



23 December 2020

ASX Announcement

ASX Listing Rule 10.1 Waiver - Additional US\$0.92m working capital funding first announced on 16 November 2020

Summary

- **ASX Limited ('ASX') has granted Resgen a waiver from complying with Listing Rule 10.1. This will enable the Company to include the further US\$0.92m in funding agreed with Noble (ASX Announcement: 14 December 2020) under the security arrangements in the Ninth Deed of Amendment and Restatement of the Facility Agreement without first obtaining Shareholder approval;**
- **The waiver includes a number of conditions which are set out in this market release; and**
- **Resgen to proceed with satisfying the remaining drawdown conditions precedent to enable access to the additional funding.**

Resource Generation Limited (ASX:RES) (**ResGen** or **Company**) announced to the market on 16 November 2020 that in-principle agreement had been reached with Noble Resources International Pte Ltd (**Noble**) to provide up to an additional US\$0.92m in working capital.

The legal documentation to support the conditional commitment was formalised as an amendment to the funding agreement originally entered into between Noble and Ledjadja Coal (Pty) Ltd (**Ledjadja**), being the subsidiary holding ResGen's interest in the Boikarabelo Coal Mine project (**Project**), dated 3 March 2014 as amended from time to time, including most recently the Ninth Deed of Amendment and Restatement on 11 December 2020 (**Facility Agreement**). ResGen is the guarantor of Ledjadja's obligations under the Facility Agreement.

One of the conditions of this further extension to the Facility Agreement is that the amount provided under the extension be secured by the existing Share Pledge granted in favour of Noble over ResGen's interest in 74% of the shares in Ledjadja (held through

a wholly owned subsidiary, Resgen Africa Holdings Limited (**RAHL**)). As Noble is a substantial shareholder in ResGen, the grant of security to it must comply with ASX Listing Rule 10.1. The original grant of the Share Pledge to Noble (securing up to US\$41.9m in advances as agreed in October 2018) was approved by Shareholders for the purposes of ASX Listing Rule 10.1 at the 2018 Annual General Meeting. The extension of any further amounts under the Facility Agreement can however only be secured under the Share Pledge by first obtaining a waiver of ASX Listing Rule 10.1 from ASX or by calling a meeting and obtaining further Shareholder approval.

In late November 2020, the Company submitted an application to ASX seeking a further waiver from the application of ASX Listing Rule 10.1 to permit the Company, including its wholly owned subsidiary RAHL, to increase the amount secured by the Share Pledge provided to Noble up to a further US\$0.92m in advances from Noble under the Facility Agreement without first obtaining Shareholder approval. The Company is now pleased to advise that the ASX has granted this waiver, subject to certain conditions that are described below.

Approval of the Listing Rule 10.1 waiver allows the Company to finalise the conditions precedent for immediate drawdown under the Facility Agreement and increase the amount secured by the Share Pledge to US\$50.07m plus accrued interest. The additional funds under Facility Agreement will be available to Ledjadja Coal for the period through to 28 February 2021.

The conditions set out in the waiver granted to the Company by ASX are that:

- the Share Pledge include a term that if an event of default occurs and Noble exercises its rights under the Share Pledge, neither Noble or any of its associates can acquire any legal or beneficial interest in an asset of the Company or RAHL in full or part satisfaction of the Company's obligations under the Share Pledge, or otherwise deal with the assets of the Company or RAHL without the Company first having complied with any applicable listing rules, including Listing Rule 10.1, other than as required by law or through a receiver, or a receiver or manager (or analogous person, including without limitation an administrator or liquidator) appointed by Noble exercising its power of sale under the Share Pledge and selling the asset to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Noble in accordance with their legal entitlements. ResGen confirms that the Share Pledge contains a term to this effect;
- The security document expressly provides that the security provided under the Share Pledge is limited to the funds due under the financial accommodation and that the security will be discharged when the funds due under the financial accommodation have been satisfied in full;

- the Company provide a summary of the material terms of the Facility Agreement and Share Pledge in each Audited Annual Accounts each year they remain on foot;
- any variation to the terms of the Ninth Deed of Amendment or the Share Pledge which advantages Noble in a material respect, disadvantages the Company in a material respect or is inconsistent with the terms of the waiver must be subject to Shareholder approval under Listing Rule 10.1;
- the Company and Noble must seek to discharge the Share Pledge when the funds advanced to Ledjadja are either repaid, or if it is not discharged, seek Shareholder approval for the continuation of the Share Pledge for any further period; and
- that the Company releases to the Market an announcement which sets out the terms of the waiver, including:
 - the material terms associated with the additional US\$0.92m working capital;
 - the Company's plans with respect to the repayment of the funds advanced under the Facility Agreement, and discharge of the Share Pledge, including the timeframe within which it expects repayment and discharge to occur; and
 - a statement of the reasons why the Company has chosen to obtain further funding and grant security to Noble, a Listing Rule 10.1 party, rather than a lender that is not a Listing Rule 10.1 party, and the steps that the Board took to satisfy itself that the transaction was being entered into is on arm's length terms and is fair and reasonable from the perspective of the Company's Shareholders.

In relation to the last item listed above (with the three sub-points) the following is noted:

- the material terms agreed with Noble were set out in the market announcement of 16 November 2020 and form the basis upon which the Ninth Deed of Amendment and Restatement of the Facility Agreement. The Company is also required to obtain Shareholder approval for the grant of this additional security under the Share Pledge before 30 June 2021;
- the Company requires the additional working capital to progress, along with Noble and its Financial Advisor, a strategic review of alternatives for ensuring the continued financial health of the Group along with development of the Boikarabelo Project;
- repayment of all Facility Agreement advances made by Noble is due to commence from 28 February 2021 and will require a funding solution to be identified from the strategic review that is now in progress;
- after being advised by the Industrial Development Corporation of South Africa (**IDC**) that it had withdrawn from the Lending Syndicate which planned to fund the development of the Boikarabelo Mine (ASX Announcement: 28 October 2020), the Board sought to urgently engage with its secured lender, Noble. As advised to the market on 16 November 2020, the Company was then able to agree with Noble an extension of additional funds for the period through to 28 February 2021

- to conduct a strategic review of other alternatives to developing the Boikarabelo Project; and
- the terms proposed by Noble were consistent with those previously negotiated and agreed under the Facility Agreement with the exception of:
 - interest at a rate of 16% on the extension of the additional funds (the interest rate is 10.75% on amounts advanced through to the Seventh Deed of Amendment and Restatement) which will not be material given the short period of time period envisaged; and
 - amending the first date for repayment of the Facility Agreement from 30 September 2020 to 28 February 2021.
 - These amendments are not expected to provide Noble with an advantage in a material respect or disadvantage the Company in a material respect.

The Company will keep the market informed under its continuous disclosure obligations.

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Chairman

For and on behalf of the Board

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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).