

Our company

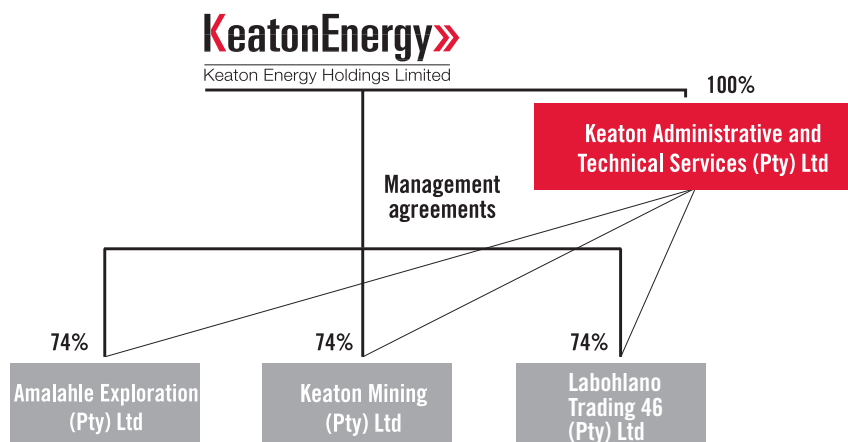
Keaton Energy is a coal exploration and development company, created to pursue opportunities arising from both the increased demand for coal in South Africa and abroad, and the changes in mineral legislation in South Africa. Fundamental to the company's strategy is the pursuit of exploration and greenfield development projects in partnership with black economic empowerment (BEE) entities.

We listed our company's shares on the Main Board of the Johannesburg Stock Exchange on 22 April 2008, in the Basic Resources – Mining: Coal Sector, subsequent to a successful seed capital raising and private placement that raised in excess of R400 million. At listing, our authorised capital was 250 million ordinary shares of 0.1 cent each (R0.001) and our issued capital, 142 741 293 ordinary shares. Keaton Energy is a South African domiciled company and South African investors may trade freely in Keaton Energy's shares on the JSE.

It is the company's intention to produce two million tonnes of saleable coal in the medium term, and to grow into a mid-tier coal producer in the longer term - with this production from greenfields and brownfields projects where we are able to use our intellectual and financial resources to take projects up the value curve, through rapid project development to production.

Our strategy is being pursued through a two-tier approach:

- » a limited number of large, long-life, resource-intensive projects such as the group's Delmas and Sterkfontein Projects; and
- » a portfolio of smaller, quick-to-cash projects that will provide the group with operational flexibility.



CONTACT DETAILS

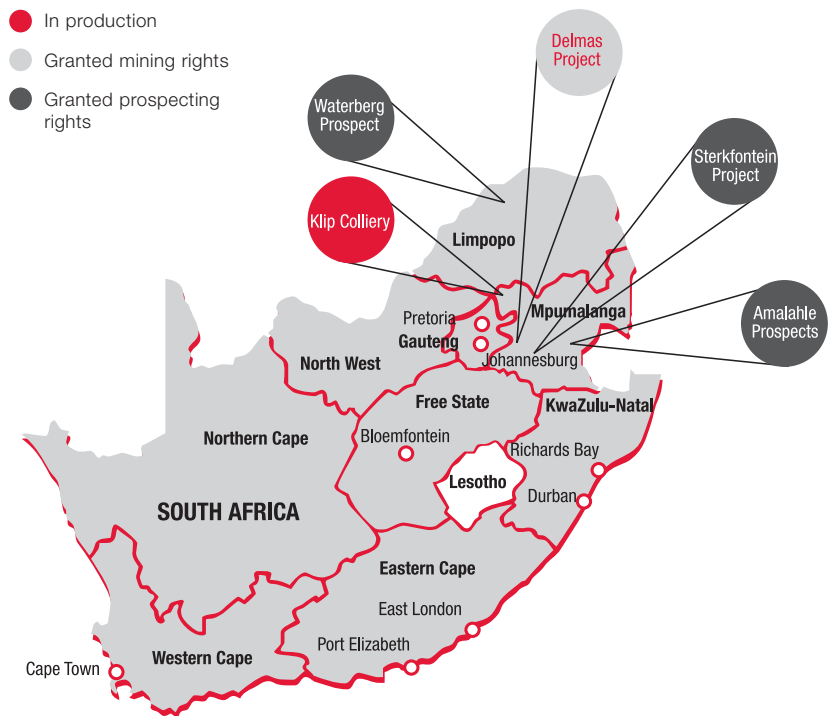
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Our projects



The Delmas Project

The Delmas Project area, located some 80km east of Johannesburg on the edge of the Central Witbank Coalfield in Mpumalanga, covers an area of 1 635 hectares. A feasibility study has been completed, and a SAMREC-compliant coal resource of 163.4 million tonnes, inclusive of an initial open cast coal reserve of 25.9 million tonnes, has been declared. The initial coal reserve will result in a 12-year mine life, producing 1.2 million tonnes per year of saleable domestic power generation steam coal, and 300 000 tonnes per year of No 5 Seam metallurgical coal.

The Department of Mineral Resources has approved a 20-year mining right for the Delmas project.

Sterkfontein Project

The Sterkfontein Project is situated in the Bethal district of the Highveld Coalfield, some 18km south-west of Bethal in Gauteng, and covers a total area of 6 850 hectares. An in-situ mineable resource of 34.8 million tonnes has been declared over 4 009 hectares of the property while an additional 2 844 hectares, over which a coal resource has not yet been declared, was recently acquired. The No 4 Seam, the only coal seam of economic interest, is on average 1.87m thick across the project area. Initial indications are that the coal, after beneficiation, will yield an 83% saleable product – with 50% being an export quality product and 33% a middlings product for the domestic power station market. The project could potentially support two underground mining complexes, one in the north of the project and another in the south, each producing in the region of 150 000 tonnes of run-of-mine coal per month.

Smaller project portfolio

Klip Colliery

Previously known as the Klipfontein Project and located some 60km east of Johannesburg, Klip Colliery is Keaton Mining's first producing mine. Production at the open pit operation began in October 2008 with the expectation that it would produce in the region of 400 000 tonnes of run-of-mine coal, for subsequent sale for further processing. Operations are expected to conclude in the second half of 2010.

Amalahle Prospects

The Amalahle Prospects, located in the Ermelo Coalfield, encompass six discrete properties and cover an area of 1 597 hectares. Amalahle Exploration (Pty) Limited, a 74%-held subsidiary of Keaton Energy, has been granted four separate exploration rights over these properties by the DME.



A 69-hole drill programme was initiated and ultimately completed in November 2008 with coal having been identified on all properties. Two of the properties are of no economic interest, and a further two are only of possible economic interest if combined with neighbouring properties.

The remaining two properties, Leeuwfontein and Braamspruit, are of economic interest, and will be considered as 'projects' rather than 'prospects' within the group's small projects portfolio.

Leeuwfontein Project

The Leeuwfontein Project, located some 35km south of Middelburg, is a nine-hectare property with a Measured Coal Resource of 922 000 mineable tonnes in situ. This open-pittable coal resource has been declared and is included in Keaton Energy's Coal Resource and Reserve Statement. An application for a mining right is currently being prepared and will be submitted with a view to begin production in 2010. In a similar vein to Klip Colliery, the project will have a life of about 18 months with plans for run-of-mine coal to be sold for processing elsewhere.

Braamspruit Project

The Braamspruit Project is situated some 20km south-east of Middleburg and covers an area of 609 hectares. While a 21-hole drill programme has been completed on the property, a SAMREC-compliant resource has yet to be declared. The validity of the prospecting right over this property has been challenged by a neighbouring mining company. Legal advice has been sought, and subject to conclusion of the dispute the intention is to bring the Braamspruit Project on stream by 2011.

Waterberg Prospects

In March 2009, Keaton Mining was awarded a prospecting right over two properties in the Waterberg Coalfield, totalling 3 366 hectares. Initial studies have been conducted but further research is required before a drilling programme can begin.

Exploration pipeline

The group will continue to make prospecting right applications and will also look to partner with existing holders of prospecting and mining rights in order to add further projects to the portfolio of smaller projects.

Our view on the coal market

Keaton Energy believes that the worldwide thermal coal supply and demand situation will ultimately result in prices above long-term real average prices. Current global export coal production capacity is geared to serve the long established markets of Europe, the US and Japan, but China and India has become major players in the international coal market. China and India are expected to compete aggressively in the future for coal previously sold into traditional markets.

On the domestic front, the market has shown signs of improvement since last year's energy crisis, with Eskom's emergency coal purchase programme seeing power station stockpiles rise successfully, aided by the reduced demand for power from major industrial consumers as a result of the global economic crisis. Eskom remains concerned about the long-term security of coal supply to its power stations in and adjacent to the Witbank and Highveld coalfields, which bodes well for Keaton Energy's longer term plans.



DAVID SALTER
Independent Non-executive Chairman

David was appointed to the Keaton Energy board in January 2008. He has 29 years of international mineral technology, project development and senior mining executive management experience and was previously the Managing Director of Eland Platinum Holdings Limited.



ZELDA MOSTERT
Independent Non-executive Director

Zelda, a chartered accountant, was appointed to the Board in July 2008. She has extensive mining finance skills and experience and has been involved in several capital and debt raising activities within the mining industry over the past seven years. She was previously Chief Financial Officer of Great Basin Gold Limited and Treasurer of Harmony Gold Mining Company Limited.



LIZWI MTUMTUM
Independent Non-executive Director

Lizwi is the Executive Chairman of Ikamva Lethu Investments, a BEE investment holding company. He was formerly the Executive Head of Asset Management at the Listed Pangbourne Properties and also held positions with Yard Capital, Nedbank and Nedcor. He has previously served as an independent non-executive director of Eland Platinum.



JOHN WALLINGTON
Independent Non-executive Director

John was appointed to the Board in October 2008. Formerly Chief Executive Officer of the Coal Division of Anglo American plc, he was instrumental in the development and implementation of strategy at Anglo Coal. He also played a major role in the completion of its BEE transaction in 2007, as well as built and maintained key regulator and customer relations internationally.



PHOEVOS POUROULIS
Non-executive Director

Phoevos was appointed to the Board in March 2007 and is a businessman who has started and partnered various businesses locally and throughout Africa. He was a commercial consultant involved in the development of mining projects across Africa. He has served as Commercial Director of Chromex Mining plc and was involved in the founding of Keaton Energy.

ANTOINETTE SEDIBE
Non-executive Director

Antoinette is the Managing Director of Andisa Capital and a co-founder of Rutendo Mining. She has almost 19 years of hands-on and advisory experience in financial and treasury operations of new and established companies.



PAUL MILLER
Managing Director

Paul was appointed to the Board in September 2007 and was involved as an advisor to Keaton Energy prior to his appointment to the Board. Formerly with Anderson Accounting (now Accenture), Nedcor Investment Bank and Nedbank Capital, he has 14 years' experience in South Africa's consulting, finance and mining industries.



MANDI GLAD
Business Development and Marketing Director

Mandi was appointed to the Board in May 2009, and is co-owner of Rutendo Mining. She is an entrepreneur of more than 15 years' experience in owning and operating businesses ranging from coal marketing to IT. She has a detailed knowledge of the MPRDA and related regulatory processes and played an integral role in the establishment of Keaton Energy.



STEVEN RUPPRECHT
Technical Director

Steven was appointed to the Board in January 2008 and has 22 years' experience in mining engineering. Having spent 10 years within the deep level gold mining industry at Gold Fields of South Africa, he also provided technical support to Greenside Colliery and New Clydesdale Colliery, and was Senior Mining Engineer at CSIR Miningtek.



JOHAN SCHÖNFELDT
Financial Director

Johan was appointed to the Board in January 2008. He gained international banking experience while working in London on contracts with Major banking groups. He has also held senior financial management positions with the Inequity Group and the IQ Business Group. He was previously the Financial Manager at Eland Platinum.

