



16 March 2021

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 Unreviewed Half year accounts – 31 December 2020**

In accordance with 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 2020/1080*" dated 25 November 2020, Resource Generation Limited (**Resgen or the Company**) advises that it will be relying on the benefit of the extension of the lodgment deadline for reviewed half year accounts to no later than 16 April 2021.

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

1. Lodging unreviewed half year accounts for the period ended 31 December 2020 by the usual lodgment deadline of 16 March 2021; and
2. Advising that it will immediately release an announcement to the market if a material difference is identified between the unreviewed half year accounts and the reviewed half year accounts for the period ended 31 December 2020.

Authorised for release by the Board of Directors.

Yours faithfully

Eryl Baron

For further information please contact:

Eryl Baron, Company Secretary on eryl.baron@boardroomlimited.com.au.

Media enquiries:

South Africa: Marion Brower/ Charmane Russell on +27 11 880 3924

Unaudited Interim Financial Report for the half year ended 31 December 2020

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This unaudited interim financial report does not include all of the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Resource Generation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

RESOURCE GENERATION LIMITED

Directors' report

The Board of Directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Resource Generation Limited (Resgen or the Company) and the entities it controlled for the half year ended 31 December 2020 (HY21). In order to comply with the provision of the Corporations Act 2001, the Directors' report as follows:

1. Directors

The following persons were Directors of Resource Generation Limited during or since the end of the half year:

Name	Position	Length of service to 31 December 2020
Mr L Xate	Chairman and Non-executive Director	Full period
Mr R Croll	Lead Independent Non-executive Director	Full period
Mr G Hunter	Non-executive Director	Full period
Mr C Gilligan	Independent Non-executive Director	Full period
Mr L Molotsane *	Executive Director	Full period
Dr K Sebati	Independent Non-executive Director	Full period
Mr M Gray	Independent Non-executive Director	Full period

* Mr Molotsane was appointed Interim Managing Director and CEO effective 8 March 2018.

Mr M Meintjes has been Company Secretary since 26 November 2015. Mike Meintjes has resigned with effect from 12 March 2021. The Company has appointed Eryl Baron from Boardroom Pty Ltd as the new Company Secretary.

2. Principal activities

During the half year the principal continuing activities of the Group consisted of the financing and development of the Boikarabelo Coal Mine in the Waterberg region of South Africa.

3. Review of operations

During the HY21 the Group recorded a net profit of \$10.038 million (HY20: \$3.285 million). The HY21 net profit of \$10.038 million includes administrative and corporate expenses of \$0.450 million (HY20: \$2.133 million), employee expenses of \$0.672 million (HY20: \$0.669million). The decrease in the administrative and corporate expense is primarily due to the Burnvoir settlement provision that was raised at December 2019 and the increase in employee costs is due to the replacement of the CFO in June 2020. The increase in employee costs was offset by the salary of directors being suspended until further notice and the Senior Management salaries being reduced by 30%.

Interest expenses of \$0.014 million (2020: \$0.809 million) being the portion of interest on the Noble loan that cannot be capitalised under AASB 123 *Borrowing Costs* and the unrealised foreign exchange gain of \$11.095 million (2019: \$0.182 million being an unrealised gain) from the translation of the amount outstanding under the Noble loan facility.

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 Team 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 Mine Services Contract; and
- Execution of a domestic back to back Offtake Agreement with Noble Group to meet the Eskom BEE procurement conditions.

On 28 October 2020, the Company advised that due to delays in satisfying certain Conditions Precedent to reaching Financial Close for first drawdown under the Mine Funding Package, the Company was in the process of securing formal sign off of the extension of the Common Terms Agreement (see ASX Announcements of 10 September and 22 October 2020).

Due to delays in satisfying certain Conditions Precedent to reaching Financial Close for first drawdown under the Mine Funding Package, the Company was advised that the IDC (Industrial Development Corporation) had made a decision to not grant an extension of the Common Terms Agreement and after completing a due diligence investigation (for the purpose of considering the extension) a view had been formed that the market conditions under which the Boikarabelo Coal Project would operate had deteriorated materially. Based on the findings, the IDC's Special Credit Committee resolved that IDC should not grant an extension of the Common Terms Agreement. Further, the IDC Special Credit Committee also decided to cancel all previously approved facilities under the Mine Funding Package (see ASX Announcement 28 October 2020).

A trading halt followed by a voluntary suspension requested was lodged with the ASX in order for the Company to develop a plan to secure additional working capital to enable alternative development options for the Project to be explored.

RESOURCE GENERATION LIMITED

Directors' report (continued)

3. Review of operations (continued)

The Company announced on 14 December 2020 that it had executed the legal documentation to reflect the in-principle additional financial support agreed with Noble Group in the form of a Ninth Deed of Amendment and Restatement to the Facility Agreement dated 3 March 2014 as amended from time to time. The additional financial support of US\$920,000 is to be made available in three (3) instalments to cover an austerity operational budget for the period through to 28 February 2021.

Noble Group, as secured creditor, has also appointed Macquarie Advisory and Capital Markets as its Financial Advisor to work with the Company in a strategic review process to identify alternative capital structure options for development of our Project.

4. Dividends

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

5. Events occurring after the reporting date

On the 1 March 2021 the Company updated the market on the Strategic Review. The strategic review was split into two Phases, namely Phase 1 - Market sounding and data-room preparation and Phase 2 Engagement with interested parties. Phase 1 has taken longer than first expected but has recently been completed. Resgen is now executing Non-Disclosure Agreements with a number of interested parties ahead of providing access to the data-room. Interested parties will then be given a period of 4-6 weeks to complete their due diligence ahead of submitting indicative proposals.

In order to finalise the Strategic Review, the Company recently secured additional working capital totalling US\$993,000 from Noble Group. The additional working capital is to be made available in three (3) equal instalments to cover an austerity operational budget for the period through to 31 May 2021. Noble has granted a further extension of the first repayment date under the Facility Agreement from 28 February 2021 to 31 May 2021.

The Company has also obtained a further extension to payment terms agreed with the key consultants associated with the Mine Funding Package (legal, financial and technical) through to 31 May 2021. These unsecured amounts total approximately \$1.7 million.

The Company Secretary Mike Meintjes has advised the Company of his resignation effective from 12 March 2021. The Company has appointed Eryl Baron from Boardroom Pty Ltd as the new Company Secretary.

6. Rounding of amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' report and the interim financial report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors, pursuant to Section 306(3) of the Corporations Act 2001.

On behalf of the Directors

L Xate
Chairman

Johannesburg
16 March 2021

RESOURCE GENERATION LIMITED

Condensed consolidated statement of profit or loss and other comprehensive income For the half year ended 31 December 2020

	Notes	Half year ended	
		31-Dec-20 \$'000	31-Dec-19 \$'000
Other income from continuing operations		<u>124</u>	180
Administrative and corporate		(450)	(2,133)
Depreciation of property, plant and equipment		(47)	(72)
Employee benefits expense		(672)	(669)
Finance expenses		(12)	(809)
Share-based compensation income	3	-	36
Unrealised foreign exchange movements - gain/(loss)	3	<u>11,095</u>	182
Profit/(Loss) before income tax		10,038	(3,285)
Income tax benefit		-	-
Profit/(Loss) for the half year		<u>10,038</u>	<u>(3,285)</u>
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange (loss)/gain on translation of foreign operations, net of tax	7	(1,855)	1,895
Total comprehensive income/(loss) for the half year		<u>8,183</u>	<u>(1,390)</u>
Profit is attributable to:			
Owners of Resource Generation Limited		<u>10,038</u>	<u>(3,285)</u>
Total comprehensive income/(loss) for the half year is attributable to:			
Owners of Resource Generation Limited		<u>8,183</u>	<u>(1,390)</u>
Headline Earnings		<u>10,038</u>	<u>(3,285)</u>
Profit/(Loss) per share			
Earnings per share for loss from continuing operations		Cents	Cents
Basic earnings per share		1.74	(0.57)
Diluted earnings per share		1.74	(0.57)
Headline earnings per share		1.74	(0.57)

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

RESOURCE GENERATION LIMITED

Condensed consolidated statement of financial position As at 31 December 2020

	Notes	31-Dec-20 \$'000	30-Jun-20 \$'000
Current assets			
Cash and cash equivalents		678	323
Trade and other receivables		154	161
Deposits and prepayments		38	149
		<u>870</u>	<u>633</u>
Non-current assets			
Property, plant and equipment		26,298	24,973
Mining tenements and mining development		183,065	179,255
Deposits		1,087	1,038
Restricted cash		1,757	1,599
		<u>212,207</u>	<u>206,865</u>
TOTAL ASSETS		<u><u>213,077</u></u>	<u><u>207,498</u></u>
Current liabilities			
Trade and other payables		6,291	6,101
Provisions		263	254
Borrowings	4	17,394	26,748
		<u>23,948</u>	<u>33,103</u>
Non-current liabilities			
Provisions		2,242	2,126
Borrowings	4	84,919	78,156
Royalties payable		1,073	1,401
		<u>88,234</u>	<u>81,683</u>
TOTAL LIABILITIES		<u><u>112,182</u></u>	<u><u>114,786</u></u>
NET ASSETS		<u><u>100,895</u></u>	<u><u>92,712</u></u>
Contributed equity	5	223,622	223,622
Reserves	7	(37,214)	(35,359)
Accumulated losses		<u>(85,513)</u>	<u>(95,551)</u>
TOTAL EQUITY		<u><u>100,895</u></u>	<u><u>92,712</u></u>

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

RESOURCE GENERATION LIMITED

Condensed consolidated statement of changes in equity
For the half year ended 31 December 2020

	Notes	Attributable to owners of Resource Generation Limited			Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	
Balance at 1 July 2019		223,622	(37,520)	(73,964)	112,138
Loss for the period		-	-	(3,285)	(3,285)
Other comprehensive income for the period (foreign currency translation), net of tax		-	1,895	-	1,895
Employee share plan - value of employee share services		-	(36)	-	(36)
Total comprehensive income/(loss) for the period		-	1,859	(3,285)	(1,426)
Balance at 31 December 2019		223,622	(35,661)	(77,249)	110,712
Balance at 1 July 2020		223,622	(35,359)	(95,551)	92,712
Profit for the period		-	-	10,038	10,038
Other comprehensive loss for the period (foreign currency translation), net of tax		-	(1,855)	-	(1,855)
Total comprehensive (loss)/income for the period		-	(1,855)	10,038	8,183
Balance at 31 December 2020		223,622	(37,214)	(85,513)	100,895

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

RESOURCE GENERATION LIMITED

Condensed consolidated statement of cash flows For the half year ended 31 December 2020

	Half year ended	
	31-Dec-20 \$'000	31-Dec-19 \$'000
Cash flows from operating activities		
Payments to suppliers and employees	(1,021)	(1,395)
Interest received	27	59
Interest/finance costs paid	(14)	(2)
Net cash outflow from operating activities	(1,008)	(1,338)
Cash flows from investing activities		
Payments for property, plant and equipment	(6)	(4)
Payments for mining tenements and mining development	(2,579)	(2,025)
Net cash outflow from investing activities	(2,585)	(2,029)
Cash flows from financing activities		
Repayment of borrowings	-	(520)
Drawdown of borrowings	3,997	3,667
Net cash inflow from financing activities	3,997	3,147
Net increase/(decrease) in cash and cash equivalents	404	(220)
Cash and cash equivalents at the beginning of the half year	323	1,474
Effects of exchange rate movements on cash and cash equivalents	(49)	38
Cash and cash equivalents at the end of the half year	678	1,292

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

RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements For the half year ended 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation of half year financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2020 (HY21) has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2020 and any public announcements made by Resource Generation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

The interim financial report been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a Company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191*, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

Disclosure surrounding adoption of new or revised Standards

The interim financial report has been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2020.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2020. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The interim financial report comprises the financial statements of Resource Generation Limited and its subsidiaries as at 31 December 2020 ("the Consolidated Entity").

Going concern

The interim financial report has been prepared on the going concern basis which presumes the realisation of assets and the discharge of liabilities in the normal course of business for the foreseeable future.

As at 31 December 2020, the Group had net current liabilities of \$23.079 million (30 June 2020: net current liabilities of \$32.470 million), made a profit for the half year of \$10.038 million (2020: \$21.587 million loss) and recorded a net cash outflow from operations of \$1.008 million (2020: \$2.740 million for the year). The Group had a cash balance at 31 December 2020 of \$0.678 million (30 June 2020: \$0.323 million).

The interim financial report have been prepared on a going concern basis. The Company has recently secured additional working capital funding totalling US\$993,000 as set out in Note 9 – Events Occurring after the Reporting Date. This funding is for a period of three months through to 31 May 2021. The additional funding enables the Company to progress Phase 2 of the Strategic Review first announced in 16 November 2020 within the timeframe targeted for securing a binding offer from a party interested in progressing the development of the Boikarabelo Mine.

RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements For the half year ended 31 December 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of preparation of half year financial report (continued)

Going concern (continued)

These conditions give rise to a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Income Tax

The Directors have not recognised any deferred tax assets in relation to carry forward unused tax losses. Given the history of operating losses, the Directors have determined that the most appropriate time to recognise deferred tax assets from carry forward unused tax losses is when the mine commences production.

2. SEGMENT INFORMATION

(a) Description of operating segments

Management has determined the segments based upon reports reviewed by the Board that are used to make strategic decisions. The Board considers the business from both a business and geographic perspective, with the Board being the chief operating decision maker.

The Group has coal interests in South Africa. The main priority is to develop its Coal Resources in the Waterberg region of South Africa. Management has determined that there is one operating segment, being mining tenements and mining development. Unallocated corporate administration reflects other corporate administration costs.

3. PROFIT FOR THE HALF YEAR

	Half year ended	
	31-Dec-20 \$'000	31-Dec-19 \$'000
Profit for the half year includes the following items that are unusual because of their nature, size or incidence:		
Income		
Share-based compensation expense	-	(36)
Unrealised foreign exchange movements	11,095	(182)
	<hr/>	<hr/>
Expenses		
Administrative and corporate	450	2,133

4. BORROWINGS

	31-Dec-20	30-Jun-20
	\$'000	\$'000
Current liabilities - Noble loan (secured)	17,394	26,748
	<hr/>	<hr/>
	17,394	26,748
Non-current liabilities - Noble loan (secured)	84,919	78,156

RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements For the half year ended 31 December 2020

4. BORROWINGS (continued)

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 31 December 2020 is US\$50.07 million. US\$49.76 million has been drawn down as at 31 December 2020. The Company executed the Ninth 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 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. Noble Group has agreed to advance further working capital in the amount of US\$0.920 for the period through to 28 February 2021 under an austerity budget to allow for the conduct of the strategic review. The Directors have agreed not to be paid for non-executive services over this period and Management have agreed to a 30% reduction in salaried remuneration. The loan has an annual interest rate of 10.75%. The Eighth and Ninth Deed of Amendment Working Capital Facility advanced to the Group carries an interest rate of 16.00% per annum.

Ledjadja Coal (Pty) Ltd is the borrower under both of the above loan facilities. The Company has provided a guarantee to the respective lenders.

5. CONTRIBUTED EQUITY

	31-Dec-20 Shares	30-Jun-20 Shares	31-Dec-20 \$'000	30-Jun-20 \$'000
Opening balance	581,380,338	581,380,338	223,622	223,622
Issues of ordinary shares	-	-	-	-
Closing balance	<u>581,380,338</u>	<u>581,380,338</u>	<u>223,622</u>	<u>223,622</u>

6. DEVELOPMENT PARTNERS

	31-Dec-20 Interest %	30-Jun-20 Interest %
Waterberg One Coal (Pty) Ltd	74	74
Ledjadja Coal (Pty) Ltd	74	74

The minority interest in Ledjadja Coal (Pty) Ltd and Waterberg One Coal (Pty) Ltd is held by Fairy Wing Trading 136 (Pty) Ltd (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 interim financial report.

7. RESERVES

	31-Dec-20 \$'000	30-Jun-20 \$'000
Reserves		
Other contributed equity	1,085	1,085
Share-based payment reserve	487	487
Treasury shares	(2,079)	(2,079)
Foreign currency translation reserve	(36,707)	(34,852)
	<u>(37,214)</u>	<u>(35,359)</u>
Movements in reserves		
Share-based payment reserve		
Opening balance	487	523
Employee share plan income	-	(36)
Closing balance	<u>487</u>	<u>487</u>
	31-Dec-20	30-Jun-20
	\$'000	\$'000
Treasury shares		
Opening balance	(2,079)	(2,079)
Closing balance	<u>(2,079)</u>	<u>(2,079)</u>
Foreign currency translation reserve		
Opening balance	(34,852)	(37,049)
Movement	(1,855)	2,197
Closing balance	<u>(36,707)</u>	<u>(34,852)</u>

RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements For the half year ended 31 December 2020

7. RESERVES (continued)

Foreign currency translation reserve movement for the current half year relates to 5% appreciation of the Rand against the Australian Dollar during the half year ended 31 December 2020 (30 June 2020: 17% depreciation).

8. COMMITMENTS

Capital commitments

The Group has no unconditional commitments in respect of the development of the Boikarabelo Coal Mine at 31 December 2020.

There are potential property acquisitions of \$10.188 million (30 June 2020: \$9.659 million) contingent to events subsequent to the commencement of mine production.

9. EVENTS OCCURRING AFTER THE REPORTING DATE

On 1 March 2021 the Company updated the market on the Strategic Review. The strategic review was split into two Phases, namely Phase 1 Market sounding and data-room preparation and Phase 2 Engagement with interested parties. Phase 1 has taken longer than first expected but has recently been completed. Resgen is now executing Non-Disclosure Agreements with a number of interested parties ahead of providing access to the data-room. Interested parties will then be given a period of 4-6 weeks to complete their due diligence ahead of submitting indicative proposals.

In order to finalise the Strategic Review, the Company recently secured additional working capital totalling US\$993,000 from Noble Group. The additional working capital is to be made available in three (3) equal instalments to cover an austerity operational budget for the period through to 31 May 2021. Noble has granted a further extension of the first repayment date under the Facility Agreement from 28 February 2021 to 31 May 2021.

The Company has also obtained a further extension to payment terms agreed with the key consultants associated with the Mine Funding Package (legal, financial and technical) through to 31 May 2021. These unsecured amounts total approximately \$1.7 million.

The Company Secretary Mike Meintjes has advised the Company of his resignation effective from 12 March 2021. The Company has appointed Eryl Baron from Boardroom Pty Ltd as the new Company Secretary.

RESOURCE GENERATION LIMITED

Notes to the condensed consolidated financial statements For the half year ended 31 December 2020

10. CONTINGENT ASSET

Ledjadja Coal Pty Ltd ("Ledjadja") sued Constantia Insurance Company based on the performance security and retention bond guarantees granted by the Constantia Insurance Company in favour of Ledjadja issued on behalf of Protech Khuthele (Pty) Limited ("Protech") for the due and faithful fulfilment of the construction contract by Protech. Ledjadja was successful in the Commercial court case against Constantia Insurance Company. On the 2nd December 2020 Constantia Insurance Limited applied for an appeal against the judgement issued.

The appeal was heard in February 2021, and in March 2021 the appeal was dismissed with costs.

11. CONTINGENT LIABILITIES

Environmental rehabilitation

Legislation stipulates that all mining operations within South Africa are required to make provision for environmental rehabilitation during the life of the mine and at closure. In line with this requirement, the Company entered into policies with a reputable insurance broker to set aside funds for aforementioned purposes. On the back of these policies the insurance broker provides the required mining rehabilitation guarantees which are accepted by the Department of Mineral Resources. The Company makes annual premium payments towards structured products that will allow the matching of the environmental rehabilitation liability against Company assets over a period of time. Due to financial constraints during the current period the entity obtained payment holiday from Marsh.

	31-Dec-20 \$'000	30-Jun-20 \$'000
Guarantees for rehabilitation	2,110	2,000
Less: Funds available on Guardrisk Policy	(1,378)	(1,325)
Contingent liability	<u>732</u>	<u>675</u>

12. SIGNIFICANT RELATED PARTY EVENTS AND TRANSACTIONS

During the half year period, the Company fully utilised the Eighth Deed of Amendment and Restatement of the Facility Agreement with its related party Noble International Pte Ltd in order for its majority owned subsidiary, Ledjadja Coal (Pty) Ltd to fund operations whilst funding is secured. The Ninth Deed of Amendment and Restatement of the Facility Agreement was executed on 11 December 2020 in order to provide additional funds of up to US\$0.920 million in order to further fund the Group until 28 February 2021. As at 31 December 2020, the Group has utilised US\$0.613 million for its operations from the funds received from its related party Noble International Pte Ltd and has a total available of US\$0.307 million from the executed Ninth Deed of Amendment and Restatement of the Facility Agreement. The total facility made available to the Company is now at US\$50.07 million.

13. MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

The interim financial report have been prepared on a going concern basis. The Company has recently secured additional working capital funding totalling US\$993,000 as set out in Note 9 – Events Occurring after the Reporting Date. This funding is for a period of three months through to 31 May 2021. The additional funding enables the Company to progress Phase 2 of the Strategic Review first announced in 16 November 2020 within the timeframe targeted for securing a binding offer from a party interested in progressing the development of the Boikarabelo Mine.

14. AUDIT STATUS

This interim financial results are based on accounts which are in the process of being reviewed / audited.

RESOURCE GENERATION LIMITED

Directors' declaration

In the Directors' opinion:

(a) there are reasonable grounds to believe that Resource Generation Limited will be able to pay its debts as and when they become due and payable; and

(b) the interim financial statements and notes set out on pages 6 to 14 are in accordance with the Corporations Act 2001, including compliance with accounting standards, including AASB 134 Interim Financial Reporting and giving a true and fair view of the financial position as at 31 December 2020 and of the performance of the consolidated entity for the half year ended on that date.

This declaration is made in accordance with a resolution of the Directors, pursuant to Section 303(5) of the Corporations Act 2001.

L Xate
Chairman

Johannesburg
16 March 2021

RESOURCE GENERATION LIMITED

Supplementary Information - presentation of financial information in South African Rand

The presentation currency used in the preparation of the financial statements is the Australian dollar (A\$). The Group has translated the financial statements to the South African Rand (ZAR) because the Boikarabelo Coal Mine, which represents the Group's most significant activity, is located in this region. This supplementary information has restated the financial statements in Rand. Assets and liabilities were translated to Rand using the relevant closing rate of exchange and income and expense items were translated using the relevant cumulative average rate of exchange. The applicable rates used in the restatement of information are as follows:

	Dec-20	Jun-20	Dec-19
Average rate of exchange \$A/Rand	11.7391	10.4841	10.0464
Closing rate of exchange \$A/Rand	11.2939	11.9126	9.8458

Consolidated statements of comprehensive income - ZAR Convenience Translation (Supplementary Information) For the half year ended 31 December 2020

	Half year ended	
	31-Dec-20 R'000	31-Dec-19 R'000
Other income from continuing operations	1,456	1,808
Administration, rent and corporate	(5,283)	(21,429)
Depreciation of property, plant and equipment	(550)	(723)
Employee benefits expense	(7,889)	(6,721)
Finance expenses	(141)	(8,128)
Share-based compensation income	-	362
Unrealised foreign exchange movements	130,251	1,828
Profit/(Loss) before income tax	117,843	(33,003)
Income tax benefit	-	-
Profit/(Loss) for the half year	117,843	(33,003)
Other comprehensive income/(loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange (loss)/gain on translation of foreign operations, net of tax	(21,776)	19,038
Total comprehensive income/(loss) for the half year	96,067	(13,965)
Profit/(Loss) is attributable to:		
Owners of Resource Generation Limited	117,843	(33,003)
Total comprehensive income/(loss) for the half year is attributable to:		
Owners of Resource Generation Limited	96,067	(13,965)
Headline earnings	117,843	(33,003)
Earnings per share	Rand	Rand
Earnings per share for profit/(loss) from continuing operations		
Basic earnings per share	20.4	(5.7)
Diluted earnings per share	20.4	(5.7)
Headline earnings per share	20.4	(5.7)

RESOURCE GENERATION LIMITED

Consolidated statements of financial position - ZAR Convenience Translation (Supplementary Information)

As at 31 December 2020

	31-Dec-20 R'000	30-Jun-20 R'000
Current assets		
Cash and cash equivalents	7,660	3,848
Trade and other receivables	1,742	1,918
Deposits and prepayments	424	1,775
	<u>9,827</u>	<u>7,541</u>
Non-current assets		
Property, plant and equipment	297,013	297,496
Mining tenements and mining development	2,067,528	2,135,393
Deposits	12,278	12,365
Restricted cash	19,848	19,048
	<u>2,396,667</u>	<u>2,464,302</u>
TOTAL ASSETS	<u>2,406,494</u>	<u>2,471,843</u>
Current liabilities		
Trade and other payables	71,060	72,679
Provisions	2,974	3,026
Borrowings	196,445	318,638
	<u>270,479</u>	<u>394,343</u>
Non-current liabilities		
Provisions	25,326	25,326
Borrowings	959,067	931,041
Royalties payable	12,114	16,690
	<u>996,508</u>	<u>973,057</u>
TOTAL LIABILITIES	<u>1,266,986</u>	<u>1,367,400</u>
NET ASSETS	<u>1,139,508</u>	<u>1,104,443</u>
Equity		
Contributed equity	2,525,572	2,229,377
Reserves	(420,285)	13,325
Accumulated losses	(965,778)	(1,138,259)
TOTAL EQUITY	<u>1,139,508</u>	<u>1,104,443</u>

RESOURCE GENERATION LIMITED

Consolidated statement of cash flows - ZAR Convenience Translation (Supplementary Information) For the half year ended 31 December 2020

	Half year ended	
	31-Dec-20	31-Dec-19
	R'000	R'000
Cash flows from operating activities		
Payments to suppliers and employees	(11,983)	(14,015)
Interest received	314	593
Interest paid	(159)	(20)
Net cash outflow from operating activities	(11,827)	(13,442)
Cash flows from investing activities		
Payments for property, plant and equipment	(70)	(40)
Payments for mining tenements and mining development	(30,275)	(20,344)
Net cash outflow from investing activities	(30,346)	(20,384)
Cash flows from financing activities		
Repayment of borrowings	-	(5,224)
Drawdown of borrowings	46,924	36,840
Net cash inflow from financing activities	46,924	31,616
Net increase/(decrease) in cash and cash equivalents	4,751	(2,210)
Cash and cash equivalents at the beginning of the half year	3,848	14,522
Effects of exchange rate movements on cash and cash equivalents	(939)	409
Cash and cash equivalents at the end of the half year	7,660	12,721