

MEDIA COVERAGE



Coal miner says Transnet critical link in project

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Negotiations on concluding a supply tariff contract with Transnet were at a mature stage, and there was hope that talks will soon be concluded successfully, Paul Jury, CEO of coal mining and development company Resource Generation says.

In a briefing to investors regarding the progress of the development path of the Boikarabelo coal mine in the Waterberg region, in Limpopo province, Jury highlighted that one of the major obstacles the company faced was the lack of a timeframe in which the state-owned rail and freight operator would complete its feasibility studies associated with allocations in the region.

"For some time, I guess, we have been bashing our heads up against each other in respect of a firm allocation. What we have done is reached a compromise with them. We, ourselves, do not have a concern with the capacity available in the system, particularly in respect to our six million tonnes," Jury said.

According to Jury, the total expenditure for the project remained \$US750 million, and the company's plan was to first secure project financing, which would probably cover around about 50% of capital requirements.

"Once we've got that project financing agreement at least in some secure form, then we'd be able to move to the equity markets to top up our capital expenditure requirement through an equity raising. That's a process that would probably take four to five months after we've signed the Transnet contract," Jury said.

Resource Generation is planning to construct a mine that will tap into an estimated 745 million tonnes of bankable coal reserves, and according to Jury, the company has already secured two-long term contracts from Asia.

"There is still strong long-term export thermal coal demand, particularly out of India, and we have two long-term contracts with Indian companies there, one for 38 years and another for 20 years," added Jury.