



3 July 2020

ASX Announcement

Market Update

Resource Generation Limited (**ASX:RES**) (**Resgen or Company**) is pleased to provide the following Market Update.

Mine Funding Package

On 5 December 2019, the Company announced that along with its majority owned subsidiary, Ledjadja Coal, it had executed principal binding agreements for the funding of the construction of the Boikarabelo Coal Project (**Project Funding Agreements**).

The Project Funding Agreements include a Senior Facility, three Mezzanine Facility Agreements, an Equity Contribution Agreement, a Common Terms Agreement, a comprehensive security package and certain other security agreements covering release, counter indemnity and sub-ordination. The Common Terms Agreement includes a number of conditions precedent that require satisfaction, deferment or waiver prior to the Project Funding Agreements completing and Ledjadja Coal being able to issue the first drawdown notice (**Financial Close**). The Common Terms Agreement has a Sunset Date which was until recently 30 June 2020.

A Deed of Amendment to the Common Terms Agreement has been confirmed in principle by all Lenders and is now at various stages of being formally executed under their governance processes, extending the Sunset Date to 30 September 2020.

This extension enables the Company to re-assess the target date for Financial Close which currently requires completion, satisfaction, deferment or waiver of the following remaining key tasks:

- Rail link funding - this involves the drafting and finalisation of binding legal agreements reflective of the non-binding Harith Terms Sheets announced on 5 May 2020. This process is well advanced and targeted for completion shortly;
- Ramp-up working capital – the Company has presented various possible solutions to the Lenders and is running a number of processes in parallel in order to secure this line of funding or provide comfort to the Lenders that this can be arranged;
- Yellow goods financing - the mining service contractor is yet to secure the required upfront financing of approx. US\$120 million to purchase the equipment to operate

the Mine. The Company has agreed to assist in these negotiations on a non-recourse basis and is currently assessing numerous possible options;

- Noble Group is making steady progress in its discussions with third parties to secure a back to back domestic offtake agreement for the domestic coal product;
- Logistics contracts - the coal haulage, ship loading and port agreements for the export coal sales, whilst materially complete, still need to be finalised;
- Project cost review - due to delays in securing the project funding and the recent devaluation of the Rand, the Company is considering initiatives to reduce the capital spend back to the currently agreed funding envelope of R4.2 billion. These initiatives are mainly centred around a review of the scope of work attached to the AWP contract;
- The pricing review by Sedgman of the CHPP contract is well advanced and will be completed within the next two weeks for consideration by the Lenders; and
- The Company is working towards having final Lender Investment Committee approvals in place before the end of August 2020, despite the Sunset Date having been extended to 30 September 2020.

The Funding Calendar has been updated based on what Management believe are achievable timelines for addressing the key tasks set out above. On the basis of the updated Funding Calendar the revised target for Financial Close is now the end of August 2020.

Working Capital Funding

On 19 June 2020, the Company confirmed that legal documentation had been finalised and executed for an additional working capital facility of US\$2.25m in the form of an Eighth Deed of Amendment to the Facility Agreement with Noble Group dated 3 March 2014 (Eighth Deed). The additional working capital facility under the Eighth Deed had an availability period through to 30 June 2020 at which time only \$250,000 had been received. The Company has been able to agree the following amendments to the Eighth Deed:

- Extension of the period of availability of the undrawn facility totalling US\$2m to 31 July 2020; and
- Extension of the first date for repayment under the Facility Agreement to 30 September 2020 to align with the new Sunset Date agreed with the Lenders.

Other matters

The Company has been notified by Manish Dahiya that he is no longer an employee of Noble Group and resigns effective immediately as Alternate Director for Greg Hunter.

The Company will keep the Market informed regarding further progress in accordance with its continuous disclosure obligations.

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Interim CEO and Director

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.

Forward looking statements

This announcement contains certain forward-looking statements. Forward-looking statements include those containing words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of ResGen. To the maximum extent permitted by law, the directors of ResGen, ResGen and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfillment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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