ASX Announcement and Media Release

Wednesday, 6 December 2017

Higher Witwatersrand Basin gold production underpins improving cashflow

Highlights

- Record monthly gold production in November, 14,725t and 3,760t (from a new working section) of high-and-medium grade ore respectively, enabled 1,023 oz to be sold from the re-named Witwatersrand One prospect
- This generated net cashflow towards the higher-end of the previously announced A$200-250k range, enabling the operation to move to a self-sustaining footing
- Consequently, surplus funds will go towards expanding the current JORC 2012 compliant resource, accelerating work to secure mining rights and reviewing other open-cut opportunities within the circa 50km^2 project area to extend current production
- The Board believes the current JORC compliant resource (1.38 million oz Au) can be materially increased with the completion of engineering study focused on an unmined area in the east of the project area
- Based on current estimates, without extending the current resource, there is sufficient ore within the Witwatersrand One prospect to sustain current production at 12-15,000t/month for 12-14 months

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West Wits Mining Limited (ASX: WWI) ("WWI" or "the Company") is pleased to report that production numbers for November 2017 were at the top end of the 12-15,000t range. The operation is now achieving a critical production mass and scale economies are now resulting in a moderation in costs from circa US$1,000/oz to less than US$800/oz. More importantly, as a result of selling 1,023oz Au in November, the South African operations are now on a self-sustaining footing. As such, this will enable the business to fund proving up a JORC 2012 compliant resource, incremental open cut mining opportunities within the project area and work on securing mining rights.

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Michael Quinert, Chairman commented: "Since commencing mining operations in June 2017 at the re-named Witwatersrand One prospect, progress has been relatively smooth, especially selling 1,023 oz of gold in November. Consequently, it is pleasing to close the calendar year out with our Witwatersrand project operations now on a self-sustaining footing. This will enable critical work to be undertaken to prove up the JORC compliant gold resource beyond the current 1.38m oz, progress securing a mining right over the next 12-18 months and examining other open-cut operations within the tenure to boost monthly production going into 2018. Meanwhile, the Board is progressing due diligence on the proposed Tambina conglomerate gold project in the Pilbara and developing a high-level exploration plan for the Mt Cecelia project area. A more detailed update on progress with the Australian assets will be released once more newsflow materialises."

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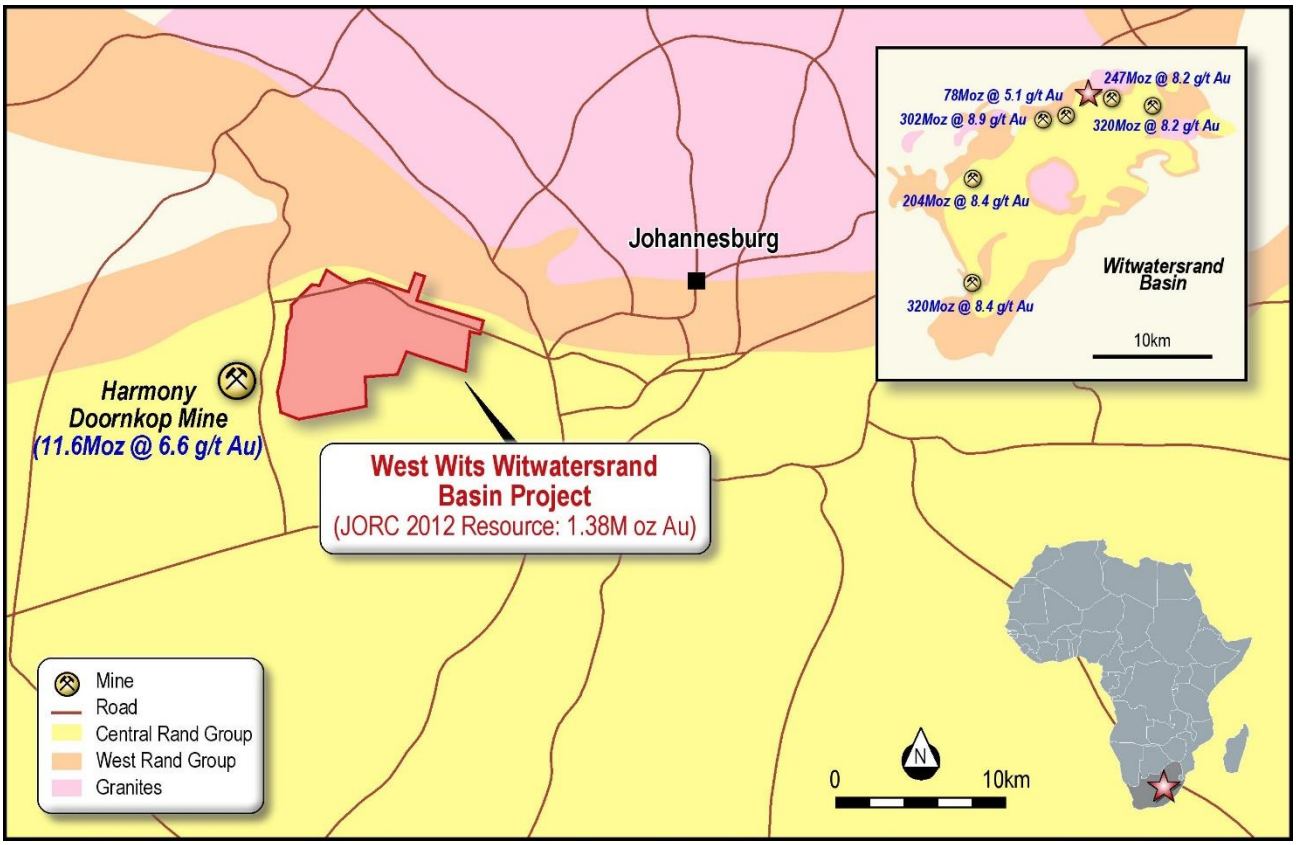
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RE-NAMED WITWATERSRAND BASIN PROJECT

After some reflection the Board has decided to re-name WWI's operations in South Africa the Witwatersrand Basin Project (WBP), given its prime location within the Witwatersrand Basin – arguably the world's premier conglomerate gold producing region (Figure 1). Since gold mining commenced at WBP more than a century ago, which is only circa 50km^2, some 30m oz of gold were extracted before the previous owner ended operations in 2000.

There is still a significant gold mineralisation present within the tenure, as under the JORC 1997 code the historic resource was 12.8m oz to 3,100m. However, with tougher compliance under the JORC 2012 code and consideration of the water table, the resource was revised to 1.38m oz with a 400m cut-off.

FIGURE 1: WWI'S WITWATERSRAND BASIN PROJECT



WITWATERSRAND ONE PROSPECT UPDATE

To further streamline naming protocols, the Board has decided to name the present mining operation Witwatersrand One prospect. Subsequent areas to be mined, once proved up within the tenure, will follow a sequential ordering i.e. Witwatersrand Two prospect, etc.

Re-cap

To re-cap, the Witwatersrand One prospect involves five pits along 1.5km Kimberly Reef outcrop. Production from the first two pits is shared 60:40 in WWI's favour (partner Elandiwave takes the balance), but this moves to 50:50 with final three pits. Ore has just commenced being sourced from the third pit (Figure 2), with rehabilitation now commencing from the western end of the first pit. By the first quarter of 2018, based on current estimates, ore will be sourced from pits four and five as production will be fully ramped up by then.

FIGURE 2: PRODUCTION COMMENCING AT PIT 3 – WITWATERSRAND ONE PROSPECT





The core product is high-grade ore (circa 2.1g/t), though a medium-grade output (1.4g/t) is now in the mix as essentially a by-product and revenue source. The high-and-medium-grade ores are processed at different plants within 50km of the WBP. The original target was to produce 10,000-to-15,000t of high-grade ore per month from Witwatersrand One prospect once all start-up issues were overcome, which is now being achieved.

June-November 2017 performance

A summary of the key operating statistics is highlighted in Figure 3. Notably, production for November is now at the upper end of the 10,000-to-15,000t range, which is likely to be sustained moving into 2018. Based on current estimates, assuming the status quo remains unchanged, there is adequate resource within Witwatersrand One prospect to last for an incremental 12-14 months.

FIGURE 3: OPERATING STATISTICS – WITWATERSRAND ONE PROSPECT

	November 2017	June-to-November 2017
Production (tonnes):		
- High grade (circa 2.1g/t Au)	14,725t	59,216t
- Medium grade (circa 1.4g/t Au)	3,760t	18,055t
Gold produced	31.83kg (1,023oz)	88.09kg (2,832oz)
Production costs	US$757/oz	US$1,014 /oz (average)

In November, a record 1,023 oz of gold was sold which has enabled the operation to move to a self-sustaining footing, as the Company's share of cashflow was towards the upper-end of the $200-250k range. Moving forward, with mining operations now beginning to generate scale economies, resulting in a material reduction in operating costs to circa US$800/oz (from circa US$1,000/oz), there is scope for monthly cashflow to remain at the upper end of the range.

Priorities moving into 2018

Being on a self-sustaining path will enable several high-priority tasks within the WBP to be progressed concurrently, without drawing on capital from the group. These include:

- Completing an engineering report on an unmined area within the eastern part of the WBP that could materially enhance the current JORC 2012 compliant resource;
- Progress work on securing mining rights for WBP which potentially will take up to 12-18 months, given the need to comply with South Africa's relative strict environmental laws; and

- Extending the current resource at Witwatersrand One prospect and reviewing other open-cut mining opportunities within WBP.

PHOTO GALLERY

WWI Chairman Michael Quinert and Director Vincent Savage with the final product from Witwatersrand One prospect.



For and on behalf of the Board



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