

RESGEN moves closer to construction of flagship Waterberg
Boikarabelo coal mine

*Waterberg coalfield to serve as catalyst in unlocking SA's northern
mineral belt*

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, has reached a commercial agreement with a financing syndicate, to securing a funding package of R5.52 billion (A\$515 million) to develop its Boikarebelo coal mine in Limpopo Province.

The funding package is subject to credit approval by all members of the Financing Syndicate. The financing syndicate comprises:

- FirstRand Bank Limited, acting through its Rand Merchant Bank division;
- The Industrial Development Corporation of South Africa Limited;
- The Public Investment Corporation SOC Limited;
- Noble Resources International Pte Limited (Noble) – [Noble manages a portfolio of global supply chains across a range of industrial and energy products. It markets, processes, finances and transports key commodities, connecting low-cost producing regions with high-demand growth markets. Noble owns 13.69% of the issued share capital of Resgen.]

Resgen and Ledjadja CEO Rob Lowe said today, “This is an extremely important milestone towards the construction and commissioning of the Boikarabelo mine, which will be the second largest in the Waterberg region and will have a marked impact on the opening up of the Waterberg coalfield. During 2016 we were successful in creating a critical mass of support for this strategic project on many levels:

- The financing syndicate gives us access to some of South Africa’s

premier financial institutions, and to their collective development finance capacity and expertise, while longstanding shareholder Noble provides the cost-overflow contingency facility;

- 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 both the capital requirement and risk by outsourcing construction and operations to external contractors.
- In terms of logistics, we have had excellent support from Transnet Freight Rail, which has been instrumental in helping us to develop a viable transport solution both for domestic and export coal production
- Throughout we have enjoyed strong support from key Government ministries including Economic Development and Mineral Resources
- With these contributions a platform has been created for the realisation of the SIP1 of the NDP (Strategic Infrastructure Project 1 of the National Development Plan).

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