



ASX: RES

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ASX Release

Project Update

One of the contractors at the Boikarabelo mine, Protech Kuthale (Pty) Limited (**PK**), has notified Resource Generation that it has applied to court to terminate its business rescue proceedings and be placed in liquidation. PK was undertaking the earthworks for the rail link, the site infrastructure and the roads. It has removed all staff from the mine site and terminated all activities. Addressing this unforeseen development is expected to delay the completion of the project by three to six months, with first coal production now estimated for the first half of 2016. Based on the previous competitive tender process, Resource Generation does not expect any difficulty in appointing an alternative earthworks contractor for a similar cost.

Funding negotiations still continue with proposed debt financiers of the mobile equipment, the coal handling and preparation plant and the rest of the site infrastructure.

Contacts

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

Media enquiries

Anthony Tregoning (02) 8264 1000

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 (refer ASX announcement dated 16 December 2010). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.