



**ASX: RES**

4 November 2010

**ASX Release**

## **RESOURCE GENERATION TO RAISE UP TO A\$20 MILLION THROUGH AN EQUITY RAISING**

Resource Generation Limited (*Resource Generation* or *the Company*) is pleased to announce that the Company is undertaking an equity raising to raise up to A\$20 million at A\$0.50 per share. The Company may accept additional subscriptions of up to an additional A\$10 million. Citigroup Global Markets Australia Pty Limited is acting as Sole Lead Manager and Bookrunner to the placement and is placing shares with institutional and sophisticated investors.

The placement will be issued in two tranches, with an initial unconditional tranche of 27.4 million shares to be issued on Wednesday, 10 November 2010 and the balance of placement shares to be issued conditional on the receipt of shareholder approval. Resource Generation will seek shareholder approval for the conditional tranche of the placement and ratification of the unconditional tranche at a general meeting to be held on or about 13 December 2010.

Resource Generation has previously announced that it is bringing forward the need to construct the rail link from the Boikarabelo mine to the existing rail network in South Africa. The proceeds raised under the equity raising will be used primarily for the rail link land acquisitions and access rights as well as other expenditure for the Company's Boikarabelo Mine in South Africa and for working capital. Specifically, other uses are for associated costs for the rail link, initial expenditure on power and water infrastructure and payments to BEE partners for the increase of the Company's shareholdings, in accordance with the shareholders' agreements.

The construction of the rail link will need approval under the National Environmental Management Act. In order to secure approval, the directors believe that it is essential to acquire land and obtain land access rights required for the rail link construction. The Company has recently concluded negotiations for the purchase of land and easement agreements for two-thirds of one of its preferred rail link routes.

The Board has also decided to invite shareholders to participate in the Resource Generation Share Purchase Plan ("*the SPP*"). The SPP entitles shareholders in the Company, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of shares in the Company at A\$0.50 cents per share, being the same price paid by institutional shareholders in the share placement. The record date for participation is 3 November 2010. Further details will be sent to shareholders shortly.



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Paul Jury, managing director, said: 'This is an important step in providing funds to unlock the development of the Boikarabelo mine. Securing the land access rights is a key step in our ability to construct the rail link, which itself is critical to opening up the export and domestic markets for our coal.'

*Resource Generation has coal interests in South Africa and Tasmania. Its current priority is to develop its resources in the Waterberg region of South Africa.*

### **Contacts**

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