

MALLESONS STEPHEN JAQUES**Confidential communication**

17 June 2008

Attention Mrs Shannon Coates

Company Secretary
Coal of Africa Limited
Level 1, 173 Mounts Bay Rd
Perth WA 6000
Fax (08) 9322 6778

ASX Limited
Company Announcements Office
Level 4, 20 Bridge Street
Sydney NSW 2000
Fax 1900 999 279

Dear Mrs Coates

Coal of Africa Limited - Form 604: Notice of Change of Interests Substantial Holder

We attach a Form 604 (Notice of change of interests substantial holder) in respect of Coal of Africa Limited on behalf of Africa Management Limited.

Yours sincerely



Alexander Nielsen
Solicitor
Direct line +61 3 9643 4052
Fax +61 3 9643 5999
Email alexander.nielsen@mallesons.com

Jonathan Hamer
Partner

Encl 1

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DX 101 Melbourne ABN 22 041 424 954 mel@mallesons.com www.mallesons.com

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Form 604

Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To, Company Name/SchemeCoal of Africa Limited

ACN/ARSN009 905 388

1. Details of substantial holder (1)**Name**

Africa Management Limited on behalf of itself and Och-Ziff Capital Management Group LLC, Och-Ziff Holding Corporation, The Sovereign Group, Palladino Holdings Limited, Adriano Consultants Limited, OZ Management LP, OZ

Form 604

Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To, Company Name/Scheme Coal of Africa LimitedACN/ARSN 008 905 388

1. Details of substantial holder (1)

Name Africa Management Limited on behalf of itself and Och-Ziff Capital Management Group LLC, Och-Ziff Holding Corporation, The Sovereign Group, Palladino Holdings Limited, Adriano Consultants Limited, OZ Management LP, OZ Africa Management GP, LLC, OZ Global Special Investments Master Fund, LP, OZ Europe Master Fund, Ltd, OZ Master Fund, Ltd, OZ Africa Investments (MD), Ltd, OZ Africa Investments (ME), Ltd, OZ Africa Investments (SI), Ltd, African Global Capital I, LP and Coal Investments Limited

ACN/ARSN (if applicable)

n/a

There was a change in the interests of the substantial holder on

12/06/2008

The previous notice was given to the company on

18/01/2008

The previous notice was dated

18/01/2008

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Fully paid ordinary shares	38,810,512	11.37%	59,310,512	14.89%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
13/03/08	African Global Capital I, LP	As disclosed in the Form 603 notice on 18/1/2008, African Global Capital I, LP entered into an Agreement of Sale of Shares (and Option) in respect of shares in Coal of Africa Limited, a copy of which was annexed to that notice. AGC exercised that option on 13/03/2008 and has been registered as the holder of 28,528,395 fully paid ordinary shares that were the subject of the option.	US\$47,471,248	28,528,395 Shares	28,528,395 Shares
12/06/2008	Coal Investments Limited	On 12/06/08, Coal Investments Limited entered into an agreement to subscribe for shares in Coal of Africa Limited, a copy of which is annexed to this notice as Annexure A.	GBP39,150,000	25,500,000 Shares	25,500,000 Shares

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (8)	Class and number of securities	Person's votes
Och-Ziff Capital Management Group LLC, Och-Ziff Holding Corporation, The Sovereign Group, Palladino Holdings, Adriano Consultants Limited, OZ Management LP, OZ Africa Management GP, LLC, OZ Global Special Investments Master Fund, LP, OZ Europe Master Fund, Ltd, OZ Master Fund, Ltd, Africa Management Limited, OZ Africa Investments (MD), Ltd, OZ Africa Investments (ME), Ltd and OZ Africa Investments (SI), Ltd.	African Global Capital I, LP Coal Investments Limited	African Global Capital I, LP Coal Investments Limited	The holder of the relevant interest has a relevant interest in the holdings detailed below by virtue of section 608(3) of the Corporations Act 2001	33,810,512 Shares 25,500,000 Shares	33,810,512 Shares 25,500,000 Shares
African Global Capital I, LP	African Global Capital I, LP	African Global Capital I, LP	African Global Capital I, LP has a relevant interest in these Shares, being the registered owner of the Shares	33,810,512 Shares	33,810,512 Shares
Coal Investments Limited	Coal Investments Limited	Coal Investments Limited	Coal Investments Limited has a relevant interest in these Shares under an agreement in relation to the Shares	25,500,000 Shares	25,500,000 Shares

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
African Global Capital I, LP	Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands
Coal Investments Limited	Stuarts Corporate Service Ltd, Cayman Financial Centre, PO Box 2510, George Town, Grand Cayman, KY1 - 1104, Cayman Islands
Och-Ziff Capital Management Group LLC	1209 Orange Street, in the City of Wilmington, County of New Castle
Och-Ziff Holding Corporation	1209 Orange Street, in the City of Wilmington, County of New Castle
The Sovereign Group	PO Box 170, Churchill Building, Front Street, Grand Turk, Turks and Caicos Islands
Palladino Holdings Limited	PO Box 170, Churchill Building, Front Street, Grand Turk, Turks and Caicos Islands
Adriano Consultants Limited	Mill Mall, Suite 6, Wickhams Cay 1, PO Box 3085, Road Town, Tortola, British Virgin Islands
OZ Management LP	Level 39, 9 West 57 th Street, New York, New York, 10016
OZ Africa Management GP, LLC	Level 39, 9 West 57 th Street, New York, New York, 10016
OZ Global Special Investments Master Fund, LP	c/o Goldman Sachs (Cayman) Trust, Ltd, Harbour Centre, P.O. Box 896, George Town, Grand Cayman, Cayman Islands
OZ Europe Master Fund, Ltd	c/o Goldman Sachs (Cayman) Trust, Ltd, Harbour Centre, P.O. Box 896, George Town, Grand Cayman, Cayman Islands
OZ Master Fund, Ltd	c/o Goldman Sachs (Cayman) Trust, Ltd, Harbour Centre, P.O. Box 896, George Town, Grand Cayman, Cayman Islands
OZ Africa Investments (MD), Ltd	Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands
OZ Africa Investments (ME), Ltd	Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands
OZ Africa Investments (SI), Ltd	Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9002, Cayman Islands
Africa Management Limited	Ogler House, St Julian's Avenue, St Peter Port, Guernsey GY1 1WA

Signature

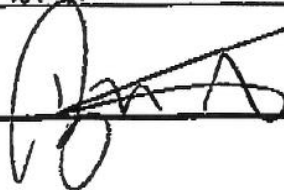
print name

BRIAN LEE

capacity

Authorised officer

sign here



date 16/06/2008

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (6) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.
- (8) If the substantial holder is unable to determine the identity of the person (eg if the relevant interest arises because of an option) write "unknown".
- (9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Annexure A

Africa Management Limited on behalf of itself and Och-Ziff Capital Management Group LLC, Och-Ziff Holding Corporation, The Sovereign Group, Palladino Holdings Limited, Adriano Consultants Limited, OZ Management LP, OZ Africa Management GP, LLC, OZ Global Special Investments Master Fund, LP, OZ Europe Master Fund, Ltd, OZ Master Fund, Ltd, OZ Africa Investments (MD), Ltd, OZ Africa Investments (ME), Ltd, OZ Africa Investments (SE), Ltd, African Global Capital I, LP and Goal Investments Limited

This is Annexure A, which includes this page and the following 19 pages, referred to in Form 604 Notice of Change of Interests of Substantial Holder

Signed

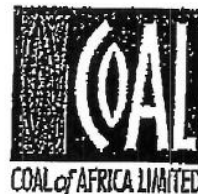
Name

Date



BRIAN LEE

16/6/2008



PLACEMENT OF 37,500,000 SHARES @ £1.30 EACH TO RAISE £48,750,000

Dated 12 June 2008

Coal of Africa Limited has resolved to undertake a private placement, in accordance with Listing Rule 7.1 of the Listing Rules of the Australian Stock Exchange. The placement will be made to Coal Investments Limited, a company incorporated under the laws of the Cayman Islands under registered number ST-205345, whose registered office is at Stuarts Corporate Service Ltd, Cayman Financial Centre, PO Box 2510, George Town, Grand Cayman, KY1 - 1104, Cayman Islands, and/or its related parties falling within the exemptions provided by s708 of the Corporations Act 2001 (Cth).

1. SHARES

Class	Ordinary fully paid shares in Coal of Africa Limited ("Shares")
Number of shares to be issued	37,500,000 Shares in aggregate and in the two tranches as follows: Tranche 1 – 25,500,000 Shares, subject to the satisfaction of the Tranche 1 Condition ("Tranche 1 Shares") Tranche 2 – 12,000,000 Shares, subject to the satisfaction of the Tranche 2 Conditions (as defined herein) ("Tranche 2 Shares")
Issue Price:	£1.30
Amount to be raised:	£48,750,000 (subject to satisfaction of the Conditions)
Purpose:	General working capital
Closing Date:	The Tranche 1 Closing Date and the Tranche 2 Closing Date (each as defined herein).
Issue and allotment date of Shares	The Tranche 1 Shares will be issued and allotted in accordance with the terms of this Agreement on the Tranche 1 Closing Date (as defined herein). The Tranche 2 Shares will be issued and allotted in accordance with the terms of this Agreement on the Tranche 2 Closing Date (as defined herein).
Quotation	Coal of Africa will procure, as soon as reasonably practicable from the Tranche 1 Closing Date and the Tranche 2 Closing Date that the Tranche 1 Shares and the Tranche 2 Shares respectively are admitted to trading on the Australian Securities Exchange, the stock exchange operated by JSE Limited and

www.coalofafrica.com

All: Level 1 Old Swan Brewery 173 Mount Roy Road Perth WA 6000 Australia Telephone: +61 8 9322 6776 Facsimile: +61 8 9322 6778 Email: perth@coalofafrica.com 402 003 905 388
ZA: Level 1 Coal House Pinewood Office Park 33 Raby Road Woodward 2191 South Africa Telephone: +27 11 785 4518 Facsimile: +27 11 807 6654 Email: johannesburg@coalofafrica.com

Handwritten signature

the Alternative Investment Market of London Stock Exchange plc.

Lock Up

It is acknowledged that upon the issue of the Tranche 1 Shares to Coal Investments Limited, Coal Investments Limited has agreed to be bound by certain lock up provisions in respect of the Tranche 1 Shares and the Tranche 2 Shares set out in the Letter Agreement (as defined herein).

Black Economic Empowerment

It is acknowledged that Coal Investments Limited has entered into the Letter Agreement, which provides, subject to certain conditions, for it to use commercially reasonable endeavours to transfer the Tranche 1 Shares and the Tranche 2 Shares to an HDSA Entity (as defined in the Letter Agreement) on and subject to the terms of the Letter Agreement.

2. OPTIONS

Description

Coal of Africa Limited and Coal Investments Limited will, on or about the date of this agreement, enter into an option agreement ("Option Agreement") pursuant to which Coal Investments Limited or its nominee will have the option to subscribe for up to 50,000,000 Shares at an exercise price of £1.80 on and subject to the terms of the Option Agreement.

3. GENERAL

Application Form

See attached

Enquiries in relation to Offer

Mr Blair Sergeant

Finance Director

+27 11 785 4515

bsergeant@coalofafrica.co.za

M. A.

APPLICATION FORM

To: Coal of Africa Limited ("Company")
ABN 98 008 905 388
Level 1, Old Swan Brewery
173 Mounts Bay Road
PERTH WA 6000

1. Coal Investments Limited (the "Applicant") hereby applies to the Company for the allotment and issue to it of, and the Company hereby agrees to allot and to issue to the Applicant:

- (a) subject to the satisfaction of the Tranche 1 Condition (as defined herein), 25,500,000 fully paid ordinary shares in the capital of the Company ("Tranche 1 Shares") free and clear of all Encumbrances with all rights attaching thereto and ranking pari passu with all Shares at the relevant date of issue on the date falling 5 Business Days after the making of the announcement by the Company referred to in paragraph 4(a) of the Letter Agreement (the "Tranche 1 Closing Date") at a price of £1.30 per Share (the "Subscription Price"); and
- (b) subject to the satisfaction of the Tranche 2 Conditions (as defined herein), 12,000,000 fully paid ordinary shares in the capital of the Company ("Tranche 2 Shares") free and clear of all Encumbrances with all rights attaching thereto and ranking pari passu with all Shares at the relevant date of issue on the date falling 5 Business Days after the date of satisfaction of the FIRB Condition (the "Tranche 2 Closing Date") at the Subscription Price,

on and subject to the other terms and conditions set out below and the preceding covering letter (together, the "Agreement").

2. Subject to the satisfaction of the Tranche 1 Condition, on the Tranche 1 Closing Date:

- (a) the Applicant shall pay by electronic transfer to the account set out below (the "Subscription Account") an amount equal to the number of Tranche 1 Shares multiplied by the Subscription Price:

Company: Coal of Africa Limited
Bank: National Australia Bank
Branch: International Service Centre
BSB: GYMMEGBP01
Swift #: NATAAU3303M; and

- (b) the Company shall:

- (i) allot and issue the Tranche 1 Shares to the Applicant;



- (i) procure that the Applicant is registered as the holder of the Tranche 1 Shares; and
- (ii) procure that the Tranche 1 Shares are admitted to trading on the Australian Securities Exchange, the stock exchange operated by JSE Limited and the Alternative Investment Market of London Stock Exchange plc as soon as reasonably practicable.

3. Subject to the satisfaction of the Tranche 2 Conditions, on the Tranche 2 Closing Date:

- (a) the Applicant shall pay by electronic transfer to the Subscription Account, or such other account notified to it by the Company sufficiently in advance, an amount equal to the number of Tranche 2 Shares multiplied by the Subscription Price;
- (b) the Company shall:
 - (i) allot and issue the Tranche 2 Shares to the Applicant;
 - (ii) procure that the Applicant is registered as the holder of the Tranche 2 Shares; and
 - (iii) procure that the Tranche 2 Shares are admitted to trading on the Australian Securities Exchange, the stock exchange operated by JSE Limited and the Alternative Investment Market of London Stock Exchange plc as soon as reasonably practicable.

Details of Applicant:

Applicant Name: Coal Investments Limited
Company #: ST - 205345
Applicant Address: Smartis Corporate Service Ltd, Cayman Financial Centre, PO Box 2510, George Town,
Grand Cayman, KY1 - 1104, Cayman Islands

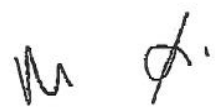
M. A.

By signing this Application Form it is agreed as follows:

- 1 The Applicant declares that all details and statements made by it in this Application Form are complete and accurate.
- 2 The Applicant agrees that if it is issued the Tranche 1 Shares and/or the Tranche 2 Shares it will be bound by the constitution of the Company.
- 3 The Applicant acknowledges that:
 - (a) It has made its own enquiries concerning the Company and its business and affairs and that the Company makes no representation or warranties to the Applicant other than as set out in this Agreement; and
 - (b) the Company is not required to provide to the Applicant a prospectus or other disclosure document for the issue of the Tranche 1 Shares and the Tranche 2 Shares because the Applicant comes within one of the stated exceptions in section 708 of the Corporations Act 2001.

Representations and Warranties

- 4 Each of the parties to this Agreement represents and warrants to the other party that:
 - (c) it has full power and authority to enter into and to perform its obligations under this Agreement which when executed will constitute valid and binding obligations on it in accordance with its terms; and
 - (d) the entry and delivery of, and the performance by it of this Agreement will not result in any breach of any provision of its constitution or any law or regulation applicable to it or result in any claim by a third party against any other party to this Agreement.
- 5 The Company hereby represents and warrants to the Applicant that:
 - (a) it has or will on the Tranche 1 Closing Date have all applicable powers and authorities necessary for it to allot and issue the Tranche 1 Shares pursuant to this Agreement;
 - (b) it has or will on the Tranche 2 Closing Date have all applicable powers and authorities necessary for it to allot and issue the Tranche 2 Shares pursuant to this Agreement; and
 - (c) the statements set out in schedule one to this Agreement are true and accurate as of the date of this Agreement and will be true and accurate at the Tranche 1 Closing Date, the Tranche 2 Closing Date and the date on which each of the conditions set out in clauses 3.1 and 3.2 (other than clause 3.2.3) of the Option Agreement are satisfied as if they had been repeated at such date.
- 6 The Company acknowledges that the Applicant has entered into this Agreement in reliance upon the Warranties.
- 7 The Company shall promptly notify the Applicant in writing of any matter or thing which arises or becomes known to it before the Tranche 2 Closing Date which makes any of the Warranties incorrect or misleading.
- 8 The Company agrees to indemnify and keep indemnified the Applicant and any of its affiliates from and against any and all loss, damage or liability (whether criminal or civil) suffered and legal fees (on an attorney and own client scale) and costs incurred as a result of or in connection with any breach of this Agreement or any Warranties by the Company.



Undertakings

- 9 The Company covenants with and undertakes to the Applicant that it will at all times conduct its business (and will procure that the Group conducts its business) in a manner that complies with all laws, rules and regulations applicable to it and, without limitation will:
- (a) refrain from taking any action that would result in a violation by any Group Company of any economic sanction imposed by any rule, regulation or statute of the United States of America, including without limitation, those administered by the Office of Foreign Assets Control of the United States Treasury Department, including any action with respect to any "Specially Designated Nationals and Blocked Persons", the list of which can be found at: <http://www.usstreas.gov/offices/enforcement/ofac/sdn/t1tsdn.pdf>;
 - (b) except where the below mentioned is lawful under the written laws and regulations of the relevant jurisdiction of the Governmental Official (as defined below), refrain from offering, promising to pay, or authorising the payment of any money, or offering, giving, promising to give or authorising the giving of anything of value to any officer, employee or any other person acting in an official capacity for any government or any department, agency or instrumentality thereof, including any entity or enterprise owned or controlled by a government, or for any public international organisation, to any political party or official thereof or to any candidate for political office (individually and collectively, a "Government Official") or to any person knowing or being aware of a high probability that all or a portion of such money or thing of value will be unlawfully offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:
 - (i) influencing any act or decision of such Government Official in his official capacity;
 - (ii) inducing such Government Official to do or omit to do any act in violation of his lawful duty;
 - (iii) securing any improper advantage;
 - (iv) inducing such Government Official to influence or affect any act or decisions of any entity or enterprise owned or controlled by a government; or
 - (v) assisting the Company (or the relevant Group Company) in obtaining or retaining business for or with, or directing business to the Company (or the relevant Group Company).

Reconstruction

- 10 If, at any time there is a reconstruction of the capital of the Company ("Reconstruction"), in respect of the Tranche 1 Shares, on or before the Tranche 1 Closing Date, or, in respect of the Tranche 2 Shares, on or before the Tranche 2 Closing Date, the number of Tranche 1 Shares and the number of Tranche 2 Shares, will be reconstructed in the manner specified below:
- (a) in a consolidation of capital, the number of Tranche 1 Shares and Tranche 2 Shares must be consolidated in the same ratio as the Shares and the Subscription Price must be amended in inverse proportion to that ratio;
 - (b) in a sub-division of capital, the number of Tranche 1 Shares and Tranche 2 Shares must be sub-divided in the same ratio as the Shares and the Subscription Price must be amended in inverse proportion to that ratio;

- (c) in a return of capital or other distribution (whether in cash or in specie), the number of Tranche 1 Shares and Tranche 2 Shares must remain the same, and the Subscription Price must be reduced by the same amount as the amount returned or the amount of the distribution in relation to each ordinary security;
- (d) in a reduction of capital by cancellation of capital paid up on Shares that is lost or not represented by available assets where no Shares are cancelled, the number of Tranche 1 Shares and Tranche 2 Shares and the Subscription Price must remain unaltered;
- (e) in a pro rata cancellation of Shares, the number of Tranche 1 Shares and Tranche 2 Shares must be reduced in the same ratio as the Shares and the Subscription Price must be amended in inverse proportion to that ratio; and
- (f) in any other case, the number of Tranche 1 Shares and Tranche 2 Shares, or the Subscription Price, or both, must be reorganised so that the Applicant is no better or worse off than if the Reconstruction had not occurred.

Nothing in this clause prevents a rounding up of the number of Tranche 1 Shares and Tranche 2 Shares to be received by the Applicant if the rounding up is approved at the shareholders' meeting that approves the Reconstruction, and the terms of this Agreement will be construed accordingly.

- 11 In the event of any Reconstruction prior to the Tranche 2 Closing Date in accordance with these terms, clause 10 will be amended to the extent necessary to comply with the listing rules of the Australian Securities Exchange applicable to the reorganisation of capital at the time of the Reconstruction.
- 12 The Company agrees to the appointment by the Applicant (at the Company's expense) of an independent expert, for the purposes of determining any reorganisation required to give effect to clause 10(c). The Company agrees to be bound by such determination.

Conditions

- 13 All provisions of this Agreement relating to the allotment, issue and subscription of the Tranche 1 Shares, including, without limitation, the provisions of paragraphs 1(a) and 2 of the Application Form attached as part of this Agreement shall at all times be conditional upon the Company providing the Applicant with a certificate on the Tranche 1 Closing Date signed by two directors of the Company that each of the representations and warranties set out at schedule one are true and accurate and not misleading as at the Tranche 1 Closing Date (the "Tranche 1 Condition"). The Applicant may, in its sole discretion, waive the Tranche 1 Condition provided that such waiver is express and in writing.
- 14 All provisions of this Agreement relating to the allotment, issue and subscription of the Tranche 2 Shares, including, without limitation, the provisions of paragraphs 1(b) and 3 of the Application Form attached as part of this Agreement shall at all times be conditional upon
 - (a) the Treasurer of the Commonwealth of Australia advising that he approves or has no objection to the acquisition of the Tranche 2 Shares under the Foreign Acquisitions and Takeovers Act 1975 (Cth) or has ceased to have power to make an order under that Act in respect of the acquisition (the "FIRB Condition"); and
 - (b) the Company providing the Applicant with a certificate on the Tranche 2 Closing Date signed by two directors of the Company that each of the representations and warranties set out at schedule one are true and accurate and not misleading as at the Tranche 2 Closing Date (the "Tranche 2 Certificate Condition", and together with the FIRB

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Condition, the "Tranche 2 Conditions", and together with the Tranche 1 Condition, the "Conditions"). The Applicant may, in its sole discretion, waive the Tranche 2 Certificate Condition provided that such waiver is express and in writing.

Termination

- 15 This Agreement shall be terminated with immediate effect and all rights and obligations of the parties under this Agreement shall, subject to clause 18, cease forthwith, upon written notice by the Applicant upon the Company committing a material breach of any of the Warranties or any of its obligations under this Agreement, the Letter Agreement or the Option Agreement and, if such breach is capable of remedy, fails to remedy such breach within 5 Business Days of a written notice from the Applicant requesting the same.
- 16 Termination shall be without prejudice to the rights of either party that may have arisen prior to termination. Clauses 17, 18 and 26 shall survive termination.

Notices

- 17 Any notice, claim or demand in connection with this Agreement (each a "Notice") shall be sufficiently given if delivered or sent:

In the case of the Company to the following address:

Coal of Africa Limited
Level 1, 173 Mounts Bay Road
Perth WA 6000
Australia

Fax: +618 9322 6778

Attention: Blair Sergeant

In the case of the Applicant to the following address:

Coal Investments Limited
c/o Stuaris Corporate Services Ltd
PO Box 2510
Grand Cayman KY1-1104
Cayman Islands

Fax: +1 345 949 2888

Attention: Chris Humphries

With a copy to:

Coal Investments Limited
c/o Och-Ziff Management Europe Limited
7 Clifford Street
London
W1S 2FT

Fax: +44 20 7078 4975

Attention: Andrew Frank

- 18 Any Notice shall be in writing in English and may be sent by messenger, fax or prepaid first class post. Any Notice shall be deemed to have been received on the next working day in the place to which it is sent, if sent by fax, or 60 hours from the time of posting, if sent by post.

Definitions

- 19 In this Agreement, unless the context requires otherwise:

a company is a "Subsidiary" of another company or entity if that other company or entity:

- (a) holds a majority of the voting rights in it; or
- (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or
- (c) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it; or
- (d) possesses the power, directly or indirectly, to direct or cause the direction of the management and policies of it, whether through the ownership of voting rights, pursuant to any management, advisory or similar agreement, or otherwise;

or if it is a Subsidiary of a company which itself is a Subsidiary of that other company;

"Business Day" means a day other than a Saturday or Sunday or public holiday in England and Wales, the State of Western Australia and the Republic of South Africa;

"Encumbrance" means any claim, charge, mortgage, lien, option, equity, power of sale, hypothecation, usufruct, retention of title, right of pre-emption, right of first refusal or other third party right or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;

"Group" means the Company and its Subsidiaries, and "Group Company" shall mean any one of them;

"Letter Agreement" means the letter agreement entered into between the Company, the Applicant, Mvelaphanda Holdings (Proprietary) Limited and African Global Capital I, L.P. dated on or about the date of this Agreement; and

"Warranties" means the representations and warranties given by the Company pursuant to clause 4 and clause 5 of this Agreement, including, for the avoidance, those set out in schedule one to this Agreement.

Currency Conversion

- 20 Any amount to be converted from one currency into another currency for the purposes of this Agreement, the Option Agreement or the Letter Agreement shall be converted into an equivalent amount at the Conversion Rate prevailing at the Relevant Conversion Date. For the purposes of this Clause:

"Conversion Rate" means the close spot mid-trade composite (London) rate for a transaction between the two currencies in question as quoted on Bloomberg on the date immediately

preceding the Relevant Date or, if no such rate is quoted on that date, on the preceding date on which such rates are quoted; and

"Relevant Conversion Date" means, save as otherwise provided in this Agreement, the date on which a payment or an assessment is to be made.

Miscellaneous

- 21 The Company shall, as soon as reasonably practicable upon it becoming aware of any matter which may materially affect the value of the Tranche 1 Shares or the Tranche 2 Shares, provide the Applicant with notice of such matter.
- 22 If any provision of this Agreement is held to be invalid or unenforceable, then such provision shall (so far as invalid and unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement.
- 23 The parties agree that the Applicant may assign or transfer the rights and obligations under this Agreement (and any other ancillary agreement) to any OZ Affiliate or to any HDSA Affiliate (each term as defined in the Letter Agreement) and upon any such transfer or assignment of its obligations under this Agreement the Applicant will be released from such obligations.
- 24 No amendment to this Agreement shall be effective unless it is in writing and signed by or on behalf of each of the parties.
- 25 This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by signing any such counterpart.
- 26 This Agreement will be governed by and construed in accordance with the law of the state of Western Australia and each of the parties hereto irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia for all purposes relating hereto.

In witness whereof this letter agreement has been duly executed as a deed.

EXECUTED by Coal Investments
Limited in the presence of:

Signature of witness:

Name of witness:

Melanie Marshall

Address of witness:

9657th 87, NY

Occupation of witness:

Assistant

EXECUTED BY Coal of Africa Limited
in accordance with section 127 of the
Corporations Act 2001 (Cth) in the
presence of:



Signature of director/secretary

Simon Farrell

Name of director/secretary

Signature of director:

Name of director:



RICHARD LINDELL

SCHEDULE ONE**Warranties**

- 1 In this Schedule 1, unless the context requires otherwise:

"Material Adverse Change" means any change in the circumstances existing as at the date of this Agreement which has or is reasonably likely to have a material adverse effect on the financial condition, prospects, business or operations of the Group as a whole.

2 **Corporate Organisation and Business**

2.1 **Due Incorporation, Power and Authority of the Company**

The Company has been duly incorporated and is validly existing as a company under the laws of Western Australia with full power and authority under its constitution and otherwise to own, lease and operate its properties and conduct its business as described in its constitution, and to enter into and perform its obligations under this Agreement.

2.2 **Due Incorporation, Power and Authority of each Material Group Company**

2.2.1 Each Group Company has been duly incorporated and is validly existing under the laws of the jurisdiction of its incorporation and has full power and authority under its constitutive documents and otherwise to own, lease and operate its properties and conduct its business as described in its constitution.

2.2.2 All of the issued share capital of each Group Company has been duly and validly authorised and issued, is fully paid and not subject to the call for the payment of further capital.

2.2.3 None of the outstanding share capital of any Group Company was issued in violation of the pre-emptive or similar rights of any shareholder of such Group Company.

2.3 **Share Capital**

2.3.1 Save for (i) the Option Agreement, (ii) the options referred to in the Appendix 9B announcement dated 5 June 2008 and filed in respect of the Company with the Australian Securities Exchange on 5 June 2008 and (iii) certain other option arrangements existing as at the date of this Agreement in respect of options for the issue of new Shares by the Company which would amount, in aggregate, to less than 1 per cent. of the total issued share capital of the Company, there are no outstanding securities or warrants convertible into or exchangeable for rights or options, or agreements to grant warrants, rights or options, to purchase or to subscribe for, or obligations or commitments of the Company or any Group Company to create, issue, sell or otherwise dispose of, any securities (or any such shares, warrants, rights, options or obligations) of the Company or any Group Company.

2.3.2 The Tranche 1 Shares and the Tranche 2 Shares will, when issued and delivered by the Company pursuant to this Agreement be validly issued and fully paid and will not be subject to any call for the payment of further capital and shall rank pari passu in all respects and be identical to the Shares in issue at the date of this Agreement.

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3 Compliance with Laws and Regulations

3.1 There are no circumstances where the entry into and performance of this Agreement, and the allotment and issue of the Tranche 1 Shares and the Tranche 2 Shares does not comply or will not (as the case may be) comply with the constitution of the Company and all applicable laws and regulations of Western Australia including, without limitation, the listing rules of the Australian Securities Exchange, the rules of the securities exchange operated by the JSE Limited, the rules of the Alternative Investment Market of London Stock Exchange plc, the Corporations Act 2001 (Cth) and all applicable laws and regulations of any other relevant jurisdiction.

3.2 Each of the Group Companies has at all times conducted its business in a manner that complies with all laws, rules and regulations applicable to it and no Group Company has:

3.2.1 taken any action that could result in a violation by any Group Company of any economic sanction imposed by any rule, regulation or statute of the United States of America, including without limitation, those administered by the Office of Foreign Assets Control of the United States Treasury Department ("OFAC"), including any action with respect to any "Specially Designated Nationals and Blocked Persons", the list of which can be found at <http://www.ustreas.gov/offices/enforcement/ofac/sdn/t11sdn.pdf>; or

3.2.2 except where the below mentioned is lawful under the written laws and regulations of the relevant jurisdiction of the Governmental Official (as defined below), offered, promised to pay, or authorised the payment of any money, or offered, given, promised to give or authorised the giving of anything of value to any officer, employee or any other person acting in an official capacity for any government or any department, agency or instrumentality thereof, including any entity or enterprise owned or controlled by a government, or for any public international organisation, to any political party or official thereof or to any candidate for political office (individually and collectively, a "Government Official") or to any person knowing or being aware of a high probability that all or a portion of such money or thing of value will be unlawfully offered, given or promised, directly or indirectly, to any Government Official, for the purpose of:

- (i) influencing any act or decision of such Government Official in his official capacity;
- (ii) inducing such Government Official to do or omit to do any act in violation of his lawful duty;
- (iii) securing any improper advantage;
- (iv) inducing such Government Official to influence or affect any act or decisions of any entity or enterprise owned or controlled by a government; or
- (v) assisting the Company in obtaining or retaining business for or with, or directing business to the Group Company.

3.3 Statutory Books and Records

The statutory books, books of accounts and other records of whatsoever kind of each Group Company are up-to-date and contain complete and accurate records required by law to be



dealt with in such books and so far as the Company is aware, no notice or allegation that any is incorrect or should be rectified has been received. All accounts, documents and returns required by law to be delivered or made to any authority or regulatory body have been duly and correctly delivered or made.

4 Consents and Authorisations

4.1 Consents and Approvals

Each Group Company has carried on and is carrying on its businesses and operations in each jurisdiction in which it operates in accordance with all applicable laws, regulations and bye-laws and all statutory and other licences, permissions, consents, permits, approvals and authorisations necessary for the carrying on of the businesses and operations of each such Group Company, as now carried on, have been obtained and are valid and subsisting, except where the failure to do so would not reasonably be expected to have a Material Adverse Change on the Group taken as a whole, and with respect to all such Group Companies all conditions applicable to any such licence, permission, consent, permit, approval or authorisation have been and are complied with and there are no circumstances known to the Company (after due and careful enquiry) which indicate that any of them is likely to be revoked, rescinded, varied, limited, subjected to the imposition of conditions or further conditions, avoided or repudiated or not renewed, in whole or in part, in the ordinary course of events or otherwise save where any such outcome would not reasonably be expected to have a Material Adverse Change on the Group taken as a whole.

5 Insolvency

- 5.1 Except for any proceedings, meetings, resolutions or orders in connection with a winding-up of a Group Company for the purposes of a solvent reorganisation or reconstruction which is not material in the context of the Group taken as a whole, no order has been made, petition presented, resolution passed or meeting convened for the winding-up (or other process whereby the business of the Company concerned is terminated and the assets of the company concerned are distributed amongst the creditors and/or shareholders or other contributors) of any Group Company and save as aforesaid there are no cases or proceedings under any applicable insolvency, reorganisation, or similar laws in any jurisdiction concerning any Group Company and no events have occurred which, under applicable laws, would justify any such cases or proceedings.
- 5.2 No petition has been presented or other proceedings have been commenced for an administration order to be made (or any other order to be made by which during the period it is in force, the affairs, business and assets of the company concerned are managed by a person appointed for the purpose by a court, governmental agency or similar body) in relation to any Group Company, nor has any such order been made.
- 5.3 No receiver (including an administrative receiver), liquidator, trustee, administrator, custodian or similar official has been appointed in any jurisdiction in respect of the whole or any part of the business or assets of any Group Company and no step has been taken for or with a view to the appointment of such a person.
- 5.4 No Group Company is insolvent or unable to pay its debts as they fall due.

N A.

6 Contracts

- 6.1 No Group Company has entered into any contract or commitment or incurred any liability (including a contingent liability) which is outside the ordinary course of its business or is of an unusual or onerous nature and which might reasonably be expected to result in a Material Adverse Change and the Group taken as a whole has carried on its business in the ordinary and usual course.
- 6.2 There has been no Material Adverse Change as a result of the termination of, or a change in the terms of, any agreement to which a Group Company is party and which is material in the context of the Group's business or by the loss of a material customer.
- 6.3 No event has occurred or is subsisting or, so far as the Company is aware, is about to occur, which constitutes or results in, or would, with the giving of notice and/or lapse of time, constitute or result in, a default or the acceleration or breach of any obligation under any agreement, instrument or arrangement to which a Group Company is a party or by which it or any of its properties, assets and reserves are bound and which might reasonably be expected to result in a Material Adverse Change.

7 Accounts

- 7.1 The audited consolidated balance sheet of the Group as at 30 June 2007 and the audited consolidated profit and loss account and cash flow statement of the Group for the financial year ended on such date (including the notes thereto) have been prepared in accordance with the Corporations Act 2001 (Cth) and (except to the extent (if any) disclosed therein) generally accepted accounting principles, standards or practice consistently applied and (i) fairly presents the state of affairs of the Company and the Group as at that date and the profit or loss and cash flow of the Group for the financial year to that date and (ii) make due provision or, where appropriate, include a note in accordance with good accounting practice in Western Australia in respect of all liabilities, whether actual, deferred, contingent or disputed including, without limitation, (a) finance lease commitments and pension liabilities, (b) all capital commitments, whether actual or contingent, of the Group and (c) all liabilities, whether actual, deferred, contingent or disputed, of the Group for taxation measured by reference to income, profits or gains earned, accrued or received, or arising in respect of an event occurring or deemed to occur, on or before 30 June 2007;
- 7.2 (a) the financial information contained in the interim unaudited statement of the results of the Group for the six months ended 31 December 2007 has been prepared with all due care and attention and in accordance with generally accepted accounting principles and practices consistent with those used in the preparation of the audited consolidated accounts of the Group for the financial year ended 31 December 2007 insofar as appropriate in the preparation of an interim unaudited statement; (b) all statements of fact contained in such statement relating to the Group were when made and remain in the context of such statement true and accurate in all material respects and not misleading in any material respect and all expressions of opinion, intention and expectation contained therein are and remain fair and honestly held and were made after due and careful enquiry and consideration; and (c) such statement complied in all material respects with all applicable statutory and regulatory requirements of Western Australia and any other relevant jurisdiction.
- 7.3 Since 30 June 2007 (the date to which the latest published audited consolidated accounts of the Group were made up) there has been no Material Adverse Change.

7.4 Since 31 December 2007 (the date to which the latest published audited consolidated accounts of the Group were made up), no Group Company has entered into any contract or commitment or incurred any liability (including a contingent liability) which is outside the ordinary course of business or is of an unusual or onerous nature which, in the context of the transactions contemplated by this Agreement, might be material for disclosure and the Group taken as a whole has carried on business in the ordinary and usual course.

8 Litigation

8.1 There are no actions, suits, proceedings, judgments, orders, investigations or claims pending against any Group Company or threatened against any Group Company or before or by any governmental department, commission, board, authority, bureau, agency or instrumentality (including, without limitation, any actions, suits, proceedings judgments, orders, investigations or claims with respect to the transactions contemplated by this agreement).

9 Brokers

9.1 There are no claims for brokerage commissions, finders' fees or similar compensation in connection with the transactions contemplated by this agreement based on any arrangement or agreement binding upon the Company.

10 Insurance

10.1 The Group's insurance policies cover such risks and contain such policy limits, types of coverage and deductibles as are adequate to insure fully against risks to which the Group and their employees, business, properties and other assets would reasonably be expected to be exposed in the operation of the business as currently conducted. All of the Group's insurance policies are valid and enforceable policies, all premiums due and payable under all such policies and bonds have been paid and the Group is otherwise in compliance in all material respects with the terms of such policies and bonds. There has been no threatened termination of, or material premium increase with respect to, any of such policies.

11 Restrictions on Business Activities

11.1 There is no agreement, judgment, injunction order or decree binding upon the Company or any Group Company which has or could reasonably be expected to have the effect of prohibiting or impairing in any material respect any of its current or future business practices, its acquisition of property or the conduct of its business as it is currently conducted or as proposed to be conducted.

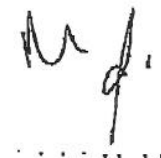
12 Tax Matters

12.1 To the best of the knowledge of the Company or any of its directors, after due inquiry, all tax of any nature for which Group Companies are liable, and which have fallen due for payment, have been paid. There are no circumstances by reason of which any Group Company is liable to pay any interest, penalty, surcharge or fine relating to tax.

12.2 To the best of the knowledge of the Company or any of its directors, after due inquiry, all returns, computations and payments which should have been made by any Group Company for any taxation whatsoever have been duly made and each Group Company has duly deducted and accounted for all amounts which it has been obliged to deduct in respect of



taxation in any jurisdiction in which the relevant Group Company or any of its affiliates is resident for tax purposes.

- 12.3 All liabilities, whether actual, deferred, contingent or disputed of any Group Company for tax measured by reference to income, profits or gains earned, accrued or received on or before 30 June 2007 (the "Accounts Date") or arising in respect of an event occurring or deemed to occur on or before the Accounts Date are fully provided for or (as appropriate) disclosed in the audited report and financial statements of the Company for the financial year up to 30 June 2007 (the "Accounts").
- 12.4 No Group Company is involved in any current dispute with any taxing or other authority competent to impose, administer or collect any taxation ("Taxation Authority") or has been the subject of any non-routine investigation, enquiry, audit or visit by any Taxation Authority in the last five years. There is no non-routine enquiry, non-routine audit or non-routine visit by any Taxation Authority and insofar as the Company is aware, having made reasonable enquiries, there are no facts which might cause such an investigation, enquiry, non-routine audit or non-routine visit to be instituted.
- 12.5 The Company and the other Group Companies have complete and accurate documentation including inter-company agreements in relation to any related party transactions and have complied with any applicable transfer pricing rules in the jurisdictions in which they operate. Any such related party transactions were entered into on an arm's length basis.
- 12.6 The Company and the other Group Companies are registered for the purposes of GST and/or VAT, have been so registered at all times that they have been required to be registered by the GST and/or VAT legislation in the jurisdiction in which they operate, and have complied fully with and observed in all material respects the terms of the appropriate GST and/or VAT legislation.
- 12.7 The Company and the other Group Companies are registered for employment tax and social security purposes in all jurisdictions in which they are required to do so. The Company and the other Group Companies have withheld and accounted for all applicable employment and social security taxes in any jurisdiction in which they have an obligation to do so, in relation to all cash and in-kind remuneration paid to employees.
- 12.8 No Group Company has engaged in any scheme, arrangement or other practice designed to reduce tax which could be disputed by any Taxation Authority or could result in additional tax, interest, penalties, surcharges or fines, being imposed on that Group Company.
- 13 Interested Party Transactions**
- 13.1 No Group Company is indebted to, nor has it entered into any transactions with, any director, officer, employee, agent or shareholder or equity holder of a Group Company, or any of their immediate family members or respective affiliates (except for amounts due as normal salaries and bonuses and in reimbursement of ordinary expenses), and no such person is indebted to a Group Company. None of such persons has any direct or indirect equity interest in any person that is an affiliate of a Group Company, or with which a Group Company has a business relationship or any person that competes with a Group Company, other than that which has been disclosed prior to the date of this Agreement by the Company as a matter of public record.
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14 Environmental Matters**14.1** For the purpose of this paragraph 14:

"Authority" means any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank;

"Environmental Consent" means any material consent, approval, authorisation, permit, exemption, licence or registration from time to time required under Environmental Law;

"Environmental Law" means any law, regulation, directive, in force in the relevant jurisdictions in which the Group Companies operate relating to the environment, Dangerous Substances, or the welfare of any living organism;

"Dangerous Substance" means any natural or artificial substance (whether in the form of a solid, liquid, gas or vapour) which is capable of causing harm to human health or safety or harm to any other living organism or causing damage to the environment.

14.2 In relation to its business, the Group holds all necessary Environmental Consents, to the best of the knowledge of the Company after due inquiry.

14.3 The Group has not received any notification that any Environmental Consent it holds will be (or is likely to be) modified, restricted or withdrawn.

14.4 The Group has not been prosecuted for or notified of any breach of the terms, conditions or provisions of any Environmental Consent which has not been rectified prior to the date hereof.

14.5 The Group has not received any notification that further Environmental Consents will be required under Environmental Law in order for it to continue its present business.

14.6 The Group is not in breach of any Environmental Laws or Environmental Consent in connection with the operations, activities and facilities of the Group Companies.

14.7 There are no material social or environmental risks or issues in respect of the operations, activities and facilities of the Group Companies.

15 No Undisclosed Liabilities

15.1 There are no liabilities, whether actual or contingent, of the Group Companies other than (i) liabilities disclosed or provided for in the Accounts; (ii) liabilities incurred in the ordinary and usual course of business since the Accounts Date, none of which results in a material adverse change in the financial or trading position or prospects or turnover of the Group Companies.

16 Licences

16.1 All licences, consents, authorisations, orders, warrants, confirmations, permissions, certificates, approvals, registrations and authorities ("Licences") necessary or desirable for the carrying on of the businesses of each of the Group Companies as now carried on, as previously carried on and as proposed to be carried on have been obtained, are in full force and effect, do not contain conditions which would hinder the ordinary and usual course of business and have been and are being complied with.

16.2 There is no investigation, enquiry or proceeding outstanding or anticipated which is likely to result in the suspension, cancellation, modification or revocation of any Licence.

- 16.3 None of the Licences has been breached or is likely to be suspended, modified or revoked or not renewed (whether as a result of the entry into or completion of this Agreement or otherwise).
- 16.4 In respect of all of the tenements, concessions and licences referred to by any of the Group Companies in any public announcement on or before the date of this Agreement as being issued or granted in favour of, or for the benefit of, a Group Company or otherwise relied upon, or purported to be relied upon, by a Group Company in connection with the mineral exploration and exploitation business or operations of any of the Group Companies:
- 16.4.1 each has been correctly obtained and its terms fully complied with by the relevant Group Company in accordance with all relevant laws and regulations and no disputes have arisen or are foreseeable in respect thereof;
 - 16.4.2 each is in full force and effect, no notice having been given to a Group Company to terminate or revoke it;
 - 16.4.3 each gives the relevant Group Company an exclusive right to prospect and/or exploit (as applicable) the relevant minerals in the areas referred to in it;
 - 16.4.4 no circumstances exist or have existed which would entitle any of them to be terminated, varied or revoked;
 - 16.4.5 where such licences are of such a nature that they could be registered with the appropriate authorities and where such registration would have the effect of strengthening the Group Company's rights they have been so registered.
- 17 **Absence of employment disputes**
- No material employment problem, dispute, slowdown, work stoppage or disturbance involving the employees of any Group Company exists or is imminent and the Company is not aware of any existing or imminent employment disturbance by the employees of any principal supplier to, or customer or contractor of, any Group Company.

