



COAL *of* AFRICA LIMITED

ABN 98 008 905 388

NOTICE OF GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS

Date of Meeting

15 June 2017

Time of Meeting

10:00 am (BST)

Place of Meeting

Tavistock Communications, 1 Cornhill, London, EC3V 3ND

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.

Execution of strategic objectives

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 10:00 am (BST) on 15 June 2017 at Tavistock Communications, 1 Cornhill, London, EC3V 3ND for the purpose of transacting the following business referred to in this Notice of General Meeting.

AGENDA

ITEMS OF BUSINESS

1. Resolution 1 – Approval for issue of Shares to Pan African Resources Plc

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, Shareholders approve the allotment and issue of up to 261,287,625 Shares to Pan African Resources Plc at a deemed issue price of R0.4784 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 1 by Pan African Resources Plc and 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 associate of such a person.

However, the Company need not disregard a vote if:

- 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.

2. Resolution 2 – Approval for issue of Shares to Summer Trees Pte Ltd

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, Shareholders approve the allotment and issue of up to 257,884,615 Shares to Summer Trees Pte Ltd at an issue price of US\$0.03878 per Share as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 2 by Summer Trees Pte Ltd and 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 associate of such a person.

However, the Company need not disregard a vote if:

- 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.

3. Resolution 3 – Approval for issue of Shares to M&G Investment Management Limited

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, Shareholders approve the allotment and issue of up to 77,365,385 Shares to M&G Investment Management Limited at an issue price of US\$0.03878 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 3 by M&G Investment Management Limited and 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 associate of such a person.

However, the Company need not disregard a vote if:

- 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.

4. Resolution 4 – Ratification of issue of Shares to M&G Investment Management Limited

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

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of up to 49,007,596 Shares to M&G Investment Management Limited at an issue price of US\$0.04081 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 4 by M&G Investment Management Limited and a person who participated in the issue, and any associate of such a person.

However, the Company need not disregard a vote if:

- 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.

5. Resolution 5 – Ratification of issue of Shares to Yishun Brightrise Investment Pte Limited

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

“That, for the purpose of Listing Rule 7.4 and all other purposes, Shareholders ratify the allotment and issue of up to 240,042,603 Shares to Yishun Brightrise Investment Pte Limited at an issue price of US\$0.04081 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 5 by Yishun Brightrise Investment Pte Limited and a person who participated in the issue, and any associate of such a person.

However, the Company need not disregard a vote if:

- 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.

6. Resolution 6 – Approval for issue of Shares to Yishun Brightrise Investment Pte Limited

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, Shareholders approve the allotment and issue of up to 4,995,378 Shares to Yishun Brightrise Investment Pte Limited at an issue price of US\$0.04081 per Share, as more particularly described in the Explanatory Memorandum accompanying the Notice.”

The Company will disregard any votes cast on Resolution 6 by Yishun Brightrise Investment Pte Limited and 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 associate of such a person.

However, the Company need not disregard a vote if:

- 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.

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

Company or **CoAL** 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 Corporations Act 2001 (Cth).

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

Explanatory Memorandum means the explanatory memorandum accompanying this Notice.

Listing Rules means the Listing Rules of the ASX.

Meeting means the General Meeting the subject of the Notice.

Notice means this Notice of General Meeting, including the Explanatory Memorandum.

R means the lawful currency of South Africa.

Related Party has the meaning given to that term in the Corporations Act.

Resolution means a resolution contained in this Notice.

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

US\$ or **US cents** means the lawful currency of the United States of America

By order of the Board

Tony Bevan

Company Secretary

Dated: 12 May 2017

Notice of General Meeting continued

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 (or in respect of which the Chairman becomes their proxy by default), the secretary or any Director that do not contain a direction how to vote will be used where possible to support the passing of 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 the proposed resolutions. These rules are explained in this Notice.
- To be effective, proxies must be lodged by 10:00 am (BST) on 13 June 2017. 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 10:00 am (BST) on 13 June 2017. 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 10:00 am (BST) on 13 June 2017. 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.

Explanatory Memorandum

This Explanatory Memorandum is intended to provide shareholders with sufficient information to assess the merits of the Resolutions 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 Notice.

RESOLUTION 1 – APPROVAL FOR ISSUE OF SHARES TO PAN AFRICAN RESOURCES PLC

BACKGROUND TO RESOLUTION 1

As announced by the Company on 5 April 2017 (Announcement), the Company has entered into a sale agreement with Pan African Resources Plc (PAN) to acquire 100% of the shares in, and claims against, Pan African Resources Coal Holdings Pty Limited (PAR Coal) for a purchase price of R275 million (US\$20.5 million)¹ (Purchase Price) (Sale Agreement).

PAR Coal holds a 91% interest in Uitkomst Colliery Proprietary Limited (Uitkomst) (with the remaining 9% held by broad-based trusts (including employees and communities) and a strategic entrepreneur's trust), which holds a high grade thermal coal deposit with metallurgical applications that is situated in the Utrecht coalfields in KwaZulu Natal. The colliery consists of an existing underground coal mine (Uitkomst - South Mine) and a planned life of mine extension into the northern area (Klipspruit - North Mine). The South Mine is an easily accessible and well established operating mine. Existing infrastructure such as power supply, water supply, buildings, workshops, weighbridge, water storage and management facilities are all in place. Uitkomst currently employs approximately 520 employees (including contractors).

For the six months ending 31 December 2016 the operation processed 236 011 tonnes and sold, including acquired coal, 327 202 tonnes of metallurgical quality coal which generated a revenue of R225 million with an EBITDA of R38 million. As disclosed in the interim financial statements of PAN, the Uitkomst Colliery had a net asset value of R209 million and made operating profits of R21.3 million.

The Company has continued to restructure its balance sheet to align its project pipeline and ensure that it is well positioned to unlock shareholder value through its flagship Makhado development project. As part of this restructuring, the Company recognised that limited cash flow will be generated during the Makhado pre-production phase over the next three to four years and therefore the Company has been focussed on acquiring a cash generating asset. The Uitkomst acquisition represents a highly compelling and attractive value proposition that the Company believes to be value accretive and which will provide cash flows to support the Company as it continues to progress its flagship Makhado project. The Company believes that Uitkomst will complement its flagship Makhado project and development project pipeline by:

- (a) creating a sustainable, multi-product mining group with a skilled team with excellent resources adding to the development profile;
- (b) providing positive cash flows from Uitkomst;
- (c) enlarging the asset base which provides a stronger proposition to access the necessary funding required to pursue the development of the enlarged group's growth opportunities; and,

- (d) positioning the Company as a potential consolidator with a management team capable of delivery.

The Purchase Price consists of:

- (a) R125 million (US\$9.3 million)¹ payable in cash;
- (b) R25 million (US\$1.8 million)¹ in deferred consideration (the Deferred Consideration). The Deferred Consideration can be repaid by the Company at any time prior to the 24 month anniversary of effective date of the Uitkomst acquisition. The Deferred Consideration will bear interest at the prime rate, and shall be repaid on the second anniversary of the effective date. The Company shall be entitled to prepay any amounts in respect of the Deferred Consideration. If not settled after 24 months the balance outstanding can be settled through the issue of new shares in the capital of the Company at the 30 day VWAP as traded on the JSE on the date immediately prior to the date on which PAN gives its election. To the extent that certain coal buy in opportunities are not secured by or with the assistance of PAN, within two years from the effective date of the acquisition, which would result in the Company suffering a lower economic benefit, the Deferred Consideration can be reduced by such value, subject to a maximum of R15 million; and
- (c) 261,287,625 newly issued shares in the capital of the Company (Consideration Shares) (equivalent to R125 million) equating to approximately 9.3% of the total issued share capital of the Company. The deemed issue price of the Share Consideration is R0.4784 which is based on an 8% discount to the Company's 30 day VWAP as at 31 March 2017 (being R0.52).

The implementation of the Uitkomst acquisition is still subject to and conditional on the fulfilment of the following conditions precedent:

- (a) the Company has obtained all of the requisite shareholder, AIM, JSE and ASX approvals to implement the Acquisition and ancillary transactions;
- (b) Uitkomst has entered into a supply of coal agreement on terms acceptable to the Company;
- (c) PAN has been released from its obligations as guarantor from the financial provisions provided to the Department of Mineral Resources (the Guarantee) and the Guarantee has been replaced in a manner and form acceptable to the Company;
- (d) PAN and the Company have entered into a transitional services agreement;
- (e) the approval by the Competition Authorities in terms of the Competition Act; and
- (f) any exchange control approval which might be required from the Exchange Control Authorities, in terms of the Exchange Control Regulations is obtained.

Explanatory Memorandum continued

Reason for shareholder approval

Resolution 1 seeks shareholder approval to issue the Consideration Shares, being 261,287,625 Shares at a deemed issue price of R0.4784 (approximately US\$0.03514) per Share.

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.

The Company does not have sufficient placement capacity to issue the Consideration Shares to PAN without the approval of shareholders and it is a condition precedent to completion of the transaction that such shareholder approval is obtained. Accordingly, the Company seeks the approval of shareholders to issue the Consideration Shares.

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

- (a) the maximum number of Shares the Company will issue is 261,287,625 Shares;
- (b) subject to the Sale Agreement becoming unconditional, the Consideration Shares will be issued as soon as possible but in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage;
- (c) the deemed issue price of the Consideration Shares is R0.4784 (approximately US\$0.03514);
- (d) the Consideration Shares will be issued to PAN. PAN is not a Related Party of the Company;
- (e) upon issue, the Consideration 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;
- (f) the issue of Consideration Shares is part consideration for the acquisition of PAR Coal pursuant to the Sale Agreement. Accordingly, no funds will be raised from the issue; and
- (g) a voting exclusion statement has been included in the Notice.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 1.

¹Based on a US\$/R exchange rate of 13.41

RESOLUTIONS 2 AND 3 – APPROVAL FOR ISSUE OF SHARES TO SUMMER TREES PTE LTD AND M&G INVESTMENT MANAGEMENT LIMITED

BACKGROUND TO RESOLUTIONS 2 AND 3

As detailed in the Announcement, the cash component of the Purchase Price will be funded through internal cash resources and through the proceeds of an aggregate US\$13 million equity investment from Summer Trees Pte Ltd (Summer Trees) and M&G Investment Management Limited (M&G) pursuant to subscription agreements entered into with each of Summer Trees and M&G (Subscription Agreements).

Pursuant to the Subscription Agreements, the Company will issue:

- (a) 257,884,615 Shares to Summer Trees at a subscription price of US\$0.03878 per Share to raise US\$10 million (Summer Trees Subscription Shares); and
- (b) 77,365,385 Shares to M&G at a subscription price of US\$0.03878 per Share to raise US\$3 million (M&G Subscription Shares), (together the Subscription Shares).

Use of proceeds

Subject to the Sale Agreement becoming unconditional, the Company will use the proceeds raised from the Subscription Agreements to fund the cash consideration component of the purchase price for the acquisition of PAR Coal as outlined in the section entitled "Background to Resolution 1" and for costs associated with the acquisition. If the acquisition of PAR Coal does not proceed, the funds raised (after costs) will be used for working capital purposes.

Reason for shareholder approval

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, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The Company does not have sufficient placement capacity to issue all of the Subscription Shares to Summer Trees and M&G without the approval of shareholders. Accordingly, the Company seeks the approval of shareholders to issue the Subscription Shares pursuant to Resolutions 2 and 3.

Resolution 2 seeks shareholder approval to issue the Summer Trees Subscription Shares, being 257,884,615 Shares at an issue price of US\$0.03878 per Share.

Resolution 3 seeks shareholder approval to issue the M&G Subscription Shares, being 77,365,385 Shares at an issue price of US\$0.03878 per Share.

RESOLUTION 2 – ISSUE OF SHARES TO SUMMER TREES

The following information in relation to the proposed issue of the Summer Trees Subscription Shares is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company will issue to Summer Trees is 257,884,615 Shares;
- (b) the Summer Trees Subscription Shares will be issued as soon as possible but in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage;
- (c) the issue price of the Summer Trees Subscription Shares is US\$0.03878;
- (d) the Summer Trees Subscription Shares will be issued to Summer Trees. Summer Trees is not a Related Party of the Company;
- (e) upon issue, the Summer Trees Subscription 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;
- (f) the intended use of the funds raised under the Subscription Agreements is to fund the cash consideration component of the Purchase Price for the acquisition of PAR Coal as outlined in the section entitled "Background to Resolution 1" and for costs associated with the acquisition. If the acquisition of PAR Coal does not proceed, the funds raised (after costs) will be used for working capital purposes; and
- (g) a voting exclusion statement has been included in the Notice.

RESOLUTION 3 – ISSUE OF SHARES TO M&G

The following information in relation to the proposed issue of the M&G Subscription Shares is provided to shareholders for the purposes of Listing Rule 7.3:

- (a) the maximum number of Shares the Company will issue to M&G is 77,365,385 Shares;
- (b) the M&G Subscription Shares will be issued as soon as possible but in any case no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules). The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage;
- (c) the issue price of the M&G Trees Subscription Shares is US\$0.03878;
- (d) the M&G Subscription Shares will be issued to M&G. M&G is not a Related Party of the Company;
- (e) upon issue, the M&G Subscription 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;
- (f) the intended use of the funds raised under the Subscription Agreements is to fund the cash consideration component of the Purchase Price for the acquisition of PAR Coal as outlined in the section entitled "Background to Resolution 1" and for costs associated with the acquisition. If the acquisition of PAR Coal does not proceed, the funds raised (after costs)

will be used for working capital purposes; and

- (g) a voting exclusion statement has been included in the Notice.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of Resolutions 2 and 3.

RESOLUTION 4 – RATIFICATION OF SHARES ISSUED TO M&G

BACKGROUND TO RESOLUTION 4

As announced on 1 February 2017, the Company has undertaken a placement to M&G Investment Management Limited (M&G) to raise US\$2 million through the issue of up to 49,007,596 new Shares (M&G Shares) at an issue price of US\$0.04081 per Share (February M&G Placement).

The M&G Shares were issued without shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1.

Reason for shareholder ratification

Under Listing Rule 7.1 the Company may not, without shareholder approval, issue equity securities of more than 15% of its total issued securities within a 12 month period.

The issue of the M&G Shares was undertaken without shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1. Listing Rule 7.4 permits ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the maximum thresholds set by Listing Rule 7.1.

Approval of this Resolution 4 will provide the Company with the flexibility to issue further securities under Listing Rule 7.1 during the next 12 months.

Listing Rule 7.5 contains certain requirements as to the contents of the Notice sent to shareholders for the purposes of subsequent approval of an issue of securities under Listing Rule 7.4. The following information in relation to the proposed issue of M&G Shares is included in this Explanatory Memorandum for that purpose:

- (a) the number of Shares issued was 49,007,596 Shares;
- (b) the issue price of the Shares was US\$0.04081;
- (c) the M&G Shares are 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;
- (d) the Shares have been issued to M&G. M&G is not a Related Party of the Company;
- (e) the intended use of the funds raised by the issue of the M&G Shares is for working capital purposes; and
- (f) a voting exclusion statement has been included in the Notice.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of Resolution 4.

Explanatory Memorandum continued

RESOLUTIONS 5 AND 6 –SHARE ISSUES TO YISHUN BRIGHTRISE INVESTMENT PTE LIMITED

BACKGROUND TO RESOLUTION 5 AND 6

As announced on 17 February 2017, and pursuant to a loan agreement between Yishun Brightrise Investment PTE Limited (YBI) and the Company, YBI elected to convert its US\$10 million loan into Shares at an issue price of US\$0.04081.

The number of Shares to be issued to YBI was 245,037,980 (Conversion Shares). The Conversion Shares are being issued in two tranches, comprising:

- (a) 240,042,603 Shares which were issued to YBI on 17 February 2017 without shareholder approval under the Company's 15% placement capacity under Listing Rule 7.1 (First Tranche); and
- (b) a further 4,995,378 shares to be issued once the Company's general placement authority had been replenished (Second Tranche).

Pursuant to Resolutions 5 and 6, the Company is seeking, respectively:

- (a) shareholder ratification of the issue of the First Tranche to YBI in accordance with Listing Rule 7.4; and
- (b) shareholder approval to issue the Second Tranche to YBI in accordance with Listing Rule 7.1.

The Board considers that the YBI debt to equity conversion is a positive outcome for the Company as it extinguished a substantial liability from the Company's balance sheet.

Reason for shareholder ratification

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, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue of the First Tranche was undertaken without shareholder approval

under the Company's 15% placement capacity under Listing Rule 7.1. Listing Rule 7.4 permits ratification of previous issues of securities made without prior shareholder approval, provided the issue did not breach the maximum thresholds set by Listing Rule 7.1.

Approval of Resolution 5 will provide the Company with the flexibility to issue further securities under Listing Rule 7.1 during the next 12 months.

Listing Rule 7.5 contains certain requirements as to the contents of the Notice sent to shareholders for the purposes of subsequent approval of an issue of securities under Listing Rule 7.4.

The Company does not have sufficient placement capacity to issue the Second Tranche to YBI without the approval of shareholders. Accordingly, the Company seeks the approval of shareholders to issue the Second Tranche pursuant to Resolution 6.

RESOLUTION 5 – RATIFICATION OF ISSUE OF FIRST TRANCHE SHARES

The following information in relation to the proposed issue of the First Tranche to YBI is included in this Explanatory Memorandum for the purpose of Listing Rule 7.5:

- (a) the number of Shares issued was 240,042,603 Shares;
- (b) the issue price of the Shares was be US\$0.04081;
- (c) the Shares are 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;
- (d) the Shares have been issued to YBI. YBI is not a Related Party of the Company;
- (e) the issue of the First Tranche to YBI occurred on the conversion of a US\$10 million loan owed by the Company to YBI. Accordingly, no funds will be raised from the issue. However, the issue will have the effect of extinguishing a US\$10 million liability; and
- (f) a voting exclusion statement has been included in the Notice.

RESOLUTION 6 – APPROVAL OF ISSUE OF SECOND TRANCHE SHARES

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

- (a) the maximum number of Shares the Company will issue is 4,995,378 Shares;
- (b) the Company intends to issue the Second Tranche as soon as possible following the Meeting (and in any event, within 3 months after the date of the meeting or such later date as approved by ASX). The Company expects to issue all of the Shares on the same date, however the exact date of issue is unknown at this stage;
- (c) the issue price of the Second Tranche is US\$0.04081;
- (d) the Second Tranche will be issued to YBI. YBI is not a Related Party of the Company;
- (e) upon issue, the Second Tranche 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;
- (f) the issue of the Second Tranche to YBI (together with the First Tranche) is for the purpose of converting a US\$10 million loan owed by the Company to YBI. Accordingly, no funds will be raised from the issue. However, the issue will have the effect of extinguishing a US\$10 million liability; and
- (g) a voting exclusion statement has been included in the Notice.

Directors' recommendation

The Board unanimously recommends that shareholders vote in favour of Resolutions 5 and 6.

¹Based on a US\$/R exchange rate of 13.41

www.coalofafrica.com

COAL of AFRICA LIMITED

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

FORM OF PROXY – GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON THURSDAY, 15TH JUNE 2017 AT 10:00 AM (BST)

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, 1 Cornhill, London, EC3V 3ND, United Kingdom on Thursday, 15 June 2017 at 10:00 am (BST) 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,

or if no person is named, 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 1 Cornhill, London, EC3V 3ND, United Kingdom on Thursday, 15 June 2017 at 10:00 am (BST) 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 (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) (see notes).

The Explanatory Memorandum that accompanies and forms part of this Notice of General Meeting describes the matters to be considered at the General Meeting.

	For	Against	Abstain
Ordinary Resolution 1 Approval for issue of Shares to Pan African Resources Plc			
Ordinary Resolution 2 Approval for issue of Shares to Summer Trees Pte Ltd			
Ordinary Resolution 3 Approval for issue of Shares to M & G Investment Management Limited			
Ordinary Resolution 4 Ratification of issue of shares to M & G Investment Management Limited			
Ordinary Resolution 5 Ratification of issue of shares to Yishun Brightrise Investment Pte Limited			
Ordinary Resolution 6 Approval for issue of Shares to Yishun Brightrise Investment Pte Limited			

Signed at _____ on _____ 2017

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 (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa, (PO Box 61051, Marshalltown, 2107) or faxed to +27 11 688-5238 to be received by no later than Tuesday, 13 June 2017 at 10:00 am (BST/12pm CAT).**
- (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. The Chairman intends to vote all available undirected proxies in favour of all Resolutions.**
- (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) Subject to note (2) above, 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 (Proprietary) Limited
Reg. No. 2004/003647/07
Proxy Dept. PO Box 61051, Marshalltown, 2107, South Africa
Fax: +27 11 688-5238



COAL of AFRICA LIMITED
ABN 98 008 905 388



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

Lodge your vote:

Online:
www.investorvote.com.au

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

XX



Vote online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

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



**For your vote to be effective it must be received by 10:00am (BST) / 5:00pm (AWST)
Tuesday, 13 June 2017**

How to Vote on Items 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 each 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 an item your vote will be invalid on that item.

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 for Postal Forms

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.

**GO ONLINE TO VOTE,
or turn over to complete the form →**

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, 1 Cornhill, London, EC3V 3ND on Thursday, 15 June 2017 at 10:00am (BST) and at any adjournment or postponement of that meeting.

STEP 2 Items 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.

	For	Against	Abstain
Resolution 1 Approval for issue of Shares to Pan African Resources Plc	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Approval for issue of Shares to Summer Trees Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for issue of Shares to M&G Investment Management Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Ratification of issue of Shares to M&G Investment Management Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Ratification of issue of Shares to Yishun Brightrise Investment Pte Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval for issue of Shares to Yishun Brightrise Investment Pte Limited	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

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

Individual or Securityholder 1 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 2 <input style="width: 90%; height: 20px;" type="text"/>	Securityholder 3 <input style="width: 90%; height: 20px;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____

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 - General Meeting to be held on 15 June 2017

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 12 June 2017 at 10.00 am (BST).

Explanatory Notes:

1. Please indicate, by placing 'X' in the appropriate space overleaf, how you wish your votes to be cast in respect of the Resolution. 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 abstain from voting on the Resolution. However, it should be noted that abstaining 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.
4. The Notice of Meeting and Explanatory Memorandum are available online, simply visit: www.coalofafrica.com

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 Ltd A/c CCNL DI" to vote on my/our behalf at the General Meeting of Coal of Africa Limited to be held at **Tavistock Communications, 1 Cornhill, London, EC3V 3ND**, on **15 June 2017** at **10.00 am (BST)** and at any adjournment thereof.

CANCELLED

Ordinary Resolutions

- | | For | Against | Abstain |
|--|--------------------------|--------------------------|--------------------------|
| 1. Approval for issue of Shares to Pan African Resources Plc | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Approval for issue of Shares to Summer Trees Pte Ltd | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Approval for issue of Shares to M&G Investment Management Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Ratification of issue of Shares to M&G Investment Management Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Ratification of issue of Shares to Yishun Brightrise Investment Pte Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Approval for issue of Shares to Yishun Brightrise Investment Pte Limited | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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.

