TORONTO, ONTARIO--(Marketwired - Nov 29, 2016) - Buffalo Coal Corp. (TSX VENTURE:BUF)(JSE:BUC) ("Buffalo" or "the Company") announced today that it has entered into an amendment (the "Amendment") to the convertible loan agreement between Buffalo and Resource Capital Fund V L.P. ("RCF") dated December 2, 2015 ("Convertible Loan Agreement").

RCF has to date advanced US$29 million to the Company (the "Convertible Loan") under the Convertible Loan Agreement, of which US$2 million has been converted to equity as announced on December 3, 2015. RCF currently holds approximately 86.7% of Buffalo's issued and outstanding common shares ("Common Shares").

In terms of the Amendment, RCF has granted Buffalo an interest payment holiday from July 1, 2016 until the earlier of a) the maturity date of the Convertible Loan (the "Maturity Date"), b) the occurrence of any event which constitutes a default as defined in the Convertible Loan Agreement and c) the delivery of a notice by RCF terminating the interest payment holiday (the "Interest Holiday Period").

During the Interest Holiday Period, interest will accrue at a rate of 1.29%. Accrued interest will be payable on the last day of the Interest Holiday Period in cash or Common Shares, in either case as provided for in the Amendment.

All other terms and conditions of the Convertible Loan Agreement will continue in full force and effect and unamended.

Related Party Transaction Considerations

As the Amendment is classified as a material amendment and would be treated as a "related party transaction" pursuant to Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* ("MI 61-101"), the Company would ordinarily be required to obtain minority shareholder approval pursuant to MI 61-101. In light of the current financial position of the Company, and given that the current interest rate provisions in the Convertible Loan Agreement result in the Company being placed in severe financial difficulty, the board of directors of the Company (the "Board") has unanimously resolved to rely on the financial hardship exemption from the minority approval requirements in accordance with Section 5.7(e) of MI 61-101, so as to enable the Company to implement the Amendment as soon as reasonably practicable.

In making this determination, the Board relied in part on the recommendation of a special committee of independent directors (the "Special Committee") which, after due consideration, determined that: (i) the Company is in serious financial difficulty; (ii) the Amendment is not subject to court approval, or a court has not ordered that a transaction be effected, under bankruptcy or insolvency law or Section 191 of the *Canada Business Corporations Act* or equivalent thereof; (iii) the members of the Special Committee are independent directors in respect of the Amendment and represent at least two-thirds of the Company's independent directors; (iv) the Amendment is designed to improve the financial condition of the Company; and (v) the terms of the Amendment are reasonable in the circumstances of the Company.

There will be less than 21 days between the date of filing of a material change report in respect of the Amendment and the effective date of the Amendment, as the final details of the Amendment were not settled until shortly prior to the September 30, 2016, effective date of the Amendment.

Shares for Debt Arrangement

The Company also announced that it has previously completed a shares for debt arrangement with one of its creditors, STA Coal Mining Company Proprietary Limited ("STA").

The Company issued 4,568,696 common shares of the Company ("Common Shares") to STA, at a deemed issuance price of $C0.05 per Common Share, in settlement of approximately $C228,435 of contract mining fees payable to STA by a subsidiary of the Company in respect of the quarter ended September 30, 2016. The Common Shares were issued in accordance with the terms and conditions of an equity settlement agreement dated October 28, 2015 between the Company, STA and certain other parties and are subject to a four month resale restriction.

Investec

The Company also announced that it received a forbearance letter from Investec Bank Limited ("Investec") for being in breach of certain covenants in relation to its Investec debt at September 30, 2016.

Buffalo Coal Dundee (Pty) Ltd ("BC Dundee") was required to meet specified debt covenants at September 30, 2016 in relation to its Investec debt, and, at that date, was, and continues to be, in breach of certain of these covenants. Such breach constitutes an event of default under the debt agreement whereby, Investec is entitled to request early payment of the outstanding debt.

On November 22, 2016, Investec provided a forbearance letter stating that it does not intend to exercise its rights to request early payment of the outstanding debt; however, it has reserved its right to review this decision periodically, with no obligation to keep the Company advised in this regard. As a result, the Company has classified the total Investec debt as a current liability.

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. 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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