

## Quarterly Activities Report - June 2020

### Highlights

- Environmental Authorisation (EA) approval from the Department of Mineral Resources (DMR) on the Witwatersrand Basin Project (WBP) marking a significant milestone<sup>1</sup>
- Oversubscribed Share Purchase Plan (SPP) and Placement raises \$800k with eligible directors and officers applying for \$55k combined<sup>2</sup>
- Strategic Board restructure includes the appointment of South African based Managing Director, Jac van Heerden, to drive development of WBP towards production<sup>3</sup>
- WBP Scoping Study and exploration of the K9A reef advances significantly towards scheduled completion in 3Q 2020

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**West Wits Mining Limited (“WWI” or “the Company”)** is pleased to present its latest quarterly report for the period ending 30<sup>th</sup> June 2020.

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### Review of Operations

#### SOUTH AFRICA

##### **Witwatersrand Basin Project, Central Rand (WWI: 66.6%)**

The DMR requested for proof of funds for the rehabilitation to which the company provided a guarantee to the DMR on the 17 April 2020. The rehabilitation guarantee allowed the DMR to grant WWI the Environmental Authorisation (EA) which was approved by the DMR on 24<sup>th</sup> June 2020<sup>1</sup>. The approval represents a significant milestone towards mine development and production at the WBP.

As a result of COVID restrictions, the EA Approval was delayed approximately 9-weeks due to lockdown requirements which closed the DMR’s regional office and prevented department officials from formally receiving the original copy of WWI’s rehabilitation guarantee per regulatory requirements.

Following granting, the EA approval was subjected to public review for 20 calendar days whereby interested and affected parties (IAP’s) can lodge an appeal against the EA decision. Once an appeal is lodged with the Department of Environmental Affairs (“DEA”), the EA will not be further acted on until the appeal has been ruled on. The 20-day appeal period ended post reporting period and resulted in one appeal with two additional parties indicating their intention to appeal outside of the initial 20-day period<sup>4</sup>. A directive issued by the Minister for Environment on 5<sup>th</sup> June provides for an additional 30-day period for appeals to be submitted due to the impacts of COVID. The Company is actively engaging the potential applicants to resolve any matters of concern specific to the EA requirements.

On submission of WWI's response to the Department of Environmental Affairs (DEA), the appeals commissioner has 90-days to make a ruling. The Company remains confident in the soundness of its EA process and is confident of a successful outcome.

The scoping study's objective is to determine the potential of the entire mining right area at WBP, investigating five distinct underground target areas to assess the development and production potential of various operating scenarios to guide the next phase of project development.

The scoping report was delayed during the period by approximately 2-3 weeks whilst WWI's management team assessed the implications of COVID restrictions. Despite this, significant progress was made and the study is due for completion at the end of July.

WWI's current exploration activity is focused on converting the K9A Exploration Target<sup>5</sup> into a JORC compliant resource. WWI's geological consultant, Shango, is utilising historical survey and assay information, capturing data in a 3D environment to compile a 3 D DTM (digital terrain model) and 3D Block Model which is utilised in the resource generation. It is anticipated the exploration work will convert the exploration target into a JORC compliant resource with results expected to be available by the end of September 2020.

## **AUSTRALIA**

### **Mt Cecelia – East Pilbara**

The PGN Geoscience desktop study was received in April 2020 and focused on three distinct exploration target areas being the Banded Iron Formation (BIF)-hosted gold, Volcanogenic Massive Sulphide (VMS) and Manganese Host Target Horizon<sup>6</sup>.

Western Australian COVID restrictions limit access to the site with interstate personnel required to quarantine for 2-weeks. WWI's exploration team opted to engage a Pilbara based contractor to perform an initial reconnaissance trip in July (post-reporting period) with the key objective to determine access to the project and PGN's target areas, supply stations for future exploration and provide observation geological outcropping and other features.

WWI's management team will work through the local team's findings with PGN Geoscience to determine the next stage of exploration.

Agreement was reached in June with the FNA proponent to access the 11% overlapping area of the exploration area in the northern portion of the exploration license per the DMIRS license conditions<sup>7</sup>.

## **INDONESIA**

The Indonesian subsidiary (PTMQ) has advised Indonesia's new Mining Act No 3 of 2020 restricts foreign ownership of 49% on operation production permits. The new requirements, as advised, impact PTMQ's 40ha Operation Production permit with the local notary recommending NuGold Hong Kong's 15% ownership in PTMQ be transferred to a local Company. The transfer of ownership would reduce WWI's interest to 49%.

The Company is seeking further information from PTMQ on the status of the other IUP's.

As reported in the 31st December 2019 Half Year accounts, WWI reports the Indonesian subsidiary group as a discontinued operation with the investment written down to zero.

## **CORPORATE**

### **Issue of Securities**

The Company raised \$800k through the issue of 80,000,000 fully paid ordinary shares at \$0.01 (1 cent) per share via a Placement (\$650k) and SPP (\$150k)<sup>8</sup> with the SPP oversubscribed by 177% which resulted in a scale-back<sup>2</sup>.

Eligible Directors and Officers applied for a total \$55,000 through the SPP, extending the considerable interest the Board and Executive hold in the Company.

The Company issued 5,595,278 fully paid ordinary shares at the same deemed price of \$0.01 (1 cent) per share in-lieu of cash for payment of accrued interest of \$55,953<sup>2</sup> on the Convertible Notes.

### **Board Restructure**

West Wits' Board promoted West Wits MLI CEO, Jac van Heerden, to the Board as Managing Director of WWI<sup>3</sup>. Mr van Heerden, a senior mining executive with over two decades experience in the mining sector, has overseen project & mine development across southern Africa and more recently presided over a large-scale copper / cobalt operation in the Democratic Republic of Congo prior to joining West Wits in January 2019.

WWI has appointment experienced US based investment finance executive, Mr Peter O'Malley, as Non-Executive Director to the WWI Board<sup>3</sup>. Mr O'Malley worked at Credit Suisse for 13 years and later, while based in Hong Kong, managed Deutsche Bank's Natural Resources investment banking practice in Asia-Pacific for many years.

Mr O'Malley has extensive experience advising companies and investors alike including M&A, debt/equity transactions, and capital optimisation strategies in multiple jurisdictions having resided in New York, Johannesburg and Hong Kong.

Importantly, the appointments introduce senior mine engineering and investment finance experience to the Board mix which was viewed as strategically essential as the Company enters the development phase.

Niel Pretorius elected to resign from the Board<sup>3</sup> due to his increased commitments after Tier-1 precious metal miner Sibanye Stillwater's acquired a controlling stake in DRDGOLD. DRDGOLD continues to be a significant shareholder of WWI and has communicated ongoing support for WWI's development strategy.

Phillip Hains also resigned as joint Company Secretary<sup>3</sup>.

### **COVID-19 Update**

The Company continues to monitor restrictions associated with the COVID-19 outbreak in both South Africa and Australia.

As highlighted above, the main impact from COVID-19 to date is on the timing of the mining right application with an approximate 3-month delay from South Africa's COVID lockdown and the Western Australian Government's border restrictions which impedes interstate personnel accessing the Mt Cecelia project.

There has been minimal impact on WWI's management team and key contractors who have been able to work remotely and progress key exploration, feasibility and licensing activities during lockdown periods.

WWI's executive team continues to assess capital markets to ensure the Company has avenues to finance the execution of its strategic development plan. The uncertainty surrounding the COVID-19 pandemic contributed to the Board's decision to take a prudent approach to raise funds during the reporting period via the Placement and SPP. The Company was pleased to see the significant interest in the Company's project and strategic direction during period, as demonstrated by the oversubscribed SPP.

Approved for release by the Company's Board,

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1. ASX Release 24/06/2020 ("Witwatersrand Basin Project – EA Update")
2. ASX Release 23/06/2020 ("Oversubscribed Share Purchase Plan")
3. ASX Release 16/04/2020 ("Board Restructure and Appointment of MD to Drive Development")
4. ASX Release 15/07/2020 ("Mining Right Application Update")
5. ASX Release 31/08/2020 ("Witwatersrand Basin Project's Kimberley Reef East Upside")
6. ASX Release 22/04/2020 ("Mt Cecelia Exploration Identifies Three Distinct Targets")
7. ASX Release 22/04/2020 ("Mt Cecelia Field Trip to Kick-off in East Pilbara")
8. ASX Release 02/06/2020 ("WWI Placement and SPP")

**Summary of expenditure on substantive exploration, development & production activities:**

- Mining Right Application - \$105k
- Mining Right Rehab Guarantee - \$125
- Exploration of K9A Target - \$21k
- Feasibility Studies - \$53k
- Mt Cecelia Exploration - \$25k

**Related Party Payments:**

- \$123k for current and historical director fees (Mr Quinert, Mr Tunks, Mr O'Malley & Mr van Heerden)
- \$99k to Kenosis Capital LC, a related entity of Mt O'Malley, for investor relation services relating to the issue of the Convertible Notes prior to Mr O'Malley's Board appointment
- \$67k to Quinert Rodda & Associates, a related entity to Mr Quinert, for legal fees attributed to the drafting of agreements and documents for the issue of securities and other ASX listing requirements
- \$13k to Malan Scholes Attorneys and MERA Advisors, related entities to Mr Scholes, for legal fees and licensing services attributed to the mining right application at WBP

**Interests in Mining Tenements**

Tenements	Location	Held at end of Quarter	Acquired during the Quarter	Disposed during the quarter
GP183PR (WBP)	Witwatersrand Basin, West Rand, South Africa	66.6%*	-	-
Mining Lease – M45/988 (Tambina)	Pilbara region, Western Australia	80%*	-	-
Mining Lease – M45/990 (Tambina)	Pilbara region, Western Australia	80%*	-	-
Mining Lease – M45/991 (Tambina)	Pilbara region, Western Australia	80%*	-	-
Exploration License – EL 45/5045 (Mt Cecelia)	Pilbara region, Western Australia	100%		
Production IUP – NO. 47/2010 (Derewo)	Paniai Regency, Indonesia	29%*	-	-
^ Exploration IUP – NO. 76/2010 (Derewo)	Paniai, Indonesia	64%*	-	-

^ Exploration IUP – NO.31/2010 (Derewo)	Intan Jaya, Indonesia	64%*	-	-
^ Exploration IUP – NO. 543/142/SET (Derewo)	Nabire, Indonesia	64%*	-	-

\* Minority positions are held by local parties in compliance with local legislation in relation to foreign ownership and mineral and production rights.

^ Exploration IUP's may no longer be within the compliance period and could be subject to cancellation