



1 August 2018

ASX Announcement

Contracts Executed for Boikarabelo Coal Mine Coal Handling and Preparation Plant (CHPP), Operations and Maintenance and Ancillary Works

- **EPC contract for the design, procurement, construction and commissioning of CHPP**
- **EPC contract for operations and maintenance of CHPP**
- **EPC Ancillary Works contract**

Following the execution of a Heads of Agreement and Letter of Intent (ASX Announcement: 6 May 2016) and subsequent progress reports referred to in earlier announcements, the operating subsidiary of Resource Generation Limited, Ledjadja Coal (Proprietary) Limited (**LCL**), has now executed three separate contracts with Sedgman (South Africa) (Proprietary) Limited and Sedgman Pty Limited (collectively **Sedgman**) for the Boikarabelo Coal Mine relating to the following:

- The engineering design, construction and commissioning of the CHPP
- The operations and maintenance for the CHPP; and
- The construction of ancillary works relating to the infrastructure of the mine

Under the provisions of the CHPP contract, Sedgman will design, procure, construct and commission the CHPP for the processing of 15 million tons of raw coal per annum.

Under the provisions of the Operations and Maintenance contract, Sedgman will operate and maintain the CHPP for 4 years post commissioning subject to strict performance criteria.

Under the Ancillary Works contract, Sedgman will undertake construction of infrastructure associated with the CHPP and additional infrastructure including buildings, piping, electrical, water and drainage during the mine development phase.

The value of the engineering design, construction and commissioning of the CHPP plant and the construction of the ancillary works infrastructure contracts is US\$210 million and subject to exchange rate fluctuations and conditions precedent normal in contracts of this nature including successful completion and draw down of the project finance. The operations and maintenance contract is for a duration of 4 years and is valued at US\$100 million.

Papi Molotsane, Acting CEO of LCL, commented; "We are very pleased to have now executed these important EPC contracts with Sedgman. Sedgman has successfully delivered coal projects in Southern Africa and these contracts are in keeping with the execution strategy adopted by the Board to minimise risk through the means of turn key lump sum solutions with reputable EPC contractors and in parallel reduce the capital cost of the project".

Sedgman Limited is a member of the CIMIC Group (ASX:CIM) and has successfully delivered over 30 major coal projects over the last decade and 170 over the last 35 years.

The Company continues to engage with the proposed project development lenders as advised in the June 2018 Quarterly Activities Report and will provide further updates in accordance with its continuous disclosure obligations.

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Chairman

For and on behalf of the Board

About Resgen:

Resource Generation Limited (Resgen) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine in South Africa's Waterberg region. The Waterberg accounts for around 40% of the country's currently known coal resources. The Coal Resources and Reserves for the Boikarabelo Coal Mine, held through the operating subsidiary Ledjadja Coal, were recently updated based upon a new mine plan and execution strategy. The Boikarabelo Coal Resources total 995Mt and the Coal Reserves total 267Mt applying the JORC Code 2012 (ASX Announcement :23 January 2017- In accordance with Listing Rule 5.23.2 the Company confirms that it is not aware of any new information that would impact on the Reported Coal Resources and Coal Reserves). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum. Ledjadja Coal is a Black Economic Empowerment subsidiary (BEE) operating under South Africa's Broad-based Black Economic Empowerment Act, Section 9(5): Codes of Good Practice

ResGen's primary shareholders are the Public Investment Corporation of South Africa (PIC), Noble Group and Altius Investment Holdings.

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