



13 September 2018

ASX Announcement

Market Update

Resource Generation Limited (ASX:RES) (Resgen or Company) would like to provide an update on the funding status of its Boikarabelo Coal Mine in the Waterberg, South Africa (Project).

In the last market update covering the status of Project (ASX Release: 20 August 2018) the Company advised that it was pursuing a tandem approach to finding a funding solution. This approach involved:

1. Continuing to engage with the proposed lending syndicate (Syndicate) and more specifically the Lender delaying its credit committee approval processes due to a broad-based internal review of the organisation's ESG investment criteria; and
2. Subject to due diligence, to structure involvement by a third party as a substitute funder in the Syndicate or as a complementary participant in the Syndicate

The Company has now received a commitment from the Lender referred to in 1 above to table the funding proposal prepared by the Deal Team for credit committee approval and, if secured, final Lender Board approval by the end of October 2018. Consequently, the Board has agreed to prioritise this funding route and dedicate all time and resources to securing a favourable outcome.

Engagement and due diligence planning occurred during August 2018 with the interested third party funder referred to in 2 above. This process continues to be progressed on a basis that considers the priority now agreed to achieving an end of October outcome with the Syndicate.

The Company has recalibrated the funding calendar for achieving Financial Close and determined that this is likely to only occur towards the end of Q1 in 2019. Consequently, this highlighted the need to secure additional working capital to allow an orderly conclusion to the funding process. In this regard a conditional agreement has been reached with Noble Group (Noble) to provide the projected additional working capital requirements through to 31 March 2019. This agreement includes the following terms and conditions:

- extending the current Working Capital Facility (a component of the Facility Agreement) by an additional US\$4.7m;
- amending the first date for repayment of the Facility from 1 November 2018 to 1 April 2019.
- granting of new security to secure Resgen and Ledjadja Coal's obligations to Noble under the Facility Agreement;
- executing full form documents effecting the necessary amendment to the Facility Agreement and the additional security documents;
- Resgen and Ledjadja Coal obtaining all necessary internal and regulatory approvals or waivers in respect of all documents being entered into; and
- All costs associated with negotiation and documentation to be borne by Resgen.

The Company will keep the market informed regarding further progress on project funding in accordance with its continuous disclosure obligations.

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Chairman
For and on behalf of the Board

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 Coal 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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