 hours before the commencement of the General Meeting.
- (11) Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy unless previously recorded by CoAL or its transfer secretaries or waived by the Chairman of the Meeting.
- (12) Where this form of proxy is signed under power of attorney, such power of attorney must accompany this form of proxy, unless it has previously been registered with CoAL or the transfer secretaries.
- (13) Where there are joint holders of shares and if more than one such joint holder is present or represented thereat, then the person whose name appears first in the register of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
- (14) Where shares are held jointly, all joint holders are required to sign.
- (15) A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of CoAL.
- (16) Dematerialised shareholders who have not selected "own-name" registration and who wish to attend the General Meeting or to vote by way of proxy, must advise their CSD Participant or broker who will issue the necessary letter of representation in writing, for a dematerialised shareholder or proxy to do so.

Transfer Secretaries
Computershare Investor Services (Pty) Limited
Reg. No. 2004/003647/07
Proxy Dept. PO Box 61051, Marshalltown, 2107, South Africa
Fax: +27 11 688-5238