



30 September 2020

Australian Securities Exchange Limited
Exchange Centre
Level 4, 20 Bridge Street
Sydney, NSW 2000

Resource Generation Limited ACN 059 950 337 (ASX: RES)

Lodgement of Unaudited Financial Statements - 30 June 2020

In accordance the ASX class waiver 'Extended Reporting and Lodgment Deadlines' under listing rule 18.1 to give effect under the listing rules to the relief grant by ASIC under "*ASIC (extended Reporting and Lodgment Deadlines - Listed Entities) Instrument 2020/451*" dated 15 May 2020, Resource Generation Limited (**Resgen or Company**) advises that it will be relying on the benefit of the extension of the lodgment deadline for audited annual financial statements to no later than 31 October 2020.

The Company confirms that in accordance with the ASX class waiver, it has satisfied the two conditions by:

1. Lodging unaudited financial statements for the year ended 30 June 2020 by the usual lodgment deadline of 30 September 2020; and
2. Advising that it will immediately release an announcement to the market if a material difference is identified between the unaudited financial statements and the audited financial statements for the year ended 30 June 2020.

Authorised for release by the Board of Directors

Yours faithfully

Mike Meintjes

Company Secretary

For further information please contact:

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RESOURCE GENERATION LIMITED



ABN 91 059 950 337

30 June 2020

Unaudited Annual Financial Statements

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The unaudited financial report covers Resource Generation Limited, comprising the consolidated entity and its subsidiaries. The unaudited financial report is presented in Australian Dollars.

Resource Generation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are as follows:

Registered Office: Level 1

17 Station Road
Indooroopilly
QLD 4068
Australia

Principal place of business: Ballywoods Office Park

Ironwood House
33 Ballyclare Drive
Bryanston
South Africa, 2191

The unaudited financial report was authorised for issue by the Directors on 30 September 2020.

All market releases, quarterly reports, financial reports and other information are available at our Investors and Media page on our website: www.resgen.com.au

Resource Generation Limited
Financial and Operating Summary
30 June 2020

1. Details of the reporting period

Financial Headlines

- Loss before income tax increased by 260% to \$21.587 million (2019: \$6.043 million loss)
- The most significant items contributing to the FY20 loss before income tax were:
 - (i) Unrealised foreign exchange loss of \$14.149 million (2019: \$1.132 million loss) being an unrealised loss from translation of the amount outstanding under the Noble loan facility
- Net debt of \$104.525 million at 30 June 2020 (2019: \$85.741 million)
- Cash expenditure of \$2.637 million on operating activities (2019: \$5.833 million); this decrease has resulted from a corresponding reduction in trade and other payables
- Cash expenditure of \$4.162 million on mine infrastructure (2019: \$5.599 million)
- Agreed deferral of Noble loan repayments from 30 September 2020 to 30 November 2020 to conserve existing cash balances
- Shareholders' equity has seen a decrease of \$19.425 million (2019: \$4.690 million decrease) in the period due to the reported loss

Financial and non-financial performance	FY20	FY19	% change
Loss before income tax (\$million)	(21.6)	(6.0)	260%
Basis loss per share (cents)	(3.7)	(1.0)	270%
Total debt (\$million)	104.9	87.2	20%
Net debt (\$million)	104.6	85.7	22%
Net assets (\$million)	92.7	112.2	-17%
Gearing ratio ¹	112.8%	76.4%	48%
Number of employees ²	29	29	0%
Gender diversity ³	28%	28%	0%
Transformation ⁴	69%	66%	5%

1. Net debt/Equity

2. Employees includes Directors

3. Gender diversity equates to number of female employees to total employees

4. Transformation equates to number of HDSA employees to total employees

The increase in both total and net debt is a result of the additional borrowings from the Noble working capital facility which have been required to fund operations whilst project funding is being secured. This also contributes to the increase in the gearing ratio.

2. Operating and financial review

Corporate

On 5 December 2019, the Company announced the execution of binding arrangements for the funding of the Boikarabelo Coal Mine (Mine Funding Package) which remains subject to a number of conditions requiring satisfaction, deferral or waiver by the Lenders (Conditions Precedent or CPs) before the transaction completes and becomes effective (Financial Close). These conditions include those customary for Lender's to manage risk exposures in transactions of this nature.

Since execution of the Mine Funding Package the Company has diligently focused on satisfying the Conditions Precedent and has made significant progress in satisfying most of the Conditions Precedent including the rail link funding as detailed below. However, a small number of Conditions Precedent remain outstanding including finalising a ramp-up working capital facility, working with the mining contractor to secure funding for the yellow goods, finalising logistics contracts and arranging a back-to-back domestic coal sale contract with Eskom.

The Funding Calendar was updated and advised to the market on 3 July 2020. The update was based on Management's best estimate of an achievable timeline for addressing the key tasks required to finalise the remaining Conditions Precedent. Based on the updated Funding Calendar and recent interactions with the Lenders the target for Financial Close is now the end of November 2020.

A Deed of Amendment to the Common Terms Agreement for the Mine Funding Package extending the Sunset Date for achieving Financial Close from 30 June to 30 September 2020 has been confirmed in principle by all Lenders. The Lenders are currently considering a further extension given the recent delays to achieving Financial Close.

Final submissions for collation and subsequent consideration by the Lenders' Credit Committees are being updated to reflect the expected Financial Close date of 30 November 2020 and any request for waivers or deferral of certain CPs at that time remain subject to agreement by these governance bodies during November 2020.

1. Details of the reporting period (continued)

Rail Link Funding

On 5 May 2020, the Company announced that its subsidiary, Ledjadja Coal Pty Ltd (Ledjadja Coal), has entered into non-binding equity and debt term sheets (collectively, the Term Sheets) with Pan African Infrastructure Development Fund 2 SA and PAIDF2 LLC under the management of Harith General Partners Proprietary Limited (Harith) for the funding of the Boikarabelo Coal Project Rail Link.

After 30 June 2020, the Company confirmed that Harith had obtained all requisite approvals for the Term Sheets executed with Ledjadja Coal Pty Ltd. The Term Sheets, whilst now binding on the Parties, remain subject to the fulfilment of various Conditions Precedent including conclusion of definitive transaction agreements, regulatory approvals including the registration of each servitude to effect the transaction and the Mine Funding Package (see ASX Announcement: 5 December 2019) being fully funded and unconditional.

Preparation of the definitive transaction agreements comprising the terms and conditions set out in the Terms Sheets are well progressed with a target for finalisation and execution in November 2020.

Dividends

No dividends were paid or proposed to be paid to members during the financial year (2019: nil).

Results of operations

The loss for the year for the Group was \$21.587 million (2019: \$6.043 million loss).

Likely developments, business strategies and prospects

The Group is still in the process of securing funding for the construction of the Boikarabelo Coal Mine, as at reporting date Financial Close is being targeted for achievement by 30 November 2020. Management has instigated austerity measures (including reduction to salaries and Directors' fees) to preserve cash resources until such time as Financial Close is achieved. In addition, management is considering further arrangements for the additional Working Capital that is required to reach this revised target date.

Resource Generation Limited
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2020

	Notes	Consolidated	
		2020	2019
		\$'000	\$'000
Interest income	2 (a)	96	140
Other income	2 (a)	174	80
		<u>270</u>	<u>220</u>
Administration, rent and corporate		(3,441)	(2,914)
Depreciation of property, plant and equipment	10	(113)	(258)
Employee benefits expense		(1,354)	(1,868)
Finance expenses		(2,836)	(594)
Share-based compensation expense	16 (a)	36	503
Unrealised foreign exchange movements		(14,149)	(1,132)
Loss before income tax		<u>(21,587)</u>	<u>(6,043)</u>
Income tax (expense)/benefit	3	-	-
Loss from continuing operations	3 (b)	(21,587)	(6,043)
Loss for the year		<u>(21,587)</u>	<u>(6,043)</u>
Other comprehensive (loss)/income, net of income tax			
Items that may be subsequently reclassified to profit or loss when specific conditions are met:			
Exchange differences on translation of foreign operations	16 (a)	2,197	1,586
Total comprehensive (loss)/income		<u>(19,390)</u>	<u>(4,457)</u>
Loss is attributable to:			
Owners of Resource Generation Limited		<u>(21,587)</u>	<u>(6,043)</u>
Total comprehensive (loss) for the year is attributable to:			
Owners of Resource Generation Limited		<u>(19,390)</u>	<u>(4,457)</u>
Headline loss		<u>(21,587)</u>	<u>(6,043)</u>
Loss per share			
Loss per share for loss from continuing operations		Cents	Cents
Basic loss per share	23	(3.7)	(1.8)
Diluted loss per share	23	(3.7)	(1.8)
Headline loss per share	23	(0.7)	(1.8)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Resource Generation Limited
Consolidated statement of financial position
As at 30 June 2020

	Notes	Consolidated	
		2020	2019
		\$'000	\$'000
Current assets			
Cash and cash equivalents	4	323	1,474
Other receivables	5	161	56
Deposits and prepayments	6	149	175
		<u>633</u>	<u>1,705</u>
Non-current assets			
Property, plant and equipment	7	24,973	30,245
Mining tenements and mining development	8	179,255	172,970
Deposits	9	1,038	1,277
Restricted Cash		1,599	1,632
		<u>206,865</u>	<u>206,124</u>
TOTAL ASSETS		<u>207,498</u>	<u>207,829</u>
Current liabilities			
Trade and other payables	10	6,101	4,226
Provisions	11	254	207
Borrowings	14	26,748	20,964
		<u>33,103</u>	<u>25,397</u>
Non-current liabilities			
Provisions	12	2,126	2,418
Borrowings	15	78,156	66,251
Royalties payable	13	1,401	1,625
		<u>81,683</u>	<u>70,294</u>
TOTAL LIABILITIES		<u>114,786</u>	<u>95,691</u>
NET ASSETS		<u>92,712</u>	<u>112,138</u>
Equity			
Contributed equity	16	223,622	223,622
Reserves	17	(35,359)	(37,520)
Accumulated losses	17	(95,551)	(73,964)
TOTAL EQUITY		<u>92,712</u>	<u>112,138</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Resource Generation Limited
Consolidated statement of changes in equity
For the year ended 30 June 2020

		Contributed equity	Reserves	Accumulated losses	Total equity
Notes	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018 (*restated)		223,622	(38,603)	(67,921)	117,098
Loss for the year	17 b)	-	-	(6,043)	(6,043)
Other comprehensive loss for the year - exchange differences on translation of foreign operations	17 a)	-	1,586	-	1,586
Total comprehensive loss for the year		-	1,586	(6,043)	(4,457)
Transactions with owners in their capacity as owners:					
Treasury shares to be issued to an employee	17 a)	-	-	-	-
Employee share plan - value of employee services	17 a)	-	(503)	-	(503)
		-	(503)	-	(503)
Balance at 30 June 2019		223,622	(37,520)	(73,964)	112,138
Loss for the year	17 b)	-	-	(21,587)	(21,587)
Other comprehensive income for the year - exchange differences on translation of foreign operations	17 a)	-	2,197	-	2,197
Total comprehensive income/(loss) for the year		-	2,197	(21,587)	(19,390)
Transactions with owners in their capacity as owners:					
Employee share plan - value of employee services	17 a)	-	(36)	-	(36)
		-	(36)	-	(36)
Balance at 30 June 2020		223,622	(35,359)	(95,551)	92,712

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Resource Generation Limited
Consolidated statement of cash flows
For the year ended 30 June 2020

		Consolidated	
		2020	2019
	Notes	\$'000	\$'000
Cash flows from operating activities			
Payments to suppliers and employees		(2,728)	(5,939)
Interest received		96	140
Finance costs		(5)	(34)
Taxation refunds		-	-
Net cash outflow from operating activities	23	<u>(2,637)</u>	<u>(5,833)</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(50)	(2)
Payments for mining tenements and mining development		(4,162)	(5,599)
Net cash outflow from investing activities		<u>(4,212)</u>	<u>(5,601)</u>
Cash flows from financing activities			
Repayment of borrowings		(520)	(2,240)
Drawdown of borrowings		6,452	13,371
Net cash inflow from financing activities		<u>5,932</u>	<u>11,131</u>
Net decrease in cash and cash equivalents		<u>(917)</u>	<u>(303)</u>
Cash and cash equivalents at the beginning of the year		1,474	1,729
Effects of exchange rate movements on cash and cash equivalents		(234)	48
Cash and cash equivalents at the end of the year	4	<u><u>323</u></u>	<u><u>1,474</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Resource Generation Limited
Unaudited Annual Financial Statements
For the year ended 30 June 2020

1 Statement of significant accounting policies

The financial report of Resource Generation Limited also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This report is to be read in conjunction with any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and Australian Securities Exchange Listing Rules.

The principal accounting policies adopted in the presentation of the consolidated financial statements are consistent with those applied in previous financial years other than as noted below. The financial statements are for the consolidated entity consisting of Resource Generation Limited and its subsidiaries.

Disclosure surrounding adoption of new or revised Standard

AASB 16 Leases specifies how to recognise, measure and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise right-of-use assets and lease liabilities for almost all leases. AASB 16 applies to annual reporting periods beginning on or after 1 January 2019 and replaces AASB 117 Leases and related interpretations. The Group has applied AASB 16 and the transactions have been eliminated at Group level as the lease agreements are intercompany. The Group has no lease agreements with external parties.

2 Profit or loss items

	Consolidated	
	2020	2019
(a) Total income	\$'000	\$'000
Income from continuing operations		
Interest earned	96	140
	96	140
Other income		
Other income	174	80
	174	80
Total income	270	220
	Consolidated	
	2020	2019
(b) Loss for the year includes the following expenses	\$'000	\$'000
Rental expense	-	2
Defined benefit contribution - superannuation	13	13

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3 Income tax benefit/(expense)

	Consolidated	
	2020 \$'000	2019 \$'000
a) Income tax benefit/(expense)		
Current tax	-	-
Deferred tax	-	-
Under/(over) provided in prior years	-	-
	-	-
Income tax benefit/(expense) is attributable to:		
Profit/(loss) from continuing operations	-	-
Loss from discontinued operations	-	-
Aggregate income tax benefit/(expense)	-	-
Deferred income tax expense included in income tax benefit/(expense) comprises:		
Decrease/(increase) in deferred tax assets	-	-
(Decrease)/increase in deferred tax liabilities	-	-
The financial report was authorised for issue by the Directors on 30 September 2020.	-	-

	Consolidated	
	2020 \$'000	2019 \$'000
b) Numerical reconciliation of income tax (expense)/benefit to <i>prima facie</i> tax payable		
Loss from continuing operations before income tax (expense)/benefit	(21,587)	(6,043)
Tax benefit at the Australian rate of 30%	6,476	1,813
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
Share-based compensation benefit/(expense)	11	151
Income tax benefit not recognised	(6,487)	(1,949)
Income tax (expense)/benefit	-	-

	Consolidated	
	2020 \$'000	2019 \$'000
c) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	19,534	18,670
Potential tax benefit at Australian tax rate of 30%	5,860	5,601

In addition to the above, there are unused tax losses for the subsidiaries of \$20.503m (2019: \$16.366m) for which a deferred tax asset of \$6.151m (2019: \$4.909m) has not been recognised.

Resource Generation Limited
 Unaudited Annual Financial Statements
 For the year ended 30 June 2020

4 Current assets - cash and cash equivalents

	Consolidated	
	2020 \$'000	2019 \$'000
Cash at bank and in hand	323	1,474
	323	1,474

5 Current assets - other receivables

	Consolidated	
	2020 \$'000	2019 \$'000
Receivables	35	49
Government tax refunds	126	7
	161	56

6 Current assets - deposits and prepayments

	Consolidated	
	2020 \$'000	2019 \$'000
Prepayments	117	137
Deposits	32	38
	149	175

7 Non-current assets - property, plant and equipment

	Consolidated				
	Land & Buildings \$'000	Computer Equipment \$'000	Office Equipment \$'000	Motor Vehicles \$'000	Total \$'000
Opening net book value 1 July 2018	29,091	116	123	233	29,563
Additions	-	-	2	-	2
Disposals	-	-	-	-	-
Depreciation	(15)	(86)	(29)	(128)	(258)
Effect of foreign exchange differences	931	1	3	3	938
Closing net book value 30 June 2019	30,007	31	99	108	30,245
Additions	-	2	48	-	50
Depreciation	(14)	(10)	(28)	(61)	(113)
Effect of foreign exchange differences	(5,180)	(4)	(13)	(12)	(5,209)
Closing net book value 30 June 2020	24,813	19	106	35	24,973
Assets at cost	24,889	450	299	875	26,513
Accumulated depreciation	(76)	(431)	(193)	(840)	(1,540)
Closing net book value 30 June 2020	24,813	19	106	35	24,973

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8 Non-current assets - mining tenements and mining development

	Consolidated	
	2020 \$'000	2019 \$'000
Mining tenements and mining development	179,255	174,602
The Boikarabelo Coal Mine		
Opening net book value	174,602	159,089
Additions/movements	22,577	11,326
Effect of foreign exchange differences	(17,924)	4,187
Closing net book value	179,255	174,602

The Boikarabelo Coal Mine is the name given to the project for the development of the coal tenements in South Africa. It incorporates the assets acquired and development expenditure for Resgen Africa Holdings Limited and Resgen South Africa (Pty) Limited, including tenements held by Ledjadja Coal (Pty) Limited and Waterberg One Coal (Pty) Limited. The realisation of the assets of the Boikarabelo Coal Mine is dependent upon the successful development of the Coal Reserves.

Interest of \$8.5m (2019: \$5.3m) has been capitalised and included in mining development costs. The percentage of borrowing costs eligible for capitalisation was 88% (2019: 93%).

9 Non-current assets - deposits

	Consolidated	
	2020 \$'000	2019 \$'000
Mining related licence deposits	1,038	1,277
	1,038	1,277

10 Current liabilities - trade and other payables

	Consolidated	
	2020 \$'000	2019 \$'000
Trade payables	2,193	1,220
Other payables - accrued expenditure	3,908	3,006
	6,101	4,226

11 Current liabilities - provisions

	Consolidated	
	2020 \$'000	2019 \$'000
Employee benefits - annual leave provision	254	207
	254	207

12 Non-current liabilities - provisions

	Consolidated	
	2020 \$'000	2019 \$'000
Opening rehabilitation provision	2,418	2,150
Foreign exchange effect	(418)	63
Increase in rehabilitation provision	126	205
	2,126	2,418

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13 Non-current liabilities - royalties payable

	Consolidated	
	2020	2019
	\$'000	\$'000
Royalties payable	1,401	1,625
	1,401	1,625

Royalties are payable upon the commencement of coal production and were recognised on acquisition of Resgen Africa Holdings Limited. The royalty is calculated on the basis of R2.00 per tonne of coal extracted and sold from the Boikarabelo Coal Mine to a maximum of 15.0 million tonnes. The royalty payable is discounted to present value in line with anticipated production, using a discount rate of 14.99% (2019: 14.99%).

14 Current liabilities - borrowings

	Consolidated	
	2020	2019
	\$'000	\$'000
EHL loan	-	532
Noble loan	26,748	20,432
	26,748	20,964

EHL loan

EHL Energy (Pty) Limited constructed the electricity sub-station at the Boikarabelo Coal Mine which connects the mine to the grid. The construction was subject to a deferred payment plan, with interest payable at the ABSA Bank prime lending rate plus 3%. The loan amounted to ZAR82.5 million, was unsecured and was fully paid as at 30 June 2020 (2019: 1).

Noble loan

US\$20 million was drawn down as an unsecured loan from Noble Resources International Pte Ltd (Noble) in March 2014. The Company has signed a number of extensions of the Facility Agreement, whereby Noble agreed to make available further funds to the Company's subsidiary Ledjadja Coal (Pty) Ltd, to fund the operations and development of the mine whilst project funding is secured. The total Facility made available to the company as at 30 June 2020 is US\$49.150 million. US\$47.15 million has been drawn down as at 30 June 2020. The Company executed the Eighth Deed of Amendment and Restatement of the facility agreement and the key terms of the amendment have been documented with Noble and have been executed by the parties. The Facility is now secured by a Share Pledge over Resgen's interest in 74% of the shares in Ledjadja Coal (Pty) Ltd, which are held by another Resgen subsidiary, Resgen Africa Holdings Limited. Approval for granting this security to a substantial shareholder was obtained from Shareholders at the AGM held on 30 November 2018. The additional funds made available can be drawn in monthly tranches over the period to 31 July 2020. It is repayable in quarterly instalments of capital and interest over 78 months commencing on 30 September 2020 and has an annual interest rate of 10.75%. The Eighth Deed of Amendment Working Capital Facility advanced to the Group carries an interest rate of 16.00% per annum. Refer to subsequent events (Note 21) for details of the proposed extension of the commencement of production and repayment of the loan.

15 Non-current liabilities - borrowings

	Consolidated	
	2020	2019
	\$'000	\$'000
Noble loan	78,156	66,251
	78,156	66,251

Resource Generation Limited
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16 Contributed equity

	Consolidated	
	2020 Shares '000	2019 Shares '000
a) Share capital		
Ordinary shares issued	581,380	581,380
	Consolidated	
	2020 \$'000	2019 \$'000
Contributed equity	223,622	223,622
Total equity	223,622	223,622

b) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present in person or by proxy is entitled to one vote and, upon a poll, each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

c) Treasury shares - JSE clearing shares

In order to facilitate the secondary listing on the Johannesburg Stock Exchange (*JSE*), the Company was required to issue shares as a guarantee to ensure no trades failed. A subsidiary trustee company was established, Resgen Scrip Lending Pty Limited, and the 5 million shares were issued on 25 June 2010 at \$0.50 each. The listing on the JSE was completed on 14 July 2010. As there is now a sufficient spread of shares on the South African register, the JSE clearing shares are no longer required. In FY17, some of the shares have been issued to KMP in respect of share-based compensation.

Date	Details	Number of shares '000	Amount \$'000
01-07-2015	Opening balance	4,205	2,317
10-01-2017	Share-based compensation	(674)	(73)
30-06-2017	Share-based compensation	(1,616)	(78)
30-06-2018	Share-based compensation	-	(42)
30-06-2018	Share-based compensation	(1,779)	(45)
30-06-2019	Share-based compensation	-	-
30-06-2020	Closing balance	136	2,079

d) Current movements

There were no share capital movements during the current financial year.

Employee share scheme issues

Employee share scheme information, including details of shares issued under the scheme, is set out in note 16 (g).

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16 Contributed equity (continued)

e) Movement in options

There are no options on issue as at 30 June 2020. All previously issued options expired by 30 June 2014.

f) Share-based payment reserve

	Number of options/rights 2020 '000	Value of options/rights 2020 \$'000	Number of options/rights 2019 '000	Value of options/rights 2019 \$'000
Options				
Options granted previously and expired	-	-	-	-
Transfer of option premium reserve to earnings	-	-	-	-
Closing balance	-	-	-	-
Performance share rights				
Opening balance	3,200	523	5,700	1,026
Employee share plan expense/(credit) - apportionment of share rights over entitlement period	-	-	-	-
Performance rights forfeited*	(200)	(36)	(2,500)	(503)
Closing balance	3,000	487	3,200	523
Total options and performance share rights	3,000	487	3,200	523

* Performance share rights forfeited in respect of termination of employment. Performance hurdles in respect of these share rights related to milestones during construction and initial coal production.

g) Movement in performance share rights

Date	Details	Number of rights '000	Issue price \$	Amount \$'000
30-06-2016	Opening balance	6,250	-	706
30-06-2017	Share-based compensation expense	-	-	257
30-06-2017	Performance rights forfeited	(500)	-	(53)
30-06-2018	Share-based compensation expense	-	-	125
30-06-2018	Performance rights forfeited	(50)	-	(9)
30-06-2019	Performance rights forfeited	(2,500)	-	(503)
30-06-2020	Performance rights forfeited	(200)	-	(36)
30-06-2020	Balance	3,000	-	487

As at 30 June 2020 there are 2 holders of the total performance share rights of 3.0 million. There are no voting rights attached to performance share rights.

Performance share rights are granted under the Long-Term Incentive Plan for no consideration. Performance share rights vest over periods ranging from one to five years with non-market based performance hurdles determined by the executive's role and responsibilities. The performance hurdles are linked to key development milestones. During FY18, the Board approved an extension of the vesting period and a change in the performance hurdles for the performance share rights expiring during the financial year to recognise challenges with the delay in securing project funding. The modification involved rationalisation to one performance hurdle being the date on which the Company issues a Notice to Proceed to Sedgman in relation to the CPP EPC agreement. This date will only occur after Financial Close has been achieved. The performance rights were issued by the previous Board of Directors prior to the decision to freeze LTIP pending funding of the project.

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17 Reserves and accumulated losses

	Consolidated	
	2020 \$'000	2019 \$'000
a) Reserves		
Other contributed equity	1,085	1,085
Share-based payment reserve	487	523
Treasury shares - refer note 19 (c)	(2,079)	(2,079)
Foreign currency translation reserve	(34,852)	(37,049)
	(35,359)	(37,520)

The other contributed equity comprises of a share premium for Fairy Wing Trading (BEE partner) on the Lukale buyout of Waterberg One Coal (Pty) Ltd, which is one of the subsidiaries of Resource Generation. Share-based payment reserve is the employee performance share scheme. Treasury shares are sign-on incentives shares for KMP upon joining the company and the foreign currency translation reserve is the translation of all non-AUD transactions.

Movement in reserves	Consolidated	
	2020 \$'000	2019 \$'000
Share-based payment reserve		
Opening balance	523	1,026
Employee share plan (credit)/expense	(36)	(503)
Balance at the end of the year	487	523
Treasury shares		
Opening balance	2,079	2,079
Balance at the end of the year	2,079	2,079
Foreign currency translation reserve		
Opening balance	(37,049)	(38,635)
Movement for the period ¹	2,197	1,586
Balance at the end of the year	(34,852)	(37,049)

1. Foreign currency translation reserve movements arise from an approximate 17% depreciation of the ZAR against the Australian Dollar during the year ended 30 June 20 (2019: 3% appreciation).

	Consolidated	
	2020 \$'000	2019 \$'000
b) Accumulated losses		
Opening balance	(73,964)	(67,921)
Loss for the year	(21,587)	(6,043)
Balance at the end of the year	(95,551)	(73,964)

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18 Remuneration of auditors

During the year the following fees were paid or are payable for services provided by the auditor of the Company:

	Consolidated	
	2020	2019
	\$	\$
a) Audit and review of financial reports	123,894	85,657

It is the Company's policy to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. BDO Audit Pty Ltd has been awarded these assignments on a competitive basis. Deloitte (South Africa) and PwC (Australia) remain the tax consultants for the Group. It is the Company's policy to seek competitive tenders for all major material consulting projects.

19 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of entity	Country of	Class of shares	Equity holding	
			2020	2019
			%	%
Resgen Mauritius Limited	Mauritius	Ordinary	100	100
Resgen South Africa (Pty) Ltd - owned 100% by Resgen	South Africa	Ordinary	100	100
Waterberg One Coal (Pty) Limited - owned 74% by Resgen SA Farms (Pty) Limited - owned 100% by Resgen	South Africa	Ordinary	74	74
South Africa (Pty) Limited	South Africa	Ordinary	100	100
Resgen Africa Holdings Limited	Mauritius	Ordinary	100	100
Ledjadja Coal (Pty) Limited - owned 74% by Resgen				
Africa Holdings (Pty) Limited	South Africa	Ordinary	74	74
Resgen Share Plan Pty Limited	Australia	Ordinary	100	100
Resgen Scrip Lending Pty Limited	Australia	Ordinary	100	100
Bula Waterberg Rail Pty Ltd*	South Africa	Ordinary	100	-

**During the current period Bula Waterberg Rail Pty Ltd became a 100% owned subsidiary of Resource Generation Limited*

The parent company is Resource Generation Limited. The subsidiaries are controlled by Resource Generation Limited and the subsidiaries are fully consolidated from the date on which control passed to the Group.

The minority interest in Ledjadja Coal (Pty) Limited and Waterberg One Coal (Pty) Limited is held by Fairy Wing Trading 136 (Pty) Limited (Fairy Wing), the Group's Black Economic Empowerment (BEE) partner. Pursuant to the terms of a loan from the Group to facilitate the acquisition of the shares, Fairy Wing only nominally holds the minority interest and is not currently entitled to a share in the residual interest of the subsidiaries. For this reason, a non-controlling interest is not presented in the consolidated financial statements.

20 Dividends

There were no dividends recommended or paid during the financial year.

21 Events occurring after the reporting period

The Company advised that a Deed of Amendment to the Common Terms Agreement for the Mine Funding Package extending the Long Stop Date for achieving Financial Close from 30 June to 30 September 2020 had been agreed in principle and was in the process of being executed. The extension was required to allow for preparation of final submissions to the Lenders' Credit Committees expected to be scheduled during September 2020. The Lenders are currently considering a further extension given the recent delays to achieving Financial Close.

On 4 September 2020, the Company advised that Ledjadja Coal, the Borrower under the terms of the Mine Funding Package, had made significant progress with respect to satisfying the majority of the Conditions Precedent to Financial Close and had formally requested that the Lenders either:

*defer a limited number of Conditions Precedent to a date post Financial Close due to the practical inability of satisfying the said Conditions Precedent before the end of September 2020; or

*consider proposed viable alternative solutions with respect to those specific Conditions Precedent, which could be satisfied before Financial Close.

The Lenders' Project Teams have responded to the formal requests detailed above and advised that they will not be approaching their Credit Committees until the following key Conditions Precedent have been met:

*Execution of a binding Ramp-up Working Capital Facility Agreement;

*Execution of a binding and fully funded Mining Services Contract; and

*Execution of a domestic back to back Offtake Agreement with Noble Group to meet the Eskom BEE procurement conditions.

Based on significant progress achieved to date in the negotiations, Management are of the view that execution of both a binding Ramp-up Working Capital Facility Agreement and fully funded Mining Services Contract could be completed by the end of October 2020, allowing for a target to Financial Close by November 2020.

There are no other events that have occurred subsequent to the end of the financial year that have significantly affected or may significantly affect:

- (i) the Group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the Group's state of affairs in future financial years.

22 (i) Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2020 \$'000	2019 \$'000
Loss for the year	(21,587)	(6,043)
Depreciation	113	258
Share-based compensation (credit)	(36)	(503)
Unrealised foreign exchange loss	14,149	1,132
Interest expense on loans	2,831	560
Accrual for:		
BurnVair fees	-	1,081
Changes in operating assets and liabilities:		
Increase/(decrease) in trade and other payables	1,976	(2,178)
(Decrease) in provisions	(244)	(89)
Decrease/(increase) in trade and other receivables	160	(51)
Net cash outflow from operating activities	(2,638)	(5,833)

23 Earnings per share

	Consolidated	
	2020 Cents	2019 Cents
a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(3.7)	(1.8)
Total basic earnings per share attributable to the ordinary equity holders of the Company	(3.7)	(1.8)
b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(3.7)	(1.8)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	(3.7)	(1.8)
c) Headline earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(0.7)	(1.8)
Total headline earnings per share attributable to the ordinary equity holders of the Company	(0.7)	(1.8)

24 Material uncertainty relating to going concern

The unaudited Annual Financial Statements have been prepared on a going concern basis. In prior financial periods the auditor has highlighted the material uncertainty relating to going concern. This material uncertainty continues at the date of this report as the Company is reliant on formalising an extension to the first repayment date of the Noble loan (see note 14) from 30 September 2020 to at least 30 November 2020 (revised target date for Financial Close) and securing access to additional Working Capital to cover the period through to Financial Close and first drawdown of funds to develop the Project.

25 Audit status

This report is based on accounts which are in the process of being audited.