



WESCOAL Staff Newsletter



Wescoal welcomes MacPhail into the Wesco Group of companies

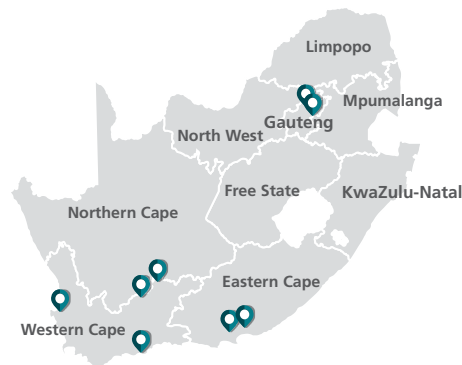
“As we welcome in the new year, so too we welcome to Wesco, the trading operations of MacPhail. This merger of likeminded, strong and established businesses elevates Wesco to a truly national coal supplier.”

André Boje, CEO of Wesco

The merger of MacPhail with Chandler Coal into the Wesco Trading segment is a significant development for both brands. The combined entity will be a larger coal supplier in the marketplace, cost savings will be extracted and a strong footprint will be in place across South Africa. I do want to welcome all MacPhail staff into the Wesco family and hope that you will be proud to be part of a growing entity which will now have an elevated profile in the listed environment.

MacPhail and Wesco will be able to extract value from current customers by being able to supply coal from a total of eight depots across the country at the following locations:

- ▶ Benoni
- ▶ Cape Town (Atlantis)
- ▶ Port Elizabeth (Swartkop and Markman Township)
- ▶ Pretoria
- ▶ George
- ▶ Worcester
- ▶ Paarl



The Krugersdorp office of Chandler Coal has closed and combined operations will take place from the Isando office, at the corner of Quality and Industry Roads.

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As always Wesco welcomes staff participation and remind you to forward photos, news and contributions to:

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Initiatives at Wesco Mining

We would like to provide an update on some of the interesting initiatives we are working on which could positively contribute to various aspects of the Wesco business, in the future.

The Intibane mine is currently running a pilot project related to X-ray transmission technology (XRT). We have embarked on the project to test/prove that there is a real possibility to

not use washing or jig plants in coal beneficiation. Most coal beneficiation plants use water intensive separation processes such as dense medium separation (DMS) or jigging plants.

A major driver for the pilot is that water is a scarce resource in many coal producing regions, which results in increased costs. Further benefits are that dry coal has a higher heating

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Change is not a threat, it's an opportunity. Survival is not the goal, transformative success is. – Seth Godin

value, transportation of dry coal is less expensive and it would eliminate costs involved in the environmental rehabilitation of coal slimes. This in itself, if successful, will change the future of coal processing and capital expenditure for coal beneficiation.

We will keep you posted on the progress in our next newsletter.

As you are aware, Wescoal finalised a transaction with Xstrata Coal (now Glencore) last year, to obtain the Elandspruit resource.

The transaction has been completed and we are in the process of finalising the application for a water use licence as well as the detailed project plan. We envisage this new mine to come into production towards the latter part of the new financial year.

Until next time ... be safe and productive!!

MacPhail rebranding

It is also important that through this time while the two brands are being merged that everyone is informed as to the process. For the next few months both MacPhail and Wescoal branding will be put up at MacPhail depots and the Isando head office. MacPhail staff will also be receiving a Wescoal.com email address. For a short while the MacPhail email domain will still be able to receive emails, however we would urge you to please notify your contacts of the change of address.

New business cards and letterheads are being developed, which will still carry the MacPhail branding, but will also show it as part of the Wescoal Group of companies.

i We will endeavour to keep you updated with all developments, but should you have any questions, please direct them to Bets La Cock at bets@wescoal.com or Ilze de Wet at ilze@wescoal.com.



What does it mean to be part of a listed company on the Johannesburg Stock Exchange (JSE)?

Being a listed company essentially means that:

You have a public face and this means that any person can buy and sell Wescoal shares.

These are then Wescoal shareholders and in turn require public information to keep them informed of developments at the Company.

It also means that the Company is governed by a series of rules and regulations which briefly include:

- the JSE rules;
- the Companies Act; and
- King III.

The Company has to release financial results twice a year at the interim period as well as the full year.

An Annual General Meeting is held for all shareholders once a year.

“Closed periods” exist in which time neither directors nor staff who have shares are permitted to either buy or sell shares they own.

Navigating through the rules is difficult, but Wescoal has arranged for our Investor Relations advisor, Keyter Rech Investor Solutions, to undertake presentations to MacPhail and Wescoal staff to explain to you the rules and regulations as they pertain to you as well as the implications of “inside information”. We will be running a workshop to explain the rules and regulations with you on 20 February 2014 from 10:00 – 11:00 at the Isando office. Communication regarding this will be sent to you shortly.

i If you are ever in doubt, please contact our Company Secretary, Ilze de Wet, at ilze@wescoal.com.

Remember it is better to ask a question, than to be in contravention of the rules.



JOHANNESBURG STOCK EXCHANGE

Meeting MacPhail management

Knowledge and experience are vital to the success of any business and with ease Mike Berry and Elsabe Olivier have slotted into the new management structure. Elsabe remains in charge of the financial aspects of the Trading business and since MacPhail is now part of the listed company Wescoal Holding, she will report to the Chief Financial Officer of

Wescoal, Piet van Rensburg. Mike is responsible for Group Business Development meaning that he will straddle Trading and Mining and report to the Chief Operating Officer, Dutch Botes.

We asked Mike and Elsabe some questions so that everyone can get to know them a little better.



Mike Berry

What is the guiding philosophy you adopted in the MacPhail business?

To innovate and entrench business relationships.

What are your best attributes that you bring to the business?

Over 10 years' experience in the coal trading environment.

What is your single biggest achievement?

My family.

What would you like to achieve in 2014?

Personally to develop my inter-personal relationships and for the business to optimise the merged synergistic and growth opportunities.



Elsabe Olivier

What is the guiding philosophy you adopted in the MacPhail business?

Teamwork is of utmost importance as it is the key to success and everyone is equally important to the business from the receptionist right through to the CEO the

one needs the other to succeed. Our logistics, sales and Finance Department work as a team and not as individual departments.

What are your best attributes that you bring to the business?

I am totally committed to my job and because I work with figures I am very much a perfectionist when it pertains to my job. I believe that happy people are productive people and therefore strive to keep a pleasant working environment. Lastly, I believe in an open door policy.

What is your single biggest achievement?

I started at MacPhail as a bookkeeper in 2003 and worked

my way up to the level of Financial Manager, a position which includes responsibility for stock, invoicing and creditors. Over the past three years, I have embraced a series of additional responsibilities – the challenge of which I enjoy.

What would you like to achieve in 2014?

My goal for 2014 is to ensure that I handover a clean set of accounts to the previous owners of MacPhail as well as to successfully merge the Chandler Division onto the Ability System and implement the necessary procedures to make the business run as a well-oiled machine. Personally, I would like to allocate time to finish the final two subjects of my diploma which I could not do due to circumstances.

*Do not wait until the conditions are perfect to begin.
Beginning makes the conditions perfect.* -Alan Cohen

McCloskey Coal Conference

The annual IHS McCloskey South African Coal Exports Conference was held in Cape Town from 29 – 30 January 2014 and was attended by André Boje and Dutch Botes. As always the conference was informative and many contacts were made which could be rewarding in the future.

With deepest sympathy ...



It is with deepest sympathy that the Wescoal management extend their condolences to the family of **Elidro Augusto Pacule** who passed away.

Our deepest condolences are also extended to Martin Bartle and his family on the passing of Martin's mother during December 2013.

Eagle eye on Intibane



The Intibane mine had a beautiful and intelligent visitor, surveying the area for a meal from a strategically high vantage point.