

ASX Announcement and Media Release

Thursday, 3 February 2011

West Wits enters HoA to acquire new gold project and undertake capital raising through BGF Equities and SPP

Fast Facts

| | |
|-----------------------|-----------------|
| Capital Structure | @ 3 Feb 2011 |
| Shares on issue | 160 million |
| Options | 18.8 million |
| Market Cap | A\$6.56 million |
| Cash in Bank | A\$0.9 million |
| Debt | Nil |
| Enterprise Value (EV) | A\$5.66 million |
| Current JORC Reserve | 59,000 |
| Current JORC Resource | 426,700 |
| EV / Reserve oz | A\$95.93/oz |
| EV / Resource oz | A\$13.26/oz |

Company Directors & Management

| | |
|-----------------|----------------------|
| Michael Quinert | Executive Chairman |
| Neil Pretorius | Non-Exec Director |
| Phillip Hains | Non-Exec Dir/ Co Sec |

Top Shareholders ≈

| | |
|-------------------------|-------|
| DRD Gold Ltd | 23% |
| Mintails Ltd | 21% |
| Geotorm Investments Ltd | 4.7% |
| AMN Nominees Limited | 4.4% |
| TOP 20 Shareholders | 74.8% |

Company Highlights

- World class historic leases
 - 61m ozs Gold produced
 - 37m lbs Uranium produced
- **Conceptual Target**
 - **3.95-5.20 million ozs Gold**
 - **17-22 million lbs Uranium**
- Significant gold resources along strike on adjacent leases
- Upcoming drill programs



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Highlights

- West Wits Mining Limited enters Heads of Agreement with Paniai Gold Limited to acquire its interest in the Derewo River Gold Project situated in the Papua Province, Indonesia, 110km north west of Freeport McMoRan's world class gold and copper Grasberg Project;
- The Derewo River Gold Project consists of mining rights and exploration registered applications over 129,000 hectares centred on the Derewo River and includes:
 - a 50% interest in existing alluvial mining projects; and
 - a 50% interest in exploration registered applications, (with the right to increase to 80%), to target the source of the Derewo River alluvials.
- This is an early stage entry to a promising alluvial gold project based on evidence from current artisanal operations with hard rock exploration potential to locate the source of Derewo alluvial gold;
- Plans are well advanced for early commencement of hydraulic mining for low cost gravity recovery from alluvial gravels;
- Acquisition comes with an experienced project team on the ground;
- Consideration for acquiring Paniai's interest in the Derewo River Gold Project will be:
 - 80 million ordinary shares in the issued capital of West Wits;
 - 46 million performance shares which will convert to ordinary shares subject to the Derewo River Gold Project producing 20,000 ounces of gold within 2 years of the completion date of the acquisition;
 - 12.5 million options each converting upon exercise at 8 cents with a 5 year expiry from the date of acquisition.
- West Wits has also entered a mandate agreement with BGF Equities to place, on a best endeavours basis, the Mintails shareholding of 33.75m ordinary shares at 5 cents per share as well as a further 33.75m ordinary shares at 4 cents per share with attaching 1 for 4 options exercisable at 8 cents. This combined placement will generate approx \$3m;
- West Wits will also undertake a share purchase plan for existing shareholders to raise \$500,000 through the issue of a further 12.5 million ordinary shares at 4 cents per share with attaching 1 for 4 options exercisable at 8 cents;
- The funds raised will be used to complete an extensive sampling program over the Derewo River Gold Project as well as bringing in equipment to establish modern mining capability (approximately \$2 million). Funds will also be used to complete a drill program on the Monarch Resource and existing gap between Monarch and the Emerald Gold Project (approximately \$1.2 million). The balance of funds raised and existing funds will be available for working capital (approximately \$1.2 million).

West Wits Mining Limited ("the Company" or "West Wits") (**ASX:WWI**) is pleased to announce that it has completed two agreements which will provide a platform from which the Company can begin to reinvigorate shareholder value and interest.

West Wits has entered into a binding heads of agreement with Paniai Gold Limited ("Paniai") to acquire its interest in the Derewo River Gold Project, located in the Papua Province, Indonesia (see Figures 1 and 2). This acquisition is subject to due diligence, shareholder and regulatory approvals.

Paniai owns a 50% interest in this alluvial gold project which the Company believes can be brought into production with modern mining techniques in the near term. This acquisition will provide early stage entry into a promising gold project based on evidence from existing artisanal operations and also has hard rock exploration potential to locate the source of the alluvial gold. Paniai currently owns 50% of the exploration registered applications for the surrounding area, with the option to increase its ownership to 80%. Exploration will focus on locating the alluvial source thereby providing significant upside potential for the project.

The Company has also entered into a mandate letter with BGF Equities Pty Ltd (“BGF”) to place with their institutional and high net worth clients in Australia, Asia and the UK, on a best endeavours basis, the existing Mintails shareholding of 33.75 million shares at 5 cents per share (which will finalise the Mintails Limited repayment obligations as announced on 22 October 2010), as well as a further 33.75 million shares at 4 cents per share with an attaching 1 for 4 option exercisable at 8 cents per share on or before 1 February 2014. This placement, the new share component of which is subject to shareholder approval, will generate approximately \$3 million to be used at the Derewo River Gold Project to establish a modern alluvial operation as well as allowing the Company to complete its drill program at the Company’s existing Monarch Resource and ‘gap’ area both located along strike and directly south of the Emerald Gold Project.

The Company will also undertake a share purchase plan (“SPP”) for existing shareholders to raise \$500,000 through the issue of a further 12.5 million shares at 4 cents per share with an attaching 1 for 4 option exercisable at 8 cents per share on or before 1 February 2014. BGF under their mandate will also place any shortfall from the SPP on a best endeavours basis. Details of the SPP, including the record date, will be announced separately.

The Company previously announced to the market it was undertaking initiatives to place the Mintails shareholding, secure new institutional support, continue exploration of the Company’s West Rand assets as well as securing further gold projects. The board believes both these agreements will place the Company in a strong position for future growth.

Derewo River Gold Project

The binding heads of agreement entered into with Paniai is to acquire its interests in the Derewo River Gold Project. The project is situated on the Derewo River within the central mountains of the Papua Province, Indonesia. The project is located approximately 110km north west of Freeport’s Grasberg complex. Paniai currently owns a 50% interest in the alluvial gold project and 50% of the wider exploration registered applications which provides the opportunity for hard rock exploration potential. The 50% interest in the wider exploration registered applications can be increased to an 80% interest after A\$2 million has been spent on exploration.

The mining area was discovered in 2004 with local artisanal miners mining isolated alluvial gold pockets in the downstream of the Derewo River close to Nabire. This led to the discovering of high concentrations of alluvial gold in the Derewo River where it exits the central mountains of Papua. This area has shown potential with reports of several tonnes of gold having been extracted over the last few years.

Currently there are local miners working the alluvial and colluvial gold bearing gravels on the Derewo River. The gold is occurring in the form of coarse nuggets which show clear signs of fluvial transport (see Figure 3). These nuggets are found in Derewo River terrace deposits. The composition of the alluvial gravels does suggest a mixed alluvial and colluvial origin in that they are likely to be the product of slumping from the sides of the valley. Mining of these colluvial/alluvial deposits is possible using hydraulic recovery methods and sluice boxes to provide a relatively low cost method of gold recovery.

The source of this alluvial gold is potentially local, based on the size and shape of the nuggets discovered and the evidence of gold mineralisation from float samples observed within the mining area by independent geologists. The float samples consist of graphitic slates with associated with quartz veining. Evidence of silicification and hydrothermal alteration with fresh massive pyrite and disseminated chalcopyrite, sphalerite and galena indicate the potential for a larger mineralised system nearby which could provide a target to explore for a hard rock source.

Paniai via its 50% interest has been granted a 40ha mining lease covering one of the main mining areas which was granted by the local Paniai Regency government as well as a further 491 ha of mining leases pending from the Provincial Government (see Figure 2). An Environmental Impact Statement has been submitted and is currently in an advanced stage of processing. In addition to granted and pending mining leases, three exploration applications totaling 129,250 ha have been registered covering the Derewo River drainage up and downstream of the 40ha mining lease. Paniai has also

executed a Landowners Agreement with the local indigenous Wolami People which was one of the first of its kind in Papua Province.

Paniai has in place an experienced technical team which has developed similar alluvial deposits and is based in country. Paniai will also on completion provide two representatives to the board of West Wits providing complimentary skills to the current board.

The Company has entered into this agreement based on materials provided by Paniai, which will now be confirmed through a due diligence program. This program is to be completed by the 31st March 2011, at which time (upon satisfactory results) the deal will proceed with the regulatory and shareholder approval process.

Consideration for acquiring Paniai's interest in the Derewo River Gold Project will be:

- 80 million fully paid ordinary shares in the issued capital of West Wits;
- 46 million performance shares which will convert to ordinary shares subject to the Derewo Project producing 20,000 ounces of gold within 2 years of the completion date of the acquisition;
- 12.5 million options each converting upon exercise at 8 cents with a 5 year expiry from the date of acquisition.

West Wits intends to use part of the capital raised to fund the mechanisation and ramp-up of existing alluvial gold mining operations and the commencement of hard rock exploration for the source of the Derewo alluvials. The development strategy will consist initially of mapping and sampling for alluvial assessment and development of the long term mining plan, which would include the construction of an access road, dam and pipeline to enable commencement of commercial scale mining.

West Rand, South Africa

The priority for the Company's on its existing exploration targets will be to expand the resource and reserve base at Emerald Gold Project ("Emerald"). That focus will be initially implemented through a drill program at the 1km 'gap' which lies between the 74,000oz Au Monarch Mineral Resource and the 59,000oz Au Reserve which forms the current Emerald Gold Project.

The Company is confident that mineralisation should continue along strike through the current 1 km 'gap' (refer Figure 1). This confidence is based on the Monarch Mineral Resource estimate, the known continuity of the Reef over 9km within the Company's leases, and historic underground mining data.

The Monarch Resource was achieved at a discovery cost of \$3.50 per ounce and confirmed the potential for additional near surface gold resources along strike from the Emerald Gold Project. West Wits is confident that additional drilling will enable an upgrade in the resource category for the Monarch Mineral Resource.

West Wits looks forward to progressing the 1km 'gap' and Monarch Mineral Resource as part of the southern extension of the Emerald Gold Project by;

- Conducting a drill program testing the potential of the 'gap',
- Upgrading the Monarch resource category by infill drilling, and,
- Reviewing the historical underground plans to aid drill targeting

The Company is pleased to have made an arrangement with a view to funding the continued exploration of its South African exploration targets which it believes can be developed into significant gold assets, but it is now also equally pleased to enter this agreement with Paniai to secure what it believes to be very prospective gold interests within Indonesia. The Company is pleased to now have two projects, both within recognised producing gold provinces, which should provide shareholders with a potential increase in news flow.

For And On Behalf Of The Board



Michael Quinert
Chairman
West Wits Mining Limited

West Wits Mining Limited (ASX Code : WWI) is an Australian listed public company with exploration assets 20km west of Johannesburg, South Africa. West Wits has been formed to explore, evaluate and potentially extract gold and uranium from the Company's Project Areas located on the West Rand Goldfield of South Africa's Witwatersrand Basin. The Witwatersrand Basin is regarded as one of the largest mineralised gold and uranium systems in the world and is widely known for its rich, continuous multiple reef ore-bodies.

The information in this report that relates to the Derewo River Gold Project is based on information reviewed by Mr Jeff Elliott of CSA Global Pty Ltd who is a Member of the Australian Institute of Geoscientists. Mr Elliott has sufficient experience which is 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 Resource and Ore Reserves'. Mr Elliott consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Emerald Gold Project is based on information compiled by Mr Chris Taylor of West Wits Mining Limited who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Chris Taylor has sufficient experience which is 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 Resource and Ore Reserves'. Mr Chris Taylor consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Figure 1. Location Map of Derewo River Gold Project

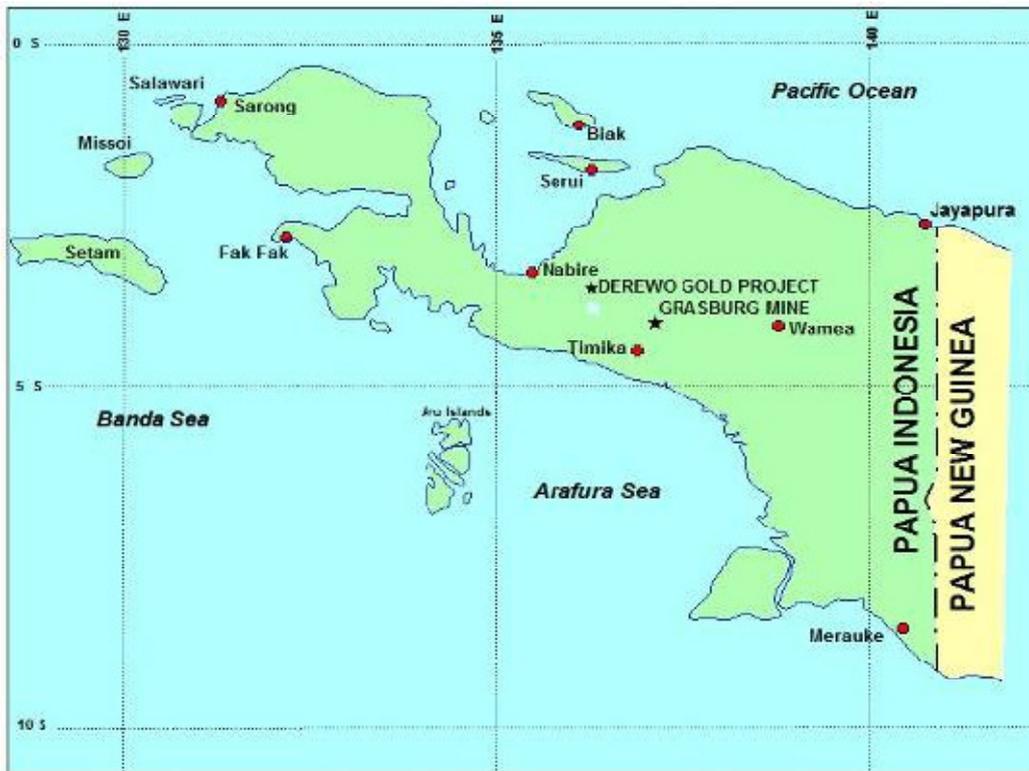


Figure 2. Local Tenement Map

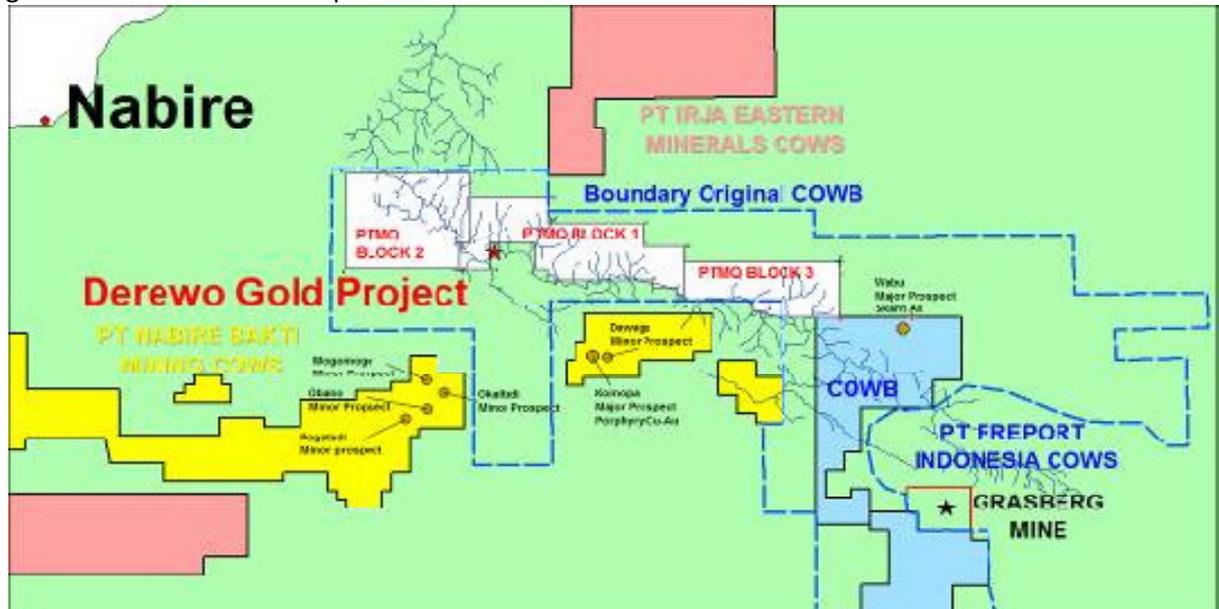


Figure 3. Photos of coarse nuggets



Gold nuggets with round edges and suture line of fold on the largest



Oval shaped nuggets shaped by hydraulic transport