



16 November 2020

ASX Announcement

Working Capital Funding

Resource Generation Limited (**ASX:RES**) (**Resgen or Company**) refers to the Market Update of 28 October 2020 where the Company noted that it was engaging with its secured creditor, the Noble Group (**Noble**), after being advised of the withdrawal of the Industrial Development Corporation of South Africa Limited (IDC) from the Mine Funding Package approved by Shareholders on 7 April 2020.

Resgen is now pleased to advise that it has reached in-principle agreement with Noble to provide additional working capital to its partly owned subsidiary, Ledjadja Coal (Pty) Ltd (**Ledjadja Coal**), in the form of a further extension to the Facility Agreement dated 3 March 2014 as amended from time to time, including most recently the Eighth Deed of Amendment and Restatement dated 1 June 2020 (**Facility Agreement**).

The in-principle agreement includes the following terms and conditions:

- extending the Facility Agreement by up to an additional US\$0.92m (total facility increased to US\$50.07m) on similar terms to those included in the Eighth Deed of Amendment and Restatement (see ASX Announcements: 2 April and 15 May 2020);
- the further extension of funds will be made available in three instalments to cover an austerity operating budget for the period through to 28 February 2021. During this period measures to ensure the continued solvency of the Resgen Group and alternatives for progressing development of the Boikarabelo Project will be considered in co-operation with Noble and its Financial Advisor;
- the additional funds are only to be used for amounts provided in the austerity operating budget and are not to be used to engage external consultants in connection with securing alternative project financing without express approval;
- amending the first date for repayment of the Facility Agreement from 30 September 2020 to 28 February 2021;
- formal Noble Board approval of the additional extension of funds;
- executing full form documents effecting the necessary amendment to the Facility Agreement and any further documents required to affect any of the financial support by 30 November 2020; and

- Resgen and Ledjadja Coal obtaining all necessary internal and regulatory approvals or waivers in respect of all documents being entered into before the second instalment is released.

The Non-Executive Directors have agreed to waive entitlement to director fees for the period covered by the austerity operating budget.

In addition to the short-term working capital arrangement noted above, the Resgen Group has been able to secure an extension of payment terms with the principal consultants associated with the Mine Funding Package through to 28 February 2021.

On the basis of these recent developments, the Company will now re-engage with its external auditor on finalisation of the Financial Report for the year ended 30 June 2020. It will only be after lodgement with the ASX of the Audited Financial Report for the year ended 30 June 2020 and the 2020 Annual Report that the Company will be able to apply for its ordinary fully paid shares to be re-listed i.e. lifting of the current trading suspension.

The Company will keep the Market informed in accordance with its continuous disclosure obligations.

Leapeetswe Molotsane
Interim CEO and Director

Approved for release by the Board

About Resgen:

Resource Generation Limited (Resgen) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine in South Africa's Waterberg region. The Waterberg accounts for around 40% of the country's currently known coal resources. The Coal Resources and Coal Reserves for the Boikarabelo Coal Mine, held through the operating subsidiary Ledjadja Coal, were recently updated based upon a new mine plan and execution strategy. The Boikarabelo Coal Resources total 995Mt and the Coal Reserves total 267Mt applying the JORC Code 2012 (ASX Announcement :23 January 2017- In accordance with Listing Rule 5.23.2 the Company confirms that it is not aware of any new information that would impact on the Reported Coal Resources and Coal Reserves). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum. Ledjadja Coal is a Black Economic Empowerment subsidiary (BEE) operating under South Africa's Broad-based Black Economic Empowerment Act, Section 9(5): Codes of Good Practice

Resgen's primary shareholders are the Public Investment Corporation of South Africa (PIC), Noble Group and Altius Investment Holdings.

Forward looking statements

This announcement contains certain forward-looking statements. Forward-looking statements include those containing words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of Resgen. To the maximum extent permitted by law, the directors of Resgen, Resgen and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfillment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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