



8 August 2016

ASX Announcement

Agreement of Commercial Terms with Financing Syndicate

ASX and JSE listed emerging coal producer Resource Generation (**Resgen**) is pleased to advise that its BEE subsidiary, Ledjadja Coal (**the Company**), has agreed the commercial terms on which the entities listed below (**the Financing Syndicate**) will seek their requisite approvals in order to secure funding of R5.52 billion (A\$515 million) to complete the construction of the Boikarabelo Coal Mine. The entities are:

- FirstRand Bank Limited, acting through its Rand Merchant Bank division (**RMB**);
- Industrial Development Corporation of South Africa Limited;
- Public Investment Corporation SOC Limited; and
- Noble Resources International Pte Limited (**Noble**)

Commenting on the agreement of commercial terms the Chief Executive Officer of Resgen and the Company, Rob Lowe, stated, "This is an extremely important milestone towards the construction and commissioning of the mine, which will be the second largest in the Waterberg region and will have a marked impact on the opening up of the Waterberg coal field.

The support that we have received from the Financing Syndicate, including RMB, Noble and the two largest development funding institutions in South Africa, has been very pleasing. Transnet Freight Rail has also worked supportively with us in order to develop a viable logistics solution for the transportation of our domestic and export coal production. This is a major contribution towards the realisation of Strategic Infrastructure Project (SIP 1) under the National Development Plan, by providing for the unlocking of the northern mineral belt using the Waterberg as a catalyst" Mr Lowe said.

Resgen has also held discussions with the Export Finance and Insurance Corporation (**Efic**) with a view to Efic joining the Financing Syndicate. Efic has been included in discussions of the terms and has commenced with its due diligence on the project.

The funding package, which is subject to credit approval by all members of the Financing Syndicate, is for an amount of R5.52 billion and is expected to provide the remainder of the total funds required to complete construction of the mine and provide the necessary headroom for contingencies.

The proposed terms of the facility include:

- A mix of USD and ZAR loans;
- Senior, mezzanine and quasi equity;
- Realistic tenor and market related margins;
- Noble is providing a cost overrun facility in addition to a portion of the other debt.

Credit approval and financial close is targeted by end October 2016. On this basis construction of the mine is to be completed by September 2018, with first saleable production in the last quarter of 2018.

The Independent Technical Experts, commissioned by the Financing Syndicate, have completed their initial reports, the outcomes of which have been favourable to the newly adopted execution strategy and mining plan. The new strategy and mining plan takes advantage of current market conditions by reducing the capital requirement and reducing risk by outsourcing construction and operations to external contractors.

The agreed terms are subject to conditions precedent normal in transactions of this nature.

About Resgen:

Resource Generation Limited (Resgen) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine in South Africa's Waterberg region. The Waterberg accounts for around 40% of the country's currently known coal resources. The operating subsidiary, Ledjadja Coal, has reported Probable Reserves of 744.8 million tonnes of coal on 35% of the tenements under the Company's control. Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum. Ledjadja Coal is a Black Economic Empowerment subsidiary (BEE) operating under South Africa's Broad-based Black Economic Empowerment Act, Section 9(5): Codes of Good Practice*

ResGen's primary shareholders are the Public Investment Corporation of South Africa (PIC), Noble Group and Altius Investment Holdings.

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** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Information in this report 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 consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*