



## THE WATERBERG COAL COMPANY LTD

29 August 2016

### Market Update

Further the Quarterly Activities Report dated 4 August 2016, The Waterberg Coal Company Limited (the **Company**) wishes to provide Shareholders with a update of the Company's current activities and proposed course of action with respect to the financing initiatives and the discussions on foot with various parties for a proposed recapitalisation of the Company's balance sheet (**Recapitalisation**) and overall group reorganisation (**Reorganisation**)

Shareholders will be aware that the Company's major undertaking is through its interest in a coal project situated in the Waterberg region of the Limpopo Province, South Africa (the **Waterberg Project**). The interests in the Waterberg Project are ultimately held via a joint venture structure; which is governed in accordance with the terms and conditions of the joint venture under the laws of South Africa. The Waterberg Project's mining and prospecting rights must comply with the South African Minerals and Petroleum Resources Development Act 28 of 2002 which is regulated by Department of Mineral Resources. In order to maintain the value of the investment in the Waterberg Project, the Company is focussed on achieving a financing solution that provides for not only keeping the Rights in good standing, but also restoration of shareholder value through raising sufficient funding not only for the Company but ultimately for the Waterberg Project's development.

It is a well-publicised fact that the coal market has suffered a serious degradation in pricing over the last few years. As a result, this has made the development of the Waterberg Project and raising ongoing funding difficult to say the least. Nonetheless, the Company believes the insitu value of the Waterberg Project is significant and, with a view to capturing this value and restoring value to shareholders, continues to look for an optimal solution in terms of the Waterberg Project and the Company's interest in same.

As at today's date, the Company's discussions on the Recapitalisation include:

- Discussions with AME International Limited (**AME**) continue with respect to the Recapitalisation and provision of working capital for advancing the Waterberg Project. As advised in the Quarterly Report, AME has entered into a term sheet with Sekoko Coal (Pty) Ltd (**Sekoko**), the South African registered company which holds the Assets which form the Waterberg Project. The Term sheet is for a proposed share subscription (**Subscription**) in Sekoko with a view to AME acquiring a 20% interest in Sekoko. The Company, through its wholly owned subsidiary Ariona Company SA, has a 25% shareholding in Sekoko; which ultimately reflects a 10% interest in the Waterberg Project. As at the date of this report, the legal documentation and conditions precedent are still under construction.
- Discussions are also ongoing with an existing stakeholder with a view to concluding a short term bridging loan, of up to AU\$1.8million, until the Recapitalisation is completed.
- Discussions with parties interested in independent power producer (**IPP**) projects in South Africa who have indicated a willingness to provide funding to the Waterberg Project, predicated on developing an IPP project.

In addition, the Company has engaged with ESKOM senior officers to commence negotiations for potential long term future coal supply arrangements.



### **Appointment of Additional Directors**

Accruing from the Company's discussions and initiatives referred to above, and with a view to advancing the Waterberg Project's activities, the Company is pleased to advise the following appointments to the Board:

- Dr Thivhilaeli Michael Rathogwa MbChB, Mmed (Anaesthesia), a South African national, has been appointed as a Director with immediate effect. Dr Rathogwa is a medical specialist (anaesthetist) who practices in Polokwane, the provincial capital of the Limpopo Province in South Africa; being the province the Waterberg Project is located. In addition to Dr Rathogwa's medical activities, he is a former director of Corridor Mining Resources. He also holds an Advanced Management Certificate from Manchester University and is an experienced, long term resources industry investor. Dr Rathogwa has been associated with the Waterberg Project as an investor since the mid 2000s.
- Mr Christopher Bruce Tinney, a South African national, has been appointed as Director with immediate effect. Mr Tinney is an Economic geologist by profession and has over 20 years broad investment and asset management experience and has managed retail funds, pension funds and private client money; including as founder and fund manager of a resources equity hedge fund, fund manager for a South African general equity unit trust and co-manager of a multi-billion rand private client equity portfolio. More recently, Mr Tinney has managed direct investments in African mineral projects for a Middle Eastern family office and a partnership in an African resources corporate finance joint venture. Mr Tinney is a partner of AME with whom the Company is collaborating with in respect to the Recapitalisation and Reorganisation.

### **Removal from the Official List of the ASX**

As shareholders are aware, the Company's securities have been in suspension on official list of the Australian Securities Exchange (**Official List**) since 16 March 2015. Given the significant nature of the Company's efforts to complete the Recapitalisation and the inherent challenges and uncertainty of this activity, it has been appropriate for the securities to remain suspended. Whilst these activities continue and whilst the Reorganisation is planned to occur, a decision has been made to seek a voluntary removal from the ASX Official List until such time as the Recapitalisation and Reorganisation has been completed. This will, amongst other things, save the Company considerable cost in terms of ongoing administration fees.

It is proposed that the Company will make application to have its securities re-admitted and reinstated to the Official List once the activities have been completed. In the meantime, shareholders will be advised off activities by way of the Company's website.

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