

**Interim Financial Report for the half year ended 31 December 2015**

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This interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Resource Generation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## RESOURCE GENERATION LIMITED

### Directors' report

The Board of Directors present their report on the consolidated entity consisting of Resource Generation Limited (the Company) and the entities it controlled for the half year ended 31 December 2015.

### Directors

The following persons were appointed Directors of Resource Generation Limited during the period and were still in office at the date of this report:

Mr D Gately (Chairman) (Appointed 26 November 2015)  
Mr L Xate (Deputy Chairman) (Appointed 26 November 2015)  
Mr R Croll (Non-Executive Director) (Appointed 26 November 2015)  
Mr C Gilligan (Non-Executive Director) (Appointed 26 November 2015)  
Mr L Molotsane (Non-Executive Director) (Appointed 26 November 2015)  
Dr K Sebatl (Non-Executive Director) (Appointed 26 November 2015)

The following persons were Directors of Resource Generation Limited from the beginning of the period and removed from office as indicated below:

Mr B Warner (Chairman) (Removed 26 November 2015)  
Mr P Jury (Managing Director) (Removed 26 November 2015)  
Mr S Matthews (Executive Director and Company Secretary) (Removed 26 November 2015)  
Mr G Rose AO (Non-Executive Director) (Removed 26 November 2015)

Mr M Meintjes was appointed Company Secretary on 26 November 2015.

### Review of Operations

During the half year ended 31 December 2015 the consolidated entity recorded a net loss of \$8.1 million (2014 loss \$3.2 million). The net loss for the half year to 31 December 2015 of \$8.1 million reflects employee expenses of \$2.2 million, an unrealised foreign exchange loss of \$7.0 million and a credit relating to expiry of performance share rights of \$1.9 million.

The Boikarabelo mine's potential continued to be unlocked during the half year. The Boikarabelo mine, in the Waterberg region of South Africa, has probable reserves of 744.8 million tonnes of coal on 35% of the tenements controlled by the consolidated entity.

Negotiations with various parties including a club of potential financiers to provide project finance for the construction of the Boikarabelo mine continued during the period. The process in reaching an agreed term sheet has been protracted due to several factors including the variable nature of the envisaged loan structure and maintaining deliverable outcomes within prevailing debt and coal markets. It is proposed that if this facility proceeds, the existing loan from Noble Group will become part of the above facility.

Expectations are that the project finance will provide all required remaining funding for the mine construction. Consequently, if the proposed facility is made available, the Company does not envisage the need for an associated equity raising.

While this protracted process is on-going, the Company continues to explore alternate debt funding arrangements to maximise the chance of finalising the successful development of the Boikarabelo mine.

Construction of some of the mine's infrastructure continued during the period while project debt funding was being negotiated. Major construction activities can commence after project funding is finalised. The items that occurred during the period were:

- power supply infrastructure;
- rail installation at the network stabilisation facility ("NSF"); and
- 13 kilometres of water pipeline associated with the effluent treatment plant.

EHL Energy (Pty) Limited completed the erection of power poles and transmission lines for the 132kV power supply. In addition, the substation and switch room were also completed during the period. The power supply infrastructure is funded by a deferred payment facility.

At the NSF, the 26 tonne axle load switch and signalling system was installed and commissioned. In addition 400 metres of rail was installed to allow for construction access for the rest of the railway line system to the mine.

## RESOURCE GENERATION LIMITED

### Directors' report (continued)

#### Review of Operations (continued)

The Marapong effluent treatment facility in Lephalale and the 58 kilometre pipeline to Boikarabelo are an integral part of the mine's social and labour plan. Earthworks were previously completed for a 13 kilometre section of the pipeline adjacent to a main road. Installation of pipes was completed during the period.

Following the Company's receipt of a requisition for a General Meeting from Altius Investment Holdings (Pty) Limited ("Altius") to replace the Company's board, the Company submitted an application to the Takeovers Panel seeking a declaration of unacceptable circumstances in relation to the affairs of the Company with orders that, among other things, the Company's majority shareholders, Shinto Torii Inc. (a subsidiary of Altius), Noble Group Limited and Public Investment Corporation SOC Limited, be excluded from voting at the General Meeting. The Takeovers Panel declined to make such an order and, at the General Meeting held on 26 November 2015, shareholders approved the election of a new board of directors of the Company, comprising Denis Gately (Chairman), Lulamile Xate (Deputy Chairman), Colin Gilligan, Dr Konji Sebati, Leapeetswe Molotsane and Robert Croll. The new board appointed Rob Lowe as the interim Chief Executive Officer effective 26 November 2015.

On 25 November 2015, the day prior to the General Meeting, the former Managing Director of the Company approved the retrenchment of all Sydney office staff. In addition, the former board approved the payment of termination benefits to the two executive directors in their expectation that their position as directors would be terminated at the General Meeting to be held the following day. Termination benefits totalling \$2,303,504 were paid to the former board members, executives and staff on the same day. The new board is seeking legal advice in relation to the payment of the termination benefits.

The new board met in South Africa on 14 December 2015 and subsequently the Chairman released a board report to shareholders on 16 December 2015 outlining the board's priorities with respect to rebuilding the executive team, meeting with potential funders, reviewing the Boikarabelo mine architecture and evaluating alternative mine operating models.

#### Events Occurring after the Balance Sheet Date

There are no matters of significance up to the date of this report that have not been included in the interim financial statements.

#### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

#### Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the rounding off of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars or, in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors, pursuant to Section 306(3) of the Corporations Act 2001.



D Gately  
Chairman

Johannesburg  
18 February 2016

The Board of Directors  
Resource Generation Limited  
Level 12 Chifley Tower  
2 Chifley Square  
SYDNEY NSW 2000

18 February 2016

Dear Board Members

### **Resource Generation Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Resource Generation Limited.

As lead audit partner for the review of the financial statements of Resource Generation Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Jason Thorne  
Partner  
Chartered Accountants

## RESOURCE GENERATION LIMITED

### Condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2015

	Notes	Half year ended	
		31-Dec-15 \$'000	31-Dec-14 *Restated \$'000
Revenue from continuing operations		164	467
Administrative, rent and corporate		(792)	(479)
Depreciation of property, plant and equipment		(172)	(161)
Employee benefits expense		(2,178)	(817)
Finance expenses		-	(1,439)
Share based compensation credit/(charge)	3	1,873	(779)
Foreign exchange movements	3	(7,010)	-
<b>Loss before income tax expense</b>		<b>(8,115)</b>	<b>(3,208)</b>
Income tax expense		-	(1)
<b>Loss for the half year</b>		<b>(8,115)</b>	<b>(3,209)</b>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	7	(10,632)	2,694
<b>Total comprehensive income for the half year</b>		<b>(18,747)</b>	<b>(515)</b>
Loss is attributable to:			
Owners of Resource Generation Limited		(8,115)	(3,209)
Total comprehensive income for the half year is attributable to:			
Owners of Resource Generation Limited		(18,747)	(515)
Earnings per share			
From continuing operations		<b>Cents</b>	<b>Cents</b>
Basic loss per share		(1.40)	(0.55)
Diluted loss per share		(1.40)	(0.55)

\*Please refer to Note 1(c) translation of foreign operations

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## RESOURCE GENERATION LIMITED

Condensed consolidated statement of financial position  
As at 31 December 2015

	Notes	31-Dec-15 \$'000	30-Jun-15 \$'000
<b>Current assets</b>			
Cash and cash equivalents		18,315	28,551
Trade and other receivables		93	200
Deposits and prepayments		133	207
		<u>18,541</u>	<u>28,958</u>
<b>Non-current assets</b>			
Property, plant and equipment		29,277	35,464
Mining tenements and mining development		141,656	140,539
Deposits and loan receivables		16,114	18,484
		<u>187,047</u>	<u>194,487</u>
<b>TOTAL ASSETS</b>		<u>205,588</u>	<u>223,445</u>
<b>Current liabilities</b>			
Trade and other payables		3,983	7,320
Provisions		343	987
Borrowings	4	5,853	2,661
		<u>10,179</u>	<u>10,968</u>
<b>Non-current liabilities</b>			
Provisions		-	204
Borrowings	4	35,444	31,221
Royalties payable		2,249	2,716
		<u>37,693</u>	<u>34,141</u>
<b>TOTAL LIABILITIES</b>		<u>47,872</u>	<u>45,109</u>
<b>NET ASSETS</b>		<u>157,716</u>	<u>178,336</u>
<b>Equity</b>			
Issued capital	5	223,622	223,622
Reserves	7	(15,034)	(2,529)
Accumulated losses		(50,872)	(42,757)
<b>TOTAL EQUITY</b>		<u>157,716</u>	<u>178,336</u>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## RESOURCE GENERATION LIMITED

Condensed consolidated statement of changes in equity  
For the half year ended 31 December 2015

Notes	Attributable to owners of Resource Generation Limited			Total equity \$'000
	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	
<b>Balance as at 1 July 2014 (*restated)</b>	223,622	(10,090)	(37,808)	175,724
Loss for the period	-	-	(3,209)	(3,209)
Other comprehensive income for the period	-	2,694	-	2,694
<b>Total comprehensive income for the period</b>	-	2,694	(3,209)	(515)
Contributions of equity, net of transaction costs	-	-	-	-
Employee share options - value of employee services	-	779	-	779
	-	779	-	779
<b>Balance at 31 December 2014 (*restated)</b>	223,622	(6,617)	(41,017)	175,988
<b>Balance at 1 July 2015</b>	223,622	(2,529)	(42,757)	178,336
Loss for the period	-	-	(8,115)	(8,115)
Other comprehensive income for the period	-	(10,632)	-	(10,632)
<b>Total comprehensive income for the period</b>	-	(10,632)	(8,115)	(18,747)
Contributions of equity, net of transaction costs	-	-	-	-
Employee share options - value of employee services	-	(1,873)	-	(1,873)
	-	(1,873)	-	(1,873)
<b>Balance at 31 December 2015</b>	223,622	(15,034)	(50,872)	157,716

\*Please refer to Note 1(c) translation of foreign operations

*The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

# RESOURCE GENERATION LIMITED

Condensed consolidated statement of cash flows  
For the half year ended 31 December 2015

	Half year ended	
	31-Dec-15 \$'000	31-Dec-14 \$'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of government charges)	(4,609)	(1,349)
Interest received	130	400
Interest/finance costs paid	(3)	(104)
<b>Net cash outflow from operating activities</b>	<u>(4,482)</u>	<u>(1,053)</u>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(650)	(275)
Receipts for government charges associated with land acquisition (refundable)	-	-
Payments for licence deposits	-	(64)
Payments for acquisition of subsidiaries	-	-
Payments for mining tenements and mining development	(5,170)	(18,807)
<b>Net cash outflow from investing activities</b>	<u>(5,820)</u>	<u>(19,146)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Equity raising costs	-	-
Repayment of debt	(564)	-
Loan to BEE partner	(69)	(98)
<b>Net cash outflow from financing activities</b>	<u>(633)</u>	<u>(98)</u>
<b>Net decrease in cash and cash equivalents</b>	(10,935)	(20,297)
Cash and cash equivalents at the beginning of the half year	28,551	54,337
Effects of exchange rate movements on cash and cash equivalents	699	3,864
<b>Cash and cash equivalents at the end of the half year</b>	<u>18,315</u>	<u>37,904</u>

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements  
For the half year ended 31 December 2015

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation of half year financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2015 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2015 and any public announcements made by Resource Generation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The interim financial report has been prepared on the basis of historical cost except for the revaluation of certain financial instruments. Cost is based on the fair values of consideration given in exchange for assets. All amounts are presented in Australian Dollars, unless otherwise noted.

### Disclosure surrounding adoption of new or revised Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half-year.

\*AASB 2015-3 'Amendments to Australian Accounting Standards arising from Withdrawal of AASB 1031 Materiality'

The Company has reviewed the above Accounting Standards and determined that they have no material impact on the interim financial report for the half year ended 31 December 2015.

The following new accounting standards are not yet effective but may have an impact on the Group in the financial years commencing 1 July 2016 or later:

\*AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'

\*AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014'

\*AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

\*AASB 9 'Financial Instruments'

\*AASB 15 'Revenue from Contracts with Customers'

\*IFRS 16 Leases

The Company is in the process of determining the potential impact of adopting the above standards and they have not been applied in the preparation of interim financial report for the half year ended 31 December 2015.

### (b) Significant accounting policies

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2015. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial report comprises the financial statements of Resource Generation Limited and its subsidiaries as at 31 December 2015 ("the Consolidated Entity").

As at 31 December 2015, the Group had net current assets of \$8.4 million and made a loss of \$8.1 million for the half year. The Interim Financial Report has been prepared on a going concern basis, for the half year ended 31 December 2015, after considering the following items:

- Cash position of \$18.3 million.
- Key infrastructural aspects have been secured, such as mining rights, offtake agreements, port/rail agreements and water licences obtained.
- Sufficient financing has been secured for the next 12 months.
- Negotiations for project finance to complete the mine project are continuing.

### (c) Translation of foreign operations

During the year ended 30 June 2015, the directors changed the method for the translation of foreign operations to be in line with AASB 121 the Effects of Changes in Foreign Exchange Rates (AASB 121). Certain non-monetary items that were previously translated at historical exchange rates are now translated using the closing rate at the end of the reporting period as required by AASB 121. This resulted in a restatement in the Group's 30 June 2015 Annual Report for the years ended 30 June 2014 and 30 June 2013.

To reflect the change above in the interim financial report, the comparative figures in the condensed consolidated statement of profit or loss and other comprehensive income and the condensed consolidated statement of changes in equity for the half year ended 31 December 2014 have been restated. Please refer to Note 3(b) in the Group's 30 June 2015 Annual Report for further details of the restatement.

# RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements  
For the half year ended 31 December 2015

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (d) Income Tax

The Directors have not recognised any deferred tax assets in relation to carry forward unused tax losses. Given the history of operating losses, the Directors have determined that the most appropriate time to recognise deferred tax assets from carry forward unused tax losses is when the mine commences production.

## 2. SEGMENT INFORMATION

### (a) Description of segments

Management has determined the segments based upon reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from both a business and geographic perspective, with the Board being the central decision maker.

#### Business segments

The Group has coal interests in South Africa. The main priority is to develop its coal resources in the Waterberg region of South Africa. Management has determined mining tenements and mining development and corporate to be the critical reportable segments. Corporate includes equity raisings and administration costs.

### (b) Primary reporting format - business segments

Information regarding these segments is presented below. The accounting of the reportable segments is the same as the Group's accounting policies.

Half year 2015	Mining tenements	Corporate	Total
	Africa \$'000	Australia \$'000	\$'000
Total segment and consolidated revenue	136	28	164
Loss before income tax	(548)	(7,567)	(8,115)
Income tax expense	-	-	-
Loss for the half year	(548)	(7,567)	(8,115)

Half year 2014	Mining tenements	Corporate	Total
	Africa *Restated \$'000	Australia \$'000	\$'000
Total segment and consolidated revenue	313	154	467
Loss before income tax	(1,655)	(1,553)	(3,208)
Income tax expense	(1)	-	(1)
Loss for the half year	(1,656)	(1,553)	(3,209)

## 3. LOSS FOR THE HALF YEAR

Half year ended  
31-Dec-15      31-Dec-14  
\$'000      \$'000

Loss for the half year includes the following items that are unusual because of their nature, size or incidence:

#### Expenses

Share based compensation (credit)/charge	(1,873)	779
Foreign exchange movements	7,010	-

## 4. BORROWINGS

	31-Dec-15 \$'000	30-Jun-15 \$'000
Current liabilities/ Borrowings - unsecured	5,853	2,661
	<u>5,853</u>	<u>2,661</u>
Non-current liabilities/ Borrowings - unsecured	35,444	31,221
	<u>35,444</u>	<u>31,221</u>

## RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements  
For the half year ended 31 December 2015

### 4. BORROWINGS (continued)

#### Noble Loan

A binding term sheet for a US\$65 million loan from Noble Group for construction of the infrastructure of the Boikarabelo mine was signed on 31 December 2013. US\$20 million of the Noble Group rail loan was drawn down in March 2014. The loan is unsecured and interest is payable at 10.75%, repayable from June 2016 in quarterly instalments.

#### EHL Loan

EHL Energy (Pty) Limited are building the electricity sub-station at the Boikarabelo mine which connects the mine to the grid. The construction is subject to a deferred payment plan, with interest payable at the ABSA Bank prime lending rate plus 3%. The loan is unsecured and repayable in 16 quarterly instalments from November 2015.

### 5. EQUITY SECURITIES ISSUED

	31-Dec-15 Shares	30-Jun-15 Shares	31-Dec-15 \$'000	30-Jun-15 \$'000
Opening balance	581,380,338	581,380,338	223,622	223,622
Issues of ordinary shares	-	-	-	-
Closing balance	581,380,338	581,380,338	223,622	223,622

### 6. DEVELOPMENT PARTNERS

	31-Dec-15 Interest %	30-Jun-15 Interest %
Waterberg One Coal (Pty) Limited	74	74
Ledjadja Coal (Pty) Limited	74	74

### 7. RESERVES

	31-Dec-15 \$'000	30-Jun-15 \$'000
<b>Reserves</b>		
Other contributed equity	1,085	1,085
Treasury shares	(2,317)	(2,317)
Share based payment reserve	18,421	20,294
Foreign currency reserve	(32,223)	(21,591)
	<u>(15,034)</u>	<u>(2,529)</u>

#### Movements in reserves

Other contributed equity		
Opening Balance	1,085	1,085
Movement	-	-
Closing Balance	<u>1,085</u>	<u>1,085</u>

#### Treasury shares

Opening Balance	(2,317)	(2,317)
Movement	-	-
Closing Balance	<u>(2,317)</u>	<u>(2,317)</u>

#### Share based payment reserve

Opening Balance	20,294	19,497
Movement	(1,873)	797
Closing Balance	<u>18,421</u>	<u>20,294</u>

## RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements  
For the half year ended 31 December 2015

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### 7. RESERVES (continued)

	31-Dec-15	30-Jun-15
	\$'000	\$'000
Foreign currency reserve		
Opening Balance	(21,591)	(28,355)
Movement	(10,632)	6,764
Closing Balance	<u>(32,223)</u>	<u>(21,591)</u>

The movement in the foreign currency translation reserve reflects the depreciation of the South African Rand against the Australian Dollar in the six months since 30 June 2015.

### 8. COMMITMENTS

#### Capital commitments

The Group has \$4.4 million (2014 \$14.1 million) in commitments in respect of the development of the Boikarabelo mine.

### 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There are no matters of significance up to the date of this report that have not been included in the interim financial statements.

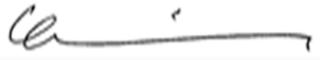
## RESOURCE GENERATION LIMITED

### Directors' declaration

In the directors' opinion:

- (a) there are reasonable grounds to believe that Resource Generation Limited will be able to pay its debts as and when they become due and payable.
- (b) the financial statements and notes set out on pages 5 to 12 are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

This declaration is made in accordance with a resolution of the directors, pursuant to Section 303(5) of the Corporations Act 2001.



D Gately  
Chairman

Johannesburg  
18 February 2016

# Independent Auditor's Review Report to the members of Resource Generation Limited

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Resource Generation Limited, which comprises the condensed statement of financial position as at 31 December 2015, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Resource Generation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

# Deloitte.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Resource Generation Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Resource Generation Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Deloitte Touche Tohmatsu*

DELOITTE TOUCHE TOHMATSU



Jason Thorne  
Partner  
Chartered Accountants  
Sydney, 18 February 2016

## RESOURCE GENERATION LIMITED

### Supplementary Information - Presentation of financial information in South African Rand

The presentation currency used in the preparation of the financial statements is the Australian dollar (\$A). The Group has translated the financial statements to the South African (SA) Rand (ZAR) because the Boikarabelo mine, which represents the Group's most significant activity, is located in this region. This supplementary information has restated the financial statements in Rand. Assets and liabilities were translated in SA Rand using the relevant closing rate of exchange and income and expense items were translated using the relevant cumulative average rate of exchange. The applicable rates used in the restatement of information are as follows:

	Dec-15	Jun-15	Dec-14
Average rate of exchange \$A/Rand	9.8365	9.4870	9.7240
Closing rate of exchange \$A/Rand	11.317	9.3730	9.4359

### Consolidated Statements of Comprehensive Income - ZAR Convenience Translation (Supplementary Information) For the half year ended 31 December 2015

	Half year ended	
	2015	2014
	R'000	R'000
Revenue from continuing operations	1,613	4,541
Administration, rent and corporate	(7,791)	(4,657)
Depreciation of property, plant and equipment	(1,692)	(1,566)
Employee benefits expense	(21,424)	(7,945)
Finance expenses	-	(7,575)
Share based compensation credit/(charge)	18,424	(13,993)
Foreign exchange movements	(68,954)	-
<b>Loss before income tax expense</b>	<b>(79,824)</b>	<b>(31,195)</b>
Income tax expense	-	(10)
Loss from continuing operations	(79,824)	(31,205)
<b>Loss for the half year</b>	<b>(79,824)</b>	<b>(31,205)</b>
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of foreign operations	(104,582)	26,196
<b>Total comprehensive income for the half year</b>	<b>(184,406)</b>	<b>(5,009)</b>
Loss is attributable to:		
Owners of Resource Generation Limited	(79,824)	(31,205)
<b>Total comprehensive income for the year is attributable to:</b>		
Owners of Resource Generation Limited	<b>(184,406)</b>	<b>(5,009)</b>
Earnings per share	Rand	Rand
From continuing operations		
Basic loss per share	(13.8)	(5.3)
Diluted loss per share	(13.8)	(5.3)

## RESOURCE GENERATION LIMITED

Consolidated Statements of Financial Position - ZAR Convenience Translation (Supplementary Information)  
As at 31 December 2015

	31-Dec-15 R'000	30-Jun-15 R'000
<b>Current assets</b>		
Cash and cash equivalents	207,271	267,609
Trade and other receivables	1,052	1,874
Deposits and prepayments	1,505	1,940
	<u>209,828</u>	<u>271,423</u>
<b>Non-current assets</b>		
Property, plant and equipment	331,328	332,404
Mining tenements and mining development	1,603,121	1,317,272
Deposits and loan receivables	182,362	173,250
	<u>2,116,811</u>	<u>1,822,926</u>
<b>TOTAL ASSETS</b>	<u>2,326,638</u>	<u>2,094,349</u>
<b>Current liabilities</b>		
Trade and other payables	45,076	68,610
Provisions	3,882	9,250
Borrowings	66,238	24,943
	<u>115,196</u>	<u>102,803</u>
<b>Non-current liabilities</b>		
Provisions	-	1,913
Borrowings	401,120	292,634
Royalties payable	25,452	25,457
	<u>426,572</u>	<u>320,004</u>
<b>TOTAL LIABILITIES</b>	<u>541,768</u>	<u>422,807</u>
<b>NET ASSETS</b>	<u>1,784,870</u>	<u>1,671,542</u>
<b>Equity</b>		
Contributed equity	2,530,730	2,229,377
Reserves	(170,141)	(157,074)
Accumulated losses	(575,719)	(400,761)
<b>TOTAL EQUITY</b>	<u>1,784,870</u>	<u>1,671,542</u>

## RESOURCE GENERATION LIMITED

Consolidated statement of cash flow - ZAR Convenience Translation (Supplementary Information)  
For the half year ended 31 December 2015

	Half year ended	
	2015	2014
	R'000	R'000
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees (inclusive of government charges)	(45,336)	(13,118)
Interest received	1,279	3,890
Interest paid	(30)	(1,011)
<b>Net cash outflow from operating activities</b>	<b>(44,087)</b>	<b>(10,239)</b>
<b>Cash flows from investing activities</b>		
Payments for land, property, plant and equipment	(6,394)	(2,674)
Receipt for government charges associated with land acquisition	-	-
Payments for licence deposits	-	(622)
Payments for acquisition of subsidiaries	-	-
Payments for mining tenements and mining development	(50,855)	(182,879)
<b>Net cash outflow from investing activities</b>	<b>(57,248)</b>	<b>(186,175)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	-
Equity raising costs	-	-
Repayment of debt	(5,548)	-
Loan to BEE partner	(679)	(953)
<b>Net cash outflow from financing activities</b>	<b>(6,227)</b>	<b>(953)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(107,562)</b>	<b>(197,367)</b>
Cash and cash equivalents at the beginning of the half year	267,609	541,707
Effects of exchange rate movements on cash and cash equivalents	47,224	13,318
<b>Cash and cash equivalents at the end of the half year</b>	<b>207,271</b>	<b>357,658</b>