



15 November 2017  
ASX Announcement

## Shareholder Update

In each of a Shareholder Update released on 25 August 2017 and the Quarterly Activities Report released on 25 October 2017, reference was made to an alternative funding proposal – and to an expectation that the relevant lenders' credit approval processes and signed terms sheets would be concluded by (initially) end September/early October 2017 and (then subsequently) late October/early November 2017.

The Company can now confirm that the proposed facility under negotiation is intended to provide the total funds required to complete the construction of the mine to the point of commissioning, but does not include the costs of constructing the rail link or the costs of ramp-up to full production of coal.

Those proposed lenders have completed their due diligence investigations of the Project and the Company, and are currently engaged in their respective internal credit approval processes. Once those credit approvals have been obtained, the parties propose to execute terms sheets recording the principal terms of the proposed funding. The terms sheets have been drafted based on negotiations between the proposed lenders and the Company.

Although the credit approval processes are on-going, at this stage the Company is unable to forecast with any certainty when credit approvals and a signed terms sheet will be obtained from all proposed lenders, but a further announcement will be made when that occurs.

The Company has received legal advice that this funding proposal will require approval of Shareholders. An independent expert based in Australia has been identified and will be appointed to prepare a report to shareholders in respect of the proposal when terms sheets have been executed. An extraordinary general meeting of Shareholders will then be called for the purpose of considering the funding proposal.

In conjunction with the funding proposal to construct the mine, the Company is continuing to progress discussions with respect to the funding of the rail link. A further announcement in respect of this funding will be released in due course.

Ramp-up costs for the mine are estimated to be approximately R300 million (approximately A\$27.5 million). Management believes these funds can be raised when required from the commercial banks, as the Project will have been substantially de-risked at that point in time.

On behalf of the Board

D. J. Gately

Chairman

**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- In accordance with Listing Rule 5.23.2 the Company confirms that it is not aware of any new information that would impact on the Reported Coal Resources and Coal Reserves). 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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