# resource generation

Investor presentation and capital raising

asx: RES
JSE: RSG

# Disclaimer

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.

# Corporate overview

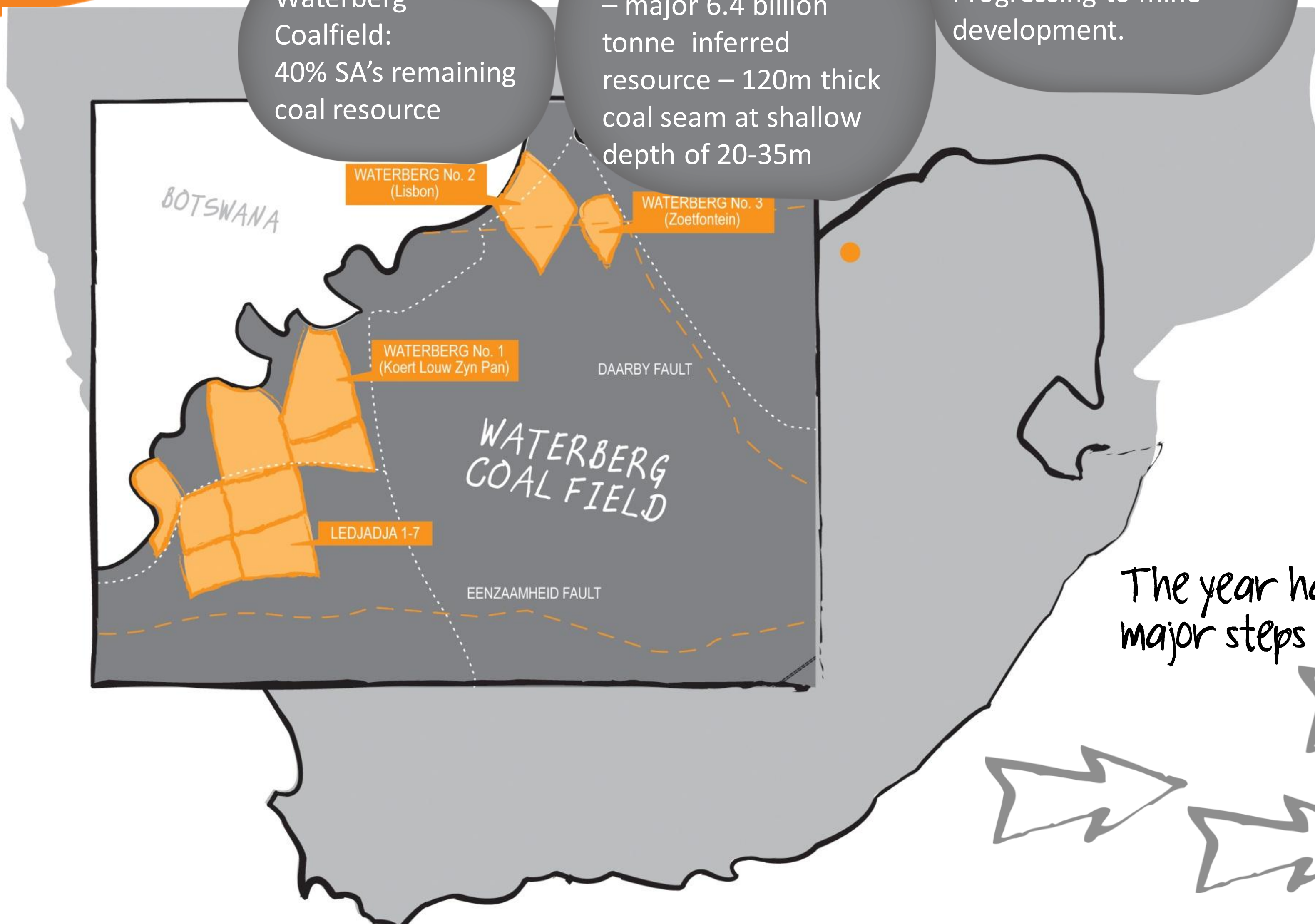
ASX/JSE codes: RES / RSG
Current shares on issue: 182.7 million
Options on issue: 8.1 million
Market capitalisation: $120 million
Cash on hand: A$13 million
Debt: NIL

# 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

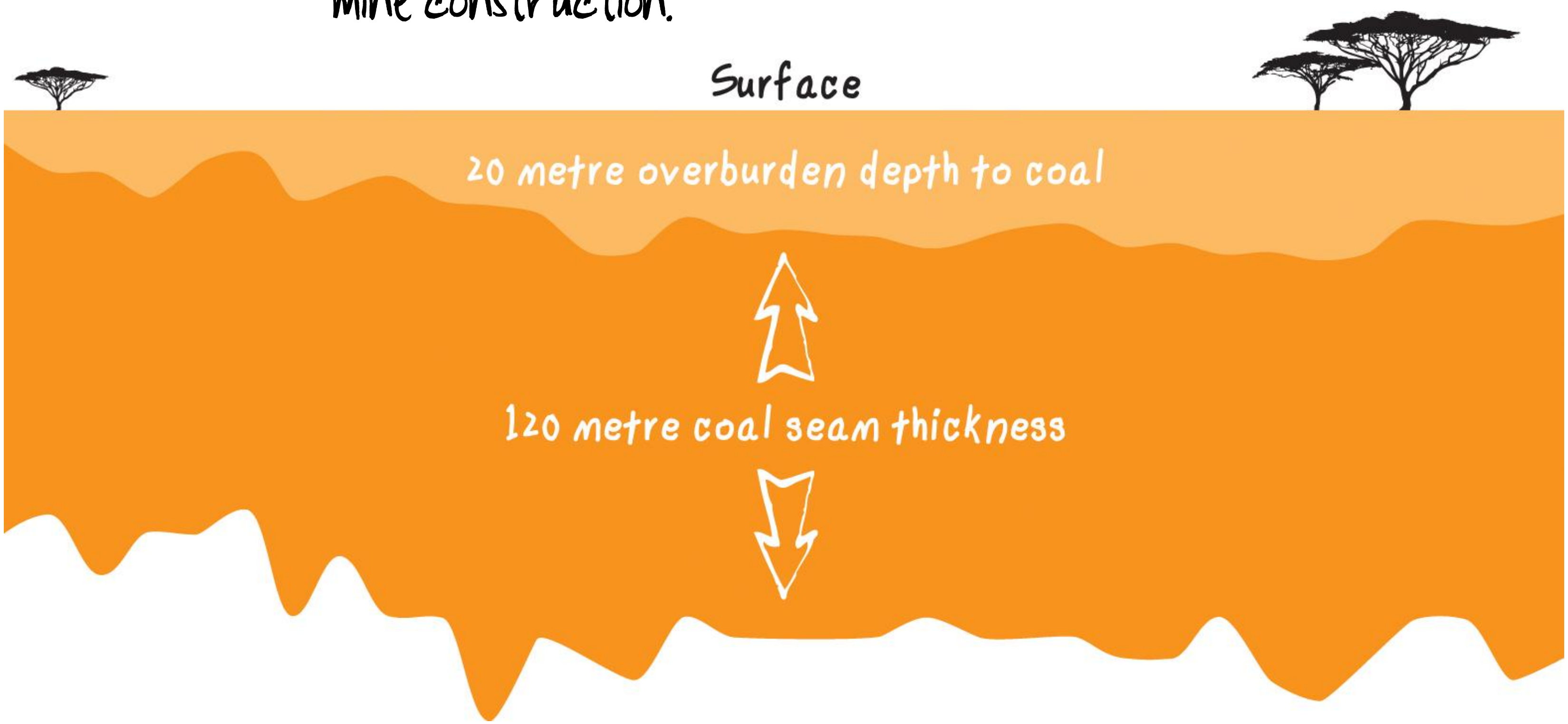
Current probable reserve = 636 million tonnes . Progressing to mine development.




The year has seen major steps forward

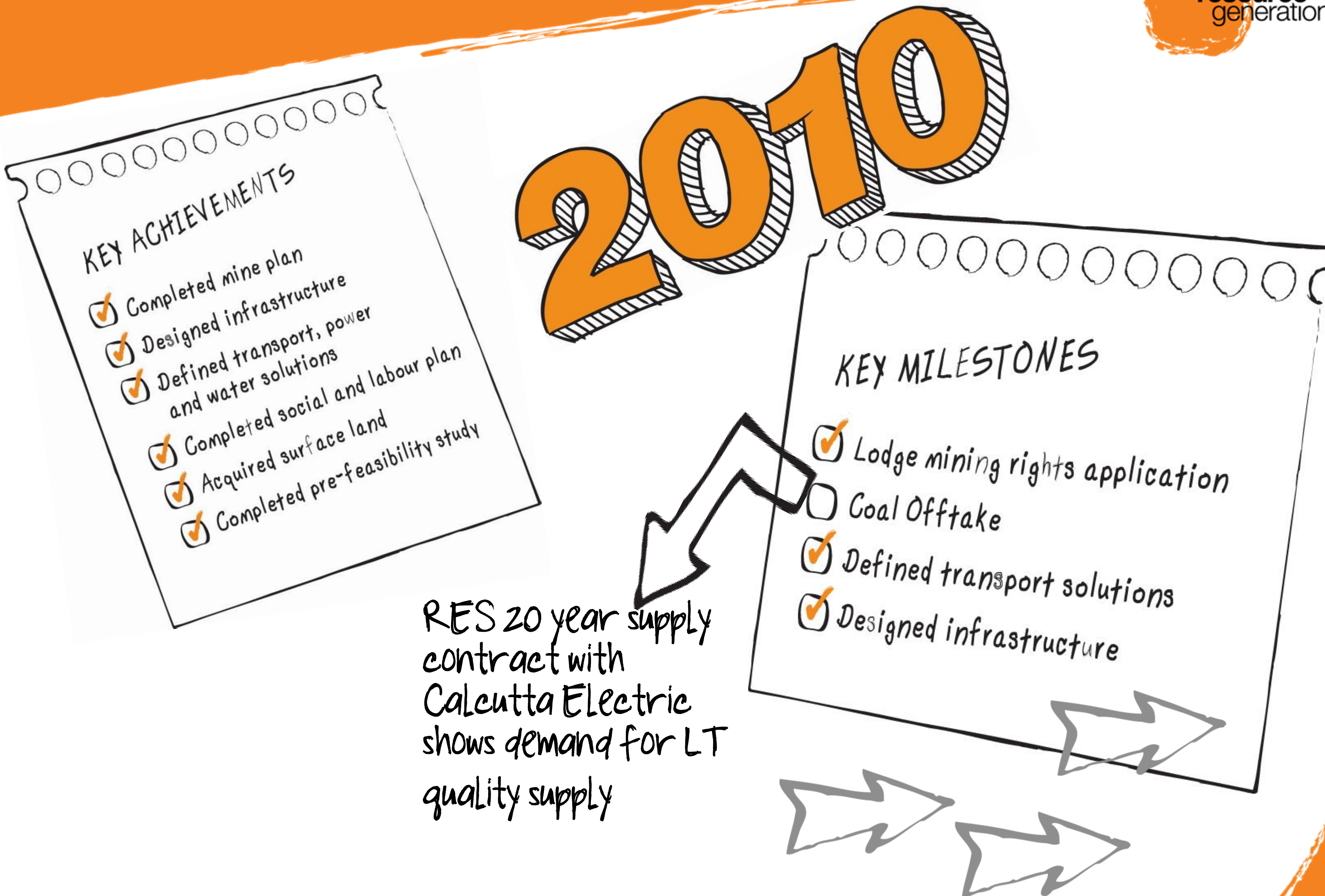
# Corporate overview

Having a defined mine plan for a massive resource in South Africa, RES is now progressing to secure its approval for mining and funding for mine construction.



# Current program

resource generation




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

# Way forward

resource generation

KEY MILESTONES

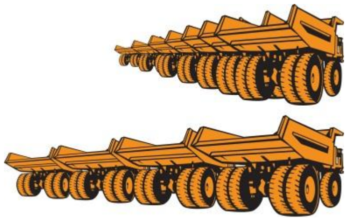
- Mining right issued
- Project funding
- Commence mine construction
- Order mine fleet

2011

KEY MILESTONES

- Complete mine construction
- Delivery mine fleet

2012

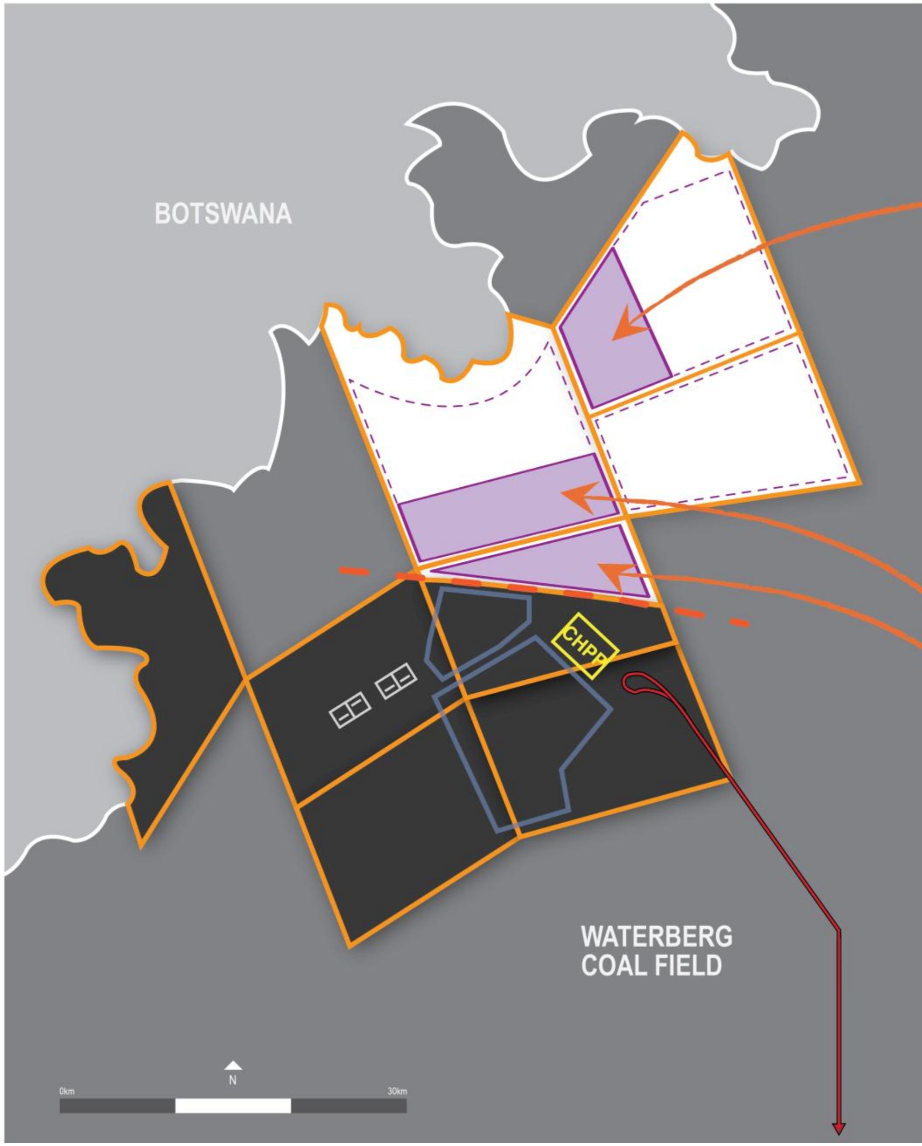


Commencement of mining operations

2013

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

636 million tonnes probable reserve



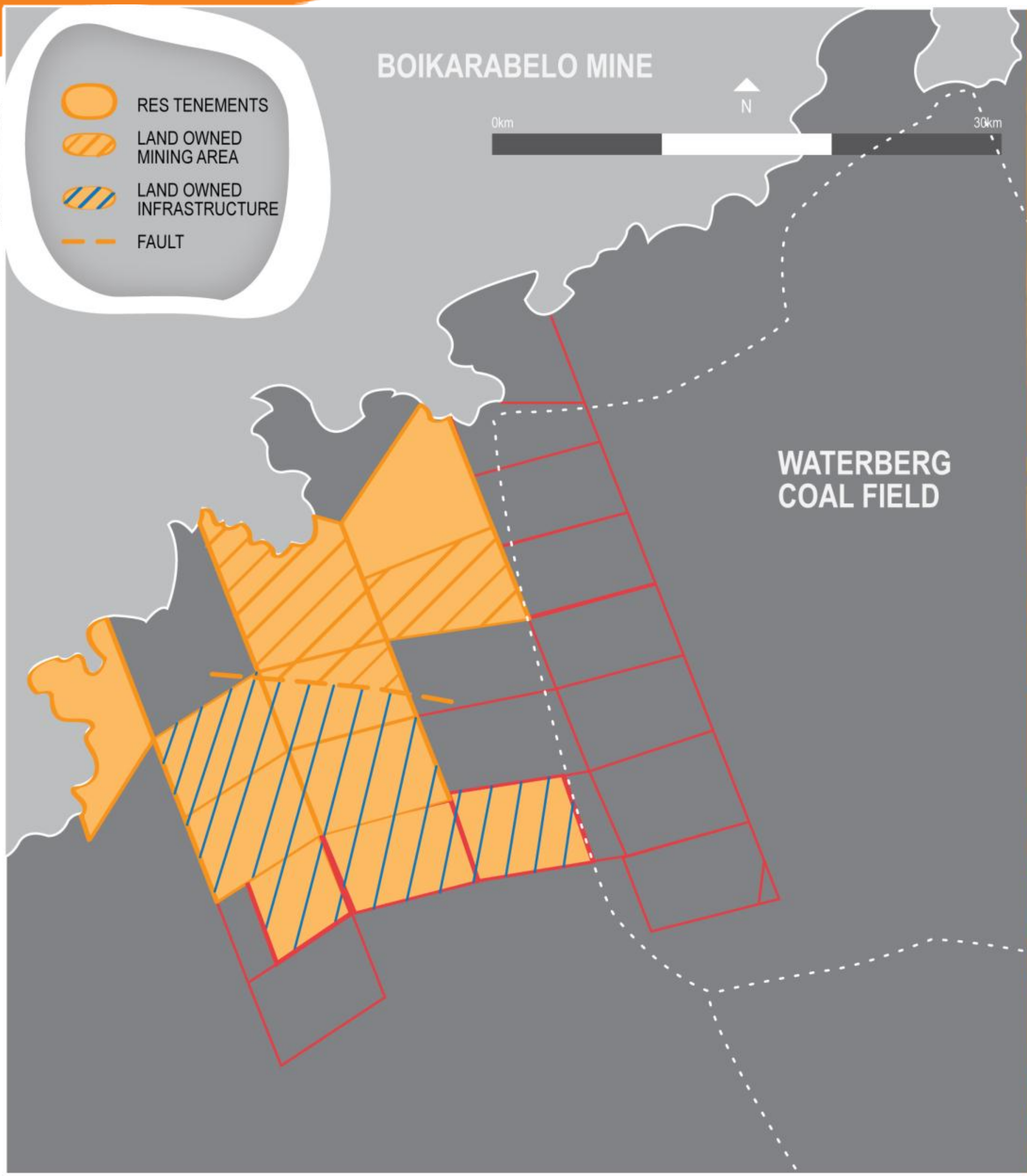

Probable Reserve:
314 million tonnes (43% of area)

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

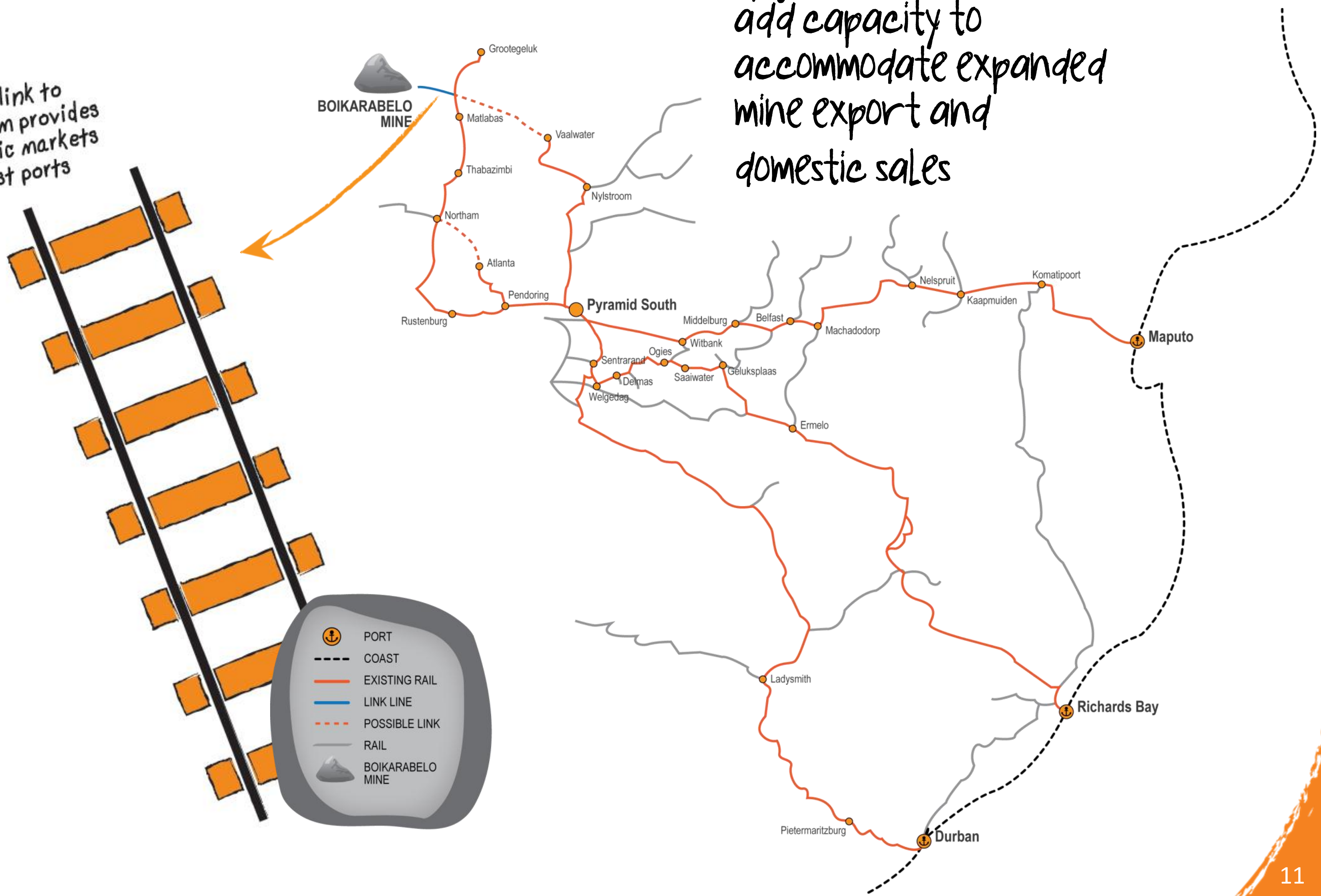
**Only material complaint was use of haul road to rail siding, prior to rail link**

# Rail system to east coast ports

resource generation

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

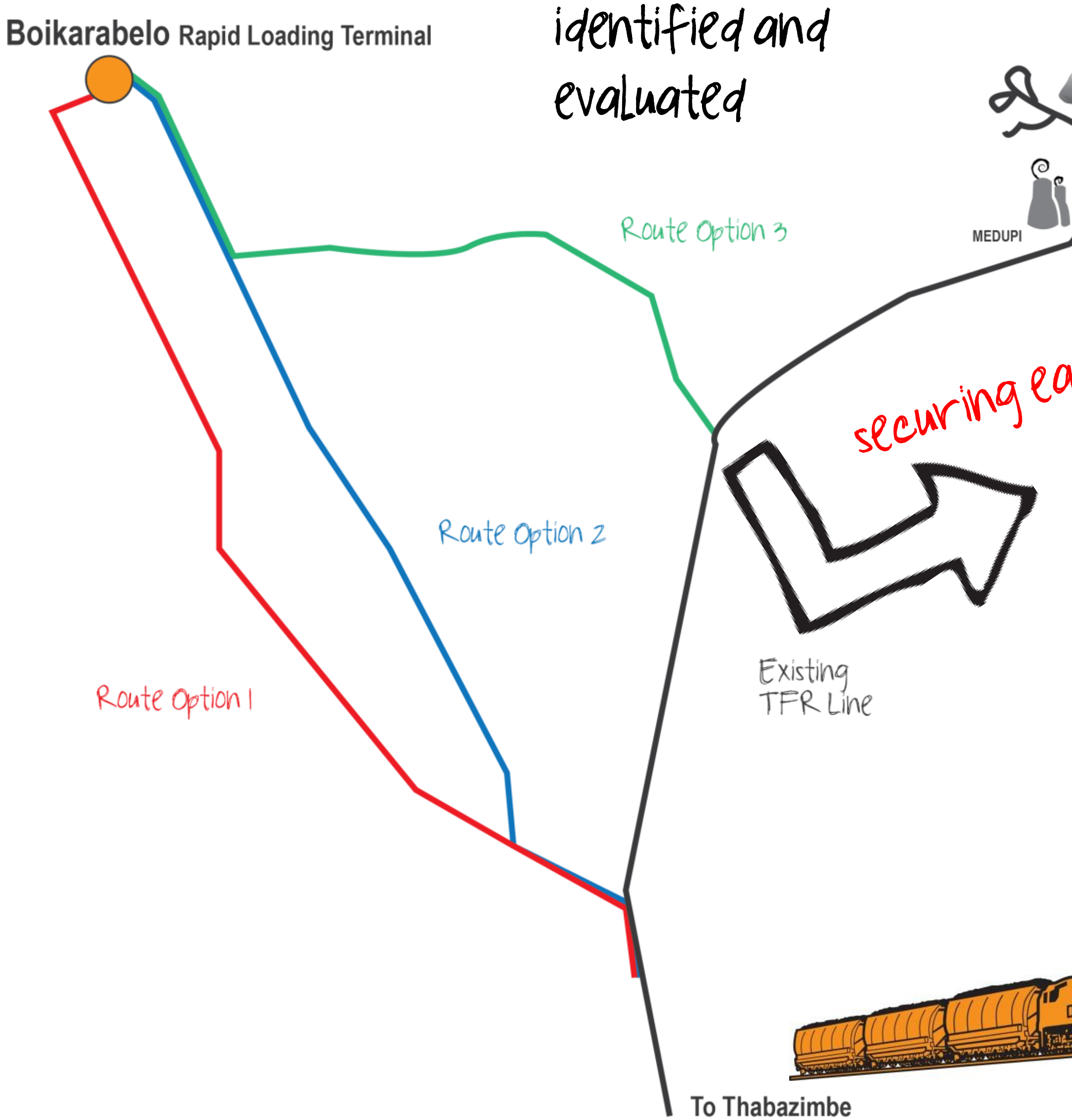
upgrades identified to add capacity to accommodate expanded mine export and domestic sales



# Rail link now key to both MRA and rail upgrade

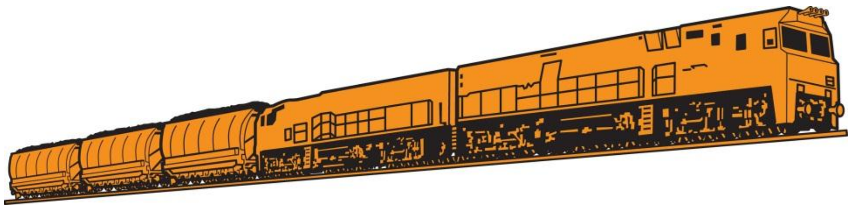
resource generation

Three routes identified and evaluated

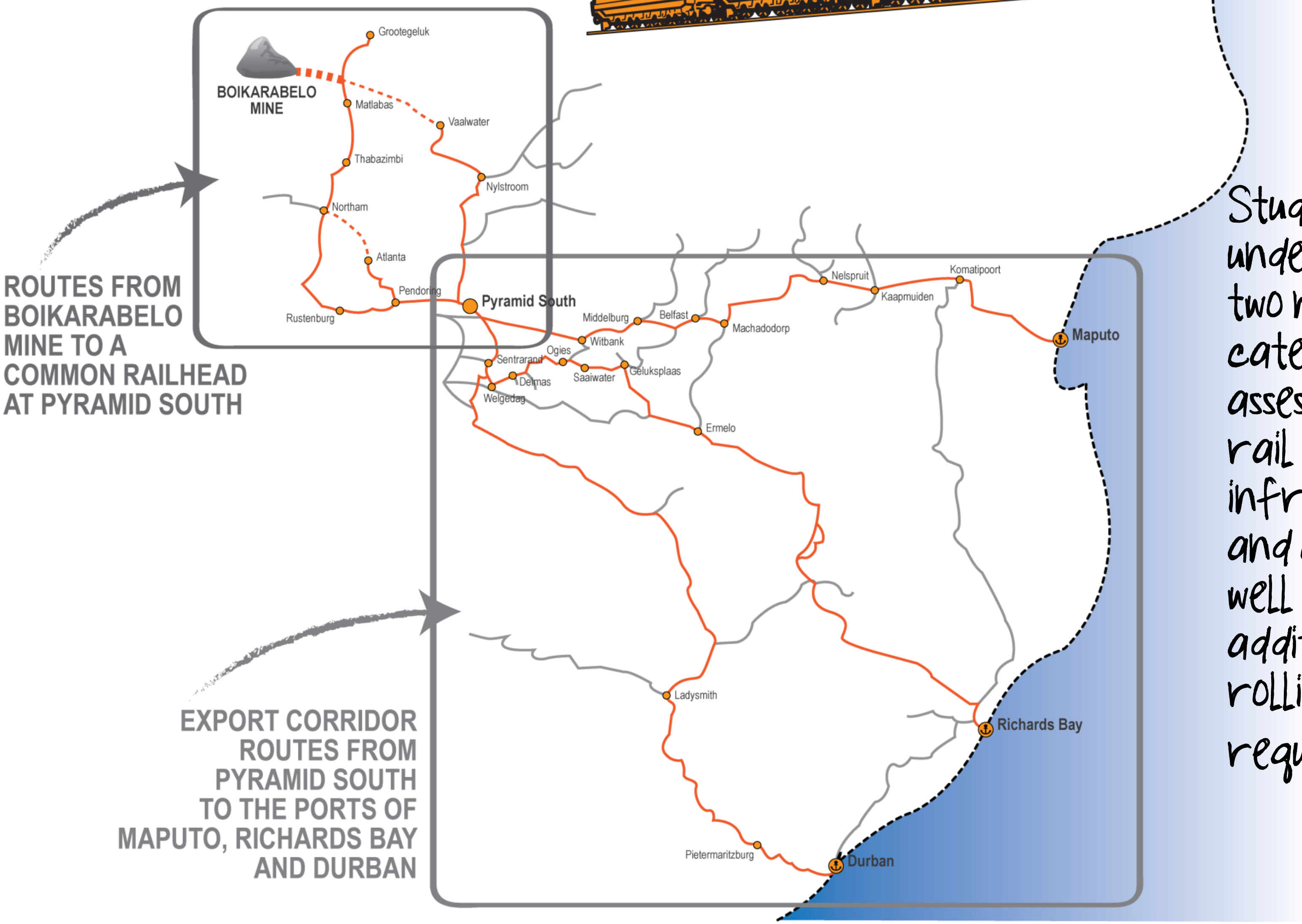



securing easement now essential

Progress includes purchase of one property, negotiations complete on three more, with agreement for access to a further two under negotiation.



# Rail studies: capacity to meet projected production targets




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

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

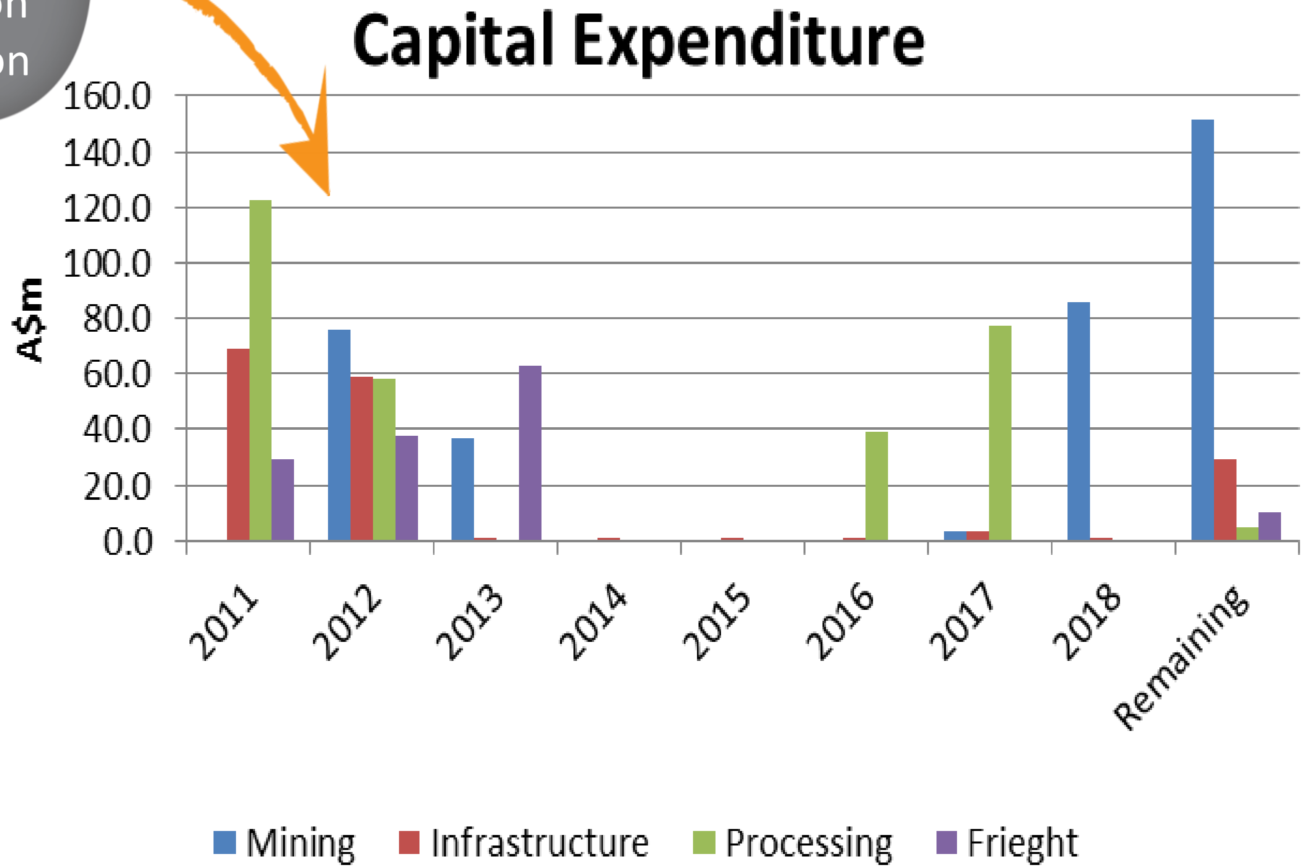
- Mine plan to extract full seam section (~120m)
- 2 stages; smaller scale start-up ~12mtpa ROM, providing 3 mtpa export thermal and 3 mtpa domestic thermal coal.
- Stage 1 to establish mine based on realistic sales to both export and domestic markets until rail upgrade completed
- Stage 2; expanded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

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

# Start-up capital expenditure

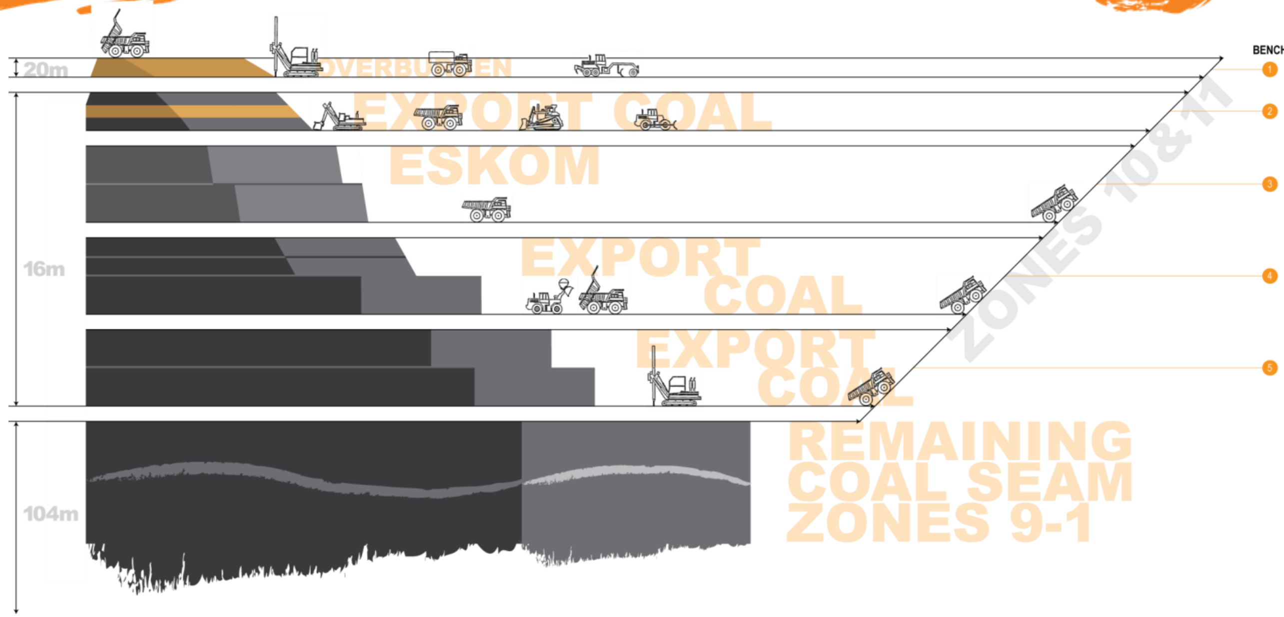
Phase 1
1st 3 years:
ZAR 3.8 billion
A$ 552 million

Provides for rail link integral to mine start up

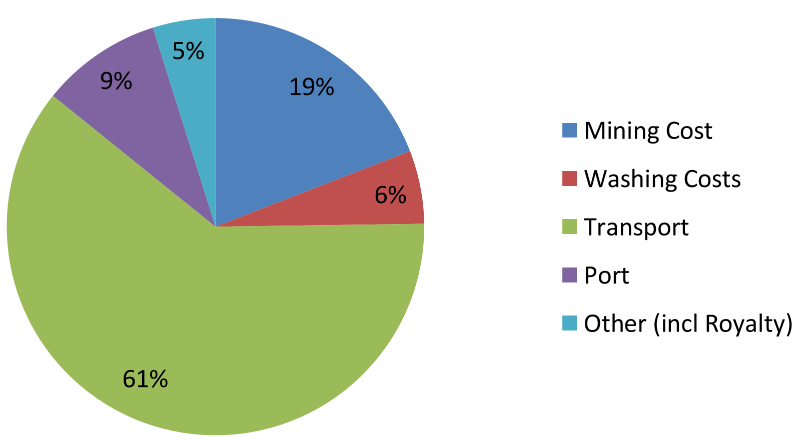


# Operating costs

Low cost open cut mining: simple expansion to increase production

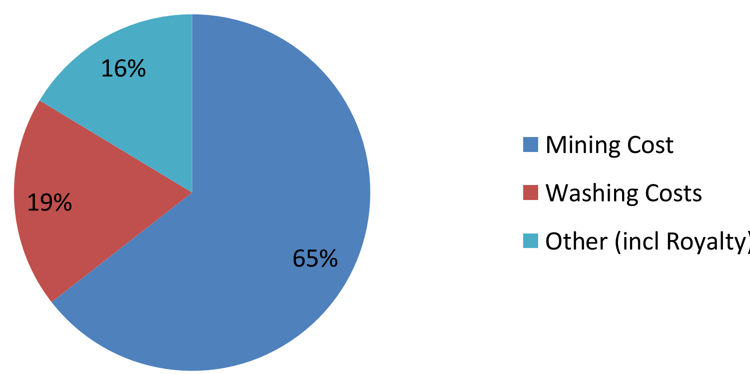



## LOM Export Cost



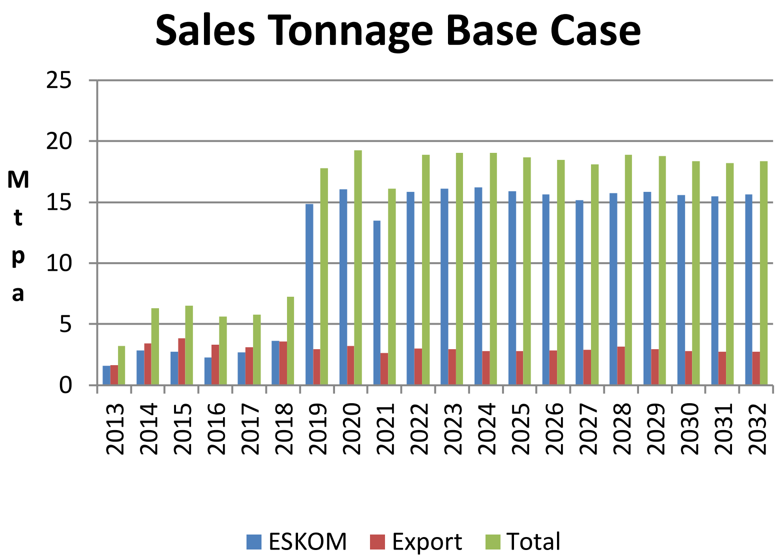

## LOM Eskom Cost

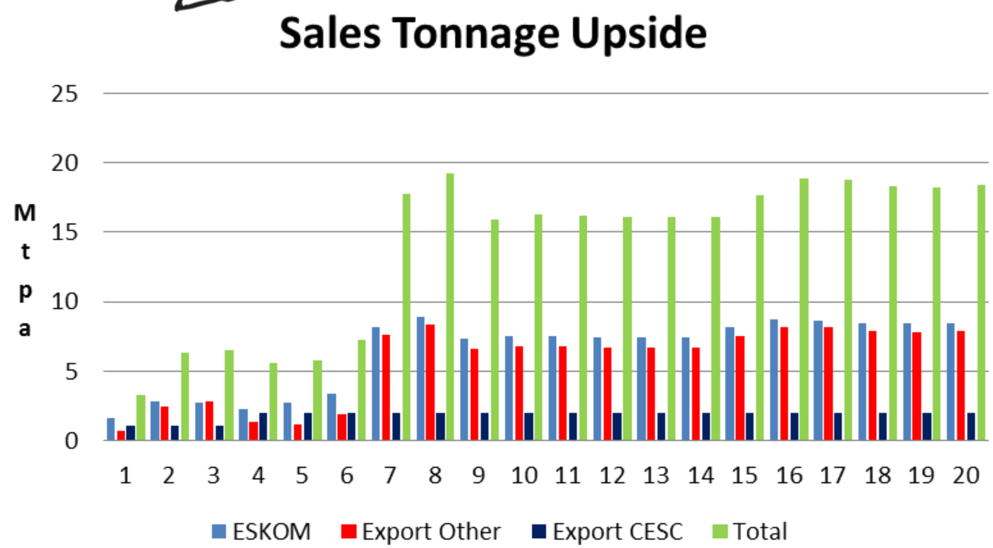
**(distribution on FOT basis)**



# Production profile

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

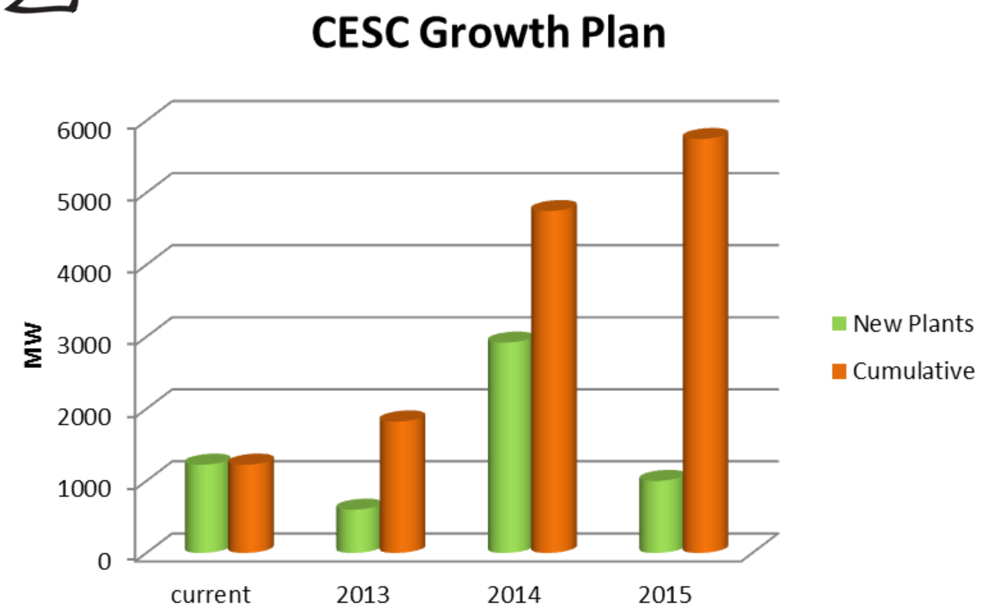


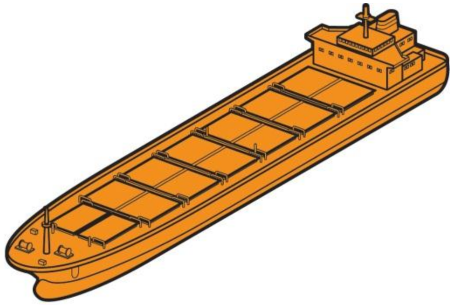
# First offtake secured other customer discussions continue

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

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




Discussions continue with Eskom for supply to Mpumalanga power stations



# Boikarabelo project timeline

resource generation

## 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

1st 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

# Equity offer details

Offer size

- A$20 million institutional placement
- May accept additional subscriptions of A$10 million
- Settlement comprises two tranches:
  - Unconditional placement of 27.4 million shares to raise A$13.7million
    - Equivalent to 15.0% of existing shares on issue
  - Conditional placement for the balance of the shares
    - Subject to shareholder approval at a GM expected to be held on 13 December 2010
- New shares rank equally with existing RES shares

Offer price

- 12.3% discount to last close of A$0.57 (as at 3 November 2010)
- 13.8% discount to 5 day VWAP
- Unconditional placement and conditional placement
- Offer price of A$0.50 per share

# Institutional placement & non underwritten SPP

Use of proceeds

- The proceeds of the placement will be used primarily for the development of the company's Boikarabelo Mine in South Africa and for working capital. Specific uses are for the acquisition of land required for the construction of the rail link to the existing rail network, associated infrastructure for the rail link, initial expenditure on power and water infrastructure and payments to BEE partners for the increase of the company's shareholdings.

SPP

- Eligible shareholders in Australia, New Zealand and India have the opportunity to subscribe for up to A$15,000 worth of RES shares per shareholder
- The issue price under the SPP will be the same price paid by institutional investors under the institutional placement, and will be confirmed with other details of the SPP
- SPP will not be underwritten
- Further details will be sent to shareholders shortly

# Timetable

| | |
|---|---|
| Announcement and trading halt | Thursday, 4 November 2010 |
| Announcement of final placement amount | Friday, 5 November 2010 |
| Trading halt lifted and RES shares recommence trading | Friday 5 November 2010 |
| Settlement of unconditional placement (T + 3) | Wednesday 10 November 2010 |
| Expected trading date of new shares issued under unconditional placement | Thursday 11 November 2010 |
| Date of RES's General Meeting to vote on conditional placement | Monday 13 December 2010 |
| Settlement of conditional placement (if approved) | Wednesday 15 December 2010 |
| Expected trading date of new shares issued under conditional placement (if approved) | Thursday 16 December 2010 |

Note: This timetable is subject to change. Subject to its obligations under the underwriting agreement, Resource Generation reserves the right to vary the timetable without notice. The commencement of trading of new shares is subject to confirmation from the ASX.

# Pro-forma balance sheet

| | Yearly Accounts 30-Jun $000 | Capital Raising Sep-10 $000 | Capital Raising Nov-10 $000 | Pro Forma Balance Sheet Nov-10 $000 |
|---|---|---|---|---|
| Cash and cash equivalents | 6,088 | 10,164 | 18,950 | 35,202 |
| Other current assets | 1,709 | | | 1,709 |
| Non-current assets | 84,374 | | | 84,374 |
| **TOTAL ASSETS** | **92,171** | | | **121,285** |
| Current liabilities | 1,729 | | | 1,729 |
| Non-current liabilities | 3,926 | | | 3,926 |
| **TOTAL LIABILITIES** | **5,655** | | | **5,655** |
| **NET ASSETS** | **86,516** | | | **115,630** |
| Issued capital (net of costs) | 95,945 | 10,164 | 18,950 | 125,059 |
| **TOTAL EQUITY** | **86,516** | | | **115,630** |

**Resource Generation Limited**
ABN 91 059 950 337
Level 12 Chifley Tower
2 Chifley Square
Sydney NSW 2000
Australia

GPO Box 5490
Sydney NSW 2001, Australia

Tel +61 2 9376 9000
Fax +61 2 9376 9013

**Resgen SA (Pty) Ltd**
Reg 2006/036658/07
Unit Two, Carrera House
19 Sovereign Drive
Route 21 Corporate Office Park
Irene Gauteng 0157

PO Box 5384
Rietvallei Rand, 0174 Pretoria, South Africa

Tel +27 (0) 123451057
+27 (0) 123451058

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

**ASX: RES**

**JSE: RSG**