



**THE WATERBERG**  
COAL COMPANY LTD

## March 2016 Quarterly Activities Report

### The Waterberg Coal Project

The Waterberg Coal Company Limited (the **Company**) is a participant in the Waterberg coal project joint venture (the **Waterberg Project**), situated in the Limpopo Province, South Africa. The Waterberg Project currently has identified coal resources of 3.4 billion tonnes of coal contained within the granted mining and prospecting rights (Appendix 1).

Accruing from the various work streams and technical studies that have been carried out to date, the Waterberg Project now comprises the following projects:

- The Eskom Project;
- The Export Project; and
- The IPP Project.

The Company has been focused during the quarter on engaging with prospective working capital and project development financiers.

On 25 February 2016 the Company announced that Sibanye Gold Ltd (**Sibanye**) had submitted an offer for purchase of the underlying resource assets only. This offer was a unilaterally and materially changed condition by Sibanye compared to the terms and conditions which had previously formed the basis of negotiations. Sibanye's offer required an effective 24 hour response time which was for the Company to evaluate it and liaise with key stakeholders. Sibanye therefore terminated negotiations.

On 10 March 2016 the Company announced that it was in discussions with AME International Limited (**AME**) to assist in recapitalisation of the Company's balance sheet, including, inter alia the provision of working capital and a potential transaction to acquire the secured convertible note held by Standard Bank of South Africa Limited (**SBSA**) and other participants. These discussions are progressing. We are advised that if AME is successful in negotiations with SBSA it is their intention to convert the debt to ordinary equity in the Company.

The Company previously announced that it had entered into a mandate arrangement with a significant organisation in respect of arranging suitable project finance for the prospective development of all three limbs of the Waterberg Coal project. Due diligence is nearing completion by this organisation.

In addition, and as part of progression towards project start up, the Company is in negotiations with prospective coal off-taking parties and logistics operators for delivery of coal via the port of Richards Bay.

### South Australian Tenements

The Company holds exploration tenements EL5221 and EL5397 in the Gawler Craton, South Australia; these are prospective for gold and copper-gold mineralisation. The Gawler Craton is host to large copper-gold

#### ASX Release

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29 April 2016

**THE WATERBERG COAL  
COMPANY LIMITED**

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#### Contact

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Director & Company Secretary

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#### Directors

Dr Mathews Phosa  
Chairman

Lee Boyd  
Director & Company Secretary

Gavin Rodie  
Non-Executive Director

#### ASX / JSE Symbol

WCC

deposits such as Olympic Dam and Prominent Hill to the east, and gold deposits such as Challenger, Tarcoola and Tunkillia in the west.

On 29 September 2015 the Company entered into an agreement with Stockworks Exploration and Mining Pty Ltd (**Stockworks**) for Stockworks to acquire EL5397 in consideration of an initial cash payment of \$25,000, a further cash payment of \$75,000 on registration of the transfer of the tenement and an ongoing 1% net smelter royalty for the benefit of the Company for any type of ore mined on the tenement. Subsequent to March 2016 quarter end, confirmation of registration of the transfer has been received from South Australian Mineral Resources Division. The further cash payment is now expected to be received during the week commencing 2 May 2016.

Compilation and validation of exploration data continued for EL5221. Further work has not been undertaken on this tenement due to the Company's focus on the Waterberg Project. Consequently, the Company does not consider this tenement to be core to its future business prospects and has undertaken to seek expressions of interest from potential buyers.

### **Other Corporate**

On 12 January 2016 the Company lodged an ASX Appendix 3B advising that, pursuant to the Company's Employee Share Option Plan, it had issued to eligible participants 7,825,000 options exercisable at 10c and 7,825,000 options exercisable at 15c, both having an expiry date of 31 December 2020.

On 21 January 2016 the Company lodged an ASX Appendix 3B advising that, pursuant to shareholder approval given at the 2015 AGM, it had issued 20,000,000 options exercisable at 10c and 20,000,000 options exercisable at 15c, both having an expiry date of 30 November 2017.

On 10 March 2016 the Company advised that Mr Stephen Miller, a director since 2013, had resigned as a director and CEO to facilitate the appointment of South African resident Mr Mark Craddock to the board. Mr Gavin Rodie was then appointed as the required second Australian domiciled director.

On 29 March 2016 Mr Craddock tendered his resignation from the board.

Subsequent to Quarter end, the Company advised that it had received a legal claim in respect of a principal amount totalling \$500,000 plus interest thereon. The Company believes the claim to be opportunistic and spurious in nature and has engaged counsel to repudiate the claim.

The company remains in voluntary suspension from trading on ASX pending the outcome of the re-financing activities mentioned above.

**E L Boyd**  
**Director**  
**The Waterberg Coal Company Limited**

## Appendix I: Resource Statement<sup>1 2</sup>

### Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right

Resource Classification	Coal Resource* (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	1314.51	57.6	2.2	17.9	10.7	1.00
Indicated	1247.2	57.4	2.3	17.8	10.7	1.13
Inferred	838	58.5	2.2	17.6	10.4	1.19
Total Resources	3400	57.7	2.2	17.8	10.6	1.09

*\*Coal resource is based on a minimum thickness cut-off of 0.5m*

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<sup>1</sup> Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

<sup>2</sup> Competent Person Statement - Gemecs (Pty) Limited was commissioned by the Company to undertake an Updated Independent Persons Geological Report for the Waterberg Coal Project. The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (**SAMREC Code**), Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the **JORC Code**) and South African National Standard (SANS 10320:2004) guidelines. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Coenraad D van Niekerk is a mining geologist with 38 years' experience in the mining industry, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (**JORC**) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Coenraad D van Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Any discrepancy is due to rounding.