



ANNOUNCEMENT

17 February 2017

YBI LOAN CONVERSION TO EQUITY

Coal of Africa Limited (“CoAL” or “the Company”) is pleased to announce that the Company has received notice from Yishun Brightrise Investment Pte Limited (“YBI”) requesting the conversion of a US\$10 million loan to CoAL’s ordinary share capital (the “Conversion” and the “Conversion Shares”).

During September 2015 the Company entered into a loan agreement (“Loan”) with YBI pursuant to which YBI advanced an amount of US\$10 million to the Company. The Loan bore no interest and only became repayable in limited circumstances.

During May 2016 the Company and YBI amended the terms of the Loan to specify the conditions that would trigger the repayment of the Loan. The long stop date for the conditions was agreed as 31 December 2016 and if none of these trigger events occurred prior to the long stop date then the Loan would become convertible to equity. None of the trigger events have been effected and the Company will now convert the Loan to equity at the agreed price of US\$0.04081 per share.

The total amount of Conversion Shares will amount to 245,037,980 and the conversion into equity will occur in two tranches. The Company directors have 240,042,603 shares remaining under the general placement authority according to the ASX Listing rule 7.1 and will be issued with immediate effect. The second tranche of 4,995,378 shares will be converted into equity once the general placement authority has been replenished by shareholders at the Annual General Meeting (“AGM”). Post the issue of both tranches of the Conversion Shares YBI will have a shareholding of 428,269,241 ordinary shares equating to 19.28% shareholding of the Company.

Application has been made for the first tranche of 240,042,603 Conversion Shares to be admitted to trading on the AIM market of the London Stock Exchange (“AIM”). Admission to trading on AIM is expected to become effective on or around 21 February 2017. The Conversion Shares will rank pari passu with the Company’s existing ordinary shares of nil par value. Application for quotation of the Conversion Shares will also be made to the Australian Securities Exchange and the Main Board of the JSE Limited.

Following admission of the first tranche Conversion Shares there will be 2,216,051,527 shares in issue. This figure may be used by shareholders in the Company as the denominator for the calculations by which they will

AU: Coal of Africa Limited, Suite 8, 7 The Esplanade, Mount Pleasant, Perth WA 6153, Australia, **Tel:** +61 8 9316 9100, **Fax:** +61 8 9316 5475

ZA: South Block, Summercon Office Park, Cnr Rockery Lane and Sunset Avenue, Lonehill, 2191, **Tel:** +27 10 003 8000 **Fax:** +27 11 388 8333 **Email:** adminza@coalofafrica.com

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

determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

David Brown, Chief Executive Officer of CoAL, commented:

“The Conversion of the Loan to equity holds great value to CoAL. It removes a large potential cash outflow from the Company’s cash flow projections and strengthens the solvency ratio as it allows CoAL to focus its expenditure on the development of its assets instead of repaying debt. This leaves the Company with only one outstanding settlement to Rio Tinto by June 2017. The outstanding balance to Rio Tinto relates to the acquisition of the Greater Soutpansberg Assets in the Limpopo province and forms part of the Company's long term development strategy. The Conversion of the Loan once again shows the strong support of CoAL's shareholders to the long term value of its assets and its commitment to their development.”

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
Celeste Riekert	Investor Relations	Coal of Africa	+27 10 003 8000
Tony Bevan	Company Secretary	Endeavour Corporate Services	+61 08 9316 9100

Company advisors:

Jos Simson/Emily Fenton	Financial PR (United Kingdom)	Tavistock	+44 20 7920 3150
Matthew Armit/Ross Allister	Nominated Adviser and Broker	Peel Hunt LLP	+44 20 7418 8900
Charmane Russell/Olwen Auret	Financial PR (South Africa)	Russell & Associates	+27 11 880 3924 or +27 82 372 5816

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).
