



## ANNOUNCEMENT

13 March 2015

### Makhado Project Empowerment Structuring Completed

Coal of Africa Limited ("CoAL" or the "Company") is pleased to announce that it has concluded agreements with broad based black economic empowerment ("BBBEE") partners for their acquisition of 26 per cent of the Makhado hard coking and thermal coal project (the "Makhado Project") (the "Transaction"). Conclusion of the Transaction, which is subject to the conditions set out below, will ensure the Makhado Project complies with mining legislation in South Africa and satisfies one of the last remaining requirements for the granting of a New Order Mining Right.

The Transaction results in the Makhado Colliery Community Development Trust (the "Trust"), representing seven local communities living in the vicinity of the proposed colliery, acquiring 20 per cent of the Makhado Project. The broad base of the Trust's beneficiaries ensures that the Makhado Project will significantly benefit local communities. A further 6 per cent has been acquired by Yoright Investments (Pty) Ltd ("Yoright") a company formed by black entrepreneur Mike Nkuna whose shareholder grouping will include Historically Disadvantaged South Africans and other black entrepreneurs, further expanding the BBBEE shareholding in the project. The Transaction will result in the Trust owning 20 per cent, Yoright 6 per cent and CoAL 74 per cent of Baobab Mining & Exploration (Pty) Ltd, the entity that will implement the Makhado Project.

The Transaction is conditional on inter alia Section 11 approval from the Department of Mineral Resources. The Trust and Yoright have to raise sufficient funding within two years, or such date agreed between the parties. The final amount payable is subject to due diligence and will be negotiated with the Company following these processes.

Commenting today CoAL CEO David Brown stated:

"The acquisition of 26 per cent of the Makhado Project by BBBEE parties is a critical step to obtaining the Makhado Project mining right. Furthermore the transaction reaffirms CoAL's commitment to empowerment and Yoright together with the communities in the vicinity of the project stand to gain significant benefits over the life of the project. The Makhado colliery will be the first of its type in the Soutpansberg and the Company anticipates that the relevant regulatory approvals will be granted in due course."

AUTHORISED BY:  
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Investec Bank Limited is the nominated JSE Sponsor

**Additional Information**

The Makhado Project is not in production and therefore has no turnover or profits and as at 31 December 2014, was carried at \$58,151,398 on the Company's Condensed Consolidated Statement of Financial Position.

**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).

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