Reviewed condensed consolidated results

for the year ended 31 March 2015

Financial and other salient features

- **Revenue increases 46,0% to R1,67 billion (2014: R1,15 billion)**
- **Positive increase in margin percentage across both Mining and Trading**
- **101% increase in cash generation**
- **Operational EBITDA increase of 5,7% to R107 million (2014: R101,3 million)**
- **Acquired mining assets securing the extension of the life of mine of existing operations**
- **Significant investment in Elandspruit development**
- **HEPS increase 1,3% to 15,4 cents (2014: 15,2 cents)**

Wescoal Holdings Limited (Incorporated in the Republic of South Africa) (Registration number 2005/006913/06) (JSE code: WSL ISIN: ZAE000069639) ("Wescoal" or "the Group")

Reviewed condensed consolidated results for the year ended 31 March 2015
The reviewed results for the year ended 31 March 2015 with comparative audited results for the year ended 31 March 2014 are presented.

Condensed consolidated statement of comprehensive income

	Reviewed results for the year ended 31 March 2015 R'000	Restated audited results for the year ended 31 March 2014 R'000
Revenue	**1 674 372**	1 147 444
Cost of sales	**(1 454 728)**	(1 021 915)
Gross profit	**219 644**	125 529
Other income/(expenses)	**1 557**	(1 174)
Profit on sale of assets	**696**	75 773
Operating expenses	**(175 659)**	(81 259)
Operating profit	**46 238**	118 869
Finance income	**1 588**	265
Finance costs	**(10 742)**	(10 716)
Profit before taxation	**37 084**	108 418
Taxation	**(8 129)**	(22 531)
Profit for the year	**28 955**	85 887
Other comprehensive income	**–**	–
Total comprehensive income	**28 955**	85 887
Attributable to:		
Owners of the parent	**28 955**	68 971
Non-controlling interest	**–**	16 916
Profit for the year	**28 955**	85 887
Headline earnings reconciliation:		
Net profit for the year	**28 955**	85 887
– Profit on the sale of assets	**(696)**	(60 030)
Headline earnings for the year	**28 259**	25 857
Ordinary shares in issue (000's)		
– Total at period end (Note 1)	**183 571**	184 771
– Weighted average shares in issue	**183 929**	170 067
– Fully diluted weighted average shares in issue (Note 2)	**185 810**	173 484
Basic earnings per ordinary share (cents)	**15,7**	40,6
Fully diluted basic earnings per ordinary share (cents)	**15,6**	39,8
Headline earnings per ordinary share (cents)	**15,4**	15,2
Fully diluted headline earnings per ordinary share (cents)	**15,2**	14,9

Note:
(1) Excludes shares held by the share incentive trust
(2) Fully diluted earnings per share information as reflected shows the potential effect of dilution for 11,83 million (2014: 11,52 million) options held in terms of the share incentive trust by the directors and employees of the Wescoal Holdings group.

Condensed consolidated statement of financial position

	Reviewed results for the year ended 31 March 2015 R'000	Restated audited results for the year ended 31 March 2014 R'000
ASSETS		
Non-current assets	**474 673**	355 752
Property, plant and equipment	**324 740**	217 122
Investment property	**709**	709
Investments	**14 218**	6 664
Goodwill and intangible assets	**104 539**	111 722
Investment in associates	**–**	19 365
Other receivables	**12 909**	–
Deferred taxation	**17 558**	170
Current assets	**348 570**	368 391
Inventories and work in progress	**82 852**	60 839
Trade and other receivables	**238 741**	255 389
Cash and cash equivalents	**26 977**	52 163
Total assets	**823 243**	724 143
EQUITY AND LIABILITIES		
Total Shareholders' funds	**279 821**	261 113
Stated capital	**161 465**	166 715
Retained earnings	**112 877**	91 515
Employee share option reserve	**5 479**	3 059
Non-controlling interest	**–**	(176)
Non-current liabilities	**120 225**	108 583
Interest-bearing loans	**76 561**	57 113
Rehabilitation provision	**38 563**	41 104
Deferred tax	**5 101**	10 366
Current liabilities	**423 197**	354 447
Trade and other payables	**218 946**	220 211
Bank overdraft	**16 827**	176
Taxation payable	**39 899**	10 268
Interest-bearing loans	**147 525**	123 792
Total equity and liabilities	**823 243**	724 143
Net asset value per share (cents)	**152,43**	141,32
Tangible net asset value per share (cents)	**95,48**	80,85

Corporate information

Non-executive chairman: MR Ramaite,
Lead independent director: DMT van Gaalen
Independent non-executive directors: JG Pansegrouw, MH Mathe, KM Maroga
Executive directors: W Sulaiman, M du Plessis
Registration number: 2005/006913/06
Registered address: Corner of Gewel and Hulley Road, Isando, 1600
Postal address: PO Box 1962, Edenvale, 1610
Company secretary: Computershare
Telephone: 011 570 5800, **Facsimile:** 011 570 5848
Transfer secretaries: Computershare Investor Services Proprietary Limited
Sponsor: Exchange Sponsors (2008) (Pty) Limited
Website: www.wescoal.com

Condensed Consolidated Statement of Cash Flows

	Reviewed results for the year ended 31 March 2015 R'000	Audited results for the year ended 31 March 2014 R'000
Cash flows from operating activities	**76 099**	29 810
Cash generated from operations	**94 505**	47 134
Finance income	**1 588**	265
Finance costs	**(8 399)**	(7 715)
Income tax paid	**(4 180)**	(4 687)
Dividends paid	**(7 415)**	(5 187)
Cash flows from investing activities	**(125 459)**	(175 426)
Purchase of property, plant and equipment and mineral assets	**(98 862)**	(103 542)
Sale of property, plant and equipment	**4 656**	8 049
Purchase of business	**(24 448)**	(70 784)
Purchase of investment in associate	**–**	(5 000)
Purchase of financial assets	**(6 805)**	(4 149)
Cash flows from financing activities	**7 523**	176 233
Movements in interest bearing loans	**4 673**	170 975
Shares issued	**2 850**	5 258
Net (decrease)/increase in cash and cash equivalents	**(41 837)**	30 617
Cash and cash equivalents at beginning of year	**51 987**	21 370
Cash and cash equivalents at end of year	**10 150**	51 987

Introduction

The main business of the Group is the mining, processing and the sale and supply of coal. Coal product is mined, sourced and supplied to end users including power generation, manufacturing and petro-chemicals sectors. The key strategic thrust of Wescoal is to be a leading coal miner with a sustainable resource base and a coal trading operation.

The final results for the 2015 financial year reflects a solid performance for the first nine months followed by a negative performance in the last three months as a result of a challenging business environment and due to delays in securing long-term coal supply contracts. Shareholders reviewing this set of results are advised that a direct comparison to the 2014 results is difficult due to the following:
i) the 2014 results include only four months of the MacPhail trading results compared to a full 12 month performance for 2015 and
ii) the 2014 numbers include a once-off R75 million profit on sale of assets which relates to the Vlaklaagte sale to Xstrata in 2014.

Wescoal Trading's performance was highlighted by excellent cash generation in a challenging business environment. The year under review saw the MacPhail acquisition embedded into Wescoal.

Wescoal Mining is well positioned to operationalise the Elandspruit project in the next six months. Major regulatory consents are in place and contractors have been briefed and inducted.

Wescoal has embarked upon a strategy to position the company as an employer of choice, focusing on a number of initiatives including aiming for a zero lost time injury rate, enhancement of the working environment and a more inclusive process for staff.

Financial overview

Operational revenue increased by 46,0% to R1,67 billion compared to the previous financial period (2014: R1,15 billion), due to the full year's contribution from MacPhail. The contribution to revenue from the Mining division was flat.

Pleasingly, margins increased for both segments. The margins in Mining, in particular were higher from a larger contribution to the sales mix by the Intibane Colliery, with its lower strip ratios. This was negated by the newly acquired Processing Plant operating on a breakeven basis in the last quarter and not contributing to the margin percentage earned. The margin from the Trading Division was stable to higher.

Operating costs are distorted by the full year impact of the acquired trading business of MacPhail as mentioned previously. The current year's expenditure was significantly affected by the inclusion of the outgoing executives exit packages, increased salary costs including additional provident fund benefits to staff, increased provisions for doubtful debts in the Wescoal Trading Division together with the full year effect of amortisation of intangible assets.

Operational EBITDA ended the year at R107 million (2014: R101,3 million). The increased margin attained has been negated by increased costs.

Finance charges increased from 2014 as a result of increased utilisation of funding to acquire assets in addition to internal cash generated. The majority of these costs relate to the Elandspruit Colliery development. In addition the full year effect of interest on the loans obtained to fund the MacPhail business and property acquisitions are included. In terms of accounting standards significant interest has also been capitalised to the Elandspruit project.

The group's funding facility is still not concluded mainly as result of the lack of long-term Eskom contracts.

The taxation rate for this financial period was the same as for the prior period.

The balance sheet reflects an increase in the fixed asset base coupled with lower cash reserves and higher debt levels. This is a consequence of the cash management and funding strategy which focused on securing assets and developing projects from internally generated cash. This strategy is being reviewed in line with creating an efficient and sustainable capital structure.

The Group's new management team has adopted a conservative, risk-based approach with a full evaluation of risks. In this process a rehabilitation provision relating to a washing plant previously owned and operated by Wescoal pre-2011 was discovered which should have been recorded. An amount of R11,3 million (net of tax) has been provided for and is recorded as a prior year adjustment.

Eskom contracts

Significant delays were experienced in concluding long-term contracts with Eskom due to the lack of an appropriate HDSA ("Historically Disadvantaged South Africans") structure in place at Wescoal. This in turn resulted in the Group's long-term funding package not being concluded as previously mentioned.

Wescoal purposely decided to spend considerable time aligning its strategy with Eskom's policy which is to contract with coal suppliers with more than 50% HDSA control.

Shareholders are advised that short-term contracts have been in place with Eskom since January 2015 and as such Wescoal continues to supply coal to Eskom. However, these short-term contracts are not optimal and do not allow the Group to raise long-term funding.

Wescoal is confident that these long-term contracts with Eskom will be awarded as Eskom has responded positively to commitments made by Wescoal in respect of HDSA ownership.

Wescoal Mining

The Company's revenues and resultant profitability was negatively impacted by lower sales to Eskom, specifically in the last quarter from the lack of long-term contracts. The Wescoal Processing Plant contributed to sales, but has not contributed significantly to overall profitability as it was operated on a breakeven business case. It has however been able to ensure the recovery of fixed costs associated with the running of the plant. The Wescoal Processing Plant has continued to participate in sales to the market around the plant. Continued operation of the Processing Plant has also reduced the startup risk of the Elandspruit project.

Safety performance and compliance with licensing conditions is pivotal to the company. The water use license for the Elandspruit Colliery has been awarded. Wescoal has waited for this to occur so as not to operate illegally prior to the awarding of the licence. Wescoal prides itself in its strict adherence to the laws and regulations by which it is governed.

In addition the measurement of Lost Time Injury Rate is a key measure for Wescoal Mining. In this arena Wescoal has performed well compared to the industry achieving zero lost time injuries during the year. Management regards this measurement as indicative of a stable operation that minimises risk. Minimal downtime translated into profitability and efficiency while contributing towards staff morale and safe working conditions. It will remain an area of focus going forward.

Mining revenues are R557,3 million (2014: R556,2 million) with an operational EBITDA of R94,7 million (2014: R101,2 million) being received.

Wescoal Trading

The takeover integration, consolidation and rationalisation of the MacPhail acquisition has been completed with the aim now being optimisation in the Trading division. Operation EBITDA has improved from 0,3% to 3,1% indicating the Trading business is operating more efficiently, is well integrated and benefiting from efficiencies due to the integration.

Wescoal Trading remains a significant player in the non-Eskom domestic coal sales market. It is taking advantage of its national logistics footprint with cost savings contribution to profits. Environmental and safety performance remain an area of focus in this part of the business too.

Trading revenues are again significantly higher at R1,1 billion (2014: R591,2 million) with operational EBITDA improving considerably to R34,3 million (2014: R1,6 million).

Post balance sheet events

On 11 June 2015 the Company announced that the agreement entered into with Mintirho Mining previously for the acquisition of a mining right for Intibane Phase 2 has lapsed and a new agreement had been entered into. The rationale for the acquisition is that it will enable Wescoal to extend the life of Intibane to the end of 2017.

Changes to the board of directors

The following changes have occurred to the Board of Directors:
1) Mr Andre Bojé resigned as Chief Executive Officer ("CEO") and director of Wescoal effective from 14 April 2015.
2) Mr Waheed Sulaiman was appointed as the acting CEO with effective from 14 April.

The board of directors thanks Andre for his contribution to the Company and Group of which he was CEO since inception 18 years ago and wishes him well in his future endeavours.

The board is managing the appointment of a permanent CEO and this process is expected to conclude before December 2015. Shareholders will be updated accordingly should an appointment be made prior to this date.

Prospects

Wescoal Trading experienced a good trading year, but management envisages that the coming 12 months will be challenging as competition increases, load shedding impacts the business and the state of the steel sector in South Africa comes under pressure with already reduced orders for coal being experienced.

Wescoal Mining will evolve the long-term strategy around the Eskom requirements of 50%+ HDSA ownership to ensure finalisation of long-term coal supply contracts. Management remains cognisant of the fact that currently 80% of Wescoal reserves are of the Eskom-type of resource and therefore holds the view that most of Wescoal's business will continue to be built around Eskom. Additional avenues of coal supply are being explored as part of an assessment of the business's long-term strategy and risk management.

The new management team is committed to a continual review of business systems and risks and managing these in alignment with best practice. The omission of the recordal of a rehabilitation liability at a previous operation was identified and is being resolved. The management team feels that this review is prudent and will ensure that going forward, Wescoal is sustainable not only with regard to life of mine but also operates in line with best practices.

Segment analysis

The analysis below details the contribution of the two main divisions within the group:

	R'000			
Statement of comprehensive income	**Trading**	**Mining**	**Other**	**Total**
31 March 2015				
Total segment revenue	**1 116 958**	**595 576**	**1 995**	**1 714 529**
Inter-segment revenue	**–**	**(38 298)**	**(1 859)**	**(40 157)**
External revenues	**1 116 958**	**557 278**	**136**	**1 674 372**
Operational EBIDTA	**34 338**	**94 665**	**(21 962)**	**107 041**
Profit from operations	**22 083**	**45 591**	**(22 133)**	**45 540**
31 March 2014				
Total segment revenue	591 199	672 691	(116 445)	1 147 445
Inter-segment revenue	–	(116 445)	(116 445)	–
External revenues	591 199	556 246	–	1 147 445
Operational EBITDA	1 604	101 199	(1 511)	101 292
Profit from operations	(2 997)	49 803	(1 638)	45 168

Note:
(1) Operational EBITDA excludes profit or losses on sale of assets.
(2) Profit from operations excludes profit or losses on the sale of property, plant, equipment, mineral assets, finance income and finance costs.

Resource Summary

The Resource Summary is an extract of the, SAMREC compliant, Resource Statement as compiled by DS Coetzee (PHD Geology, Pr. Sci. Nat.: 400136/00), dated March 2015. Included in this updated resources summary is the acquisition of Catwalk (1,86 million tons TTIS) and the acquisition of Intibane 2 (3,36 million tons TTIS).
- TTIS – Total Tons In Situ
- Measured – 350m x 350m Drilling Density
- Indicated – 500m x 500m Drilling Density
- All Tonnages expressed in Millions of Tons

	Seam	Class	**2015 TTIS**	2014 TTIS
Khanyisa	2	Measured	**0,62**	2,15
Intibane	4	Measured	**0,08**	0,31
	2	Measured	**0,82**	3,05
Elandspruit	4	Measured	**2,66**	2,66
		Indicated	**0,16**	0,16
	3	Measured	**1,15**	1,15
		Indicated	**0,05**	0,05
	2	Measured	**17,95**	17,95
		Indicated	**0,21**	0,21
	1	Measured	**14,38**	14,38
		Indicated	**0,13**	0,13
Silverbank	2	Reconnaissance	**65,00**	65,00
Verblyden	2	Reconnaissance	**10,00**	10,00
Total Measured Resources			**38,21**	41,65
Total Indicated Resources			**0,54**	0,54
Total Reconnaisance			**75,00**	75,00

Black Economic Empowerment

Waterberg Portion Property Investments Proprietary Limited ("WPP"), headed by Mr. Robinson Ramaite and other BEE shareholders previously held the BEE shares in the Group. During the financial year this entity was unbundled and the shares are now held directly by Mr Robinson Ramaite and other BEE shareholders. The shareholding totals 31,0%.

Corporate governance

The Wescoal board of directors continues to be mindful and cognisant that corporate governance is essential to protect the interests of all stakeholders, and is committed to compliance with legal requirements and sound corporate governance principles. The Group subscribes to and is in the process of implementing, where applicable, the principal recommendations of the King III Code of Corporate Governance.

Dividends

The board has decided not to declare a final dividend, opting to use cash to develop its mining assets.

Basis of preparation

The condensed consolidated financial information for the year ended 31 March 2015 has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards ("IFRS"), the preparation and disclosure requirements of IAS 34; "Interim financial reporting", SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by Financial Reporting Standards Council, the JSE Listings Requirements and as per the requirements of the South African Companies Act, 2008, as amended, on the basis consistent with prior year.

The preparation of these financial results was done under the supervision of the Chief Financial Officer, Morné du Plessis CA(SA).

Any references to the future financial performance has not been reviewed or reported on by the Group's auditors.

The directors are of the opinion that the Group has adequate resources to continue in operation for the foreseeable future and accordingly the condensed consolidated financial results have been prepared on a going concern basis.

Independent audit review

The preliminary financial statements have been reviewed by the Group's independent auditors, PricewaterhouseCoopers Inc. Their unmodified review opinion is available for inspection at the Company's registered office.

By order of the board

23 June 2015

MR Ramaite
Chairman

W Sulaiman
Acting Chief Executive Officer

Condensed consolidated statement of changes in equity

	Stated capital R'000	Share-based payment reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests	Total equity
Balance as at 31 March 2013	137 092	1 355	39 050	177 498	(177)	177 321
Prior year adjustment	–	–	(11 320)	(11 320)	–	(11 320)
Balance as at 31 March 2013 (restated)	**137 092**	**1 355**	**27 730**	**166 178**	**(177)**	**166 001**
Shares issued	29 623	–	–	29 623	–	29 623
Total comprehensive income for the year	–	–	68 971	68 971	16 916	85 887
Dividends declared	–	–	(5 187)	(5 187)	(16 916)	(22 103)
Employees share option scheme	–	1 704	–	1 704	–	1 704
Balance as at 31 March 2014	166 715	3 059	91 514	261 289	(177)	261 112
Shares issued	**21 750**	**–**	**–**	**21 750**	**–**	**21 750**
Shares cancelled	**(27 000)**	**–**	**–**	**(27 000)**	**–**	**(27 000)**
Change in ownership	**–**	**–**	**(177)**	**(177)**	**177**	**–**
Total comprehensive income for the year	**–**	**–**	**28 955**	**28 955**	**–**	**28 955**
Dividends declared	**–**	**–**	**(7 415)**	**(7 415)**	**–**	**(7 415)**
Employees share option schemes	**–**	**2 420**	**–**	**2 420**	**–**	**2 420**
Balance as at 31 March 2015	**161 465**	**5 479**	**112 877**	**279 821**	**–**	**279 821**

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