



**ASX: RES**

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**ASX Release**

### **Terms agreed for Boikarabelo CHPP**

- **Expected cost of coal handling and preparation plant (CHPP) reduced by 20%**
- **Danish state guarantee expected to support 50% of the CHPP cost**

Resource Generation Limited has taken a major step towards constructing and funding its Boikarabelo coal mine in the Waterberg region of South Africa with terms agreed for design and supply of the CHPP. A binding term sheet has been signed with FLSmidth Roymec (Pty) Limited, the South African black economic empowerment subsidiary of FLSmidth & Co, the leading supplier of complete plants, equipment and services for the global minerals industry.

The cost of the CHPP is now expected to be below US\$200 million, more than US\$50 million less than earlier estimates. Resource Generation Limited is in discussions with EKF, the Danish state-owned export credit agency, regarding a guarantee to cover over 50% of this cost.

‘This agreement is in line with our plan to raise the capital needed to construct the mine from a variety of sources, including supplier finance, project finance and the \$62.6 million equity entitlement offer completed in October. The EKF guarantee, if confirmed, is expected to facilitate raising project finance for the CHPP,’ said Paul Jury, managing director.

‘The CHPP is the largest capex item in Boikarabelo’s budget, and this agreement represents significant progress. We are completing final drawings for the plant and look forward to working with FLSmidth to bring the mine to fruition, with production currently targeted to begin in late 2015.’

FLSmidth & Co, headquartered in Denmark, employs over 15,000 people in more than 50 countries and is listed on Nasdaq OMX Nordic Exchange Copenhagen.

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***Resource Generation is developing the Boikarabelo coal mine in the Waterberg region of South Africa, which accounts for 40% of the country’s remaining coal resources. There are 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.***