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TRANSCRIPT OF WEBCAST BY

PAUL JURY

MANAGING DIRECTOR

RESOURCE GENERATION

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Q1 Today on BRR I'm joined by Mr Paul Jury, the Managing Director of Resource Generation. The Company has released some significant updates for its Boikarabelo Project and Paul is going to talk me through a few points now. Paul, a couple of questions. Can I get you to start by talking through the significance of the water licence approval and the dismissal of the mining right appeal for the Project? With these milestones now completed, does this open the development path for the Project? Could I ask you to provide an update on the Transnet contract discussions and, finally, what activities are you now focused on to progress the Project?

A1 Thanks very much. We've just released to the market a presentation update on the Boikarabelo Project and where we stand with its development path and, I guess, to deal with the questions and probably to cover, the first part of that presentation would hopefully answer most of those questions as well. So in terms of the presentation itself, I'll talk to slides 3 to 7 of the presentation, just to give a better feel for where we're at.

The significance of receiving the water use licence and the dismissal of the appeal against the mining right was that it effectively cleared the path for all our regulatory approvals for the Project to proceed. And that's a very pleasing step, and it's certainly a significant step, especially given the size and the nature of the quality of this Project and its development for both the Limpopo Region and for South Africa itself.

However, dealing with slide number 3 of our presentation - the major bridge that we always had to cross was securing a contract with Transnet. That's certainly a significant bridge that we're still walking across, but we are at a very mature stage in that process after some two years of negotiations, and we hope that that can come to a successful conclusion very soon.

On that basis, I guess, the mine construction timeline would follow a path of us having first to go to our project finance banks, get them to complete a detailed due diligence and, having secured the project funding, to cap up our requirements with equity, then get into the mine construction phase. So that funding stage we would see as a four to five month process, and then the mine construction phase would be another 24 months. So the timeline to the first production from the mine would probably follow that path. So, really, the starting gun for that is to complete the contract with Transnet.

On that basis I'll move to slide number 4. In relation to our negotiations with Transnet, one of the major obstacles we've had in our discussions with them has been their insistence that they first complete feasibility studies associated with allocations from the Waterberg. They would not make a firm commitment until those studies were completed. For some time, I guess, we have been bashing our heads up against each other in respect to 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 6 million tonnes. I should add that we are very firm, we are very committed to signing a take or pay contract for that. In doing so, I guess, we have asked Transnet to put a deadline with respect to

their own feasibilities or their own studies, and we've agreed that, in the case that they haven't completed their studies by the end of December this year, that our commitment would become firm.

On that basis we believe that we'd be able to take the contract to our banks. Firstly, however, we have to complete tariff negotiations and we just expect that that tariff should be fair and equitable, basically associated with charges that they made to other Waterberg operators. Hopefully in the very near future we should see some conclusions to these negotiations, in which case we could then move on.

That being the case we could move to slide number 5 where we would be talking basically to our banks straight away after signing the contract, getting them into detailed due diligence. Total project capex is still about \$US750 million and our plan there is to first secure our project financing, which would probably cover around about 50 per cent of that capital requirement based on the indicative offers that we have received from the project banks. Once we've got that project financing agreement at least in some form of 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 the process that would probably take four to five months after we've signed the Transnet contract.

Just to move on about what we believe is the strengths of the Project, On to slide 6 - what are the attributes that would support a successful fundraising, particularly from debt and equity? Clearly, we have a very large coal deposit, very shallow overburden. It's a very low-cost mining operation. Already there's a 745 million tonne bankable reserve defined within that. It only represents 35 per cent of the total resource, so it's a significant deposit and, with a long-life mine, a very low-cost operation.

In conjunction with that, we've secured some long-term export thermal coal contracts. 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 one for 20 years. If we were to proceed with project funding we would be able to secure further contracts, but we don't want to over-commit ourselves at this early stage of the Project.

Now, they're really the two strong attributes that are supporting, the financiers' interest in the Project. To some extent there is also a middlings production stream. There is solid domestic demand from Eskom particularly, and that would also provide upside to our cash flows. But the critical elements are the strong export thermal coal demand and, obviously, the low-cost mining opportunity that presents itself with our deposit.

I'd like to add, by moving to slide 7, that one of the major issues associated with our company and our Project has been this perception of sovereign risk, investing in South Africa. I'd have to say that I don't particularly see that myself. Our experience over the last few years has been driven by the fact that we focused on becoming a very effective BEE in ourselves, within the Company, and our BEE partners are very much a singular part of our whole

management structure. So we operate as one and, I guess, the effectiveness of that has been that we've been able to move through and facilitate all the necessary approvals through the various departments and bureaucracies that are required, obviously, the three big ticket items being the mining right, receiving our development consent, which is a life of mine development consent which enables not only the construction of the mine but also the rail link, and, most recently, the issuing of the water use licence. There will be other processes that we have to go through, but I have to say it certainly signifies an effective BEE when the formula is approached in the right sort of form.

So that wraps up the part of the presentation I'd like to talk about. In closing though, in terms of confidence, Transnet have expressed a strong desire to open up the Waterberg. It is definitely one of the future areas for development within South Africa, and there's been a big commitment by them as well as the government. Signing a take or pay contract with us is clearly low-hanging fruit for them and it should be something that they ought to grasp because it would not only underwrite our Project but also underwrite one of the first developments of this major area for the country.

I would encourage people to walk through the remainder of the presentation off our website. We do provide in there some updated material on the status of the mine and a lot of the detail that we've been going through in order to make sure that it is truly a deliverable Project. Thank you very much.

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