



ASX: RES

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ASX Release

Resource Generation reduces funding requirements by obtaining a US\$65 million loan for infrastructure

Resource Generation has signed a binding term sheet for a US\$65 million loan facility, with Noble Resources International Pte Ltd, a wholly owned subsidiary of the Noble Group (*Noble*), which together with existing cash resources will be used for construction of the mine buildings and infrastructure at the Boikarabelo mine.

The loan is on normal commercial terms and is able to be drawn down from 1 January 2014 until 31 December 2015. It is secured over the site infrastructure and is repayable in full by 31 March 2016, by which time the Boikarabelo mine is expected to be in production. The loan is expected to be refinanced at that time when the completion risk is expected to have been eliminated.

The US\$65 million loan is in addition to the previously announced US\$55.3 million loan for the construction of the rail link from the Boikarabelo mine to the existing Transnet Freight Rail network. The previously announced US\$123 million loan facility dated 28 March 2013, which was subsequently reduced to US\$67.7 million due to the rail link loan, expired on 31 December 2013 without any drawdowns having occurred. This change enables greater flexibility in finalising remaining funding discussions.

Paul Jury, managing director, said: 'Completing these loan arrangements removes the remaining major gap in our funding plans. Funding discussions for the purchase or lease of mobile equipment are at an advanced stage with three parties. Our discussions are also continuing for obtaining project finance for the coal handling and preparation plant. Once these remaining discussions are complete, the main funding for the construction of Boikarabelo will be in place.'

Noble is a global supply chain manager of agricultural and energy products and metals, minerals and ores. Noble is listed in Singapore (SGX: N21) and operates from over 140 locations.

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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. Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.