

WESCOAL HOLDINGS LIMITED
 Incorporated in the Republic of South Africa
 (Registration number 2005/006913/06)
 Share code: WSL
 ISIN: ZAE000069639
 ("Wescoal" or the "Company" or the "Group")

Voluntary operational update

Wescoal wishes to voluntarily update shareholders on its operational performance for the first quarter of FY22 ended 30 June 2021 ("Q1'FY22").

1. Overview

The Group delivered a solid overall Q1'FY22 performance with all operations performing in line with production targets supported by an improving sales volumes environment. The operationalisation of Moabsvelden project has contributed significantly to Q1'FY22 production and sales volumes, relative to the preceding quarter, Q4'FY21 ended 31 March 2021.

2. Production and sales update

Quarterly production and sales report

The table below compares the Q1'FY22 to comparable Q1'FY21 ended 30 June 2020, as well as to the immediately preceding quarter Q4'FY21 ended 31 March 2021.

	Q1'FY22 t'000	Q1'FY21 t'000	Variance %	Q4'FY21 t'000	Variance %
Production tonnages (ROM)					
Vanggatfontein	827	1 120	-26%	685	21%
Elandspruit	761	777	-2%	715	6%
Khanyisa	243	308	-21%	241	1%
Moabsvelden	411	0		187	120%
	2 242	2 206	-2%	1 828	23%
Sales tonnages					
Vanggatfontein	599	725	-17%	533	12%
Elandspruit	554	545	-2%	522	6%
Khanyisa	199	269	-26%	297	-33%
Moabsvelden*	672	-		276	144%
	2 024	1 538	32%	1 627	24%

*Moabsvelden sales consists of own-sales and buy-ins.

Mining Production: Group mining production was boosted by production from Moabsvelden in Q1'FY22, but overall production was 2% lower than the comparable quarter due to significantly lower production at Vanggatfontein and Khanyisa. ROM production from the common box cut at Vanggatfontein pit five in Q1'FY21, which has now been completed, was the reason for the higher volumes in the comparable quarter. However, compared to the

previous quarter, production was up at all operations, with an overall 23% increase in production in Q1'FY22 compared to Q4'FY21.

Mining Sales: Mining sales were 32% higher than the comparable quarter and 24% higher than the preceding quarter due to Moabsvelden own and buy-in sales. Although Q1'FY22 sales tonnages were down at Vanggatfontein and Elandspruit compared to the Q1'FY21, they were higher than the Q4'FY21 sales. Vanggatfontein sales were again lower than the comparable quarter due to lower sales from the common box cut. Khanyisa's Q1'FY22 sales volumes were lower than the comparable quarter and the previous quarter.

Trading: Trading sales in Q1'FY22 were only 5% higher than the previous quarter but 50% higher than the comparable quarter due to the significant impact the lockdown had on Q1'FY21 sales volumes. The performance for the first quarter of FY22 has therefore been encouraging.

3. General Guidance

Moabsvelden's contribution to the Group's overall production and sales performance continues to increase as the boxcut construction phase edges closer to completion. The project is therefore expected to significantly improve the Group's performance for the current financial year, compared to FY21.

Arnot mine restart is imminent with first coal expected during 2021 calendar year. Both the Wescoal and Arnot OpCo (Pty) Ltd management teams continue to work closely on ensuring that this target is met, including securing long-term coal offtake contracts for both domestic and export coal product.

The recently announced deployment of a sensor-based sorting technology at Wescoal operations will also reposition the Company on the cost curve and is expected to provide significant economic benefits to the Group.

The Group continues to implement various cost-cutting initiatives and is on track to achieving the set targets.

The information in this announcement has not been reviewed or reported on by the Company's auditors.

28 July 2021

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