

# Buffalo Coal Corp. Completion of Capital Raising Transactions

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TORONTO, ONTARIO -- (Marketwired - Dec. 3, 2015) - [Buffalo Coal Corp.](#) (TSX:BUF)(JSE:BUC) ("Buffalo" or "the Company") announced today that, further to its press release dated November 25, 2015 (the "November 25 Press Release"), it has secured additional funding from Investec Bank Limited ("Investec") and Resource Capital Fund V L.P. ("RCF").

## Investec Loan

Pursuant to an amended and restated credit facility dated December 2, 2015, Investec has agreed to extend Buffalo Coal Dundee Proprietary Limited's ("Buffalo Coal Dundee") existing working capital facility from R30 million to R80 million (the "Supplemental Investec Loan"). Subject to fulfilment of certain conditions precedent, an initial R25 million is expected to be advanced by Investec to Buffalo Coal Dundee not later than December 8, 2015. The balance remains subject to the Company demonstrating its plan to sell the majority of its anthracite stockpile (which has built up as a result of depressed markets both domestically and globally).

## RCF Facility Conversion and Private Placement

RCF has to date advanced US\$29 million to the Company by way of a convertible loan (the "Convertible Loan"). As a condition precedent to the Supplemental Investec Loan, RCF has agreed to convert US\$20 million of the Convertible Loan into common shares of the Company ("Common Shares") over a two year period at the agreed conversion price of C\$0.0469 per Common Share (the "RCF Conversion"), subject to a minimum conversion of US\$10 million within the first year. An initial amount of US\$2 million was converted on the closing of the transactions described herein (the "RCF First Tranche Conversion") resulting in 56,963,752 Common Shares being issued to RCF.

The balance of the Convertible Loan will remain in place on existing terms, other than in respect of certain amendments to the interest provisions (as further detailed in the November 25 Press Release).

RCF has also released all security currently held in respect of the Convertible Loan, including the guarantee from Buffalo Coal Dundee.

As a further condition precedent to the Supplemental Investec Loan, RCF has subscribed for a further US\$2 million of equity in Buffalo by way of a private placement (the "Private Placement"). Pursuant to the Private Placement, RCF acquired 72,272,480 Common Shares at a price of C\$0.0367 per Common Share.

Following completion of the Private Placement and the RCF First Tranche Conversion, the Company currently has an aggregate of 269,662,628 Common Shares issued and outstanding. Of these, RCF now holds an aggregate of 237,969,036 Common Shares, representing approximately 88% of the currently issued and outstanding Common Shares.

## Use of Proceeds

The Company intends to use the proceeds of the Private Placement and the Supplemental Investec Loan to address its immediate liquidity concerns and for working capital requirements.

## Reliance on the Financial Hardship Exemption under TSX Policies

As the number of Common Shares issued to RCF, an insider of the Company, pursuant to the Private Placement exceeded 10% of the issued and outstanding Common Shares prior to completion of the Private Placement, the Company would have ordinarily been required to obtain disinterested shareholder approval pursuant to the applicable policies of the TSX. However, for the reasons set out in the November 25 Press Release, the Company sought from the TSX, and was granted, an exemption from the requirement to obtain

shareholder approval on the basis of financial hardship.

### **Related Party Transaction Exemption**

The Private Placement constituted a related party transaction pursuant to Multilateral Instrument 61-101 - *Take-over Bids and Special Transactions* ("MI 61-101"). The Company was exempt from the valuation requirements of MI 61-101 on the basis that this transaction is a distribution of securities for cash within the scope of Section 5.5(c) of MI 61-101. In addition, the Company relied on the financial hardship exemption under Section 5.7(e) of MI 61-101 from the requirements to obtain majority of minority shareholder approval.

### **TSX Venture Exchange Listing**

Despite the completion of the transactions described herein, the Company continues to not be in a position to meet the continuous listing requirements of the TSX. As previously announced, the Common Shares are expected to be delisted from the TSX on or about December 11, 2015. The Company has applied to list the Common Shares on the TSXV. Such listing process remains ongoing but there is no guarantee that such listing will be completed prior to the TSX delisting date or at all. The Common Shares continue to be listed and posted for trading on the JSE, however, as previously announced, the Company has made an application to the JSE to transfer its listing from the Main Board of the JSE to the Alternative Exchange in order to maintain its JSE listing as a secondary listing to the TSXV.

### **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: (i) the timing of the advances under the Supplemental Investec Loan, (ii) the proposed use of proceeds, (iii) the timing of the delisting of the Common Shares from the TSX and the listing of the Common Shares on the TSX Venture Exchange, and (iv) 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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