



ASX: RES

31 July 2012

ASX/media release

**Boikarabelo's substantial value expected to be confirmed
by project financiers' due diligence**

Resource Generation Limited, which has secured its major regulatory approvals and transport contracts for development of its Boikarabelo mine on one of South Africa's largest remaining coal deposits, today released its quarterly report for the three months to 30 June 2012. This confirms that banks are undertaking due diligence before offering terms for project finance for the mine's stage 1 development.

'Offers of project finance would confirm banks' confidence in Boikarabelo's cash flow and, assuming completion would support a substantial increase in Resource Generation's enterprise value. This value would then determine the price at which equity is raised for the balance of the stage 1 capital development cost and working capital,' said Paul Jury, managing director of Resource Generation.

'We estimate that construction of stage 2 of the project will be financed from cash flow and it is not expected to require a further equity raising,' said Mr Jury.

Confirming management's confidence that project finance and equity capital can be secured, the quarterly report also announces that the company has started to expand its South African management team to enable construction to begin early in 2013.

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 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.