



24 June 2019

ASX Announcement

Market Update

Resource Generation Limited (ASX:RES) (Resgen or Company) refers to the market update released on 3 June 2019 which detailed the further hurdles to be addressed before overall funding (Financial Close) for its Boikarabelo Coal Mine in the Waterberg, South Africa (Project) is achieved.

The Company is now pleased to advise that the third and final member of the proposed Lending Syndicate (last referred to in ASX Announcements on 15 March and 1 April 2019) has confirmed in writing its participation (credit approval) for their proposed contribution to the Company's funding application in relation to the construction of the Boikarabelo mine. This participation is subject to certain terms and conditions and board approval of a Common Term Sheet.

The combined proposed mine construction funding package offered by members of the proposed Lending Syndicate can now be confirmed as R4.2b (approx. A\$420m at current exchange rates).

Discussions can now commence to finalise a Common Term Sheet with all members of the proposed Lending Syndicate. Once the proposed common terms are agreed and available for incorporation into the base case financial model for the Project, the Board will be in a position to consider the proposal for approval. At the time of any Board approval the terms will be binding on all parties and only subject to certain conditions precedent that are specified by the proposed Lending Syndicate. The Company will then be in a position to disclose the key terms of the mine funding package together with the targeted timeline to Financial Close.

The rail link negotiations for a funding package of R750m (approx. A\$75m at current exchange rates) are at an advanced stage. The funding is required to construct the 44km rail infrastructure linking the mine to the Transnet main line. Finalisation of a binding term sheet for the rail link funding is expected to be a condition precedent attached to the proposed mine construction funding.

In the lead up to commissioning of the Mine the Company will also need to raise working capital currently estimated as being R500m (approx. A\$50m at current exchange rates).

On 17 May 2019, the Company advised the market that it was finalising the extension of a further US\$2.5m in working capital funding under a Facility Agreement with Noble Resources International Pte Ltd (Noble). This further extension of funding was to be made available for the period through to 30 June 2019. At the date of this release the Company has drawn down US\$1.0m of the further US\$2.5m extension. The Company is in the process of agreeing with Noble to extend the availability period for the undrawn amount of up to US\$1.5m.

The Company will keep the market informed regarding further progress on project funding in accordance with its continuous disclosure obligations.

Lulamile Xate
Chairman
For and on behalf of the Board

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 Coal 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:

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

Media enquiries:

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