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## Resource Generation Limited

ACN 059 950 337

### Quarterly Report for the three months ended 31 December 2020 (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 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 of South Africa) 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 request 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.

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 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. At the date of this Report the process is continuing with a shortlist of parties identified for more in-depth discussions.

The Company will keep the market informed in accordance with its continuous disclosure obligations.

### **Capital Structure and Cash Position)**

The Company's summarised capital structure at 31 December 2020 is as follows:

Issued fully paid ordinary shares:	581,380,338
Performance share rights:	3,000,000
Cash at bank:	A\$0.68 million
Noble Facility – undrawn	US\$0.31 million

Shareholders and potential investors should also review the Company's 2020 Annual Report and the audited Financial Report for the year ending 30 June 2020 to fully appreciate the Company's financial position.

### **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.

On behalf of the Board of Directors  
Yours faithfully

Mike Meintjes  
Company Secretary

**RESOURCE GENERATION LIMITED**

## Corporate information

### Directors

Lulamile Xate	Non-Executive Chairman
Rob Croll	Lead Independent Non-Executive Director
Greg Hunter	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

Mike Meintjes

### Registered office

Level 1, 17 Station Road  
Indooroopilly, QLD 4068, Australia

Telephone: +27 11 010 6310  
Facsimile: +27 86 539 3792  
Website: [www.resgen.com.au](http://www.resgen.com.au)

### Mailing address

South Africa	Australia
PO Box 5384 Rietvalleirand 0174 Gauteng, South Africa	PO Box 126 Albion QLD 4010, Australia

### 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 December 2020

<i>Consolidated statement of cash flows</i>	<b>Current quarter \$A'000</b>	<b>Year to date (6, months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(791)	(1,527)
(c) production	-	-
(d) staff costs	(469)	(1,085)
(e) administration and corporate costs	(251)	(586)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	14	25
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(72)	(72)
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,569)</b>	<b>(3,245)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	-	-

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6, months) \$A'000</b>
(e) investments	-	-
(f) other non-current assets	-	-
<b>2.2 Proceeds from the disposal of:</b>		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) other non-current assets	-	-
<b>2.3 Cash flows from loans to other entities</b>	-	-
<b>2.4 Dividends received (see note 3)</b>	-	-
<b>2.5 Other (provide details if material)</b>	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
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	777	3,544
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)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>777</b>	<b>3,544</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1,412	323
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,569)	(3,245)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6, months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	777	3,544
4.5	Effect of movement in exchange rates on cash held	58	56
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>678</b>	<b>678</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> <i>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts</i>	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	155	144
5.2	Call deposits	523	1,268
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>678</b>	<b>1,412</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	76
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 December 2020. Note: as a result of the austerity budget adopted effective September 2020 the Board of Directors has agreed to forgoing fees for the period through to 28 February 2021.*

7.	<b>Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
	<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>		
7.1	Loan facilities	64,963	64,565
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	64,963	64,565
7.5	<b>Unused financing facilities available at quarter end</b>		
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\$50.07 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. US\$49.76 million has been drawn down at 31 December 2020. The loan is repayable in quarterly instalments over 71 months commencing from 28 February 2021 and has an annual interest rate of 10.75% on all funds until the Seventh Deed of Amendment Working Capital Facility. The Eighth and Ninth 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 indicated that even though the repayment date has been extended to 28 February 2021, it is unable to provide the Company with access to further working capital under the Facility Agreement.</p>		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(1,569)
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)	(1,569)
8.4	Cash and cash equivalents at quarter end (item 4.6)	678
8.5	Unused finance facilities available at quarter end (item 7.5)	398
8.6	Total available funding (item 8.4 + item 8.5)	1,076
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	0.69
	<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 at the mine site.

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 is in the process of sourcing access to additional funds to complete a strategic review of alternate Project 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, subject to the success of the initiative in 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: .....29 January 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.