



4 September 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**).

Extension of the target date for Financial Close

The Project Funding Agreements include a Common Terms Agreement which specifies 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**). An Amended and Restated Common Terms Agreement has been finalised and confirmed in principle by all Lenders and is at various stages of being formally executed under their governance processes, extending the Long Stop Date to 30 September 2020.

Conditions Precedent

Ledjadja Coal, the Borrower under the terms of the Project Funding Agreements, has made significant progress with respect to satisfying the majority of the Conditions Precedent to Financial Close before the end of September 2020 and has formally requested that the Lenders either:

- defer a limited number of Conditions Precedent to a date post Financial Close due to the practical inability of satisfying the said Conditions Precedent before the end of September 2020; or
- has submitted viable alternative solutions with respect to those specific Conditions Precedent, which could be satisfied before Financial Close.

The Lenders will be approaching their various internal committees during the month of September on the basis set out above. Whilst there is a risk that one or more of the Lender governance bodies will not accept the proposal referred to above, the Company

remains optimistic that the submission will receive due consideration in light of the pressing need to achieve Financial Close in the short term.

The repricing review by Sedgman of the CHPP contract has been completed and is now being finalised in an amended agreement. The capacity to include the inflationary cost increase in the Base Case Financial Model has been confirmed.

Security Documentation

All security documentation is in final form and with the Lenders for signature on receiving an approval from their internal committees.

Rail Link Funding

In the market update on 16 July 2020, the Company confirmed that Harith General Partners had secured final approval of their equity and debt commitments to fund the construction of a 44km rail link to join the Boikarabelo Mine with the Transnet main line.

Loan documentation to formalise the binding term sheet is close to being in a final form. The principal remaining conditions requiring satisfaction, deferral or waiver before Financial Close for the rail link funding transaction include:

- All regulatory approvals including the registration of each servitude to effect the transaction;
- Notice that the transaction security has been granted; and
- The Mine Funding Package being fully funded and all conditions precedent for commencement of the Mine having been met before 30 September 2020.

Other matters

Ledjajdja Coal, the borrower under the Facility Agreement executed with Noble Group dated 3 March 2014, as amended, has recently drawn down the remaining funds under the Eighth Deed of Amendment (ASX Announcement: Market Update 19 June 2020).

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

Leapeetswe Molotsane
Interim CEO and Director

Approved for release by 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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