



RESOURCE GENERATION LIMITED

ABN 91 059 950 337

ENTITLEMENT OFFER BOOKLET

A NON RENOUNCEABLE ENTITLEMENT OFFER OF 1 NEW SHARE FOR EVERY 1 SHARE HELD BY ELIGIBLE SHAREHOLDERS REGISTERED AT 7.00PM (AEST) ON 2 JULY 2009 AT AN ISSUE PRICE OF \$0.40 PER NEW SHARE TO RAISE \$30.75 MILLION

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS

23 JUNE 2009

Fully Underwritten By:
Shaw Corporate Finance Pty Limited

ENTITLEMENT OFFER

This Entitlement Offer is dated 23 June 2009 and is a non-renounceable offer for the issue of 1 New Share for every 1 ordinary share held by Shareholders registered at 7.00pm (AEST) on 2 July 2009 at an Issue Price of \$0.40 per New Share to raise approximately \$30.75 million.

THE OFFER CLOSES AT 5.00 PM (AEST) ON 20 JULY 2009

This document is important and requires your immediate attention. Shareholders that take no action in respect of their Entitlements will receive no benefit.

The Entitlement Offer is being made pursuant to provisions of the Corporations Act that allow rights issues to be offered without a prospectus, and this document is not a prospectus. It does not contain all of the information which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this document. As a result, it is important for Eligible Shareholders to read and understand the information about Resource Generation made publicly available prior to accepting any Entitlement. In particular, please refer to this Information, Resource Generation's annual and interim reports and other announcements available at www.resgen.com.au.

This is an important document which should be read in its entirety, including the Important Information set out in section 8 of this Letter of Offer. If you do not understand its contents or you are in doubt as to the course of action you should take, you should consult your stockbroker, accountant or other licensed financial adviser without delay.

If you do not lodge an Entitlement and Acceptance Form together with payment by 5.00pm (AEST) on 20 July 2009, you will not be issued New Shares in Resource Generation Limited.

CONTENTS

1.	Chairman's Letter	3
2.	Key Dates	5
3.	Details of the Offer.....	6
4.	What You Need To Do	9
5.	Purpose and Effect of the Offer	12
6.	Risk Factors.....	14
7.	ASX Announcements	17
8.	Important Information.....	18
9.	Defined Terms.....	24
10.	Corporate Directory	26
	Appendix A.....	27



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23 June 2009

Dear Shareholder

Capital Raising – Non-Renounceable Entitlement Offer (the *Entitlement Offer*)

The Directors are pleased to invite Eligible Shareholders to acquire new Resource Generation ordinary shares. The Entitlement Offer is a non-renounceable offer of 1 new Resource Generation ordinary share (***New Share***) for each existing share at \$0.40 per New Share to raise \$30.75 million. The Entitlement Offer price represents a 43% discount to the closing price of Resource Generation Shares on Monday, 22 June 2009.

The Entitlement Offer is fully underwritten by Shaw Corporate Finance Pty Ltd.

If you were an Eligible Shareholder on the Record Date (7.00pm AEST) on 2 July 2009 with a registered address in Australia, New Zealand, you are eligible to participate in the Entitlement Offer. It is important to note that **the Entitlement Offer closes at 5.00pm (AEST) on 20 July 2009** (subject to variation). If you decide to increase your investment in Resource Generation please ensure that you have completed your Entitlement and Acceptance Form and your application monies are received by our share registry, Registries Limited, by this date.

In addition, the Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

A small number of shareholders will not be Eligible Shareholders. The Company will make a placement to institutional investors, equivalent to the number of the shares that would have been offered to Non-participating Shareholders under the Entitlement Offer, at the Issue Price. The Entitlement Offer and the placement are together referred to as the ***Offer***.

Proceeds from the issue of New Shares under the Offer, along with existing cash reserves, will be utilised in providing funding primarily for:

- the acquisition of land in the Waterberg region of South Africa; and

also to provide funding for:

- completion of a bankable feasibility study for the Waterberg Mine;
- initial infrastructure works and to secure access to necessary utilities such as power supply;
- facilitation of the development of the Ledjadja project;
- the continuation of exploration activities in Tasmania; and
- working capital.

An investment in Resource Generation involves general risks associated with an investment in the share market because the market price for New Shares may rise or fall. There are also a number of risk factors, both specific to Resource Generation and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in its Shares. There is a limited review of risk factors in sections 5.4 and 6 and, before deciding to invest in Resource Generation, Eligible Shareholders should consider all risk factors carefully.

Director's Interests

The following Directors of Resource Generation have either a direct or indirect interest in Resource Generation shares. The Directors or their associates intend to take up their allocations of shares under the Entitlement Offer in the following manner.

Director	Shares	Entitlement	Intentions
Scott Douglas	253,288	253,288	To fully subscribe for entitlement
Paul Jury	1,493,491	1,493,491	To fully subscribe for entitlement
Steve Matthews	90,000	90,000	To fully subscribe for entitlement
Geoffrey Rose	4,000	4,000	To fully subscribe for entitlement

If you require further information please contact Registries Limited on 1300 737 760 (local call cost from anywhere in Australia) or from outside Australia on +61 2 9290 9600 at any time from 9:00 am to 5:00pm (AEST) Monday to Friday during the Offer Period.

You can also visit the Company's website at: www.resgen.com.au.

On behalf of the Board, I thank you for your continued support of Resource Generation.

Yours sincerely,



Scott Douglas
Chairman

2. Key Dates

The following are key dates¹ relating to the Entitlement Offer that you need to be aware of:

Event	Date
Record Date for the Entitlement Offer	7.00pm (AEST) on 2 July 2009 (Thursday)
Mailing of Entitlement and Acceptance Form to Shareholders	6 July 2009 (Monday)
Entitlement Offer opens	7 July 2009 (Tuesday)
Entitlement Offer closes	5.00pm (AEST) 20 July 2009 (Monday)
Deferred settlement trading commences on ASX	21 July 2009 (Tuesday)
Settlement of the Entitlement Offer	24 July 2009 (Friday)
Allotment of New Shares under the Entitlement Offer (except for Shortfall Shares)	27 July 2009 (Monday)
Despatch of holding statements for New Shares under the Entitlement Offer (except for Shortfall Shares)	28 July 2009 (Tuesday)
Allotment of Shortfall Shares and placement	30 July 2009 (Thursday)

Applicants are encouraged to submit their Entitlement and Acceptance Forms as soon as possible after the Entitlement Offer opens.

Resource Generation reserves the right, subject to the *Corporations Act 2001* (Cth), ASX Listing Rules and other applicable laws, to vary the dates of the Entitlement Offer, including extending the Offer Period or accepting late applications, either generally or in particular cases, without notice.

Enquiries

If you have any questions, please call Registries Limited on 1300 737 760 (local call cost from anywhere in Australia) or from outside Australia on +61 2 9290 9600 at any time from 9:00 am to 5:00pm (AEST) Monday to Friday during the Offer Period.

Website: www.resgen.com.au

¹ The above timetable is indicative only and subject to change. Resource Generation, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

3. Details of the Offer

3.1 The Offer

Resource Generation is making a non-renounceable entitlement offer to Eligible Shareholders of 1 New Share for every 1 Share held at the Record Date to raise approximately \$30.75 million. The Issue Price of \$0.40 per New Share is payable in full on Application.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form.

The Entitlement Offer is being made pursuant to provisions of the Corporations Act which allow rights issues to be offered without a prospectus. As a result, **it is important for eligible Shareholders to read and understand the information on Resource Generation and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement.** In particular, please refer to this Information, Resource Generation annual and interim reports, and other announcements made available at www.resgen.com.au.

3.2 Your Entitlement

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form, and has been calculated as 1 New Share for every 1 Share you held as at 7.00pm (AEST) on 2 July 2009.

If you have more than one holding of Shares you will be sent more than one Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Shares issued pursuant to the Entitlement Offer will be fully paid and rank equally with existing Resource Generation Ordinary Shares on issue.

Note, the Entitlement stated on your Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Shares on behalf of a Non-participating Shareholder (as defined below).

Acceptances must not exceed your Entitlement as shown on the Entitlement and Acceptance Form, although you may accept for all or only part of your Entitlement.

3.3 Opening and Closing Dates

The Entitlement Offer will open for the receipt of acceptances on 7 July 2009. The Closing Date and time for acceptances and payments is 5.00pm (AEST) on 20 July 2009, subject to Resource Generation varying the Closing Date in accordance with the Corporations Act and Listing Rules.

3.4 Who is entitled to participate in the Offer?

Eligible Shareholders are those holders of Shares who:

- are registered as a holder of Shares on the Record Date;
- have a registered address in Australia or New Zealand;
- are not in the United States (**US**) and are not 'US persons' (as defined in Regulation S under the US Securities Act (**US Person**)), or acting for the account or benefit of US Persons; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

In addition, the Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

3.5 Issue Price

The Issue Price is \$0.40 per New Share which represents a 43% discount to the closing price of Resource Generation ordinary shares on Monday, 22 June 2009.

3.6 Entitlement Trading

Entitlements are non-renounceable and therefore cannot be sold. Eligible Shareholders may elect to take up some or all of their Entitlement, but cannot transfer their Entitlement.

3.7 Issue of New Shares and refund of Application Monies

Resource Generation expects that the New Shares will be issued on or around 27 July 2009 and holding statements will be despatched on or around 28 July 2009. Issues of New Shares under this Offer will only be made after permission has been granted for their quotation on ASX.

The Application Monies will be held in a subscription account established and kept by Resource Generation on behalf of each Eligible Shareholder until the New Shares are issued. If the quotation condition for the issue of New Shares is not satisfied:

- the Application Monies will be refunded to Eligible Shareholders as soon as reasonably practicable; and
- interest earned on the Application Monies will be for the benefit of Resource Generation and will be retained by the Company irrespective of whether New Shares are issued.

Upon issue, the New Shares will be fully paid and rank equally with Resource Generation's Existing Shares.

3.8 Underwriting

The entitlement offer is fully underwritten by Shaw Corporate Finance Pty Ltd . The details of the underwriting agreements are set out in section 8.

3.8 Sub-underwriting by Directors

The Directors and certain related parties of certain Directors set out in the following table have agreed to sub-underwrite part of the Entitlement Offer up to the amount specified adjacent to their names in the following table.

Director or Related Entity	Amount
PAPY Pty Limited ATF The YAPP Trust (Paul Jury, Managing Director)	\$2,400,000
Zaphod Pty Limited ATF The Matthews Superannuation Fund (Steve Matthews, Executive Director)	\$120,000
Total	\$2,520,000

The Directors (or their related parties) are not receiving a fee for providing such underwriting commitments. Details of the sub-underwriting agreements are set out in section 8.5.

3.9 Non-participating Shareholders

The Entitlement Offer is being made to Eligible Shareholders in Australia and New Zealand. In addition, the Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

Beyond Australia and New Zealand, Resource Generation has decided that it is unreasonable for the Company to make the Entitlement Offer to Shareholders as at the Record Date (*Non-participating Shareholders*), having regard to the number of Shareholders in each other jurisdiction, the number and value of Shares held by those Shareholders and the costs of complying with the legal and regulatory requirements in those jurisdictions. Accordingly, Entitlement and Acceptance Forms are not being sent to Non-participating Shareholders.

The Company will make a placement to institutional investors, equivalent to the number of the shares that would have been offered to Non-participating Shareholders under the Entitlement Offer, at the Issue Price.

This information does not constitute an offer in any jurisdiction which, or to any person to whom, it would not be lawful to make such an offer. It is the responsibility of any person who comes into possession of this Offer Booklet outside Australia or New Zealand to ensure compliance with all laws of any country relevant to their application.

3.10 Optionholders

Optionholders will not be entitled to participate in the Entitlement Offer unless they exercise any Options which are able to be exercised under the terms of their issue prior to the Record Date and then elect to participate in the Entitlement Offer as a result of being a holder of Shares registered on the Record Date.

4. What You Need To Do

If you have any questions about your Entitlement to New Shares, please contact:

- the Share Registry, Registries Limited, telephone 02 9290 9600; or
- your stockbroker or professional adviser.

The information below applies to all Eligible Shareholders. If you are a Non-participating Shareholder, please read section 3.9.

4.1 What you may do

The Entitlement Offer is non-renounceable. This means that if you do not wish to apply for the New Shares under your Entitlements, you cannot sell all or part of your Entitlement. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements that they do not take up.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. You may:

- apply for all of your Entitlements to New Shares (refer to section 4.2);
- apply for part of your Entitlements and allow the balance to lapse (refer to section 4.2); or
- not apply for any of your Entitlement and allow it to lapse (refer to section 4.3).

4.2 If you wish to apply for all or part of your Entitlement

The Entitlement and Acceptance Form sets out the number of New Shares to which you are entitled. If you decide to take up all or part of your Entitlement, please complete the accompanying personalised Entitlement and Acceptance Form in accordance with the instructions set out in that Form, or pay your Application Monies by BPAY following the instructions set out on the Entitlement and Acceptance Form. If you pay your Application Monies by BPAY according to the instructions set out on the Entitlement and Acceptance Form, you do not need to return that form, but by making the payment you are taken to make the declarations on that form.

The Company will treat you as applying for as many New Shares as your payment will pay for in full, up to your Entitlement. Amounts received by Resource Generation in excess of your Entitlements (**Excess Amounts**) will be refunded to you without interest. Excess amounts are expected to be refunded on or about 28 July 2009.

The completed Entitlement and Acceptance Form must be accompanied by payment of the Application Monies, being the Issue Price multiplied by the number of New Shares accepted. Payment methods include cheques, money order, bank draft or BPAY. Information about how to pay is set out in section 4.4 below. Entitlement and Acceptance Forms must be received by the Company's share registry at the following address details by no later than 5.00pm (AEST) on 20 July 2009:

Mail address:
Registries Limited
Resource Generation Entitlement Offer
GPO Box 3993
Sydney NSW 2001
AUSTRALIA

Delivery address:
Registries Limited
Resource Generation Entitlement Offer
Level 7, 207 Kent Street
Sydney NSW 2000
AUSTRALIA

By completing and returning an Entitlement and Acceptance Form or making a payment by BPAY, you will be deemed to have represented that you are an Eligible Shareholder.

4.3 Entitlements not subscribed for

If you are an Eligible Shareholder and do not wish to apply for all or part of your Entitlements, you are not required to take any action. Your Entitlements will lapse and no New Shares will be issued to you under the Entitlement Offer.

Eligible Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements that they do not take up.

4.4 Payment

Payment for the New Shares must be made in full at the Issue Price of \$0.40 per New Share by no later than 5.00pm (AEST) on 20 July 2009. Receipts will not be issued.

Payment by Cheque, Money Order or Bank Draft

Entitlement and Acceptance Forms must be accompanied by a cheque or bank draft, in Australian dollars and payable at an Australian bank, for the Application Monies. Alternatively, you may pay your Application Monies via BPAY pursuant to the instructions set out on the Entitlement and Acceptance Form (see below).

Cheques must be made payable to 'Resource Generation Limited' and crossed 'Not Negotiable'.

The Company will present the cheque or bank draft on or around the day of receipt of the Entitlement and Acceptance Form. Accordingly, if a cheque is not honoured upon its first presentation, Resource Generation reserves the right to reject the relevant Entitlement and Acceptance Form.

If the amount of your cheque or bank draft for Application Monies (or the amount for which that cheque or bank draft clears in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, at the discretion of the Directors, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares in your Entitlement and Acceptance Form) or your Application may be rejected.

Payment by BPAY

For payment by BPAY please follow the instructions on the Entitlement and Acceptance Form (which includes the biller code and your unique customer reference number). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that should you choose to pay by BPAY:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to make the declarations on that Form; and

- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (AEST) on 20 July 2009 (subject to variation). You should be aware that your financial institution may implement earlier cut off times with regards to electronic payment, and you should therefore take this into consideration when making payment.

Cash

Cash will not be accepted.

Excess Amounts

The Company will treat you as applying for as many New Shares as your payment will pay for in full, up to your Entitlement. Amounts received by Resource Generation in excess of your Entitlements (***Excess Amounts***) will be refunded to you without interest. Excess amounts are expected to be refunded on or about 28 July 2009.

5. Purpose and Effect of the Offer

5.1 Purpose of the Offer

Resource Generation is progressing towards the development of a substantial open cut coal mining operation in the Waterberg region of South Africa. Funds are currently available to complete the pre-feasibility study for the operations. Progress to date has been very positive and it is intended to progress to a full bankable feasibility study in the short term.

Open cut mining operations require unfettered access to the land which will be mined and also for the construction of surface infrastructure which forms an integral part of the mining and process of obtaining a final product for sale. Resource Generation is sufficiently advanced with its mine and infrastructure planning to have identified which properties it requires for operations to commence. The capital raised from this offer is expected to allow Resource Generation to secure the key properties necessary for its proposed operations. This expenditure forms the major part of the intended use of the funds raised.

Funds will also be used to complete the full bankable feasibility study for the Waterberg Mine, to facilitate the development of the Ledjadja project, to undertake initial infrastructure works and secure access to necessary utilities such as power supply. Additionally it is intended to continue exploration activities in the company's Tasmanian coal tenements and some funds will ensure sufficient working capital exists to maintain progress.

5.2 Use of proceeds

The New Shares will raise gross proceeds of approximately \$30.75 million for Resource Generation. The funds raised via the Offer will be utilised for:

- the acquisition of land in the Waterberg region of South Africa. It is intended to acquire the land for the commencement of mining operations and for the proposed site for the construction of a coal preparation plant and associated coal handling infrastructure;
- completion of a bankable feasibility study for the Waterberg Mine;
- initial infrastructure works and to secure access to necessary utilities such as power supply;
- facilitation of the development of the Ledjadja project;
- the continuation of exploration activities in Tasmania; and
- working capital.

5.3 Investor Update presentation

Further detail on the prospects of Resource Generation is included in the Investor Update Presentation included in this booklet as Appendix A.

5.4 Risk factors

There are risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks that may materially affect the performance of Resource Generation and the value of the New Shares. Many of these risks are outside the control of Resource Generation and cannot be mitigated in any way, although prudent management may partly minimise some of these risks.

Further detail on the risk factors associated with an investment in Resource Generation is in Section 6.

5.5 Capital structure

This table shows the number of issued Shares at the date of the Offer and the total number of issued Shares at the close of the Offer assuming no options exercised by the Record Date.

Issued Shares	Number
Issued Shares at the date of the Offer	76,878,667
New Shares offered under the Offer and placement	76,878,667
Total issued Shares on the Close of the Offer (maximum)	153,757,334
Total unquoted options at various terms and exercise prices	8,764,964

6. Risk Factors

6.1 General

The Shares offered under the Offer should be considered speculative because of the nature of the Company's mineral exploration business and the present stage of its development. Potential investors should consider whether the Shares offered are a suitable investment having regard to their own personal investment objectives and financial circumstances and the risk factors set out below. The Directors recommend that potential investors consult their professional advisers before deciding whether to apply for Shares pursuant to this Offer.

6.2 Exploration, Development and Operating Risk

Mineral exploration generally involves a high degree of risk and is subject to hazards and risks including unusual and unexpected geologic formations, seismic activity, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, any facilities, damage to life or property, environmental damage and possible legal liability.

Exploration on certain of the Company's exploration tenements may be unsuccessful, resulting in a diminution in the cash reserves of the Company and possible relinquishment of the exploration tenements.

The Company has yet to complete bankable feasibility studies for its prospective mining operations. If successful in raising funds for the construction of certain mining operations, completion of the construction and commencement of the operational phases of those mines may not be achieved on time, resulting in additional funding requirements.

6.3 Mining Risks

Prospecting rights only are held. The company will need to obtain mining rights to carry out mining operations. There is a risk that the mining rights will not be granted or will be granted on terms that are not favourable.

6.4 Risk of International Operations

In certain countries in which the Company has assets and operations, such assets and operations are subject to various political, economic and other uncertainties, including, among other things, the risks of war and civil unrest, expropriation, nationalisation, renegotiation or nullification of existing concessions, licences, permits, approvals and contracts, taxation policies, foreign exchange and repatriation restrictions, changing political conditions, international monetary fluctuations, currency controls and foreign governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction. In addition, in the event of a dispute arising from foreign operations, the Company may be subject to the exclusive jurisdiction of foreign courts, and may also be hindered or prevented from enforcing its rights with respect to a governmental instrumentality because of the doctrine of sovereign immunity. It is not possible for the Company to accurately predict such developments or changes in laws or policy or to what extent any such developments or changes may have a material adverse effect on the Company's operations.

6.5 Increasing shareholding subject to RSA Minister's approval

The investor update presentation in this booklet sets out the current shareholding of Isicebi Carbon Mining (Pty) Ltd in Waterberg One Coal (Pty) Ltd and Apex Resource Holdings Inc (Apex) in Ledjadja Coal (Pty) Ltd and the entitlement to increase that shareholding to 70% in the case of Waterberg One Coal (Pty) Ltd and up to 65% and then 74% in Ledjadja Coal (Pty) Ltd. The increase in shareholding is subject to the Mining Minister's approval under the South African mining legislation. In the case of Waterberg, application was made for approval some months ago and is pending. In the case of Ledjadja, the application for approval was made at a time when Ledjadja was under previous ownership and was declined for reasons that are not regarded as valid reasons based on recent South African case law. Apex is in the process of appealing that decision. If any such approval is ultimately not obtained, then the increase in shareholding may not be possible and alternative arrangements would need to be considered including invoking equivalent economic benefit provisions in the shareholders agreements for the relevant project.

6.6 Coal Market

The development and success of the company will be dependent in part on the future prices of coal. These prices are subject to significant fluctuations and are affected by a number of factors which are beyond the control of the Company. Such factors include, but are not limited to, interest rates, exchange rates, inflation or deflation, fluctuations in the value of foreign currencies, global and regional supply and demand and the political and economic conditions in major coal producing countries in the world.

In addition to adversely affecting the Company's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing agreements related to a particular project.

The Company has not as yet secured any offtake contracts for its coal in the South African domestic market. It has not yet secured port or rail contracts for intended exports.

6.7 Environmental Risk

Mining is an industry that has become subject to increasing environmental responsibility and liability. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation.

6.8 Legislative Changes

Changes in government regulations and policies may adversely affect the financial performance of the Company. The Company is not aware of any specific material changes in relevant regulations or policy in this regard but no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail production or development. Such amendments to current laws and regulations governing the Company's operations or more stringent implementation thereof could have a substantial adverse impact on the Company including restricting the Company from carrying out some of its existing and proposed activities, causing delay and increasing expenses.

Many of the mineral rights and interests of the Company are subject to government approvals, licenses and permits. Such approvals, licenses and permits are, subject to the discretion of the applicable governments or governmental officials. No assurance can be given that the Company will be successful in maintaining any or all of the various approvals, licences and permits in full force and effect without modification or revocation. To the extent such approvals are required and not obtained or revoked, the Company may be curtailed or prohibited from continuing or proceeding with planned exploration.

6.9 Economic Risks and Market Conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration activities, as well as on its ability to fund those activities.

The market price of securities can fall as well as rise and be subject to varied and unpredictable influences on the market for equities and, in particular resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.10 Currency Risks

A significant portion of the Company's operating expenses will be incurred in foreign currencies. From time to time the Company will borrow funds and will incur capital expenditures that are denominated in foreign currency. Accordingly, fluctuations in foreign currency may adversely affect the Company's financial position and operating results.

6.11 Joint Ventures

The company does not own 100% of the projects in the Republic of South Africa. It is in joint venture with other companies in the Republic of South Africa and is not in a position to make all decisions on its own. This may delay decisions being made.

7. ASX Announcements

Since 1 January 2009, Resource Generation Limited has lodged the following list of announcements with the Australian Securities Exchange Limited:

19/01/2009	Timetable for Consolidation of Capital
23/01/2009	Quarterly Report and Appendix 5B
23/01/2009	Managing Director's Presentation
23/01/2009	Results of General Meeting
23/01/2009	ASX Circular - Consolidation of Capital
23/01/2009	Boardroom Radio Interview
27/01/2009	Update on Capital Structure
30/01/2009	Change of Director's Interest Notice x2
05/02/2009	Capital Structure Update and Top Twenty Shareholders
20/02/2009	Half Yearly Report and Appendix 4D
02/03/2009	Update on Exploration Results
04/03/2009	Boardroom Radio Interview
13/03/2009	Appendix 3B
13/03/2009	Section 708A Notice
27/03/2009	Response to ASX Price Query
08/04/2009	Release of Securities from Escrow
08/04/2009	Clarification to release of securities from escrow
17/04/2009	Ceasing to be a substantial holder
27/04/2009	Quarterly Report, Appendix 5B and Resource Upgrade
11/05/2009	Response to ASX Price Query
18/05/2009	Appendix 3B - Exercise of Options
02/06/2009	Drilling update

8. Important Information

This booklet, enclosed Entitlement and Acceptance Form and any accompanying information (together *Information*) has been prepared by Resource Generation.

This Information is important and requires your immediate attention.

You should read this Information carefully in its entirety before deciding whether to invest in New Shares. In particular, you should consider the risk factors that could affect the performance of an investment in Resource Generation.

Resource Generation has applied for the grant by ASX of official quotation of the New Shares.

8.1 Eligible Shareholders

This Information contains an offer to Eligible Shareholders in Australia and New Zealand of New Shares, and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Order 08/35. Subject to the below, the Entitlement Offer is not being extended to any Shareholders outside Australia, New Zealand.

The Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

8.2 Applications in excess of Entitlement

The Entitlement Offer is fully underwritten and applications for New Shares in excess of your Entitlement will not be accepted. Payments received in excess of the Issue Price for your full Entitlement (*Excess Amounts*) will be refunded to you without interest. Excess Amounts are expected to be refunded on or about 28 July 2009.

8.3 Not investment advice

The Information is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Resource Generation is not licensed to provide financial product advice in respect of the New Shares. The Information does not purport to contain all the information that you may require to evaluate a possible application for New Shares.

Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

8.4 Underwriting Agreement

The Entitlement Offer is fully underwritten by Shaw Corporate Finance Pty Ltd (the *Underwriter*). The Company entered into an underwriting agreement with the Underwriters on 23 June 2009 (the *Underwriting Agreement*).

Shaw Corporate Finance Pty Limited will be entitled to be paid a management fee and an underwriting fee in respect of the underwritten amount, at market rates. It will also be entitled to be reimbursed for out-of-pocket expenses related to the Entitlement Offer, whether or not the Offer is completed.

Customary with these types of arrangements, in respect the Underwriting Agreement:

- the Company has indemnified the Underwriter, its related bodies corporate and each of their officers, employees, agents and advisers in connection with the Entitlement Offer;
- the Company and the Underwriter have each given certain representations, warranties and undertakings in connection with (among other things) the conduct of the Entitlement Offer.
- conditions precedent relating to the conditions required for the Entitlement Offer apply; and
- the Underwriter may terminate its underwriting commitment and be released from its obligations on the happening of any of a range of events, including if:
 - ASIC takes action affecting the performance of the obligations of an Underwriter;
 - the Company ceases to be listed on ASX, is suspended for more than 5 days, or ASX withdraws its approval for an official quotation of the New Shares on ASX or indicates that it will not grant them quotation;
 - there is a material adverse change in the condition or in the assets, liabilities, financial position of the Company; or
 - there is a certain level of market fall in the S&P/ASX200 Index of ASX or the S&P/ASX Industrials & Resources indices or disruption in certain key global financial markets;
 - certain adverse government or regulatory action, or changes in law, occur, new circumstances adversely affecting the Company are announced, there is a change in management or the board of the Company, or hostilities commence in certain countries, in any case the effect of which is such as to make it, in the reasonable judgment of the Underwriters materially more difficult to promote the Entitlement Offer or to enforce contracts to issue and allot the New Shares.

8.5 Sub-underwriting by Directors

Sub-underwriting arrangements

The Underwriter has entered into sub-underwriting agreements with each of PAPY Pty Limited as trustee for the YAPP Trust ("**Jury Entity**") and Zaphod Pty Limited as trustee for the Matthews Superannuation Fund ("**Matthews Entity**") to sub-underwrite part of the Entitlement Offer in the manner summarised below (each a "**Sub-Underwriting Agreement**" and together the "**Sub-Underwriting Agreements**").

Paul Jury is an associate of PAPY Pty Limited and Steve Matthews is a director and controlling shareholder of Zaphod Pty Limited.

Under the Sub-Underwriting Agreements:

- (a) the Jury Entity has agreed to act as the sub-underwriter in respect of 6,000,000 new Shares (in addition to the intention to fully subscribe for the Entitlements in respect of the 1,493,491 Shares currently held by the Jury Entity as noted in the letter from the Chair set out at the beginning of this Offer Booklet); and
- (b) the Matthews Entity has agreed to act as the sub-underwriter in respect of 300,000 new Shares (in addition to the intention to fully subscribe for the Entitlements in respect of the 90,000 Shares currently held by the Matthews Entity as noted in the letter from the Chair set out at the beginning of this Offer Booklet).

The Sub-Underwriting Agreements are contingent on the continued operation of the Underwriting Agreement. If the Underwriting Agreement is terminated, the Sub-Underwriting Agreements automatically terminate and all obligations of the Underwriter to each of the Jury Entity and the Matthews Entity will come to an end.

Neither the Jury Entity nor the Matthews Entity (as the case may be) have any termination rights under the Sub-Underwriting Agreements to which they are a party and each is obliged to perform their respective obligations under the Sub-Underwriting Agreement to which it is a party unless the Underwriting Agreement is terminated. The Underwriter's rights of termination and all other rights under the Underwriting Agreement are at the sole discretion of the Underwriter. If the Underwriter elects not to terminate, or exercise any other right under the Underwriting Agreement, the Jury Entity and/or the Matthews Entity (as the case may be) will be bound by such an election and will be obliged to fulfil their respective obligations as set out in the Sub-Underwriting Agreement to which they are a party.

Neither the Jury Entity nor the Matthews Entity will be paid any fees under the Sub-Underwriting Agreements.

Potential effect of Sub-Underwriting Agreements on Control of the Company

As noted in the letter from the Chair set out at the beginning of this Offer Booklet:

- (a) the Jury Entity currently has 1,493,491 Shares (equating to a voting power of 1.94% in the Company); and
- (b) the Matthews Entity currently has 90,000 Shares (equating to a voting power of 0.12% in the Company).

The Sub-Underwriting Agreements provide for an allocation policy that will grant priority for a certain allocation to all sub-underwriters of the Offer. In the case of a Shortfall, the Jury Entity and the Matthews Entity will be granted priority in respect of their allocations of 6,000,000 and 300,000 New Shares respectively. These allocations (and the priority allocations granted to other sub-underwriters) will be allocated ahead of other allocations to sub-underwriters that are not priority allocations.

Given the existence of other sub-underwriters and the above allocation policy (in so far as it relates to each of the Jury Entity and the Matthews Entity), it is anticipated that neither the Jury Entity nor the Matthews Entity will acquire a significant increase in voting power in the Company as a result of the sub-underwriting. Ultimately, the extent of any such voting power will depend on the amount of any new Shares that are not subscribed for under the Entitlement Offer.

The following table sets out the effect on each of the Jury Entity's and the Matthews Entity's assuming that the maximum possible number of New Shares are issued under the Sub-Underwriting Agreements.

Entity	Current Voting Power	Maximum Voting Power after the Offer ²
Jury Entity Voting Power	1.94%	5.84%
Matthews Entity Voting Power	0.12%	0.31%

² Assuming that all New Shares under the Offer are issued and that the maximum possible number of New Shares are issued to the Jury Entity and the Matthews Entity under the Sub-Underwriting Agreements.

8.6 Information availability

Eligible Shareholders in Australia and New Zealand can obtain a copy of this Information during the period of the Entitlement Offer on the Resource Generation website at www.resgen.com.au or by calling Registries Limited on 1300 737 760 (local call cost from anywhere in Australia) or from outside Australia on +61 2 9290 9600. Persons who access the electronic version of this Information should ensure that they download and read the entire Information. The electronic version of this Information on the Resource Generation website will not include an Entitlement and Acceptance Form. A replacement Entitlement and Application Form can be obtained from the Share Registry, or by accessing your holding through the Share Registry website at www.registries.com.au.

This Information, including the accompanying Entitlement and Acceptance Form, must not be sent to any investors in the US or that is, or are acting on behalf of or for the account or benefit of, a US Person, or otherwise distributed in the US.

8.7 Future performance and forward-looking statements

Neither Resource Generation nor any other person warrants or guarantees the future performance of the Company or the New Shares, nor any return on any investment made pursuant to this Information. Forward looking statements, opinions and estimates provided in the Information are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Resource Generation and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by the forward-looking statements in this Information.

8.8 Past performance

Investors should note that the past share price performance of Resource Generation provides no guidance as to its future share price performance.

8.9 Governing law

This Information, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

8.10 Foreign jurisdictions

This Information has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information or any portion of the Information (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Information, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

This Information does not constitute an offer of shares in any place in which, or to any person to whom, it would not be lawful to make such an offer. The following international selling restrictions relate to the issue of New Shares under the Entitlement Offer:

United States

This Information does not constitute an offer of shares for sale in the US, or to any person that is or is acting for the account or benefit of any US person, or in any other place in which, or to any person to whom, it would not be lawful to make such an offer.

Neither the Entitlements nor the New Shares (as applicable) have been or will be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the US or to, or for the account or benefit of, US Persons.

New Zealand

The New Shares being offered under this Information are being offered to Eligible Shareholders with registered addresses in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Information is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. This Information has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand).

Guernsey

The shares may only be offered or sold in or from within the Bailiwick of Guernsey either (i) by persons licensed to do so under the Protection Of Investors (Bailiwick Of Guernsey) Law, 1987 (as amended) (The "POI Law"); or (II) to persons licensed under the POI Law; or (III) to persons licensed under the Insurance Business (Bailiwick Of Guernsey) Law, 2002, the Banking Supervision (Bailiwick Of Guernsey) Law, 1994, or the Regulation Of Fiduciaries, Administration Businesses And Company Directors, Etc, (Bailiwick Of Guernsey) Law, 2000.

Malaysia

The offer or invitation to subscribe for shares referred to in this Information is an excluded offer or invitation under Section 229 of the Capital Markets & Services Act 2007, being an offer or invitation made EXCLUSIVELY to existing members (shareholders) of the Company by means of a rights issue. The Company is not listed in Malaysia and the offer is not one to which section 237 of the Capital Markets & Services Act 2007 of Malaysia applies. Terms used in this paragraph bear the same meanings as used in the Capital Markets & Services Act 2007 of Malaysia.

British Virgin Islands

Neither the Company nor the Shares are registered in the British Virgin Islands under any applicable legislation including the British Virgin Islands Mutual Funds Act 1996 (as amended) (the "Act"). No examination of the merits of a purchase of the Shares or any investment in the Company nor any supervision of the Company by the British Virgin Islands Government or the Financial Services Commission in the British Virgin Islands has or will take place. There is no financial obligation or compensation requirement imposed on or by the Government of the British Virgin Islands in favour of or available to investors in the Company or purchasers of the Shares.

Where an entity is regulated under the Act, it will be subject to the supervision of the Financial Services Commission in the British Virgin Islands, which is authorised by the Act to direct certain entities to furnish information or provide access to any records, books or other documents which it deems necessary to ascertain compliance with the Act or

any regulations made under the Act. The Act provides that any information, material or document furnished to or filed with the Financial Services Commission is privileged from disclosure, except by order of a court of competent jurisdiction in criminal proceedings and in certain other cases. Such protections will not apply to your purchase of Shares or any other investment in the Company.

8.11 Nominees

The Entitlement Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. Where any Eligible Shareholder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any person that is or is acting for the account or benefit of a "U.S. person" (as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act")) ("U.S. Person") with a holding through a nominee may not participate in the Entitlement Offer and the nominee must not take up any entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. Person. The Company is not able to advise on foreign laws.

8.12 Disclaimer of representations

No person other than the Company is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information.

Any information or representation that is not in this Letter of Offer may not be relied on as having been authorised by Resource Generation in connection with the Entitlement Offer. Except as required by law, and only to the extent so required, none of Resource Generation, or any other person, warrants or guarantees the future performance of Resource Generation or any return on any investment made pursuant to this Information.

Shaw Corporate Finance Pty Limited has not been involved in the preparation of this booklet or Appendix A, the Investor Update Presentation and disclaims any responsibility for them.

9. Defined Terms

\$ means Australian Dollars

AEST means Australian Eastern Standard Time.

Allotment Date means the date on which the New Shares constituting the whole or part of the Offer are issued and allotted.

Applicant(s) means a person(s) who submit an Application.

Application means a valid application made to subscribe for a specified number of New Shares pursuant to this Letter of Offer.

Application Monies means the money received by the Company from a Shareholder, being the Issue Price multiplied by the number of New Shares applied for.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

Board means the board of Directors of Resource Generation Limited.

Closing Date means the last date for accepting an offer for New Shares, being 5.00pm (AEST) on 20 July 2009.

Company or **Resource Generation** means Resource Generation Limited (ACN 059 950 337).

Corporations Act means the Corporations Act 2001 (Cth).

Directors(s) means a director(s) of Resource Generation as at the date of this Offer.

Eligible Shareholders means those holders of Shares who:

- are registered as a holder of Shares on the Record Date;
- have a registered address in Australia or New Zealand;
- are not in the United States (**US**) and are not 'US persons' (as defined in Regulation S under the US Securities Act (**US Person**)), or acting for the account or benefit of US Persons; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

In addition, the Company may (at its absolute discretion) extend the Entitlement Offer to certain institutional shareholders (as at the Record Date) in foreign jurisdictions subject to compliance with applicable laws.

Entitlement means the entitlement of each Eligible Shareholder to subscribe for 1 New Share for every 1 Share held by that Eligible Shareholder on the Record Date, and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the form accompanying this Letter of Offer, which includes information specific to the Entitlement of the relevant Eligible Shareholder.

Entitlement Offer means the offer made under this Letter of Offer of 1 New Share for every 1 Share held by an Eligible Shareholder on the Record Date

Existing Shares means the Shares on issue at the Record Date

Information means this Letter of Offer, the Entitlement and Acceptance Form and any accompanying information.

Issue Price means \$0.40.

Letter of Offer or **Offer Booklet** means this letter of Offer or booklet.

Listing Rules means the official listing rules of ASX.

New Shares means a Share to be issued pursuant to this Letter of Offer at \$0.40 per Share.

Non-participating Shareholder(s) means a Shareholder(s) whose registered address is not in Australia or New Zealand or Other Jurisdiction as at the Record Date.

Offer means the Entitlement Offer and the institutional placement of the Shares that would have been offered to Non-participating Shareholders under the Entitlement Offer if they had been eligible to participate.

Offer Period means the period commencing on the date the Entitlement Offer opens and ending on the date the Entitlement Offer closes. Indicative dates for the Offer Period are shown in section 2.

Option means an option to subscribe for and be issued a Share.

Optionholder means a holder of an Option.

Record Date means 7.00pm (AEST) on 2 July 2009.

Resource Generation or **Company** means Resource Generation Limited (ACN 059 950 337).

Share means a fully paid ordinary Share in the capital of the Company and Shares has a corresponding meaning.

Share Registry means Registries Limited of Level 7, 207 Kent Street, Sydney NSW 2000.

Shareholder(s) means a registered holder(s) of Shares as at the Record Date.

Shortfall Shares means the shares to be subscribed for by the Underwriter under the Underwriting Agreement.

Sub-Underwriting Agreements has the meaning given in section 8.5.

Underwriter means Shaw Corporate Finance Pty Ltd.

US Securities Act means the United States Securities Act of 1933, as amended.

10. Corporate Directory

RESOURCE GENERATION LIMITED

ACN 059 950 337

Registered Office:
Level 12
The Chifley Tower
2 Chifley Square
Sydney NSW 2000
AUSTRALIA

Telephone: +61 2 9376 9000
Facsimile: +61 2 9376 9013
www.resgen.com.au

DIRECTORS

Mr Scott Douglas
(*Non Exec. Chairman*)

Mr Paul Jury
(*Managing Director*)

Mr Steve Matthews
(*Executive Director*)

Mr Geoffrey Rose
(*Non Exec. Director*)

COMPANY SECRETARY

Mr Steve Matthews

ASX CODE

RES

LEGAL ADVISERS

Allens Arthur Robinson
Level 28
Deutsche Bank Place
Corner Hunter & Phillip Streets
Sydney NSW 2000
AUSTRALIA

AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000
AUSTRALIA

SHARE REGISTRY

Registries Limited
Level 7, 207 Kent Street
Sydney NSW 2000
AUSTRALIA

Telephone: +61 2 9290 9600
Facsimile: +61 2 9279 0664

SHAREHOLDER INFORMATION

Please contact the share registry:
Within Australia: 1300 737 760
Outside Australia: +61 2 9290 9600

UNDERWRITERS

Shaw Corporate Finance Pty Limited
Level 15
60 Castlereagh Street
Sydney NSW 2000
AUSTRALIA

Appendix A

Investor Update Presentation