



resource generation

Investor Update
Aug 2012

ASX: RES
TSE: RSG
ADR: RSGNY

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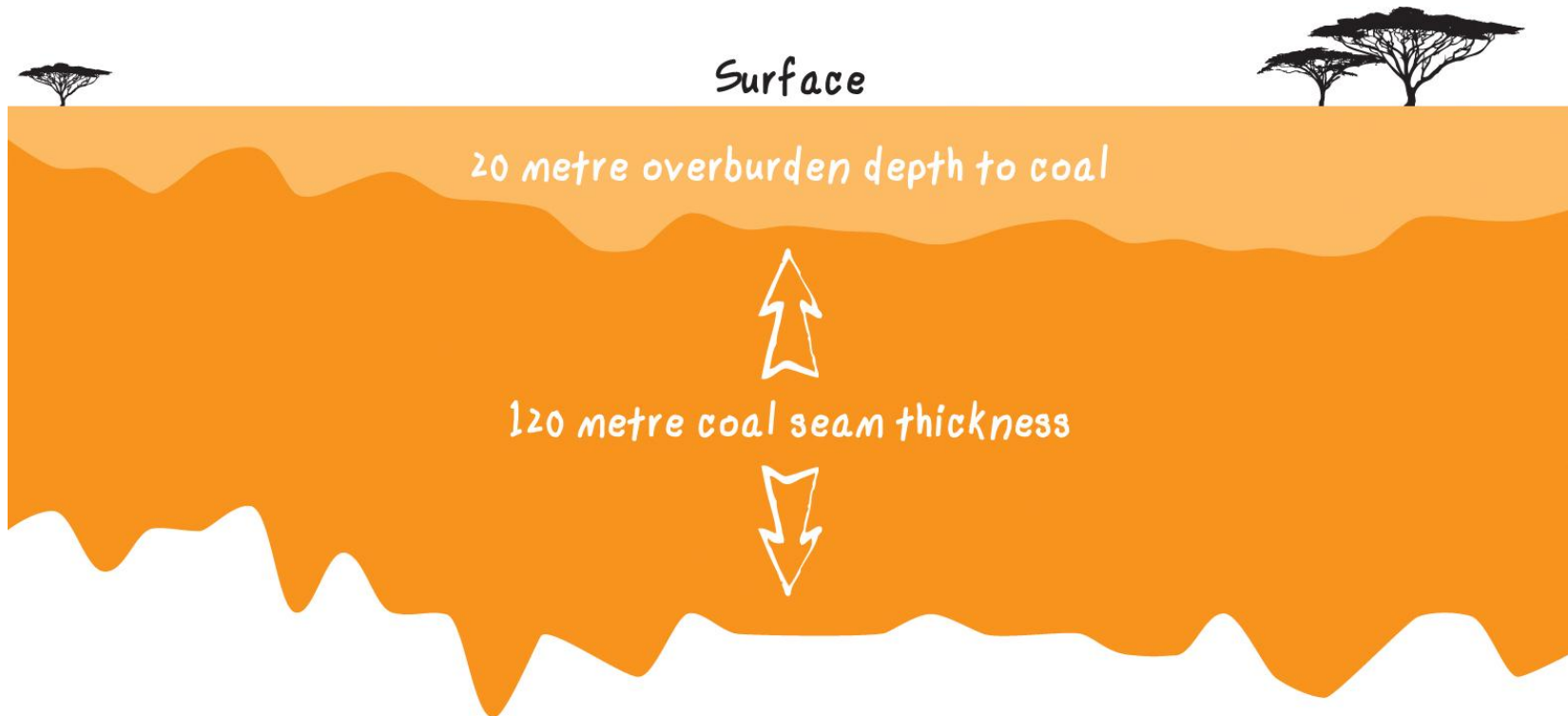
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Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. 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.

Thick coal seam, minimal overburden



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



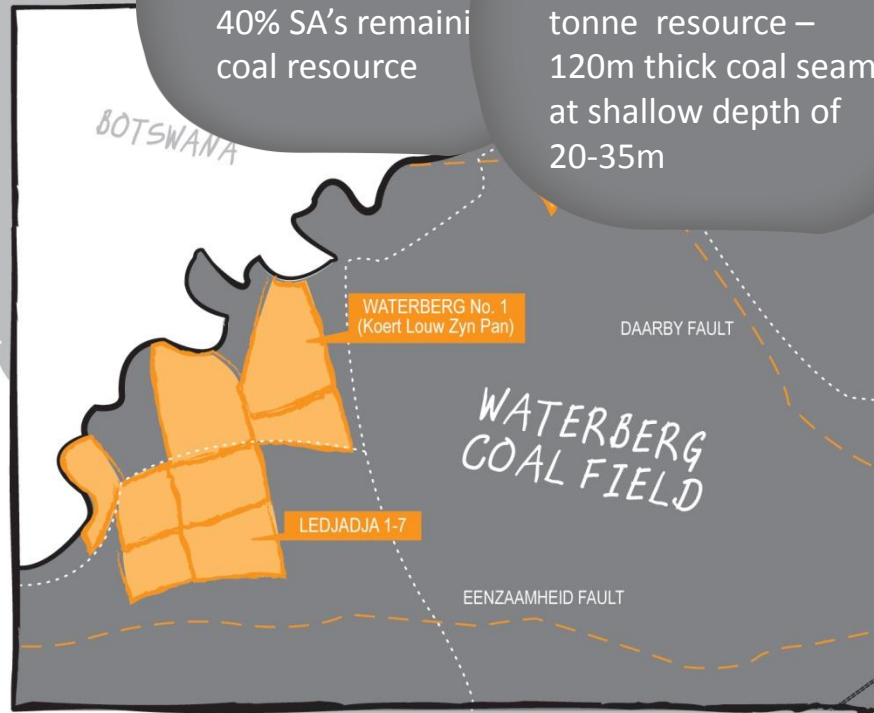
South Africa: the Boikarabelo opportunity



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

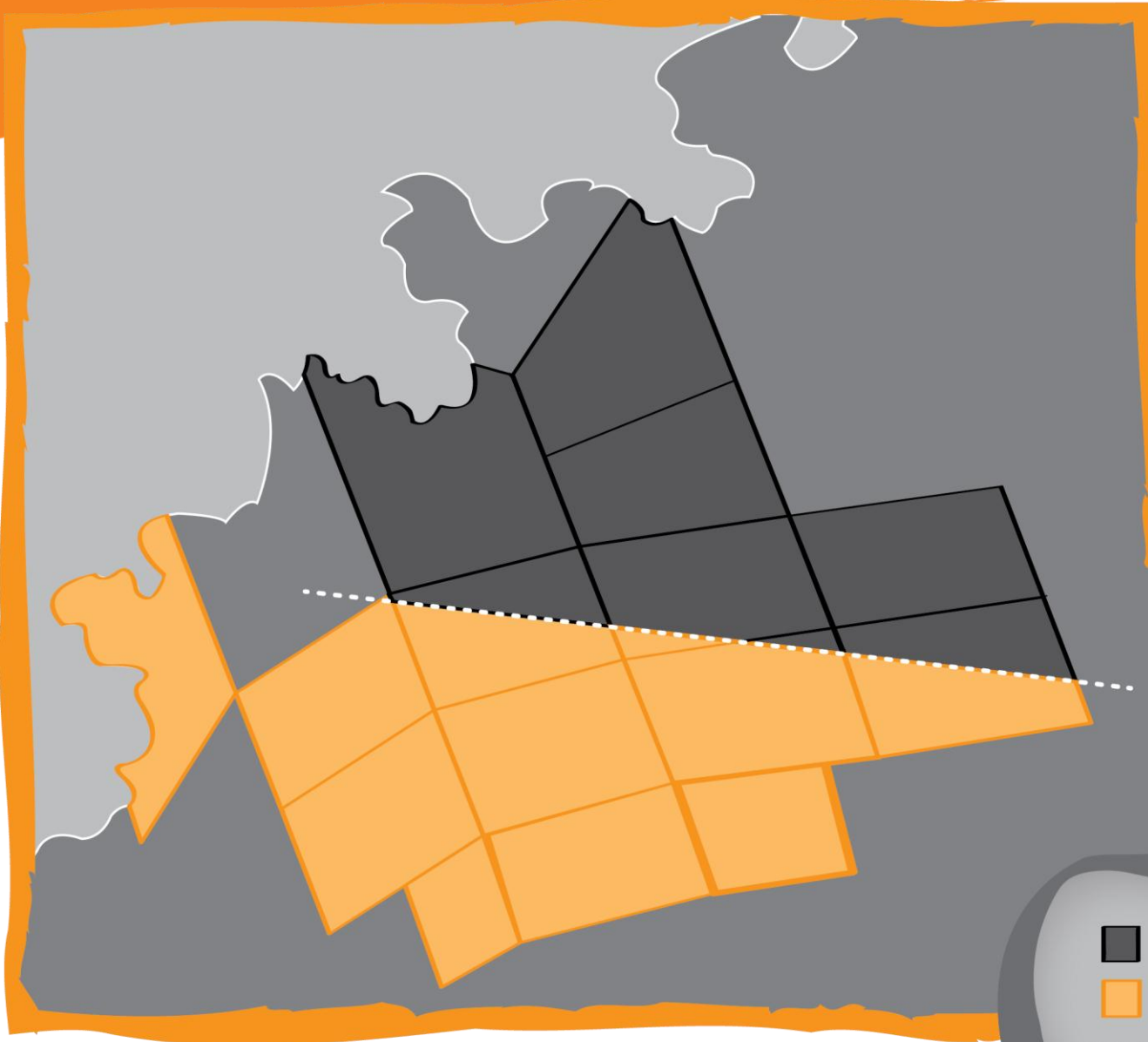
Current probable reserve
= 745 million tonnes .
Progressing to mine
development.



Major resource
Large Low cost
mine

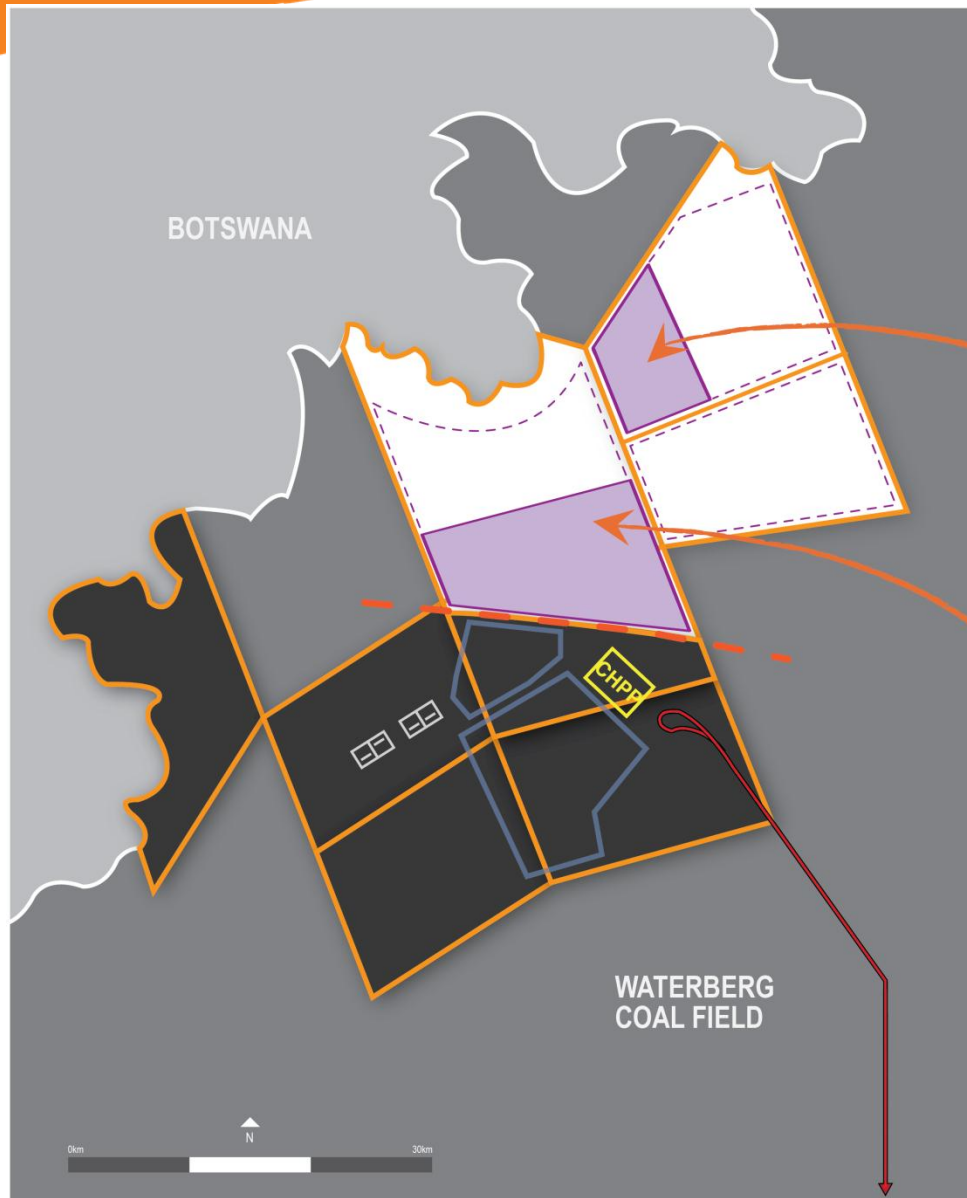


Waterberg coalfield is defined through a series of major faults. One of these flows through the middle of our tenements providing a convenient divide to locate infrastructure.



- COAL
- INFRASTRUCTURE
- FAULT

Resource & reserve: 6.4 billion tonne resource



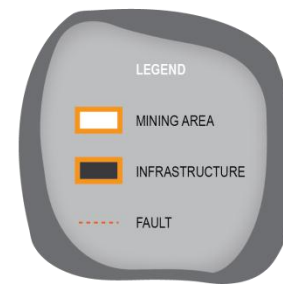
745 million tonnes
Probable Reserve

So far
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

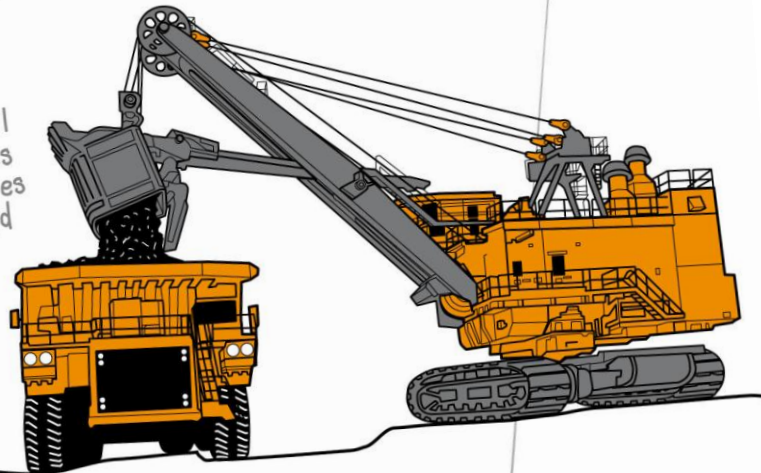


2 STAGE MINE DEVELOPMENT

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.

14mtpa ROM

6mtpa product =

3mtpa 14% ash

export,

3mtpa middlings

domestic

Funding – Project finance + equity to provide total capital expenditure

Considerable number of banks comfortable with project. Mandate for a PFA near complete.

Total capex
~\$630m

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

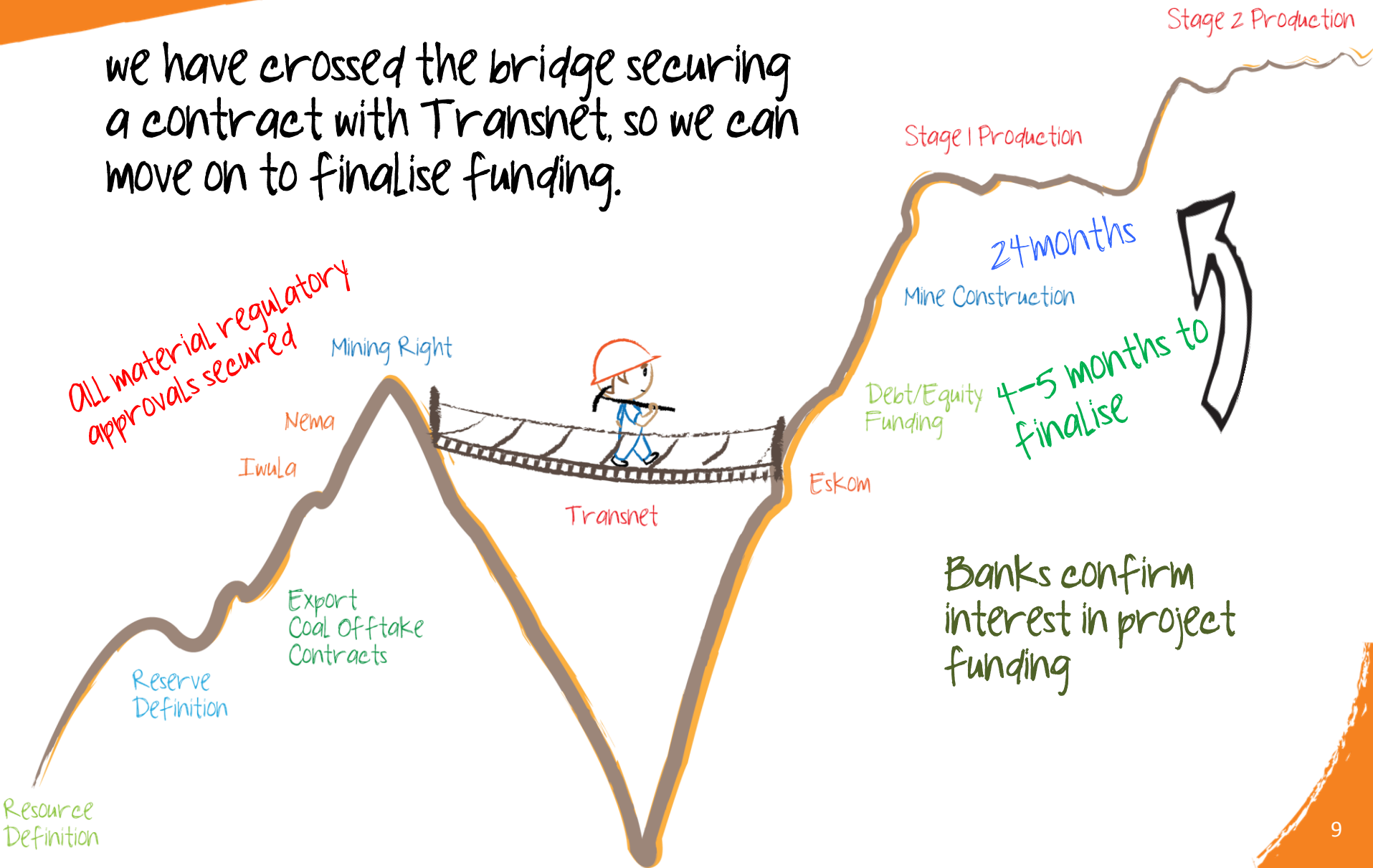


Due Diligence Leading to credit approval process now commenced.

Approvals & contract clear the way



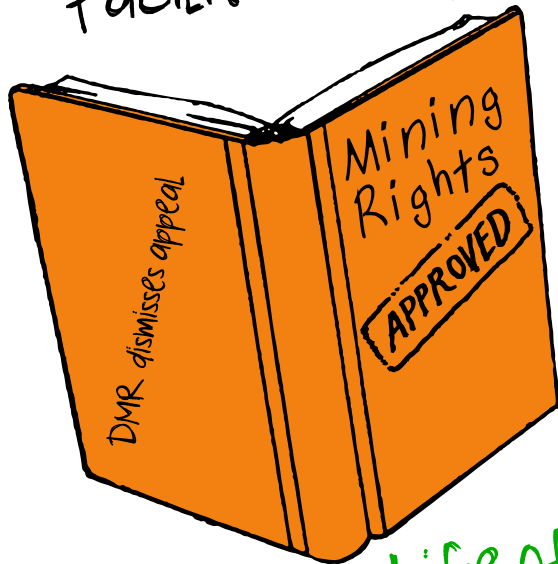
we have crossed the bridge securing a contract with Transnet, so we can move on to finalise funding.



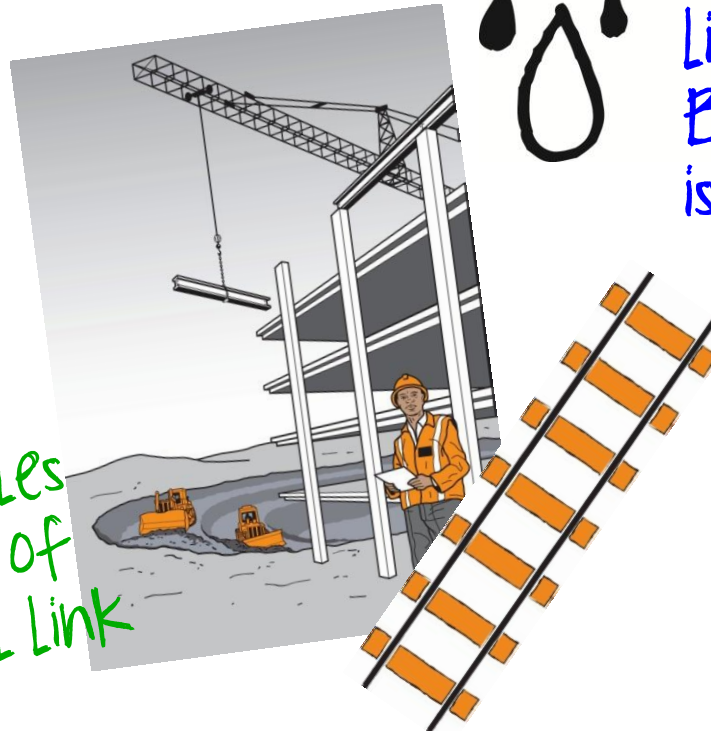
Effective BEE enables regulatory progress



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.



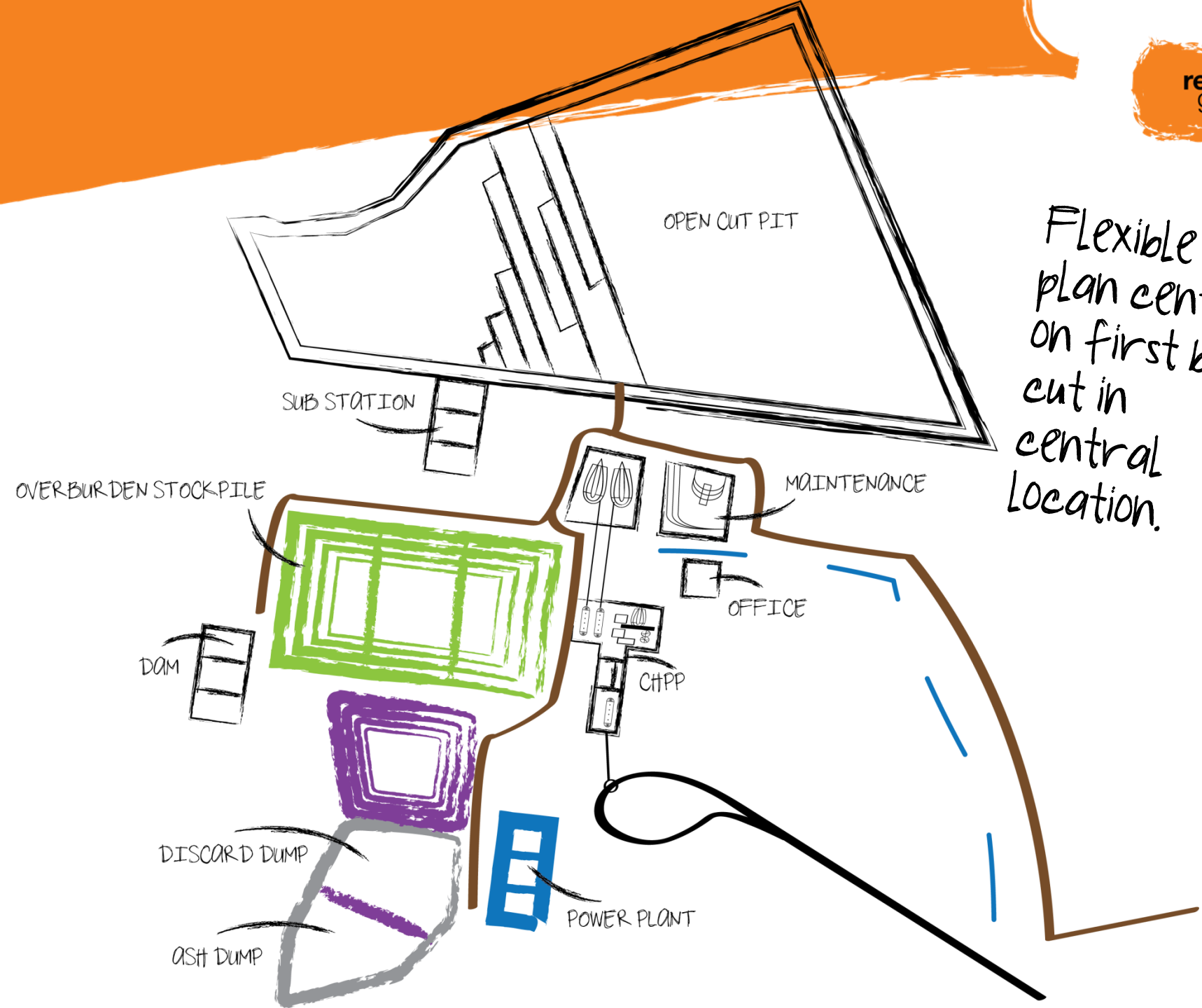
Water use Licence for Borefield issued.

Boikarabelo footprint

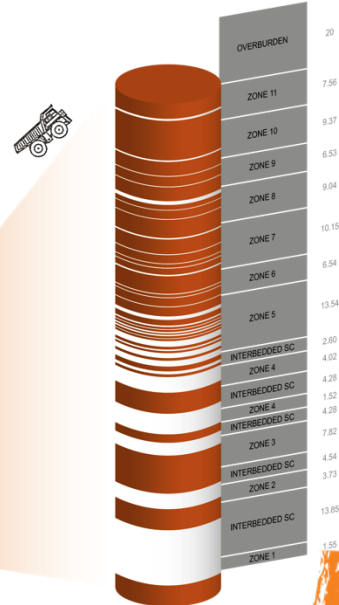
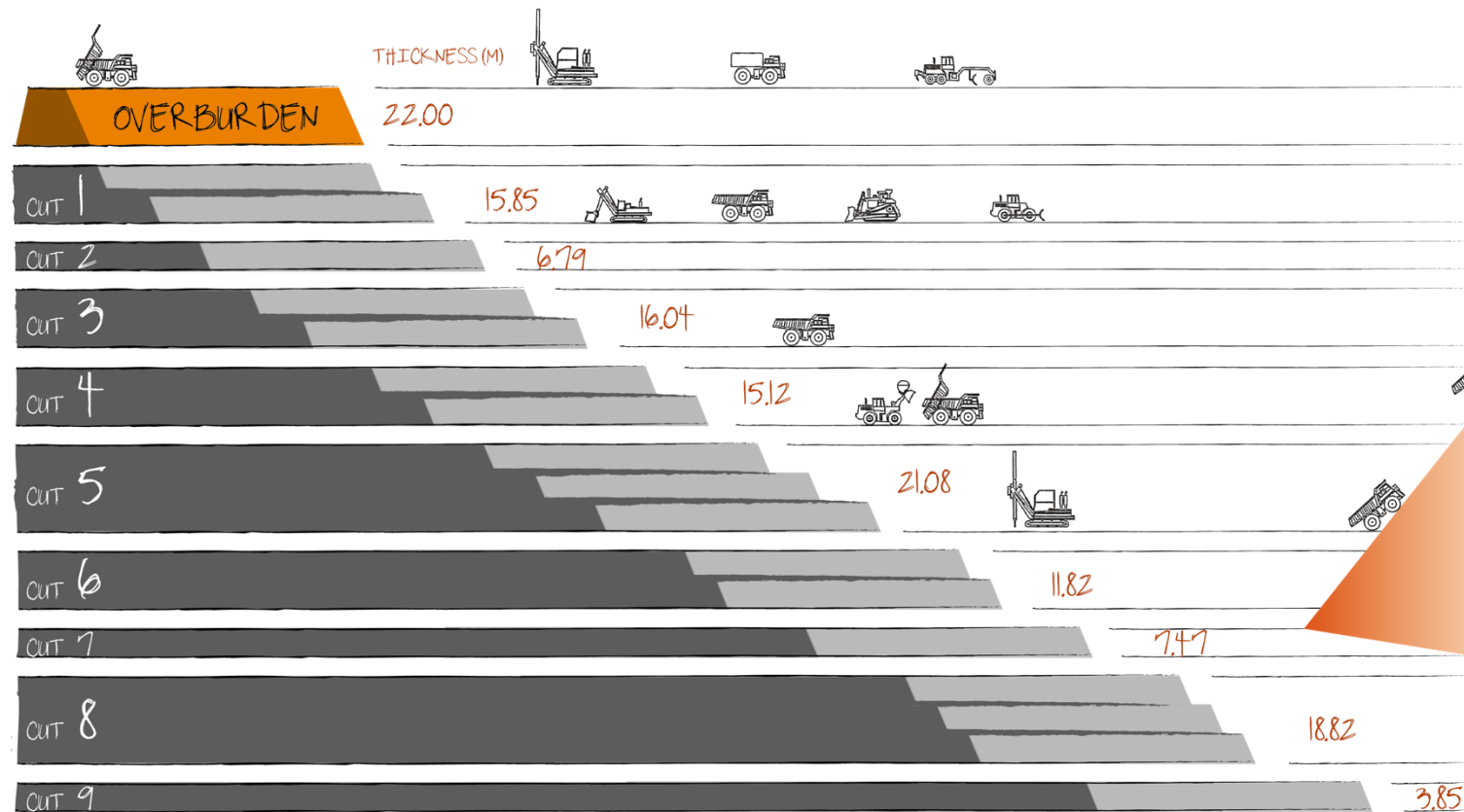
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Flexible mine
plan centred
on first box
cut in
central
location.



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

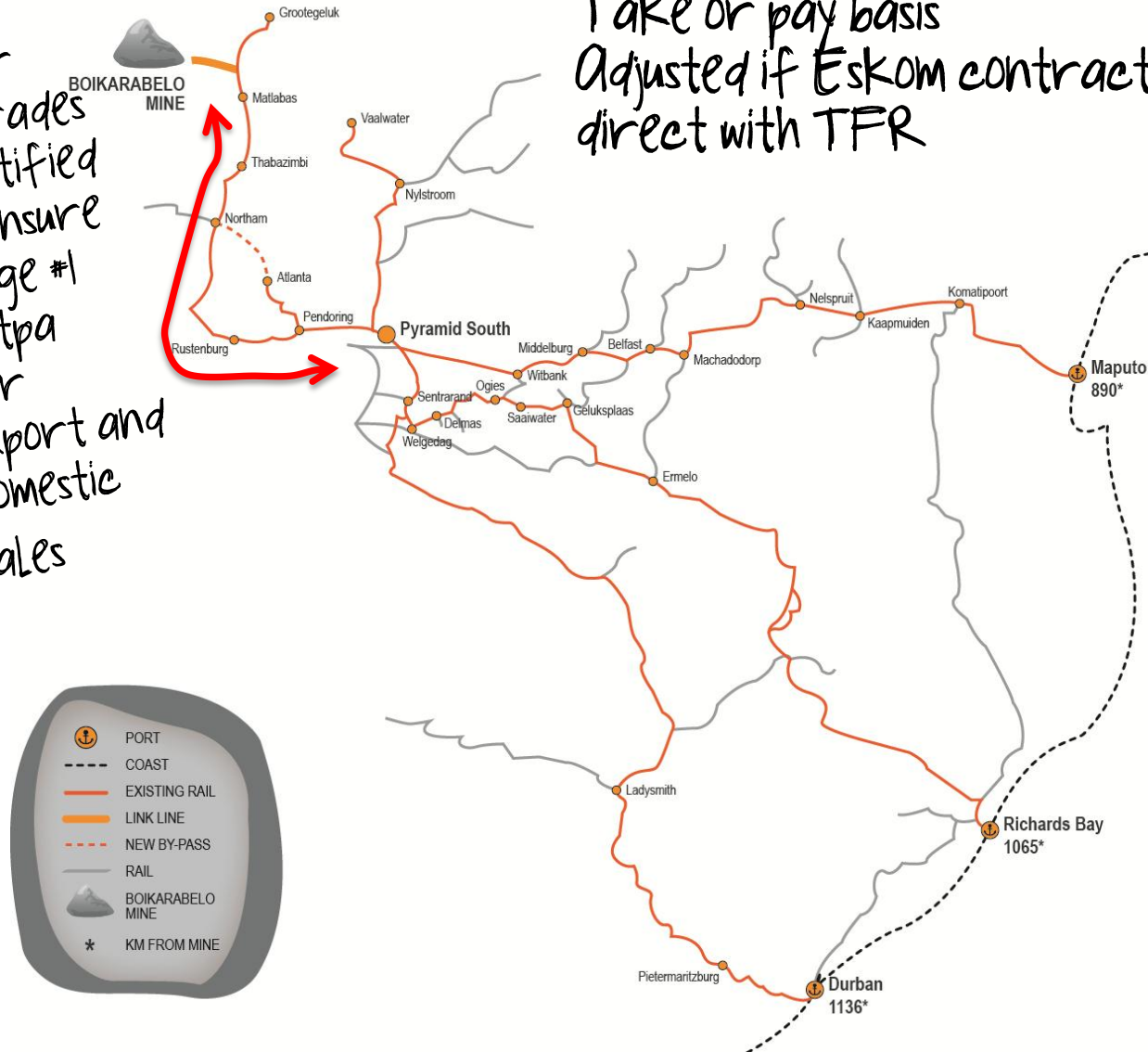


Rail system to east coast ports

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Transnet – contract signed.
Take or pay basis
Adjusted if Eskom contract
direct with TFR

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



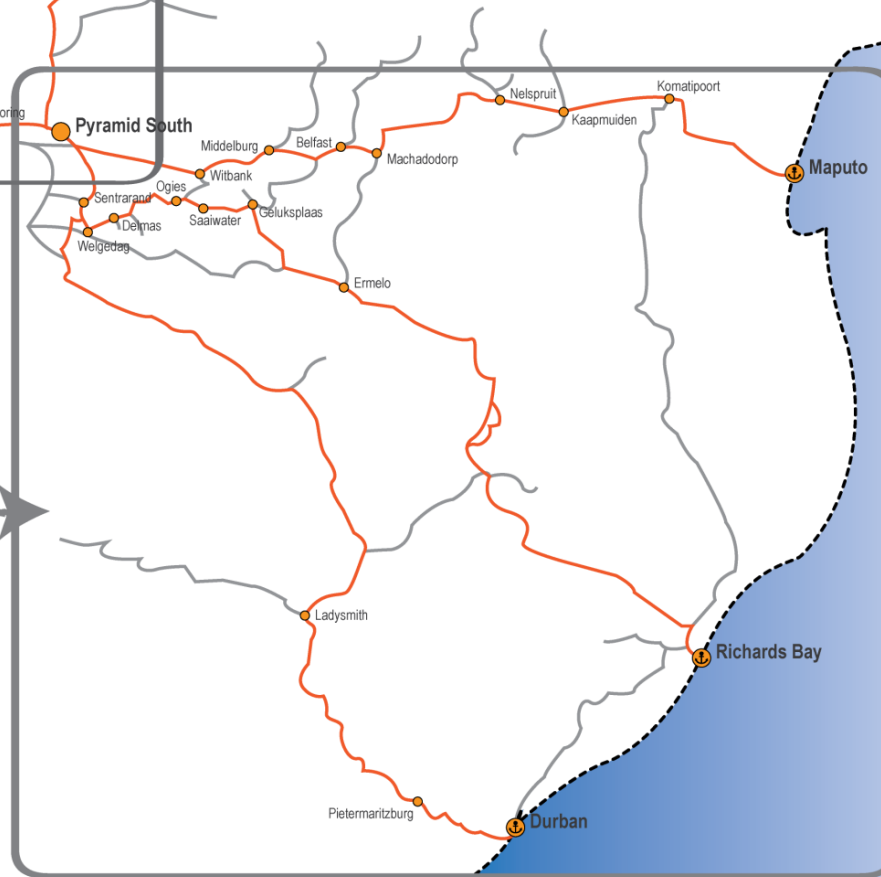
Rail studies: capacity to meet projected production targets

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

Major item of capital expenditure

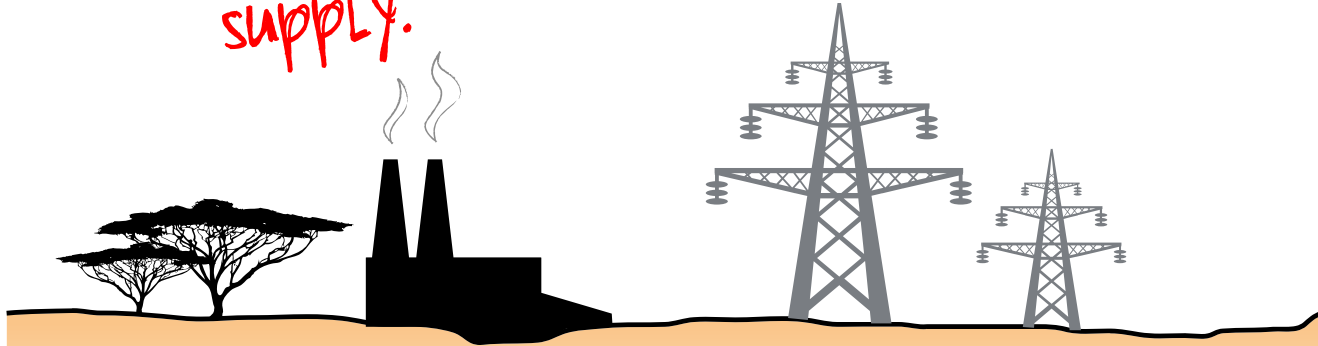
Currently assessing 2 designs at FEED status to ensure optimal yield..

2 independent process consultant reviews available to ITE.

Model based on most conservative capex, reduction is possible



Two options for power supply.

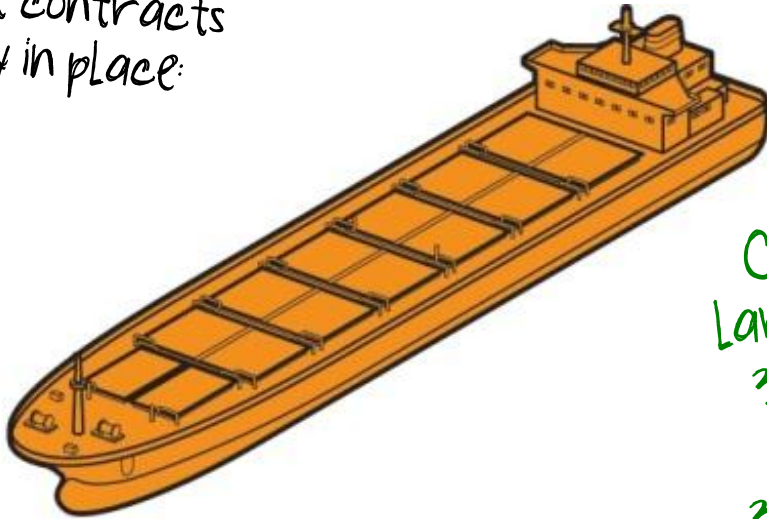


- Site based power station ~ preferred tender selection completed. Decision to proceed deferred pending separate funding.
- Eskom supply from new Medupi power stn secured – provides adequate supply

Reduces up front capital required.

Attributes that support funding

2 Export contracts
already in place:



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

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

CESC India's 3rd
largest power utility:
38 year contract:
1 mtpa 1st 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

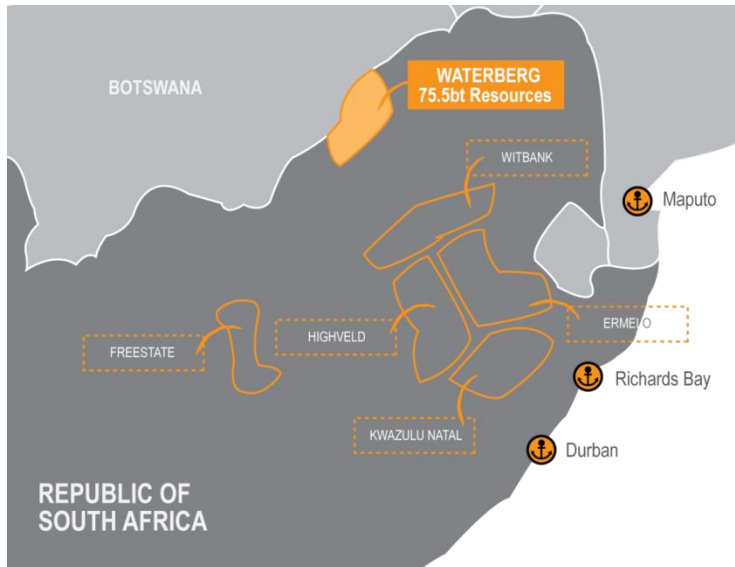
Domestic demand – agreement with Eskom near complete



Eskom have conducted test burn results and are happy with middlings coal.

Have targeted two power stations for direct feed.

Agreement or spot sale: desperate for new supply in 2014/15.



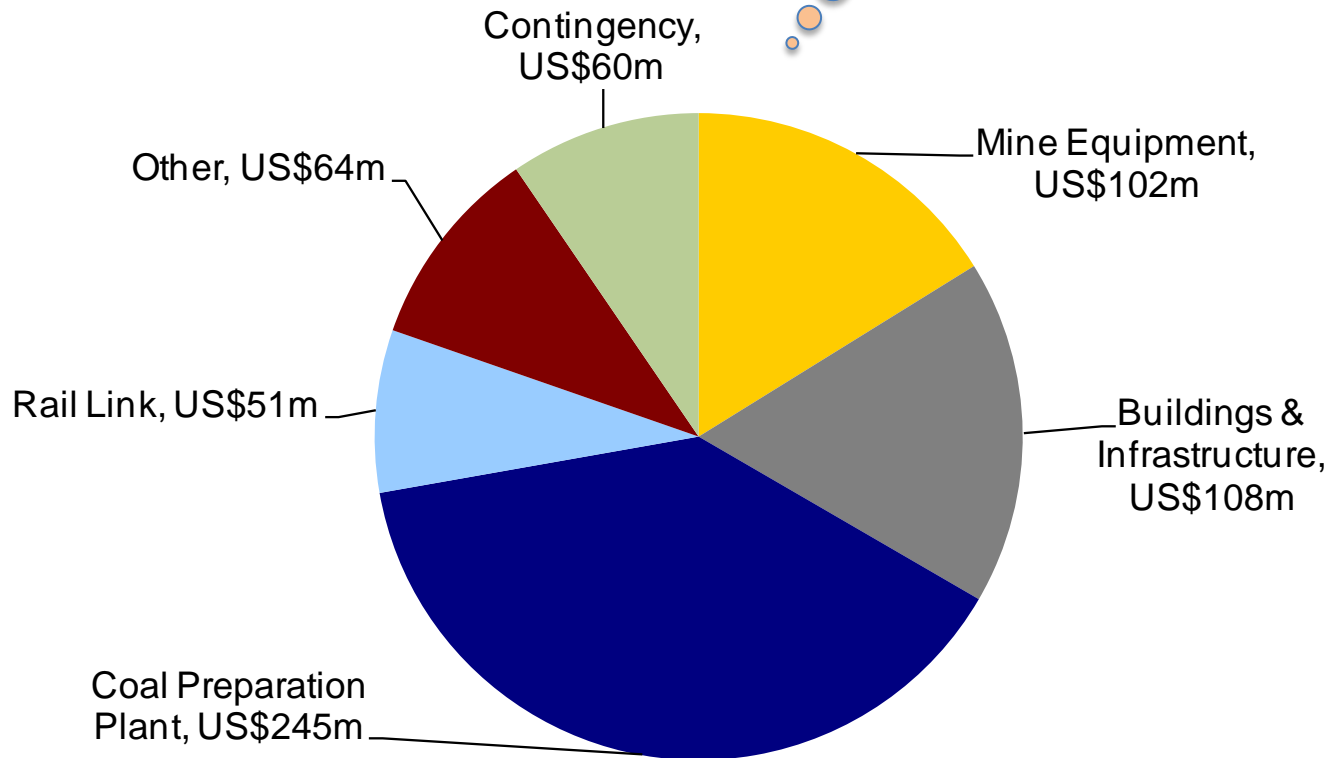
Production from Witbank/Highveld/ErmeLO fields stagnating - future supply now considered finite



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

Capex, now reduced...

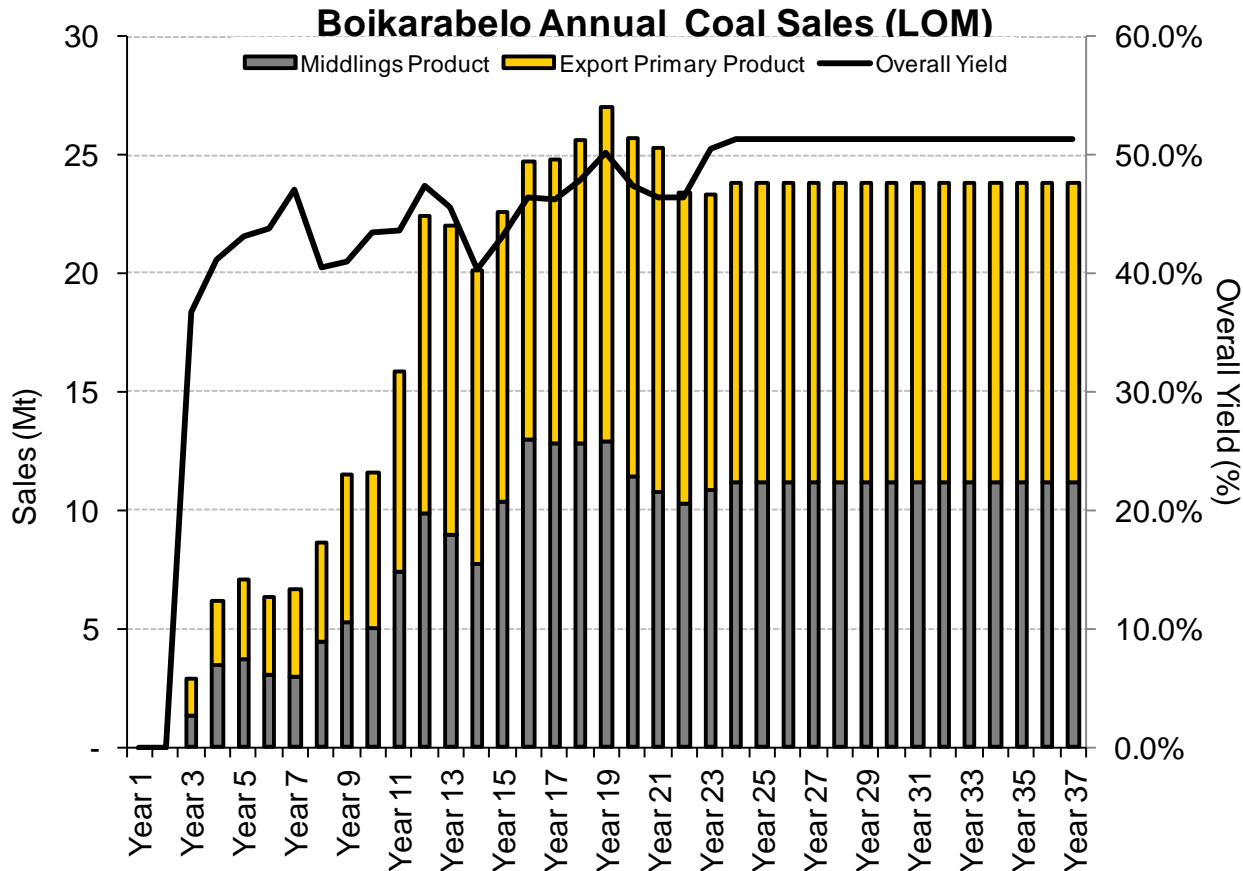
\$630m (real)



Power Station cost estimated to be ~US\$120m is now deferred due to direct connection with Eskom.

□ The capital costs shown here are presented as real 2012 dollars, excluding the effects of inflation.

Production Stage I & Stage II



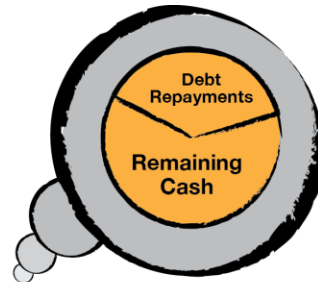
Total production shown equates to approximately the current Reserve of 745Mt.

Note this is only 35% of current resource area, so many more years of production possible.

Capital raising - all to do with funding?



Cash Flow



Successful debt funding
substantiates cash flows which in
turn underwrite enterprise
value.

Due diligence by banks is
extensive and thorough.

Investment decisions made on
valuation, not share price.



~\$2 SHAREHOLDER VALUE



~\$1 DEBT





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