

# Forbes Coal Closes First Tranche of US\$25 Million Loan Facility

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TORONTO, ONTARIO--(Marketwired - Feb 5, 2014) - **Forbes & Manhattan Coal Corp.** ("**Forbes Coal**" or the "**Company**") (**TSX:FMC**)(**JSE:FMC**) has closed on the first tranche of the previously announced secured convertible loan facility from Resource Capital Fund V L.P ("**RCF**") in the aggregate principal amount of up to US\$25 million (the "**Facility**"). The first tranche consists of a bridge loan (the "**Bridge Loan**") in the amount of US\$4 million. The remainder of the Facility consists of a convertible loan in the principal amount of up to US\$15 million (the "**Convertible Loan**"), and a refinancing of the existing US\$6 million convertible loan facility completed between the Company and RCF on September 6, 2013 (the "**Refinancing**"). The Bridge Loan is to be used for general working capital in relation to Forbes Coal's operations in Dundee, South Africa as well as to facilitate the closing of the Company's Toronto office.

In connection with the Bridge Loan, RCF will receive an establishment fee equal to 5% of the value of the Bridge Loan, payable in common shares in the capital of Forbes Coal ("**Common Shares**"), issued at a price of C\$0.1446 per Common Share.

The Bridge Loan will bear interest at a rate of 15% per annum, payable each month. Interest payment obligations under the Bridge Loan may be satisfied in cash, or, at the option of RCF, through the issuance of Common Shares valued at the 20-day volume-weighted average price ("**VWAP**") of the Common Shares on the Toronto Stock Exchange prior to the relevant interest payment date.

The Bridge Loan will mature on June 30, 2014, provided that if Forbes Coal receives all necessary shareholder approvals as may be required in connection with the Facility, the Bridge Loan will convert into a convertible loan with the same terms and conditions as the Convertible Loan, with the principal amount of the Bridge Loan convertible into Common Shares at a price of C\$0.1446 per Common Share.

The issuance of Common Shares to RCF upon conversion of the Bridge Loan, the Convertible Loan and the Refinancing, in satisfaction of interest obligations under the Convertible Loan and the Refinancing, and in satisfaction of the establishment fee payable in connection with the Convertible Loan are subject to shareholder approval. Forbes Coal intends to seek approval of its shareholders for these issuances at a special meeting to be held no later than April 30, 2014. Pursuant to the policies of the TSX and Multilateral Instrument 61-101 - *Protection of Minority Shareholder in Special Transactions* ("**MI 61-101**"), RCF will not vote on the resolution approving the issuances of the Common Shares to RCF under the Facility.

## **About Forbes Coal**

Forbes Coal is a growing coal producer in southern Africa. It holds a majority interest in two operating mines through its 100% interest in Forbes Coal (Pty) Ltd., a South African company which has a 70% interest in Zinoju Coal (Pty) Ltd. ("**Zinoju**"). Zinoju holds a 100% interest in the Magdalena bituminous mine and the Aviemore anthracite mine in South Africa. Forbes Coal has an experienced coal-focused management team.

## *Cautionary Notes:*

This press release contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the Facility, the meeting to be held in connection with approval of the issuance of certain Common Shares issuable under the Facility and future financial or operating performance of Forbes Coal and its projects. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or

state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Forbes Coal to be materially different from those expressed or implied by such forward-looking information, including but not limited to: general business, economic, competitive, foreign operations, political and social uncertainties; a history of operating losses; delay or failure to receive board or regulatory approvals; timing and availability of external financing on acceptable terms; not realizing on the potential benefits of the proposed transaction; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of mineral products; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; and, delays in obtaining governmental approvals or required financing or in the completion of activities. Although Forbes Coal has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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