



23 November 2016

Chairman's Address to 2016 Annual General Meeting

The 2015/16 financial year was a very significant one for RES, with a change of both board and management at the mid-year point, and subsequently renewed traction on bringing development of the proposed Boikarabelo mine to fruition. And since year end, there have been encouraging improvements in the thermal coal price.

My goal had been to stand before you at this AGM and say that we are funded and under construction. All of the efforts of management and the board have been directed to achieving that goal. Unfortunately, we have not succeeded. But we remain committed to achieving development of the mine in the very near term - and we continue to push on with all the necessary contractual and financial arrangements required to achieve that goal.

In his presentation to follow this meeting, our CEO Rob Lowe will go into more detail on the current status of the project's material contracts and funding. Our preferred project lenders are currently undergoing their respective credit committee approval processes, which are expected to be completed by February 2017. Assuming financial close in March 2017 we will be in a position then to commence construction of the mine, with delivery of first product coal by the first quarter of 2019.

It is not fashionable at the moment to be in thermal coal – but at RES, we believe that coal will continue to be a fundamental element of the energy chain, enabling development of essential infrastructure and providing access to energy, heat and light to millions of people in South Africa and other countries who are presently without them.

Development of the Boikarabelo mine remains our immediate objective. But we will not ignore the opportunity we have to become an independent power producer in the South African market. Success on that front will see RES become a truly integrated energy company, with a broader business base and prospects.

Shareholders have been very patient – the South African assets were acquired in July 2008 and approximately \$208M has been raised and invested in those assets. Your board believes your patience will shortly be rewarded with the development of, and then commencement of operations at, the largest mine in South Africa in the last 25 years. On behalf of the board and management, I thank you for your ongoing support. Our focus is to ensure you have a sustainable investment with equally sustainable long term returns.

I should also pay tribute to the on-going efforts of a very lean management team, which during the course of 2016 has achieved so much across so many fronts. I do know that the team will continue to drive hard together with our selected contractors to get coal out of the ground in early 2019.

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