



ANNOUNCEMENT

25 JULY 2016

UPDATE ON REGULATORY PROCESSES AT MAKHADO PROJECT

The Environmental Authorisation for the Makhado Project (“the Project”) was granted to Coal of Africa Limited (“CoAL” or “the Company”) in August 2013 by the Limpopo Department of Economic Development, Environment and Tourism (LEDET), requiring that activities within the Authorisation commence within a three year period.

CoAL applied to the South African Department of Mineral Resources (DMR) and LEDET (the “Departments”) to amend the Environmental Authorisation, amending the holder of the authorisation from CoAL to Baobab Mining and Exploration (Pty) Ltd, the legal operating entity of the Makhado Project, thus ensuring the alignment of the ownership of the full suite of regulatory authorisations for the Project within the appropriate vehicle.

CoAL furthermore applied to both Departments for an extension of the validity period of the Environmental Authorisation.

CoAL is pleased to announce that the DMR and LEDET have granted the Amendment of the Environmental Authorisation in terms of the National Environmental Management Act (“NEMA”) (Act 107 of 1998) and the Environmental Impact Assessment Regulations (2014) for Makhado Project, transferring the holder of the Environmental Authorisation from CoAL to Baobab Mining and Exploration (Pty) Ltd. The Departments have also granted an extension of the validity period of the EA, extending the commencement period for an additional five years.

The Environmental Impact Assessment Regulations (2014) allow for the appeal of the above mentioned authorisations by any stakeholder. Any such appeal will immediately suspend the authorisation. If this takes place, the Company will deal with the regulatory authorities in this regard.

Mr David Brown, Chief Executive Officer, commented: “The decision by the DMR and LEDET, and is a confirmation of the government’s commitment to drive socio-economic development, not only in our area of operation, but also the broader Limpopo Province. The recent designation of the Special Economic Zone by the South African Government in this area is a further demonstration of that

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commitment. We continue to engage the Department of Water and Sanitation in respect of the processing of the Appeal against the Water Use Licence for the Makhado Project.

“We have commenced with the implementation of our Social and Labour Plan at the Makhado Project, to ensure that our communities develop the necessary skills to access the opportunities offered within the Project.”

Authorised by

David Brown

CEO

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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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).