

KeatonEnergy»

Keaton Energy Holdings Limited

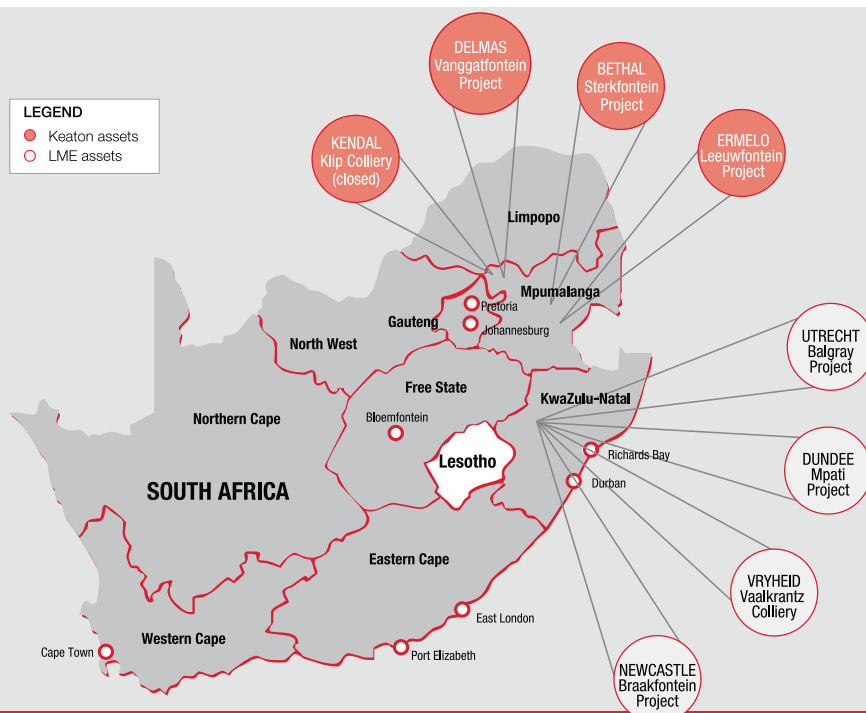
Fact sheet 2011

Our company

Keaton Energy Holdings Limited (Keaton Energy) is a coal development and mining company, with a portfolio of both producing operations and development projects.

A black economic empowerment (BEE) compliant company, Keaton Energy's shares were listed on the main board of the JSE Limited on 22 April 2008, subsequent to a successful capital raising of more than R400 million. The company was incorporated just two years earlier in 2006 and drilled its first exploration borehole in February 2007.

Keaton Energy's intention is to produce 2Mtpa of saleable coal within the next year and, thereafter, to grow into a mid-tier 5Mtpa coal producer in the medium term. The company's first major project, Vanggatfontein, is in production, and the recently agreed acquisition of Leeuw Mining and Exploration (Pty) Limited (LME, see page 4) will provide both growth and diversification to the company.



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Share information

Exchange: JSE
Sector: Coal
Symbol: KEH
Share price*: 280 cents
Shares in issue: 171 547 644

*As at 12 September 2011

Our projects

Vanggatfontein Project

The company's new production project, Vanggatfontein, is featured separately below.

Sterkfontein Project

The Sterkfontein Project – in the Bethal district of the Highveld Coalfield, some 18km south-west of Bethal in Gauteng – covers a total area of 7 280 hectares, over which a 69Mt coal resource has been declared. The No 4 Seam, the only coal seam of economic interest, is on average 1.87m thick across the project area and is estimated to contain 44% export quality coal and 35% domestic power station coal. Exploration drilling and geological modelling over the total area of the project has been completed. A full feasibility study is now planned to determine the economics of an underground mine.

Exploration pipeline

Keaton Energy is awaiting the granting and/or execution of three prospecting rights for relatively small properties contiguous to the Vanggatfontein and Sterkfontein Projects.

Vanggatfontein

The Vanggatfontein Project, located some 80km east of Johannesburg on the edge of the Central Witbank Coalfield in Mpumalanga, covers an area of 1 635 hectares. In June 2009, the Department of Mineral Resources (DMR) awarded a 20-year mining right for the project.

In May 2009 the company declared a Measured Coal Resource of 163Mt for the entire Vanggatfontein project area and a Proved and Probable Coal Reserve of 25.9Mt. This work was updated in November 2010, when a Measured and Indicated Coal Resource of 61.6Mt was declared for the East Resource Block – being that portion of the property east of the provincial road. The Proved and Probable Coal Reserve was also upgraded to 32.2Mt in November 2010.

The initial plan to bring Vanggatfontein into production by late 2009 was affected by a number of factors:

- a delay in Eskom's allocation of a power station coal supply contract;
- a material increase in the amount of upfront capital needed to develop the project, arising from the DMR's rejection of rehabilitation guarantees underwritten by insurance companies; and
- a dispute with landowners, subsequently resolved amicably, relating to surface access.



Consequently, a two-phase development programme was adopted.

Phase 1 involved the development of a No 5 Seam metallurgical coal mining and processing operation, timed to benefit from a strengthening in the domestic market for vitrinite dominant, low contaminant premium coal for use in the domestic metallurgical industries.

In November 2009, the Keaton Energy Board gave the go-ahead for Phase 1 at a cost of R158 million, before surface rights acquisitions.

Plant fabrication began in January 2010; the mining right became effective in February 2010; and the access dispute was settled in June 2010, with earthworks getting under way immediately thereafter.

Steel erection began in August 2010. The first washed 5 Seam coal was dispatched to domestic metallurgical customers on 2 December 2010.

Phase 2 was triggered when, in July 2010, Keaton Energy announced that subsidiary, Keaton Mining, had been awarded a contract by Eskom for the supply of 16.5Mt of power station coal over seven years. Earlier in the year, in anticipation of the contract, the Keaton Energy Board earmarked some R180 million for Phase 2, targeting the project's No 2 and 4 Seam power station coal reserves, and the Phase 2 design was optimised. Earthworks for the No 2 and 4 Seam coal washing

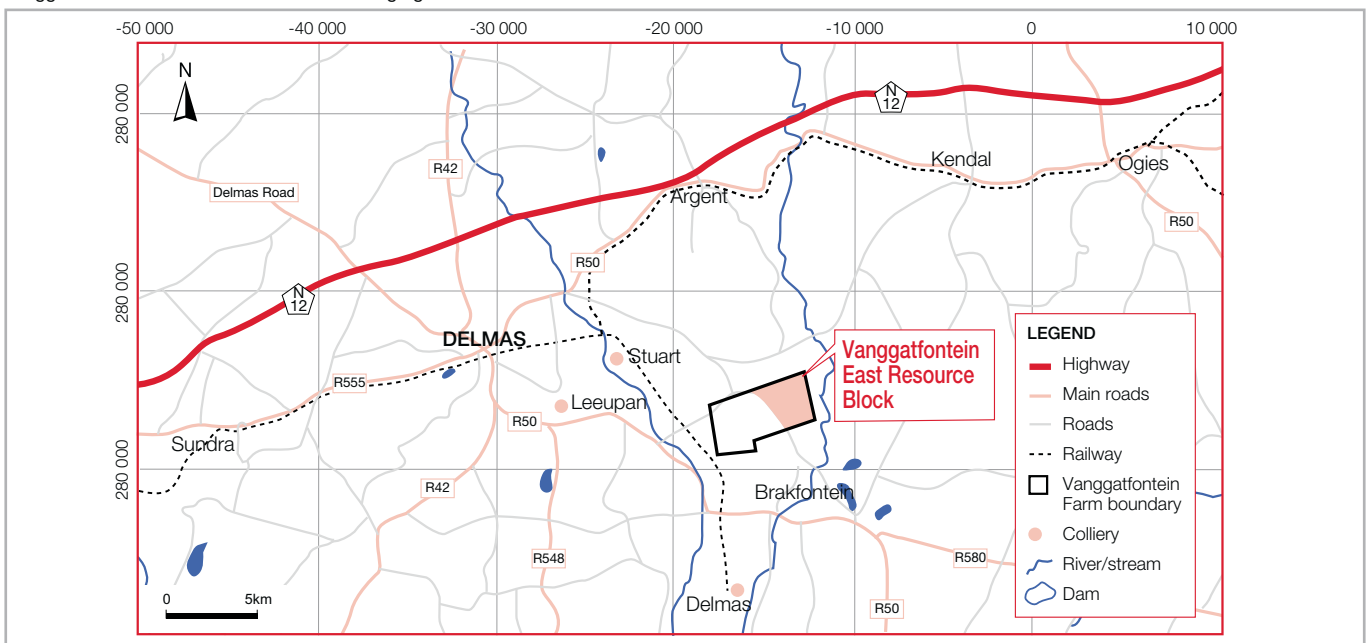


plant began in September 2010. The Eskom contract was increased in April 2011 to 21Mt over 10 years.

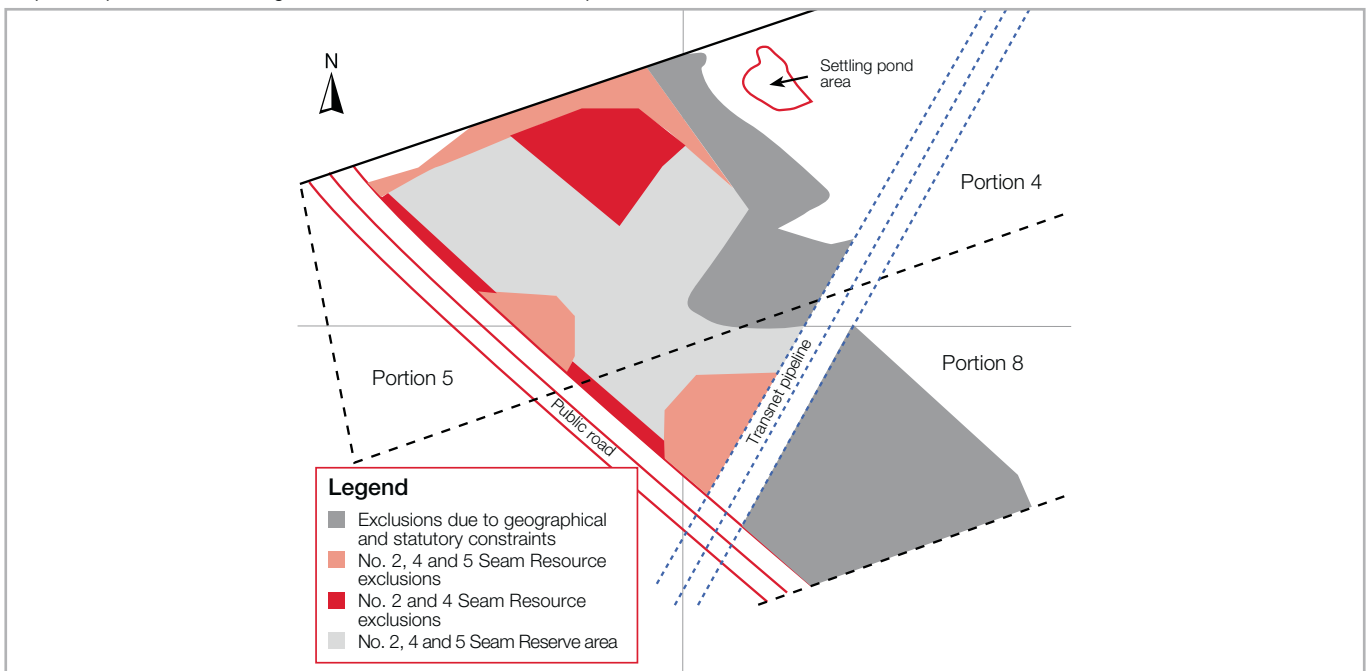
A ramp-up of open-pit production, scheduled to begin from May 2011, was later than expected due to delayed plant commissioning and the failure of the support structure for a dense medium separation unit

surge bin during construction. A rehabilitation plan was put in place and the plant was returned to full production by the end of July 2011. Some production was possible in June and July, with a total of 30 000t dispatched during this period. The ramp-up effectively began in August 2011, with 80 000t of power station coal delivered to Eskom in that month.

Vanggatfontein: ERB relative to the total mining right area



Graphical representation showing Resources excluded from the mine plan and Reserve conversion



Our recent acquisition



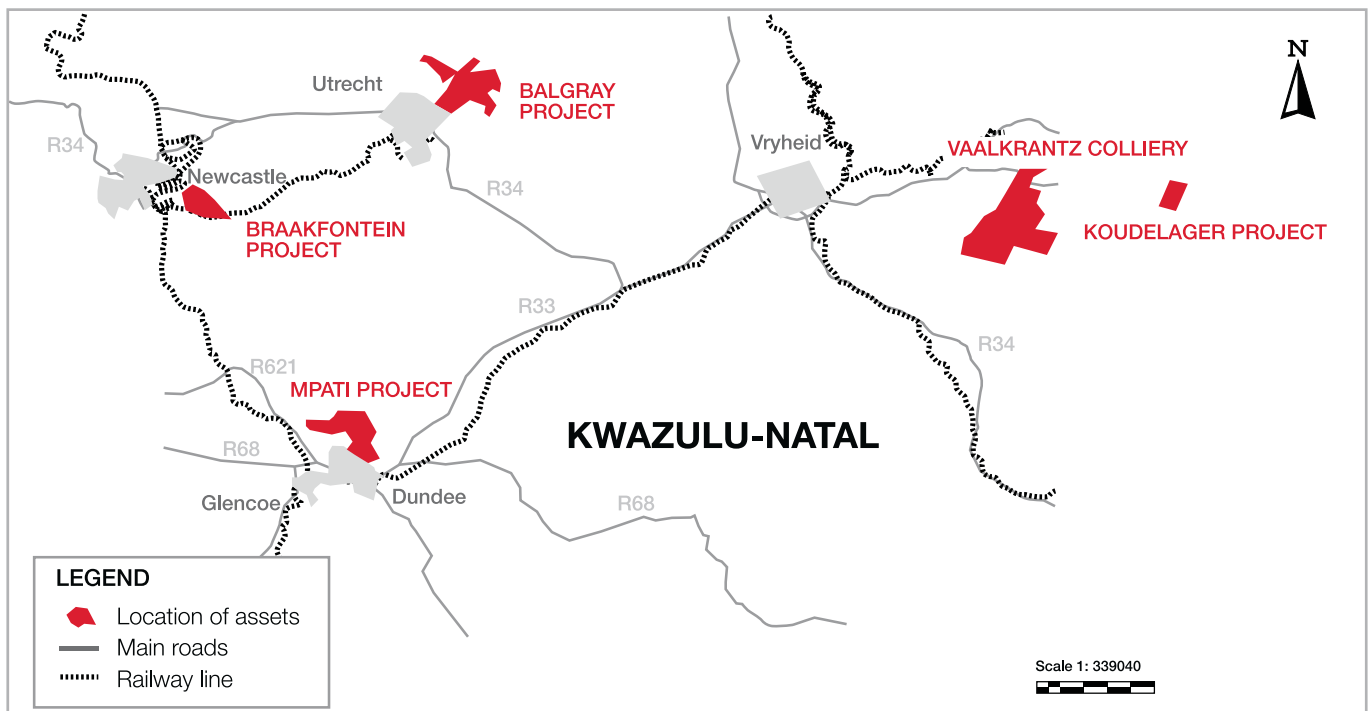
On 14 February 2011, the company announced that it planned – in a two staged transaction – to refinance and acquire a 74% interest in South African coal producer LME. The acquisition will give the company:

- a new major shareholder in Plusbay, an affiliate of Gunvor International, one of the world’s leading energy trading companies;
- a controlling interest in the existing operating anthracite colliery, Vaalkrantz, which has been in production since 2003;
- more advanced development projects, specifically:
 - o the Koudelager anthracite project, which will provide future run-of-mine anthracite supply to the existing Vaalkrantz plant; and
 - o the Braakfontein thermal coal project, near Newcastle in KwaZulu-Natal;
- two exploration projects;
 - o the Balgray anthracite project near Utrecht, KwaZulu-Natal; and
 - o the Mpati project near Dundee, KwaZulu-Natal; and

- access to export markets and a wider customer base through:
 - o a 200 000tpa participation in the Richards Bay Coal Terminal’s (RBCT) Quattro export programme; and
 - o a dedicated railway siding facility near Vaalkrantz.

The LME mineral resources constituted the KwaZulu-Natal assets of Anglo American and were sold to LME in 2003. Significant historical geological data exists across the properties. In particular the Vaalkrantz Colliery (including the Koudelager extension) has an expected remaining life of eight years at current production rates and a full feasibility study has been completed on the Braakfontein Project, where a resource of 48Mt has been identified. Less data is available on the Balgray and Mpati properties and these should be considered fairly speculative at this stage. The coal resource, reserve and life-of-mine information relating to LME is not SAMREC-compliant – once the transaction is complete, one of the priority tasks will be to bring LME’s data into compliance with SAMREC.

Location of LME assets



Our view on the coal market

There are strong signs of recovery in the domestic market for coal by industrial users. Local furnace operators are experiencing a shortage of high-quality metallurgical coal. It is opportune, therefore, for Keaton Energy to fast-track Phase 1 of the Vanggatfontein Project in order to deliver high-quality coal into the metallurgical sector of the domestic market. The acquisition of LME will also see the company supply premium metallurgical anthracite into the domestic market and standard anthracite into the export market.

Further buoyancy is being given to the domestic market as power utility, Eskom, places contracts for 20Mtpa of power station coal in the medium term. A beneficiary for the supply of the aforementioned 21Mt over 10 years to Eskom, Keaton Energy can now concentrate of ramping up the Vanggatfontein Project to full production.



Board and management



1. David Salter

Independent Non-executive Chairman

David was appointed to the Keaton Energy Board in January 2008. He has 32 years of international mineral technology, project development and senior mining executive management experience and was previously the Managing Director of Eland Platinum Holdings Limited.

2. 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 listed Pangbourne Properties and also held positions with Yard Capital, Nedbank and Nedcor. He previously served as an independent non-executive director of Eland Platinum.

3. Paul Sadler

Independent Non-executive Director

Paul Sadler has extensive auditing experience, and is a former partner at KPMG. During his auditing career, he was involved with various mining companies including De Beers, Aquarius and Barplats. Post his retirement in 2003, Paul became a member of the Audit Committee of Barplats Investments Limited for two years and joined the Salene Group as a financial consultant.

4. Phoevos Pouroulis

Non-executive Director

Phoevos was appointed to the Board in March 2007. He is a businessman who has started and partnered various businesses locally and throughout Africa. As a commercial consultant, he has been 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.

5. Antoinette Sedibe

Non-executive Director

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

6. Dirk Jonker

Non-executive Director

Dirk Jonker is a senior business executive with many years' experience in international commodity trading and processing, is currently the Managing Director of IPP and Gunvor International. He has held senior positions for many companies including Cargill, Fennema Chocolate Products, B&S International and Meelunie.

7. 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 Andersen Consulting (now Accenture), Nedcor Investment Bank and Nedbank Capital, he has 17 years' experience in South Africa's consulting, finance and mining industries.

8. 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 with 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.

9. 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.

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