



ANNOUNCEMENT

12 May 2015

Soutpansberg Deferred Consideration amendment agreement signed

Coal of Africa Limited (the “Company“ or “CoAL”) is pleased to announce that it has reached an agreement (the “Amendment Agreement”) with Rio Tinto Minerals Development Limited (“Rio Tinto”) and Kwezi Mining Proprietary Limited (“Kwezi”, together with Rio Tinto, “the Sellers”) regarding the deferred consideration payable by CoAL’s subsidiary, MbeuYashu Proprietary Limited (“MbeuYashu”), to the Sellers in connection with its acquisition of the Chapudi Coal assets (part of the Greater Soutpansberg Project).

During 2010, CoAL acquired the shares and shareholders claims held by the Sellers in both Chapudi Coal (Proprietary) Limited (“Chapudi”) and Kwezi Mining and Exploration (Proprietary) Limited (“KME”). Chapudi and KME hold the prospecting rights for the Chapudi Coal Project and related exploration properties in South Africa’s Soutpansberg coalfield in the province of Limpopo (collectively, the “Chapudi Coal Assets”). The full acquisition price for the asset was US\$75 million of which US\$30 million was subject to a deferred consideration agreement. To date, CoAL has settled an additional US\$8 million of the deferred consideration and the Amendment Agreement outlines the agreed repayment terms for the remaining US\$22 million.

Salient features contained in the Amendment Agreement include:

- Minimum monthly payments of US\$100,000.
- Full and final settlement of the outstanding purchase price plus all accrued interest on 15 June 2017.
- Interest accrued on the outstanding balance at 4% per annum, and
- Certain mandatory payments have been stipulated in the agreement and these are linked to the completion of the third stage of the communicated Equity Raise, the completion of the sale of Mooiplaats and the disposal of other non-core assets.

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Bernard R. Pryor – Chairman, David H. Brown – Chief Executive Officer
Non-executive directors: Peter G. Cordin, Andrew D Mifflin, Khomotso B. Mosehla ,Thabo F Mosololi, Rudolph H. Torlage

Together with the Amendment Agreement, the company has entered into security documents with the Sellers pursuant to which CoAL has granted security in the form of a first ranking pledge over the shares held by CoAL in MbeuYashu, the holding company of Chapudi and KME. CoAL is the effective owner of 74% of the shares in Chapudi and KME.

David Brown, Chief Executive Officer of CoAL, commented: “This was the last of the historic liability issues and this agreement provides certainty of outcome as well as providing CoAL with flexibility. I would like to thank all parties for their co-operation in realising a solution”.

Authorised by

David Brown

Chief Executive Officer

12 May 2015

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).
