



26 February 2016

ASX Announcement

Funding Update

The Board provides this update to shareholders on the status of the Company's actions to establish funding for the Boikarabelo Coal Mine project.

On 22 January 2016, the Company appointed Grant Samuel to advise the Board in connection with the funding of the Boikarabelo Coal Mine project ("**the project**").

Intensive discussions, including due diligence investigations, with a number of parties concerning proposed funding solutions have taken place in the last few weeks of 2015 and during January and February of 2016.

Of the proposed solutions investigated by the Company during this period, the preferred funding solution is the debt funding referred to in previous announcements which is being negotiated with FirstRand Bank Limited, acting through its Rand Merchant Bank division ("**RMB**"), Hong Kong & Shanghai Banking Corporation PLC ("**HSBC**"), Noble Group Limited, Public Investment Corporation of South Africa SOC Limited ("**PIC**"), Industrial Development Corporation Limited ("**IDC**") and Export Finance and Insurance Corporation (collectively "**the debt club**"). All members of the debt club have renewed their commitment to work with the Company to finalise a commercially competitive and sustainable funding solution as soon as possible. The strategic realignment of the project with South Africa, and the appointment of South African representatives to the Board, has secured a high degree of goodwill from the South African prospective lenders, HSBC, RMB, PIC and IDC, from whom the bulk of the debt funding would be sourced.

On 17 February 2016, the Company appointed RMB as lead arranger and co-lender for the financing of the project. RMB is a leading financier in the resource sector in South Africa and enjoys an excellent reputation for the completion of project funding packages, including a very recent R10 billion debt facility for a client despite the prevailing difficult economic climate. The Company is confident that RMB and all members of the debt club are committed to complete the funding process in the shortest time possible.

Other funding options

In conjunction with RMB, the Company is considering numerous providers of funding and credible solutions will be incorporated into the debt club as required.

The Company previously made announcements on 30 September 2015 concerning a Memorandum of Understanding ("**MOU**") between the Company and HAB & JPR Privée ("**HAB**"), which was there described as "a Swiss private company". Those announcements were authorised by the previous management and Board of the Company which were replaced in the shareholder requisitioned general meeting on 26 November 2015.

The newly appointed management and Board of the Company has, since those announcements, sought clarification as to the identity of the principals of HAB, the source of funds, the track record of the ultimate lender and the ability of HAB to provide funding as previously suggested in the 30 September 2015 announcements.

The Company has not received satisfactory responses, or even confirmation that HAB is able to provide such funding. Accordingly, the Company has, on the advice of Grant Samuel and the legal advisers appointed in relation to this matter, ceased communication with HAB to pursue a funding solution.

The Company and its major shareholders are all committed to the completion of the project funding as soon as possible and will keep shareholders informed of any material developments in this regard.

Yours faithfully
For Resource Generation Ltd

A handwritten signature in black ink, appearing to read 'D. Gately', with a long horizontal flourish extending to the right.

Denis Gately
Chairman