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ASX Release

Financing Syndicate mandated for funding the Boikarabelo mine

Resource Generation's BEE subsidiary, Ledjadja Coal, has awarded a mandate to six South African and global banks and other financiers (*the Financing Syndicate*) to provide project debt finance for the construction of the Boikarabelo mine. The financiers are:

- Absa Capital, a division of Absa Limited, a member of the Barclays Bank Group;
- Caterpillar Financial SARL;
- FirstRand Bank Limited, acting through its Rand Merchant Bank division;
- Hong Kong & Shanghai Banking Corporation (HSBC);
- Nedbank Capital, a division of Nedbank Limited; and
- Standard Chartered Bank.

The award of the mandate to the Financing Syndicate followed an extensive tender process (including other global banks) and negotiation of key commercial terms. Subject to obtaining final credit approval and execution of finance and security documents, the Financing Syndicate will provide approximately 60% of the total funds required for mine construction.

Due diligence reports have been prepared by independent experts engaged on behalf of the financiers. The experts are Bowman Gilfillan, Coffey Mining, Jardine Lloyd Thompson, KPMG and Wood McKenzie. Their reports are under review by the financiers.

The financiers are now progressing towards formal credit approvals for the facility and these are targeted for receipt in early November. Financial close and first funding are expected to be subject to conditions precedent typical of project finance facilities, including raising sufficient equity capital to fully fund the balance of the expected capital expenditure for mine development.

The proposed terms of the facility include:

- A term of 9 years, including the construction period.
- A senior debt facility of around USD400 million plus associated facilities (including a working capital facility).
- The senior debt facility will be provided via a mix of USD and ZAR loans and is on normal commercial terms.



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Based on the current timetable, once formal credit approval is obtained, Resource Generation will proceed with an equity capital raising. It is hoped that it can be completed by mid-December 2012, which would enable development of the Boikarabelo mine to proceed in January 2013.

Paul Jury, managing director, said: 'We are pleased to have appointed such an experienced and capable Financing Syndicate. The strong response from the bank market generally, and the mandated group of banks and financiers in particular, provides a tangible demonstration of the Boikarabelo mine's value and cash flow potential. Assuming credit approval for the debt funding, supported by the results of the due diligence, we are confident that the mine's projected cash flow potential and value will be recognised in the price of the proposed equity raising. However, the terms of the equity raising and participants in the raising are still to be determined.'

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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.