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**ASX Release**

## **Resource Generation secures water for stage 2 of its Boikarabelo mine**

Resource Generation Limited, which is developing one of South Africa's largest remaining coal deposits, has signed an agreement with the Lephalale Local Municipality (*LLM*) in Limpopo Province which will secure the water required for stage 2 of the company's planned Boikarabelo mine.

Under the contract, which is subject to a number of conditions, the company will construct, operate and maintain a wastewater treatment plant at Marapong, approximately 50 kilometres from Boikarabelo. This will treat municipal effluent and generate up to 16 megalitres of water per day, which will be pumped to the mine site via a new pipeline.

Resource Generation has been working with LLM for two years on plans for the plant, which will provide LLM with essential infrastructure. This is a key responsibility which the company's black empowered subsidiary, Ledjadja Coal (Pty) Limited, committed to undertake as part of its social and labour plan for the Boikarabelo mine.

Sufficient water for stage 1 of the mine is available from groundwater boreholes on the mine properties that the company already owns. Use is subject to receiving an Integrated Water Use Licence which was applied for in January 2011 and is expected to be received shortly.

Paul Jury, Resource Generation's managing director, said: 'This agreement, which follows two years' cooperative work with LLM, is another significant step in the development of our Boikarabelo mine. The plant will provide sufficient water to meet the medium- and long-term needs of the mine, including after the stage 2 expansion; importantly it will also provide the local municipality with essential infrastructure and environmental protection. This is the first of many activities we will be undertaking for the Limpopo community.'

The key terms of the agreement with LLM are as follows:

- The term of the agreement is 30 years from the date of grant of the water use licence by the Department of Water Affairs, subject to satisfaction of a number of conditions. The conditions include an environmental impact assessment being approved by relevant government departments by 28 February 2013, sufficient power supply being secured by LMM, and all other required government approvals (including NEMA approval) being obtained by 28 February 2013. An extension of time is possible should delays be experienced.



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- Resource Generation will pay for the Marapong wastewater treatment plant upgrade works and expansion works to extend capacity to 4 megalitres per day by January 2014, increasing to 16 megalitres per day by January 2017. It will also construct the Marapong -Boikarabelo effluent transfer pump station and associated works including the transfer pipeline.
- Resource Generation will manage, operate and maintain the treatment plant after the expansion at its own cost until the operations transfer date, which is one year after completion of the expansion works. At that time LLM will become responsible for management, operation and maintenance of the plant.
- From 1 January 2014, the Boikarabelo mine will be supplied with a minimum of 4 megalitres of treated effluent per day and from 1 January 2017 a maximum of 16 megalitres per day.
- From the operations transfer date, Resource Generation will continue to pay for the operation and maintenance costs. The company will also pay for insurance for the plant for the term of the agreement.

### **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.*