

ANNUAL RESULTS PRESENTATION

FOR THE YEAR ENDED 31 MARCH 2016



JUNE 2016

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STRATEGIC UPDATE & PRIORITIES

WESCOAL

OUR OBJECTIVE

- Sustainable coal mining business which delivers value to stakeholders throughout the business cycle
 - › We do this in the context of our natural environment, social and political environment, and the economy

WHAT HAVE WE ACHIEVED IN FY16

- Operationalised Elandspruit mine, completed debottlenecking and quality management projects at processing plant
- Finalised terms of long term Eskom contract for Elandspruit
- Obtained water use licenses at Intibane and Khanyisa
- Significant progress in increasing Khanyisa resource base
- Implemented productivity and cost saving initiatives in trading business
- BEE shareholding increased to over 40%
- Strengthened management team and skills base in key areas

GOING FORWARD

- Continue to deliver solid, predictable operational and financial performance
- Continue re-alignment of trading business in line with Wescoal's needs
- Operationalise Intibane and Khanyisa
- Develop and implement a structured, detailed business plan in response to Eskom's RFP process
- Diversify revenue generating streams (including coal exports)
- Increase BEE shareholding to over 50% (including employee participation)
- Grow Wescoal resource base

EXECUTIVE MANAGEMENT

WESCOAL



Waheed Sulaiman
*Chief Executive
Officer*



Bothwell Mazarura
*Chief Financial
Officer*



Vikesh Dhanooklal
*Group Legal Adviser
& Company Secretary*



Bongani Hlope
*Head: Group
Human Resources*



Thivha Tshithavhane
*Business Development
& Projects*

OPERATIONAL MANAGEMENT

WESCOAL



Dutch Botes
*Head of
Wescoal Mining
(37 years experience)*



Bonani Siko
*General Manager Ops.
Wescoal Mining
(17 years experience)*



Izak van der Walt
*Financial Manager
Operations
(16 years experience)*



Ettienne Strydom
*Projects Manager
Wescoal Mining
(22 years experience)*



Mike Berry
*Head of
Wescoal Trading
(26 years experience)*



Jaap Kruger
*Manager
Processing Plant
(30 years experience)*

FINANCIAL HIGHLIGHTS

WESCOAL

	2016	2015
HEPS ▲ by 76%	26.2 cps	15.2 cps
EPS ▲ by 67%	27.1 cps	15.7 cps
Turnover	R1 590m	R1 705m
Gross profit ▲	R251.7m	R219.6m
Operating profit ▲	R100.9m	R46.2m
Operational EBITDA ▲ 42%	R152.1m	R107.0m
Total comprehensive income	R51.8m	R29.0m

Wescoal's Board has agreed to distribute R 10 million to shareholders as a dividend for the period.

The full dividend declaration will be announced on SENS in due course.

STATEMENT OF COMPREHENSIVE INCOME

WESCOAL

	Reviewed March 2016 R000	Audited March 2015 R000	% Change
Revenue	1 589 870	1 674 372	-5.0
Gross profit	251 720	219 644	14.6
Gross profit margin	15.8%	13.1%	2.7
Operational EBITDA	152 107	107 042	45.1
Interest	20 920	9 154	11.8
Taxation	28 239	8 129	20.1
Total comprehensive income	51 765	28 955	22.8
EPS	26.2 cps	15.7 cps	

SEGMENTAL REPORT

WESCOAL

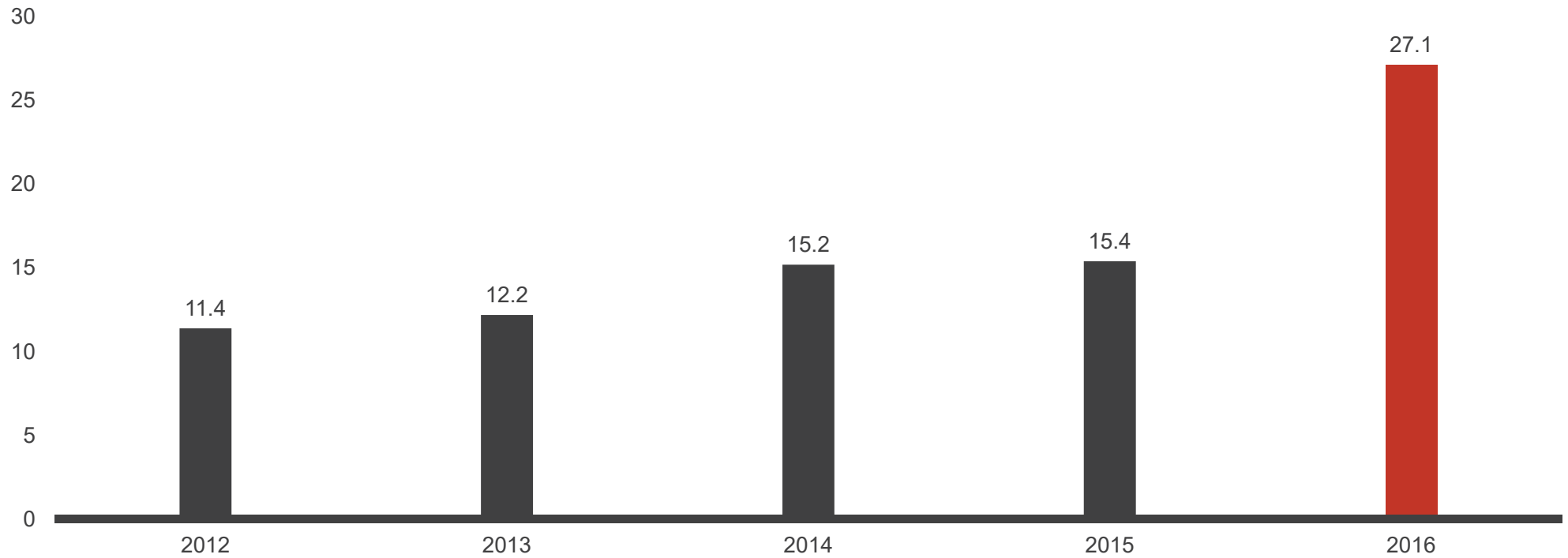
Statement of comprehensive income	Trading R000	Mining R000	Other R000	Total R000
31 March 2016				
Total segment revenue	988 183	627 185	1 710	1 617 078
Inter-segment revenue	0	(26 033)	(1 174)	(27 207)
External revenues	988 183	601 152	536	1 589 871
Operational EBITDA	31 904	124 685	(4 483)	152 106
Profit from operations	19 223	88 166	(6 312)	101 077
31 March 2015				
Total segment revenue	1 116 958	595 576	1 995	1 714 529
Inter-segment revenue	0	(38 298)	(1 859)	(40 157)
External revenues	1 116 958	557 278	136	1 674 372
Operational EBITDA	34 338	94 665	(21 962)	107 041
Profit from operations	22 083	45 591	(22 133)	45 541

HEADLINE EARNINGS PER SHARE

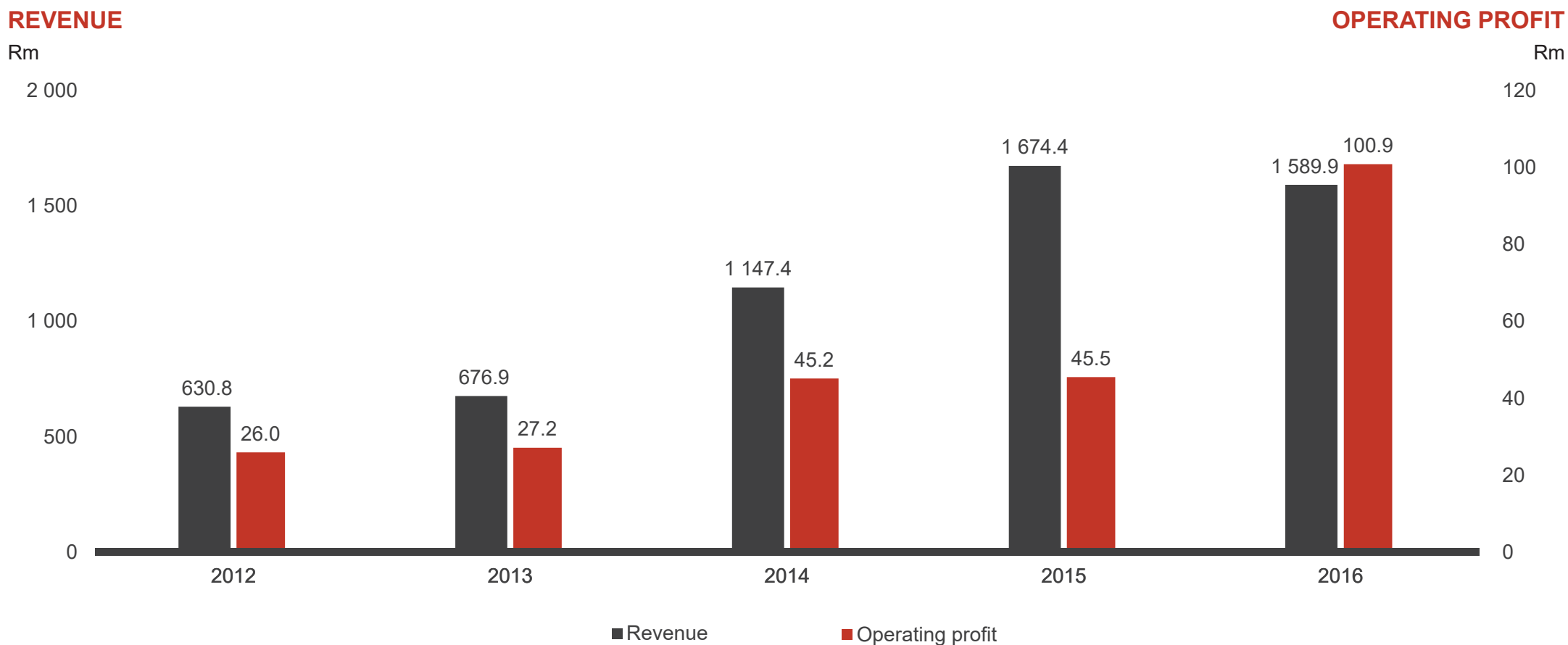
WESCOAL

HEPS FOR THE FULL YEAR

cps



REVENUE AND OPERATING PROFIT 5 YEAR TRACK RECORD



* Prior years 2012 to 2014 Eskom sales not available

STATEMENT OF FINANCIAL POSITION

WESCOAL

	Reviewed March 2016 R000	Audited March 2015 R000
Non-current assets	631 120	474 673
Property, plant and equipment	496 350	324 740
Investment property	709	709
Investments	22 023	14 218
Goodwill and intangible assets	96 300	104 539
Other receivables	11 366	12 909
Deferred taxation	4 372	17 558
Current assets	390 248	348 570
Inventories and work in progress	57 668	82 852
Trade and other receivables	231 041	238 741
Cash and cash equivalents	101 179	26 977
Non-current assets held for sale	4 400	0
Total assets	1 025 768	823 243

NOTES:

- Invested R170m during the year on capital and development
- Reduction of Inventory contributed to internal funding of capital invested
- Assets held for sale are properties the business no longer utilises

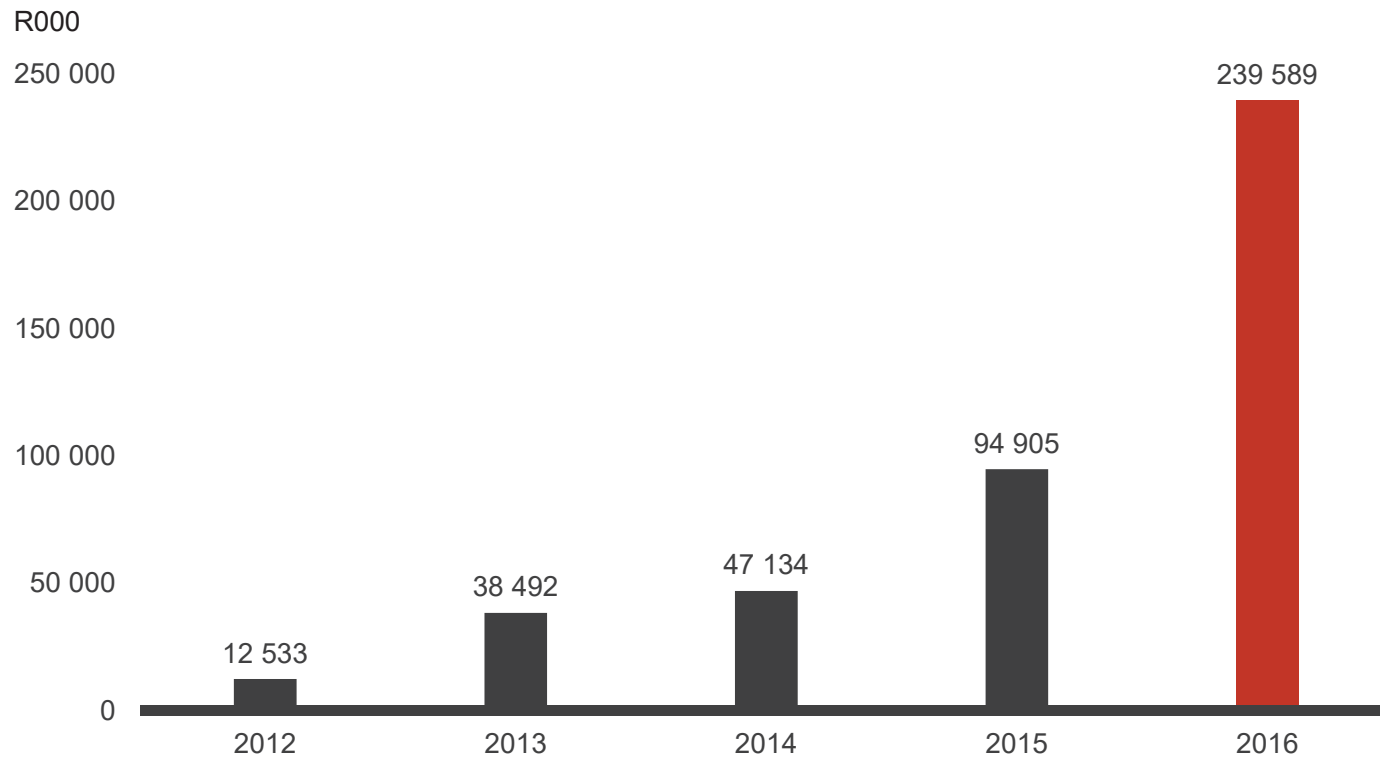
STATEMENT OF FINANCIAL POSITION

WESCOAL

	Reviewed March 2016 R000	Audited March 2015 R000
Total shareholders' funds	(385 061)	(279 821)
Non-current liabilities	(86 932)	(97 137)
Interest bearing loans	(21 141)	(53 473)
Rehabilitation provision	(46 186)	(38 563)
Deferred tax	(19 306)	(5 101)
Current liabilities	(553 774)	(446 284)
Trade and other payables	(278 377)	(218 946)
Rehabilitation provision	(13 890)	0
Bank overdraft	(15 781)	(16 827)
Taxation payable	(27 585)	(39 899)
Interest bearing loans	(218 141)	(170 612)
Total equities and liabilities	(1 025 768)	(823 243)

- Restructure initiatives enabled reducing loan funding during second half of the year:
 - › R52m additional share capital was raised during the year
 - › Debt to Equity ratio improved to 29% (FY15: 43%)
- Trade and Other payables increased as a result of increased activity levels and projects underway at year end
- Rehabilitation provision increased as a result of new Elandspruit mine

STRONG CASH FLOW GENERATION MAINTAINED



PERFORMANCE

- Free cash utilised to increase mining asset base

WESCOAL

OPERATIONAL REVIEW AND
SEGMENTAL DISCLOSURE



OPERATING STRUCTURE

WESCOAL

WESCOAL HOLDINGS LIMITED

WESCOAL MINING (PTY) LTD

First mining activity started in 2009

Mining operations:
Khanyisa Colliery, Intibane Colliery, Elandspruit Colliery

Processing plant:
20km from Elandspruit

Annualised production:
~3m tons of coal growing to +8m tons per annum

Mining division is base for future growth
and positioned to become a significant local producer

WESCOAL TRADING (PTY) LTD

First trading activity started in 2005

Trading operations:
inland region, coastal region

National presence with
logistics and depot infrastructure

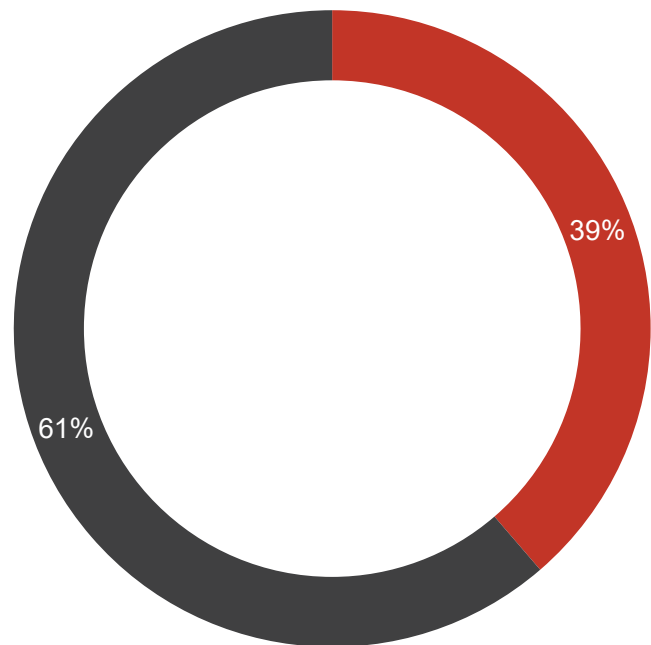
Annual sales:
1 million tons

Trading division diversifies Group revenue stream,
generates cash flow, source of market intelligence

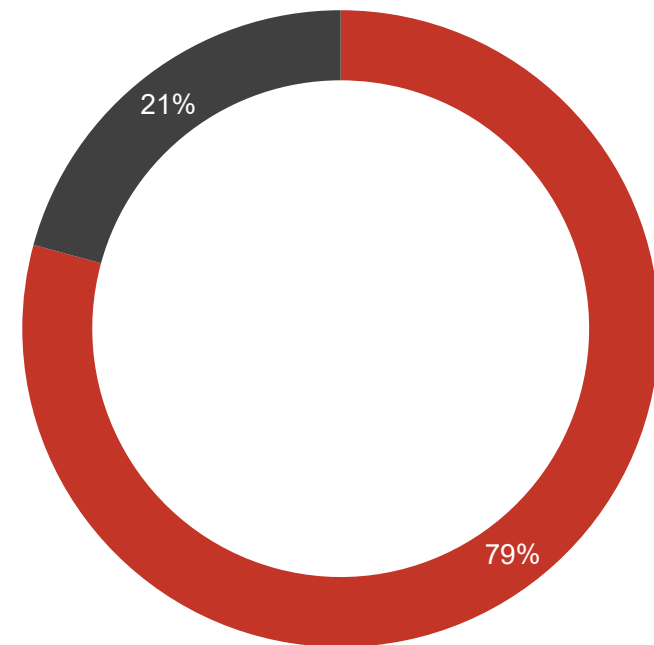
SEGMENTAL CONTRIBUTIONS (AS AT 31 MARCH 2016)

WESCOAL

REVENUE



OPERATIONAL EBITDA

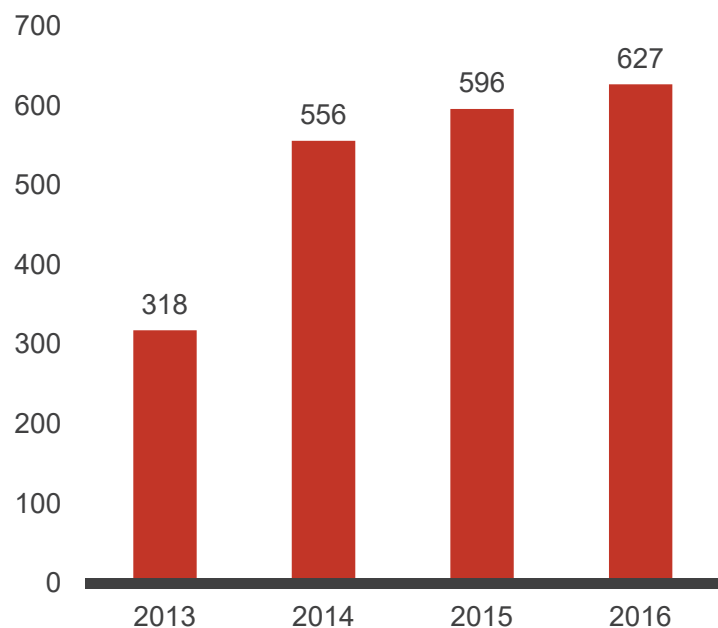


■ Mining
■ Trading

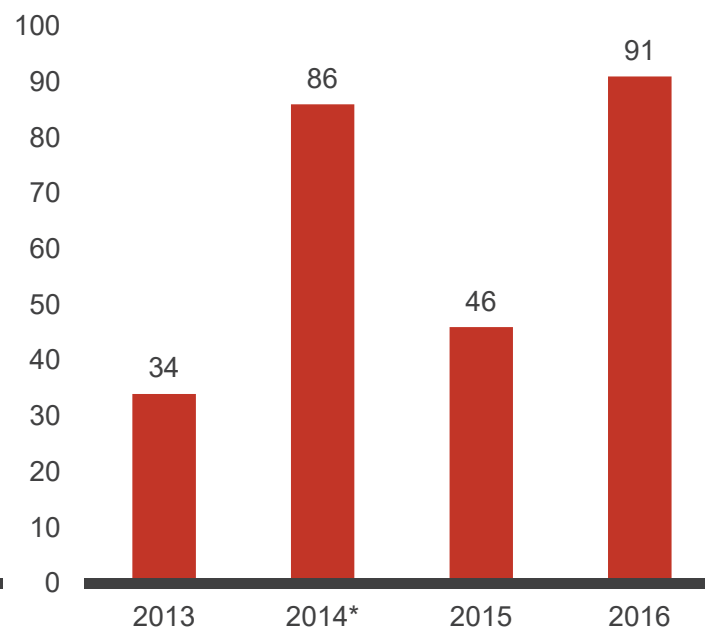
MINING DIVISION



**MINING DIVISION REVENUE
5 YEAR TRACK RECORD**

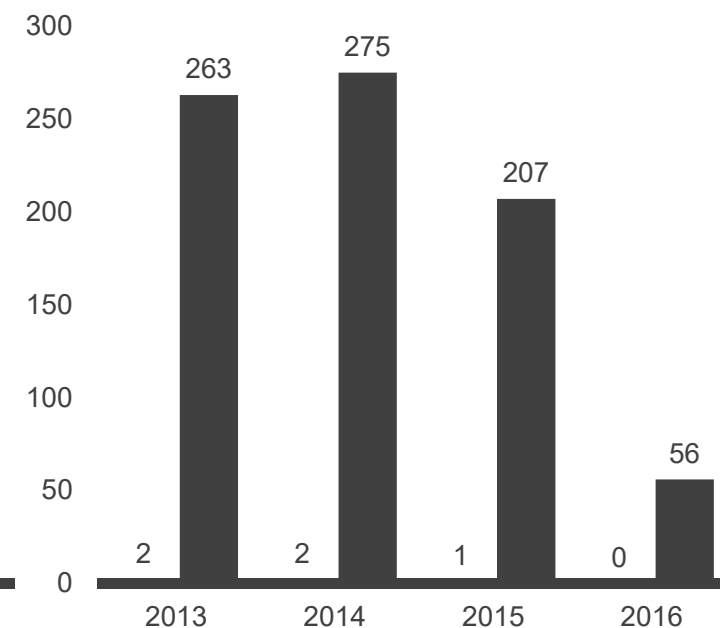


**MINING DIVISION
5 YEAR EBIT TRACK RECORD**



* 2014 includes R19m profit on sale of Vlakklaagte

**RECORDABLE INJURIES
VS INDUSTRY RECORD**



■ WCM Pty Ltd ■ DMR (Coal)

Proven track record of operating existing mines, developing greenfield projects in a manner which is value accretive and responsible

ELANDSPRUIT COLLIERY

- Contains 5 mineable coal seams, which extend to a maximum depth of 70m below surface, are near horizontal in formation and devoid of geological complexities
- Seams are mined selectively to ensure optimal product recovery during beneficiation process
- Reserves of 34 million tons + and a LOM 12 to 15 years
- Provides feed for the Wescoal processing plant 20 km away
- Successfully launched in 2015

PERFORMANCE

- Annualised monthly production of 2 million tons of ROM a year
- Contractor performing according to expectation
- Eskom contract discussions advancing

INTIBANE COLLIERY

- The Intibane Colliery was issued a water use license in late December 2015
- Ramp up in site activity, increasing production to its steady state target of +50kt per month ROM
- Intibane produces coal which is suitable for the Eskom or low grade domestic markets
- Increased production from Intibane will help drive volume based cost dilution
- Mining activity first started during 2013

KHANYISA COLLIERY

- The Khanyisa Colliery was issued a water use license in May 2016
- Progress made in acquiring resources contiguous to Khanyisa Colliery
- Agreement reached with counterparties to potentially extend Life of Mine by 3-4 years
- Commencement of mining is subject to standard regulatory approvals from the DMR
- Mining activity first started during 2009

TRADING DIVISION UPDATE

CREATES OPERATIONAL FLEXIBILITY WITH THE MINING DIVISION

- Exceeded expectations in a difficult business environment with strong performance
- Operating EBITDA was R31.9m, maintaining FY15 performance
- Divisional sales totalled 1 053 000 tons (2015: 1 153 000 tons)
 - › The 8.6% reduction is mainly attributable to a more conservative credit policy and the prevailing business environment
- Bad debts reduced by more than 60% - improved credit controls and active debtor management
- Gross profit reduced by 8.4% to R109.6m (2015: R119.5m) as a result of a downward price pressures which were partially compensated for by cost saving and productivity initiatives
- Cost saving of 10.5% were achieved through reducing expenditure on non-income generating activities and better utilisation of existing resources

- The division's national footprint continues to be a key differentiator and source of value
- Close working relationship with mining division creates operational flexibility/optionality
- We have started a process to review the structure of the trading division in order to further reduce costs and increase shareholder returns

RISKS AND MITIGATIONS

Risk	Response	Update
1 HDSA ownership of Wescoal	<ul style="list-style-type: none"> Process to achieve HSDA control by December 2016 advanced 	<ul style="list-style-type: none"> HDSA ownership increased to over 40% Potential implementation of ESOP as part of overall plan to increase HDSA ownership
2 Wescoal funding	<ul style="list-style-type: none"> Raised R52m of Share Capital during 2015 Working through alternative long term debt funding options Repay/refinance expensive short term debt 	<ul style="list-style-type: none"> Gearing reduced from 43% to 29% Cashflow position is much stronger than last year Significant long term debt still reliant on long term offtake agreements with customers
3 High reliance on Eskom coal supply contracts	<ul style="list-style-type: none"> Commitment to Eskom re: HSDA 50%+ ownership Multi-pronged Eskom engagement strategy Strategy being developed to further develop non-Eskom revenue streams 	<ul style="list-style-type: none"> Rolling short-term Eskom contracts until long term supply contract signed Coal export plan developed which targets up to 1Mtpa exports in the medium term

LOOKING AHEAD

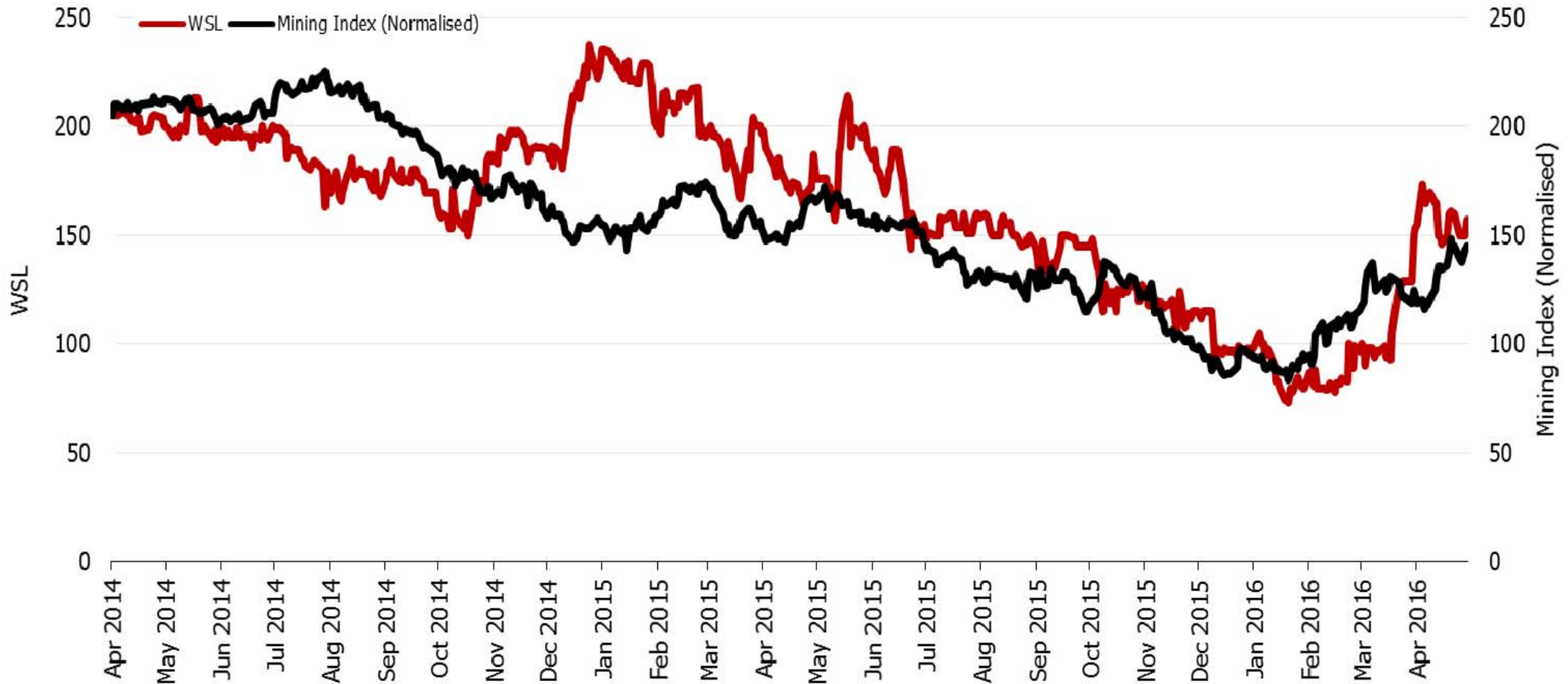
WESCOAL

- Wescoal will transform into a majority-black-owned business supplying Eskom and other customers cost effectively
- The challenging environment presents opportunities for corporate activity
 - › Consolidation in the coal sector is likely and Wescoal sees itself as an active participant therein
 - › Trading division is being right-sized to further reduce costs and maximise shareholder value
- Wescoal's resource base will be expanded significantly to support objective of 8Mtpa ROM production
- Wescoal resource mix will be adjusted to support objective of 1Mtpa exports
- Operating in a responsible, sustainable manner remains a top priority
- Wescoal is steadfast in its strategic development plan with Elandspruit Colliery at the forefront



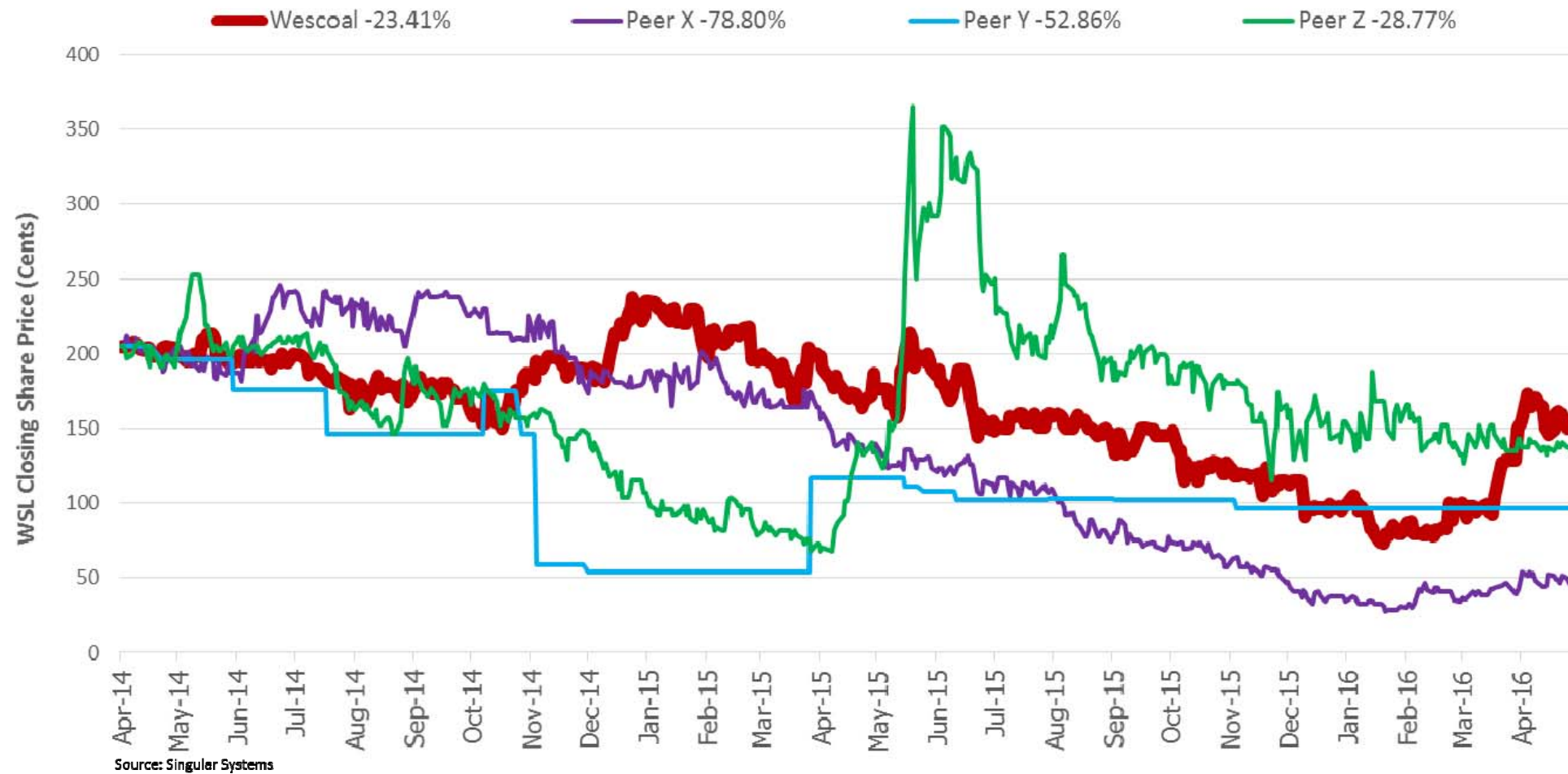
WSL VS MINING INDEX | RELATIVE PERFORMANCE

WESCOAL



Source: Singular Systems

WSL VS DOMESTIC JUNIOR COAL PEERS



* Peers have been normalised

INVESTMENT CASE

WESCOAL

- Multi-pronged Eskom strategy to secure long term revenue base
- Diversifying revenue streams; e.g. increasing coal exports
- Advancing HDSA ownership in 2016
- Organic and inorganic opportunities in the SA coal sector
- Strong focus on cost and cash management
- Leadership team focused on sustainable operational delivery as an enabler for expansion
- Responsible business behaviour which impacts positively on all stakeholders and increases long term shareholder value



“The outstanding financial and operational achievements speak for themselves

Most importantly they say to the market:

‘Wescoal is well positioned for sustainable growth off a robust platform’

and to shareholders:

‘the confidence you have placed in the transformation process and the team is now paying dividends’”

Waheed Sulaiman, Wescoal CEO

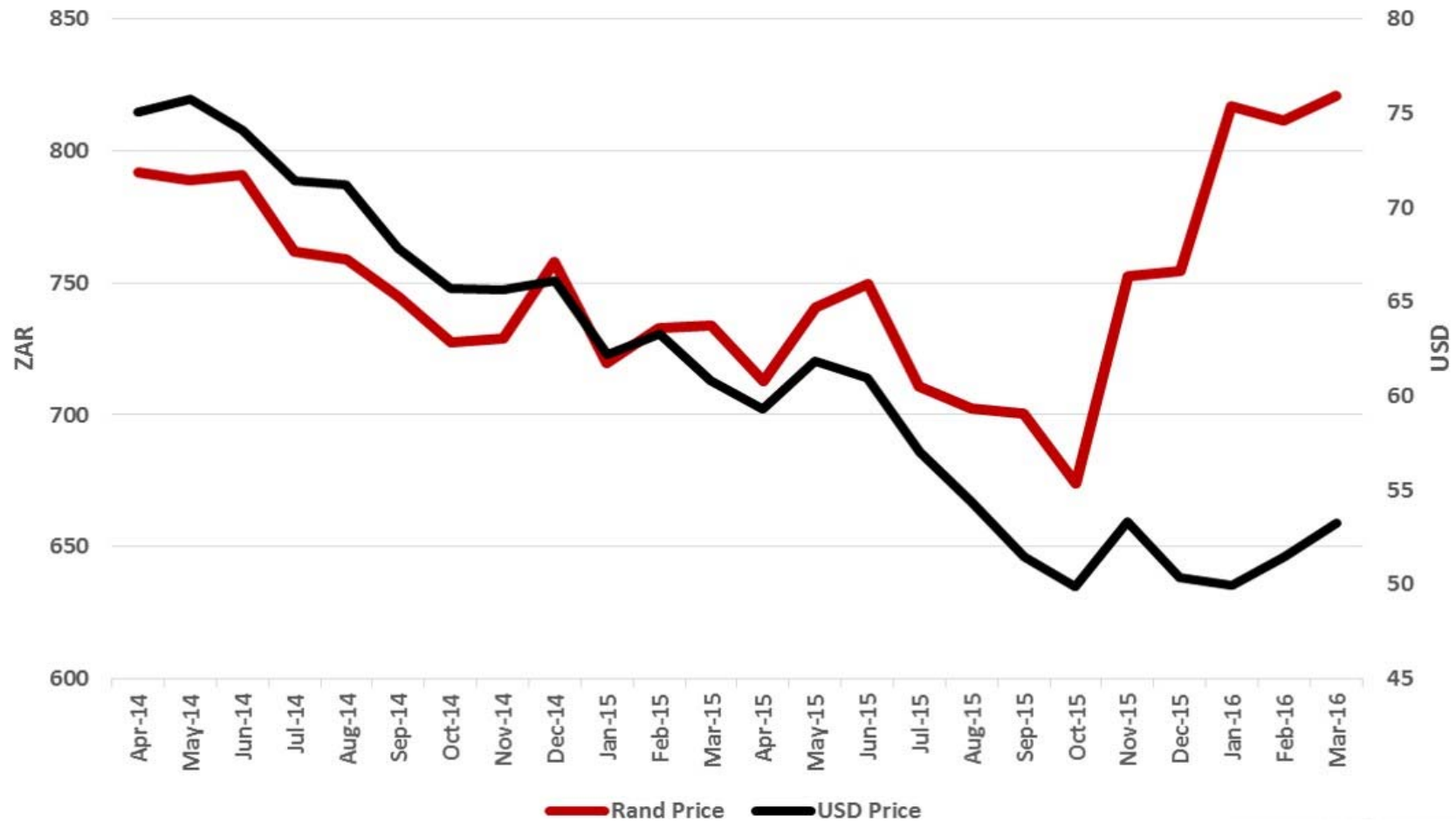
QUESTIONS?



**LEADING THE WAY THROUGH
SUSTAINABLE MINING AND
DYNAMIC THINKING**

COAL, SOUTH AFRICAN EXPORT PRICE | ZAR & USD

WESCOAL



Source: Singular Systems