



IchorCoal N.V. | 30 Jellicoe Avenue | Rosebank 2196

USUTU UNDERGROUND PROJECT TO START RAMPING UP AND PENUMBRA BEGINS PRODUCTION

Ichor Coal N.V. (IchorCoal) is pleased to announce that it has completed phase 1 of the underground re-establishment project at Vunene's Usutu Colliery and has brought the Penumbra coal mine back into operation. At full production, the two mines will produce a combined 2.1 million tonnes per annum of excellent quality thermal coal.

Following the first coal blast in February 2016, phase 1 of the underground Usutu project is now substantially complete. The deployment of the first production section paves the way for Vunene to begin ramping up production at the colliery to an average of 1.6mtpa by the last quarter of 2018. The precise timing is subject to the finalisation of the funding package for the mine development.

IchorCoal owns 74% of Vunene and is responsible for the day-to-day management of Usutu Colliery. Management of IchorCoal is pleased to report that phase 1 of the project was completed within budget, on time and without a single serious injury being recorded.

Meanwhile, Penumbra coal mine has been brought back into service based on existing equipment and infrastructure. First commercial production is expected during the course of November. This follows a period of extensive preparations aimed at ensuring a successful restart to mining operations. Penumbra will produce approximately 500,000 tonnes per annum once all three production units have been deployed. Efforts to finalise funding arrangements to this end are progressing steadily.

IchorCoal acquired a 74% stake in the Penumbra coal mine in December 2015 when Continental Coal disposed of it after being placed in business rescue. Operations at Penumbra were suspended and the mine placed on care and maintenance in February 2015.

Significant synergies exist between the Vunene and Penumbra operations due to their close proximity. This includes logistics in the form of a fully permitted railway siding, a water use license that allows for the construction of a coal beneficiation plant, shared services, coal quality and quantity. Marketing options for the coal include South Africa's electricity utility Eskom, export and other domestic markets.

IchorCoal management continues to execute the company's strategy in accordance with its stated ambition to become a leading mid-tier "pure play" mining company focusing on coal production in South Africa. With a portfolio of strategic high quality assets, the management team has successfully progressed Usutu and Penumbra this year to take the group closer to this goal.