ASX Announcement and Media Release

15 January 2018

Cashflow positive Witwatersrand Basin project to be ramped up

Highlights

- The Board's core priority is to secure full mining rights for the entire Witwatersrand Basin project (WBP) in 2018, so production can be scaled up substantially
- More immediately, after the second consecutive month of positive cashflow, the Board intends to apply to the regulator to commence a second open-pit project (Witwatersrand Two prospect; W2)
- Bringing W2 on stream early demonstrates the Board's intent to ramp up current production and materially improve cashflow beyond the current $400-500k/monthly (gross) range
- Incrementally, expanding the current JORC 2012 compliant resource beyond 3.26 Moz Au remains an area of focus
- Rehabilitation work on pit one at W1 is underway and demonstrates to key stakeholders WWI is meeting its environmental obligations, which in turn enhances community support for the full mining plan and positive economic multiplier effects (more direct and indirect employment) it will deliver
- Gold production in December was over 1,000 oz Au with ore throughput at the upper-end of the desired 12-15,000t/month range
- With due diligence on the Tambina conglomerate gold project finalised, exploration planning is underway including:
  - 3D modelling of historic data;
  - Sampling identification of Au rich conglomerates; and
  - Bulk sampling of potential horizons

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West Wits Mining Limited (ASX: WWI) ("WWI" or "the Company") has booked its second consecutive month of positive cashflow from its Witwatersrand Basin project (WBP) in South Africa. As a result, the Board's strategic intent remains firmly on securing mining rights across the whole WBP in 2018 to substantially scale up production and continuing to work towards expanding the JORC 2012 compliant resource beyond 3.26 Moz. With W1 set to deplete within the next 12-15 months, the Board is progressing an application to secure a mining permit, which allows for small scale mining, to establish another open-pit project (W2) as soon as practical. This is to ensure current production and cashflow continue to grow ahead of securing the mining rights for WBP.

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Michael Quinert, Chairman commented: "It is pleasing that our Witwatersrand Basin project remains on a self-sustaining path, as this will enable the team in South Africa to accelerate work on securing mining rights for the whole tenure. Once approved by the regulator, then the project can be scaled up substantially. With the JORC compliant gold resource now at 3.26 Moz, the economics work to support a moderate sized mining operation. However, the geology team will continue work on proving up the resource further, since there is still significant proven gold mineralisation within the tenure which can be brought within the JORC 2012 Code. A more immediate task will be progressing a mining permit application with the regulator to commence a second open-pit, which will be named Witwatersrand Two prospect, to come on stream as soon as practical. This will provide the opportunity for the current production and cashflow to grow over the balance of 2018 and beyond."

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RAMPING UP WITWATERSRAND BASIN PROJECT

Progressing work on mining rights

Behind the scenes, the team in South Africa are accelerating work towards securing mining rights for the whole WBP in 2018, as this will enable the operation to be substantially scaled beyond the current 1,000 oz per month (from W1). However, this is a complex process that requires input from multiple stakeholders and compliance with South Africa's relatively strict environmental laws – the timeline could extend into 2019.

A positive litmus test is the rehabilitation work being undertaken on W1, since this clearly demonstrates to multiple stakeholders WWI's intent to meet its environmental obligations. More importantly, it is critical to secure support from local communities so they understand that mining projects will benefit them via delivering direct and indirect employment, which in turn has broad positive economic multiplier effects.

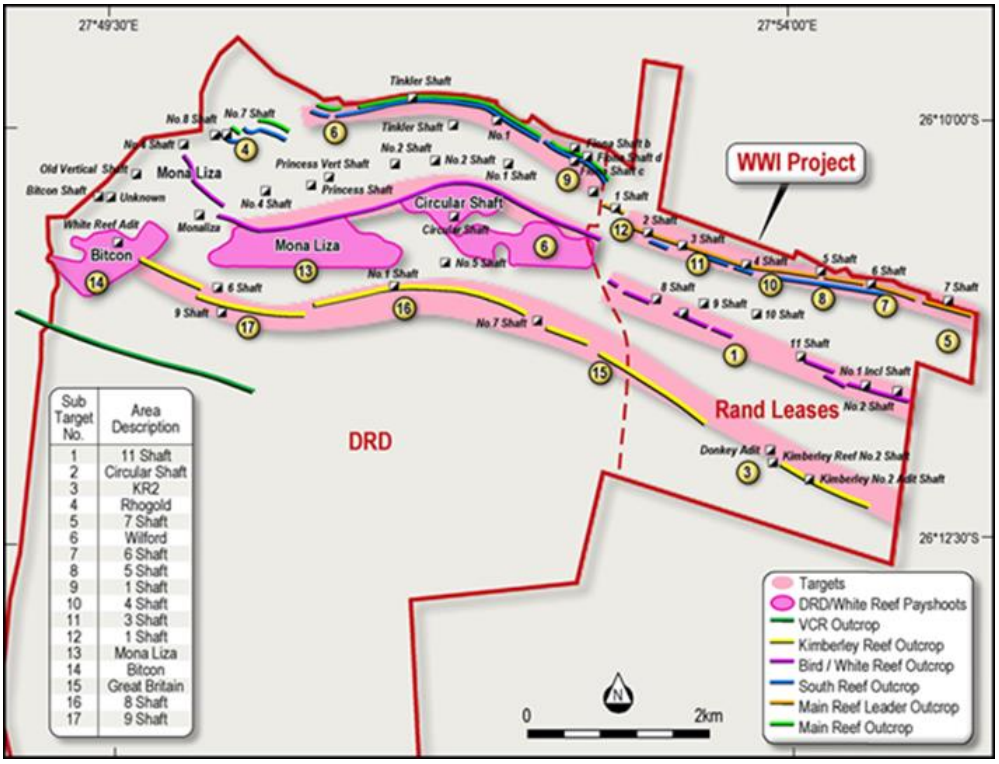
Expanding JORC compliant gold resource

Having recently increased the JORC compliant gold resource to 3.26Moz [from 1.88Moz] (refer ASX Release – 18 December 2017), there is more than adequate feedstock to make a solid case to support a moderate sized mining operation, though further studies are required. However, given it is clear there is significantly more gold mineralisation within WBP, the geology team will continue working toward proving up the resource to comply with the JORC 2012 Code.

Witwatersrand One and Two prospects

As W1 only has adequate resource for another 12 - 15 months, the Board is in the process of applying to the regulator to commence a second open-pit project (W2) as soon as practical. As there are multiple potential sites to establish W2 within the WBP (Figure 1), the geology team has been mandated to find the optimal one that will enable current production and cashflow to be enhanced.

FIGURE 1: MULTIPLE POTENTIAL SITES TO ESTABLISH WITWATERSRAND TWO PROSPECT



Work at W1 has moved to pit three, which implies WWI's share of profits with its partners will effectively moderate to 50% (vs 60%) from February 2018. Hence, to compensate for any revenue shortfall, ramping up production and securing higher-grade ore will become critical focal issues moving forward. As mentioned above, rehabilitation work is now commencing at pit one and will progress across all five pits within W1 as the resource is depleted.

June-December operating 2017 performance

A summary of the key operating statistics is highlighted in Figure 2. In brief, high-grade ore production for December continued to achieve the 10,000-to-15,000t target range. This was supplemented by 2,500t of medium-grade ore that was treated at Mogale and which has no attributed mining cost as it is essentially a by-product of the high-grade production. A total of 1,020 oz Au were produced for the month. For high-grade ore, the recovered grade was 2.3 g/t Au above the average 2.1 g/t since mining operations commenced in June 2017.

The gross cashflow has been strong over the past two months, with WWI receiving distributions well above its net $200 - 250k target. Note, the Board is keeping the target range fixed for the time being given the possibility of material production fluctuations that could impact net cashflow receipts.

On the cost side, because of a higher strip ratio in December, production costs moved up to US$800/oz (from $750/oz in November) but should moderate as scale economies continue to take effect.

FIGURE 2: OPERATING STATISTICS – WITWATERSRAND ONE PROSPECT

	December 2017	June-to-December 2017
Production (tonnes):		
- High grade (circa 2.3g/t Au)	12,700t	71,916t
- Medium grade (circa 1.0 to 1.4g/t Au)	2,500t	18,355t
Gold produced	1,020oz	3,852oz
Production costs	circa US$800/oz	circa US$1,000 /oz (average)

TAMBINA PROJECT ACQUISITION TO PROCEED

With all due diligence on the Tambina project finalised, the acquisition will complete at the upcoming EGM on 18 January 2018. The first priority is to roll-out a high-level exploration plan, already formulated, that will leverage significant legacy data compiled by previous owners and current vendors. This will save significant costs (circa $400 - 500k) and 6 - 12 months for the geology team to replicate the data. In turn, this enables the team to expedite identifying the ideal targets to bulk sample which can be processed then analysed at a nearby facility.

The Board will keep shareholders updated on progress with the Australian assets as soon as new information comes to hand.

For and on behalf of the Board



Michael Quinert
Chairman
West Wits Mining Limited

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