



**ASX: RES**

18 September 2015

**ASX Release**

### **Request for appointment of directors**

Resource Generation has received a request to appoint additional directors to the Boards of the company and its BEE subsidiary, Ledjadja Coal (Pty) Ltd, from Noble Group (*Noble*) as follows:

#### ***Noble's Request***

Noble believes that the Boikarabelo Project is reaching a critical juncture both in relation to debt funding and construction. In relation to the debt funding, Noble claims that there are some significant issues in relation to continuing support for this project by both EFIC and EKF whose participation Noble sees as of critical importance to procuring the necessary funding for the project.

Noble communicated its view that the ability of the Board of Resource Generation to satisfactorily address the issues which the Company is now facing in the interests of all shareholders, will be greatly enhanced by the appointment of additional directors and that because of the urgency of these issues these appointments should be made immediately.

Noble believes that additional directors should be appointed to the Board of Resource Generation as follows: Mr Dennis Gatley and Mr Manish Dahiya (with Mr William Randall as his alternate). In addition a Noble representative, Mr Greg Hunter, should be appointed to the Ledjadja Board.

Noble requested the Company to confirm by 25 September 2015 that the appropriate steps are being taken to effect these appointments, failing which Noble would consider whether to pursue other alternatives.

#### ***Resource Generation's Response***

The Board of Resource Generation Limited has determined that:

(a) Noble has not explained how the appointment of additional directors would be in the interests of all shareholders;

(b) accordingly, there would be no benefit to the Company and its shareholders at this time in appointing additional directors nominated by Noble Group to the Board and consequently the Board would not make any such appointments at the present time; and

(c) there would be no benefit to its BEE subsidiary, Ledjadja Coal (Pty) Limited, in having a Noble Group appointee on the Board of that company and consequently, as the major shareholder in Ledjadja Coal (Pty) Limited, it would not support the appointment of a Noble nominee to that Board at the present time.

**ASX: RES**

The Board considers that it has the required expertise with its consultants to address the issues currently being faced. As announced on 19 August 2015, at the request of Noble on behalf of a club of lenders with which the Company has been negotiating debt finance, the Company is seeking quotes from mining contractors to establish whether a contract mining model could reduce the mine's costs and capital requirement.

Noble, as part of one club of lenders, is already actively involved in the structuring and negotiation of the terms and conditions of the facilities proposed by that club, which remain incomplete and subject to negotiation and agreement amongst the parties. Terms and conditions put forward to date by the club have not been acceptable to the Company due to the excessive returns sought by some of the club members including Noble. There is no benefit to the Company in having Noble nominees on the Board in this situation.

If Noble wishes to call a general meeting to change the Board, then it will be appropriate at that time to put before the shareholders details of such terms and conditions proposed by the club.

It may be that at some later time it will be appropriate to appoint additional directors nominated by Noble and others, such as when the loan facilities are in place and financial close occurs. It is the Board's view that the appointment of additional directors nominated by parties with potentially conflicting interests would not be in the best interests of the Company and all its shareholders at this time.

The Company also continues to be in discussion with intermediaries with respect to various other potential lenders for loan facilities for the Boikarabelo coal project, as previously announced.

**Contacts**

Paul Jury, Managing Director on (02) 9376 9000 or  
Steve Matthews, Company Secretary on (02) 9376 9000

**Media enquiries**

Anthony Tregoning (02) 8264 1000

*Resource Generation is developing the 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.*