



## Resource Generation Limited

ACN 059 950 337

### Quarterly Report for the three months ended 30 June 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.*

#### **Debt funding**

Negotiations with various parties including a club of potential financiers to provide project finance for the construction of the Boikarabelo mine continued during the quarter. 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.

#### **Boikarabelo mine construction**

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

- power supply infrastructure; 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. Construction of the substation and switch room commenced and is scheduled for completion by October 2015. The power supply infrastructure is funded by a deferred payment facility.

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 quarter and testing is close to completion.



*Section of 13 km pipeline*



*Sub-station*



*Switch Room Construction in Background*

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.

## **Mining tenements**

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

- 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**

Cash reserves at 30 June 2015 were \$28.6 million.



## 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 June 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	(162)
	(b) development	(4,852)	(28,222)
	(c) production	-	-
	(d) administration	(535)	(2,875)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	73	659
1.5	Interest and other costs of finance paid	(2)	(8)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	<b>Net Operating Cash Flows</b>	<b>(5,316)</b>	<b>(30,608)</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	-	(307)
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	-	(64)
	<b>Net investing cash flows</b>	<b>-</b>	<b>(371)</b>
1.13	Total operating and investing cash flows (carried forward)	(5,316)	(30,979)

		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(5,316)	(30,979)
	<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)	(44)	(196)
	<b>Net financing cash flows</b>	<b>(44)</b>	<b>(196)</b>
	<b>Net increase (decrease) in cash held</b>	<b>(5,360)</b>	<b>(31,175)</b>
1.20	Cash at beginning of quarter/year to date	34,167	54,338
1.21	Exchange rate adjustments to item 1.20	(237)	5,407
1.22	<b>Cash at end of quarter</b>	<b>28,570</b>	<b>28,570</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.

Two binding term sheets have been entered into with the Noble Group. A US\$55.3 million loan is available for the construction of the rail link and a US\$65 million loan is available for site infrastructure. US\$20 million has been drawn down from the rail link loan.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	156,641	22,046
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	130	113
5.2	Deposits at call	28,156	33,559
5.3	Bank overdraft	-	-
5.4	Other (Contract retentions)	284	495
<b>Total: cash at end of quarter (item 1.22)</b>		<b>28,570</b>	<b>34,167</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:

A handwritten signature in black ink, appearing to read "Stephen James Matthews".

Date: 14 July 2015

(Company secretary)

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.

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