



21 November 2019

ASX Announcement

Transport of Coal Agreement

Resource Generation Limited (ASX:RES) (**Company**), through its subsidiary, Ledjadja Coal Pty Ltd (**LCL**), has today in South Africa signed a binding Transportation of Coal Agreement (**TCA**) with Transnet SOC Limited (acting through Transnet Freight Rail)(**Transnet**) for the purposes of delivering to 3.6mtpa of export quality coal to a Richards Bay Terminal on a 'take or pay' basis.

Containing 40% of South Africa's coal reserves, the Waterberg is the next viable coal field in South Africa. Consistent with the South African Government's national strategic imperative [Strategic Infrastructure Projects (SIP) 1 of the National Development Plan – i.e. unlocking the Northern Mineral Belt using the Waterberg as a catalyst], Transnet has the Waterberg rail capacity expansion process with the Revised Stage 2-3 of the Waterberg Expansion Programme already underway. The expanded rail capacity will ensure that coal from LCL's Boikarabelo Coal Mine and other future neighbouring mines is transported to the intended end users.

Papi Molotsane, Interim CEO said *"this is an important milestone towards achieving financial close for the Project"*

The key terms of the Transport of Coal Agreement are set out below:

- The TCA has a 10-year term commencing from 1 June 2022 on a take or pay basis;
- Contracted tonnage of 3.6mtpa with the ability to move additional tonnage from time to time based on Transnet capacity offers;
- A concessional tariff arrangement for the first 40 months of the agreement however there is a subsequent alignment (if necessary) with the whole of industry arrangement that will commence from 01 April 2024; and
- Tariff arrangement to include a 'commodity price participation modifier' which increases the tariff when the API#4 commodity price trades within a specified range.

The Agreement also provides for the recovery of the capital outlay for the NSF (Network Stabilising Facility) on a per railed tonnage basis over the period 1 June 2022 to 31 March 2024. Any capital outlay not recovered through railings over this period will be forgone.

The Agreement is subject to certain conditions precedent including:

- Completion of an unconditional funding agreement for the 44km rail link to the Transnet main line;
- Completion of an unconditional port capacity agreement;

- Construction of the rail link by 31 January 2022 and the commissioning of the Boikarabelo Mine by 30 May 2022;
- Construction of the Revised Stage 2-3 of the Waterberg Expansion Programme by Transnet by 1 June 2020; and
- Finalisation of a Service Level Agreement in relation to the TCA

The Company continues to engage constructively with the proposed Lending Syndicate on finalising common terms for the mine funding package. The execution of binding agreements for the logistics aspects of the Project, including the transport of the export quality coal to Richards Bay, will be a condition precedent to any such funding agreement reaching completion i.e. financial close.

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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 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.

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