



## ASX/Media Release

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# Resource Generation's first off-take contract increased to 139 million tonnes

## New power station may bring forward stage 2 expansion of Boikarabelo mine

Resource Generation Limited, which is developing one of South Africa's largest remaining coal deposits, has today signed an agreement with Integrated Coal Mining Limited, part of India's RPG Group, to extend Integrated Coal Mining's purchases of thermal coal from Resource Generation's planned Boikarabelo mine to 139 million tonnes from 37 million tonnes. The purchases will take place over 38 years, up from 20 years in the original contract signed in September 2010.

The initial off-take of 37 million tonnes has increased to 73 million tonnes and will begin when the Boikarabelo mine commences production, which is currently scheduled for late 2013. The balance of the additional off-take of 66 million tonnes will begin after the mine's stage 2 expansion. The price of each shipment will be based on the international market price at the time.

Stage 2 of the mine's development envisages doubling production to around 40 million tonnes per annum of run-of-mine coal. Beneficiating this to maximise production of export quality coal will also generate an equivalent volume of domestic product.

CESC, the flagship power company of the RPG Group, is beginning a feasibility study for construction of a 2x660MW coal-fired power station adjacent to the Boikarabelo mine to supply power to the South African grid. This proposed power station would use around half the additional domestic product, thereby underpinning plans to develop Stage 2 and maximise export coal production.

Additionally, Boikarabelo intends to install its own small-scale fluidised bed coal-powered power station at the mine site to supply power for mining operations. CESC has indicated it is prepared to assist with this project.

A wholly-owned subsidiary of CESC, Bantal Singapore Pte Limited, has agreed to subscribe \$10 million for 12,195,122 shares in Resource Generation at \$0.82 per share, representing approximately 4.8% of the company's issued capital. Following this issue, RPG Group will have an interest of 11.6% in Resource Generation.

Paul Jury, managing director of Resource Generation, said: 'At a time when we are progressing discussions with Transnet for the transport of both stage 1 and stage 2 product and with Eskom over long-term coal supply, these developments help underwrite the expansion of our Boikarabelo mine and unlock its potential as a significant supplier of coal to both export and South African domestic markets. They represent a further vote of confidence by CESC in Boikarabelo's future and position us to expand the mine earlier than otherwise may have been possible, providing positive returns to shareholders and benefiting the South African economy.'

Integrated Coal Mining, Bantal Singapore and CESC are part of the RPG Group, one of India's most respected industrial groups. CESC is India's third largest power utility, with a current installed generating capacity of 1225 MW serving nearly 2.5 million consumers across the twin cities of Kolkata and Howrah. Its published growth plan envisages an increase in its installed generating capacity to 5745 MW. Founded in 1899, the company introduced thermal power to India.

The RPG Group is a diversified industrial group with a market capitalisation of approximately \$US2.0 billion and annual revenue of approximately \$US3.5 billion.

**Contacts**

Paul Jury, Managing Director on (02) 9376 9000 or  
Steve Matthews, Company Secretary on (02) 9376 9000

**Media enquiries**

Anthony Tregoning, Financial & Corporate Relations on (02) 8264 1000

*Resource Generation is an energy resource company, primarily with coal interests in South Africa and Tasmania. Its current priority is to develop its planned Boikarabelo mine in the Waterberg region of South Africa where there are probable reserves of 744.8 million tonnes of coal on 35% of the company's tenements.*