



# Mmamantswe Power Project – Update

Capital Resources Conference

June 2009



# Integrated Energy Developer

## Fuel

- Acquire, develop and operate fuel resources within attractive power markets.

## Power

- Develop and participate in power projects underwritten by the fuel resources.

## People

- Skilled managers and credible global partners.

# Mmamantswe Coal

- 1.3 billion tonne resource
- 4.5 Mtpa open cut coal mine
- Strip ratio expected to be less than 1:1

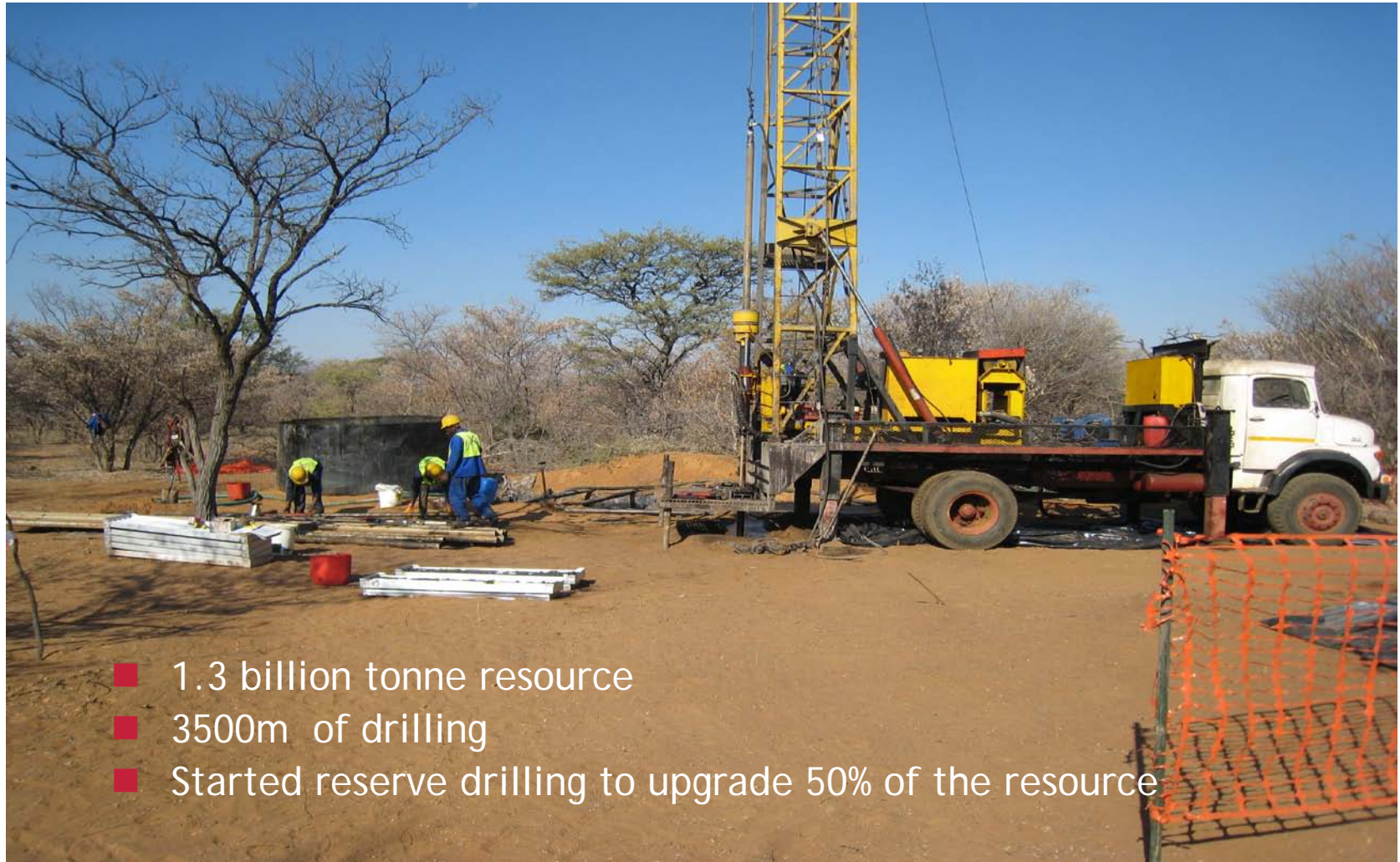


# Mmamantswe Coal & Power

- 1000MW (2 x 500MW) supercritical power station
- Air cooled, provision for further generating units
- Low sulphur coal does not require sulphur removal



# Coal – Last Year



- 1.3 billion tonne resource
- 3500m of drilling
- Started reserve drilling to upgrade 50% of the resource

# Coal – This Year



- 20,000m of drilling with half the resource area now covered at 350m spacing.
- Rock & Stock geological model confirms previous resource volumes.
- AB Mylec supervised a four tonne coal sample successfully treated in pilot preparation plant.
- ACIRL have commenced combustion test work on two tonnes of washed coal to finalise boiler parameters.
- SRK have commenced a scoping study for a 10Mtpa coal mine and 4Mtpa wash plant.
- We now expect to convert more than half the resource to reserves.
- These studies will be completed in the next quarter.

# Water Supply – Last Year



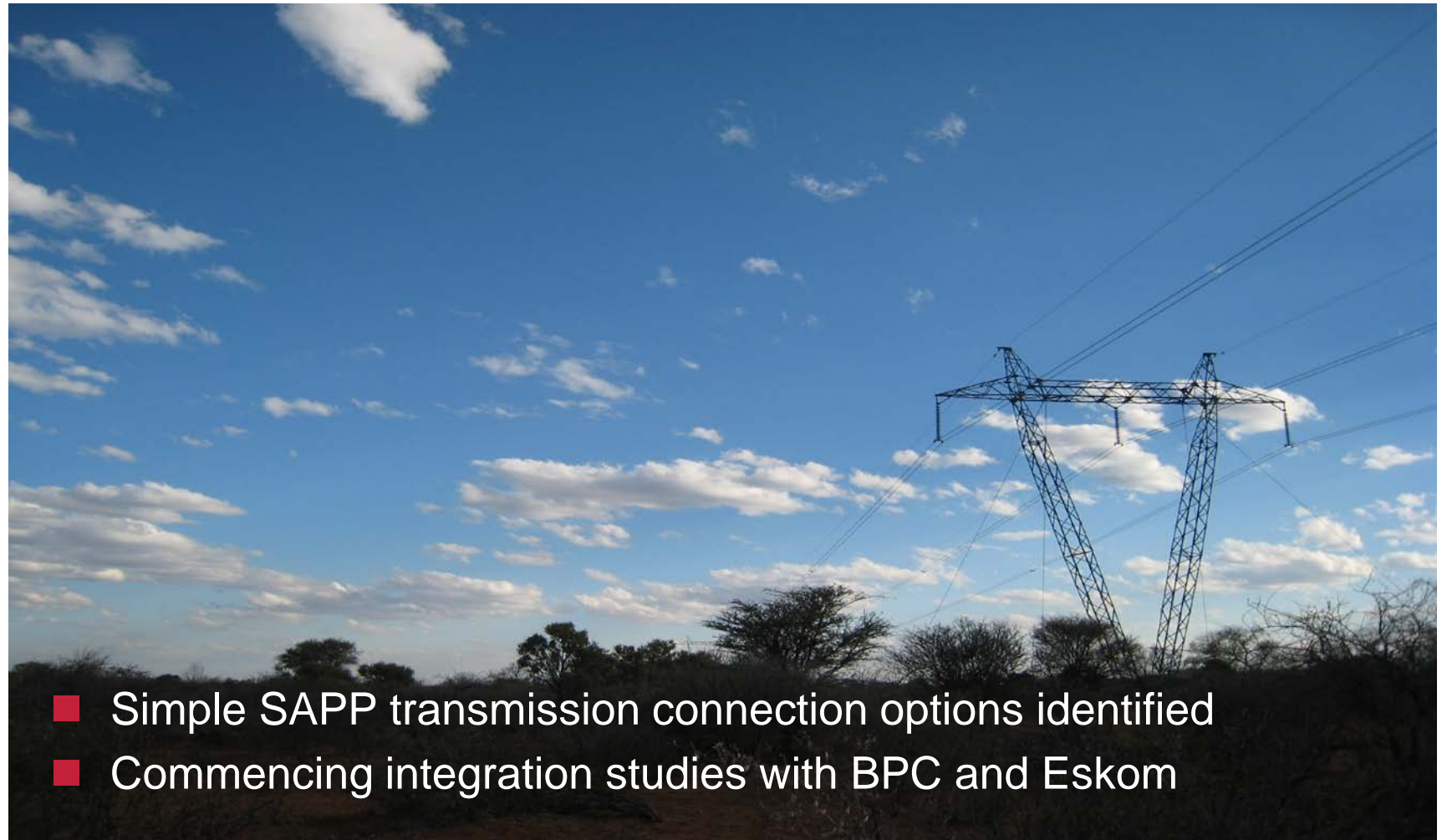
- Contract signed to drill and test 25 water bores
- Targeting production of 6Gl per annum

# Water Supply – This Year



- Drilled and pump tested a total of 25 wells.
- Five wells drilled at Mmamantswe and 20 wells at Artesia 60km distant.
- The pump testing has demonstrated a high probability of long term supply of 8GL per annum.
- Requirements for 1000MW are around 3GL per annum
- Preliminary borefield collection and pumping configuration developed
- Need to complete reservoir modeling and approval process when other components of project are progressed

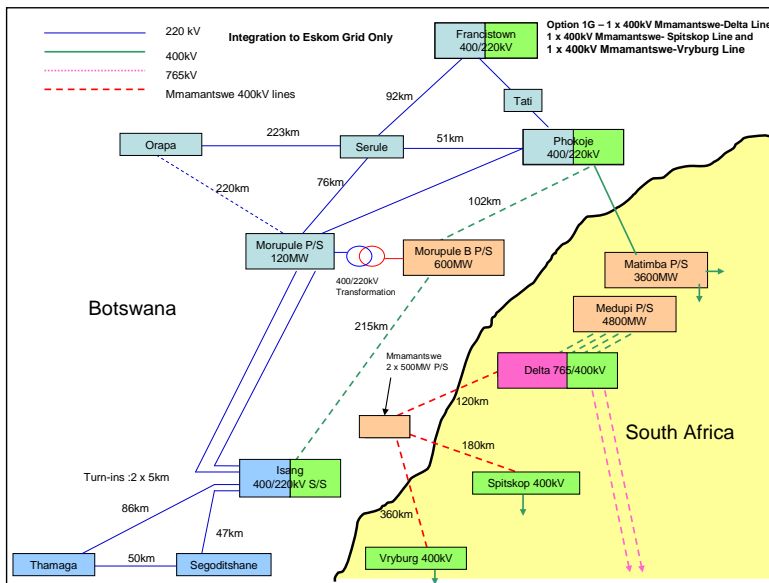
# Transmission – Last Year



- Simple SAPP transmission connection options identified
- Commencing integration studies with BPC and Eskom

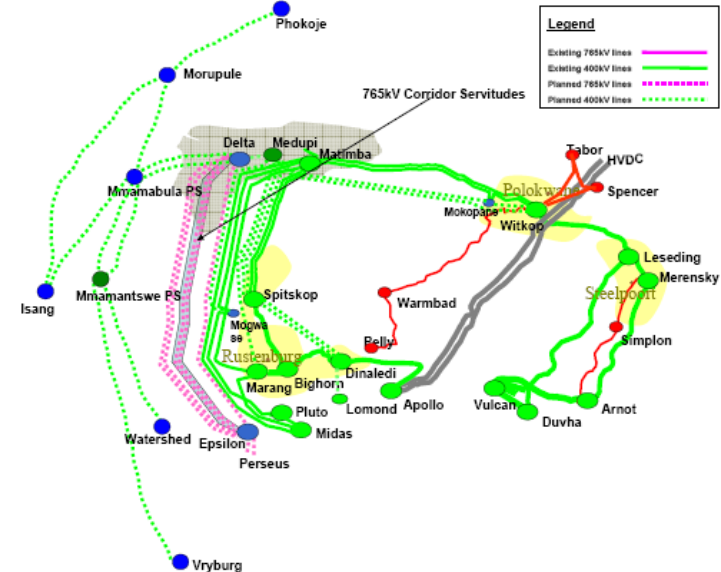
# Transmission – This Year

Detailed options for a range of scenarios have been identified and costed by PB Power with BPC and Eskom.



Without Mmamabula

• Option 7 (Modified – Preferred Alternative)



With Mmamabula

# Power Market – Last Year



- Outages and load shedding
- Global Resources Boom

# Power Market This Year



- Global Financial Crisis and mining downturn
- Lack of Funds for new developments
- Opportunity for IPP's in Southern Africa is still strong
- Aviva with GDF-SUEZ submitted an expression of interest to supply 1000MW from Mmamantswe under the SA IPP program.
- Mmamantswe unconditionally qualified to submit a proposal ... but from South Africa.
- It is our intention to offer a power plant in Botswana with cross border electricity sales.
- Project finance requires a certain legal framework for the sale of electricity from an IPP in Botswana to Eskom in South Africa
- Both countries are members of the SAPP, which facilitates electricity interchange, but mechanisms are immature
- These mechanisms must be given legal certainty to enable cross border IPP's to be financed.

# Essentials for a cross border IPP

- ✓ Fuel without a competing use
- ✓ Water without a competing use
- ✓ Environmental solutions
- ✓ Competitive capital and operating cost
- ✓ Transmission technical solution
- ✓ Stable fiscal and regulatory regime in Botswana
- ✗ Transmission roles & responsibilities
- ✗ Legal framework for export of electricity to South Africa which is satisfactory in Botswana and South Africa, and accepted by investors and bankers
- ✗ License tenure for coal, water, environmental arrangements, export permission, for life of project
- ➔ ACCESS TO COMPETITIVE FINANCE

# Capital Structure AVA:ASX, AVIVA:BSE



	Last Year	This Year
Share Price (\$A)	0.71	0.09
Shares on issue (m)	118.7	118.7
Options (m)	8.5	8.5
<b>Diluted market capitalisation (\$Am)</b>	<b>90.3</b>	<b>10.7</b>
Net cash (\$Am)	19.3	7.5
Directors & Management	8%	8%
Passport Capital	11%	9%
Goodman & Company	8%	8%
Wasabi	9%	9%
<b>Top- 40 shareholders</b>	<b>83%</b>	<b>72%</b>

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# Competent Person Statements



- The information relating to the Central West Coal Project, is based on information compiled and reviewed by Mr. William Agg, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Agg has more than 35 years experience as a geologist, of which the last 20 have included exploration and mineral resource estimation for a variety of deposits throughout Western Australia. This experience is more than adequate to qualify him as a Competent Person for the purposes of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). Mr William Agg consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.
- The information relating to Mmamantswe Exploration Results, is based on information compiled and reviewed by Mr. Joshua Hattingh, who is a Member of the South African Council for Natural and Scientific Professions, the Geological Society of South Africa (both recognized overseas professional organizations - "ROPO"), and a member and principal geologist at Rock and Stock Investments cc.

Mr Joshua Hattingh has more than 11 years experience as a geologist, of which the last nine have included exploration and mineral resource estimation for a variety of deposits throughout Southern Africa. This experience is sufficient experience which is relevant to the style of coal mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Joshua Hattingh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

- The information relating to the Mmamantswe Resource Estimate, is based on information compiled by Mrs. Cecilia Hattingh, who is a Member of the South African Council for Natural Scientific Professions and the Geological Society of South Africa (both recognized overseas professional organizations - "ROPO"), and is a member and principal geologist at Rock and Stock Investments (Pty) Ltd.

Mrs. Cecilia Hattingh has sufficient experience which is relevant to the style of coal mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mrs. Cecilia Hattingh consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

Thank You



Mmamantswe successfully managing global and other crises