



## Debt Refinancing, Corporate Restructure and Proposed Equity Financing Arrangements

The Board of The Waterberg Coal Company Limited (**WCC** or **the Company**) is pleased to advise that it and Firestone Energy Limited (**FSE**) (collectively the Waterberg Coal Group (**WCG**)) have entered into a non-binding term sheet with South Africa's largest gold producing company, Sibanye Gold Limited (**Sibanye**) whereby, *inter alia*, Sibanye, have agreed terms with Standard Bank of South Africa Limited (**SBSA**) (as Facility agent) to acquire the existing WCC funding facility held by SBSA (**the Facility**).

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements and court, regulatory & shareholder approvals; be converted to equity in the enlarged company.

The proposed restructuring will see WCC and FSE merge through a proposed scheme of arrangement in accordance with the provisions of the Australian *Corporations Act (Cth) 2001*. The scheme of arrangement will be subject to formal documentation, shareholder, regulatory and court approvals.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will:

- Contemporaneous with the acquisition by Sibanye of the Facility and the execution by the Parties of the transaction agreements and the provision by WCG Parties of the security, provide AU\$8.5 million as additional working capital to WCG.
- Subject to shareholder approval and other *Corporations Act (Cth) 2001* and ASX Listing Rules requirements, subscribe for shares based on a conversion price of AU\$ 0.0154 per ordinary share in the capital of the consolidated WCG following the Corporate Consolidation ("**the Sibanye Loan**"). The consolidated WCG will issue the shares which are to be offset against the loan principal repayable by the consolidated WCG.
- Enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform (to support Sibanye's IPP/s). The Parties undertake that the terms of the off-take agreement will be such that it conforms to international standard IPP debt financing requirements. These coal sales will be in addition to the proposed 4 million tonnes of high quality export thermal coal product that WCG anticipate producing for the export market.

ASX Release

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**ASX / JSE Symbol:**

WCC

With respect to the proposed export project, WCG are finessing the optimisation studies which accrue from the definitive feasibility study (**DFS**) completed during the course of 2014 and 2015. WCG are now working on funding arrangements for the proposed development.

It is the view of WCG that the suite of transactions now proposed and outlined above will greatly enhance the proposed export project development.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation. It is anticipated that both of which will be completed by mid November 2015.

It is anticipated that the current voluntary suspension of the Company's securities will remain until the completion of the due diligence and transaction documentation referred to above by Sibanye.

The Company will update the market as and when the various conditions precedents are satisfied.

It should be noted that the matters referred to in this announcement are subject to documentation and a number of regulatory, court and shareholder approvals. Accordingly at this stage there is no certainty that the transactions contemplated will eventuate.

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