



**ANNOUNCEMENT**

**2 November 2017**

## **COMPLETION OF THE MOOPLAATS COLLIERY SALE PROCESS**

As announced on 2 October 2017, Coal of Africa Limited (“**CoAL**” or the “**Company**”) and its wholly owned subsidiary, GVM Metals Administration (South Africa) Proprietary Limited (collectively the “**CoAL Group**”), as well as its Black Economic Empowerment partner Ferret Mining & Environmental Services Proprietary Limited (“**Ferret**”) had entered into a sale of shares and claims agreement (“**the Agreement**”) with Mooiplaats Coal Holdings Proprietary Limited (“**MCH**” or the “**Purchaser**”) and Mooiplaats Mining Limited (“**Mooiplaats**”). In terms of the Agreement, CoAL and Ferret disposed of 100% of their shares in Mooiplaats and the CoAL Group disposed of their respective claims against Mooiplaats and its wholly owned subsidiary Langcarel Proprietary Limited (“**the Transaction**”), the owner of the Mooiplaats thermal coal colliery (“**Mooiplaats Colliery**”).

The Company is pleased to announce that all conditions precedent for the Transaction have been timeously fulfilled or waived and in accordance with its terms, the sale of the Mooiplaats shares and claims for an aggregate purchase price of R179.9 million (the “**Purchase Price**”) has been implemented today, 2 November 2017.

The completion of the Transaction resulted, *inter alia*, in:

- the payment of the initial tranche of R67.0 million of the Purchase Price being:
  - R52.0 million to the CoAL Group; and
  - R15.0 million to Ferret in full and final settlement of their equity.

The balance of the R112.9 million Purchase Price will be settled in not more than ten quarterly instalments (the “**Deferred Payments**”), with the first Deferred Payment anticipated to be due in August 2018, nine months after the closing of the Transaction. The timing of the Deferred Payments is linked to the Department of Mineral Resources approval of *inter alia* the incorporation of Portions 2, 3 and the remaining extent of the farm Klipbank 295 IT into the Mooiplaats Colliery New Order Mining Right (“**NOMR**”), granted in terms of the Mineral and Petroleum Resources Development Act (28 of 2002), and an application to effect this transfer has been lodged with the department.

The Purchaser has replaced the Company’s rehabilitation guarantee required in terms of the Mooiplaats Colliery’s NOMR, as well as the Eskom guarantee (together the “**Guarantees**”). The replacement and release of the Guarantees will result in a further amount of approximately R16.0 million, which does not form part of the Purchase Price, being received by the CoAL Group during November 2017.

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

“The sale of the Mooiplaats Colliery concludes a process that commenced during 2013 and is the final step in CoAL’s five-point turnaround strategy. It is a significant achievement for the Company and required coordination and completion of multiple transaction work streams. The funds received will be used to support

CoAL's project pipeline, in particular the development of our flagship Makhado hard coking coal project and/or potentially contribute to the acquisition of a cash generating asset."

"In addition the sale of Mooiplaats is expected to yield annual overhead savings for CoAL of US\$1.4 million, an important factor in CoAL's strategy of becoming a self-sufficient mid-tier coal miner."

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**For more information contact:**

David Brown	Chief Executive Officer	Coal of Africa	+27 10 003 8000
De Wet Schutte	Chief Financial Officer	Coal of Africa	+27 10 003 8000
Stephen Rowse	Business Executive	Coal of Africa	+27 10 003 8000
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

**Company advisors:**

Ross Allister/ Richard Crichton	Nominated Adviser and Broker	Peel Hunt LLP	+44 20 7418 8900
Jos Simson/ Barney Hayward/ Annabel de Morgan	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Charmane Russell/Olwen Auret	Financial PR (South Africa)	R&A Strategic Communications	+27 11 880 3924 or +27 82 372 5816

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**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 Projects (MbeuYashu).

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

**Forward-Looking Statements**

This Announcement, including information included or incorporated by reference in this Announcement, may contain "forward-looking statements" concerning CoAL that are subject to risks and uncertainties. Generally, the words "will", "may", "should", "continue", "believes", "expects", "intends", "anticipates" or similar expressions identify forward-looking statements. These forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond CoAL's ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. CoAL cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward looking statements. CoAL assumes no obligation and do not undertake any obligation to update or revise publicly any of the forward-looking statements set out herein, whether as a result of new information, future events or otherwise, except to the extent legally required.

**Statements of intention**

Statements of intention are statements of current intentions only, which may change as new information becomes available or circumstances change.