

Resource Generation Limited

ACN 059 950 337

Quarterly Report for the three months ended 31 March 2014

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.*

Boikarabelo mine construction

Construction of the mine's infrastructure continued during the quarter, with 260 personnel already working on the site. The 200-person construction camp is close to completion, and earthworks to expand the camp to accommodate 1,320 people have been finished.

Earthworks for the 40 kilometre rail link from the mine to the existing Transnet Freight Rail network have begun and will continue into 2015. Initial rail and sleepers have been delivered. Other projects in progress are earthworks for the coal handling and preparation plant, upgrading of the current access road, construction of the main mine access road, a provincial road bypass and road underpasses for the water pipeline from Marapong.

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. Social and labour plan projects are progressing in local communities.

Construction is expected to take a further 21 months and, subject to finalisation of funding agreements by June 2013, production is due to begin in December 2015.



Initial accommodation at the construction camp



Earthworks for the rail link

Finalising funding

Negotiations on term sheets for project finance to complete the mine are now in their final stages, and negotiations are also underway with three parties to fund the mobile equipment that will be required in August 2015.

Binding term sheets are in place with Noble Group for a US\$65 million loan for construction of infrastructure and a US\$55.3 million loan for construction of the rail link. US\$20 million was drawn down from the rail link loan during the quarter.

EKF, the Danish state-owned export credit agency is undertaking due diligence regarding a guarantee for approximately 50% of the cost of constructing the coal handling and preparation plant, for which a binding term sheet has been received from FLSmidth Roymec (Pty) Limited.

Offtake contracts

Three long-term export offtake contracts have been entered into with CESC, Valu Investments and Noble Group. These contracts underwrite most of the forecast revenue from Boikarabelo's stage 1 production and a substantial portion of stage 2 production.

A domestic offtake contract for 3.0 million tonnes per annum of middlings coal has been entered into with Noble Group for the first eight years of production.

Mining tenements

The coal mining rights and exploration tenements held at the end of the quarter were as follows:

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.



Corporate

Cash reserves at 31 March 2014 were \$67.0 million.

Blumont Group Ltd paid a deposit of \$2.5 million at the start of the quarter regarding its commitment to buy Resource Generation shares at \$0.22 per share. As Blumont did not settle for the shares by the agreed date, 26 February 2014, the deposit of \$2.5 million was forfeited and no shares were issued.

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

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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")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(64)	(124)
	(b) development	(5,899)	(12,951)
	(c) production	-	-
	(d) administration	(705)	(5,139)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	535	1,272
1.5	Interest and other costs of finance paid	(2)	(1,006)
1.6	Income taxes paid	-	-
1.7	Other-forfeited Blumont deposit	2,500	2,500
	Net Operating Cash Flows	(3,635)	(15,448)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (subsidiary)	(2)	(287)
	(c) other fixed assets	-	(948)
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- Government charges in relation to land acquisitions and borrowings	-	330
	Net investing cash flows	(2)	(905)
1.13	Total operating and investing cash flows (carried forward)	(3,637)	(16,353)



		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(3,637)	(16,353)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	62,912
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	22,046	22,046
1.17	Repayment of borrowings	-	(20,000)
1.18	Dividends paid	-	-
1.19	Other (BEE Loan)	(59)	(1,977)
	Net financing cash flows	21,987	62,981
	Net increase (decrease) in cash held	18,350	46,628
1.20	Cash at beginning of quarter/year to date	49,661	21,428
1.21	Exchange rate adjustments to item 1.20	(992)	(1,037)
1.22	Cash at end of quarter	67,019	67,019

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 was drawn down from the rail link loan.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	129,773	22,046
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	(150)
4.2	Development	(34,585)
4.3	Production	-
4.4	Administration	(476)
Total		(35,211)

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	71	59
5.2	Deposits at call	66,790	49,602
5.3	Bank overdraft	-	-
5.4	Other (Contract retentions)	158	-
Total: cash at end of quarter (item 1.22)		67,019	49,661

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	+Preference securities (<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	+Ordinary securities	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			
7.5	+Convertible debt securities (<i>description</i>)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options (<i>description and conversion factor</i>)	Nil			
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	1,875,000	Nil	<i>Exercise price</i> \$0.50	<i>Expiry date</i> 13/3/2014
7.11	Debentures (<i>totals only</i>)	N/A			
7.12	Unsecured notes (<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".

(Company secretary)

Date: 3 April 2014

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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