



THE WATERBERG
COAL COMPANY LTD

ASX Release

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THE WATERBERG
COAL COMPANY
LIMITED
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Stephen Miller
(Executive Director and
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(Director and Company
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ASX / JSE Symbol:
WCC

BUSINESS UPDATE AND FURTHER CAUTIONARY ANNOUNCEMENT

The Waterberg Coal Project (WCP)

Shareholders are referred to the announcement dated 31 October 2014 ("the 31 October Announcement") and are advised of the following:

1. The Eskom Project

As set out in the September 2014 Quarterly Report, (and released to the market on 31 October 2014) discussions with Eskom remain ongoing to resolve the outstanding requirements in order to advance the Coal Supply Agreement ("CSA") discussions. These outstanding requirements include coal specification finalisation, final pricing, delivery dates and the provision to Eskom of a satisfactory due diligence report on the DFS. The discussions with Eskom are regular and ongoing and WCC seeks to resolve all outstanding requirements early in 2015.

2. The Convertible Secured Facility ("Facility")

As set out in the 31 October Announcement, the Facility has been extended on an on-demand basis. The revised balance of the Facility as at 17 October 2014, including accumulated interest, is A\$39.3m.

3. The Export Project - Definitive Feasibility Study ("DFS")

As previously advised in the September 2014 Quarterly Report, Ardbel were commissioned to produce a DFS on the viability of a standalone Export Project to be located in the south of the Waterberg Coal Project ("WCP") area. Stage I of the Export Project anticipates the build up to 2 million tonnes per annum of export product; with first coal to be produced during the 1st quarter 2016. The DFS on the Export Project has been drafted and is currently the subject of review. A proposed Stage II anticipates the build-up of export coal product to approximately 4 million tonnes per annum by 2022. The abbreviated period to complete this study accrues from the significant database and work product that was generated from the Eskom Project DFS. Additional work has been carried out with respect to logistics (including rail), coal product off-take arrangements and water.

Notwithstanding the compilation of the DFS, the project team in conjunction with ARDBEL continue to look at opportunities for "optimisation" with a view to further enhancing the overall projects bankability and projects economics.

With a draft of the DFS for a stand-alone Export Project on hand; the WCP partners are in discussions with certain Banks with respect to funding arrangements for the proposed Export Project development. Pursuant to the aforementioned discussions, the Snowden Group has been commissioned as Independent Technical Experts to produce a due diligence report for the purposes of Bank funding for the project's development.

4. Further cautionary announcements

Shareholders are advised to continue to exercise caution when trading in the Company's securities until further announcements in regard to the above is made.

Stephen Miller
Executive Director and CEO