



10 September 2020

ASX Announcement

Market Update

Resource Generation Limited (**ASX:RES**) (**Resgen or Company**) provides the following Market Update on the status of finalising the Mine Funding Package for development of the Boikarabelo Mine.

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 Mine.

In the Quarterly Activities Report released on 31 July 2020, the Company advised that a Deed of Amendment to the Common Terms Agreement for the Mine Funding Package extending the Long Stop Date for achieving Financial Close from 30 June to 30 September 2020 had been agreed in principle and was in the process of being executed. The extension was required to allow for preparation of final submissions to the Lenders' Credit Committees expected to be scheduled during September 2020. These submissions were to include support for the Company's requested waiver or deferral of certain Conditions Precedent to achieving Financial Close.

On 4 September 2020, the Company advised that Ledjadja Coal, the Borrower under the terms of the Mine Funding Package, had made significant progress with respect to satisfying the majority of the Conditions Precedent to Financial Close and had 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
- consider proposed viable alternative solutions with respect to those specific Conditions Precedent, which could be satisfied before Financial Close.

The Lenders' Project Teams have responded to the formal requests detailed above and advised that they will not be approaching their Credit Committees until the following key Conditions Precedent have been met:

- Execution of a binding Ramp-up Working Capital Facility Agreement;
- Execution of a binding and fully funded Mining Services Contract; and

- Execution of a domestic back to back Offtake Agreement with Noble Group to meet the Eskom BEE procurement conditions.

Based on significant progress achieved to date in the negotiations, Management are of the view that execution of both a binding Ramp-up Working Capital Facility Agreement and fully funded Mining Services Contract could be completed by the end of October 2020. Noble Group have indicated that they expect to have the Offtake Agreement concluded by then as well.

On the reasonable assumption that these Conditions Precedent can be met by the end of October 2020, Lenders would then be in a position to approach their various Credit Committees during the month of November 2020. Management plans to approach Lenders based on the revised target timeline to seek a further extension of the Long Stop Date.

The Group will require additional working capital funding to bridge this delay in achieving Financial Close along with a deferral of loan repayments under the Facility Agreement executed with Noble Group dated 3 March 2014, as amended, from 30 September 2020 to 30 November 2020. Management will be commencing dialogue with Noble Group in this regard and is investigating other possible sources of funding

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).

For further information please contact:

Mike Meintjes, Company Secretary on mmeintjes@resgen.com.au or +61 413 706 143

Media enquiries:

South Africa: Marion Brower/ Charmane Russell on +27 11 880 3924