

ASX Release

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**THE WATERBERG COAL  
COMPANY LIMITED**  
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(Director and Company  
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**ASX / JSE Symbol:**  
WCC

## March 2015 Quarterly Activities Report

### The Waterberg Coal Project (WCP)

The Waterberg Coal Company Limited (**WCC**) is a participant in the Waterberg Coal Project (**WCP**) joint venture, situated in the Limpopo Province, South Africa. The Project currently has identified coal resources of 3.883 billion tonnes<sup>1</sup> of coal contained within the granted mining rights; of which 2.070 Billion tonnes are contained within the measured category<sup>1</sup>.

The WCP Joint venture entered into a Memorandum of Understanding with Eskom Holdings in March 2012 for the supply and delivery of 10 million tonnes per annum (**mtpa**) of coal from the Project.

In May 2012 the mineral consultancy, SRK Consulting of Johannesburg, South Africa was commissioned by the WCP joint venture partners to undertake a technical and economic feasibility study for the development of the Eskom Project (**Eskom Project**). In October 2013, SRK Consulting delivered to the project partners the results of the Definitive feasibility study (**DFS**).

### Project Optimisation Study – The Eskom Project

With the current focus on the Export Project, work on the Eskom project in terms of optimisation and on-going value engineering continues to be on hold until further direction is received from Eskom in terms of advancing the status of negotiations with respect to the Coal Supply Agreement.

### The Export Project - Definitive Feasibility Study

Work has continued on a DFS for the Export Project, to be located in the south of the WCP area. The Export Project anticipates the build up to 4 million tonnes per annum (in saleable product) over a six year period. First coal product is forecast, subject to financing arrangements, for the 4th quarter 2016.

### **Access to Water**

As reported on 31 October 2014, WCP Partners have entered into a Memorandum of Understanding with the Lephalale Municipal Council with respect to the Paarl Waste Water Treatment Plant whereby the WCP Partners will take over the management and operation of the water treatment facility for the purpose of supplying water to the WCP.

During the quarter the Lephalale Municipal Council ratified the Memorandum of Understanding previously entered into by the parties in a council meeting in January 2015.

The Paarl Water Treatment plant has a treatment capacity of 10 million litres per day, or 3.64 million cubic metres per annum. Sufficient water is available for the proposed project development.

### **Port capacity**

As previously advised the WCP Partners entered discussions with RBT Grindrod Terminals regarding port allocation at the Richards Bay Terminal (RBGT) for confirmation of their capacity for the handling and loading of Export coal product. Negotiations are proceeding on the final volumes, timeline and contracted price. A formal contract will be executed once final arrangements with offtaking parties have been completed with confirmed volumes for offtakes for the first 5 years.

### **Project funding – The Export Project**

As previously advised, the WCP Partners have commissioned a DFS for a stand-alone Export Project. Accruing from the preliminary results of the DFS, the WCP Partners are in discussions with certain banks with respect to funding arrangements for the proposed development. Pursuant to the discussions to date with such parties, The Snowden Group has been commissioned as Independent Technical Experts to produce a due diligence report for the purposes of project funding.

### **South Australian Tenements**

The Company holds 2 exploration tenements in the Gawler Craton of South Australia which are highly prospective for gold and copper-gold mineralisation. . The Gawler Craton is host to large copper-gold deposits such as Olympic Dam and Prominent Hill to the east, and gold deposits such as Challenger, Tarcoola and Tunkillia in the west.

During the quarter, the Company continued to compile and validate exploration data relating to the 2 tenements and is assessing the prospectively of targets within the license holdings. The Company has designed work programmes to test these targets however these work programmes have not been carried out to date. The Company is considering its strategy with regards to these tenements.

### **Corporate**

On 20 January 2015 WCC's 45.88% subsidiary, FSE announced to the market the receipt of AU\$3.1million (after costs) being tranche 1 of the drawdown pursuant to the convertible note facility. These funds have been allocated by FSE in the main to project costs and to provide working capital.



On 16 March 2015 the Company advised the market that the funding facility made available by the Standard Bank of South Africa (SBSA) was due for repayment on 9 April 2015. At that time the Company advised the market that it was in discussions with SBSA with respect to the refinancing of the SBSA facility. At the date of this report these discussions are ongoing

On 16 March 2015 the Company released its half year financial report.

On 17 March 2015 the Company entered into a trading halt advising the market of group re-financing discussions. Subsequently, the Company then entered into a voluntary suspension of its shares on 19 March 2015 following the trading halt and as at the date of this report remains in voluntary suspension.

**Stephen Miller**  
**Executive Director and CEO**  
**The Waterberg Coal Company Limited**

**Table 1 – Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right**

Resource Classification	Coal Resource <sup>1</sup> (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
<b>Measured</b>	2070.3	57.9	2.2	17.6	10.51	0.96
<b>Indicated</b>	856.3	59.4	2.3	17.2	9.96	1.00
<b>Inferred</b>	956.7	58.9	2.2	17.5	10.26	1.03
<b>Total Resources</b>	3883.3	58.5	2.2	17.5	10.33	0.99
Coal Resource <sup>1</sup> based on minimum thickness cut-off of 0,5m						

**Note 1: Competent Person Statement**

Gemecs (Pty) Limited was commissioned by the Waterberg Coal Company "WCC", to undertake an Updated Independent Persons Geological Report for the Sekoko 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 announcement 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 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 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Niekerk consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.