



## Resource Generation Limited

ACN 059 950 337

### Quarterly Report for the three months ended 30 September 2015

*Resource Generation is developing its Boikarabelo coal mine in the Waterberg region of South Africa, which accounts for 40% of the country's remaining coal resources. There are probable reserves of 744.8\* million tonnes of coal on 35% of the tenements under the company's control (refer ASX announcement dated 16 December 2010). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.*

#### Corporate

Negotiations continued during the quarter with various parties to provide project finance for the construction of the Boikarabelo mine.

One of these parties was a club of financiers that included Noble Group Limited (*Noble*). Together with Altius Investment Holdings (Pty) Limited (*Altius*), which was the arranger of the potential debt club funding, Noble proposed alternative financial and operating models in which Resource Generation's board identified discrepancies and which the board was not prepared to accept. Noble also tried to persuade the board to engage its nominated mining contractor, Mota Engil, without a competitive tender, and to contract an alternative coal handling and preparation plant designer and builder, despite Resource Generation having previously signed a contract with FLSmidth. The current status of the debt club is uncertain.

Noble sought board representation which was declined and, subsequently, Altius requisitioned a general meeting to remove the current board and replace it with its own nominees.

The general meeting will take place on 26 November 2015. The company has submitted an application to the Takeovers Panel seeking orders that Altius, Noble and Public Investment Corporation SOC Limited be excluded from voting at the meeting. That application is pending.

Resource Generation has continued to explore alternate debt funding arrangements to complete construction of the Boikarabelo mine and, the day before Altius requisitioned the meeting, signed an MOU with a Swiss private company to provide in-principle funding of EUR480 million. Following Altius' actions, the Swiss funder indicated that it reserves the right to cancel the loan facility if there is a change of directors. Clarity on the current status is being sought.

The company's cash reserves at 30 September 2015 were \$26.2 million.

## Boikarabelo mine construction

Construction of initial stages of the mine's infrastructure continued during the quarter, while project debt funding was being negotiated. Work occurred on:

- 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 construction of the substation and switch room after the end of the quarter and final testing for completion has also occurred. 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 at the end of the quarter. 400 metres of rail is being installed in the current quarter.

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. Installation of a 13 kilometre section of the pipeline adjacent to a main road was completed and final testing and handover occurred in October 2015.

As previously announced, all regulatory consents have been received, all necessary land has been acquired and rail haulage and port access contracts sufficient for the mine's stage 1 production have been signed. Sales contracts have been signed that underwrite most of stage 1 production.

The Mining Right Application for Kubu, adjacent to Boikarabelo, was lodged during the quarter. Kubu was previously known as Waterberg No 1 and encompasses the farm Koert Louw Zyn Pan. The owners of Koert Louw Zyn Pan and part of the adjacent Nazarov property signed sales contracts for the properties for ZAR55.2 million after the quarter end. A 10% deposit was paid with the balance being payable post funding completion.

## Mining tenements

The coal mining rights and exploration tenements held in the Waterberg region of South Africa at the end of the quarter were as follows:

- MPT15/2012 MR (74%)
- PR720/2007 (74%)
- PR678/2007 (74%)

The company has no interest in farm-in or farm-out agreements.

The company is in the process of relinquishing PR720/2007 over the properties Lisbon and Zoetfontein, as these are distant from the Boikarabelo site and contain minimal resources that have not been included in the stated JORC resource.



## Corporate information

### Directors

Brian Warner	Non-Executive Chairman
Paul Jury	Managing Director
Steve Matthews	Executive Director
Geoffrey (Toby) Rose	Non-Executive Director

### Company secretary

Steve Matthews

### Registered office

Level 12, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000

Telephone: 02 9376 9000  
Facsimile: 02 9376 9013  
Website: [www.resgen.com.au](http://www.resgen.com.au)

### Mailing address

GPO Box 5490  
Sydney NSW 2001

### Contacts

Paul Jury  
Steve Matthews

### Media

Anthony Tregoning, FCR on (02) 8264 1000

*\* This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk has given and has not withdrawn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 31/9/2001.

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

30 September 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	-
	(b) development	(3,136)	(3,136)
	(c) production	-	-
	(d) administration	(953)	(953)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	78	78
1.5	Interest and other costs of finance paid	(2)	(2)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(4,013)</b>	<b>(4,013)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (subsidiary)	-	-
	(c) other fixed assets	-	-
1.12	Proceeds from sale of: (a) prospects	-	-
	(b) equity investment (subsidiary)	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other- Mining related deposit	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	(4,013)	(4,013)

		Current quarter \$A'000	Year to date (3 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(4,013)	(4,013)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (BEE Loan)	(42)	(42)
	<b>Net financing cash flows</b>	<b>(42)</b>	<b>(42)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(4,055)</b>	<b>(4,055)</b>
1.20	Cash at beginning of quarter/year to date	28,548	28,548
1.21	Exchange rate adjustments to item 1.20	1,677	1,677
1.22	<b>Cash at end of quarter</b>	<b>26,170</b>	<b>26,170</b>

#### Payments to directors of the entity and associates of the directors

#### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	271
1.24	Aggregate amount of loans to the parties included in item 1.10	-

#### 1.25 Explanation necessary for an understanding of the transactions

Executive salaries and directors fees

#### Non-cash financing and investing activities

##### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

##### 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

#### Financing facilities available

Add notes as necessary for an understanding of the position.

A binding term sheet has been entered into with the Noble Group for a US\$65 million loan site infrastructure, but if drawn would be repayable by 31 March 2016. This has been excluded as an amount available below.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-



### Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	(5,860)
4.3	Production	-
4.4	Administration	(1,028)
<b>Total</b>		<b>(6,888)</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	16	130
5.2	Deposits at call	25,927	28,156
5.3	Bank overdraft	-	-
5.4	Other (Contract retentions)	227	284
<b>Total: cash at end of quarter (item 1.22)</b>		<b>26,170</b>	<b>28,570</b>

### Changes in interests in mining tenements

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A
6.2	Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A



### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

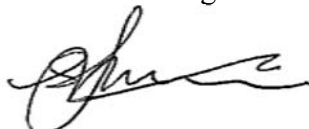
		Total number	Number quoted	Issue price per security (\$)	Amount paid up per security (\$)
7.1	<b>+Preference securities</b> ( <i>description</i> )	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	<b>+Ordinary securities</b>	581,380,338	581,380,338	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil			
7.5	<b>+Convertible debt securities</b> ( <i>description</i> )	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> ( <i>description and conversion factor</i> )	Nil			
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	<b>Debentures</b> ( <i>totals only</i> )	N/A			
7.12	<b>Unsecured notes</b> ( <i>totals only</i> )	N/A			

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:



(Company secretary)

Date: 29 October 2015

Print name: STEPHEN JAMES MATTHEWS

## Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

=====