



ANNOUNCEMENT

13 JANUARY 2016

**VELE COLLIERY'S APPLICATIONS TO RENEW AND AMEND THE INTEGRATED WATER USE LICENCE
GRANTED**

Coal of Africa Limited ("CoAL" or the "Company") is pleased to advise that the Integrated Water Use Licence (IWUL) for its Vele Colliery in the Limpopo Province has been renewed for a further twenty years. In March 2011, Vele's original IWUL was granted for a period of five years.

Furthermore, the IWUL has been amended in line with the requirements for the Plant Modification Project (PMP) at the Colliery. During H2 2015, the Company commenced a process to obtain approval relating to a non-perennial stream diversion. This decision is anticipated in H2 2016. Once this regulatory approval in respect of the Colliery has been received, the final decision to proceed with the PMP will be placed before the board, which will include an assessment of forecast global coal prices.

Commenting on the announcement David Brown, CEO of Coal of Africa said, "We welcome this decision by the Department of Water and Sanitation (DWS) as a confirmation of the progress made in the implementation of the co-existence model implemented at Vele Colliery, which seeks co-operation between mining, agriculture and heritage land uses. We continue to assess opportunities to bring the Vele Mine back into production".

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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).
