



4 August 2016

## Quarterly Activities Report: June 2016

### The Waterberg Project

The Waterberg Coal Company Limited (the **Company**) is a participant in the Waterberg coal project joint venture (the **Waterberg Project**), situated in the Limpopo Province, South Africa. The Waterberg Project currently has identified coal resources of 3.4 billion tonnes of coal contained within the granted mining and prospecting rights (Appendix 1).

Accruing from the various work streams and technical studies that have been carried out to date, the Waterberg Project now comprises the following projects:

- The Export Project
- The Eskom Project; and
- The IPP Project.

The Company has continued to focus on engaging with prospective working capital and project development financiers during the quarter.

During March 2016 the Company announced that it was in discussions with AME International Limited (**AME**) to assist in recapitalisation of the Company's balance sheet (**Recapitalisation**), and the provision of working capital for advancing the Waterberg Project (**Refinancing**). Albeit somewhat drawn out, these discussions continue with AME and others.

AME has now advised the Company that, as part of the Refinancing process, it has entered into a term sheet with Sekoko Coal (Pty) Ltd (**Sekoko**), the South African registered company which holds the prospecting and mining rights (**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.

The funding accruing from the Subscription is necessary to fund the operational requirements of the Waterberg Project and its creditors. Further delays in completing the Refinancing of Sekoko may necessitate that Sekoko apply for voluntary business rescue to enable it to continue with the restructuring and/or refinancing in this fashion.

The Company is in discussion with existing shareholder and investor parties with a view to concluding a short term bridging loan until the Recapitalisation is completed so as to avert the above.

Given that the see through interest in the Assets is effectively the Company's major asset and therefore material to its future success, failure to avert business rescue for Sekoko may have similar flow on ramifications for the Company itself.

### Assets Held For Sale

#### South Australian Tenements

The Company holds exploration tenements EL5221 and EL5758 in the Gawler Craton region of South Australia. These exploration tenements are not considered to be core to its future business prospects and expressions of interest from potential buyers continues to be sought.

The sale of exploration tenement EL5397 as originally announced on 29 September 2015 was completed during the quarter with the receipt of the final cash payment of \$75,000 on registration of the transfer of the tenement. An ongoing 1% net smelter royalty for the benefit of the Company for any type of ore mined on the tenement applies. The proceeds were applied to general working capital.

**Listed Securities**

During the quarter the Company disposed of its residual share holding in AIM listed Global Resources Investment Trust (GRIT). The proceeds were applied to general working capital.

**Other**

The company remains in voluntary suspension from trading on ASX and JSE pending the outcome of the Recapitalisation and Refinancing activities mentioned above.

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

## Appendix I: Resource Statement<sup>1 2</sup>

### Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right

Resource Classification	Coal Resource* (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	1314.51	57.6	2.2	17.9	10.7	1.00
Indicated	1247.2	57.4	2.3	17.8	10.7	1.13
Inferred	838	58.5	2.2	17.6	10.4	1.19
Total Resources	3400	57.7	2.2	17.8	10.6	1.09

*\*Coal resource is based on a minimum thickness cut-off of 0.5m*

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<sup>1</sup> Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

<sup>2</sup> Competent Person Statement - Gemecs (Pty) Limited was commissioned by the Company to undertake an Updated Independent Persons Geological Report for the 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 report 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 Coenraad D van 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 Joint Ore Reserves Committee (**JORC**) "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Coenraad D van Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Any discrepancy is due to rounding.