CASH VALUE FOR FRACTIONAL ENTITLEMENTS RELATING TO THE OFFER BY WESCOAL TO ACQUIRE ALL OF THE ISSUED ORDINARY SHARE CAPITAL OF KEATON ENERGY ("TRANSACTION")

Wescoal and Keaton Energy shareholders are referred to the joint firm intention offer announcement ("Firm Intention Announcement") published by Wescoal and Keaton Energy on 2 February 2017. Unless defined in this announcement or if the context dictates otherwise, capitalised terms used in this announcement have the same meanings as given in the Firm Intention Announcement.

1. Introduction

Keaton Energy Shareholders are reminded that the consideration payable by Wescoal to Keaton Energy Shareholders will be R1.80 per Keaton Energy Share, settled partly in cash (R1.20 per Keaton Energy Share) and partly in Wescoal Shares. The Share Component will be settled by Wescoal in the ratio of 0.30 Wescoal Shares for every 1.00 Keaton Energy Share held, on the basis that any resultant fractions ("Fractional Entitlements") will be rounded down to the nearest whole number and the Wescoal Shares left over will be aggregated and sold, with the proceeds being paid to the relevant Keaton Energy Shareholders, in cash ("Cash Value").

The purpose of this announcement is to advise Keaton Energy Shareholders of the Cash Value in respect of Fractional Entitlements in relation to the Wescoal Shares received as part of the Scheme Consideration.

2. Cash Value for Fractional Entitlements

In implementing the Transaction, Keaton Energy is required by the JSE to apply the rounding principle that a Keaton Energy Shareholder becoming entitled to a fraction of a Wescoal Share arising from the Transaction will be rounded down to the nearest whole number, resulting in the allocation of whole Wescoal Shares and a cash payment for the fraction ("Cash Payment"). The Cash Payment results from the sale, on behalf of the Keaton Energy Shareholder, of the fraction of a Wescoal Share to which the Keaton Energy Shareholder becomes entitled in terms of the Transaction. The value of such Cash Payment is the volume weighted average traded price per Wescoal Share less 10% on
the first day of trade after the last day to trade in order to participate in the Transaction, being Wednesday, 28 June 2017.

Keaton Energy Shareholders are advised that the value of a Wescoal Share to be utilised in determining the Cash Payment due to a Keaton Energy Shareholder in respect of any Fractional Entitlement is R1.89288. In accordance with the JSE Listings Requirements, this amount has been determined with reference to the volume weighted average price of a Wescoal Share traded on the JSE on Wednesday, 28 June 2017 (R2.10320), discounted by 10%.

The receipt of the Cash Payment may have tax implications for Keaton Energy Shareholders, as this will be treated as a dividend and taxed accordingly at a dividends tax rate of 15% (unless an exemption, as set out in South African Income Tax legislation, applies), resulting in a net Cash Payment of R1.60895.

3. **Keaton Energy responsibility statement**

The Keaton Energy Independent Board accepts responsibility for the information contained in this announcement to the extent that it relates to Keaton Energy. To the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

4. **Wescoal responsibility statement**

The Wescoal Board accepts responsibility for the information contained in this announcement to the extent that it relates to Wescoal. To the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

Johannesburg
29 June 2017

**Investment Bank, Corporate Advisor and Sponsor to Wescoal**
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**Legal Advisor to Wescoal**
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