

TORONTO, ONTARIO--(Marketwired - Oct 29, 2015) - [Buffalo Coal Corp.](#) (TSX:BUF)(JSE:BUC) ("Buffalo" or "the Company") advises shareholders of implementation of the restructuring initiatives at its Dundee operations, as announced on May 22, 2015.

For operational reasons, and as agreed with affected parties, the consultation process in South Africa with organised labour and relevant stakeholders as announced on May 22, 2015 was extended beyond the initially anticipated closing date, but will be completed as required in terms of section 189A of the South African Labour Relations Act, on October 31, 2015.

Zinoju Coal Proprietary Limited ("Zinoju") and Buffalo Coal Dundee Proprietary Limited ("Buffalo Coal Dundee") have signed a contract mining agreement with STA Coal Mining Company Proprietary Limited ("STA"), for STA to mine four sections at the Company's Magdalena underground mine ("Magdalena") at a fixed contract mining fee per ton, effective October 31, 2015 ("the Contract Mining Agreement"). STA is currently mining two sections at Magdalena ("Existing Agreement"), and as a result of the Contract Mining Agreement will employ the majority of the employees being retrenched by Buffalo Coal Dundee, resulting in minimal mine employees becoming redundant. The Contract Mining Agreement has a three year term, and the option for a further two year extension if agreed to by all parties.

In terms of the arrangements, Buffalo Coal Dundee and Zinoju have also entered into an agreement to sell two continuous miners to STA. The selling price will be settled by STA by way of offset against amounts due to STA in terms of the Existing Agreement, and the balance by way of a reduction in the contract mining rate going forward, until such time as the selling price has been settled in full.

Zinoju, Buffalo Coal Dundee and STA have further entered into an agreement with the Company, in terms of which the Company is entitled, at its election, to settle an agreed portion of STA's contract mining fees through the issuance of common shares in the capital of Buffalo ("Common Shares") to STA ("the Equity Portion"). The Equity Portion will be calculated monthly based on production levels at Magdalena, with the Common Shares priced at the higher of the volume weighted average price for the 20 trading days prior to the date of determination ("20 day VWAP"), and any minimum pricing restriction applicable to the stock exchanges on which Buffalo is listed. The Common Shares will be issued to STA at the end of each calendar quarter, subject to regulatory approvals. The parties have agreed that the percentage of Common Shares held by STA will not exceed 9.9% of the Company's outstanding shares at any point in time. STA also has the right to appoint a nominee to act as a non-executive director on the board of directors of Buffalo Coal Dundee.

Buffalo Coal Dundee will continue to mine the Company's Aviemore underground mine, as well as to operate the Company's two washing plants and siding.

Malcolm Campbell, Chief Executive Officer of the Company, commented "We would like to thank all parties, including employees, unions and our local communities and municipalities, for their co-operation in facilitating the various restructuring initiatives over the course of the past few months. We already have an established relationship with STA and we look forward to increased involvement with them as a partner in the success of Buffalo's business going forward, for the benefit of all our stakeholders."

About Buffalo

Buffalo is a coal producer in southern Africa. It holds a majority interest in two operating mines through its 100% interest in Buffalo Coal Dundee, a South African company which has a 70% interest in Zinoju. Zinoju holds a 100% interest in the Magdalena bituminous mine and the Aviemore anthracite mine in South Africa. Buffalo 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 future financial or operating performance of Buffalo 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 Buffalo 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 Buffalo 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. Buffalo does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

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