

Keaton Energy Holdings Limited (Incorporated in the Republic of South Africa)
(Registration number 2006/011090/06)
JSE code: KEH
ISIN code: ZAE000117420
(‘Keaton’ or the ‘Company’)

Keaton Energy Q3 production update

Keaton Energy has released the following production update for the quarter ended 31 December 2016.

The safety performance at Vanggatfontein improved from a LTIFR of 0.46 in Q2 FY17 to a LTIFR of 0.31 in Q3 FY17. Vaalkrantz reported a LTIFR of zero (Q2 FY17: zero), although it remains on care and maintenance.

Vanggatfontein achieved record cash generation from operations in December and a consistent third quarter with Eskom thermal coal sales of 531 386t (Q3 FY16: 544 237t). The production of 5-seam metallurgical coal was stopped during the quarter (Q3 FY16 sales: 18 456t) due to poor market conditions with more profitable alternatives for utilising the 5-seam plant initiated, including the commencement of a 12-month toll washing contract. Toll washed product totalled 69 513t (Q3 FY16: zero) and discard, slurry and associated sales were 224 879t (Q3 FY16: 49 618t).

Vaalkrantz remains on care and maintenance awaiting Section 11 Ministerial Consent for its sale. Mandi Glad, Keaton CEO, said “Section 11 consent was applied for on 9 May 2016. It is disappointing to note that this has still not been granted notwithstanding the new owner’s commitment and ability to re-open the colliery and generate much-needed employment opportunities in an already deprived area.”

Glad added “As is usual, our long life Vanggatfontein colliery has performed consistently and continues to generate excellent production and cash flow numbers. Growth via the adjacent Moabsvelden remote pit remains a high priority for the group in the short term.”

Johannesburg
17 January 2017

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