



4 October 2016

ASX Announcement

Boikarabelo Project Update

ASX and JSE listed emerging coal producer Resource Generation (**Resgen**) (ASX: RES) (JSE: RSG) (**“the Company”**) announces significant progress towards securing final approval for the development of the Company’s major project, the Boikarabelo Mine in South Africa.

Chief Executive Officer of the Company and Ledjadja operating subsidiary, Rob Lowe, said the Company is advancing in parallel a number of inter-related agreements which together provide for long term risk management and financial confidence in the mine development.

Heads of Agreement - Mining Contractor

The Request for Proposal referred to in the Report to Shareholders released to the market on 1 June 2016 has now been determined and the Company is pleased to announce that its BEE operating subsidiary, Ledjadja Coal (Proprietary) Limited (**“Ledjadja”**) has selected Stefanutti Stocks Mining Services (**“SSMS”**) as the preferred mining contractor. The Parties have concluded a Heads of Agreement containing the following salient terms:

- the parties will negotiate on an exclusive basis a detailed Term Sheet to cover mining and related services over a period of 40 days;
- thereafter the parties will negotiate the terms and conditions of a Mining Contractor Agreement (**“MCA”**) within 15 days; and
- formal appointment of SSMS as mining contractor will be confirmed with the parties’ execution of the MCA.

The Heads of Agreement applies until the MCA comes into force. The MCA will, at a minimum, be subject to the following conditions precedent:

- board approval by both parties of the formal agreement; and
- project funding being procured by the Company (see ASX Announcement 8 August 2016).

CEO Rob Lowe, said, “The appointment is in line with our execution strategy to appoint contractors with good track records and strong balance sheets and thereby reduce the Company’s exposure to operating risks inherent in a self-operated mine. This appointment is another important step towards validating the Base Case Financial Model and the financial close of our debt funding arrangements. This brings us one step closer towards the development of the Boikarabelo Mine”.

Project Funding

The Company advised the market on 8 August 2016 that it had agreed commercial terms with a Financing Syndicate for the development of the Boikarabelo Mine subject to a number of Conditions Precedent. The Company is currently attending to satisfying the Conditions Precedent.

The Financing Syndicate convened a series of due diligence presentations and a visit to the Boikarabelo Mine during the week of 29 August 2016. The outcome of the presentations and site visit were satisfactory and no serious flaws were identified.

A full report on progress will be delivered to a meeting of the board scheduled for in the first week of October 2016. That meeting was originally scheduled for 25 August 2016, but was postponed in order to allow management sufficient time to progress and report on the status of the Conditions Precedent and funding generally. The Board will provide an update to shareholders in the week following this meeting.

Other Matters - Annual General Meeting

The Board has agreed to hold the Annual General Meeting at 10am on Wednesday 23 November 2016 in Brisbane. Further detail will be included in the Notice of Meeting which will be released in October 2016.

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 operating subsidiary, Ledjadja Coal, has reported Probable Reserves of 744.8 million tonnes of coal on 35% of the tenements under the Company's control. 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:

Australia: Martin Debelle on + 61 282 340 102

South Africa: Marion Brower/Themبisa Kotobe on +27 11 880 3924

** This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr van Wyk has given and has not withdrawn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*