



14 March 2017

ASX Announcement

Extension of Facility Agreement to enable the Company to secure project funding

The Company has today signed an extension of the Facility Agreement of 3 March 2014 (**Facility**), under which Noble Resources International Pte Ltd (**Lender**) has agreed to make available further funds of up to US\$8.4M to the Company's subsidiary, Ledjadja Coal Pty Ltd (**LCL**) to fund the operations and development of the Boikarabelo mine project being undertaken in South Africa (**Project**) whilst project funding is secured. Those additional funds are to be available in three tranches over the period to 30 September 2017.

Key terms associated with the extension of the Facility include:

- The additional funds together with the existing Facility of US\$20m are unsecured and subject to a parent company guarantee;
- Interest accrues at 10.75% pa and can be capitalised on a six-monthly basis unless the borrower elects otherwise to pay such interest;
- The right for the Lender to appoint a nominee to the Board of the Company and approve one of the Company's nominees to the Board of LCL, subject to regulatory and governance requirements; and
- The Facility is repayable in instalments commencing from 30 September 2017 with a termination date of 10 March 2024, however the additional funds made available under the extension of the Facility announced today is repayable from the proceeds of the first drawdown of funding secured for the Project.

As part of negotiating the extension to the Facility, the Company has also agreed to restate the existing domestic offtake and coal marketing agreements it has with the Lender and its related bodies corporate (**Restatement Agreements**) with effect from 31 December 2013, including the incorporation of a term sheet signed in 2013 (**Term Sheet**). A summary of the key principles of the Restatement Agreements is set out below:

1. Offtake Arrangements

- Three (3) million tonnes per annum of Boikarabelo domestic thermal coal for a 8 year period from first delivery subject to certain quality specifications with two purchase price options at the Lender's election, with the opportunity for LCL to participate in the upside in any on-sale;

- Inclusion of a fee payable to the Lender of the price paid by the Lender for domestic coal but to the extent that any such fee is paid to the Lender, the Lender is not entitled to be paid a marketing fee for domestic coal;
- First right of refusal for Lender to purchase any additional uncontracted coal to be produced from the mine on terms to be agreed by 30 June 2017, failing which on the same terms as the Sale and Purchase of Boikarabelo Thermal Coal dated 31 December 2012 (and restated on 28 March 2013).

2. Marketing Arrangements

- Lender is appointed as exclusive supply chain management and marketing adviser for both export and domestic coal for a period of thirty five (35) years under separate contractual arrangements;
- Lender is entitled to fees depending on whether domestic, export or certain contracts are already in place at the time of the agreement.

Performance of the Restatement Agreements is subject to receipt of relevant regulatory/shareholder approvals.

The Company continues to pursue project funding options previously advised to the market and will keep the market updated on progress.

Denis Gately

Chairman

For and on behalf of 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 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). 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.

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