



**ANNOUNCEMENT**

**26 September 2017**

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## **UITKOMST RESOURCES & RESERVES UPDATE**

Coal of Africa Limited (“**CoAL**” or “the **Company**”) is pleased to announce the Summary of Technical Review 2017 (the “**Report**”) for the Uitkomst Colliery (“**Uitkomst**” or the “**Colliery**”) prepared by Minxcon (Pty) Ltd, an independent mining industry consulting firm. The Report details Uitkomst’s Resources and Reserves as at 28 February 2017. The Company acquired 91% of the shares and claims in Uitkomst for R275 million (US\$20.5 million) on 30 June 2017 with the remaining 9% held by broad-based trusts, including employees and communities.

### **Background**

The operational underground Uitkomst Colliery is located approximately 20km northwest of town of Utrecht in the Kwazulu Natal province, South Africa. Uitkomst is accessible from a well maintained road network and is 27km from the leased Wykom rail siding from where coal is railed to the Richards Bay Coal Terminal. The Colliery comprises a South Adit (horizontal shaft) using traditional bord-and-pillar mining methods, as well as a planned life-of-mine (“**LoM**”) extension to the north on the adjacent Klipspruit Mining Area (“**North Adit**”).

The Colliery has the required environmental and social permits in place as well as a valid Integrated Water Use Licence (“**IWUL**”) and has applied for an amendment of its IWUL to include the North Adit. Uitkomst has secured long term access to the surface rights required for the Colliery and will utilise the South Adit surface infrastructure and processing plant for the washing of run of mine (“**RoM**”) coal from the North Adit.

The South Adit generates an average of 45,000 tonnes (“**t**”) of RoM coal per month from two underground sections, supplying the owner-operated processing plant. This coal yields approximately 30,000t of saleable coal and Uitkomst also purchases RoM coal from collieries situated in the surrounding area to utilise surplus processing plant capacity.

Uitkomst is a high grade export quality thermal coal deposit with metallurgical applications and currently sells sized coal products namely, export coal (0 to 40mm) as well as peas (10 to 25mm). The products sold by the Colliery have a typical calorific value of 28 MJ/kg, 12% ash and sulphur levels below 1%.

### **Salient Features**

The Report details the Colliery’s Resources and Reserves granted under the New Order Mining Right (“**NOMR**”) covering 11,137 hectares, expiring in October 2023. An application will be submitted to the Department of Mineral Resources to extend the NOMR, aligning it with the Colliery’s remaining 17 years LoM.

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

The tables below are an extract from the Report and reflect the Resources and Reserves as at 28 February 2017.

**Table 1: Uitkomst Resources and Reserves**

	Gross tonnes in situ	Mineable tonnes in situ	CoAL attributable interest	CoAL attributable MTIS Resource
	Mt	Mt	%	Mt
Measured	17.7	15.0	91	13.7
Indicated	4.9	4.3	91	3.9
Inferred	4.3	4.0	91	3.6
	<b>26.9</b>	<b>23.3</b>		<b>21.2</b>

1. Mt denotes tonnes millions.

2. Mined-out areas have been depleted.

**Table 2: Uitkomst Mineral Reserves**

	Raw RoM coal qualities				
	Tonnes	Yield	Ash	Calorific Value	Total Sulphur
	Mt	%	%	MJ/kg	%
<i>RoM coal Reserve</i>					
Proven	6.6	65.1	29.73	22.72	1.55
Probable	1.8	64.2	31.37	22.05	1.58
<b>Total</b>	<b>8.4</b>	<b>64.9</b>	<b>30.09</b>	<b>22.58</b>	<b>1.56</b>
<i>Saleable coal Reserve</i>					
Proven	4.2		12.00	28.91	0.93
Probable	1.2		11.99	28.92	0.95
<b>Total</b>	<b>5.4</b>		<b>12.00</b>	<b>28.91</b>	<b>0.94</b>

1. Cut-offs are applied to a minimum of 1.2 metre seam width, minimum of 25 metres below surface and a minimum of 20% volatile material.

2. Mt denotes tonnes millions.

3. Mined-out areas have been depleted.

4. Geological loss applied to tonnes was - Measured at 10%, Indicated at 15% and Inferred at 20%.

### Operations post the Report

- A total of 369,895t of RoM coal was mined at Uitkomst between 1 March 2017 and 31 August 2017.
- The Company benefitted from R60 million (US\$4.6 million) in positive working capital as at acquisition date, namely 30 June 2017, resulting in positive cash flows as this is realised.

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

“The addition of Uitkomst is a critical requirement for the Company at this stage in its life cycle. The Colliery provides CoAL with a cash generating asset that will assist in the funding of the business while the Makhado Project is being developed, covering a significant portion of the Company’s overhead costs. The high grade metallurgical coal products sold by the Uitkomst Colliery facilitates access to these markets, providing further insight while the hard coking coal marketing strategy for the Makhado Project is being finalised.”

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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 Uitkomst Colliery, Makhado Project (coking and thermal coal), Vele Colliery (coking and thermal coal) and the Greater Soutpansberg Project (MbeuYashu).

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

The Uitkomst Resource and Reserve is reported in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and therefore compliant with the Committee for the Mineral Reserves International Reporting Standards (CRIRSCO) of November 2013, which is a requirement due to the fact that CoAL has its primary listing on Australian Stock exchange (ASX: CZA:AU) with secondary listings on the London Stock Exchange's AIM market (AIM: CZA:LN) and Johannesburg Stock Exchange (JSE: CZA:SJ). Under the auspices of CRIRSCO the reporting is required to be compliant to the relevant National Reporting Organisations (NROs) and are required to be founded on the Central Principles of Transparency, Materiality and Competence and are provided on an "If not, why not" basis.

The lead Competent Person responsible for the declaration of the Uitkomst Resources and Coal Reserves as presented in this announcement is Mr Daniel (Daan) van Heerden (Director, Minxcon): B Eng (Min.), MCom (Bus. Admin.), MMC, Pr.Eng. (Reg. No. 20050318), FSAIMM (Reg. No.37309), AMMSA.

Mr van Heerden has worked in the mining industry for over 30 years. He has a vast amount of experience in managing underground and open cast mining operations in South Africa and abroad for world-class mining majors and junior mining companies. He was responsible for new business development for two major mining companies and has experience in mining mergers and acquisitions. He is currently heading the Mining Engineering division of Minxcon, where he is integrally involved in activities such as valuation, due diligence, finance structuring, change management required post the event, feasibility studies, life of mine plans, technical reviews and writing of technical reports for various commodities.

Mr van Heerden is independent of Uitkomst Colliery (Pty) Ltd, its directors, senior management and advisors.