



ASX: RES

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ASX Release

US\$120 million reduction in Boikarabelo capex

Resource Generation Limited has been able to reduce the estimated capital cost of its Boikarabelo coal mine in South Africa by US\$120 million to US\$630 million. This reflects the flexibility provided by Eskom's commitment to supply sufficient power for stage 1 of the mine's operation as early as 2014, after the first generating unit at its new Medupi power station is in commercial operation. This will meet the company's target of beginning coal production early in 2015.

The cost of Boikarabelo's planned 45MW power station, for which tenders have been received, has been removed from the capital expenditure estimate for stage 1 of Boikarabelo's operations. A decision on whether to proceed with this will now not take place until 2013.

Paul Jury, managing director, said: 'this development provides a positive step in simplifying the funding and construction phases of stage 1 of the Boikarabelo mine. Importantly, subject to securing debt funding, the capital saving will reduce the amount of equity funds required.'

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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.