

Market Update

Following the recent announcements made by The Waterberg Coal Company Limited (the **Company**) and Firestone Energy Limited (collectively the **Waterberg Group**) on 25 February 2016, the Company wishes to advise that it is in negotiations with Villora Limited (who are in the process of changing its name to AME International Limited) (**AME**) to assist it in a recapitalisation of the Company's balance sheet). This recapitalisation includes, inter alia, the provision of working capital and a potential transaction to acquire the secured convertible note (**SCN**) held by Standard Bank of South Africa Limited (**SBSA**) (and other participants) (the **Noteholders**) in the Company (the **Proposed Transaction**).

Whilst the discussions with AME are progressing, AME is also in discussions with SBSA in respect of the Proposed Transaction. We are advised that, if AME is successful in their negotiations with SBSA, it would be their intention to convert the debt into ordinary equity in the capital of the Company. This would have a significantly positive effect on the Company's balance sheet. Additionally, AME proposes to procure sufficient working capital to not only advance the Company's project but also complete the recapitalisation of the Waterberg Group's balance sheet. Whilst the Company is supportive of the Proposed Transaction, it cannot give any certainty on the completion nor the timing of the Proposed Transaction, as it requires the support of the Noteholders.

The Company also wishes to advise that it is currently in discussions with potential financiers concerning the arranging of suitable project finance for the prospective development of the Waterberg Coal project. The Company will keep the market advised of developments when terms of a financing mandate have been agreed and executed.

As part of the progression towards a project start up, the Company is in preliminary negotiations with various prospective coal offtaking parties and logistics operators for the evacuation of coal product to the Port of Richards Bay. These discussions are progressing well and as soon as negotiations have been finalised and agreements entered into, the market will be advised accordingly.

Whilst the aforementioned negotiations are progressing, the Company has been in contact with the Noteholders with a view to gaining their support for the Proposed Transactions and also with respect to the provision of an interim working capital facility pending the completion of the potential transactions referred to above.

ASX Release

10 March 2016

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Mr Lee Boyd
Director & Company Secretary

Mr Gavin Rodie
Non-Executive Director

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With a view to transitioning towards a potential project start up and implementation of the above, the Company wishes to advise the market of the following Board changes:

- (a) Mr Mark Craddock has been appointed as a Director and as acting Chief Executive Officer. Mr Craddock has over 30 years' experience in various operational and managerial roles in the Southern African coal industry from production to project delivery. He is also a past chairman of the Southern Africa Coal Processing Society.
- (b) Mr Gavin Rodie has been appointed as a Non-Executive Director with immediate effect. Mr Rodie has an extensive background in the commercial and corporate banking sector and more recently he has diversified into property development and project management.
- (c) Mr Stephen Miller has resigned as a Director and Chief Executive Office.

Dr Mathews Phosa
Chairman
The Waterberg Coal Company Limited