



6 May 2016

ASX Announcement

RESGEN CONCLUDES HEADS OF AGREEMENT FOR DESIGN, PROCUREMENT AND CONSTRUCTION OF BOIKARABELO COAL HANDLING AND PREPARATION PLANT

- **Heads of Agreement for design, procurement and construction of the Coal Handling and Preparation Plant for Boikarabelo Mine concluded with CIMIC Group's Sedgman Limited**
- **Significant step in reducing risk and capital expenditure**

Johannesburg: Resource Generation Limited (ResGen or the Company) (ASX: RES/ JSE: RSG) has announced the conclusion of a Heads of Agreement and Letter of Intent (LOI) for the design, procurement and construction of the Coal Handling and Preparation Plant (CHPP) for the Boikarabelo Mine in South Africa's Waterberg region.

The agreement with Sedgman Limited, a member of the CIMIC Group and a leading Engineering Procurement and Construction (EPC) contractor in coal and minerals, provides for a fixed lump sum contract for US\$141 million subject to exchange rate fluctuation. The contract price represents a substantial saving over the previously announced estimate and was achieved as a result of the Sedgman design offering a smaller footprint with associated capital savings while offering equal, if not improved, production outputs.

In addition, under the provisions of the LOI the Company has indicated an intent to negotiate a 3 year CHPP operations contract with Sedgman effective following the expiry of a 15 month operations contract to cover the warranty period post commissioning and to negotiate with Sedgman a contract for the construction of the ancillary infrastructure works.

The agreement follows the conclusion of a technical review of the Boikarabelo Project referred to in earlier announcements.

Rob Lowe, CEO of ResGen, commented: “The conclusion of the EPC contract with a leading contractor based on the significantly reduced capital cost of the project is a major milestone for the Boikarabelo Mine and ResGen, and is a step closer to securing full funding for its completion. The board has continued on its stated path of materially reducing risk and capital expenditure.”

“Sedgman has successfully delivered coal projects across southern Africa, and it is our intention to negotiate a three-year CHPP operations contract and a contract of for the construction of ancillary infrastructure with Sedgman post commissioning of the Boikarabelo Plant.”

The agreement is subject to several conditions precedent, including board approval and funding.

Sedgman Limited has successfully delivered over 30 major coal projects over the last decade and 170 over the last 35 years

Yours faithfully

For, and on behalf of, the Board of Directors,

Denis Gately

Chairman

About ResGen:

Resource Generation Limited (ResGen) is an emerging ASX and JSE-listed coal producers, currently developing the Boikarabelo Coal Mine in South Africa’s Waterberg region. The Waterberg accounts for around 40% of the country’s current coal resources. The Company has reported Probable Reserves of 744.8 million tonnes of coal on 35% of the tenements under the Company’s control (refer ASX announcement dated 16 December 2010). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.*

Substantial progress has been made with regard to securing Boikarabelo’s project funding. Rand Merchant Bank has been appointed lead arranger and work on a new base case financial model and term sheet has begun based on the recommendations of ResGen’s Technical Committee.

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

**This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.*

For further information please contact:

Mike Meintjes, Company Secretary on mmeintjes@resgen.com.au or +61 413 706 143

Media enquiries:

Australia: Martin Debelle on + 61 2 8234 0102

South Africa: Charmane Russell/Thembisa Kotobe on +27 11 880 3924