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ASX Release

Resource Generation acquires additional properties and potential new coal tenements

Resource Generation Limited, which is developing one of South Africa's largest remaining coal deposits, has signed an agreement to acquire land adjacent to the company's Boikarabelo mine and agreed to a put option under which it can acquire further coal tenements.

The properties being acquired are Swelpan and Kleinpan, highlighted in black and grey stripes on the map below. The properties cover 2,096 hectares at a cost of approximately A\$4 million. Swelpan contains significant coal resources and is contiguous to Ledjadja's Boikarabelo coal tenements. The bulk of the Kleinpan property contains no defined coal resources but it provides an ideal location for the 2x660MW power station that CESC Limited proposes to build. As previously announced, this proposed power station would enable the Boikarabelo mine to commence its stage 2 expansion earlier than originally planned.

Boikarabelo Mine





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Exxaro Resources owns the coal tenements on four properties, which are highlighted in red on the map above, including Swelpa and Kleinpan. Ledjadja, Resource Generation's BEE subsidiary, has granted a put option to Exxaro under which Exxaro can sell the prospecting rights over the four properties to Ledjadja. Any such transfer would be subject to approval by the Department of Mineral Resources (**DMR**) under Section 11 of the Mineral and Petroleum Resources Development Act, 2002. The coal tenements contain an indicated resource of 974.5 million tonnes*, excluding shale content. Coal qualities are consistent with the rest of the Boikarabelo tenements.

Should Exxaro exercise the put option and the DMR approve the transfer, the Boikarabelo mine will have the following resources and reserves, excluding shale content; ie an increase in total resources of 31%:

Measured Resource (Mt)	Indicated Resource (Mt)	Inferred Resource (Mt)	Total Resource (Mt)	Probable Reserve (Mt)
1,090.5	1,526.2	1,479.6	4,096.3	744.8

Paul Jury, managing director of Resource Generation, said: 'These transactions provide two significant enhancements to shareholder value. The acquisition of the land enhances our ability to expand to stage 2, while the additional coal tenements would deliver ideal mining synergy enabling a continuation of the mine's strike length in an easterly direction, enhancing efficient mining.'

**Information in this release that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk has given and has not withdrawn his consent to the inclusion in the release of the matters based on his information in the form and context in which it appears.*

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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.