



30 April 2021

ASX Announcement

Quarterly Activities Report and Appendix 5B

For the three months ended 31 March 2021 (Quarter)

Resource Generation Limited (the “Company” or “Resgen”) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine (“the mine”) in South Africa’s Waterberg coalfield. The Waterberg coalfield 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 Company’s operating subsidiary Ledjadja Coal, were updated in 2016 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 (BEE) subsidiary 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.

Project Funding

On 1 March 2021, the Company provided a market update covering (i) the status of the strategic review that was initiated (see ASX announcement 16 November 2020) to consider alternatives for progressing development of the Boikarabelo Project; and (ii) the short-term working capital funding position of the Company.

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 been recently completed. The Company executed Non-Disclosure Agreements with a number of interested parties ahead of providing access to the data-room.

Resource Generation Limited (ACN 059 950 337)
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Interested parties were subsequently given a period of 4-6 weeks to complete their due diligence ahead of submitting indicative proposals. This process is still ongoing.

The Company announced on 15 March 2021 that it had executed the legal documentation to reflect the in-principle additional financial support agreed with Noble Group in the form of a Tenth 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\$993,000 was to be made available in three (3) instalments to cover an austerity operational budget for the period through to 31 May 2021.

Mike Meintjes, Company Secretary resigned effective 12 March 2021 as a result of competing demands on his time.

The Company appointed Ms Eryl Baron of Boardroom Pty Limited as Company Secretary. Ms Baron is responsible for communication with the ASX in relation to listing rule matters, pursuant to Listing Rule 12.6.

Subsequent Events

On 8 March 2021, the Company announced that it had reached formal agreement with Noble to provide up to an additional US\$0.993m in working capital. The first tranche of this additional working capital had been provided by Noble in March 2021. Subsequent advances, for April 2021 and May 2021, would be subject to Noble Board approval as set out in Clause 3.2 (c) of the Tenth Deed of Agreement i.e. “the Lender obtaining approval from its board of directors to provide the Subsequent Advance”.

On 9 March 2021 the Company announced the resignation of director Greg Hunter.

On 16 April the Company announced that it had been advised by Noble that the Noble Board had carefully considered the progress of the ResGen strategic review and Noble’s ability to continue funding the loan to Ledjadja, and had confirmed that they would not be providing any further approval (under clause 3.2(c) of the Agreement) for any further Subsequent Advances.

The Board has entered into urgent discussions and is considering all options including the appointment of Administrators.

The Appendix 5B attached was prepared on the basis of Company's position on 31 March 2021 prior to Noble's advice that it would not provide Subsequent Advances under Facility Agreement.

Shares in the Company are suspended from trade on both the ASX and JSE and will remain suspended pending the release of any announcement on Project Funding".

Capital Structure and Cash Position

The Company's summarised capital structure at 31 March 2021 is as follows:

Issued fully paid ordinary shares:	581,380,338
Performance share rights:	3,000,000
Cash at bank:	A\$0.53 million
Noble Facility – undrawn	US\$0.66 million

Shareholders and potential investors should also review the Company's 2020 Annual Report and the audit reviewed Interim Financial Report for the six-month period ending 31 December 2020 to fully appreciate the Company's financial position.

As noted above, subsequent to 31 March 2021 Noble advised the Company that the balance of the undrawn facility would not be made available.

Mining Tenements

The coal mining rights and exploration tenements held at the end of the quarter were as follows:

- MPT 169 MR (74%)
- PR678/2007 (74%)

The Company has no interest in farm-in or farm-out agreements.

The Mining Right Application for Waterberg #1 was lodged at the end of 2015 and the Company is awaiting the outcome of this process. Waterberg #1 encompasses the farm Koert Louw Zyn Pan (PR678/2007) and is adjacent to the Boikarabelo Coal Mine.

Approved for release by the Board.

For further information please contact:

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

RESOURCE GENERATION LIMITED

Corporate information

Directors

Lulamile Xate	Non-Executive Chairman
Rob Croll	Lead Independent Non-Executive Director
Colin Gilligan	Independent Non-Executive Director
Michael Gray	Independent Non-Executive Director
Leapeetswe Molotsane	Interim Managing Director and CEO
Dr Konji Sebati	Independent Non-Executive Director

Company Secretary

Eryl Baron

Registered office

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Indooroopilly, QLD 4068, Australia

Telephone: +27 11 010 6310

Facsimile: +27 86 539 3792

Website: www.resgen.com.au

Mailing address

South Africa	Australia
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Company contacts

Lulamile Xate	+27 11 010 6310
Leapeetswe Molotsane	+27 11 010 6310

Media contacts

South Africa
Russell and Associates (Marion Brower) t: +27 11 880 3924 42 Glenhove Rd, Johannesburg 2196 Gauteng, South Africa

Competent Persons' Statements

The information contained in this Quarterly Report relates to estimates of Coal Resources and Coal Reserves and is based on and accurately reflects reports prepared by Competent Persons named beside the respective information in the table below. Mr Riaan Joubert is the Principal Geologist contracted by Ledjadja Coal. Mr Ben Bruwer is a Principal Consultant with VBKOM (Pty) Ltd (VBKOM).

Summary of Competent Persons responsible for the Coal Resources and Coal Reserves

Competent Person	Area of Competency	Professional Society	Year of Registration	Membership Number
Riaan Joubert	Coal Resources	SACNASP*	2002	400040/02
Ben Bruwer	Coal Reserves	SAIMM**	1994	701068

*SACNASP - South African Council for Natural Scientific Professions

**SAIMM - Southern African Institute of Mining and Metallurgy

The above-named Competent Persons consent to the inclusion of material in the form and context in which it appears in this Quarterly Report. Both are members of a Recognised Professional Organisation in terms of the JORC Code 2012 and have a minimum of five years' relevant experience in relation to the mineralisation and type of deposit being reported on by them to qualify as Competent Persons as defined in the JORC Code 2012. Neither Mr Bruwer, nor Mr Joubert, or VBKOM, have material interest or entitlement, direct or indirect, in the securities of Resource Generation Limited.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

31 March 2021

<i>Consolidated statement of cash flows</i>	Current quarter \$A'000	Year to date (9, months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(372)	(1,899)
(c) production	-	-
(d) staff costs	(405)	(1,490)
(e) administration and corporate costs	(180)	(766)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	10	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	(72)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(947)	(4,192)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9, months) \$A'000
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2 Proceeds from issue of convertible debt securities	-	-
3.3 Proceeds from exercise of options	-	-
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5 Proceeds from borrowings	809	4,353
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	809	4,353

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9, months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	678	323
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(947)	(4,192)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	809	4,353
4.5	Effect of movement in exchange rates on cash held	-2	54
4.6	Cash and cash equivalents at end of period	538	538

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	50	155
5.2	Call deposits	488	523
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	538	678

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	55
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Directors' remuneration

Payments to related parties of the entity and their associates (6.1) includes the remuneration of Directors for the quarter ending 31 March 2021. Note: as a result of the austerity budget adopted effective September 2020 the Board of Directors have agreed to forgoing fees for the period through to February 2021. As from March 2021 an accrual is recognised for the Directors fees not paid.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	67,128	66,258
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	67,128	66,258
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<p>The Company has a Facility Agreement under which Noble Resources International Pte Ltd has agreed to make available funds of up to US\$51.06 million to the Company's subsidiary, Ledjadja Coal (Pty) Ltd, to fund the operations and development of the Boikarabelo Coal Mine whilst funding to complete the project is secured. The Facility is subject to the Resgen Group performing on a satisfactory basis against the austerity budget and Noble Board approval. US\$50.40 million has been drawn down at 31 March 2021. The loan is repayable in quarterly instalments over 66 months commencing from 31 May 2021 and has an annual interest rate of 10.75% on all funds until the Seventh Deed of Amendment Working Capital Facility. The Eighth, Ninth and Tenth Deed of Amendment Working Capital Facility advanced to the Group carries an interest rate of 16.00% per annum. The Company has provided a Parent Company Guarantee for the Facility along with a pledge over Resgen's interest in 74% of the shares in Ledjadja, which are held by another Resgen subsidiary, Resgen Africa Holdings Limited. Noble has, subsequent to the end of the Quarter, indicated that even though the repayment date had been extended to 31 May 2021, it is unable to provide the Company with access to further working capital under the Facility Agreement.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(947)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(947)
8.4	Cash and cash equivalents at quarter end (item 4.6)	538
8.5	Unused finance facilities available at quarter end (item 7.5)	870
8.6	Total available funding (item 8.4 + item 8.5)	1 408
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	1.49
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Yes, after introducing an austerity budget at the end of October 2020 and placing all Project development expenditure on hold other than essential expenditure related to care and maintenance.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has sold non-core assets and is in the process of sourcing access to additional funds to complete a strategic review of the alternate development funding opportunities.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes, refer to 8.8.2 above.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date:30 April 2021.....

Authorised by: .Resgen Board of Directors.....

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.