



ASX: RES

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ASX Release

Funding update

After receiving credit-approved offers of project finance that deviate from the agreed terms sheet, Resource Generation Limited today announced that it is considering alternative sources of funding to construct its Boikarabelo mine on one of South Africa's largest remaining coal deposits.

The credit approvals received from Resource Generation's mandated debt financiers include commercial conditions which are unacceptable to the company. Negotiations on these conditions are continuing; meanwhile, parallel discussions are at an advanced stage with existing and potential customers which have expressed interest in providing equity funding to enable major construction to begin.

Paul Jury, managing director of Resource Generation, said: "Without contingencies and costs associated with debt funding, capital expenditure is estimated at \$530 million, which includes \$100 million for mobile equipment. If we secure finance from alternative sources to part-fund this expenditure, the company will have flexibility to raise the remaining capital required to complete construction of the mine by way of equity or debt at a later time.

"The due diligence conducted by independent experts on behalf of the financiers identified no material issues and I believe the credit-approved offers of finance confirm Boikarabelo's viability and potential. All regulatory approvals have been received, the land for the mine and rail link has been acquired, and we have contracts providing rail haulage and port access. In addition, we have three significant export contracts for thermal coal with major Indian customers and the global trader Noble Group."

Construction of site infrastructure, roadworks, and water and power connections has begun, and the site is now classified as an operating mine site.

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Resource Generation has coal interests in South Africa. 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.