



ANNOUNCEMENT

1 February 2017

M&G Share Placement

Coal of Africa Limited (“CoAL” or the “Company”), the coal exploration and project development company operating in South Africa, and traded on the ASX, AIM and the JSE, is pleased to announce the successful completion of a share placement to M&G Investment Management Limited (“M&G”).

An amount of 49,007,596 ordinary shares (the “Placement Shares”) will be issued to M&G, at a price of 4.081 US cents per share, in terms of the subscription agreement entered into between the Company and M&G to raise US\$2 million (the “Placement”). The subscription proceeds amount will be used for working capital purposes.

The issue of the Placement Shares does not require CoAL shareholder approval or any other consents or approval.

Application has been made for the Placement Shares to be admitted to trading on the AIM market of the London Stock Exchange (“AIM”). Admission to trading on AIM is expected to become effective on or around 6 February 2017. The Placement Shares will rank pari passu with the Company's existing ordinary shares of nil par value. Application for quotation of the Placement Shares will also be made to the Australian Securities Exchange and the Main Board of the JSE Limited.

Following admission of the Placement Shares there will be 1,976,008,924 shares on issue. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

David Brown, Chief Executive Officer of CoAL, commented:

“The M&G placement once again confirms the support from our large shareholders and provides the Company with additional financial capacity to fund our working capital requirements. We remain committed to creating shareholder wealth by continuing to complete our turnaround strategy, a potential acquisition of a cash generator and ultimately the development of our flagship project – the Makhado Mine.”

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Bernard R. Pryor – Chairman, David H. Brown – Chief Executive Officer, De Wet O Schutte
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Investec Bank Limited is the nominated JSE Sponsor

About CoAL:

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