



ASX: RES

30 September 2015

ASX Release

Media Release

The media release published by Resource Generation today is reproduced below.

Resource Generation funding to construct Boikarabelo mine

- Signed MOU and Project Funding Solution Agreement received
- Funding dependent on shareholders defeating move to replace board

Resource Generation Limited, which is developing one of South Africa's largest remaining coal deposits, has received a signed Memorandum of Understanding from HAB & JPR Privée, a Swiss private company, to provide in principle funding of EUR480 million to enable construction of Resource Generation's Boikarabelo mine.

HAB & JPR Privée has indicated that if there is a change of directors it reserves the right to cancel the loan facility. This follows the decision by Altius Investment Holdings (Pty) Limited, an associate of Noble Group Limited, to requisition a general meeting to replace Resource Generation's board with its own nominees.

Altius has been working with Noble Group to structure debt funding, as part of a club of South African financiers, that would result in a substantial transfer of value from the company's shareholders and its BEE partner to the financiers.

Paul Jury, managing director of Resource Generation, said: 'We are pleased, after a protracted process of seeking funding in a difficult market for coal projects, to have achieved in principle agreement for funding to enable all the remaining phases of the mine construction and its social labour programs to be completed.

'The cost of HAB & JPR Privée's funding is the most attractive of the various sources that we have considered and materially more favourable than the incomplete proposals of the debt club involving Noble Group and Altius.

'This is a great step forward for Resource Generation, our BEE partner and all our shareholders, and we look forward to shareholders rejecting Altius' attempt to change the board for the benefit of the debt club members.'

HAB & JPR Privée's decision to fund construction of the Boikarabelo mine has been driven by its desire to work with Resource Generation which it sees as a company that is socially responsible, attentive to the environmental impact of its projects and sensitive to the local community, as well as observing the highest health and safety standards to protect its workers and the general population.



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The funding will be provided in two tranches: EUR175 million on or before 31 January 2016, and EUR305 million in June 2016. The two tranches will be deposited into an account controlled by Resource Generation and drawn down in nine quarterly instalments as required for the mine's construction. The key terms are:

- Term – 20 years.
- Cost of funding – equivalent to approximately 4.5% per annum including upfront fees and costs.
- Principal and interest payments commence three years after the first drawdown.
- First ranking security over the project and corporate guarantees from all Resource Generation group companies.

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Resource Generation is developing its Boikarabelo coal mine in the Waterberg region of South Africa, which accounts for 40% of the country's remaining coal resources. There are 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.*

** 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.*