

KEATON ENERGY HOLDINGS LIMITED  
(Incorporated in the Republic of South Africa)  
(Registration number 2006/011090/06)  
JSE share code: KEH ISIN: ZAE000117420  
("Keaton Energy" or "the Company")

Production update for the year ended 31 March 2017

Keaton Energy has released the following production update for the financial year ended 31 March 2017 ahead of the release in June 2017 of the company's year-end results.

The Lost Time Injury Frequency Rate (per 200 000 hours worked) for the year was 0.23 at Vanggatfontein (2016: 0.14) and zero at Vaalkrantz (2016: 0.06), although Vaalkrantz remains on care and maintenance.

Vanggatfontein, the company's long-life open pit colliery near Delmas, sold 2 147 724t of washed 2- and 4-seam thermal coal to Eskom, 4% down on last year's production of 2 237 595t. Sales of 5-seam metallurgical coal were 35 961t (2016: 98 252t) reflecting the decision to use the plant for toll washing. A total of 206 334t was toll washed (2016: zero).

As has been announced previously, Vaalkrantz is classified as an "asset held for sale". Coal sales for the year were negligible.

Mandi Glad, Keaton CEO, said "The 2017 year ended with Vanggatfontein again underpinning the company with excellent results which we expect from this long-life quality asset. Although production was slightly off record levels due to the extremely wet weather during the last quarter, it was a pleasing result. Our Kwa-Zulu Natal anthracite operations are in the process of being sold with section 11 granted by the DMR on 27 March 2017. We anticipate the remaining CP's to be fulfilled within 30 days."

The proposed acquisition of Keaton by Wescoal is following the regulatory processes. Communication to shareholders will follow in due course.

The above information has not been reported on or reviewed by the Company's auditors.  
Johannesburg

13 April 2017  
Sponsor  
Investec Bank Limited