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Blumont to invest up to A\$22.1 mil in coal miner Resource Generation

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Mainboard-listed Blumont Group said it plans to invest in Resource Generation, a coal mining company listed in Australia and Johannesburg.

Blumont will subscribe for new Resource Generation shares to be issued at a placement price of A\$0.22 per share for a total consideration of between A\$20.97 million and A\$22.11 million (between \$24.8 million and \$26.1 million).

Resource Generation will use the proceeds from this exercise to develop its Boikarabelo coal mine located in the Waterberg region of South Africa.

Boikarabelo has probable reserves of 744.8 million tonnes and existing gross resources of 6.4 billion tonnes.

Blumont will fund the investment from internal resources.

Blumont said the Boikarabelo mine allows for low-cost and open-cut mining techniques to be deployed. In addition, it is within close proximity to an existing rail system that provides access to domestic markets and to the ports of Maputo, Richards Bay and Durban for export shipments.

Resource Generation is helmed by Managing Director, Paul Jury, a mining industry stalwart who has more than 30 years' experience in the coal sector and a credible track record for delivering shareholder value.

Neo Kim Hock, Blumont's Executive Chairman, said this acquisition would give Blumont a strategic opportunity to be involved in a world class thermal coal play in one of the few big scale thermal coal projects left outside China.

Since December 2012, Blumont has been actively pursuing opportunities in the mineral and energy resources sector as part of its strategy to become a company with multiple and diversified assets in this segment. On 21 August 2013, the Group announced a proposed name change, subject to shareholders' approval, to Blumont Phoenix Corporation Ltd., to reflect its new business direction.

Resource Generation is Blumont's second investment in the thermal coal sector. The first was in March 2013 when the Group took an 11.5% stake in ASX-listed Celsius Coal., a coal explorer focused on developing coking and thermal coal deposits in the Kyrgyz Republic.

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