

## Entitlement Offer Update BRR Webcast Transcript

Paul Jury, Managing Director at Resource Generation Limited

**BRR** Today at BRR Media we welcome back Mr Paul Jury, who's Managing Director of Resource Generation Limited; Paul welcome back to BRR.

**PJ** Thanks very much James.

**BRR** Paul it's been a very difficult and tough market to raise equity in, especially a junior coal stock, but you've just announced that the shortfall on your Entitlement Offer has been fully subscribed. Could you provide us with an update?

**PJ** Well thanks James, yes I'd have to say that the market conditions for at least the last 18 months have been quite challenging. Earlier this year we identified that we would seek out anchor investors and that process has matured with this raising, pleasingly securing the funds to make up the shortfall under the Entitlement Offer. We once again secured the support of the Noble Group which I have to say has been tremendous. But also in this process I believe we've now achieved a major transformation in securing some serious recognition in terms of the size and the quality of the Boikarabelo project, with obtaining this financial support of some major South African investors. Altius was one of the parties who provided a letter of commitment when we launched the Entitlement Offer and they've now also brought in the PIC, the Public Investment Corporation, who are a massive African financial institution. To say the least we are very excited to have the PIC as a major investor, their substantial presence on the Register, really will provide us now with a significant qualitative message about the project and its potential. But in addition Altius has provided to be a key catalyst to generating the value add recognition I think that Resource Generation needed to elevate our achievements at the Government level within South Africa, so along with their significant financial investment, we anticipate that the maturing relationship with Altius will certainly bring major added benefits to us.

**BRR** Paul so when you launched the Entitlement Offer you referred to other ways in which you were seeking funding for your capital expenditure, how is that progressing?

**PJ** We've been pursuing two parallel pathways here, one being the project funding and the other being basically an equipment lease or what we call leverage funding platform. In respect to the project funding, we've had 11 banks undertaking due diligence and data room access, and we should be able to progress with those banks towards some form of final term sheets, credit approval over the next two months. In addition to that on the leverage front we've got funding support for tenders for mobile equipment, materials handling for the coal preparation plant and a couple of funded platforms for the coal preparation plant in its entirety, so we've got a lot of balls in the air here. We've completed the technical assessment in relation to all those tenders and whilst doing that we've also been pursuing the funding of those various tenders at the numerous levels that are involved there. It's a multi-faceted process, so it's quite complex but we hope to bring it together over the next few months. Now I think we can be confident that solutions do exist. It's really a matter of coming to a sound landing on several of those platforms that will enable us to commit and obviously in doing so we would then be able to say that the project was fully funded.

**BRR** And lastly Paul what has been happening on site, are there any developments there?

**PJ** Yes we've been very busy. Work's underway in terms of land clearing and development of the construction camp; that involves the civils, the actual buildings and sewage facilities, power and water. At the moment we're planning to build the camp for around about 200 odd occupants, and eventually it goes up to about 650, and at that time construction labour on site would probably peak at around 2000 to 2,500 workers. So we're certainly getting pretty serious on that front. Clearing of the brush and the earth works for commencement of the rail link have started, and hopefully we get into that in earnest over the next month. And also on the critical path we need to complete several road projects, the Provincial Road bypass in addition to the upgrading and construction of the main mine access road. Our tender evaluation stage is now complete and we would hope that construction starts there if possible before Christmas. Unfortunately work does tend to cease around about the middle of December through to about the middle of January with the Christmas break but we're hoping that we can get both of those other two critical path projects underway before the shutdown occurs. And not the least of which there's been a sizable amount of work that has been undertaken on our social and labour platforms. I'm pleased to say that that work has been progressing very well and so all in all we've been very active and now with the Entitlement Offer closing we'll get on with hopefully completing the circle of funding associated with the leverage debt, the project debt, but all in all we're really getting on with hopefully seeing completion of our 24 months construction program and first coal being produced somewhere towards the end of the third quarter 2015.

**BRR** Paul thank you very much for your time. And if listeners do have any questions for Paul please email [brr@brrmedia.com](mailto:brr@brrmedia.com) and we'll forward those through. And Paul congratulations on the Entitlement Offer and the developments of the company.

**PJ** Thank you very much James.

*Resource Generation is developing the Boikarabelo coal mine in the Waterberg region of South Africa, which accounts for 40% of the country's remaining coal resources. There are probable reserves of 744.8 million tonnes of coal on 35% of the tenements under the company's control. Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.*