



10 May 2018

Market Update

Resource Generation Limited (ASX:RES/JSE:RSG)(**Company**) provides the following market update.

Mine Development Funding

The Company recently announced the execution of a Bilateral Senior Loan Facility Agreement (ASX Announcement: 16 April 2018) between the Industrial Development Corporation of South Africa Limited (**IDC**) and its subsidiary Ledjadja Coal (Pty) Ltd. The IDC is the first party of the proposed mine development funding syndicate (**Syndicate**) to secure credit committee approval.

In the Quarterly Activities Report released on 30 April 2018, the Company noted a minor slippage in the credit approval process for one of the remaining two Syndicate members and a delay to the proposed board meeting for considering finalised credit approved term sheets from the Syndicate.

At a board meeting held overnight in South Africa, Management provided a briefing on the status of the two remaining credit approvals. Whilst both of these parties have confirmed ongoing commitment to funding of the Boikarabelo Project, one of these parties has requested further information before proceeding with their process. The additional information requested revolves principally around (i) mitigation of counterparty credit risk exposures during the period that Noble Group Limited (Noble) finalises its restructure plans; and (ii) the specific plans to secure working capital for the ramp-up of the mine.

Whilst this further delay is unfortunate, the Board believes that these concerns can be addressed in a timely manner and has set the objective of resolving these with the lender by the end of the month. This will then enable the credit approval process to proceed in June 2018.

In relation to the first matter raised by this lender, Noble has agreed to work with all parties to identify a mutually acceptable mitigation strategy.

In relation to the second matter raised, the Company previously indicated (ASX Announcement: 15 November 2017) that ramp-up working capital required in the period leading up to 'first coal' would be raised at a point where the Project has been substantially

de-risked. The Company believes that this is still a reasonable assumption but will work with this lender to provide further comfort on how this will be achieved.

At this time the Board believes that it is not prudent to set a timetable beyond satisfying the additional information request and will keep the market informed in accordance with its continuous disclosure obligations.

Noble has communicated to the Board its willingness to consider a request to cover any working capital shortfall arising from this further delay and the Company is appreciative of this ongoing support.

Rail Link Funding

The Company has been able to identify a number of parties interested in funding the required rail link for the Project. The most advanced proposal is going through an internal credit approval process and if approved, a short due diligence exercise will be initiated.

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