Keaton announces another record production year

Keaton Energy has released the following production update for the financial year ended 31 March 2015 ahead of the release in June 2015 of the company’s year-end results.

Safety

Sadly the year was marred by the death of Mr. Sihle Petros Xulu, a General Worker, employed by Thata Dark Drill Enterprises at the Enyati section of Keaton’s Vaalkrantz Colliery in KwaZulu Natal. Mr. Xulu was fatally injured in an isolated fall of ground during the night shift of 4 February 2015. Keaton’s board and management extend their sincere condolences to Mr. Xulu’s family, friends and colleagues. All work practices and safety protocols were reviewed after the accident and more rigorous standards were introduced.

The Lost Time Injury Frequency rate (per 200 000 hours worked) for 2015 were 0.22 at Vaalkrantz (2014: 0.23) and 0.10 at Vanggatfontein (2014: 0.09).

Key production statistics

- Thermal coal production up 4% to 2.279Mt
- Metallurgical coal production up 29% to 126 107t
- Anthracite coal production up 30% to 395 450t

Vanggatfontein Colliery delivered 2 278 761t of washed 2- and 4-seam thermal coal to Eskom during the year, an increase of 4% over the previous year’s 2 192 519t. Sales of 5-seam metallurgical coal increased 29% to 126 107t from 97 635t. The increased utilisation of the dedicated 5-seam plant did not allow for any third party toll washing (2014: 145 785t) and B-grade coal production was limited to 46 554t (2014: 10 328t). Negligible discard and slurry sales took place due to the materials being used for onsite activities (2014: 844 334t).

Disappointingly, stock discrepancies were discovered at Vaalkrantz Colliery during the last quarter of the financial year. A thorough investigation was undertaken by multiple agencies which culminated in criminal charges being laid against an employee. Despite the stock discrepancies, Vaalkrantz managed to despatch 395 450t of anthracite to domestic and international metallurgical markets, an increase of 30% over the 303 837t last year.

A new management team was put in place at Vaalkrantz during the quarter.

Mandi Glad, Keaton CEO, said “Last year we promised another consistent production year, especially from our long life Vanggatfontein Colliery. We achieved better than that, though, regrettably, we also lost our proud fatality-free record. We have redoubled our safety efforts and work towards our goal of a harm-free work environment. The detection of coal theft at Vaalkrantz was also a blow and again we have worked hard to overcome it. With depressed coal prices and increasing costs, coal mining is difficult enough without having to endure stock theft.”
Discussing growth projects, Glad said “We continue to engage with Eskom with regard to a Coal Supply Agreement for Moabsvelden and hope to be able to report on its conclusion which will allow construction to start.”

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

Johannesburg
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