



resource generation

Update
May 2012

ASX: RES
JSE: RSG
ADR: RSGNY

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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.

Approvals clear the way



Major bridge we have to cross is to secure a contract with Transnet, so we can move on to finalise funding.

Stage 2 Production

Stage 1 Production

Mine Construction 24 months

Debt/Equity Funding

4-5 months to finalise funding

Banks confirm interest in project funding

All material regulatory approvals secured

Mining Right

Nema

Iwula

Export Coal Offtake Contracts

Reserve Definition

Resource Definition

Transnet

Eskom



Rail contract essential to move forward



Transnet monopoly operator for rail haulage.



- Bankable Contract necessary to proceed to funding.
 - TFR will not commit firm volume until it determines overall allocations from Waterberg.
- Allocation for our Stage 1 ~ 6.0 mtpa not a concern, so in order to proceed to funding accept Dec'12 deadline as firm commitment.
- Tariff negotiations underway. Expect fair and equitable rate consistent with that charged to other Waterberg operators.

Tariff could represent 47% of our overall FOB cost.

Funding – Project finance + equity to provide total capital expenditure

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

Total capex
~\$750m

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



Based on indicative offers expect debt package to cover 50% of capex.



Attributes that support funding



2 Long term Export contracts already in place:

Strong Long term export thermal coal demand

RES Boikarabelo mine – major 6.4 billion tonne resource – Current probable reserve = 745 million tonnes.

CESC: 38 year contract:

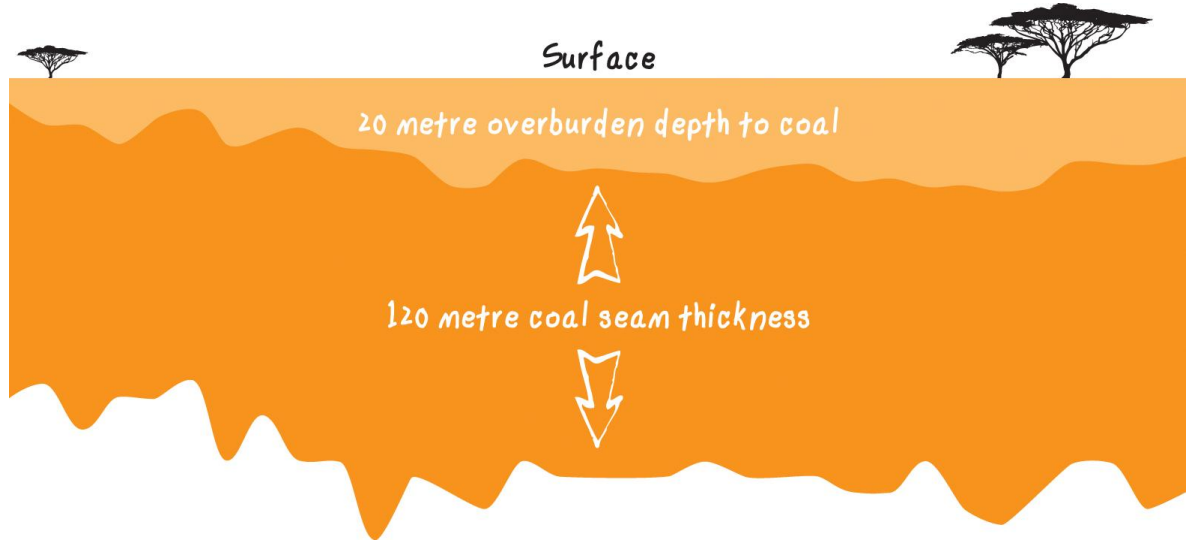
Major relationship supporting mine expansion options



Bhushan Steel 20 year contract:

Solid domestic demand provides upside

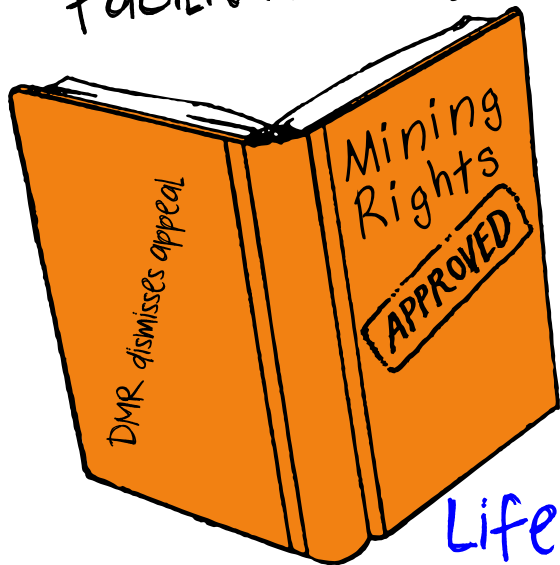
Thick coal seam, minimal overburden, Low cost mining.



Effective BEE enables regulatory progress



RES's BEE sub Ledjadja is the driver. Our management team is fully integrated & this facilitates regulatory progress.



Life of mine Development Consent enables construction of mine and rail link



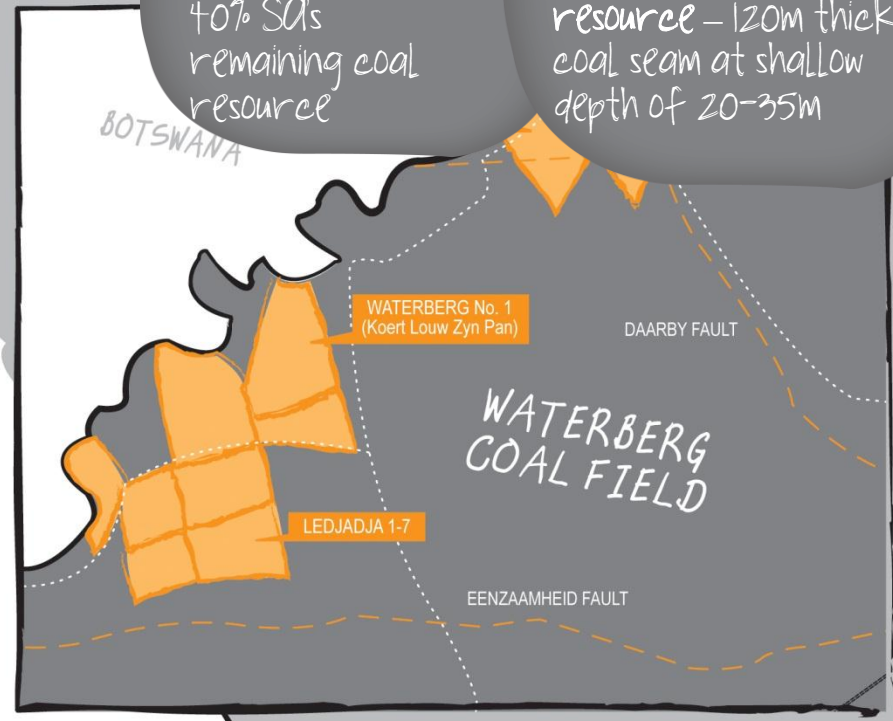
Boikarabelo opportunity



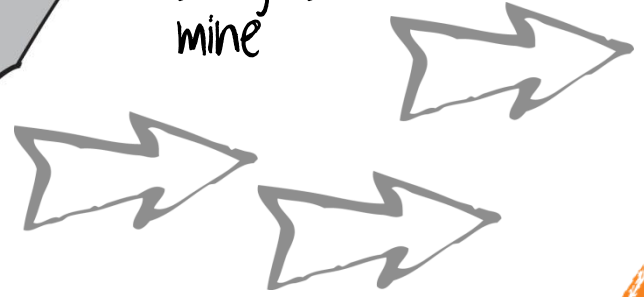
Waterberg Coalfield:
40% SAs
remaining coal
resource

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

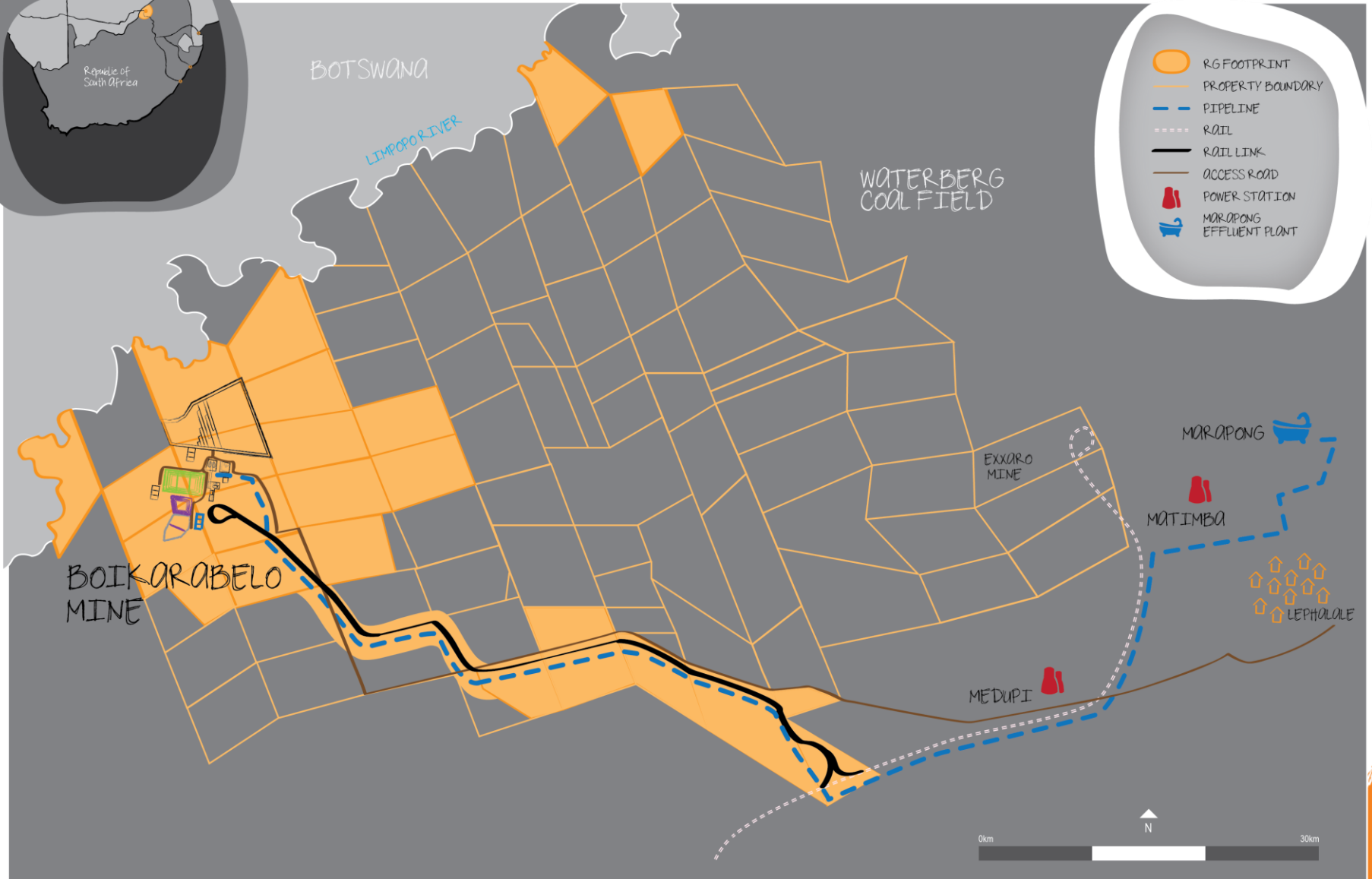
Current probable
reserve = 745 million
tonnes, in only 35% of
resource area.



Major resource
Large Low cost
mine



Boikarabelo footprint

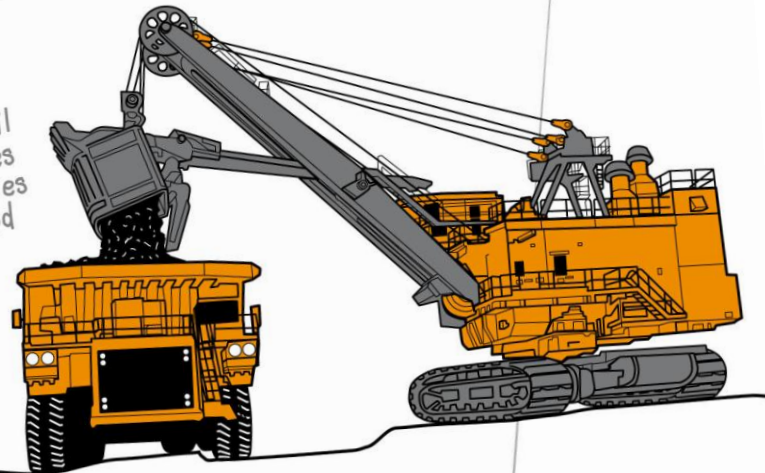


2 STAGE MINE DEVELOPMENT

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



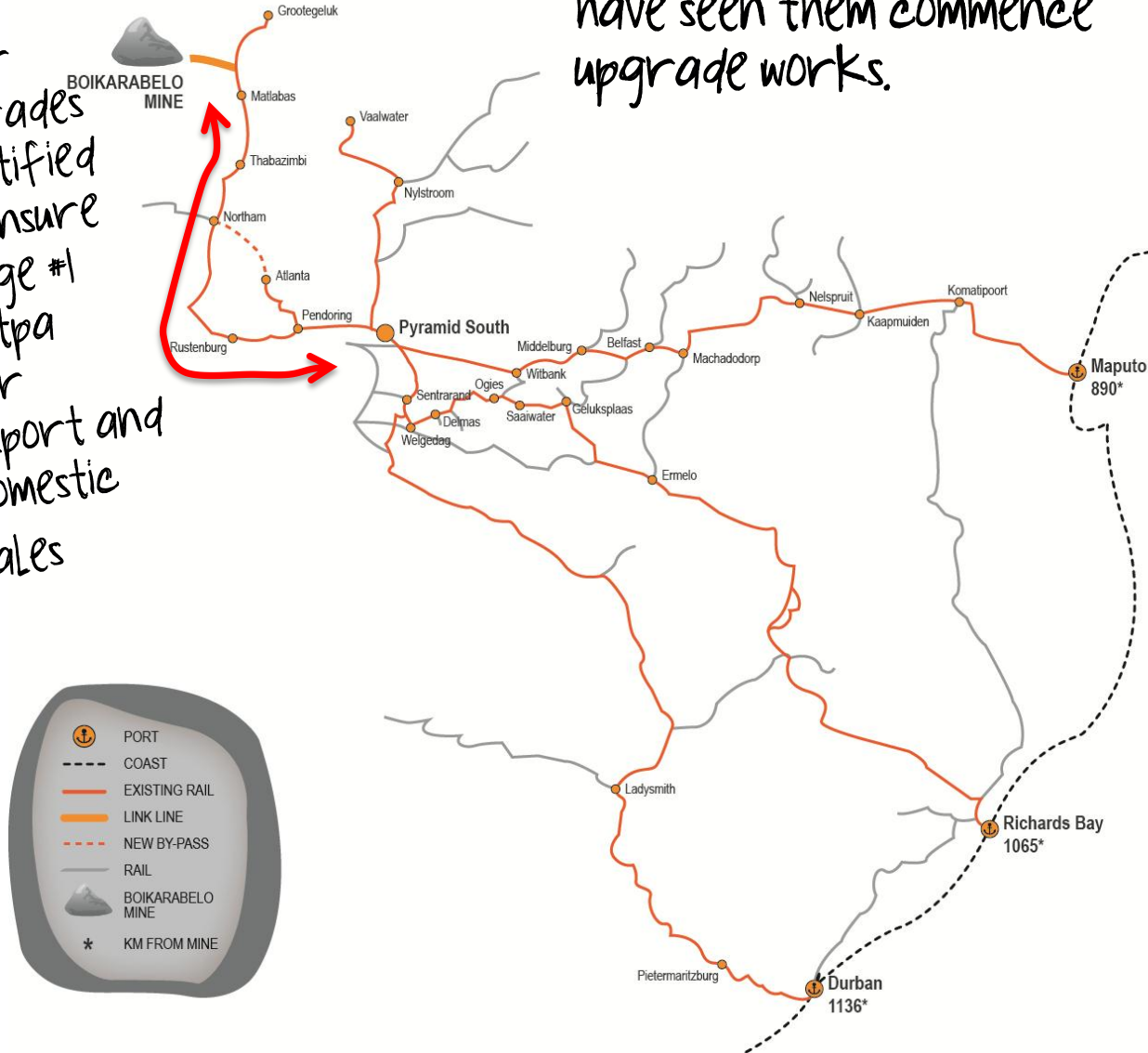
Bankable with funding via debt and equity.

Fundamental markets established

Rail system to east coast ports

Transnet – positive steps have seen them commence upgrade works.

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

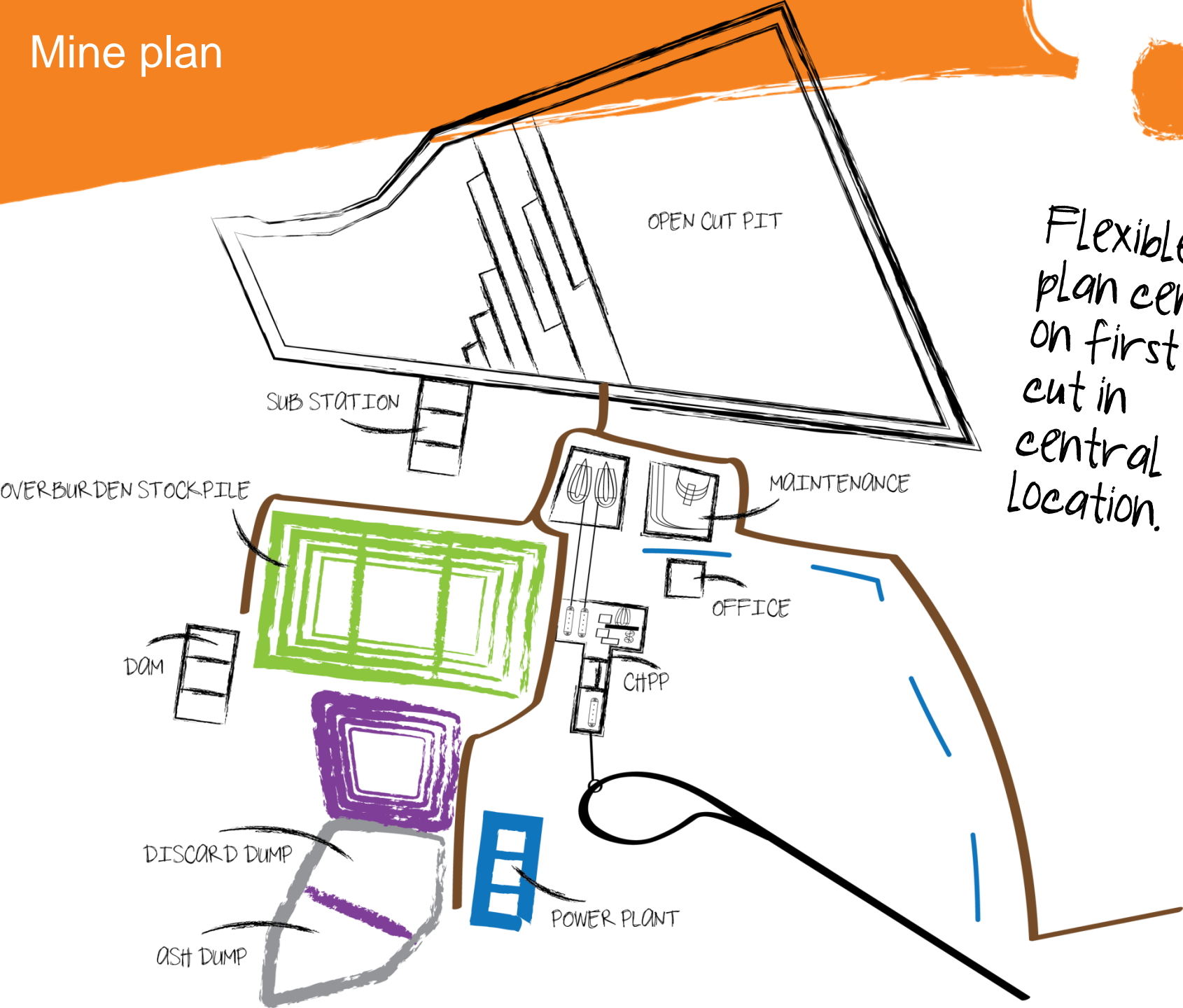


Eskom for domestic sales



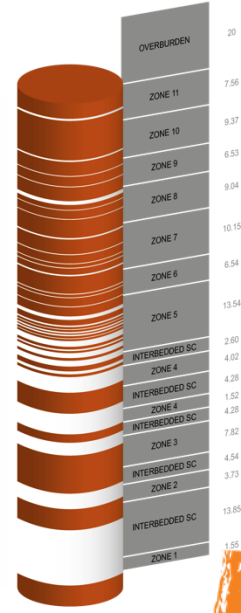
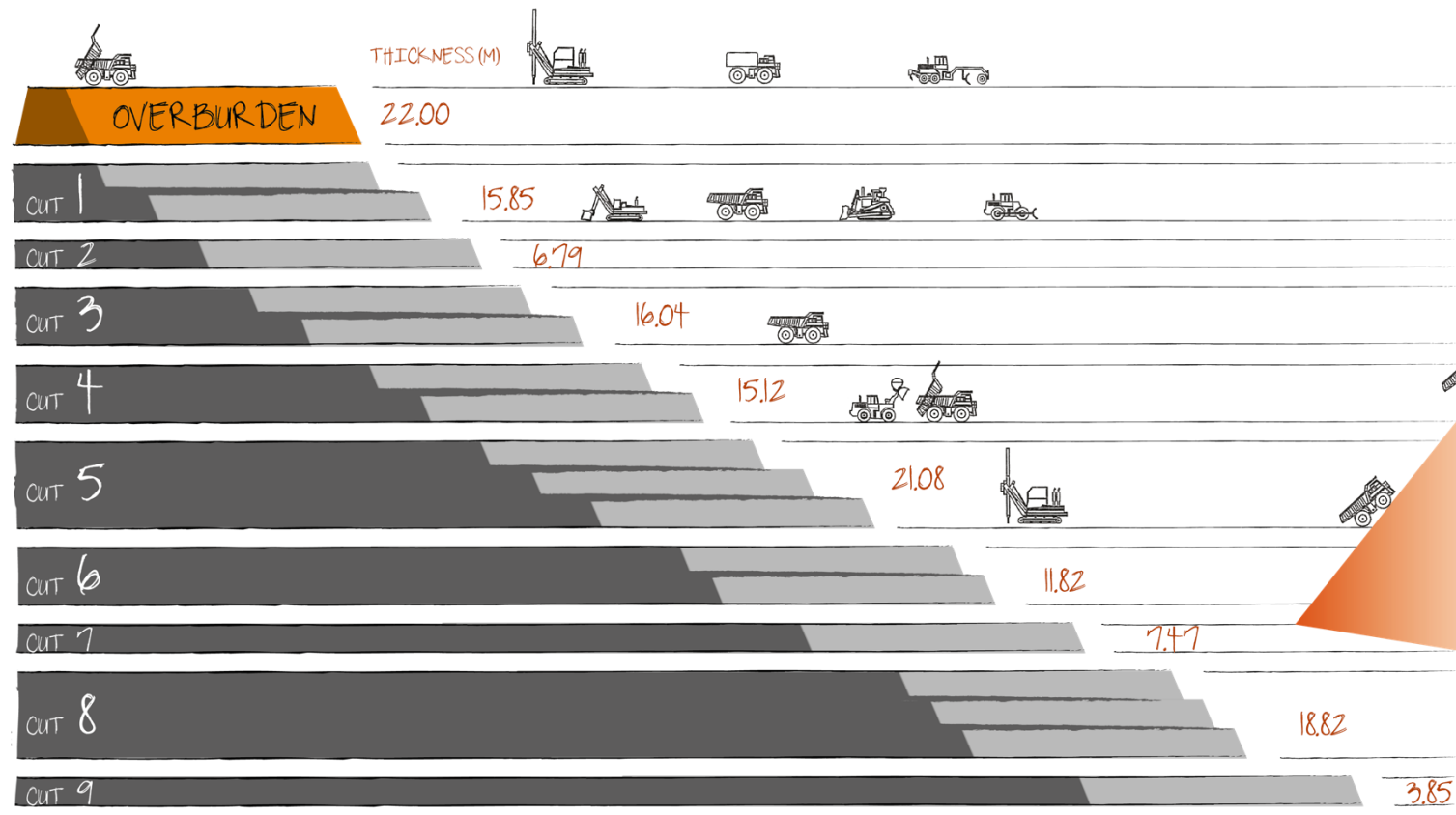
- Successful test burn results.
- Require additional coal supply by Late 2014.
- Agreed framework for bankable MOU.
- Identified two Mpumalanga based power stations for Boikarabelo supply.

Mine plan



Flexible mine plan centred on first box cut in central location.

Mining based on 9 major benches with selective mining to optimise in pit yield

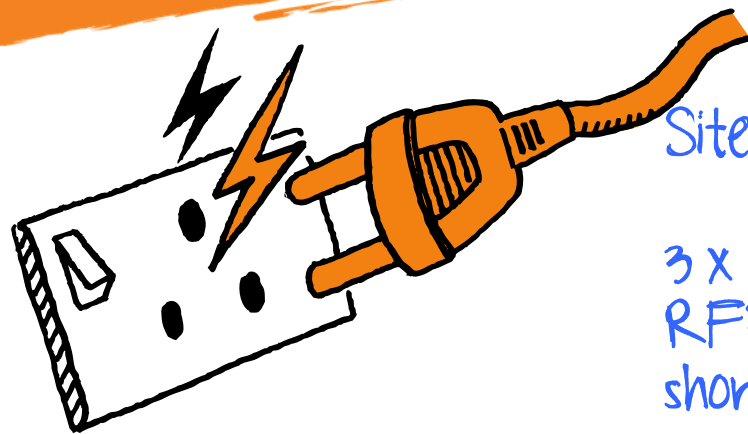


Major item of capital expenditure

Seeking enhancements
through ultra fines
recovery.

Currently assessing 2
designs at FEED status to
ensure optimal yield.



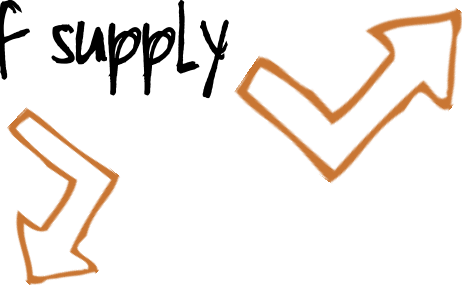


Site based IPP,

3 x 15MW fluidised bed plant.
RFPs issued, 2 parties
shortlisted for a 2 year
construct.

Licences and approvals
underway to secure 2014 supply

Two sources of supply



Eskom supply - budget engineering program
commissioned.

Have secured transmission tie in points.

Significant boost to local region



HR:

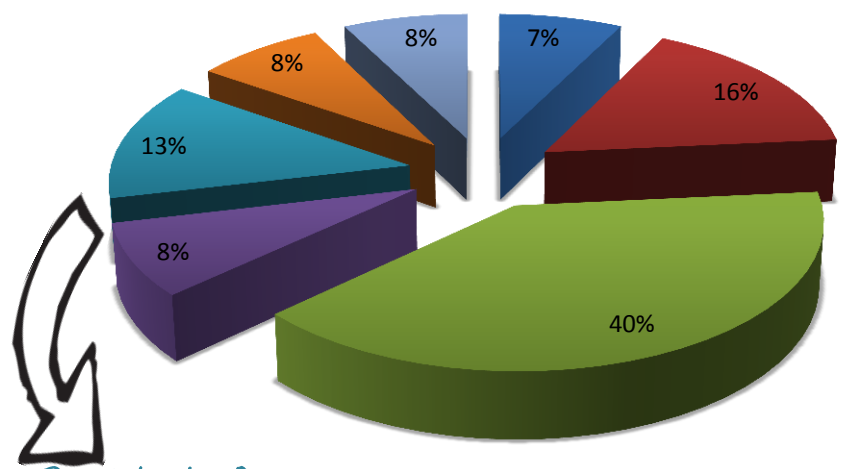
- 750 full time employees
- Target to employ equal gender mix
- Aim to source and train from local area
- mine organisation and operating systems finalised
- Recruitment and training programs in development
- IR policy deployed

- Appointed experienced Mine and Human Resource managers

- High calibre of candidates signifies quality of resource and long term mine potential

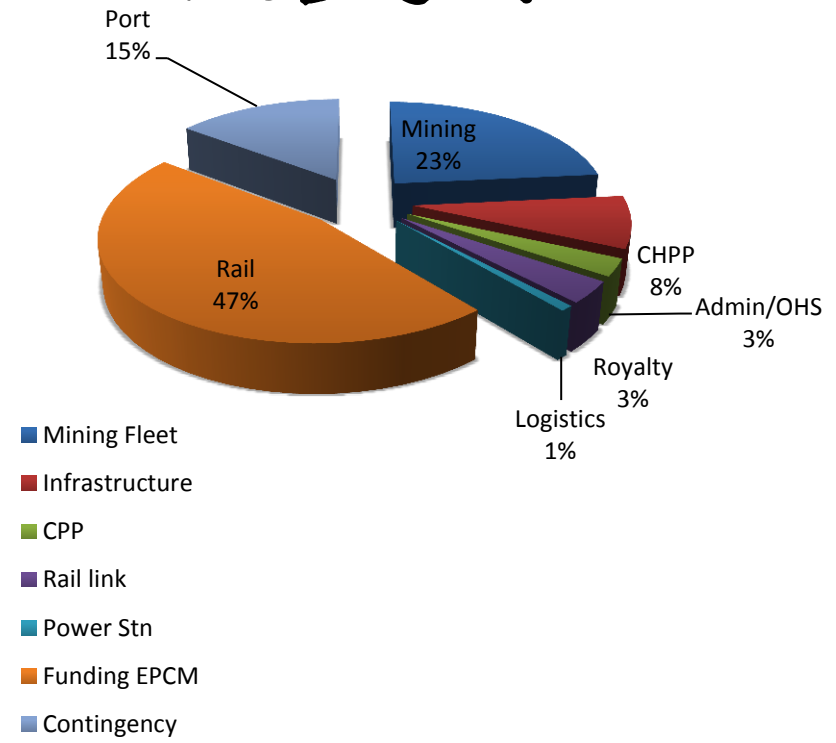


Capex
USD 750 million



Possible to fund power station outside of PFA

FOB Cost



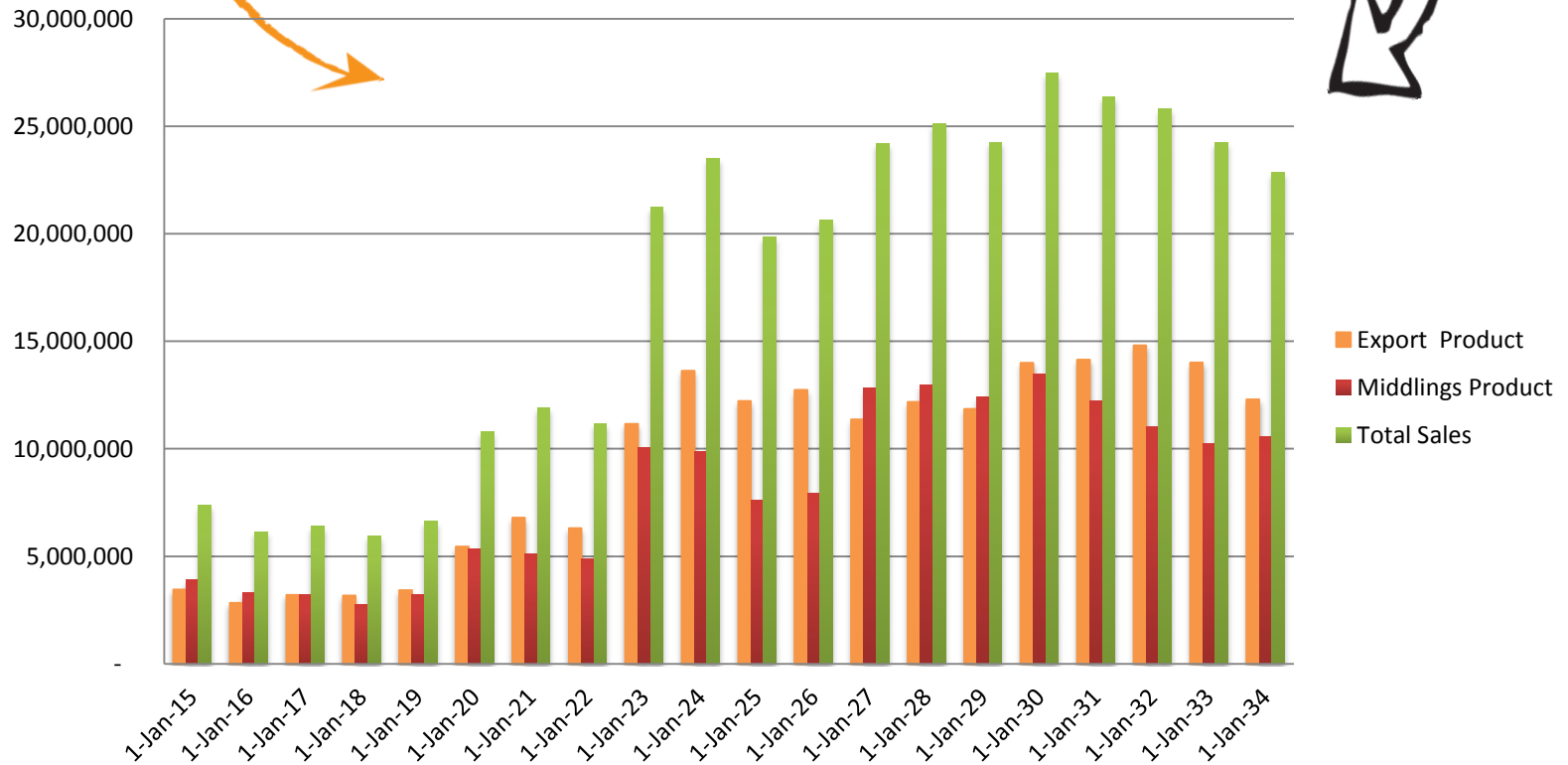
Stage 2 Plan



Stage 2 Plan, export production will depend on middlings take up

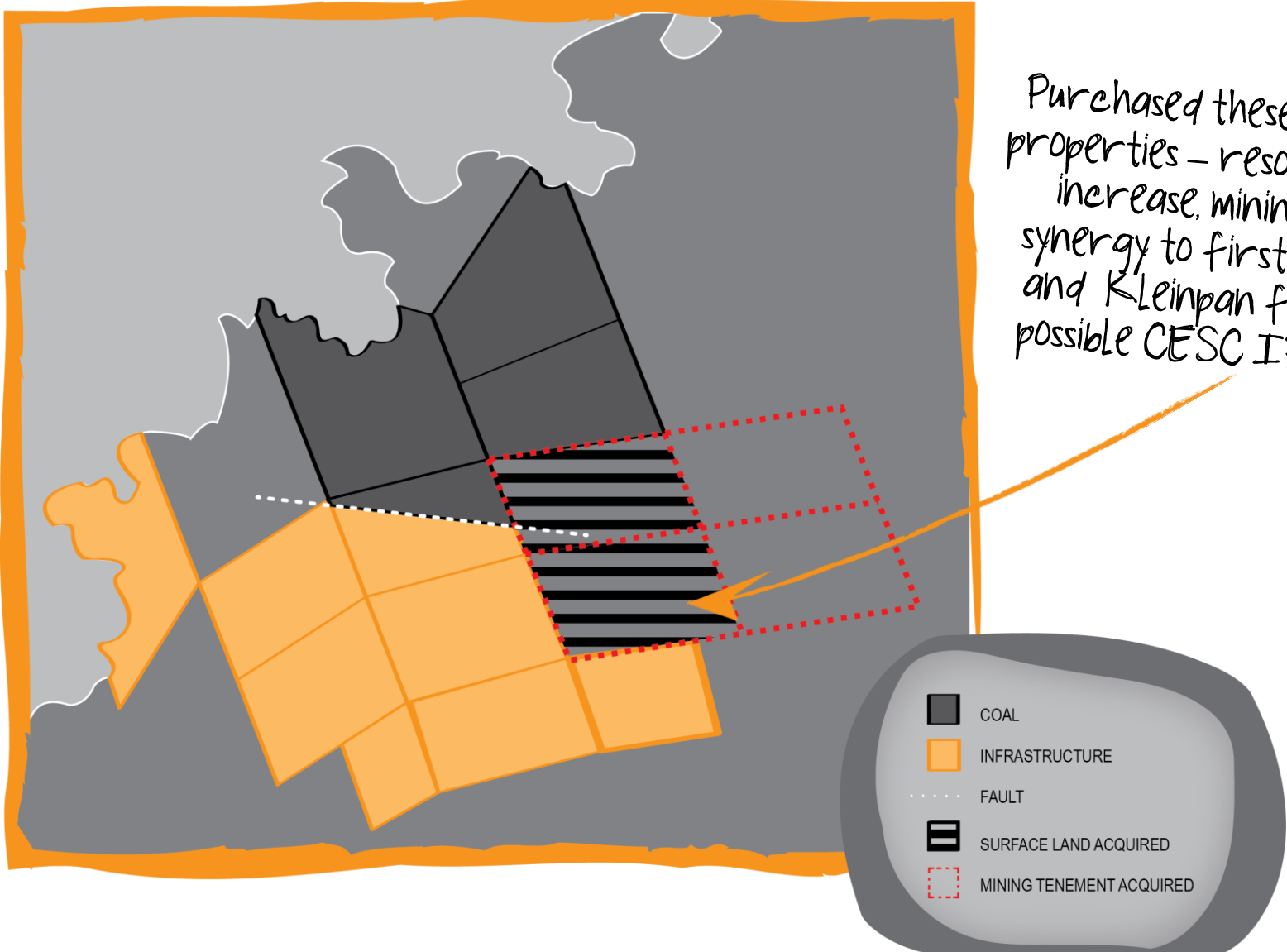
2 x 660MW + Eskom For example to take up middlings

Saleable Production (Tonnes)



Boikarabelo Mine

Purchased these two properties – resource increase, mining synergy to first pit and Kleinpan for possible CESC IPP



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

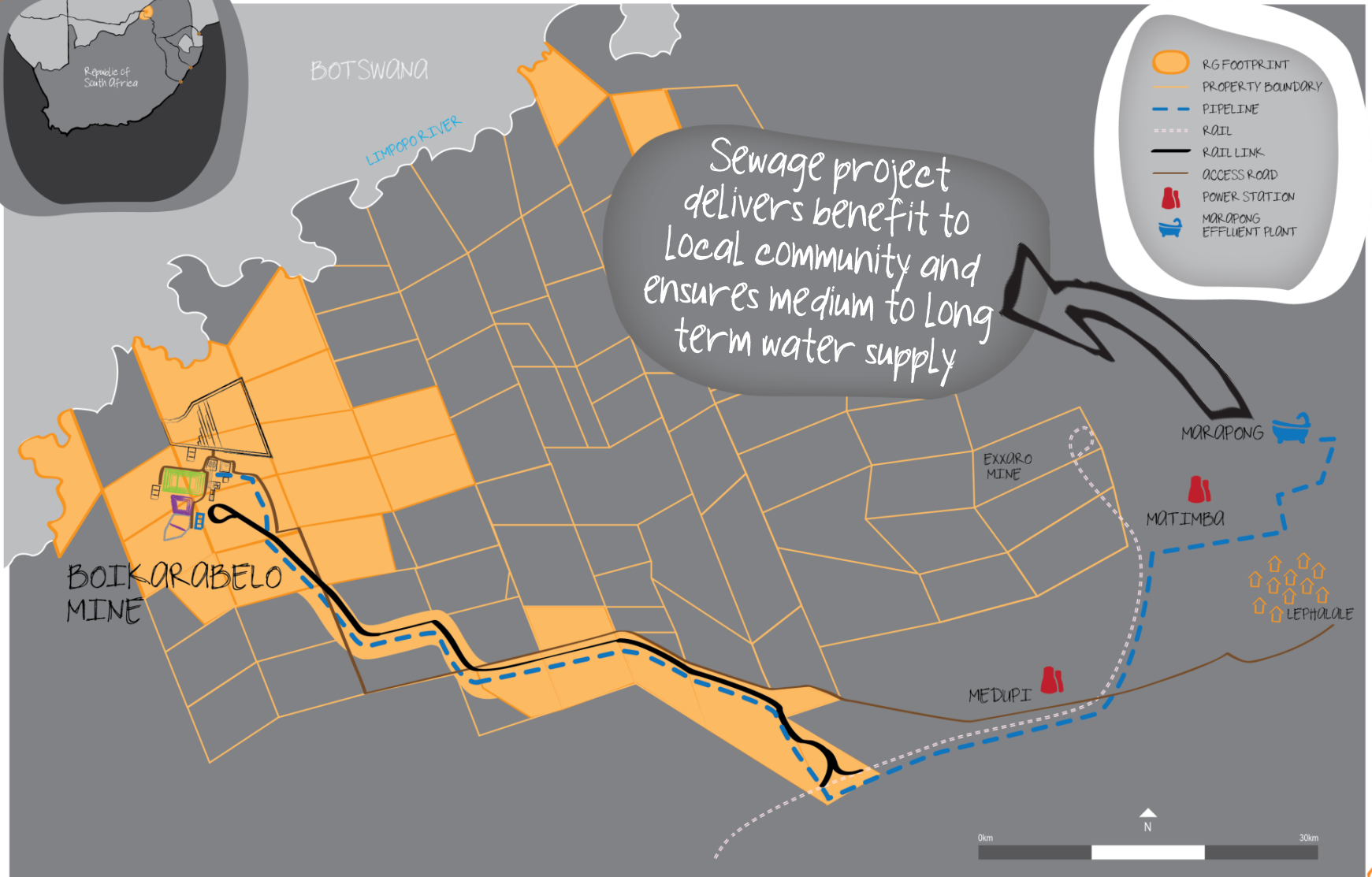


EXPORT CORRIDOR ROUTES FROM PYRAMID SOUTH TO THE PORTS OF MAPUTO, RICHARDS BAY AND DURBAN



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

Sewage project



ASX/JSE codes: RES / RSG
Shares on issue: 262.9 million
Options on issue: 7.1 million
Cash on hand: A\$14.1 million



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

