



16 April 2018

Project Funding Update

Resource Generation Limited (ASX:RES/JSE:RSG)(**Company or Resgen**) is pleased to provide the following update in relation to the status of negotiations to secure funding for the development of the Boikarabelo Mine (**Project**).

Bilateral Senior Loan Facility Agreement

On 29 March 2018, the Company advised the market that the proposed funding syndicate (**Syndicate**) for the development of the Project (which excludes the rail link) had commenced their various credit approval processes and that the Syndicate comprised of three parties.

The Company is pleased to advise that the Industrial Development Corporation of South Africa Limited (**IDC**) is the first of these parties to approve the proposed funding and a Bilateral Senior Loan Facility Agreement (**Facility Agreement**) has been executed with the Company's subsidiary, Ledjadja Coal (Pty) Ltd, to confirm their commitment to the Project.

The Facility Agreement, whilst binding on the parties, is dependent on a number of Conditions Precedent, including but not limited to:

- Resgen Board and Shareholder approval of the funding Term Sheets with the Syndicate;
- Completion of a Common Terms Agreement with the other two Syndicate members, the finalised Facility Finance Documents becoming unconditional and all required securities being registered;
- All lower ranking components of the proposed funding package having been drawn down;
- The Project becoming fully funded including arranging separate rail link financing; and
- No material adverse changes arising (to be specified in the Common Terms Agreement).

As this Facility Agreement is only one component of a package of Project financing documents, at this point the Company is not incurring any liabilities or limiting its rights to negotiate fair and balanced agreements.

In essence, the Facility Agreement serves to bind the parties to advance or draw the senior debt funds for the Project subject to completion of, amongst others, the Conditions Precedent listed above.

Key terms in the Facility Agreement have been limited to:

- Specifying the quantum of IDC's commitment to the senior debt component of the proposed funding package which is R540m;
- Specifying an interest rate which is linked to JIBAR (Johannesburg Interbank Agreed Rate) with a margin of 6% during construction and 5% thereafter;
- Specifying a Facility Raising Fee, due at the time of Financial Close, of 1.5% and a cancellation fee of 1% applicable to any undrawn amounts under the Facility;
- A long stop date for completion of all Conditions Precedent of 28 February 2020 which would be an automatic termination of the Agreement unless agreed otherwise; and
- All further terms and conditions are referenced to a Common Terms Agreement to be negotiated when, and if, the remaining Syndicate members secure credit approvals and the Term Sheets are approved by all parties.

The Company's Interim Managing Director and CEO, Papi Molotsane, commented '*we are delighted to secure the support of the IDC as the first step in seeking credit approvals from the proposed funding Syndicate and will continue to work with the remaining two parties in accordance with the timelines advised in our 29 March release*'.

On behalf of the Board

L M Xate

Chairman

About Resgen:

Resource Generation Limited (Resgen) is an emerging ASX and JSE-listed energy company, currently developing the Boikarabelo Coal Mine in South Africa's Waterberg region. The Waterberg accounts for around 40% of the country's currently known coal resources. The Coal Resources and Reserves for the Boikarabelo Coal Mine, held through the operating subsidiary Ledjadja Coal, were recently updated 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 subsidiary (BEE) 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.

For further information please contact:

Lulamile Xate, Chairman on info@resgen.com.au or +27 11 010 6310

Mike Meintjes, Company Secretary on mmeintjes@resgen.com.au or +61 413 706 143

Media enquiries:

Australia: James Strong on + 61 282 340 102

South Africa: Marion Brower/ Charmane Russell on +27 11 880 3924