

MEDIA COVERAGE



ResGen Waterberg coal mining approvals on track

PUBLISHED: 26 Oct 2010 12:23:55

Jamie Freed

Resource Generation (ResGen) managing director Paul Jury said the company was on track to receive mining approvals by the middle of next year for a \$552 million first stage of its coal project in South Africa's Waterberg basin after modifying its project to avoid road haulage of coal in light of environmental concerns in the region.

He told the Citi Australian Investment Conference in Sydney that ResGen was in talks with South African rail provider Transnet about haulage to the Richards Bay Coal Terminal, which is 1100 kilometres from its project. But he added ResGen was also considering the option of exporting coal from Namibia.

Mr Jury said the Namibian option would involve the construction of a new railway more than 1300 kilometres long and would cost \$US4 billion to \$US5 billion to construct.

"We see that more as a mid to long-term project," he said.

He didn't add whether ResGen would seek partners for the railway project.

ResGen recently signed an offtake deal with an Indian utility for 1 million tonnes a year of export coal for 20 years, and Mr Jury said it was hoping to sign on two or three more customers before the project was built.

ResGen is looking to finance 60 per cent of the capital costs through debt and 40 per cent through equity, meaning it would be in line for a \$200 million or so capital raising at some point next year in order to get the first stage in production in 2013.

"We still see that as quite an achievable fundraising," Mr Jury said.

ResGen would produce 12 million tonnes of run of mine coal, of which 6 million tonnes of saleable thermal coal product would be available. Half of that would be exported, with the remainder in the domestic market. Eventually, the project size could triple to 36 million tonnes of run of mine coal a year.

Mr Jury said ResGen was in talks with South African utility Eskom about domestic sales contracts. Eskom on Monday reportedly said two new power stations under construction would be delayed, amid a power shortage in that nation.

ResGen has a dual-listing in Johannesburg, and Mr Jury said that had been taken out to give the company "additional credibility with the South African government".