



# resource generation

AGM Presentation  
Oct 2011

ASX: RES  
TSE: RSG  
ADR: RSGNY

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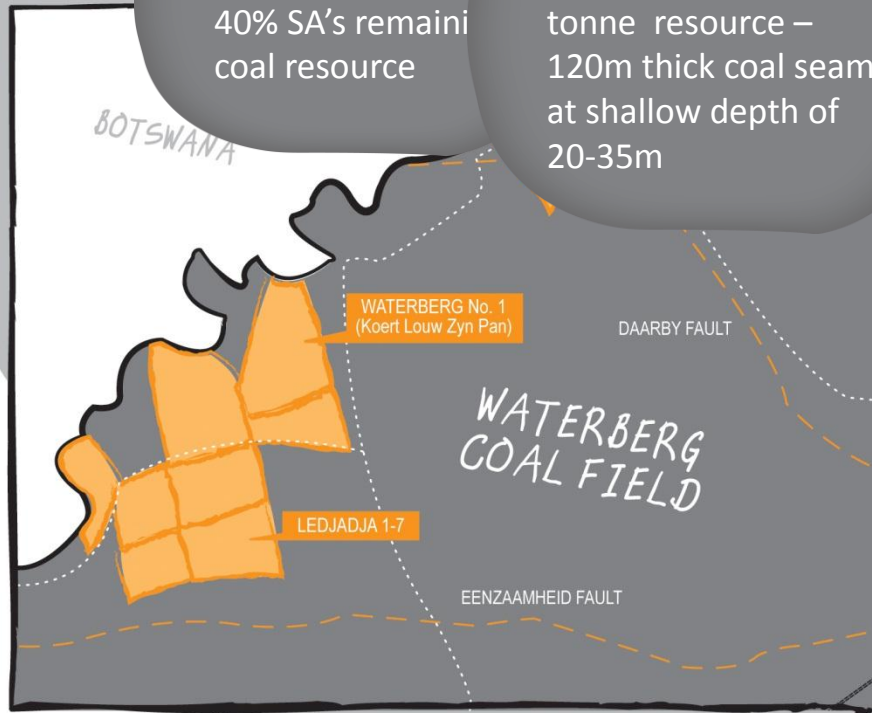
# South Africa: the Boikarabelo opportunity



Waterberg Coalfield:  
40% SA's remaining  
coal resource

RES' Boikarabelo mine  
– major 6.4 billion  
tonne resource –  
120m thick coal seam  
at shallow depth of  
20-35m

Current probable reserve  
= 745 million tonnes .  
Progressing to mine  
development.



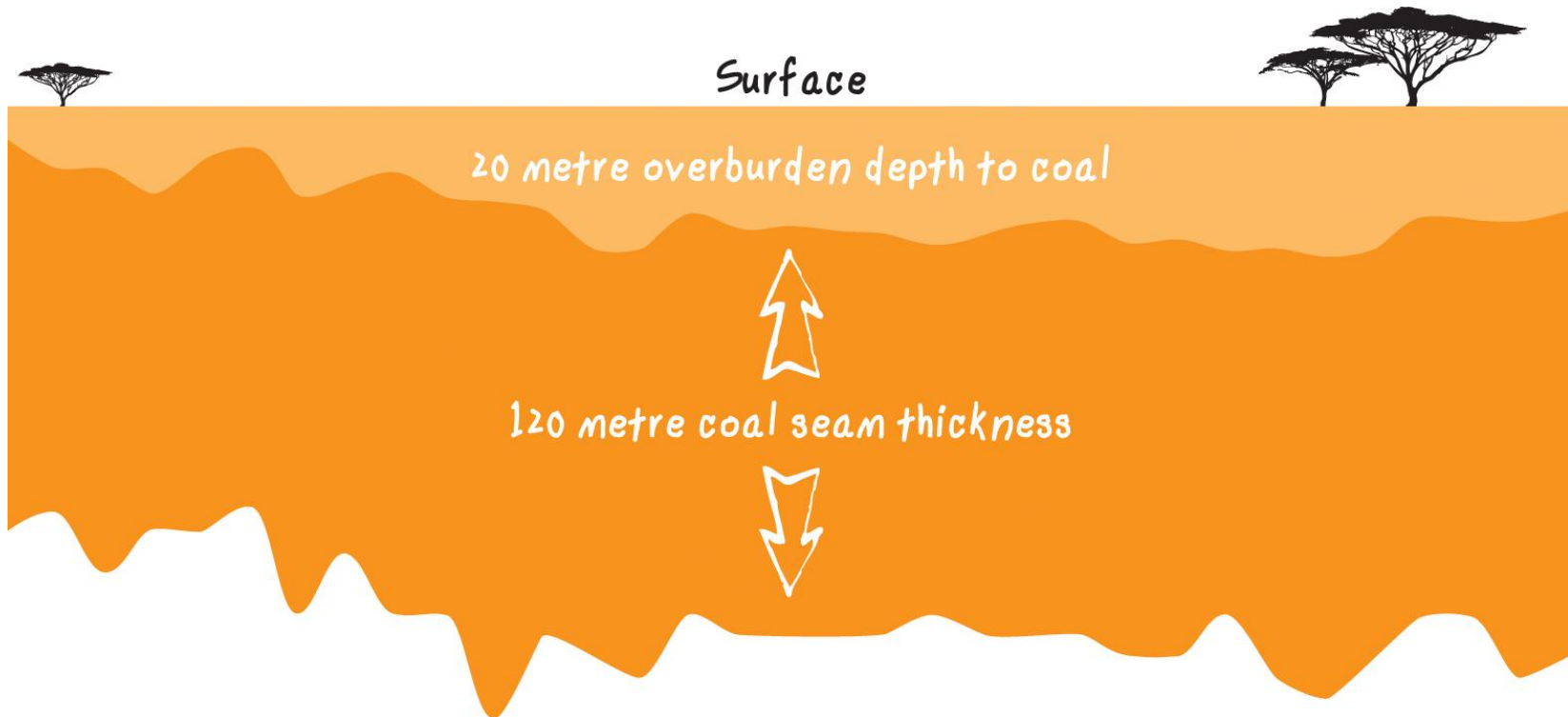
Major resource  
Large Low cost  
mine



# Thick coal seam, minimal overburden



Having secured its approval to mine for a massive, inexpensive to extract resource in South Africa, RES is now progressing to secure funding for mine construction.





ASX/JSE codes: RES / RSG

Shares on issue: 262.9 million

Options on issue: 7.1 million

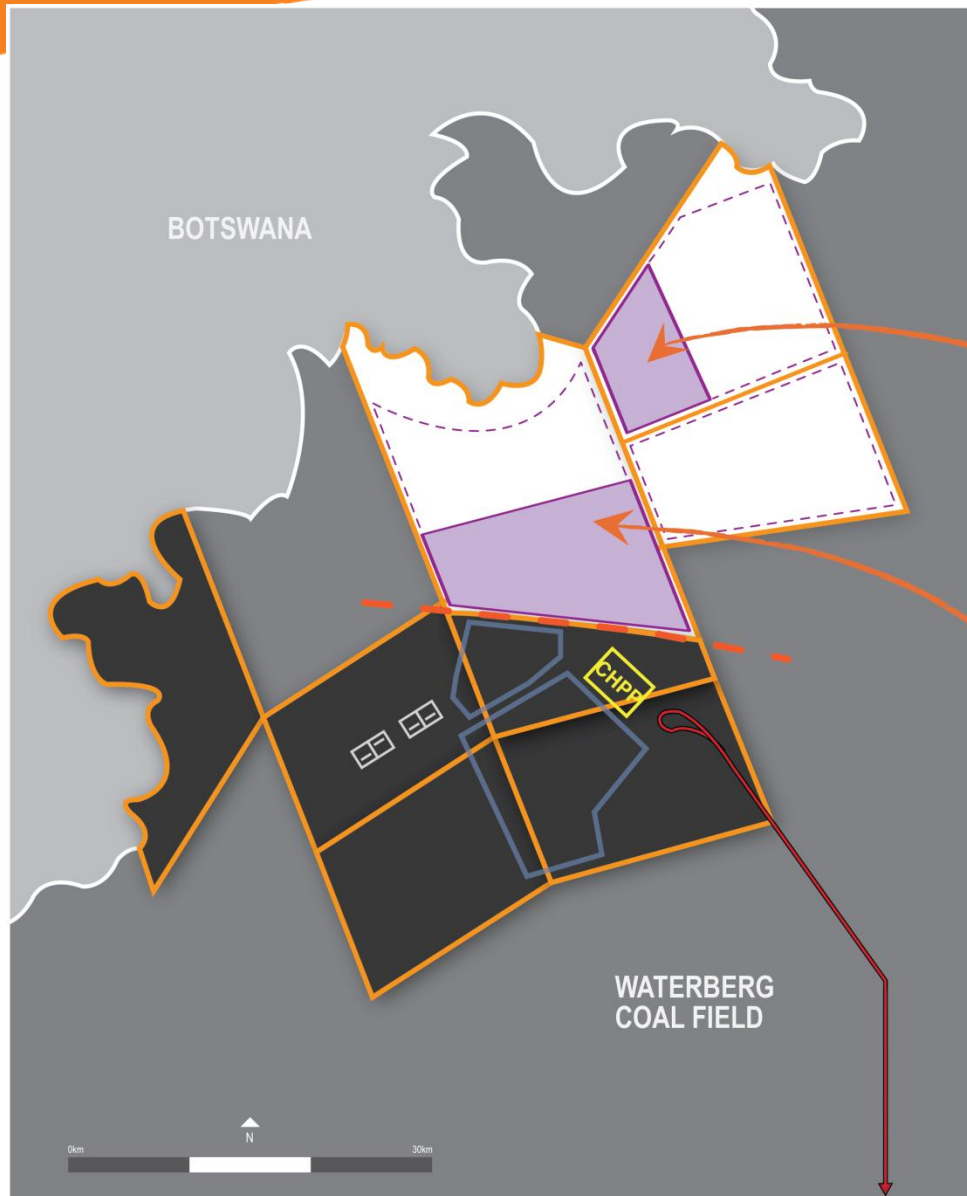
Market capitalisation: \$120 million

Cash on hand: A\$23 million

*"...and it's much  
closer than  
you think!"*



# Resource & reserve: 6.4 billion tonne resource



745 million tonnes  
Probable Reserve

only  
35% of  
resource  
area,

Probable Reserve:  
314 million tonnes (43% of area)

Probable Reserve:  
431 million tonnes (31% of area)

Mine plan  
ensures  
bankable  
status

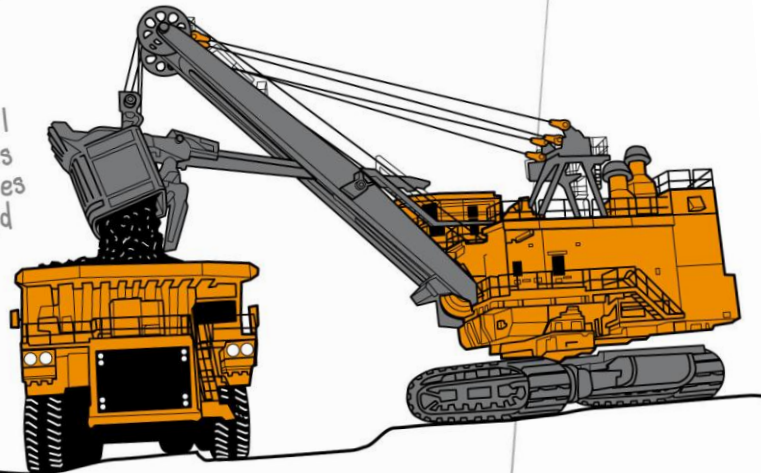


## 2 STAGE MINE DEVELOPMENT

**1** Establish mine based on deliverable sales to both export & domestic markets

**2** Expanded operation, fully utilises 1st shovel & truck fleet & introduces 2nd fleet

Key driver – with rail access and upgrades we can optimise sales to both export and domestic mkt

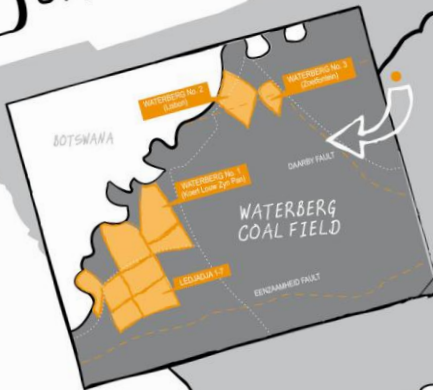


Bankable with funding via debt and equity.

Fundamental markets established

## KEY MILESTONES 2011/12

- ☒ Mining right issued
- ☐ Project funding
- ☐ Commence mine construction
- ☐ Order mine fleet



Boikarabelo mine  
- 6.4 billion tonne resource  
120m thick coal seam at  
shallow depth of 20-35m  
745 million tonnes  
- current probable reserve  
Available access to  
rail network

# Mining Right

APPROVED

30 years +  
renewable



Plan to secure  
project debt first  
then top up project  
funding with equity.

60% debt/  
40% equity



Considerable  
number of banks  
comfortable with  
project & provided  
preliminary offers  
for a PFD.



# Conditions precedent to PFA



Transnet for rail haulage.

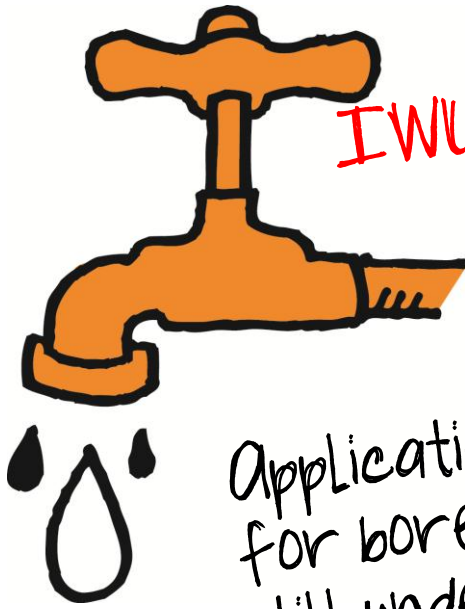


Rail contract  
to haul product  
to customers

Eskom for domestic  
sales



Sales contract  
for domestic  
saleable  
production



IWULA

Application  
for borefield  
still under  
assessment.

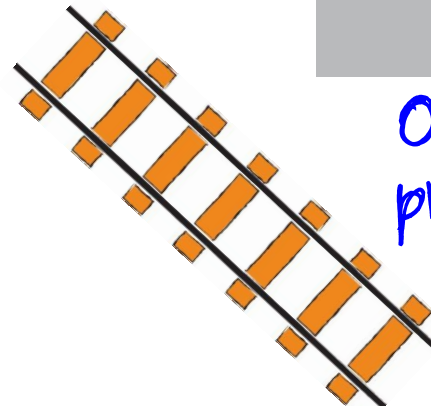
2<sup>nd</sup> application  
underway for  
sewage project

NEMA

2<sup>nd</sup> EIA  
currently in  
place, process  
finalised by Xmas,  
formal advice  
early '12.



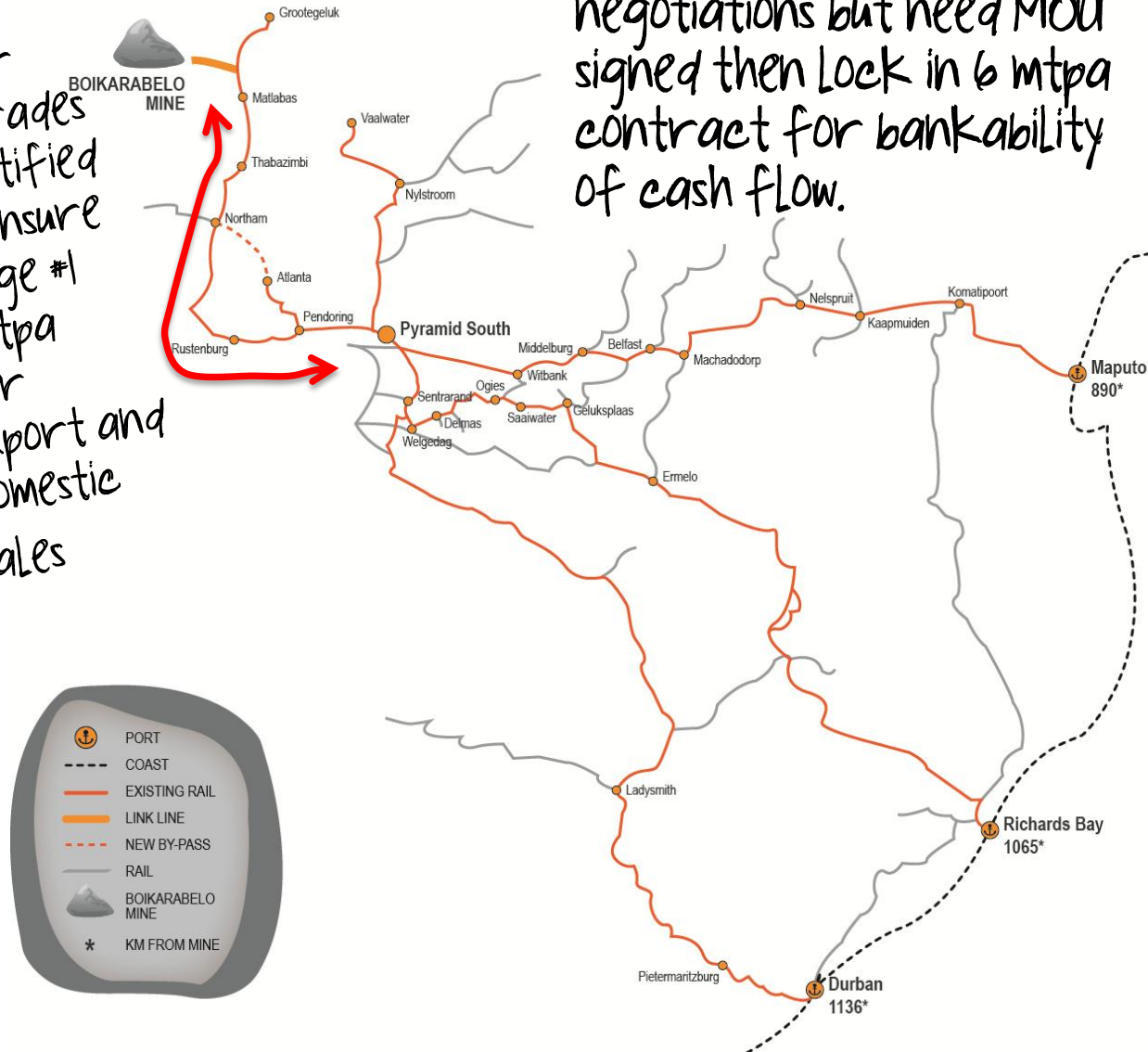
Once received start  
pre-construction



# Rail system to east coast ports

Minor upgrades identified to ensure stage #1 6mtpa for export and domestic sales

Transnet – positive negotiations but need MOU signed then Lock in 6 mtpa contract for bankability of cash flow.



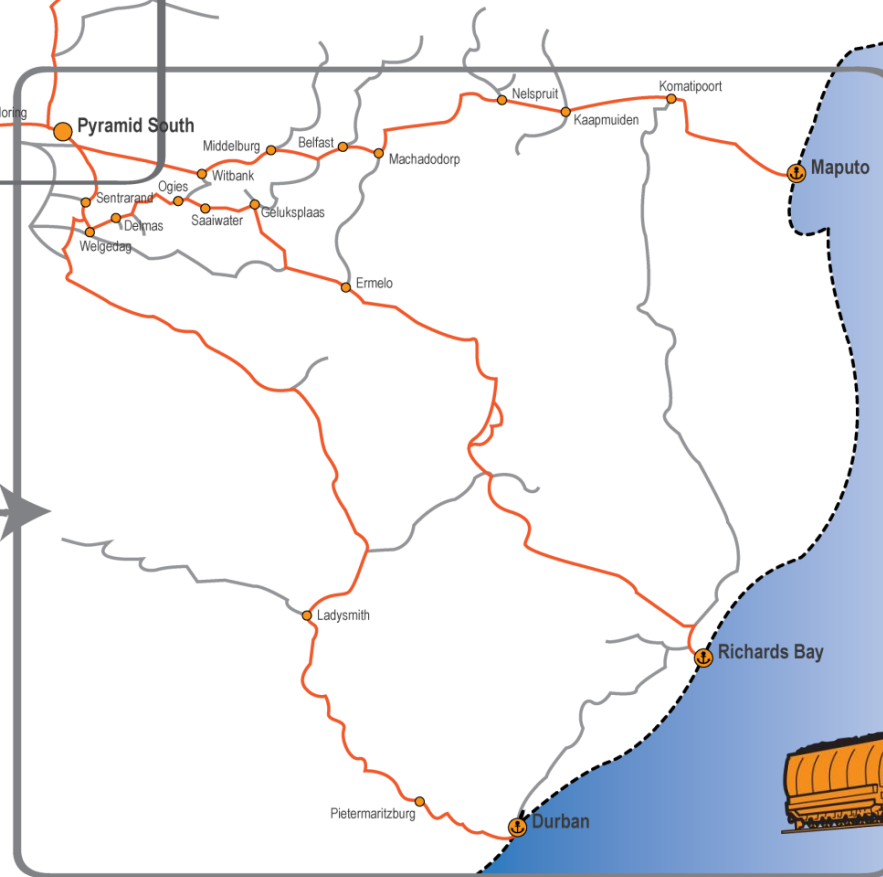
# Rail studies: capacity to meet projected production targets

Studies undertaken  
assessing both rail track  
infrastructure and capacity as  
well as additional rolling stock  
requirements

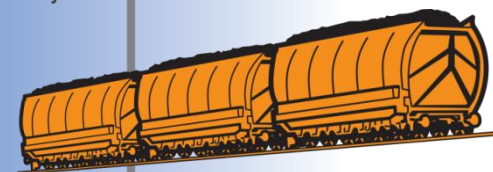
ROUTES FROM  
BOIKARABELO  
MINE TO A  
COMMON RAILHEAD  
AT PYRAMID SOUTH



EXPORT CORRIDOR  
ROUTES FROM  
PYRAMID SOUTH  
TO THE PORTS OF  
MAPUTO, RICHARDS BAY  
AND DURBAN



26t axle  
upgrade=  
4 stages  
resulting in  
capacity of  
46mt  
from  
Waterberg





# Development timeline

When rail and domestic contracts in place will complete funding and start construction



## KEY MILESTONES

- ☐ Continue mine construction
- ☐ Mine fleet build & delivery

Construction and delivery of mine fleet



2012/13

Mine production commences

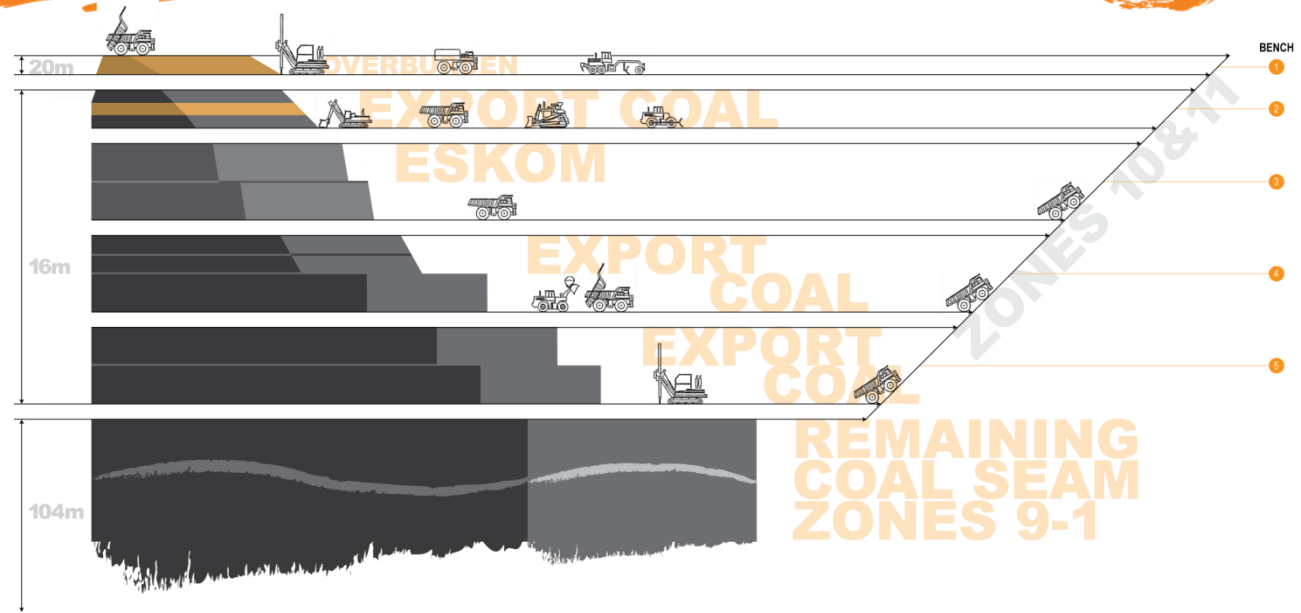
2014



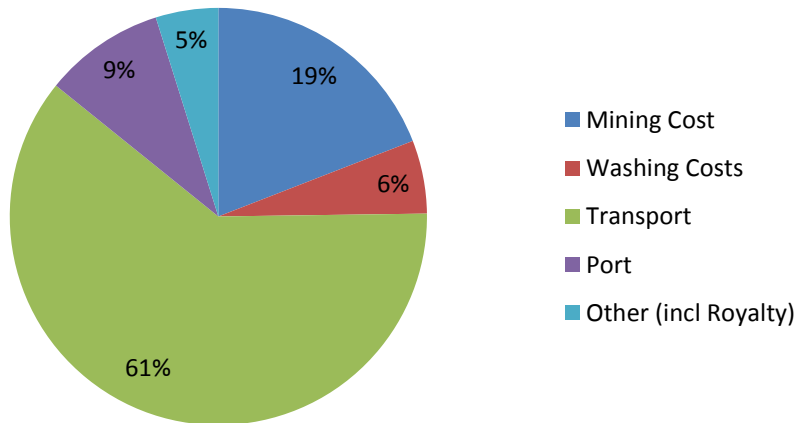
# Operating costs



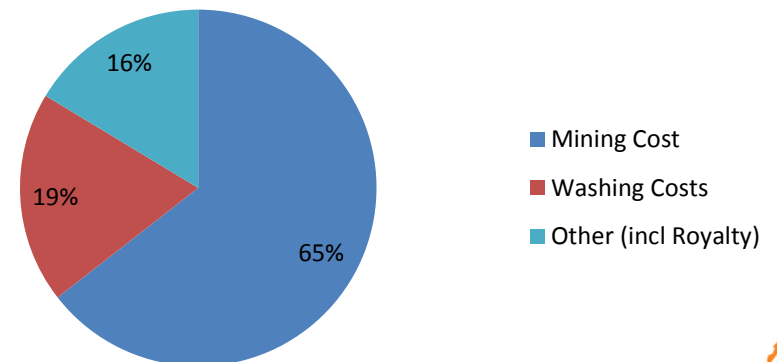
Low cost open cut mining:  
simple expansion to increase production



**LOM Export Cost**



**LOM Eskom Cost**  
(distribution on FOT basis)



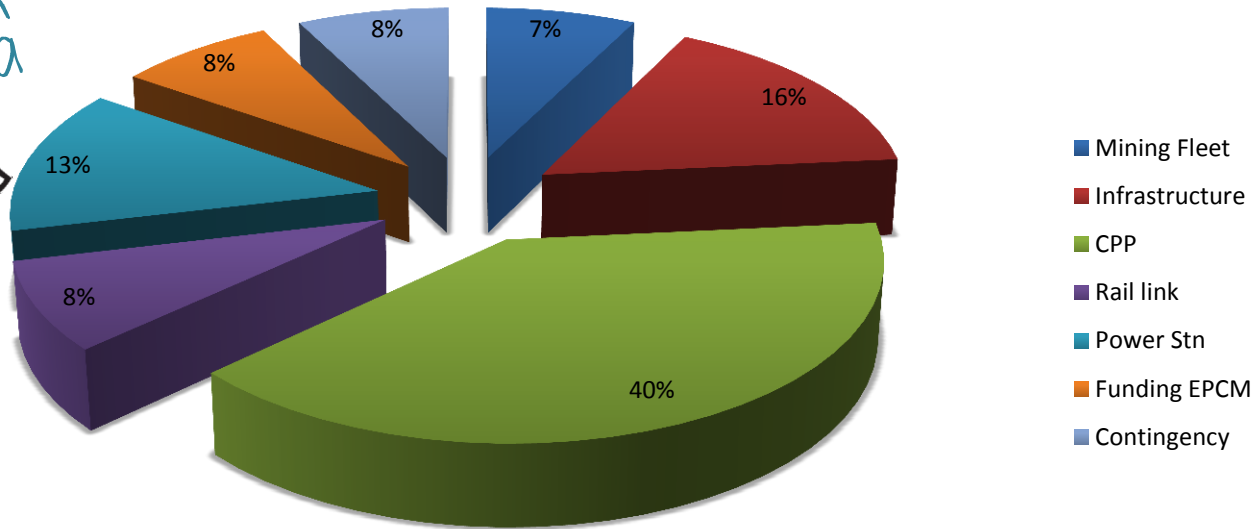
# Project capex – final engineering completed



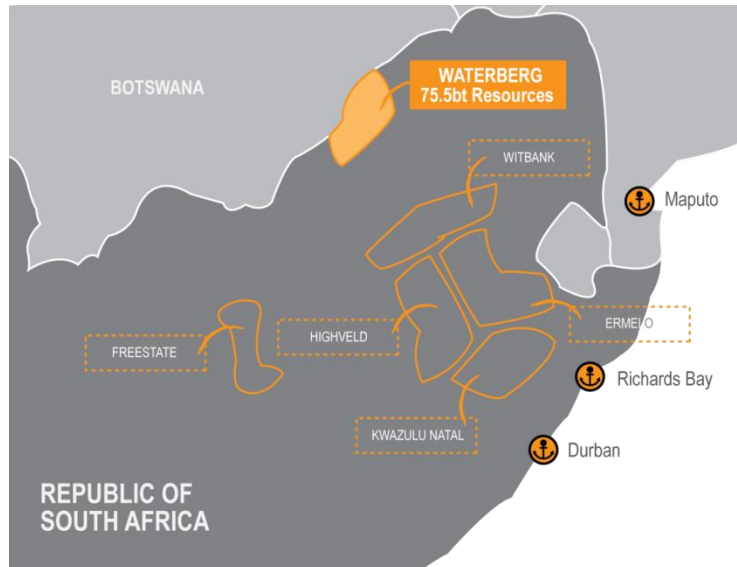
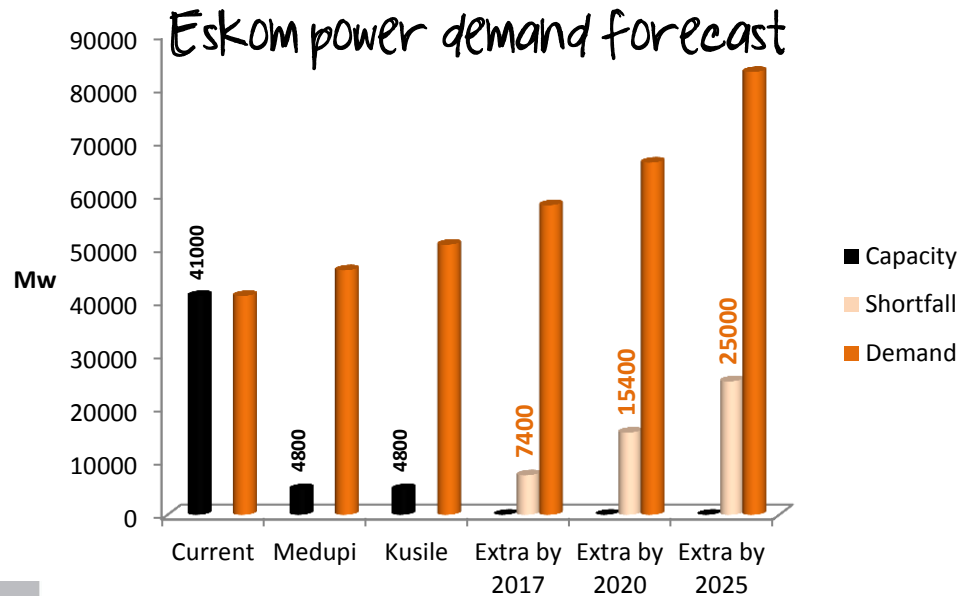
**\$750 million**  
US\$m

*Aside from 40MW site based power station numbers firm and include funding and EPCM costs.*

*Possible to debt fund power stn outside of PFA*



# Domestic demand – new supply essential



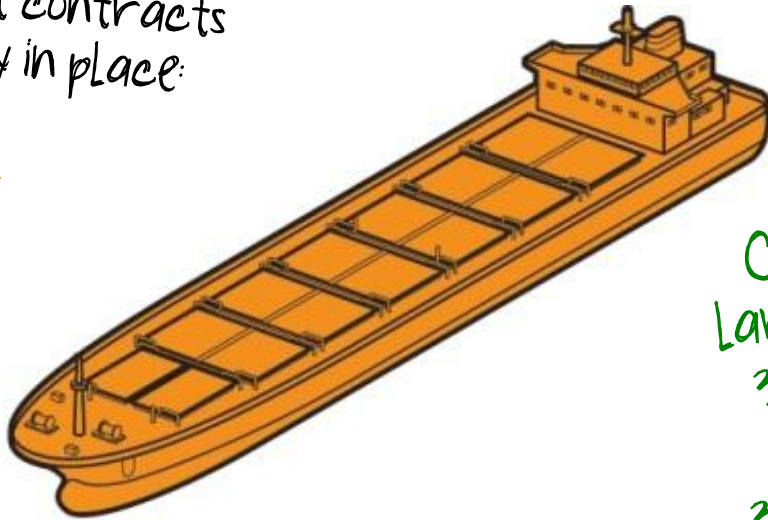
Production from Witbank/Highveld/Ermelo fields stagnating – future supply now considered finite



Waterberg coal field contains viable source of remaining coal = this is where new supply must be sourced

# Export potential

2 Export contracts  
already in place:



Strategy to establish 3  
– 4 Long term base  
contracts that  
provide upside  
expansion to match  
stage 2 production

CESC India's 3<sup>rd</sup>  
largest power utility:  
38 year contract:  
1 mtpa 1<sup>st</sup> 3 years,  
3 mtpa years 4 – 6\*  
4 mtpa years 7 – 38\*

For example

\*dependent on Stage 2 proceeding:  
1 mtpa Y4–6  
2 mtpa Y7–38

Bhushan Steel: rapidly  
expanding Indian company  
(\$2billion) expanding into  
power generation: 20 year  
contract: 0.5mtpa, 20 year  
contract, mutual option to  
increase.



# Production profile

Stage 2 model now underwritten by CESC  
based on

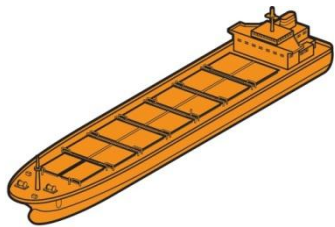
2 x 660MW mine based Power Station

Additional export offtake &  
rail upgrade:



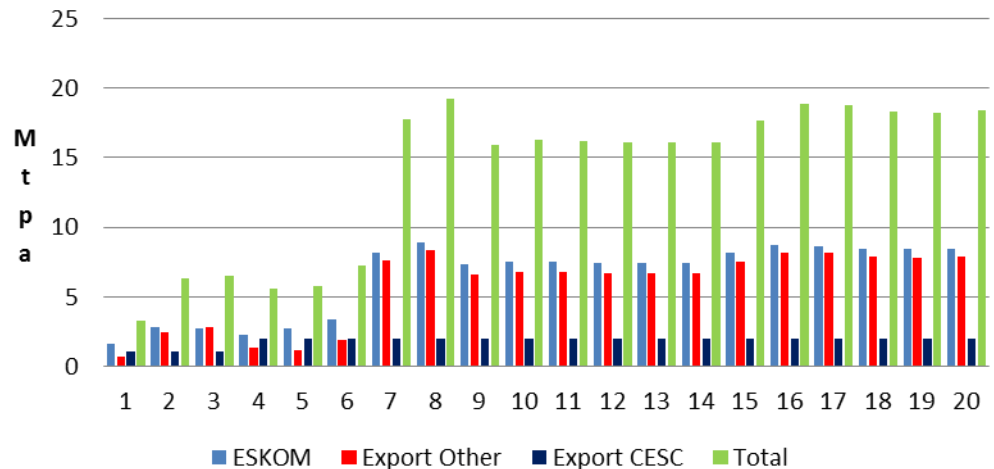
The new IPP  
underwrites Stage 2  
production by utilising  
additional middlings &  
unlocking additional  
export production

Maximises  
equity return



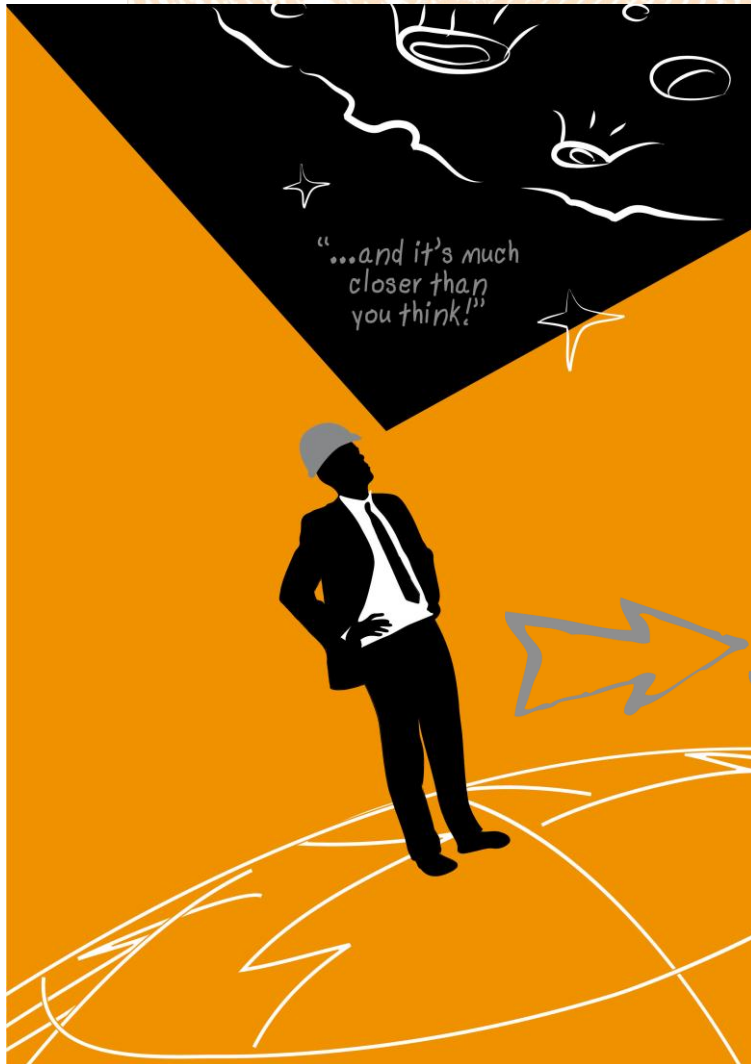
1 x 38 year  
1 x 20 year  
Export contracts in  
place: CESC India's  
3rd Largest power  
utility; & Bhushan Steel

### Sales Tonnage Upside



increased supply to CESC to meet  
capacity = 3mtpa / 1,000 MW increase.

# Thank you



[www.resgen.com.au](http://www.resgen.com.au)

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