Quarterly Production Update
15 July 2014

Keaton Energy has released the following quarterly production update for the period ended 30 June 2014.

The safety performance at both group collieries improved with Vanggatfontein reporting a LTIFR of 0.04 (June 2013, 0.05) and Vaalkrantz a LTIFR of 0.21 (June 2013, 0.36).

Production grew in line with plan. Vanggatfontein Colliery delivered 617 324t of washed 2- and 4-Seam thermal coal to Eskom, an increase of 17% over the corresponding period last year and some 17% above the March 2014 quarter’s sales.

5-Seam metallurgical coal sales into the domestic market during the quarter increased to 36 799t, an increase of 46% over the corresponding period last year and some 96% higher than the March 2014 quarter’s sales.

No toll washing took place at Vanggatfontein during the quarter since all capacity was used for own coal. 13 531t of market development B-grade coal was produced, resulting in an 81% increase over the March 2014 quarter. Discard and slurry sales totalled 100 201t for the period, a decrease of 62% from the corresponding period last year and some 50% less than the March 2014 quarter. This decrease is due to the discard being used currently to increase the height of the slurry dam wall.

Mandi Glad, Chief Executive Officer, said “Vanggatfontein has settled into steady state production and continues with its solid and consistent performance. The dry and relatively holiday-free June and September quarters are traditionally the strongest production months for opencast coal producers and we met our production goals and cash targets. We are pleased with the colliery’s performance and look forward to enhancing it with the adjacent Moabsvelden operation.”

significant operational improvements at Keaton Energy’s Vaalkrantz Colliery led to production increasing 22% over the corresponding period last year to 93 578t (6% above the March 2014 quarter’s sales) reflecting the success of the on-going turnaround of the operation.

Glad commented “Vaalkrantz's performance was outstanding in the quarter with cash generation exceeding expectation. Overcoming challenging geological conditions in a safe and cost effective manner has become a way of life for our colleagues in Natal. This, coupled with the increased mineable reserve at the colliery bodes well for the future.”

“Keaton Energy ended the quarter in a positive mood. Production profiles and cash generation met plan and safety improved. Expansion and optimisation projects are advancing to enhance our production footprint. We are well positioned for the coming years.”

The above information has not been reported on or reviewed by the company’s auditors.

15 July 2014
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