

ASX: RES

30 September 2015

ASX Release

Debt Funding Progress

As previously announced, Resource Generation (the *Company*) has been pursuing alternative funding options to the Debt Club funding. One of those options has now materialised. The Company received a signed Memorandum of Understanding (*MoU*) for the in principle provision of funding to enable construction of its Boikarabelo thermal coal mine in the Waterberg region of South Africa overnight on 28 September 2015. The funding is in two stages: Stage 1 for EUR175 million targeted to be received on or before 31 January 2016, and a further EUR305 million receivable in June 2016. A signed Project Finance Solution Agreement for stage 1 has also been received by the Company and was to be considered for approval and signing by the Board. Unfortunately, the timing and nature of the actions undertaken by Shinto Torii Inc as announced on 29 September 2015 have meant that the Company has had to delay the finalisation of this Project Finance Solution Agreement, while the composition of the Board is resolved.

The MoU and the Project Finance Solution Agreement have been signed by a private entity, HAB & JPR Privée, from Switzerland. The two tranches above will be deposited into an account controlled by the Company and drawn down in 9 quarterly instalments as required for mine construction. The major 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.

HAB & JPR Privée's funding 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, sensitive to the local community, as well as observing the highest health and safety standards to protect its workers and the general population.

Correspondence last night has indicated that, if a change of directors occurs, HAB & JPR Privée reserves its rights to cancel the loan facility.

Paul Jury, managing director, said: 'we are pleased, after such 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. We need to address the issues raised by Shinto Torii Inc and its actions have not been conducive to progressing this funding option, which is clearly in the best interests of all shareholders. The costs of the funding are the



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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, which was being facilitated by Shinto Torii's holding company, Altius Investment Holdings (Pty) Limited.'

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Resource Generation is developing the Boikarabelo coal mine in the Waterberg region of South Africa where there are probable reserves of 744.8 million tonnes of coal on 35% of the tenements under its 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.*