



8 March 2018

Market Update

Resource Generation Limited (ASX:RES/JSE:RSG)(**Company**) is pleased to provide the following market update.

Mine Development Funding

The activities associated with the funding of the mine development continue to make progress, although slower than the expectations indicated by Management in the November 2017 update. In particular, numerous hurdles have been cleared with the various proposed Lenders' internal credit approval processes and the proposed Lenders have now notified the Company of specific dates on which they expect to have received their respective full Credit Committee and Board approvals for the funding package. The last of these is scheduled to be received by the Company during the first week in April 2018. On the basis of this information the Board is currently scheduled to meet on Wednesday 11 April 2018 to consider a recommendation to Shareholders regarding the Lenders' credit approved term sheets. The Board will be assisted in its deliberations by a management recommendation and by advice from the Company's corporate finance advisers.

As a further positive sign in progressing the mine development funding proposal, some of the proposed Lenders have requested that the Company enter into bi-lateral loan agreements before 31 March 2018. These agreements would remain conditional upon various conditions precedent being satisfied including final shareholder approval to be sought at an Extraordinary General Meeting (EGM).

Based on the timing notified by the proposed Lenders, the Company is now targeting the Shareholders EGM towards the end of June 2018.

Rail Link Funding

Discussions relating to the funding of the Rail Link continue to make satisfactory progress with several viable solutions being progressed in parallel with each other. Management advised the Board that it is confident that a funding solution for the Rail Link should be in place prior to Financial Close and first drawdown for the mine development

Other Contractual Arrangements

In parallel with the funding proposals, work is progressing on confirmation of the required export allocation of 3.6mtpa at Richards Bay. The Company is also planning to re-engage with ESKOM in relation to the opportunity to securing a long term domestic coal supply agreement as this is seen as adding value to the Project.

CEO Arrangements

During the contract extension discussions last year the current CEO, Rob Lowe, indicated a desire to stand down from the role shortly after Financial Close and to then support the business transition to the mine development phase. The Board, in consultation with the proposed Lenders, has decided to commence this transition process early with the Board's Nomination Committee being tasked to conduct a market search using an industry qualified recruitment agency in South Africa.

Effective immediately, Rob Lowe will therefore stand down as CEO and assume the role of Advisor-Project Funding focusing exclusively on achievement of Financial Close and first drawdown of funds. Rob will then remain with the Company on a full-time basis assisting with project start-up activities until completion of his contract on 31 December 2018.

Leapeetswe (Papi) Molotsane, currently a Non-Executive Director, will be appointed as Interim Managing Director and CEO on a month to month basis through to Financial Close, or until the appointment of a replacement CEO. Papi has already been assisting the project funding workstreams and will have the full support of Rob Lowe in pursuing Financial Close. The required ASX Listing Rule disclosures for the Interim Managing Director and CEO are set out in Appendix 1.

On behalf of the Board

L M Xate

Chairman

About Resgen:

Resource Generation Limited (Resgen) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine in South Africa's Waterberg region. The Waterberg accounts for around 40% of the country's currently known coal resources. The Coal Resources and Reserves for the Boikarabelo Coal Mine, held through the operating subsidiary Ledjadja Coal, were recently updated based upon a new mine plan and execution strategy. The Boikarabelo Coal Resources total 995Mt and the Coal Reserves total 267Mt applying the JORC Code 2012 (ASX Announcement :23 January 2017- In accordance with Listing Rule 5.23.2 the Company confirms that it is not aware of any new information that would impact on the Reported Coal Resources and Coal Reserves). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum. Ledjadja Coal is a Black Economic Empowerment subsidiary (BEE) operating under South Africa's Broad-based Black Economic Empowerment Act, Section 9(5): Codes of Good Practice

ResGen's primary Shareholders are the Public Investment Corporation of South Africa (PIC), Noble Group and Altius Investment Holdings.

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Appendix 1

In accordance with ASX Listing Rule 3.16.4 the material terms of the employment arrangement for the Interim Managing Director and CEO are summarized below:

- Month to month arrangement ie one calendar month's termination notice;
- Cash remuneration of R300,000 per month (exclusive of all related employment costs);
- Entitlement to use of a Company vehicle;
- No eligibility to bonus incentives