



# resource generation

Presentation  
Annual General Meeting  
27<sup>th</sup> October 2010

ASX: RES  
JSE: RSG

The information in this presentation is an overview and does not contain all information necessary to make an investment decision.

The information contained in this presentation has been prepared by Resource Generation Limited ("Resource Generation").

To the extent permitted by law, no representation or warranty, express or implied, is made as to the accuracy, adequacy or reliability of any statements, estimates or opinions or other information contained in this presentation, any of which may change without notice. This document is not a prospectus, disclosure document or offering document under Australian law or under any other law. It does not constitute an offer or invitation to apply for securities.

It is for information purposes only. This presentation is not an offer of securities for subscription or sale in the United States or any other jurisdiction in which such an offer or solicitation is not authorized or to any other person to whom it is unlawful to make such an offer or solicitation. Neither Resource Generation nor any other person warrants the future performance of Resource Generation or any return on any investment made pursuant to this presentation. Some of the information contained in this presentation constitutes forward-looking statements that are subject to various risks and uncertainties, not all of which may be disclosed. These statements discuss future objectives or expectations concerning results of operations or financial condition or provide other forward looking information. Resource Generation's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements.

Prospective investors should make their own independent evaluation of an investment in the securities. The material contained in this document does not take into account the investment objectives, financial situation or particular needs of any particular investor. Resource Generation does not make any recommendation to investors regarding the suitability of the securities and the recipient must make its own assessment and/or seek independent advice on financial, legal, tax and other matters, including the merits and risk involved. This presentation and its contents have been distributed to you, in confidence, solely for your information and may not be retransmitted or otherwise reproduced or disclosed to third parties or made public in any way, in whole or in part, for any purpose without the written permission of Resource Generation.

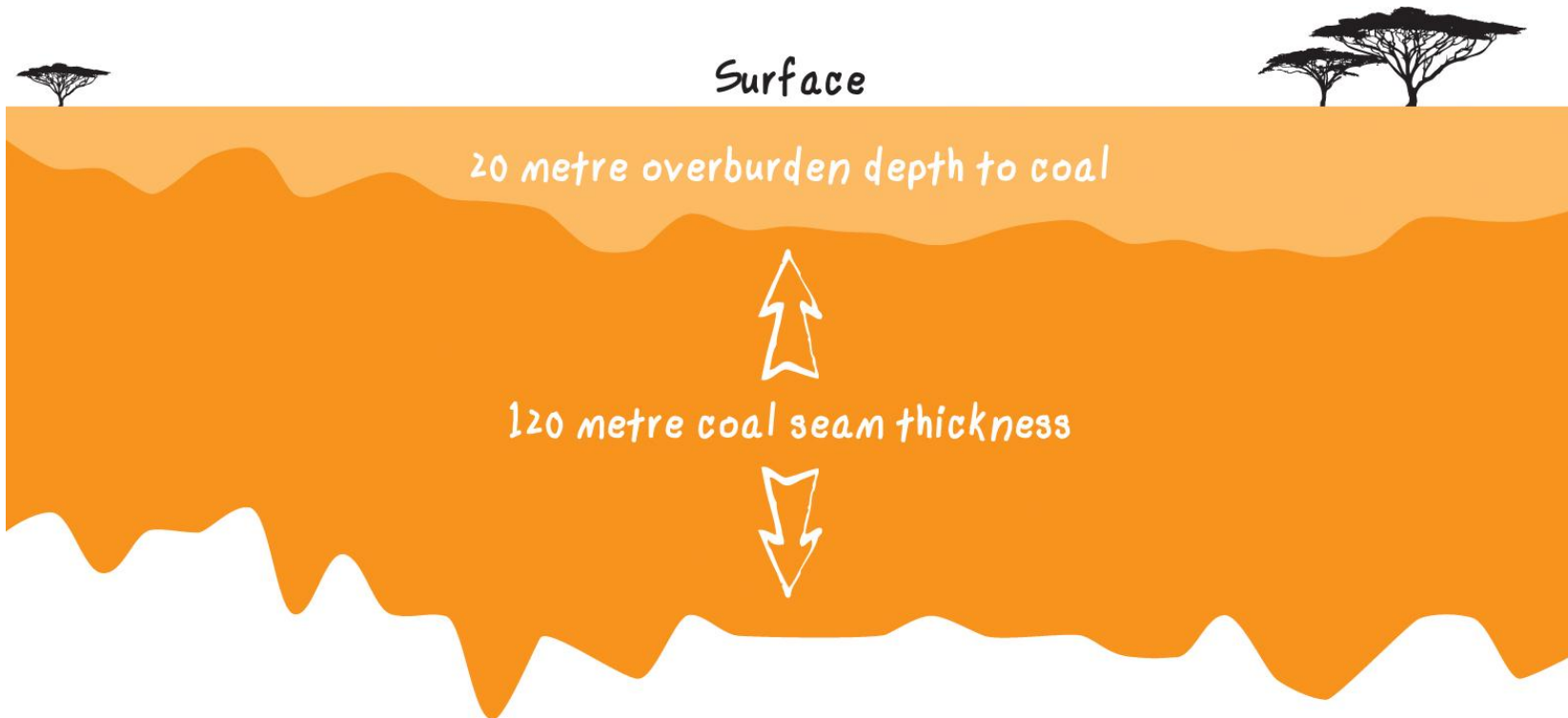
## South Africa

Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk consents to the inclusion in the presentation of the matters based on his information in the form and context in which it appears.

ASX/JSE codes: RES / RSG  
Current shares on issue: 182.7 million  
Options on issue: 8.1 million  
Market capitalisation: \$120 million  
Cash on hand: A\$13 million  
Debt: NIL



This presentation must be read in conjunction with the "investor update" released on 26<sup>th</sup> Oct '10



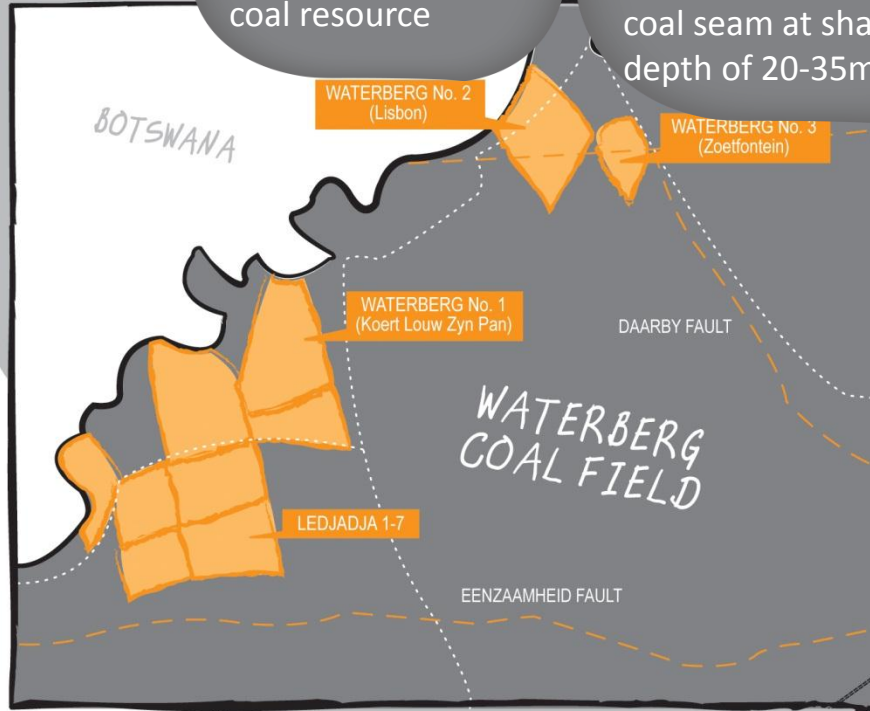
# South Africa: the Boikarabelo opportunity



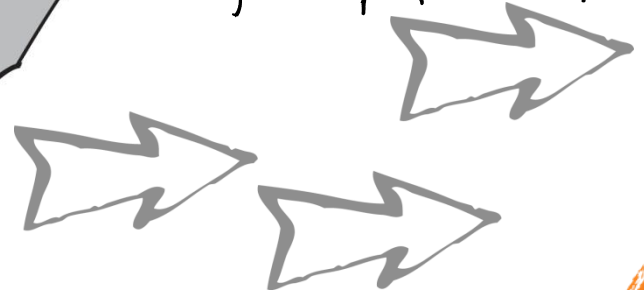
Waterberg Coalfield:  
40% SA's remaining  
coal resource

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

Current probable reserve  
= 636 million tonnes .  
Progressing to mine  
development.



The year has seen  
major steps forward

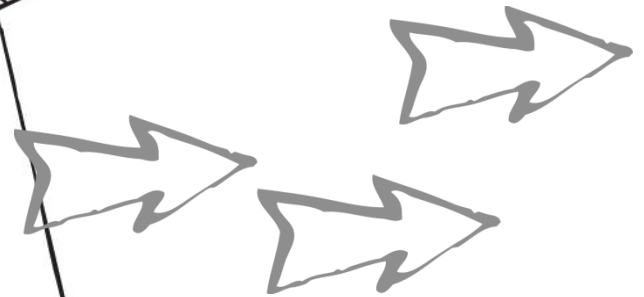


# 2009

## KEY ACHIEVEMENTS

- ✓ Completed mine plan
- ✓ Designed infrastructure
- ✓ Defined transport, power and water solutions
- ✓ Completed social and labour plan
- ✓ Acquired surface land
- ✓ Completed pre-feasibility study

# 2010



# 2010

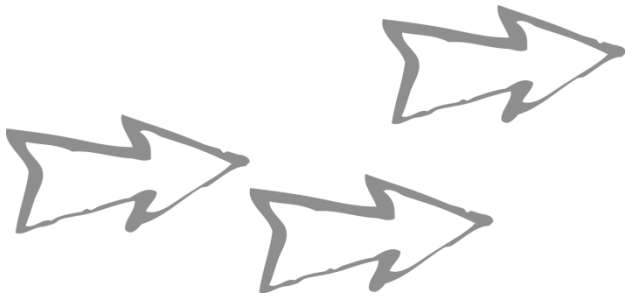
RES 20 year supply contract with Calcutta Electric shows demand for LT quality supply

## KEY MILESTONES

- Lodge mining rights application
- Coal Offtake
- Defined transport solutions
- Designed infrastructure

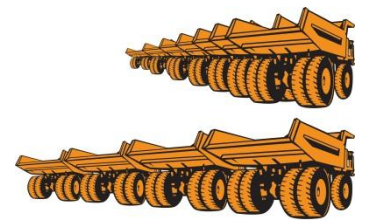
- ### KEY MILESTONES
- Mining right issued
  - Project funding
  - Commence mine construction
  - Order mine fleet

# 2011



- ### KEY MILESTONES
- Complete mine construction
  - Delivery mine fleet

# 2012



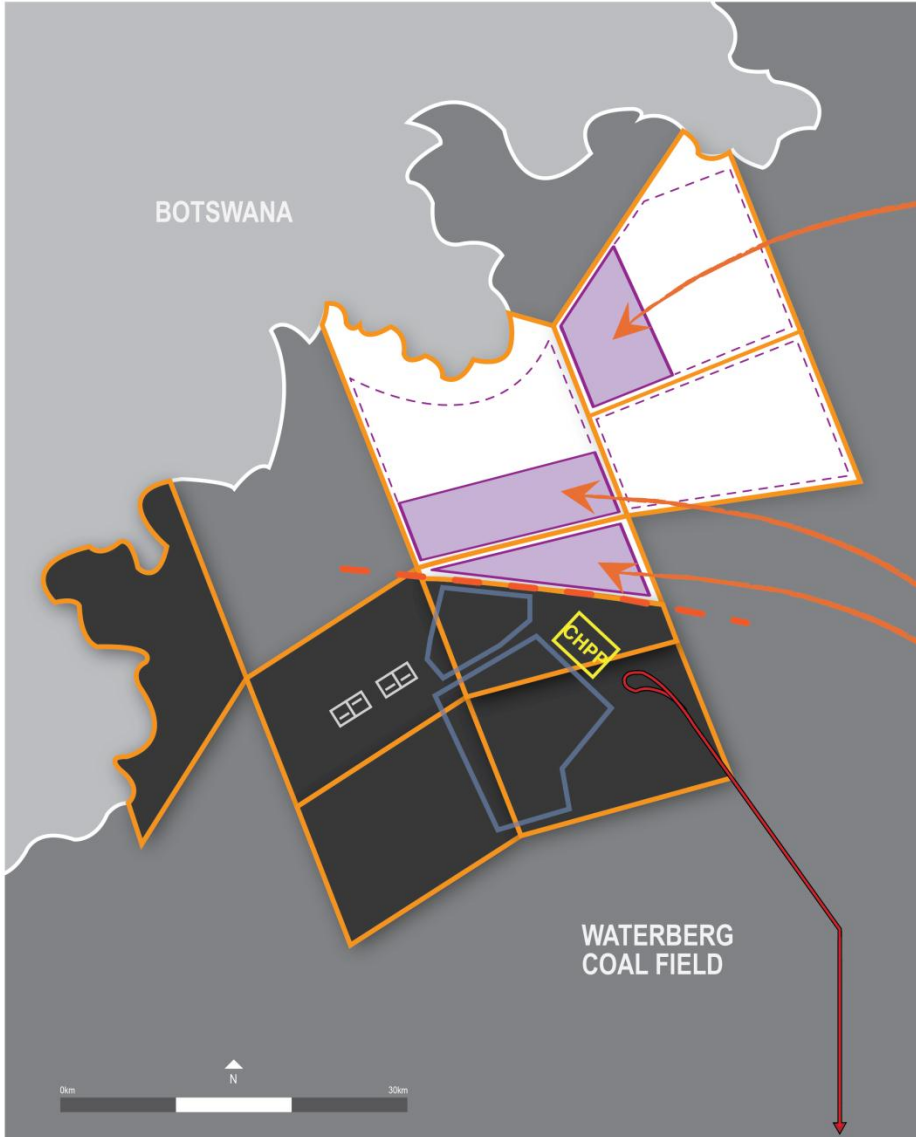
Commencement of  
mining operations

# 2013

# Additional resource & reserve definition: 6.4 billion tonne inferred resource



636 million tonnes probable reserve



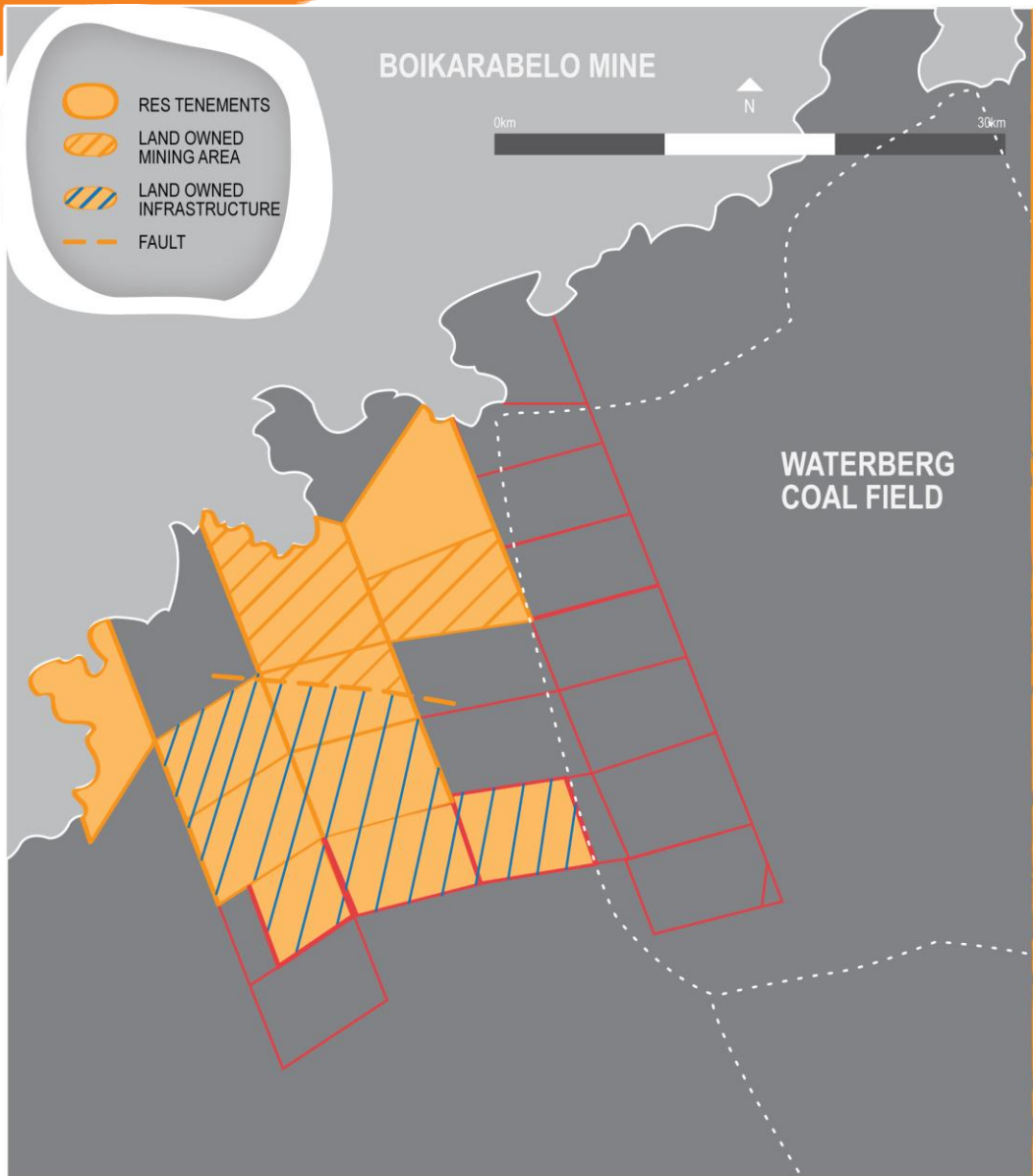
Probable Reserve:  
314 million tonnes (43% of area)

Probable Reserve:  
322 million tonnes (20% of area)

Measured Resource:  
204 million tonnes (11% of area)

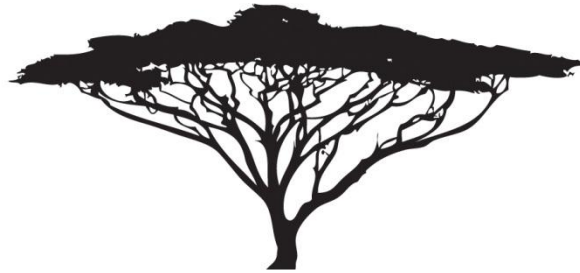
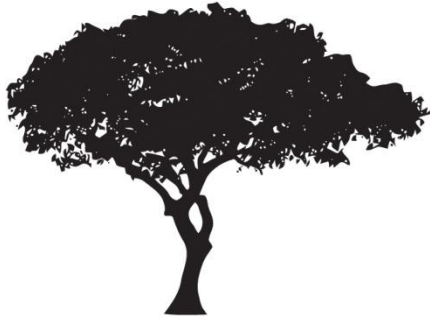
Mine plan extension underway to convert to reserve status

# Land acquisition secured – facilitates development



Flat topography

# Mining Rights Application (MRA) progress



- Social & Labour Plan submitted, review continuing
- Environmental Impact Assessment and public consultation completed Sep – next stage underway submission to other Gov't Departments, evaluation and assessment



Working towards June Qtr 2011 for approval



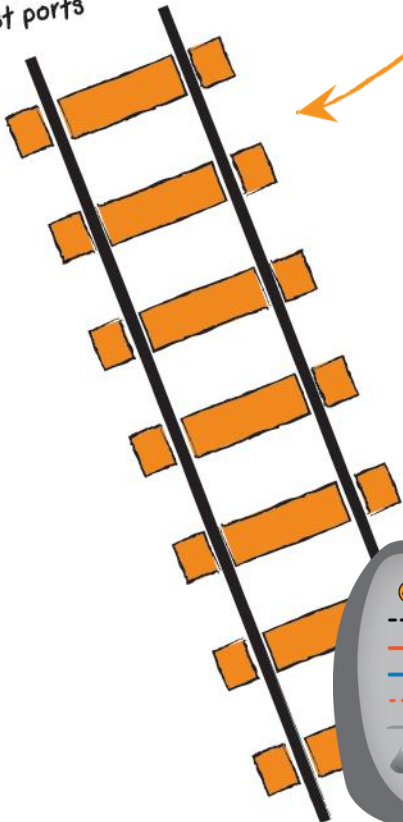
Only material complaint was use of haul road to rail siding, prior to rail link

# Rail system to east coast ports

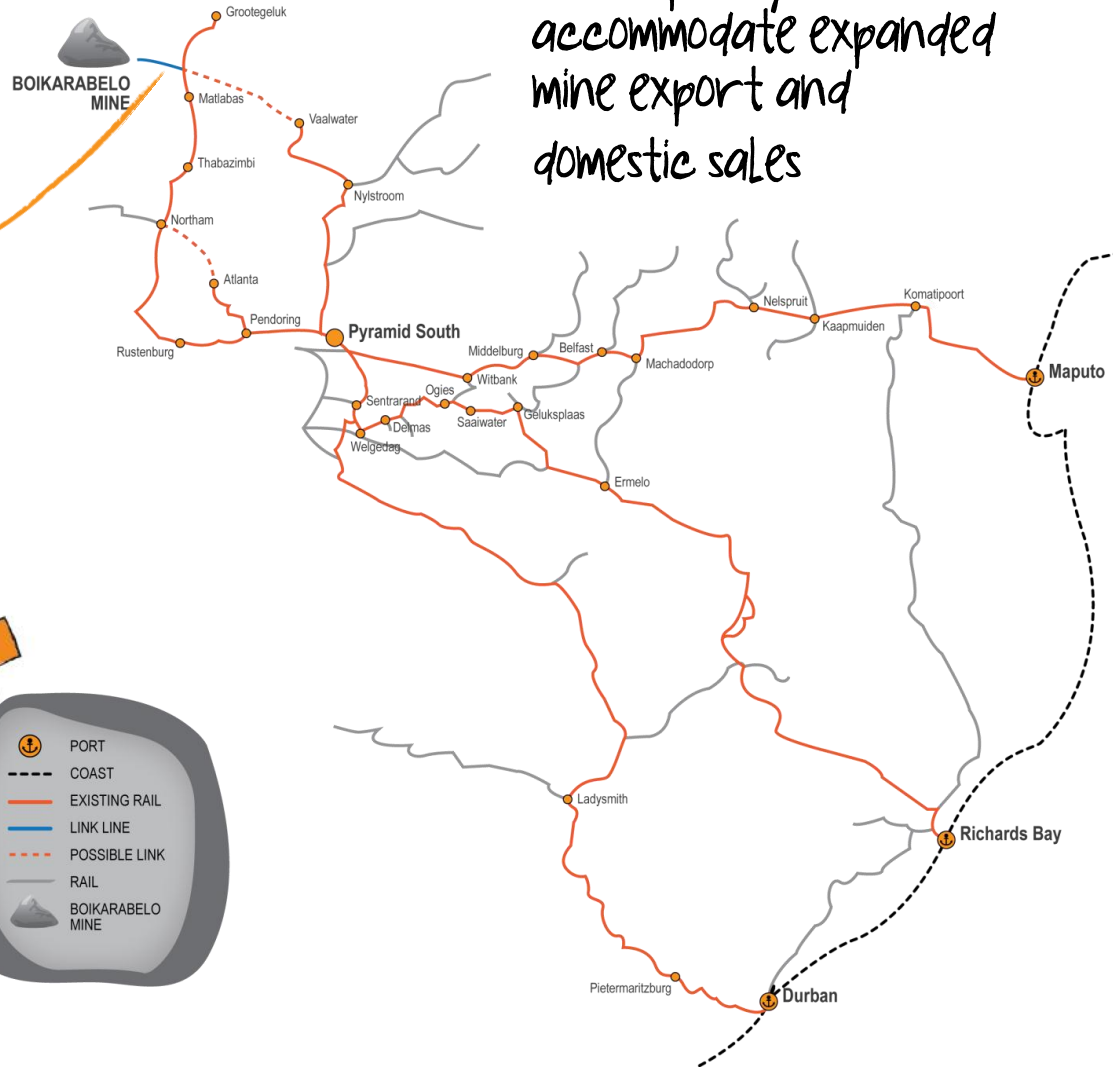


upgrades identified to add capacity to accommodate expanded mine export and domestic sales

Proposed 45km link to existing rail system provides access to domestic markets and east coast ports



- PORT
- COAST
- EXISTING RAIL
- LINK LINE
- POSSIBLE LINK
- RAIL
- BOIKARABELO MINE

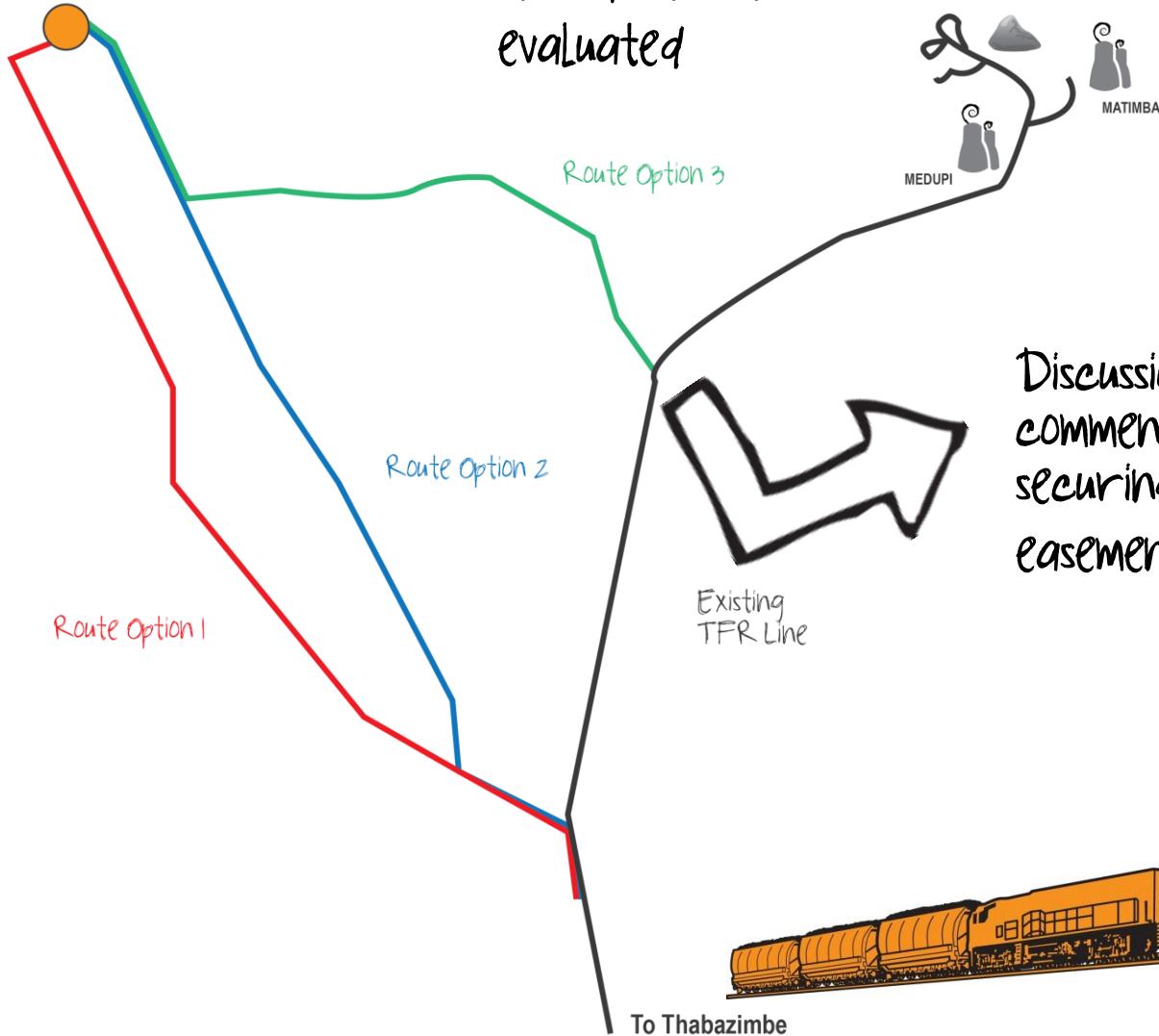


# Rail link now key to both MRA and rail upgrade

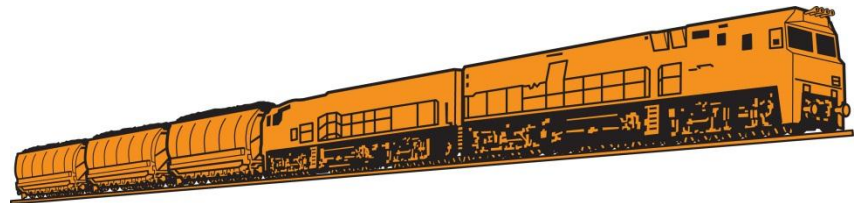


Three routes identified and evaluated

Boikarabelo Rapid Loading Terminal



Discussions now commenced to securing easement



# Rail studies: capacity to meet projected production targets



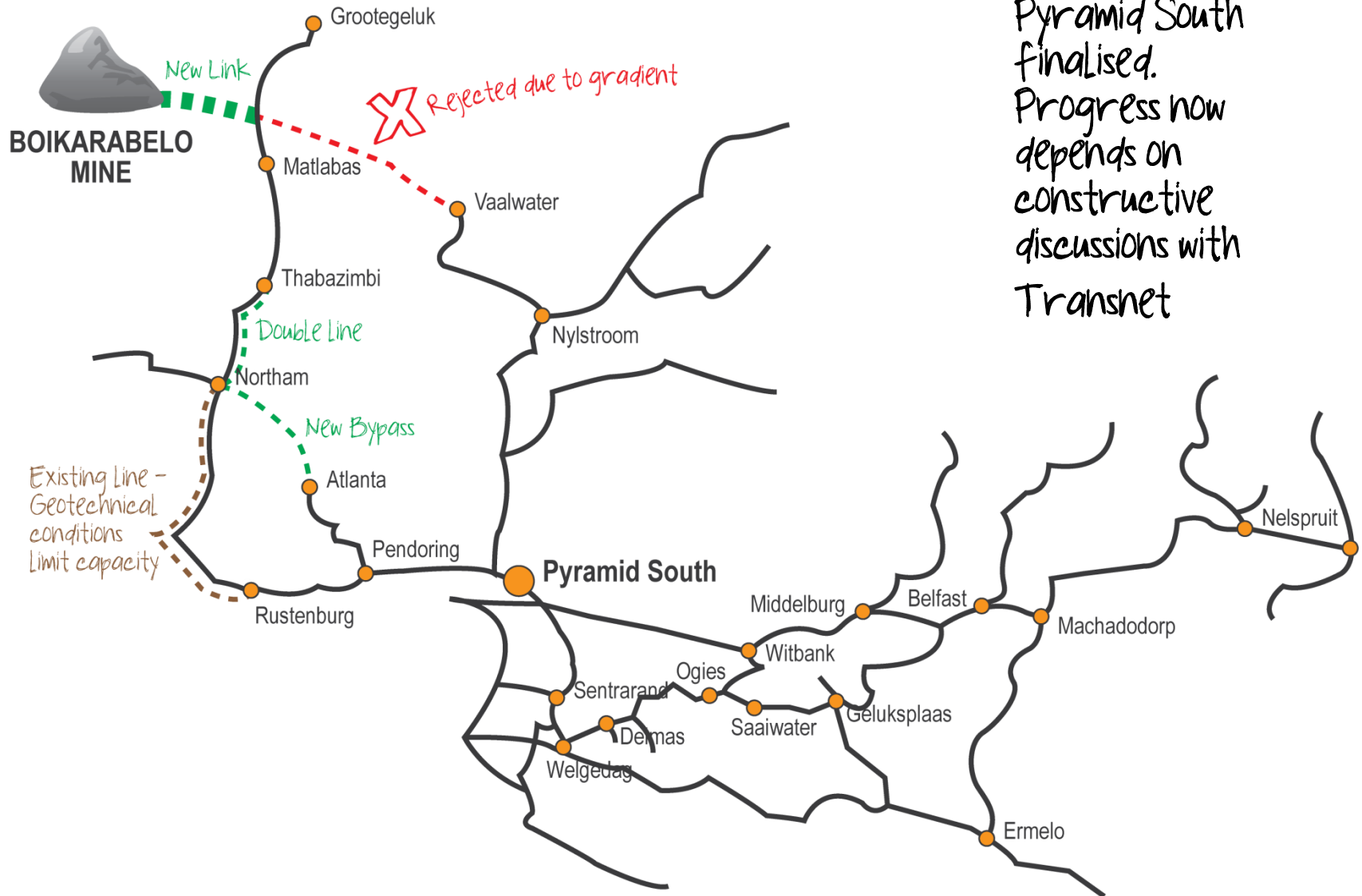
ROUTES FROM BOIKARABELO MINE TO A COMMON RAILHEAD AT PYRAMID SOUTH



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

Studies undertaken in two major categories, assessing both rail track infrastructure and capacity as well as additional rolling stock requirements

# Rail: initiated discussions with Transnet re rail network access



Upgrade to Pyramid South finalised. Progress now depends on constructive discussions with Transnet

# Funding overview: plan refined; initial capex reduced to maximise early cash flows



- Mine plan to extract full seam section (~120m)
- 2 stages; smaller scale start-up ~12mtpa ROM, providing 3 mtpa export thermal and 3 mtpa domestic thermal coal.
- Stage 1 to establish mine based on realistic sales to both export and domestic markets until rail upgrade completed
- Stage 2; expanded operation, fully utilises 1<sup>st</sup> shovel & introduce 2<sup>nd</sup> shovel + fleet



*Key target - with rail access and upgrades optimum sales to both export and domestic possible.*

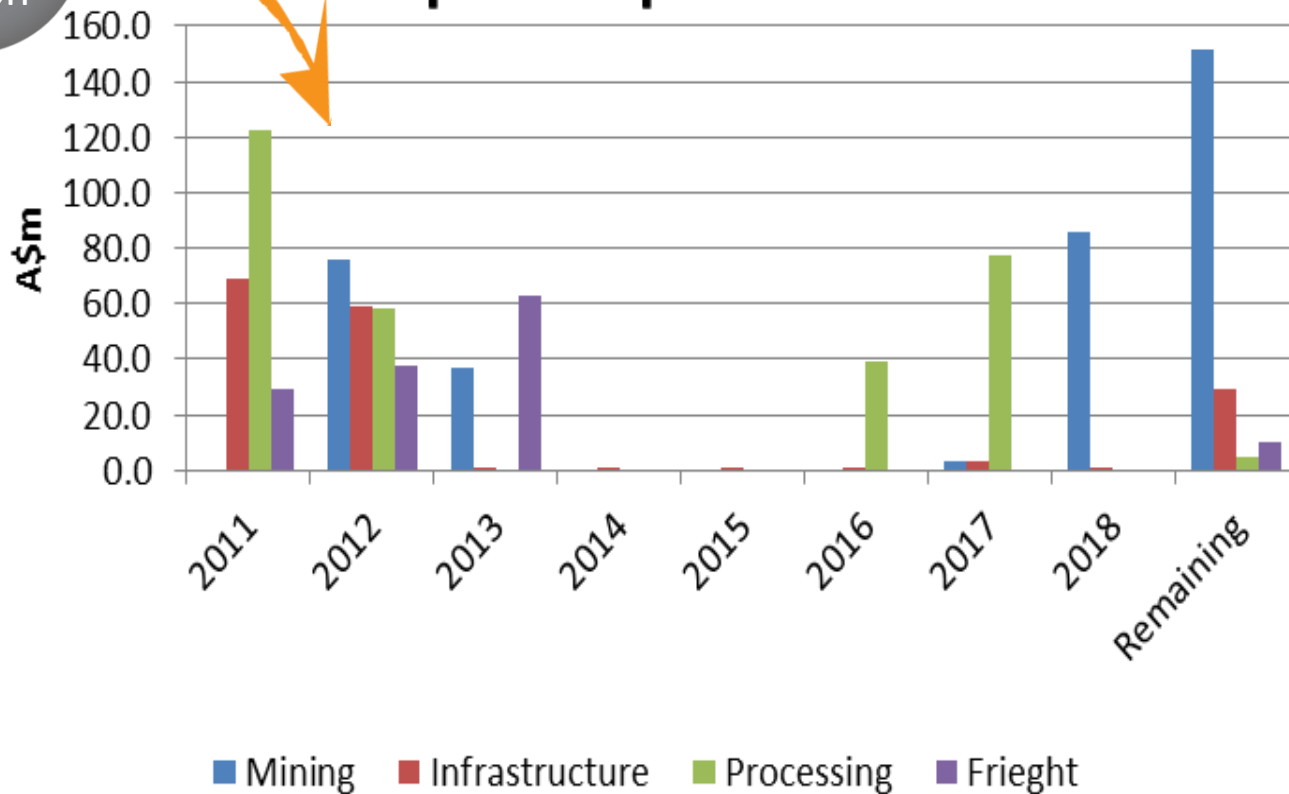
# Start-up capital expenditure



Phase 1  
1<sup>st</sup> 3 years:  
ZAR 3.8 billion  
A\$ 552 million

● Provides for rail Link  
integral to mine start up

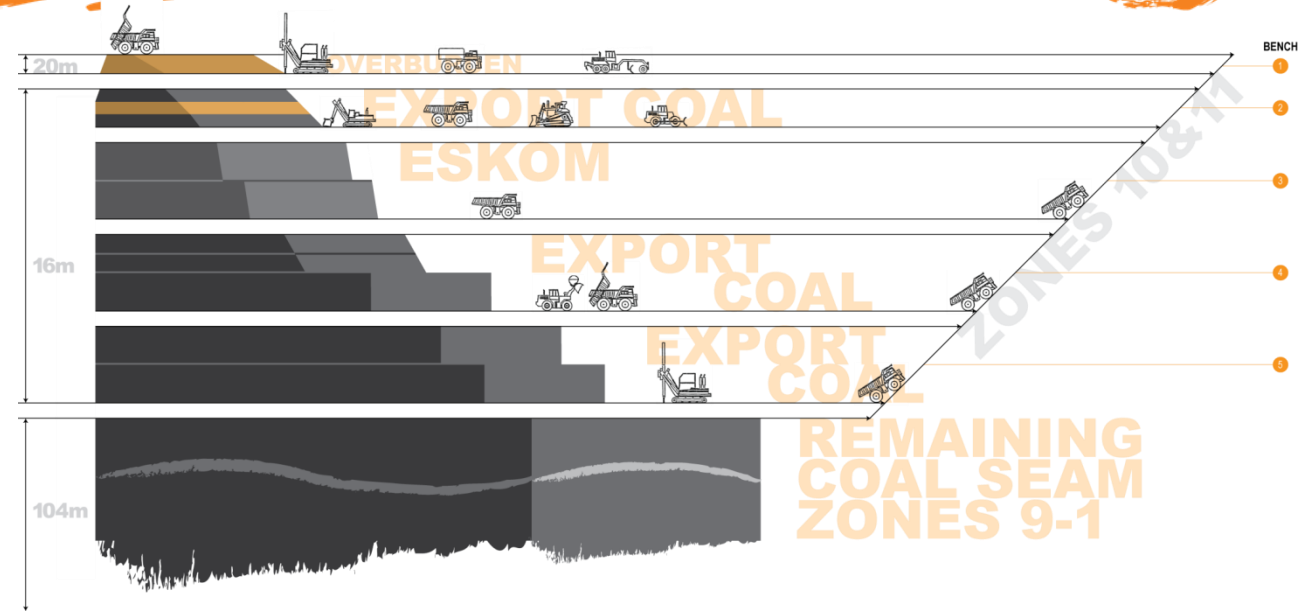
## Capital Expenditure



# Operating costs

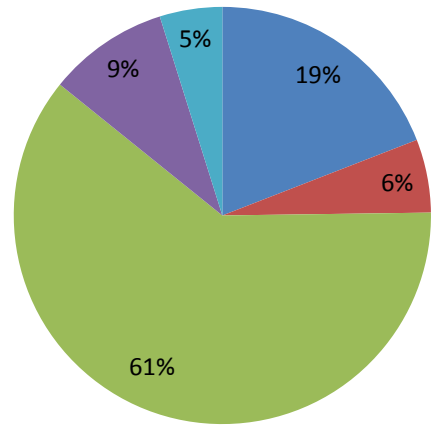


Low cost  
open cut  
mining:  
simple  
expansion  
to increase  
production

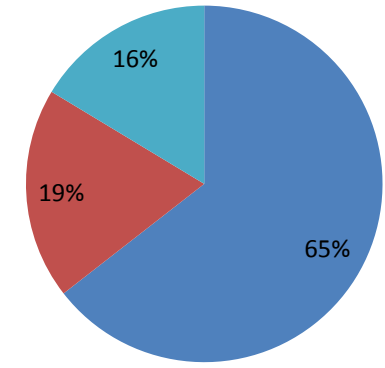


**LOM Export Cost**

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

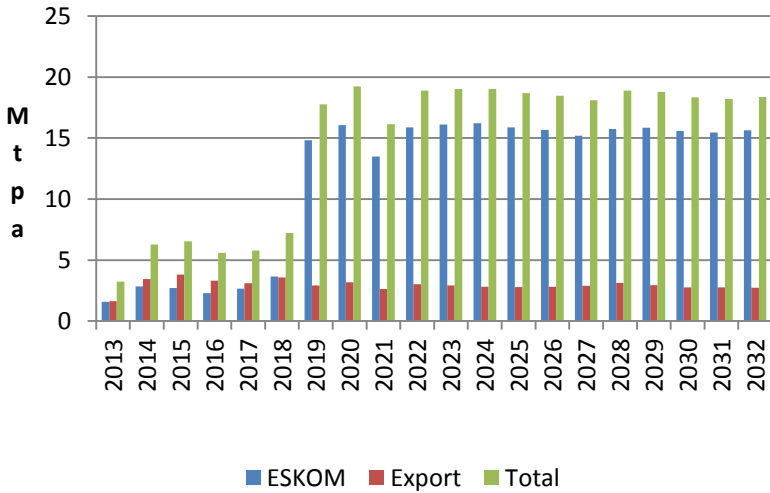


- Mining Cost
- Washing Costs
- Transport
- Port
- Other (incl Royalty)



- Mining Cost
- Washing Costs
- Other (incl Royalty)

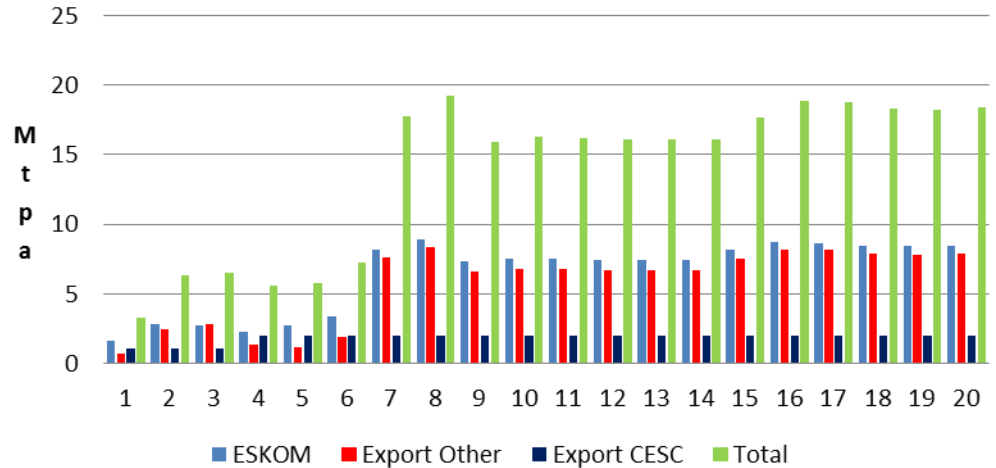
## Sales Tonnage Base Case



Two scenarios for Stage 2 model based on rail upgrade:  
 Base case = all to domestic market  
 Upside = additional export sales



## Sales Tonnage Upside



# First offtake secured other customer discussions continue

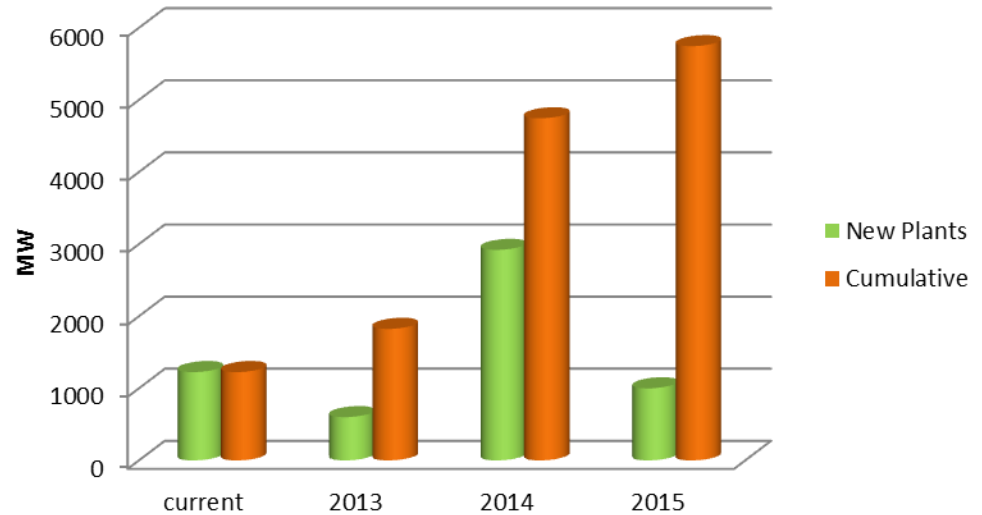


CESC India's 3<sup>rd</sup> largest power utility; 20 year contract; 1mtpa 1<sup>st</sup> 3 years, 2mtpa x 17 years

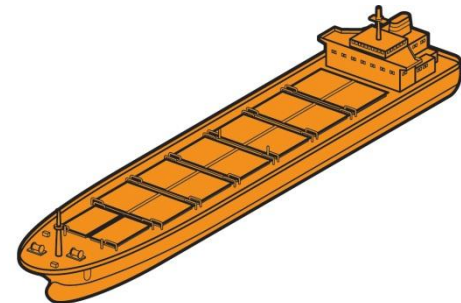
Potential for increased supply to CESC to meet capacity = 3mtpa / 1,000 MW increase.



### CESC Growth Plan



Discussions continue with Eskom for supply to Mpumalanga power stations



# Boikarabelo project timeline



**2010\***

✓ Lodge mining rights application

✓ Coal offtake

Transport

Infrastructure



**2011\***

Mining right issued

Project funding

Commence mine construction

Order mine fleet



**2012\***

Complete mine construction

Delivery mine fleet

**2013  
Coal  
Production**

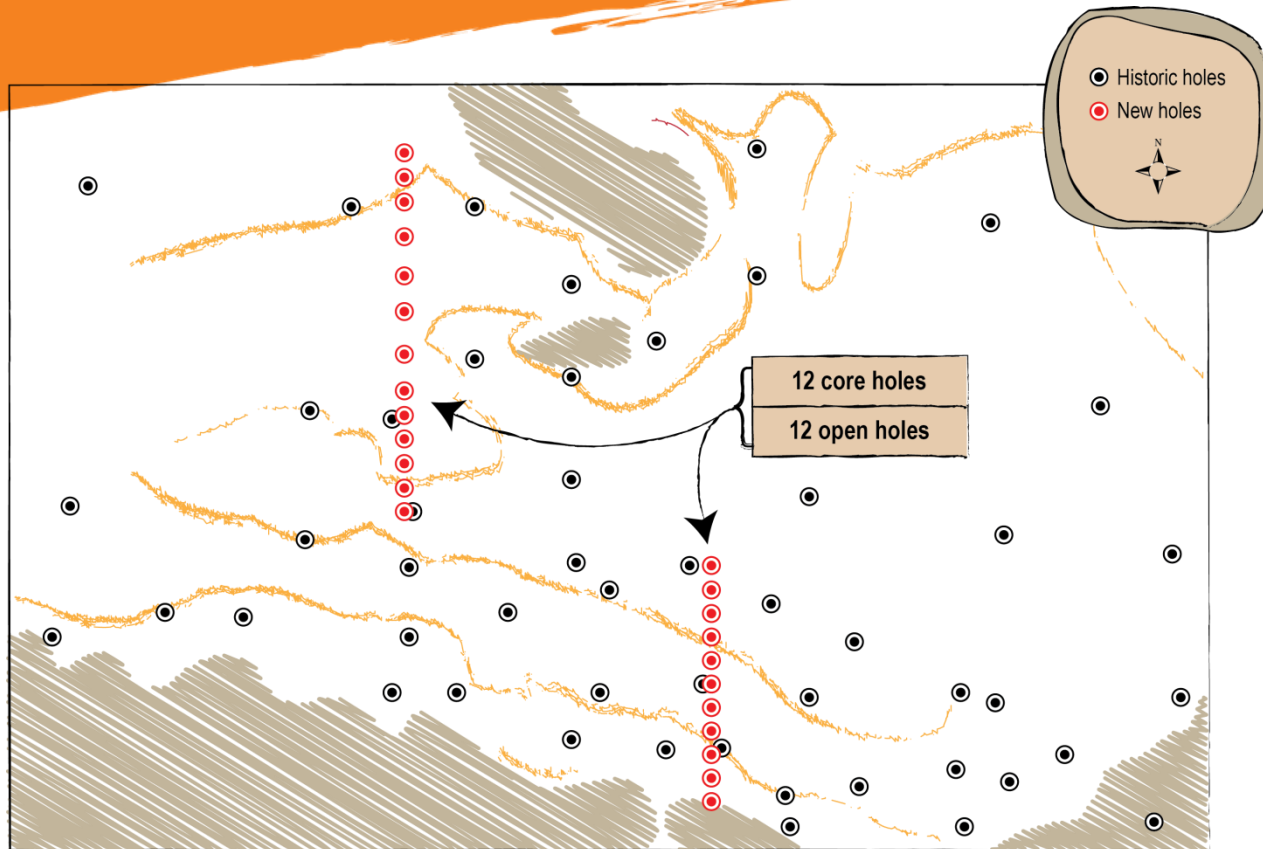
\* calendar years

1<sup>st</sup> offtake secured: continue target to get multiple number of initial contracts which can build up as production expands.

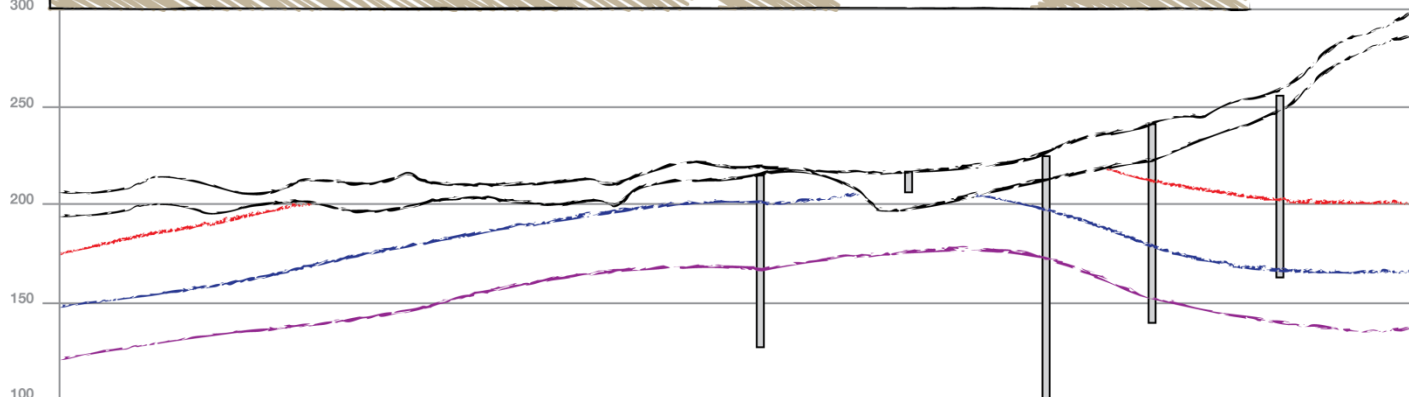
Rail studies completed determine max capacity. Discussions with Transnet commenced.

Bank Info Memo in preparation based on DSCR of 2x; Start-up funding of 60% project debt, 40% equity

# Tasmania update; Woodbury exploration



- All drilling completed
- No surprising results with seams consistent with historical data
- Core being logged and then sent for analysis
- Once analysed geological data base will be updated



ITEM 1 - TO RECEIVE THE FINANCIAL REPORT OF THE COMPANY FOR THE YEAR ENDED 30 JUNE 2010, TOGETHER WITH THE DIRECTORS' REPORT AND THE AUDITOR'S REPORT

RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

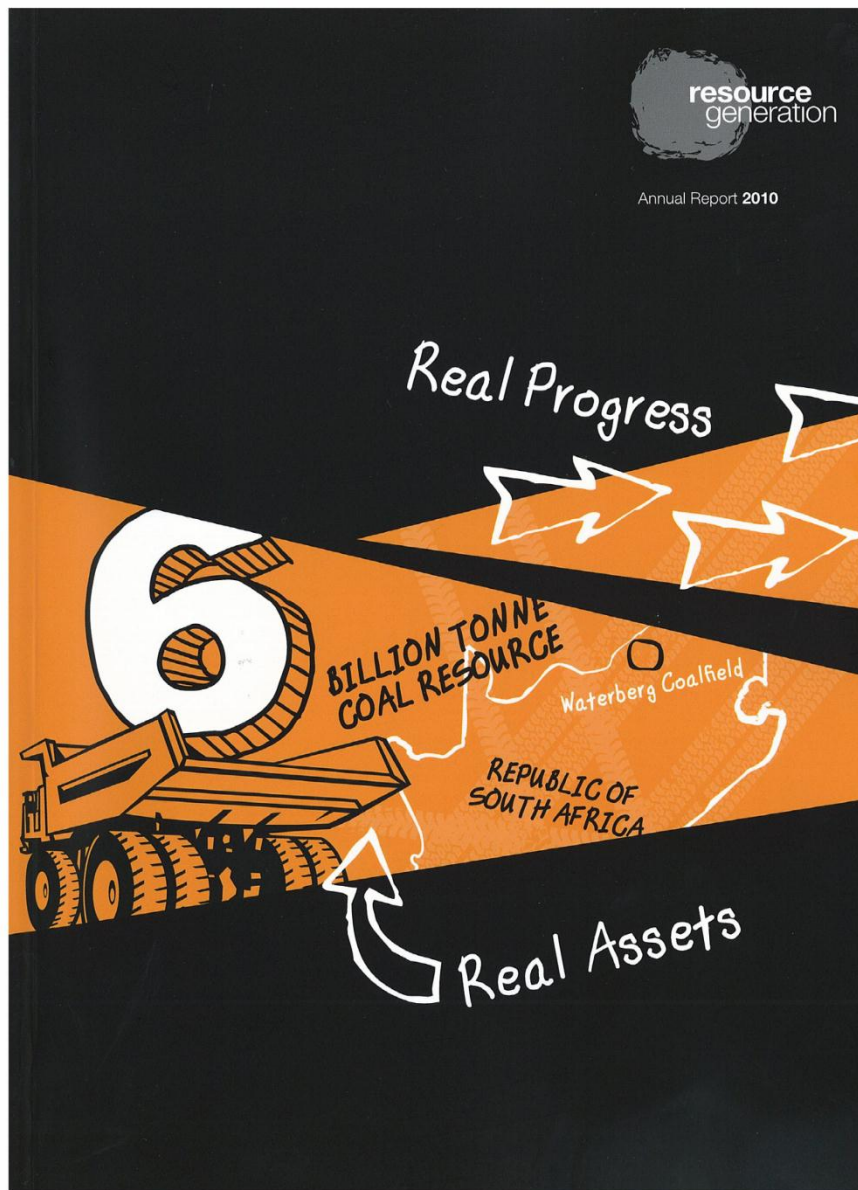
RESOLUTION 2 - RE-ELECTION OF MR SCOTT DOUGLAS

RESOLUTION 3 - APPROVAL OF SHARE ISSUE UNDER ASX LISTING RULE 7.4 – 5M SHARES

RESOLUTION 4 - APPROVAL OF SHARE ISSUE UNDER ASX LISTING RULE 7.4 – 18.3M SHARES

RESOLUTION 5 – APPOINTMENT OF AUDITOR

Thankyou



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

**ASX: RES**

**JSE: RSG**