



Resource Generation Limited

ACN 059 950 337

Quarterly Report for the three months ended 31 March 2015

Resource Generation is developing its Boikarabelo coal mine in the Waterberg region of South Africa, which accounts for 40% of the country's remaining coal resources. There are probable reserves of 744.8 million tonnes of coal on 35% of the tenements under the company's control (refer ASX announcement dated 16 December 2010). Stage 1 of the mine development targets saleable coal production of 6 million tonnes per annum.*

Debt funding

Negotiations with various parties including a club of potential financiers to provide project finance for the construction of the Boikarabelo mine continued during the quarter. The club includes two senior lending banks in South Africa, two South African government owned financial institutions, two export credit agencies and Noble Group. It is proposed that if this facility proceeds the existing loan from Noble Group will become part of the above facility.

Negotiations on the finalisation of a terms sheet with all financiers in the club have continued with the expectation that it will provide all required remaining funding for the mine construction. Consequently, if the proposed facility is made available, an associated equity raising is not envisaged.

While this protracted process is on-going, the company continues to explore alternate debt funding arrangements to maximise the chance of finalising the successful development of the Boikarabelo mine.

Boikarabelo mine construction

Several items of construction of the mine's infrastructure continued during the quarter, while project debt funding was being negotiated. Major construction activities can commence after project funding is finalised. The items that occurred during the quarter were:

- three rail link bridges;
- power supply infrastructure;
- earthworks relating to the rail network stabilisation facility (*NSF*); and
- 13 kilometres of water pipeline associated with the effluent treatment plant.

Final punch list items for the construction of the first three bridges (total of seven) under and over the rail line were completed.

EHL Energy (Pty) Limited continued to erect power poles for the 132kV power transmission lines and this work is substantially complete. Construction of the substation and switch room commenced and are scheduled for completion by October 2015. The power supply infrastructure is funded by a deferred payment facility.

Earthworks for the NSF were completed, including final drainage and retaining walls. The rail turnouts and associated signalling will be installed mid-year.

The Marapong effluent treatment facility in Lephalale and the 58 kilometre pipeline to Boikarabelo are an integral part of the mine's social and labour plan. Earthworks were previously completed for a 13 kilometre section of the pipeline adjacent to a main road. The majority of the pipes have been installed and testing is underway.

As previously announced, all regulatory consents have been received, all necessary land has been acquired and rail haulage and port access contracts sufficient for the mine's stage 1 production have been signed. Sales contracts have been signed that underwrite most of stage 1 production.



132kV powerline construction



Section of 13 km pipeline



Completed bridge on the rail link



Network Stabilisation Facility



Operational Readiness

A detailed plan for operational readiness has been advanced, including the delivery and commissioning of initial mining equipment, recruitment and training related thereto and timing of the first box cut for mining operations, which integrate with the commissioning of the coal handling and preparation plant to generate first saleable product. The plan will be implemented operation once the funding has been finalised.

Mining tenements

The coal mining rights and exploration tenements held at the end of the quarter were as follows in South Africa (Waterberg):

- MPT15/2012 MR (74%)
- PR720/2007 (74%)
- PR678/2007 (74%)

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

Corporate

Cash reserves at 31 March 2015 were \$34.2 million.



Corporate information

Directors

Brian Warner	Non-Executive Chairman
Paul Jury	Managing Director
Steve Matthews	Executive Director
Geoffrey (Toby) Rose	Non-Executive Director

Company secretary

Steve Matthews

Registered office

Level 12, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Telephone: 02 9376 9000
Facsimile: 02 9376 9013
Website: www.resgen.com.au

Mailing address

GPO Box 5490
Sydney NSW 2001

Contacts

Paul Jury
Steve Matthews

Media

Anthony Tregoning, FCR on (02) 8264 1000

** This information was prepared under the JORC Code 2012. Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk has given and has not withdrawn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*



Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 31/9/2001.

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

31 March 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	-	(162)
	(b) development	(4,726)	(23,372)
	(c) production	-	-
	(d) administration	(882)	(2,340)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	186	586
1.5	Interest and other costs of finance paid	(2)	(5)
1.6	Income taxes paid	-	-
1.7	Other	-	-
	Net Operating Cash Flows	(5,424)	(25,293)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments (subsidiary)	-	-
	(c) other fixed assets	64	(307)
1.12	Proceeds from sale of: (a) prospects	-	-
	(b) equity investment (subsidiary)	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other- Mining related deposit	(64)	(64)
	Net investing cash flows	-	(371)
1.13	Total operating and investing cash flows (carried forward)	(5,424)	(25,664)

		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(5,424)	(25,664)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (BEE Loan)	(54)	(150)
	Net financing cash flows	(54)	(150)
	Net increase (decrease) in cash held	(5,478)	(25,814)
1.20	Cash at beginning of quarter/year to date	37,864	54,338
1.21	Exchange rate adjustments to item 1.20	1,781	5,643
1.22	Cash at end of quarter	34,167	34,167

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	271
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive salaries and directors fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

Two binding term sheets have been entered into with the Noble Group. A US\$55.3 million loan is available for the construction of the rail link and a US\$65 million loan is available for site infrastructure. US\$20 million has been drawn down from the rail link loan.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	157,584	22,046
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	-
4.2	Development	(9,459)
4.3	Production	-
4.4	Administration	(551)
Total		(10,010)

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	113	86
5.2	Deposits at call	33,559	37,218
5.3	Bank overdraft	-	-
5.4	Other (Contract retentions)	495	592
Total: cash at end of quarter (item 1.22)		34,167	37,896

Changes in interests in mining tenements

		Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A	N/A	N/A	N/A
6.2	Interests in mining tenements acquired or increased	N/A	N/A	N/A	N/A

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (\$)	Amount paid up per security (\$)
7.1	+Preference securities (<i>description</i>)	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	+Ordinary securities	581,380,338	581,380,338	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	Nil Nil			
7.5	+Convertible debt securities (<i>description</i>)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options (<i>description and conversion factor</i>)	Nil			
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures (<i>totals only</i>)	N/A			
7.12	Unsecured notes (<i>totals only</i>)	N/A			



Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here:

A handwritten signature in black ink, appearing to read "Stephen James Matthews".

Date: 23 April 2015

(Company secretary)

Print name: STEPHEN JAMES MATTHEWS

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 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.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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