



resource generation

Investor Update
Aug 2012

ASX: RES
JSE: RSG
ADR: RSGNY

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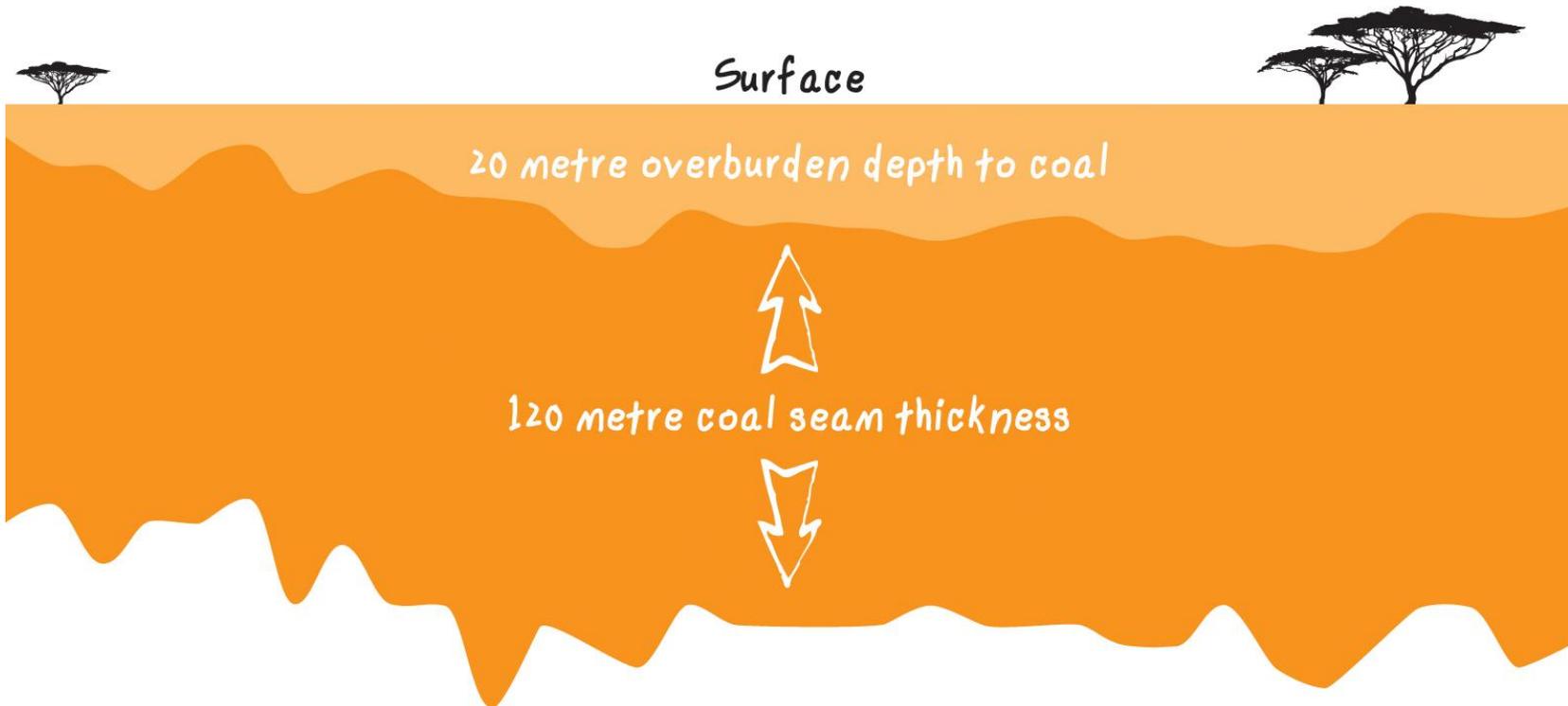
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Information in this presentation that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation.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



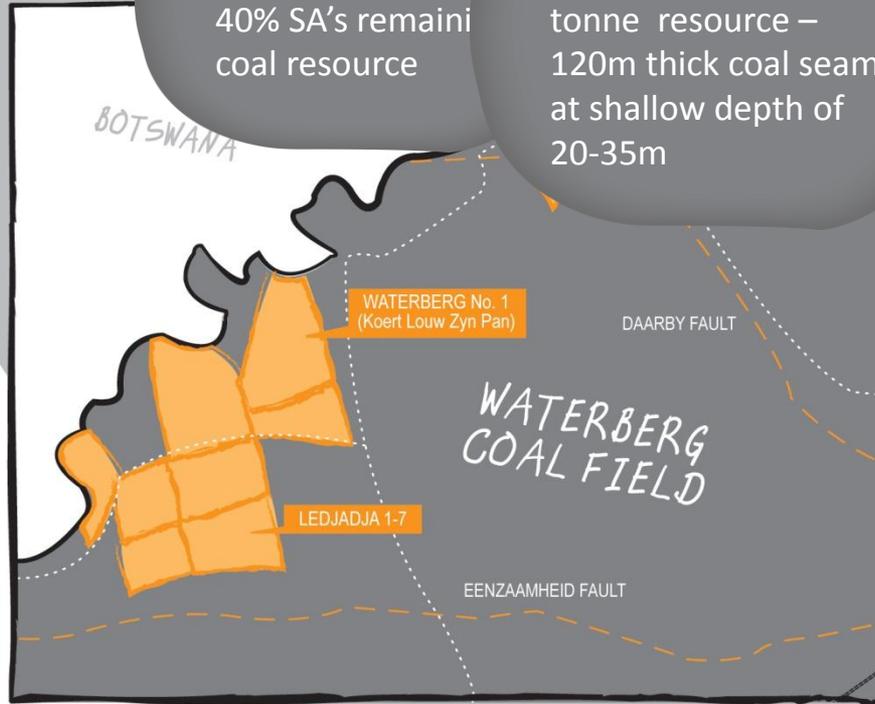
South Africa: the Boikarabelo opportunity



Waterberg Coalfield:
40% SA's remaining
coal resource

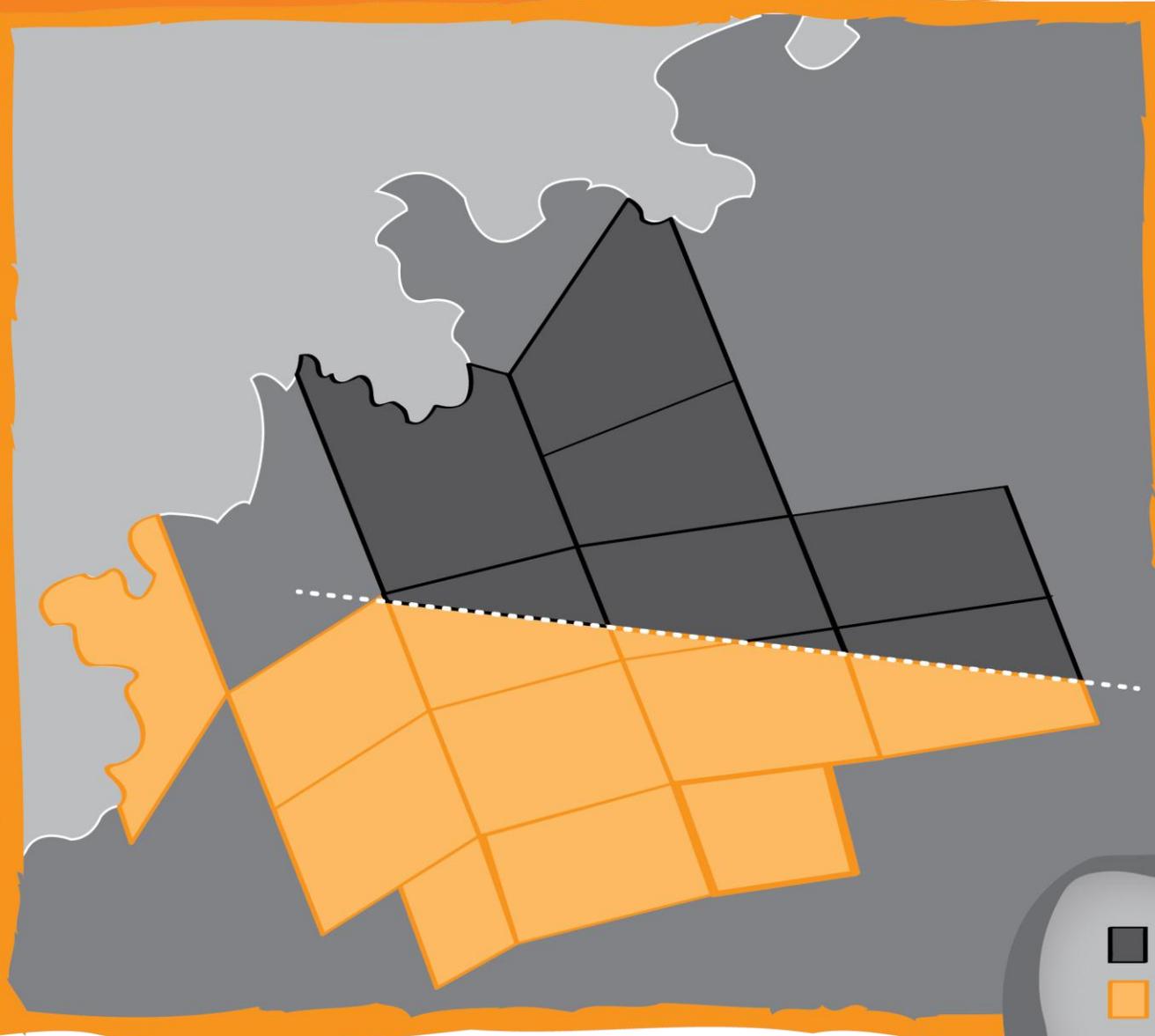
RES' Boikarabelo mine
– major 6.4 billion
tonne resource –
120m thick coal seam
at shallow depth of
20-35m

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

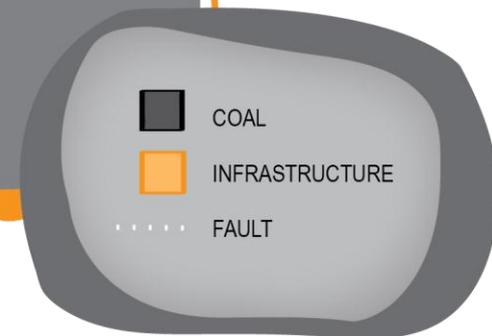


Major resource
Large Low cost
mine

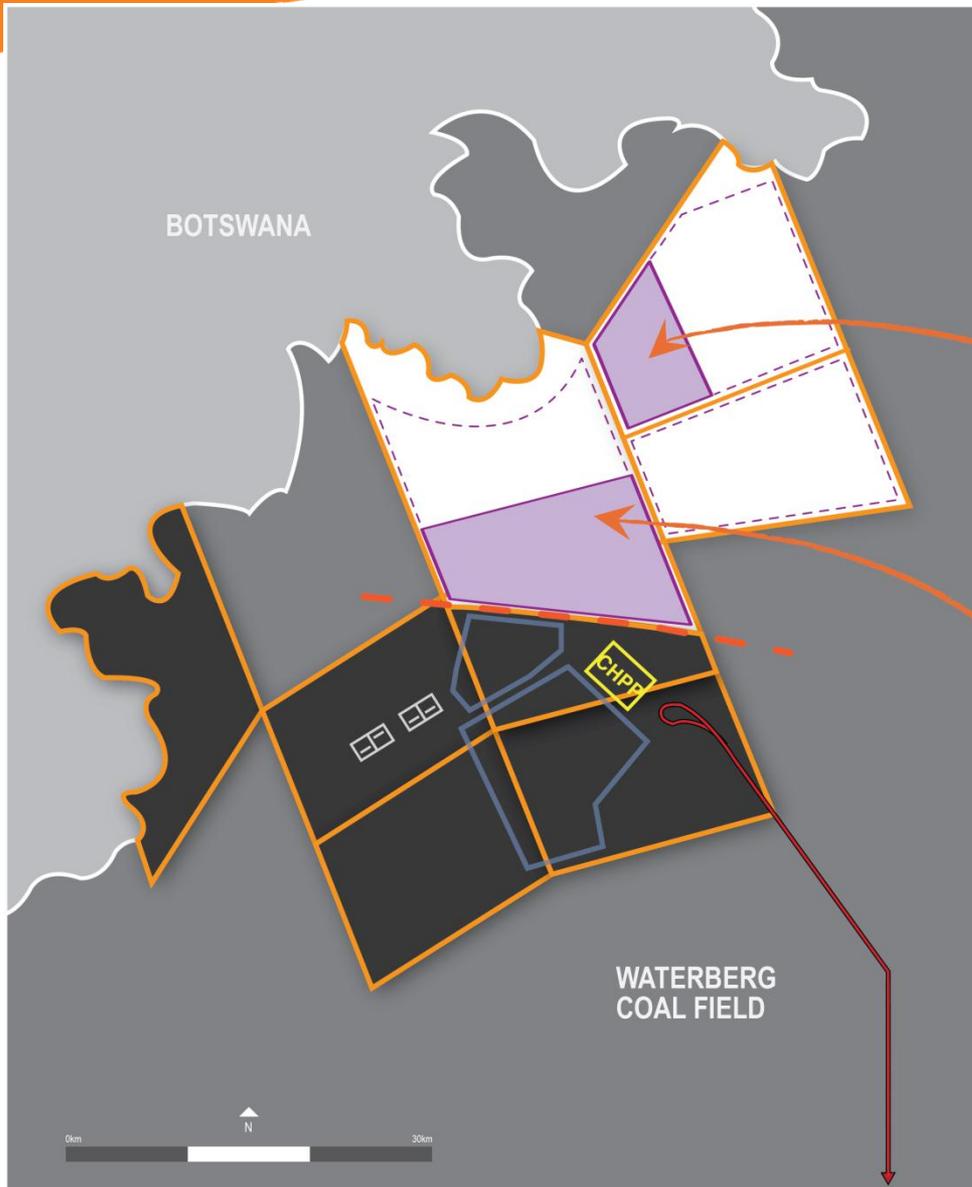




Waterberg coalfield is defined through a series of major faults. One of these flows through the middle of our tenements providing a convenient divide to locate infrastructure.



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

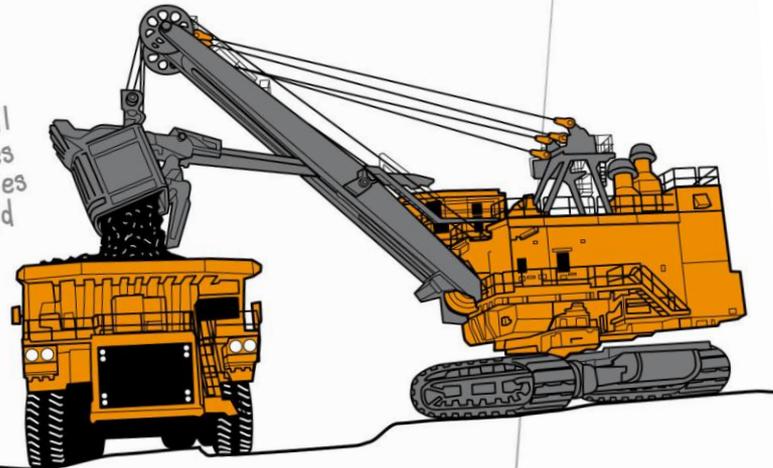


2 STAGE MINE DEVELOPMENT

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 mkts



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.

ALL material regulatory approvals secured

Mining Right

Nema

Iwula

Export Coal offtake Contracts

Reserve Definition

Resource Definition



Transnet

Eskom

Stage 1 Production

Mine Construction

Debt/Equity Funding

4-5 months to finalise

Banks confirm interest in project funding

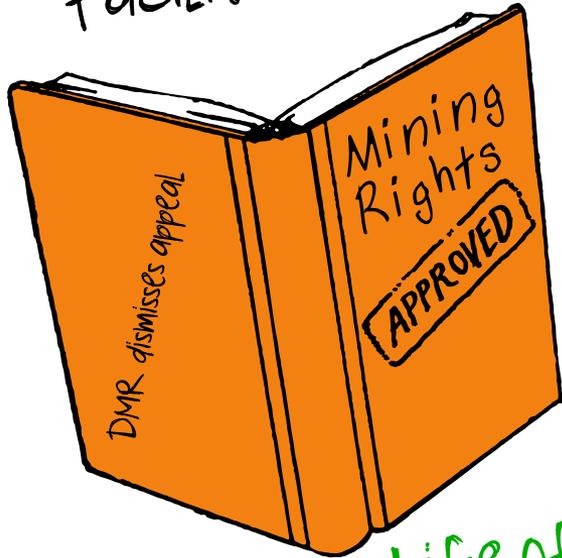
Stage 2 Production



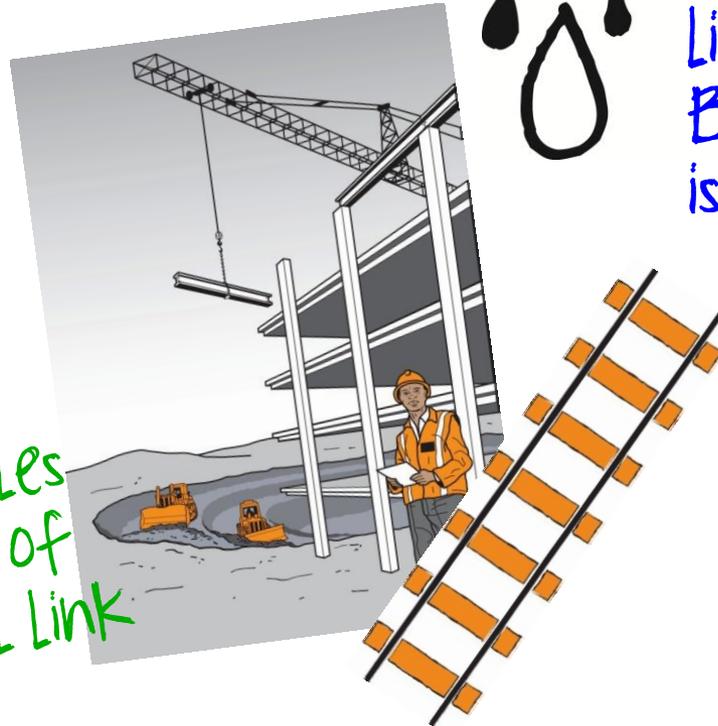
Effective BEE enables regulatory progress



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

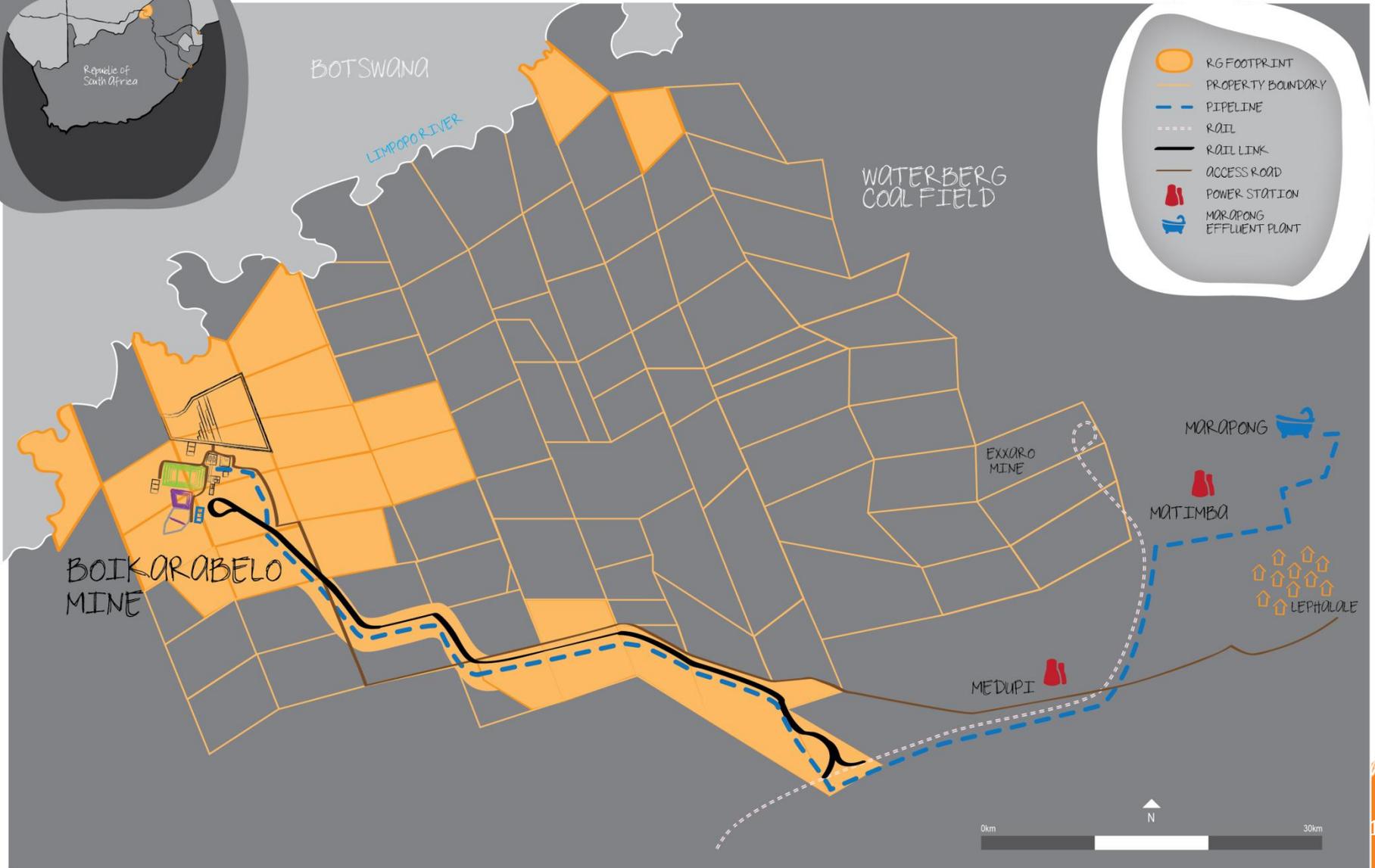


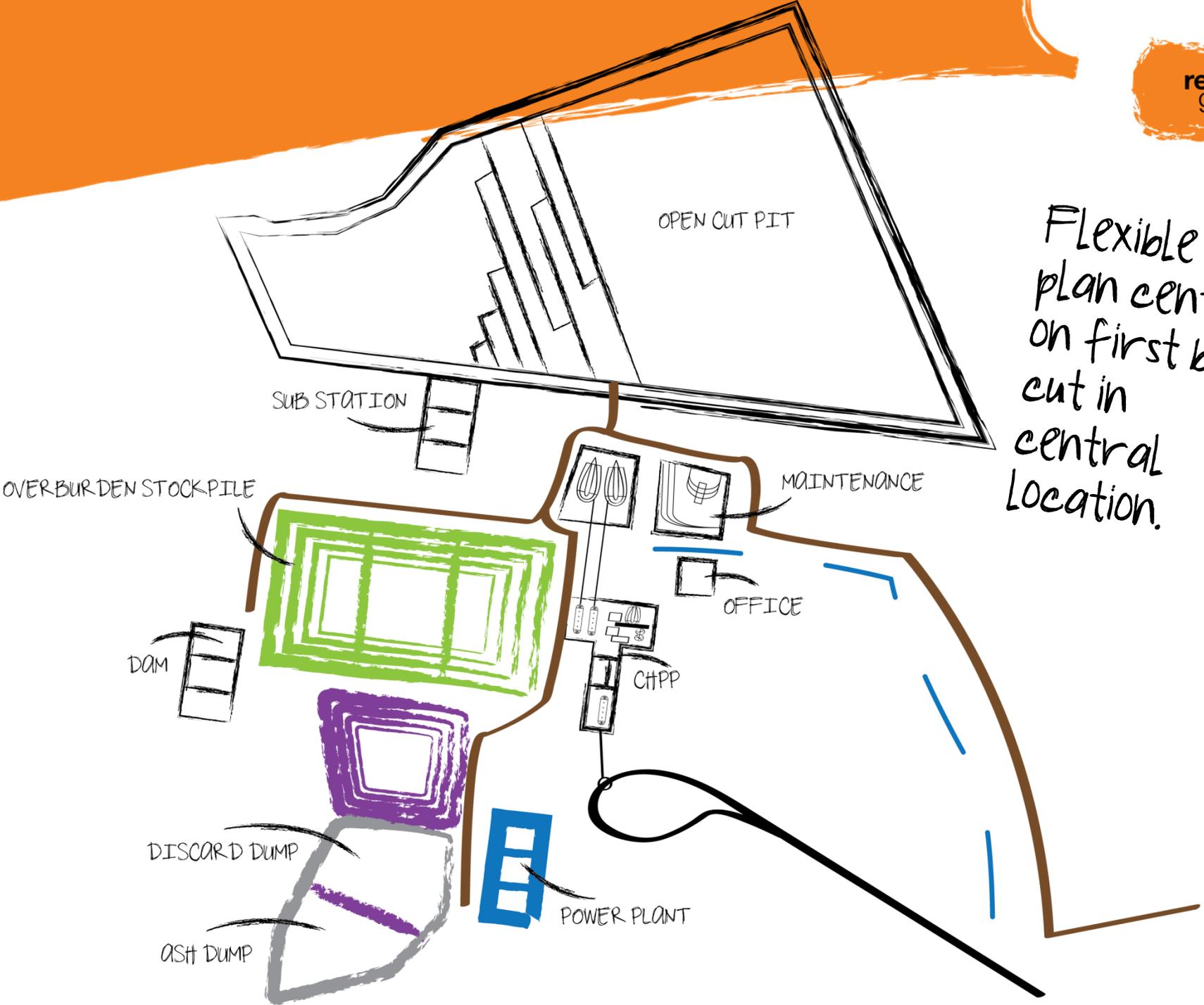
Life of mine Development Consent enables construction of mine and rail link.



Water use Licence for Borefield issued.

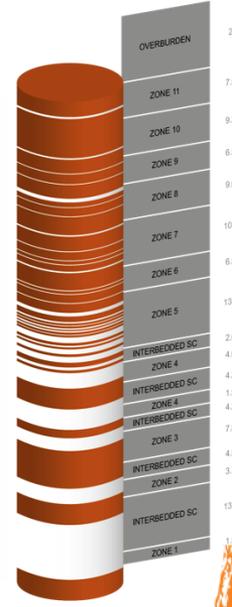
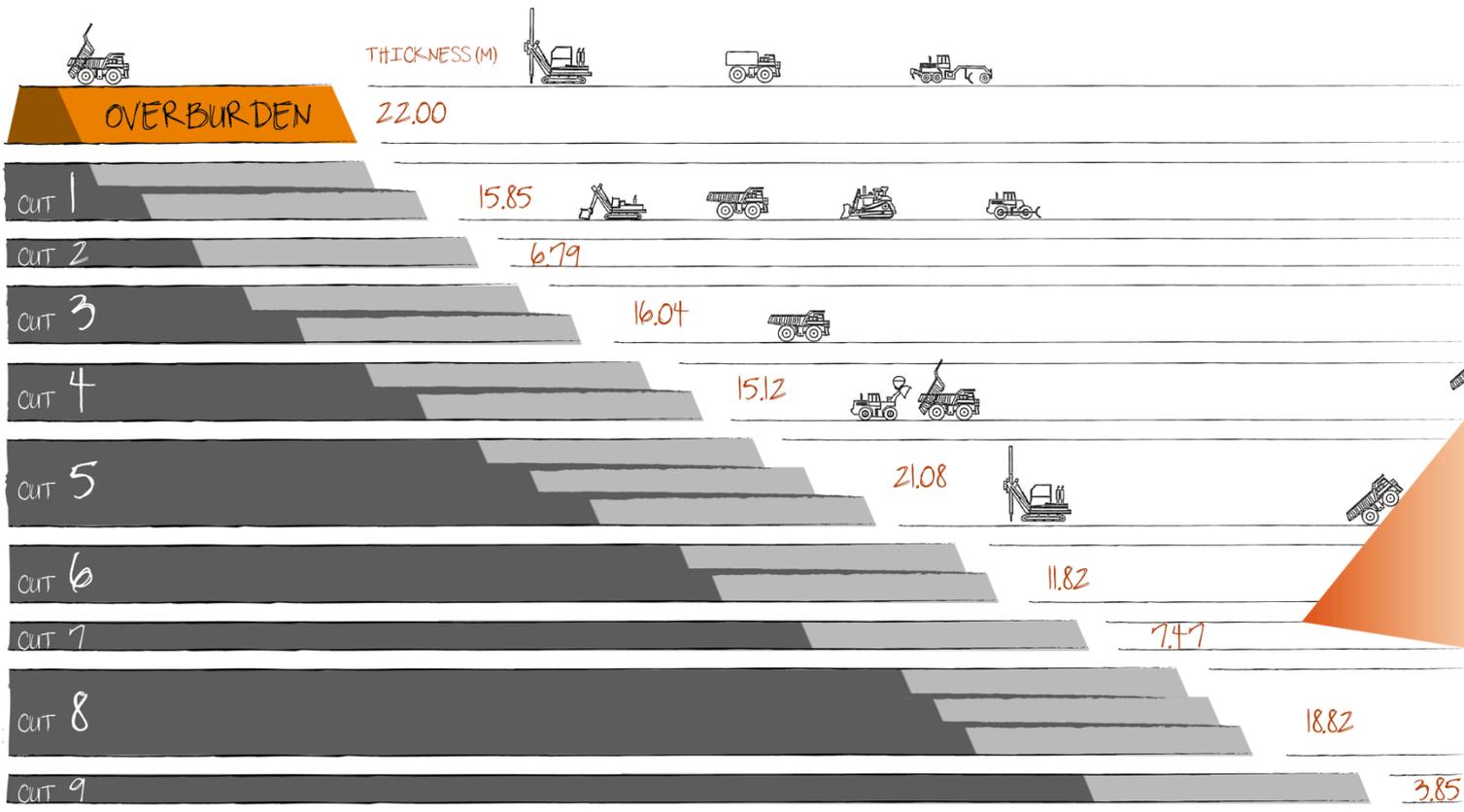
Boikarabelo footprint





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

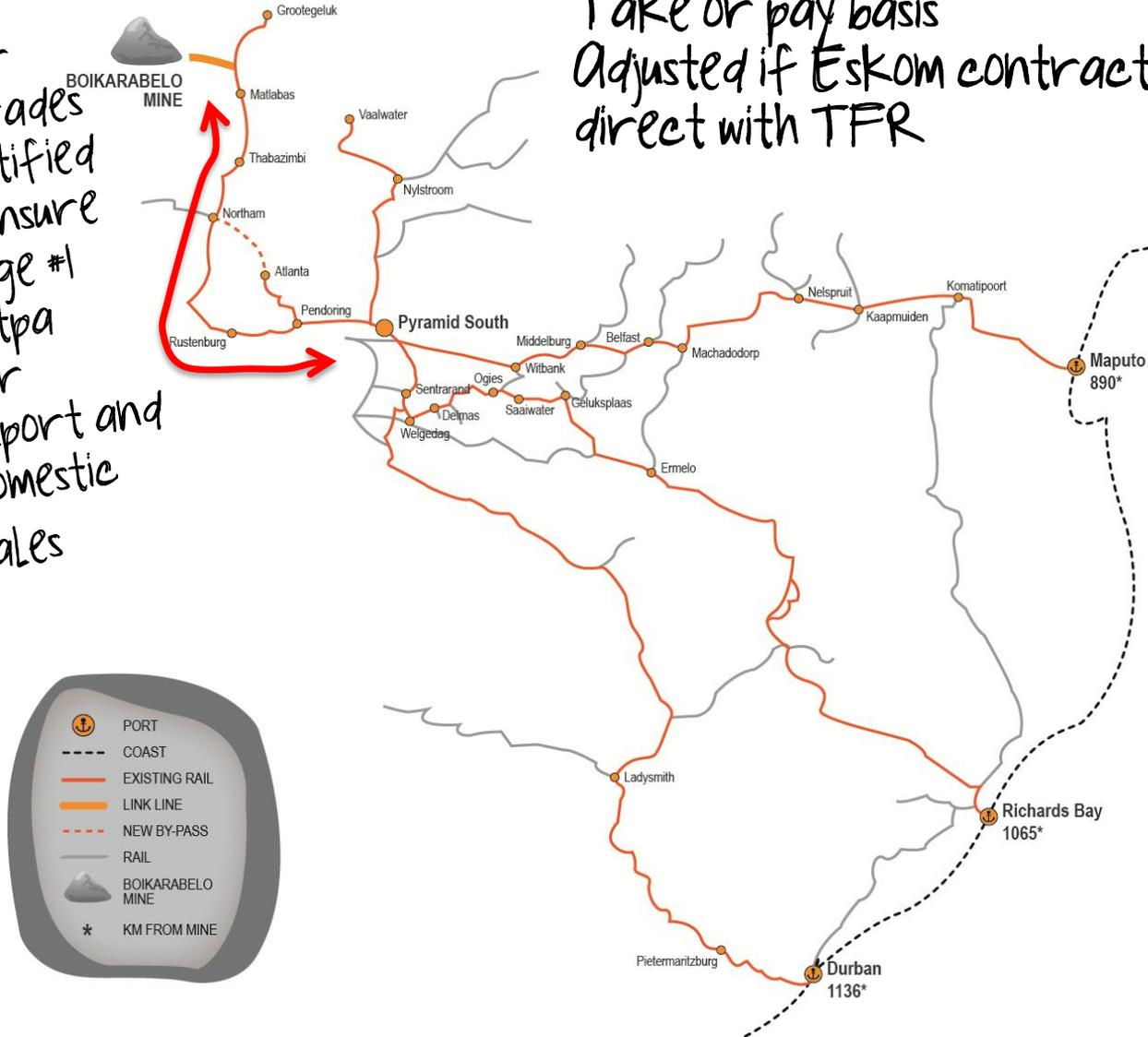
Mining based on 9 major benches with selective mining to optimise in pit yield



Rail system to east coast ports

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

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

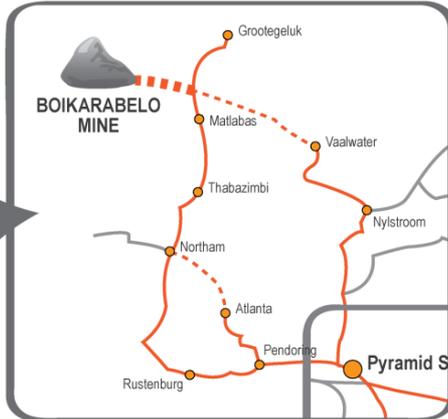


Rail studies: capacity to meet projected production targets

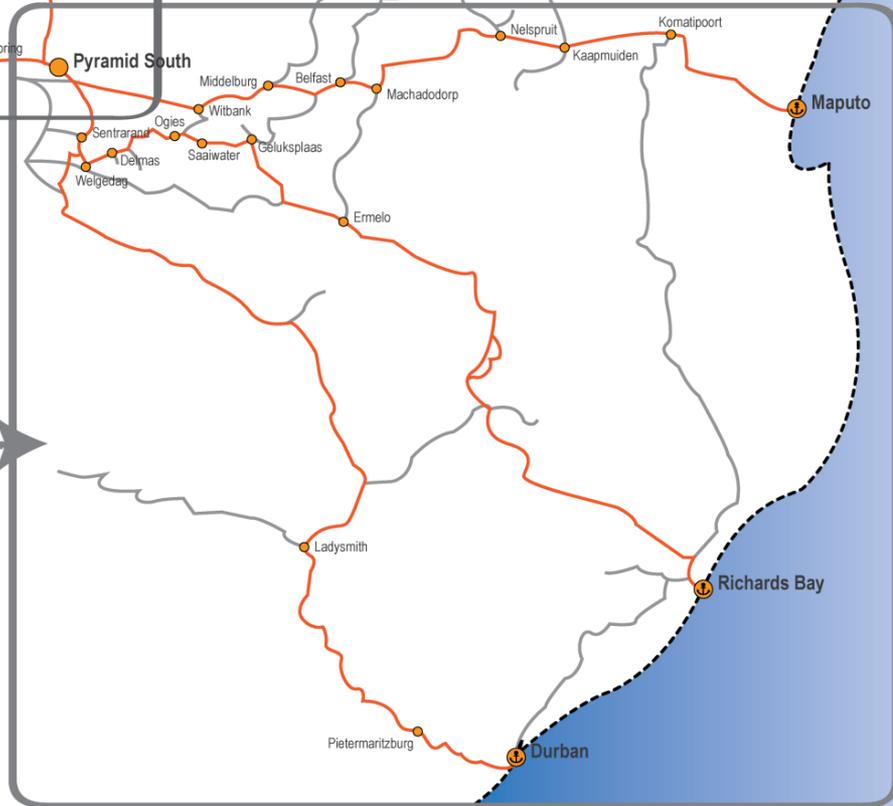


Studies undertaken assessing both rail track infrastructure and capacity as well as additional rolling stock requirements

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.



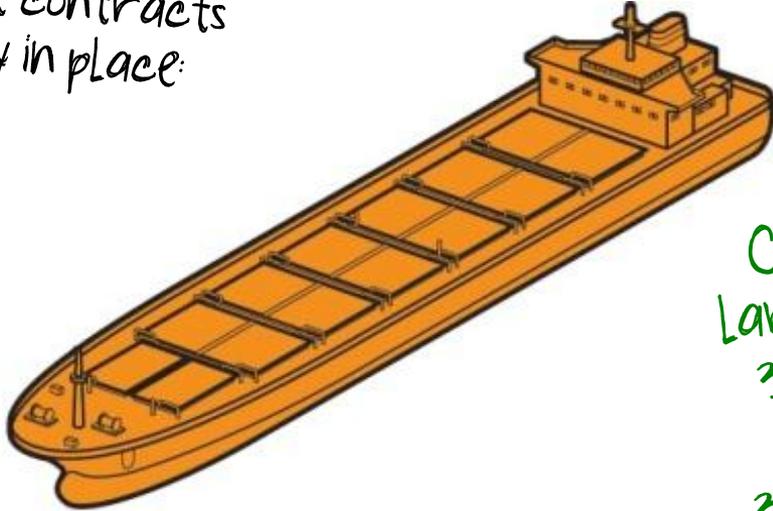
- Site based power station ~ preferred tender selection completed, Decision to proceed deferred pending separate funding.
- Eskom supply from new Medupi power stn secured – provides adequate supply

Reduces up front capital required.

Attributes that support funding

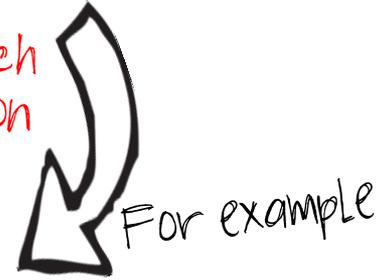


2 Export contracts already in place:



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

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

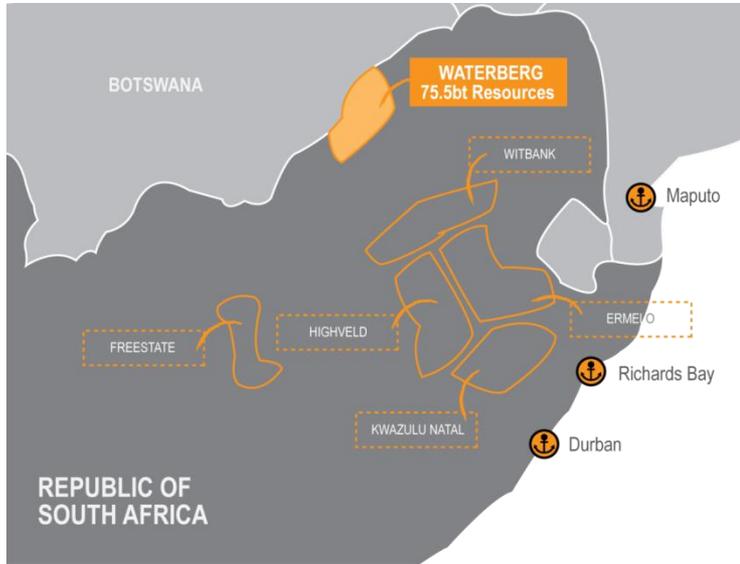
Domestic demand – agreement with Eskom near complete



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.



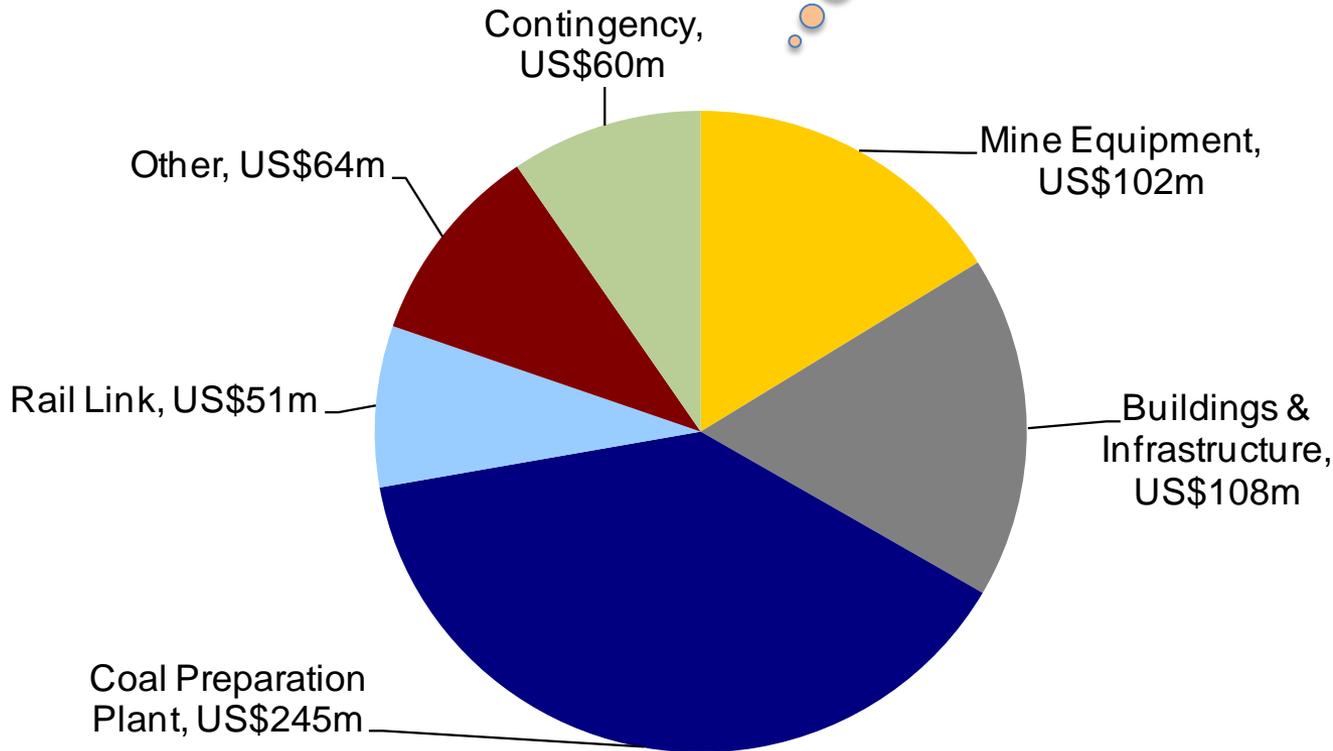
Production from Witbank/Highveld/Ermelo fields stagnating - future supply now considered finite



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

Capex, now reduced...

\$630m (real)



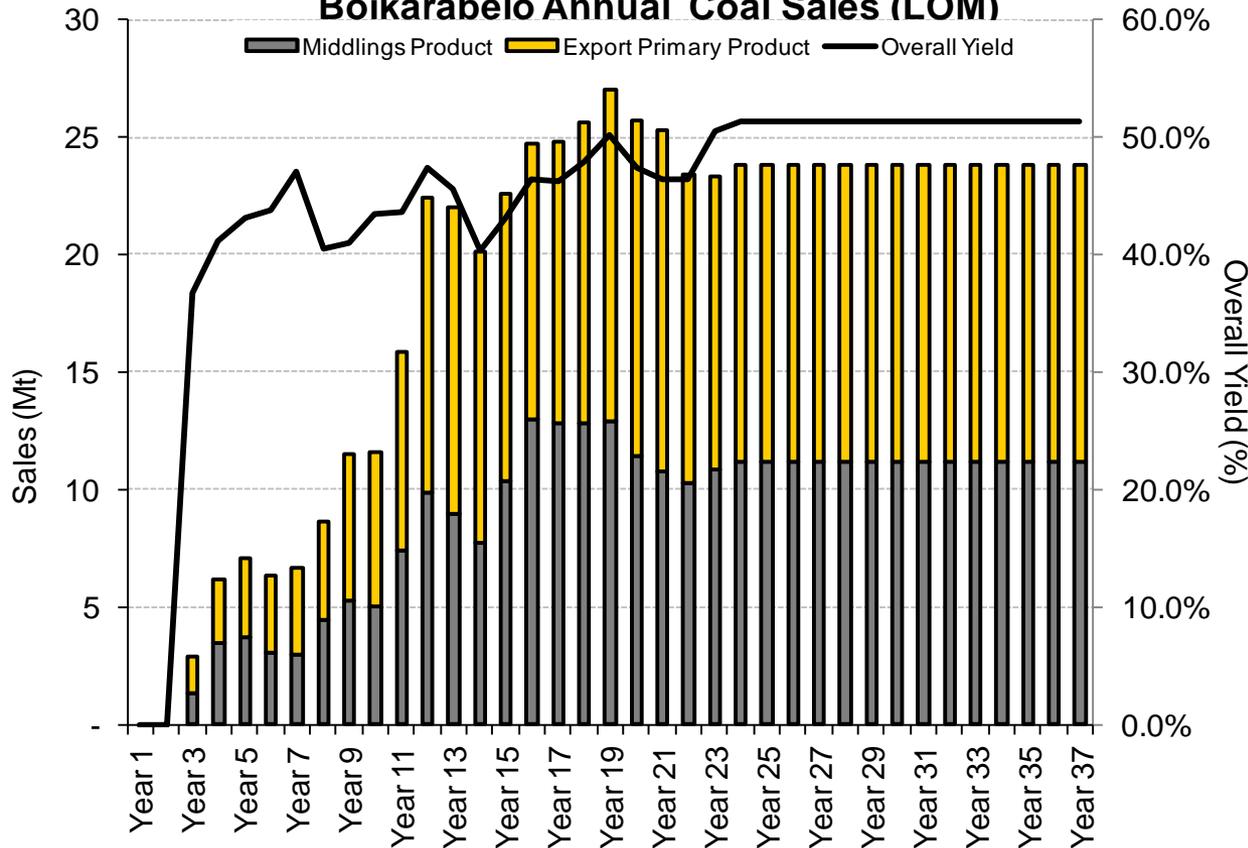
Power Station cost estimated to be ~US\$120m is now deferred due to direct connection with Eskom.

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

Production Stage I & Stage II



Boikarabelo Annual Coal Sales (LOM)



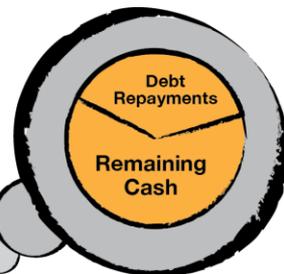
Total production shown equates to approximately the current Reserve of 745Mt.

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!”