



SHAREHOLDER UPDATE

12 and 13 May 2015



WESCOAL

Agenda

1

Group structure and management

2

Operational feedback

3

Elandspruit

4

Immediate business risks

5

Shareholder related matters

6

Summary

Forward looking statements

Certain of Wescoal's plans, strategies and objectives set out in this presentation as forward looking statements have not been reviewed or reported on by Wescoal's auditors. These statements have been prepared in good faith and are based on Wescoal's best estimates and information at the time of preparing the presentation.

By their nature, forward-looking statements are not guarantees of future performance but are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future, involve known and unknown risks, uncertainties and other facts or factors which may cause Wescoal's actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements.

During this session no questions will be taken or answered with respect to the financial performance of Wescoal since the company is in a closed period.



Group structure and management

Overview of corporate structure

Wescoal Holdings



**WESCOAL
MINING**

Functioning operations	Khanyisa Intibane
Future operations	Elandspruit
Annual production	~2 million tons
Future production	+4 million tons by 2016
Mining division is the major source of growth and well positioned to become a significant local producer	



**WESCOAL
TRADING**

> 80 Years of operational experience in SA	
Trading operations	Gauteng, Eastern Cape, Kwazulu Natal, Western Cape
Annual sales	+1 million tons
Trading division enhances Wescoal profile, provides exciting embedded options and generates steady cash flows	

Management team

Executive



Waheed Sulaiman
Acting Chief Executive Officer
(15 years experience)



Morné du Plessis
Chief Financial Officer
(20 years experience)

Operational



Dutch Botes
Head – Wescoal Mining
(36 years experience)



Bonani Siko
General Manager–
Wescoal Mining
(16 years experience)



Etienne Strydom
Projects Manager
Wescoal Mining
(21 years experience)



Mike Berry
Head - Wescoal Trading
(25 years experience)



Curtis Mnisi
Manager – Processing
Plant
(11 years experience)

Highly experienced and motivated management team

Management team

- Andre Boje, due to retire in 2016, left the Wescoal Group by mutual consent during April 2015 - we owe him much and thank him for his contribution to Wescoal
- The Board is managing the appointment of a permanent CEO – this process is expected to be concluded before December 2015
- The company will fine tune the well-functioning management team by employing additional management expertise in the legal and human resources functions as production capacity is ramped up



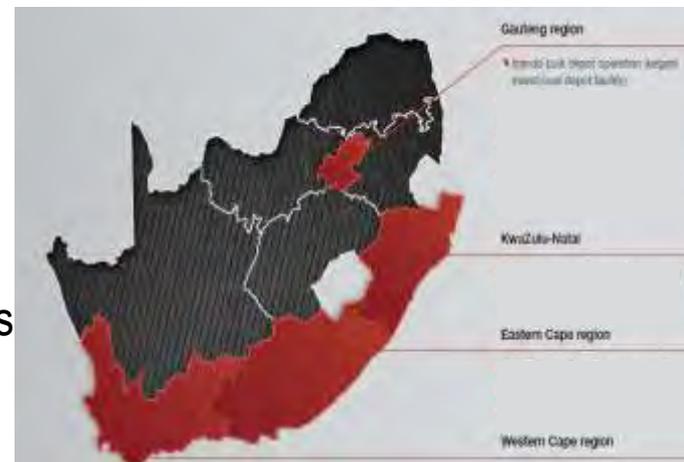
Operational feedback



Wescoal Trading

Wescoal Trading

- The McPhail acquisition added critical mass to Wescoal Trading
- We have consolidated depots and operational systems - **Isando is the largest inland coal depot in South Africa**
- We are leveraging our multi-region footprint in national tenders
- The quality and risk profile of our debtors book has improved
- The Western Cape facility is an **industry best practice** facility



10 000 tons coal taken off the road and transported by rail (equal to 350 road trips)



Wescoal Mining

Safety



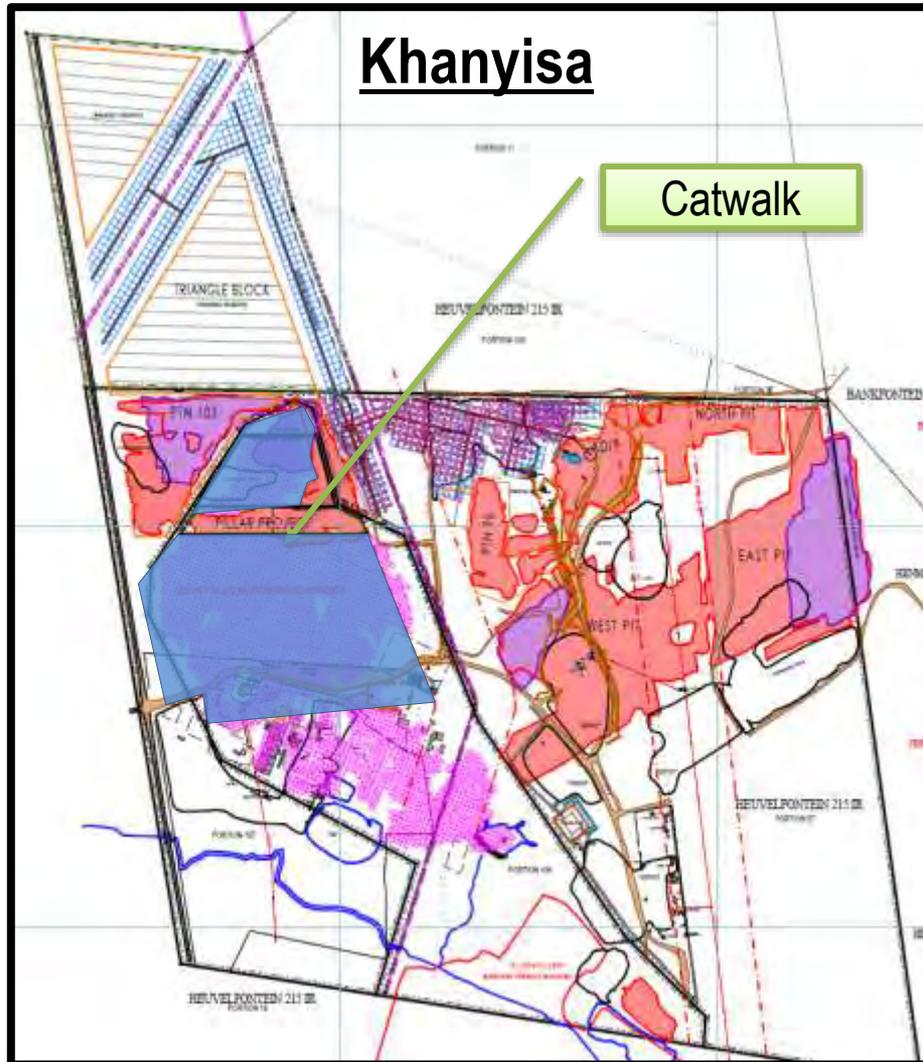
Wescoal safety stats



- We have an integrated, risk based approach to managing safety
- Our safety system is comparable to **industry best practice**
- We are seeing tangible benefits of operating our mines in a safe, predictable manner

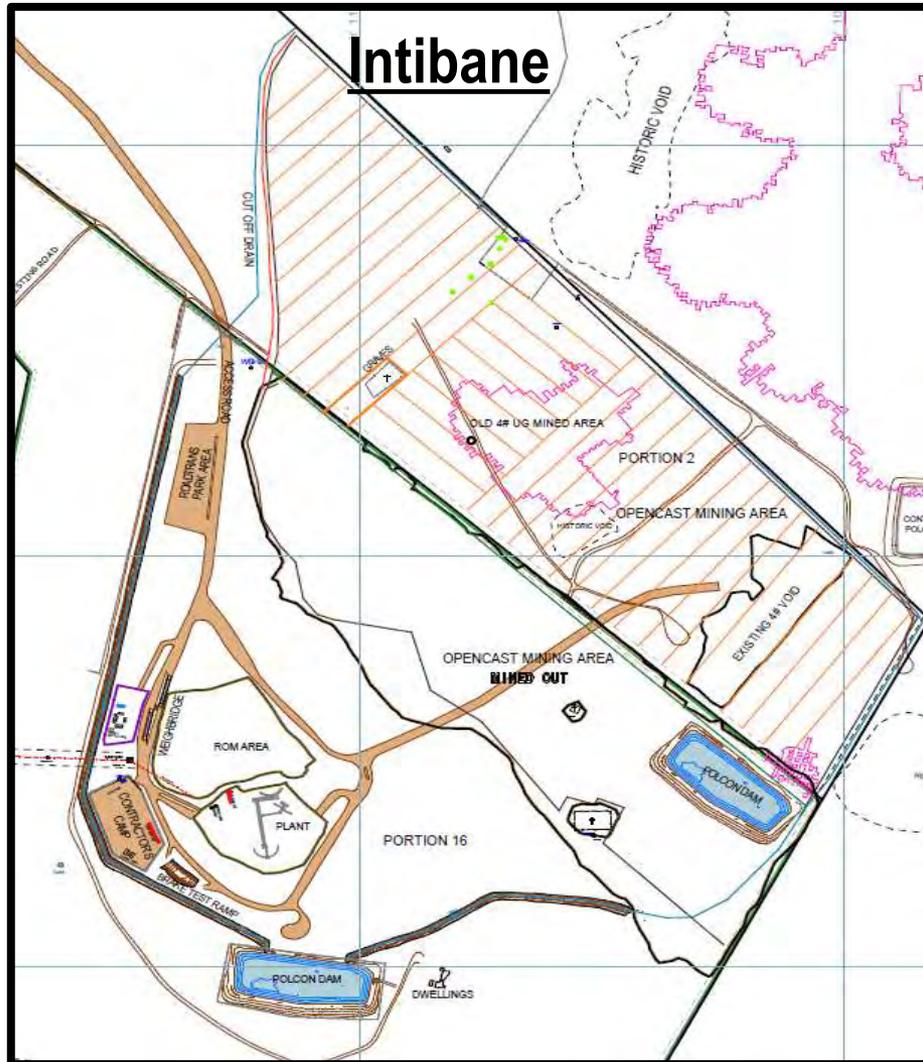
>75% scored on recent Department of Mineral Resources presidential audit

Khanyisa operations



- All regulatory licenses and permits are in place
- We have established relationships with reputable contractors
- Contractors are on site and producing ROM which is then crushed and screened
- All necessary infrastructure is in place (roads, PCD, power supply, weigh bridges, offices & change house)
- Operational staff are medically fit, inducted and on site
- Annual contractor price escalations are concluded
- Union wage negotiations have started – no concerns have been raised to date
- We are **in negotiations to extend the life of Khanyisa**

Intibane operations



- All regulatory licenses and permits are in place
- Our contractors are on site and producing ROM
- ROM material is stockpiled before being crushed and screened for sale to domestic customers
- Operating **unit costs are comparable to industry peers**
- All necessary infrastructure is in place
- Contractor negotiations have been concluded
- Union wage negotiations have started – no concerns have been raised to date
- We are preparing to commence mining activities in the Intibane II area



Elandspruit

Elandspruit milestones

- **All regulatory and technical matters resolved**
 - All necessary regulatory approvals in place
 - The mine design is finalised and optimised
 - The recently acquired processing plant is operational and optimised
 - A mining contractor has been briefed and is ready for site establishment
- Next Steps are commercial in nature
 - We are in discussions with Eskom to conclude a long term coal supply contract
 - We are working through the requirements to implement long term funding arrangements
- We expect to produce first coal 16 weeks from flow of funds

Elandspruit processing plant

- The processing plant is fully operational with multiple processing modules
 - Cyclone section
 - Drum section
 - Fines treatment plant
- The multiple process modules enable production of multiple products
 - CVs ranging from ~20MJ/kg to 27MJ/kg
 - Various sizes ranges (fines, small nuts, grains, peas, duff)
 - Eskom and other domestic market products
 - Export grade products
- The processing plant is located close to a number of rail sidings and Eskom power stations

Our processing plant provides us with an inherent strategic advantage over our peers



Immediate business risks

Immediate business risks

No.	Risk	Response
1	<ul style="list-style-type: none"> • HDSA status of Wescoal <ul style="list-style-type: none"> - key for Eskom contracts - key for export opportunities - renewed focus area for DMR 	<ul style="list-style-type: none"> • We have initiated a process aimed at achieving HDSA control by December 2016
2	<ul style="list-style-type: none"> • Wescoal funding <ul style="list-style-type: none"> - key to implement Elandspruit - key to pursue inorganic growth options 	<ul style="list-style-type: none"> • We are working through Investec funding conditions • We are investigating alternative funding proposals like issuing shares for cash
3	<ul style="list-style-type: none"> • Eskom coal supply contracts <ul style="list-style-type: none"> - most of our coal is Eskom grade coal - contract delays have a knock-on effect on revenues and unit costs 	<ul style="list-style-type: none"> • We have made commitments to Eskom about future HDSA ownership • We have a multi-pronged Eskom engagement strategy • We are entering into short term Eskom supply contracts while negotiating the long term supply contracts



Shareholder related matters

Shareholder related matters

- Appointment of directors to Wescoal Holdings Board
 - a process is underway to measure the capability and skill set of the Wescoal Holdings Board
 - the Wescoal Holdings Board will call for nominations for directors once the process is complete
- The shareholding of Wescoal Holdings needs to be reconfigured
 - becoming an HDSA controlled entity is a business imperative
 - the Wescoal Holdings Board has employed the services of an independent third party to assist
 - shareholders will be approached at the relevant time
 - the process is expected to be complete by December 2016

Summary

- Our underlying **solid and steady growth path remains intact** and is the foundation for projects which will take us to the next level of stakeholder value
- We are building on the past successes as we enter the new chapter of the Wescoal story
- We will optimise operations and focus on bottom-line deliverables in the changing coal mining industry
- Key risks to achieving our objectives are HDSA ownership, funding and Eskom contract delays

An aerial photograph of a large-scale coal mining operation. The image shows a deep, rectangular excavation pit with steep, rocky walls. In the center of the pit, a large excavator is positioned. To its left, a smaller, white utility vehicle is parked. In the lower right corner of the pit, a large, white, rectangular object, possibly a piece of equipment or a container, is visible. The surrounding area is filled with loose rock and debris, typical of a mining site. The overall scene is industrial and rugged.

Thank you

www.wescoal.com

For any further Investor Relations questions please contact:

Waheed Sulaiman (Acting CEO): 011 570 5800 or

Vanessa Rech (Keyter Rech Investor Solutions): 087-351-3814