



31 August 2017

Ms Stephanie So
Senior Adviser, Listings Compliance
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

By email: Stephanie.so@asx.com.au

Dear Ms So

Resource Generation Limited ('RES') – Aware Query

We refer to your letter dated 29 August 2017 titled "Aware Query" which referred to the RES 'Shareholder Update' released to the market on 25 August 2017 and requested a separate response to six questions.

In this regard, we set out each question below together with our response:

1. *When did RES first become aware of the information disclosed in the Project Finance Update?*

RES management in South Africa were verbally informed overnight and prior to opening of business AEST on Tuesday 22 August that the lead arranger for the Debt Club, Rand Merchant Bank (RMB), was not prepared to proceed to credit committee approval as they required a greater degree of certainty around the terms of supply to Eskom. RES requested RMB to seek urgent clarification on whether this was the view of the other Debt Club members and to confirm the exact position of the Debt Club in writing. A written response confirming that all senior lenders required this greater degree of certainty on the Eskom supply arrangement was received by RES's CEO at our mine site in the Waterberg at 3.30pm South African time on Wednesday 23 August 2017 (11.30pm AEST in Australia).

2. *Does RES consider the information in the Project Finance Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?*

Yes

3. *If the answer to question 2 is 'yes' and RES first became aware of the information before the relevant date, did RES make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RES was obliged to release the information under Listing Rule 3.1 and 3.1A and what steps RES took to ensure that the information was released promptly and without delay.*

No announcement was made before the release of the 'Shareholder Update' prior to market opening on Friday 25 August 2017.

RES notes that on Thursday 24 August 2017 it had to first consider the specifics of the advice from RMB (as set out in 1 above) and the implications for the continued viability of this source of funding. Once this was determined, those persons authorised by the Board to oversee and release updates to the market worked promptly and without delay to prepare a release to the market. This release was finalised on the morning of Friday 25 August and released prior to market opening.

4. *If the answer to question 2 is 'no', please advise the basis for that view.*

N/A

5. *Please confirm that RES is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.*

Yes

6. *Please confirm that RES's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RES with delegated authority from the board to respond to ASX on disclosure matters.*

Yes

If you have any queries or concerns, please contact me on 0413 706 143.

Yours sincerely

A handwritten signature in black ink, appearing to read "Mike Meintjes". The signature is written in a cursive style with a large, looping flourish at the end.

Mike Meintjes
Company Secretary



29 August 2017

Mr Mike Meintjes
Company Secretary
Resource Generation Limited
Level 1
17 Station Road
Indooroopilly QLD 4068

By email: mmeintjes@resgen.com.au

Dear Mr Meintjes

Resource Generation Limited (“RES”): aware query

ASX Limited (“ASX”) refers to the following:

- A. RES’s announcement entitled “Shareholder Update” lodged on the ASX Market Announcements Platform and released at 9:51 am on 25 August 2017 (the “Announcement”), disclosing an update in relation to the development of the Boikarabelo mine, and in particular an update in relation to the status of the project finance:

“As the status report below indicates, demonstrable progress had been made on the material contracts and funding of the rail link; but not on the terms of the proposed coal supply to Eskom.

In the circumstances, the Board believed it would be reasonable to ask the Debt Club lenders to undertake their credit approval process to a conclusion, but on the basis that any draw down of senior debt be subject to a concluded coal supply agreement being in place. That request was made on 21st August 2017.

However, on 23rd August 2017 some members of the Debt Club formally declined to proceed on that basis and required a greater degree of certainty around the terms of supply to Eskom before proceeding to secure credit approval for funding of the project. In the circumstances (see detailed comments below re Eskom), the Board believes that this source of project finance is no longer viable.”

(“Project Finance Update”).

- B. The decrease in the price of RES’s securities after the release of the Announcement from a closing price on 24 August 2017 of \$0.07 to a closing price of \$0.048 on 25 August 2017, a 31.43% decrease, reaching a low of \$0.045. We also note the significant increase in the volume of RES’s securities traded following release of the Announcement.

C. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, ASX asks RES to respond separately to each of the following questions and requests for information:

1. When did RES first become aware of the information disclosed in the Project Finance Update?

2. Does RES consider the information in the Project Finance Update to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “yes” and RES first became aware of the information before the relevant date, did RES make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RES was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps RES took to ensure that the information was released promptly and without delay.
4. If the answer to question 2 is “no”, please advise the basis for that view.
5. Please confirm that RES is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that RES’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RES with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (i.e. before 9.30 a.m. AEST) on 1 September 2017. If we do not have your response by then, ASX will have no choice but to consider suspending trading in RES’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RES’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RES’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that RES’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RES’s securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;

- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Stephanie So
Senior Adviser, Listings Compliance (Sydney)