



WESCOAL REPORTS FIRST COAL CONTRACTED TO ESKOM FROM ITS FLAGSHIP ELANDSPRUIT MINE

10-09-2015

Mining and trading group Wescoal has just signed a short term contract [STC] with Eskom to supply a total of 221 000 tons of coal from its flagship Elandspruit operations. This follows on STCs signed in the last week of May 2015 for the supply of 190 000 tons of coal from its Khanyisa and Intibane mines.

Acting CEO Waheed Sulaiman comments "Getting to this point is a major milestone and required lots of hard work and perseverance from our negotiation team. It definitely took longer than expected to conclude these contracts which resulted in us having to enter into sub-optimal coal sale arrangements with other customers while we engaged with Eskom. Signing a long term contract for our Elandspruit operations is now at the top of our priority list, after which we will focus on Intibane and Khanyisa."

The conclusion of an Eskom contract for Elandspruit, which comprises of the Elandspruit colliery and nearby Wescoal Processing Plant, heralds an upturn in mining activity and revenues going forward. This comes after a challenging start to the financial year because of delays in finalising Eskom coal supply contracts. Management's strategy of operating the Wescoal Processing Plant on a marginal profit basis with feed sourced from other producers while the colliery was being developed has meant that the plant is primed and ready to operate at its current feed capacity of more than 150 000 tons per month. Elandspruit Run of Mine (ROM) will be trucked 20 km to the processing plant where it will be beneficiated to meet Eskom's quality requirements.

Sulaiman says that while revenues from the mining division experienced a slow start to the year, the trading company has not missed a beat. "From April 2015 to August it has performed slightly better than budget and has continued to contribute strongly to our revenue line. This is particularly pleasing in the light of prevailing economic conditions."

He concludes by stating that "Wescoal has traditionally delivered stronger results in the first half of its financial year, but this year will see a reversal of that trend as we close out our current Eskom negotiations and continue to grow the business."

Wescoal Holdings Limited mines, processes, supplies, sells and distributes coal. It is listed on the main board of the JSE and its key strategic thrust is to be a leading junior coal miner with a sustainable resource base and a coal trading operation

Caption: Wescoal Processing Plant delivering coal from nearby Elandspruit Mine.

Wescoal Holdings Ltd

Waheed Sulaiman (Acting CEO): 011 570 5800

Website: www.wescoal.com

Investor Relations

Jacques de Bie, Senior Manager, IR

Singular Systems - 082 691 5384

Media inquiries:

Wren Mast-Ingle

Tel: 072 663 3926

Email: info@Mi5.co.za

Issued by Mi5 on behalf of Wescoal Holdings

Media Communication

Wescoal Holdings Limited (“Wescoal”)



WESCOAL

