

Resgen replaces BEE partner

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AUSTRALIAN miner Resource Generation (Resgen), which plans to develop one of SA's largest remaining coal deposits in the Waterberg region, has replaced its black economic empowerment shareholders with new investors because the former partners were "too busy" to focus on the mine.

"(Our previous partners) were too busy on their own activities and had no time to contribute," Paul Jury, the company's MD, said from Pretoria yesterday. "They just weren't available to help. "

Mr Jury said the company's new partners, Fairy Wing Trading 136, consisted of three members with a track record in mining. He would not divulge the names of the directors of Fairy Wing.

"They have already exhibited their ability to assist and the benefits that can result from a constructive BEE (black economic empowerment) partnership," Resgen, which is also trying to develop coal reserves in the Waterberg, said in a statement on the Stock Exchange News Service.

The deal would be funded through a loan of R80m to the new empowerment shareholders, repayable out of dividends, the company said.

Resgen is one of several companies operating in the Waterberg in Limpopo, along with [Exxaro](#) Resources, [Anglo](#) Coal and [Firestone](#) Energy.

The opportunities for miners will expand if a third coal-fired power station is built in the area. The Waterberg reserve is estimated at 75- billion tons, equal to about 40% of the country's remaining coal reserves, according to Eskom.

The group said it had received a 30-year mining right from the Department of Mineral Resources for its Boikarabelo mine in the region. Mine construction is expected to start in the last quarter of this year, with the first coal out in 2013.

Mr Jury said Resgen was in "the process of trying to find funding for it now". Capital costs for the mine were estimated at \$552m, RBC Capital Markets said in February.

"We are developing principally an export market," Mr Jury said. The company was also looking to supply Eskom's coal-fired power stations.

The company had two off- take deals for its coal with Indian companies — Integrated Coal Mining and Calcutta Electric Supply Corporation — RBC Capital said.

Eskom anticipates a need over the next 20 years for a further 50000MW of power supply, with coal-fired power generation to continue making up the bulk.

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