

14th December 2011

Strategic Natural Resources PLC
("SNR" or the "Company")

Local Coal Supply Agreement Signed

The Board of SNR (AIM:SNRP) is pleased to announce that its 74% owned subsidiary, Elitheni Coal (Pty) Ltd ("Elitheni") in South Africa, has signed a local coal supply agreement with a Bio-Ethanol Project in the Eastern Cape ("the Project"), initiated by the Eastern Cape government

The agreement is for an aggregate of 70,000 tonnes per annum of washed coal from the Elitheni mine to be supplied to a Bio-Ethanol plant, to be built in the Eastern Cape. The Project will be producing its own power fuelled by Elitheni's coal.

The IDC (Industrial Development Corporation), a national development finance institution set up to promote economic growth and industrial development, owned by the South African government under the supervision of the Economic Development ministry, has fully funded the Project.

The coal supply agreement has an initial term of 20 years, with an option to renew, resulting in an initial aggregate supply of 1.4 million tonnes to the Project. The coal has been priced on a fixed basis with annual inflationary increases linked to South Africa's Producer Price Index. Coal supply is targeted to commence in 2013, subject to the Project's operational status. The Bio-Ethanol Plant will utilise a fluidised bed combustion process, designed specifically for coal from the Eastern Cape coalfield

David Nel CEO of SNR and Elitheni said: "We are delighted to be a part of this IDC funded project. Supplying our coal to local industry is a strategy we as a company have considered to be viable for a long time and it is encouraging to see our endeavours come to fruition after a great deal of interaction with the IDC. Although Elitheni will primarily be an export mine, given its significant reserves, the Company will continue to work with local industry with the aim of supplying coal for use in industrial steam and power production."

Additional notes:

The Project has been a joint collaboration and initiative of the Eastern Cape Government and the IDC. The Honourable Premier of the Eastern Cape, Premier Noxolo Kiviet has been quoted as giving her full support to the Project given the jobs and sustainable development for the Eastern Cape the Project will create. The Premier is further pleased that Elitheni Coal one of three flagship projects for the Eastern Cape has been able to play an enabling role in the viability of the Project and looks forward to being able through the Department of Economic Development see further enabling synergies come to fruition.

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