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ASX Release

New BEE partners to facilitate development of Resource Generation's Boikarabelo coal mine

Resource Generation Limited, which is developing one of South Africa's largest remaining coal deposits, announced today that Fairy Wing Trading 136 (Pty) Limited (*FWT*), a company owned by a group of South African businessmen and women with strong commercial and government relationships, has agreed to acquire the 26% shareholding in Resource Generation's Ledjadja joint venture that was owned by its original BEE (black economic empowerment) partner.

Resource Generation will facilitate the acquisition through a loan of R80 million (\$11.5 million) to FWT. The loan, which will be secured over FWT's shares in Ledjadja and repayable out of the first dividends due to FWT from the joint venture, will be made available in three tranches. The first tranche of R60 million will be paid during the next quarter following finalisation of documentation for the Mining Right for Boikarabelo, which will incorporate FWT as the BEE partner, the second tranche of R10 million will be paid on 30 September 2011 with a third tranche of R10 million on 30 September 2012. The loan will be provided from Resource Generation's existing funds.

Paul Jury, managing director of Resource Generation, said: 'We are delighted that, as we progress towards the completion of our Boikarabelo mine, scheduled for late 2013, we will have partners who are able to contribute considerable value through commercial guidance and relationships. They have already exhibited their ability to assist and the benefits that can result from a constructive BEE partnership.'

As part of the transaction, the Ledjadja joint venture will assume Resource Generation's obligation to pay to Apex Resources Inc. a royalty of R2 per tonne of coal shipped up to a limit of R30 million.

Resource Generation has coal interests in South Africa and Tasmania. 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.

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