

VANGGATFONTEIN COLLIERY



22 JANUARY 2018

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KEATON INTEGRATION

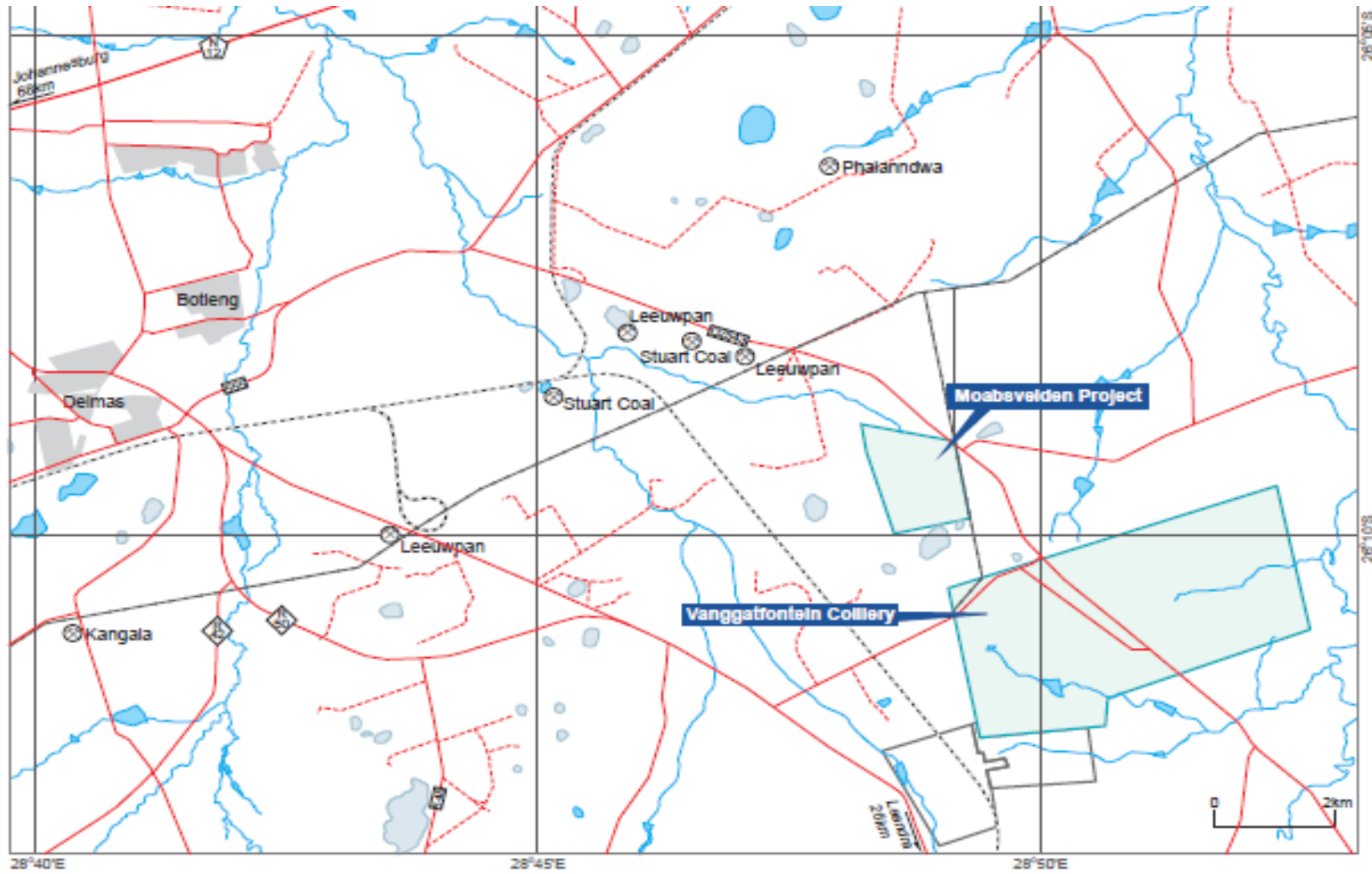
KEATON ACQUISITION VALUE PROPOSITION

- Diversify asset and shareholder bases
- Economies of scale and synergies
- Expand Group resources project pipeline
- Balance sheet and free cash generation

KEATON INTEGRATION PROGRAMME IS PROGRESSING WELL

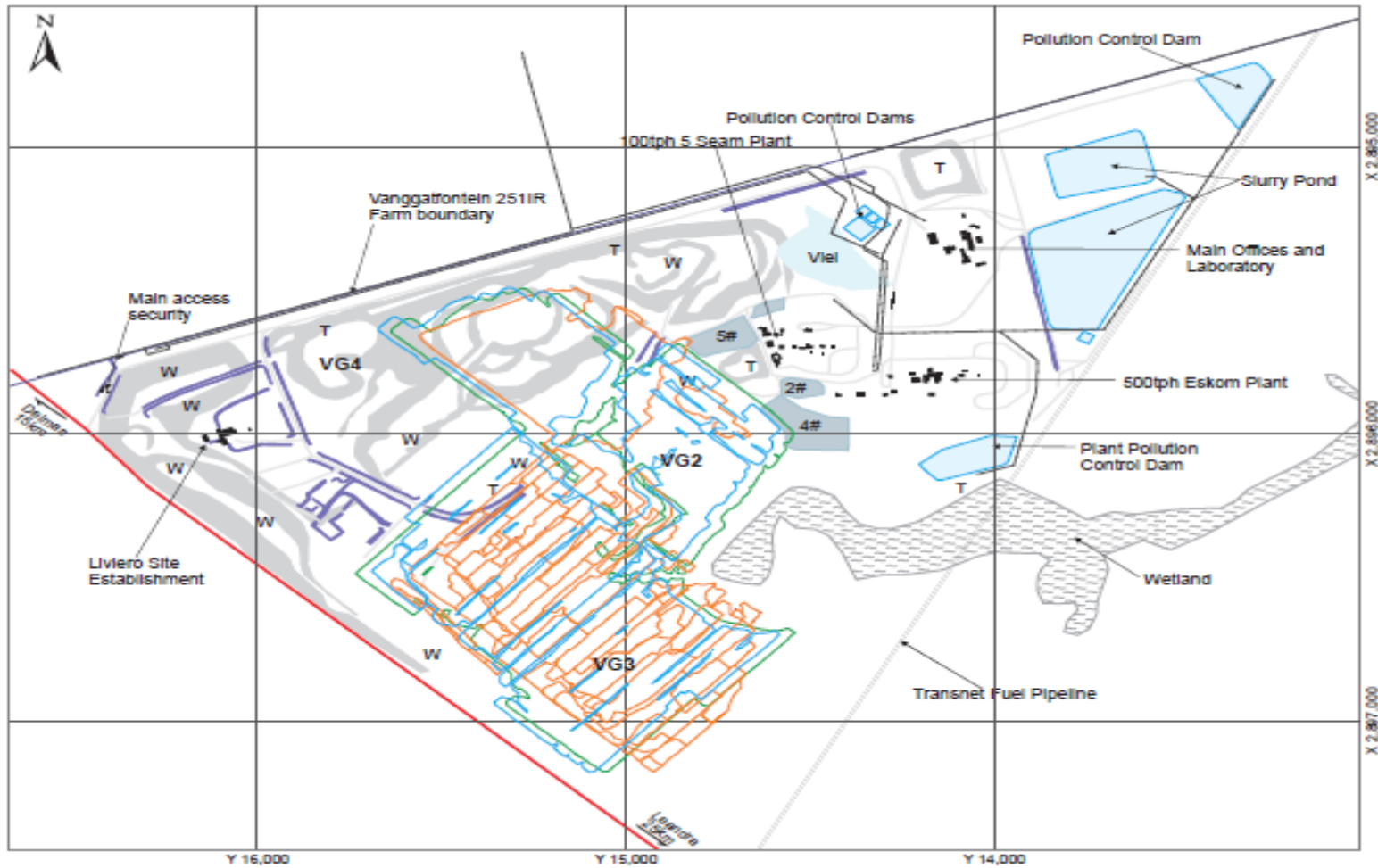
- The redeployment process is on track and within the regulatory framework
- Cost-savings and synergies brings improved efficiency
- Key technical and mining skills have been retained successfully
- Keaton operations contributing positive to monthly cash flow
- Operational improvement opportunities being assessed and implemented to increase value contribution

DELMAS FOOTPRINT



VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

SITE LAYOUT



VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

WESCOAL

HIGHLIGHTS

Safety Performance

Regulatory status

Resources and Reserves

LOM block plan

ROM to product flow

Overview of 5 seam plant

Overview of ESKOM plant

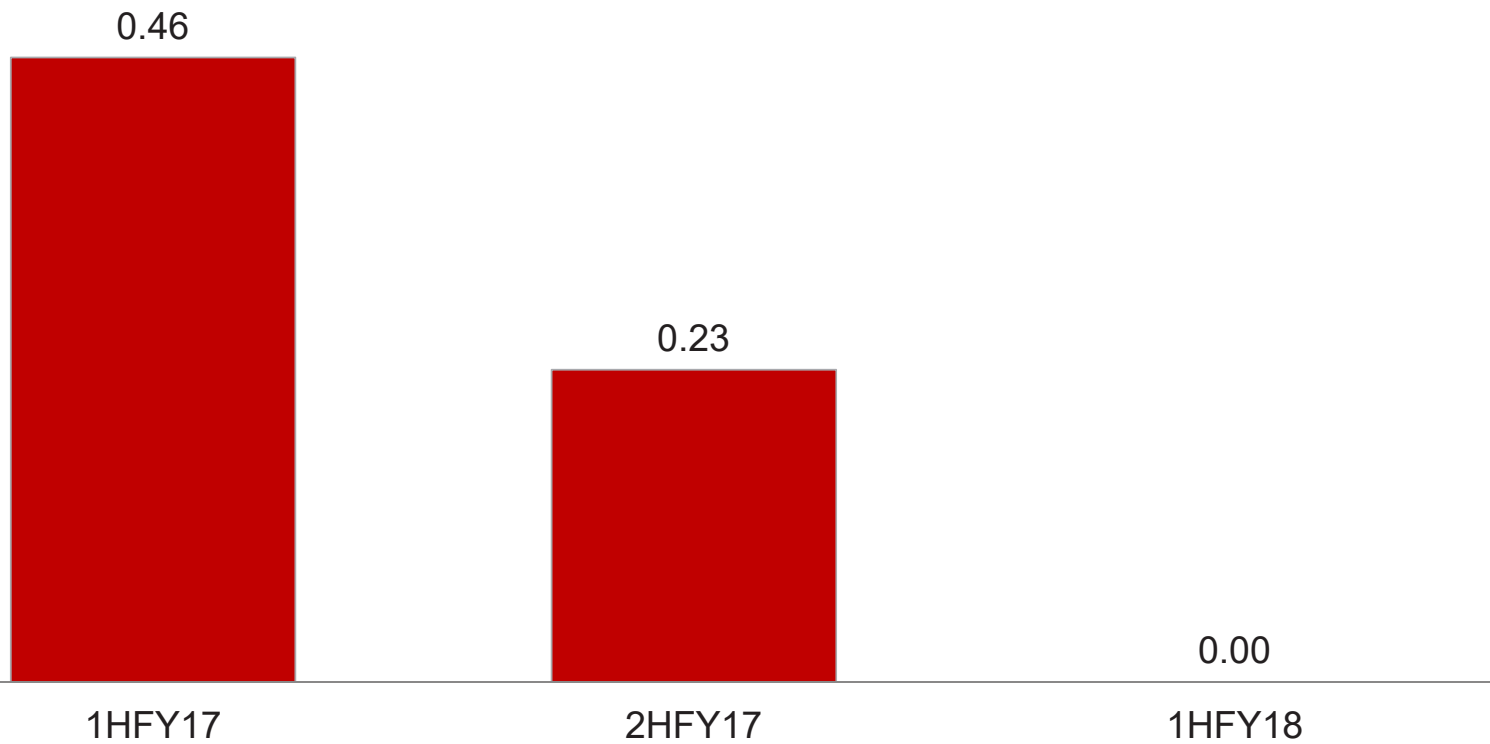
Performance

Moabsvelden Resources

VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW



SAFETY PERFORMANCE - LTIFR



FATALITY FREE SINCE INCEPTION

VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

WESCOAL

REGULATORY STATUS

- All licensing requirements to operate Vanggatfontein mine are in place
- Rehabilitation provisions and closure liabilities have been updated as per the new DMR guidelines
- We have submitted applications for amendments to existing licenses in order to facilitate various cost reduction and optimization projects
- Baseline environmental studies at Moabsvelden complete
- When study work at Moabsvelden is complete, we will submit the requisite applications to regulatory authorities

VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW



COAL RESOURCE ESTIMATE - 31 MARCH 2017

	COAL RESOURCE (MTIS) (AD) ^a				MTIS RAW COAL QUALITIES (AD)								
	INFERRED	INDICATED	MEASURED	TOTAL COAL RESOURCE	RD (g/cc)	IM (%)	ASH (%)	VM (%)	FC (%)	CV (MJ/kg)	TS (%)	DAFVOL (%)	
5 Seam	-	2.3	2.7	4.9	1.59	4.3	30.6	23.3	41.8	20.3	1.15	35.8	
4 Seam	-	9.2	48.4	57.6	1.72	3.9	40.2	17.7	38.2	16.4	1.04	31.7	
2 Seam	-	9.9	35.7	45.6	1.69	3.6	37.3	19.4	39.7	17.4	0.98	32.8	
TOTAL	-	21.4	86.8	108.2									

*Resource cut-offs: Thickness > 0.5m, Raw Ash < 50%, Raw DAFVOL > 24%

VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

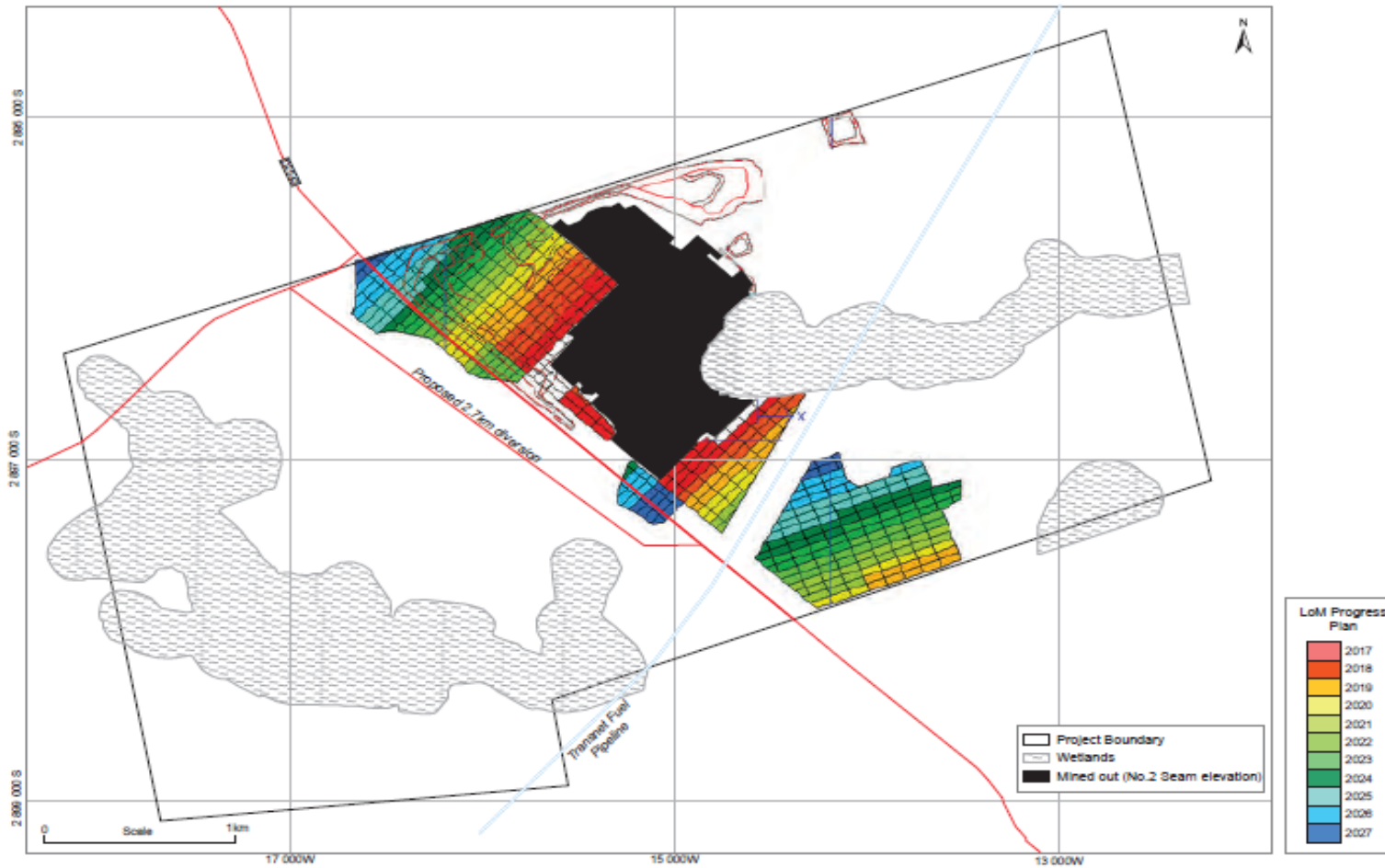


COAL RESERVE ESTIMATE - 31 MARCH 2017

	ROM COAL RESERVE (AR)			ROM COAL RESERVE QUALITIES (AD)							
	PROBABLE	PROVED	TOTAL ROM COAL RESERVE	RD (g/cc)	IM (%)	AS (%)	VM (%)	FC (%)	CV (MJ/kg)	TS (%)	DAFVOL (%)
5 Seam	0.6	1.1	1.7	1.59	4.3	31.1	22.1	42.4	19.8	1.18	34.2
4 Seam	4.3	15.8	20.1	1.72	3.9	41.0	17.4	37.7	15.9	1.07	31.6
2 Seam	4.7	14.4	19.0	1.69	3.6	36.6	19.6	40.2	17.6	0.93	32.8
TOTAL	9.6	31.2	40.8	1.70	3.8	38.7	18.5	39.0	16.8	1.02	32.2

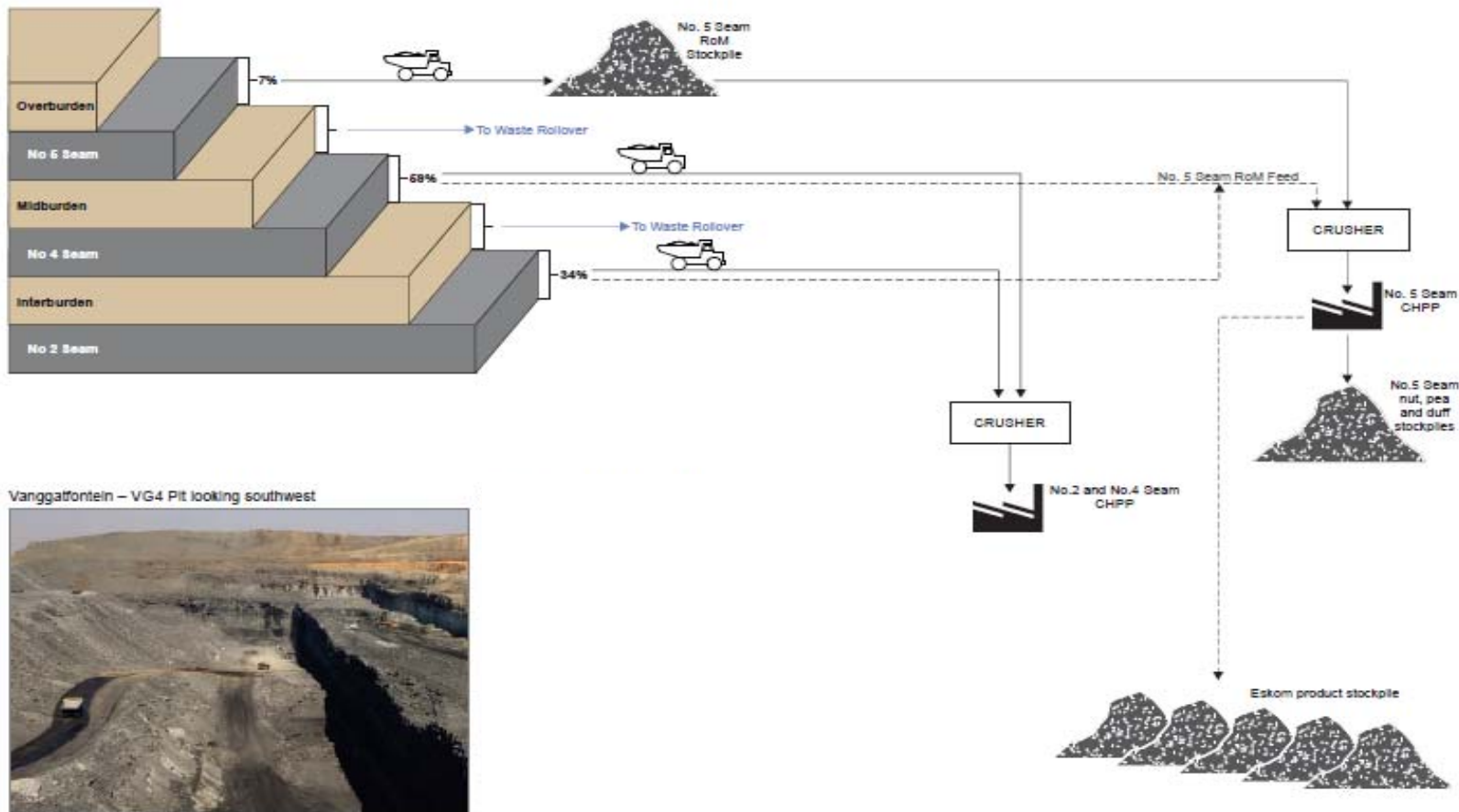
VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

LOM BLOCK PLAN



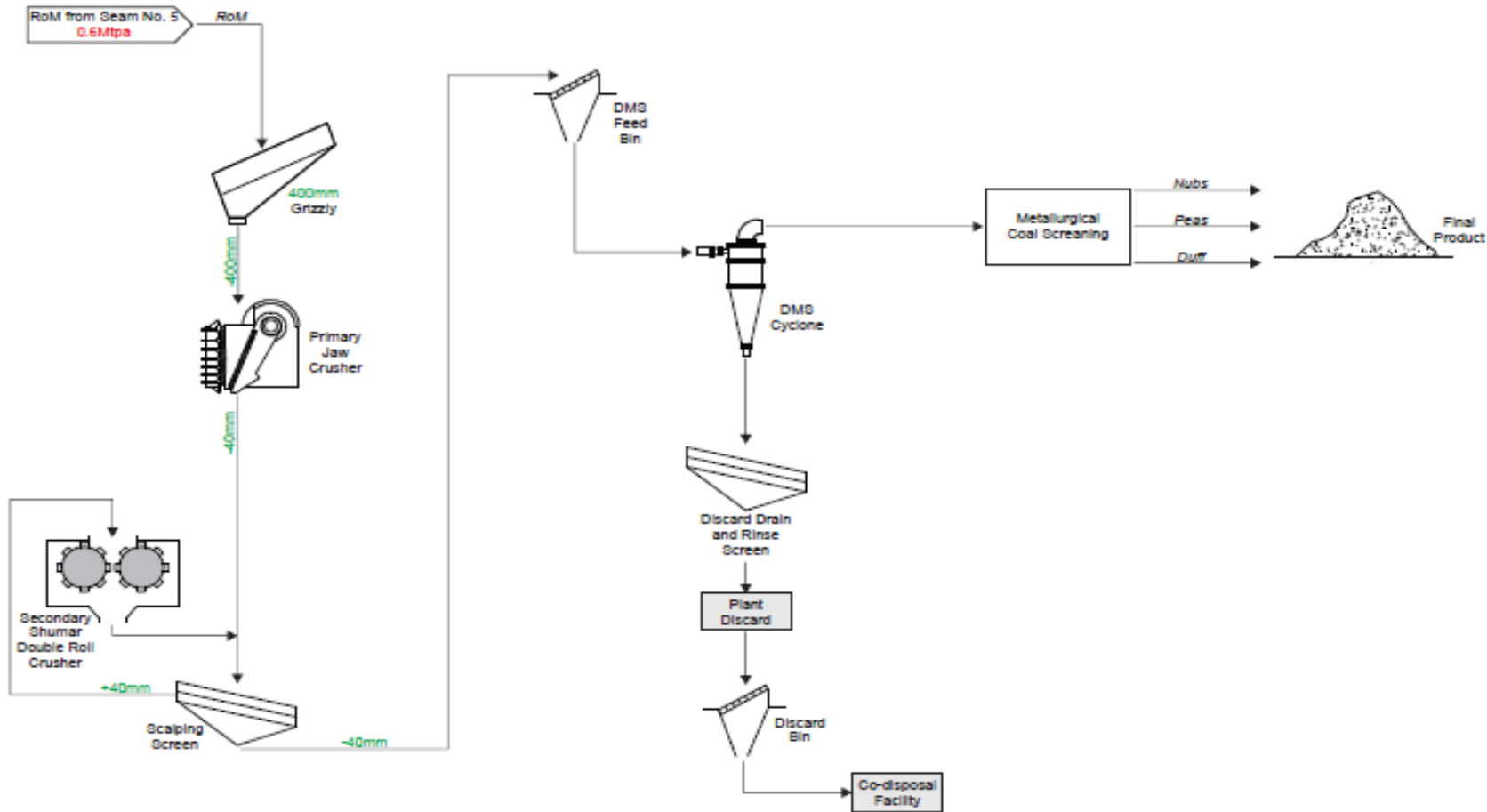
VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

ROM TO PRODUCT FLOW



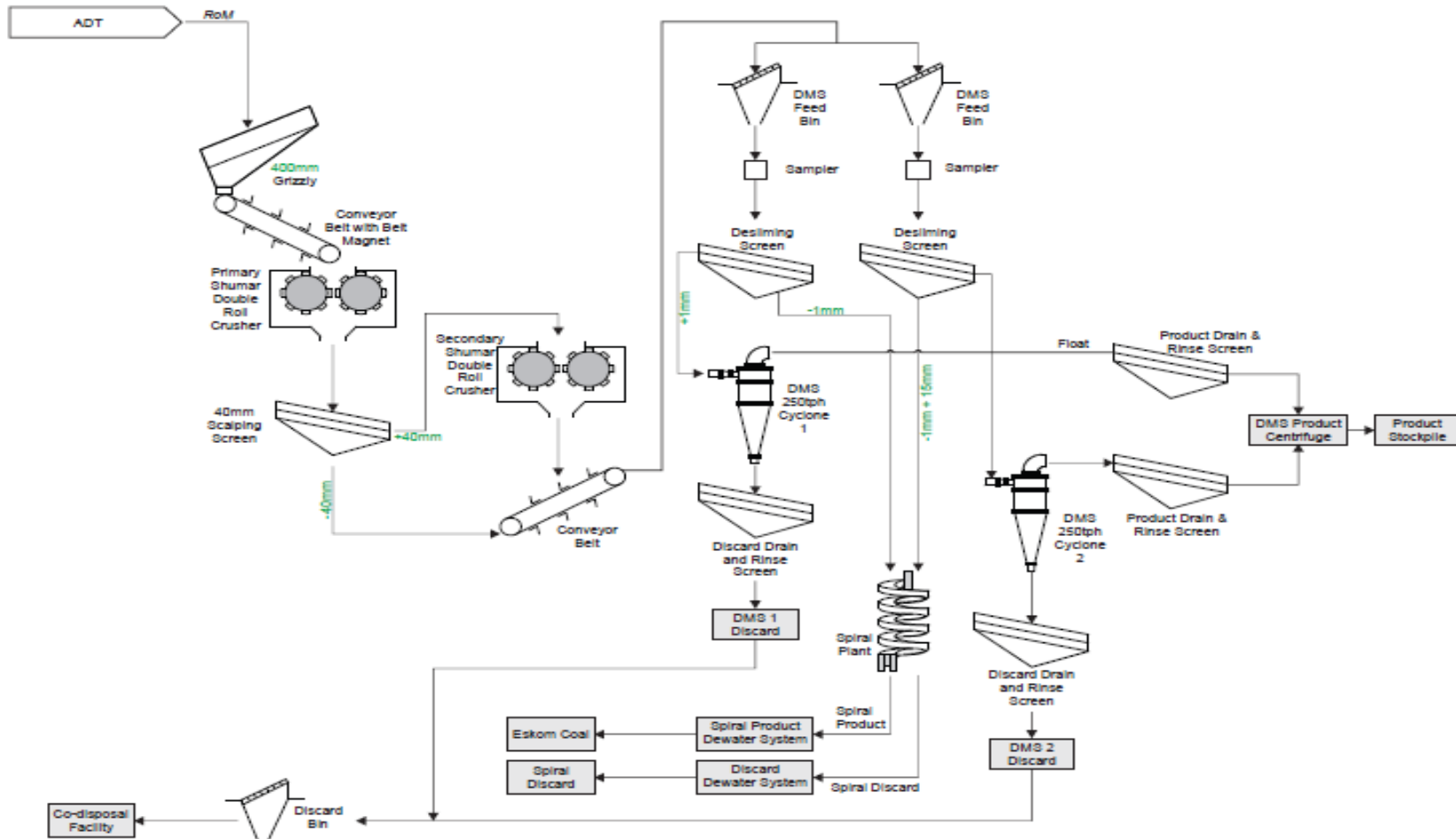
VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

5 SEAM PLANT PROCESS FLOW DIAGRAM



VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

ESKOM PLANT PROCESS FLOW DIAGRAM



VANGGATFONTEIN OPERATION, HIGHLIGHTS AND FINANCIAL REVIEW

PERFORMANCE



	1HFY18	2HFY17	1HFY17
ROM (kt)	1 561	1 577	1 185
Revenue (Rm)	561	523	580
EBITDA (Rm)	90	99	91
Number of employees (including contractors)	543	559	542

MOABSVELDEN RESOURCES



COAL RESOURCE ESTIMATE - 31 MARCH 2017

	COAL RESOURCE (MTIS) (AD) ^a				RAW COAL QUALITIES (AD)							
	INFERRED	INDICATED	MEASURED	TOTAL COAL RESOURCE	RD (g/cc)	IM (%)	ASH (%)	VM (%)	FC (%)	CV (MJ/kg)	TS (%)	DAFVOL (%)
5 Seam	-	-	2.8	2.8	1.72	4.3	40.0	22.8	32.9	16.6	0.99	40.9
4 Seam	-	-	21.0	21.0	1.66	4.2	35.1	20.4	40.4	17.6	0.96	33.8
2 Seam	-	-	20.2	20.2	1.62	3.8	33.2	21.1	41.9	18.6	0.75	33.7
1 Seam	-	-	3.8	3.8	1.68	3.3	38.2	19.1	39.4	17.3	0.68	32.7
TOTAL	-	-	47.8	47.8								

* Resource cut-offs: Thickness > 0.5m, Ash < 50%, DAFVOL >27%

WESCOAL

WESCOAL GROUP FINANCIAL REVIEW



GROUP FINANCIAL HIGHLIGHTS

WESCOAL

		September 2017	September 2016	Increase/ (decrease)
Mining ROM production	t'000	3,132	1,567	▲ 100%
Revenue	Rm	1,610	1,039	▲ 55%
Gross Profit	Rm	267	188	▲ 42%
Non-recurring costs*	Rm	3.3	90.8	▼ 96%
Operating profit	Rm	161	101	▲ 59%
Total comprehensive income	Rm	88	62	▲ 42%
EPS**	cps	22.5	27.6	▼ 18%
HEPS	cps	20.2	27.8	▼ 27%
Interim dividend	Rm	14	10	▲ 40%

* 2017: Non-cash BEE discount of R82.3m and Keaton Energy acquisition costs of R8.5m.

* 2018: Non-recurring costs relating to acquisition of Keaton Energy offset by benefit of bargain purchase

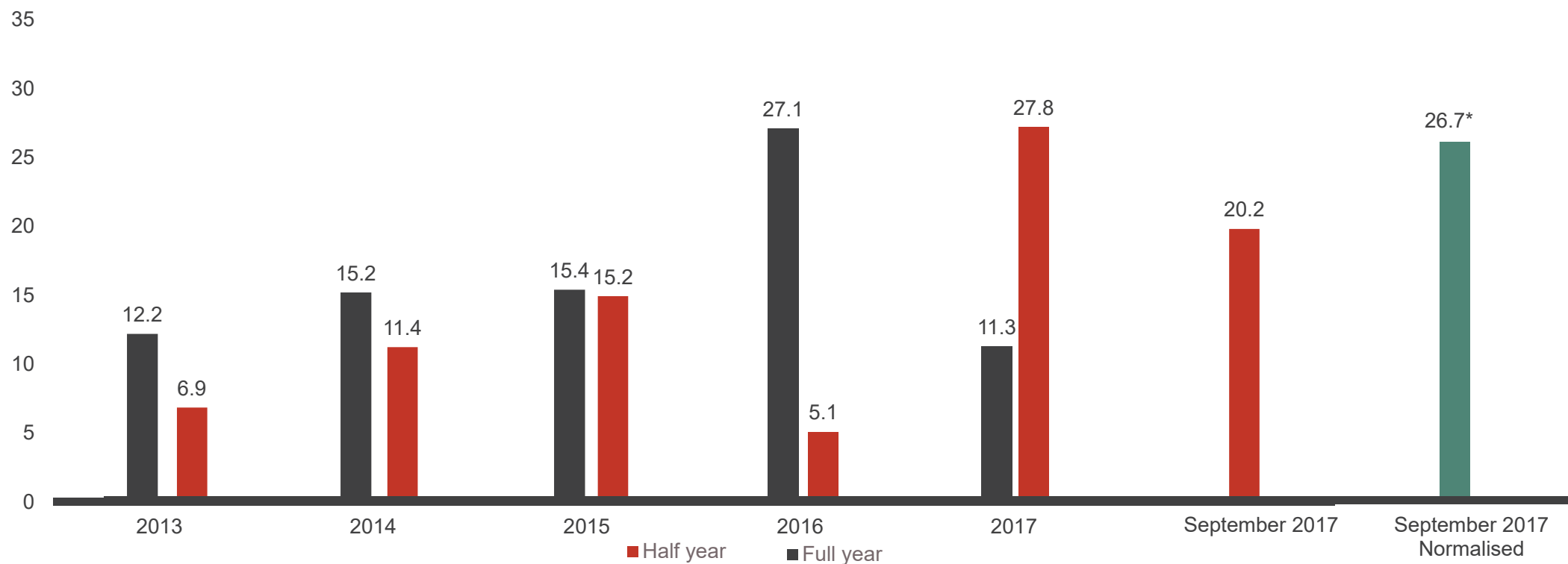
** Normalised 1H 2018 EPS is 27.3 cps, when excluding specific non-recurring costs and the dilutive effect of additional shares in issue prior to the acquisition of Keaton Energy.

HEADLINE EARNINGS PER SHARE – 5 YEAR TRACK RECORD

WESCOAL

HEPS

cps

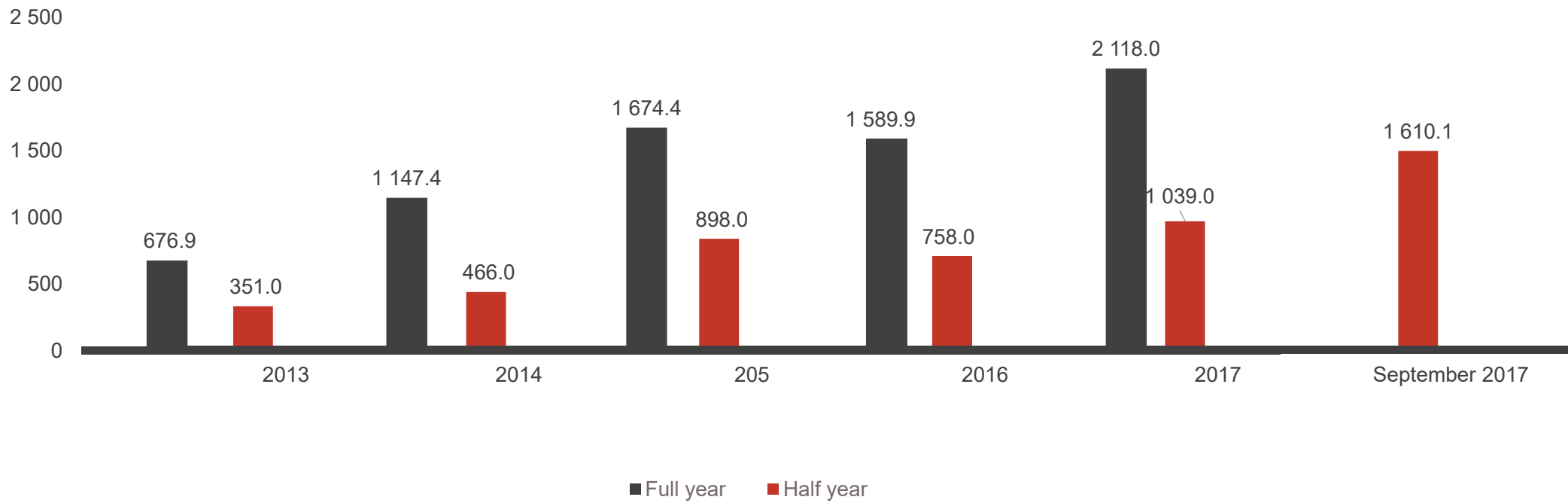


- Excluding additional 125 million BEE shares issued and interest earned for period prior to Keaton acquisition (4c), non-recurring costs relating to acquisition of Keaton Energy (2.5c).

REVENUE - 5 YEAR TRACK RECORD

REVENUE

Rm



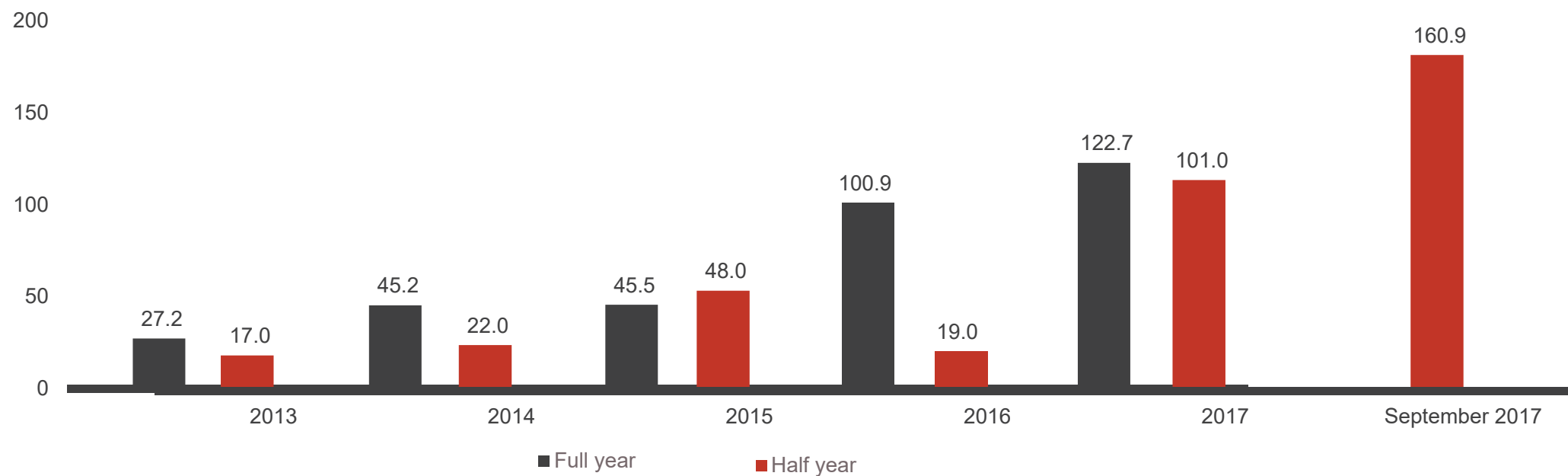
• Keaton Energy's Revenue included in September 2017 amounts to R321m

OPERATING PROFIT EXCLUDING PROFIT ON SALE OF PPE - 5 YEAR TRACK RECORD

WESCOAL

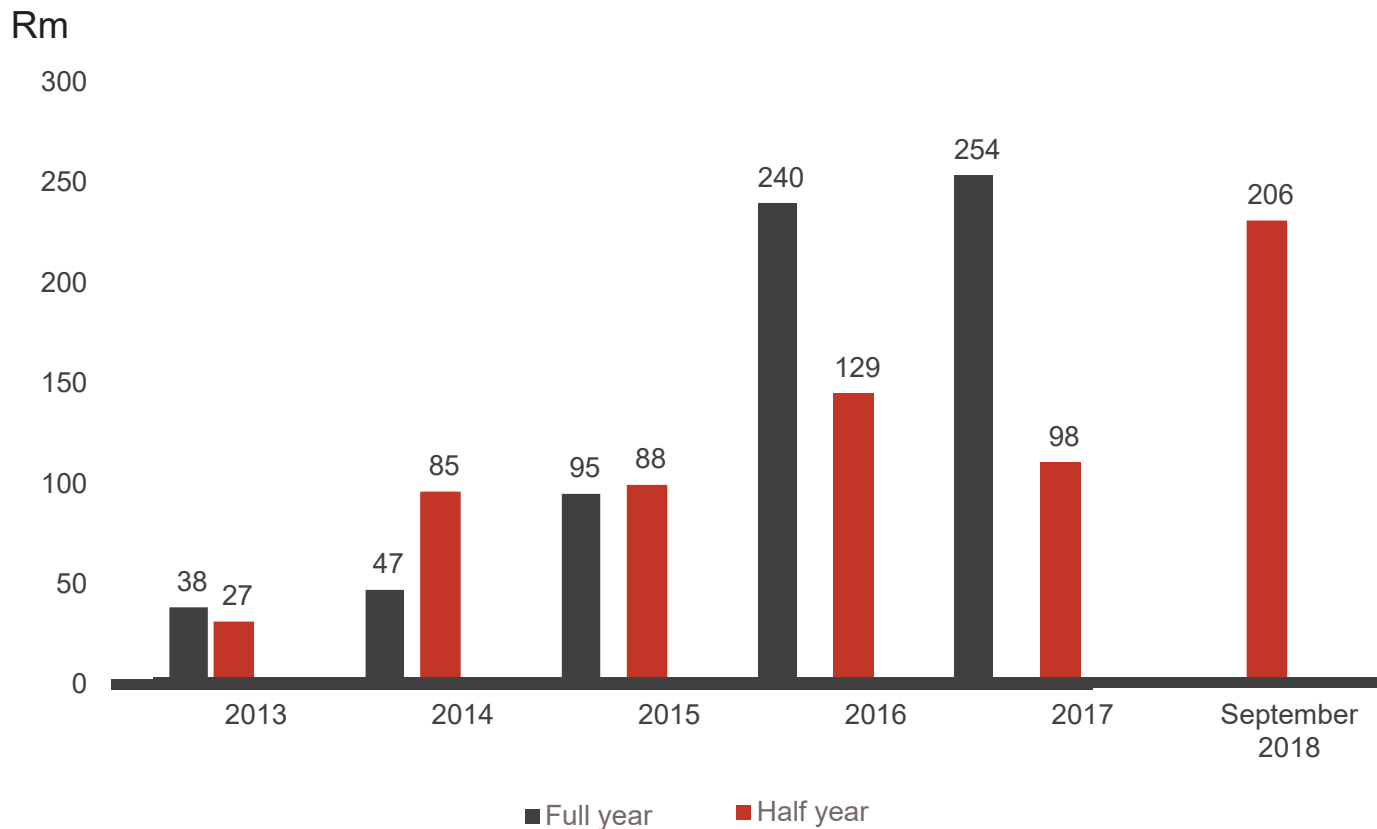
OPERATING PROFIT

Rm



STRONG CASH FLOW GENERATION MAINTAINED

CASH FLOW FROM OPERATION



PERFORMANCE

- Strong cash generation on the back of improved underlying profitability
- Cash generated from operations applied:
 - › Capex - R37m
 - › Debt reduction - R82m
 - › Dividends - R12m
 - › Finance cost - R26m
 - › Tax payments - R44m
- Keaton Energy acquired for R384m (funded by R350m cash previously restricted)

SEGMENTAL REPORT

WESCOAL

	Trading R000	Mining R000	Other R000	Total R000
30 September 2017				
Total segment revenue	593,078	1,062,579	50,410	1,706,067
Inter-segment revenue	-	(45,627)	(50,320)	(95,947)
External revenues	593,078	1,016,952	90	1,610,120
Operational EBITDA	31,573	250,365	(7,771)	274,167
Profit from operations	26,110	144,005	(9,255)	160,860
30 September 2016				
Total segment revenue	557,629	496,026	2,861	1,056,516
Inter-segment revenue	-	(14,452)	(2,622)	(17,074)
External revenues	557,629	481,574	239	1,039,442
Operational EBITDA	32,152	115,702	(8,533)	1,393,21
Profit from operations	26,435	83,141	(8,603)	100,973

STATEMENT OF FINANCIAL POSITION

WESCOAL

	Reviewed September 2017 R000	Unaudited September 2016 R000
Non-current assets	2 128 454	629 216
Property, plant and equipment	1,932,639	504,108
Investment property	709	709
Investments	26,050	14,266
Goodwill and intangible assets	91,389	92,387
Other receivables	64,756	10,238
Deferred taxation	12,911	4,185
Non-current assets held for sale	-	3,323
Current assets	604 341	437 364
Inventories and work in progress	103,621	72,159
Trade and other receivables	439,547	260,553
Cash and cash equivalents	61,173	104,652
Total assets	2,732,795	1,066,580

NOTES:

- Substantially strengthened position as a result of the acquisition of Keaton:
 - › Mineral Assets R 754 million
 - › Non-Current Assets R 581 million
 - › Current assets R 186 million
- Working capital cycle remains strong
 - › Trade Receivables 32 days
 - › Inventory 12 days

STATEMENT OF FINANCIAL POSITION

WESCOAL

	Reviewed September 2017 R000	Unaudited September 2016 R000
Total shareholders' funds	951,677	428,459
Non-current liabilities		
Interest bearing loans	177,048	77,039
Rehabilitation provision	421,989	48,325
Deferred tax	351,508	40,673
Current liabilities		
Trade and other payables	437,221	296,776
Rehabilitation provision	9,260	5,299
Bank overdraft	15,702	16,664
Taxation payable	44,945	23,762
Interest bearing loans	323,445	129,583
Total equities and liabilities	2,732,795	1,066,580

NOTES:

- Effects of Keaton acquisition:
 - › Non-current debt R 162 million
 - › Rehabilitation R 267 million
 - › Deferred tax R 286 million
 - › Current liabilities R 324 million
 - Payables R 133 million
 - Debt R 120 million
- NAV improved to 216 cps (2016: 190)
- Gearing ratio at 34% post acquisition (2016: 22%)
- Long term funding secured during October 2017 with Nedbank (R440 million)

LOOKING AHEAD – VANGGATFONTEIN AND MOABSVELDEN

WESCOAL

- Consolidation of consultants
- Different product mix to optimize yield
- Evaluation of under ground operations at Vanggatfontein
- Re-evaluation of Moabsvelden design
- Reduction of fixed cost overheads and standardisation across the group

MINERAL RESOURCE AND RESERVES – SEP17 (PRODUCTION DEPLETION ADJUSTED)

WESCOAL

	Measured Resource (Mt)	Indicated Resource (Mt)	Inferred Resource (Mt)	Total Resource (Mt)
Operating				
Elandspruit	19.7	-	-	19.7
Intibane	1.7	-	-	1.7
Khanyisa	7.0	0.4	0.2	7.6
Vanggatfontein	85.4	21.4	-	106.8
Total	113.8	21.8	0.2	135.7
Projects				
Moabsvelden	47.8	-	-	47.8
Leeuw Braakfontein Colliery	-	60.1	-	60.1
Sterkfontein	-	50.3	40.6	90.9
TOTAL	161.5	132.2	40.8	334.5
Wescoal attributable	145.2	131.9	40.7	317.8

WESCOAL

QUESTIONS?

