



ANNOUNCEMENT

8 March 2016

Rio Tinto Chapudi Agreement

Shareholders are hereby advised that Coal of Africa Limited (“CoAL”) and its subsidiary company, MbeuYashu Proprietary Limited (“MbeuYashu”) received a notice from Rio Tinto Minerals Development Limited (“Rio Tinto”) and Kwezi Mining Proprietary Limited (“Kwezi”) alleging that CoAL is in breach of an obligation under the agreements pursuant to which MbeuYashu acquired interests in Chapudi Coal Pty Ltd and Kwezi Mining Exploration Pty Ltd, and therefore all amounts owed by CoAL and MbeuYashu are now due for payment.

On legal advice, CoAL will dispute the validity of the notice. If Rio Tinto and Kwezi pursue the matter, CoAL and MbeuYashu will defend it vigorously.

The original amount owed by Coal and MbeuYashu to Rio and Kwezi was USD75 million of which USD56 million has already been paid (which equals 75% of the original acquisition price) and an amount of USD19m is still owing. Payments to Rio Tinto and Kwezi are due finally by 15 June 2017. CoAL and MbeuYashu have met, and will continue to meet all of their payment obligations to Rio Tinto and Kwezi.

Authorised by

David Brown
Chief Executive Officer

For more information contact:

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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).
