



## ANNOUNCEMENT

22 September 2014

### Sale and Purchase Agreement signed for Mooiplaats

Coal of Africa Limited ("the Company" or "CoAL") is pleased to announce that it has signed a Sale and Purchase Agreement ("SPA") with a wholly owned subsidiary<sup>1</sup> of Blackspear Holdings Proprietary Limited, for the disposal of the Mooiplaats Colliery ("Mooiplaats") for a gross consideration of ZAR250 million (US\$23.47 million) in cash. Upon fulfilment of all conditions precedent including the receipt of regulatory approvals consistent with a transaction of this nature, the consideration will be settled in two tranches, with the first tranche of ZAR150 million (US\$14.084 million) expected to be received during the first quarter of CY2015. The second tranche of ZAR100 million (US\$9.39 million) is payable on the earlier of 12 months from the payment of the first tranche or 30 November 2015.

Blackspear is required to provide CoAL with evidence of funding on or before 31 October 2014, with guarantees in form and substance satisfactory to CoAL by 31 December 2014, pursuant to which Blackspear will commence monthly payments from November 2014 of ZAR2.3 million (US\$0.21 million) increasing to ZAR4 million (US\$0.375 million) from February 2015 until such time that the conditions with respect to the first tranche payment are met.

Mooiplaats, the thermal underground colliery in the Ermelo Coalfield in the Mpumalanga province of South Africa, was deemed non-core by CoAL on 30 June 2013 and placed on care and maintenance from 1 October 2013.

The sale of Mooiplaats was one of two remaining priorities under the Company's five-point turnaround strategy. The final outstanding priority is to secure the funding of, and regulatory approvals for the wholly-owned Makhado coking coal project, located in the Soutpansberg coalfield, South Africa.

<sup>1</sup> K2014118416 PROPRIETARY LIMITED trading as Blackspear Coal.

	<b>Amount</b>
Subject to completion of the proposed equity fund raise, announced on 26 August 2014, the Company intends to use the expected proceeds of US\$64.9 million (£38.225 million) together with consideration for the disposal of Mooiplaats primarily as set out below:	
To settle the outstanding acquisition consideration of the tenements comprised in the Company's Greater Soutpansberg Project.	US\$30 million
To implement modifications to the existing plant at the Vele Colliery.	US\$25 million
To resolve the current contractual exposure resulting from the take or pay provisions of the throughput agreement between the Company, Terminal De Carvao Da Matola Limitada and Grindrod Corridor Management Proprietary Limited.	US\$10 million
To settle the Investec Bank Limited working capital facility in accordance with its terms.	US\$6 million
To fund the Company's expected working capital requirements for the next 18 months.	US\$17.4 million

**David Brown, Chief Executive Officer of CoAL, commented:**

“Following the signing of the SPA for Mooiplaats, CoAL has agreements in place to sell all of its non-core assets identified during the turnaround strategy. On completion of these sales and the proposed equity financing, we will be in a position to unlock the intrinsic value of our coking coal assets in South Africa and create value for all our stakeholders. It has been an extremely challenging environment in which to execute our turnaround strategy. This achievement is testament to the management team, and I look forward to our next chapter of growth.”

**About Mooiplaats**

Mooiplaats contributed a cash loss of ZAR202 million (US\$19.23 million) for the year ending 30 June 2013 and as at 31 December 2013, was classified as an asset held for sale with a net asset value of US\$19.040 million. The Company has previously written off ZAR1.9billion (US\$181.5

million) in impairments on Mooiplaats up to December 2013, and coal prices have deteriorated even further since then.

## About Blackspear

Blackspear is a privately-owned business that is focused on operating and developing a portfolio of coal assets in South Africa. Blackspear's key assets and operations include the Puleng operations in the Middleburg district of Mpumalanga, the Thutsi coal operation in Ermelo and the Overvaal project in Ermelo. The Overvaal project consists of 252 million tonnes of gross tonnes *in-situ* ("GTIS") and is the resource contiguous to Mooiplaats.

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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).

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