



ANNOUNCEMENT

12 December 2014

Media release feedback

CoAL of Africa ("the Company") acknowledges a recent article titled the "[Court grants interdict to stop some work on CoAL mine](#)" in the Business Day on 12 December 2014. A copy of the media release has been included for convenience.

The Company will review the legal documentation as and when it becomes available. The Company was not afforded the opportunity to review any documentation prior to the interdict being granted. The Company will be investigating the process as the relevant notifications were not received timeously.

The Company will also be working with various government departments to set aside the interdict, and does not anticipate that this process will impede on the delivery timetable for the mine to come into commercial production during CY2019.

CONCERNED local farmers and communities obtained a court order this week to halt portions of the work on Coal of Africa's (CoAL's) R4bn mine at Makhado, near Musina in Limpopo.

Four years ago, under previous management, CoAL raised the ire of environmental groups when it built the Vele coal mine at the edge of the buffer zone around the Mapungubwe heritage site. A compromise was reached in which modifications would be made to the mine and a joint committee would be set up to meet regularly with the concerned groups.

Makhado will be a large opencast thermal and coking coal mine in a water-stressed area where farming is the main activity.

The three groups granted the interdict are the Vhembe Mineral Resources Stakeholders Forum, the Makhado Action Group and the Mudimeli community.

Their attorney, Christo Reeders, said they included a large tomato farmer, a very large citrus farmer and a buffalo breeding farmer, as well as a community CoAL was intending to move to make way for the mine. He said one of the farmers' main concerns was that studies showed the mine would deplete aquifers in a 25km radius, and they would take hundreds of years to recover.

The Vhembe forum said in a statement that CoAL did not oppose the application. CoAL CEO David Brown said the company was unaware of the action and he was investigating why no papers were served. "We will have to study the judgment and review our position," he said. Mr Reeders insisted papers were served on CoAL's registered address in Bryanston, Johannesburg.

Mr Brown said this group had expressed opposition to Makhado during environmental consultations but had submitted their comments too late. Authorisation under the National Environmental Management Act was granted in 2013. He suspected the court action was a delaying tactic.

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Mr Reeders said the objections were lodged a day before the closing date for comments but the Limpopo economic development, environment and tourism department proceeded to grant environmental authorisation for 17 activities. The court order suspends most of these, pending a review of the authorisation and a regional impact assessment by CoAL.

Mr Brown said a regional impact assessment would require CoAL to show the effects if it were to simultaneously build all four or five mines it had in the pipeline in that region, but obviously it would not build all its mines at once. CoAL had previously undertaken to participate in a regional study, but that study would require participation from other stakeholders, from industry to farmers and communities, that also intended to draw on the water resources.

CoAL recently agreed on a share placement with existing and new investors to raise up to \$64.9m in two tranches to repay debt and provide funds to advance its development projects. It has not yet begun raising funds to start construction of Makhado, but said recently that it intended to do so early next year once it had secured 26% black empowerment ownership of the project.

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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 Vele Colliery (coking and thermal coal), the Greater Soutpansberg Project /MbeuYashu, including CoAL's Makhado Project (coking and thermal coal).
