



19 June 2020

ASX Announcement

Market Update

Resource Generation Limited (**ASX:RES**) (**Resgen or Company**) is pleased to provide the following Market Update.

Rail Link Funding

On 5 May 2020, the Company announced that its subsidiary, Ledjadja Coal Pty Ltd (**Ledjadja Coal**), has entered into non-binding equity and debt term sheets (**collectively, the Term Sheets**) with Pan African Infrastructure Development Fund 2 SA and PAIDF2 LLC under the management of Harith General Partners Proprietary Limited (**Harith**) for the funding of the Boikarabelo Coal Project Rail Link. Although interim approvals were given by Harith, the Term Sheets are not legally binding until final approval by the Harith Investment Committee and Board.

Since the announcement, Resgen has been receiving regular updates from Harith on progress in securing the Investment Committee and Board approval and understands that the outcomes have been positive and that no impediments have been identified. Accordingly, the final approval should be forthcoming shortly.

The legal documentation pertaining to formalisation of the Term Sheets into legal agreements is being progressed in tandem with finalisation of the approvals process.

Working Capital Funding

On 15 May 2020, the Company announced that it had received an ASX waiver from applying the requirements of Listing Rule 10.1 and was proceeding to finalise legal documentation for an additional US\$2.25m in working capital funding with Noble Resources International Pte Ltd. Resgen can now confirm that the legal documentation has been finalised and executed by both parties in the form of an Eighth Deed of Amendment to the Facility Agreement dated 3 March 2014.

The working capital component of the Facility Agreement (which excludes the Original Noble Loan of US\$20m plus accumulated interest) will be US\$29.15m plus interest

including this additional extension. This amount is to be repaid from the proceeds of the Mine Funding Package upon Financial Close.

Conditions Precedent (CP) to achieve Financial Close

On 5 December 2019, the Company announced the execution of binding arrangements for the funding of the Boikarabelo Coal Mine (**Mine Funding Package**) which were subject to a number of conditions requiring satisfaction, deferral or waiver by the Lenders (**Conditions Precedent**) before the transaction completes and becomes effective (**Financial Close**). These conditions included those customary for Lender's to manage risk exposures in transactions of this nature.

Since execution of the Mine Funding Package the Company has diligently focused on satisfying the Conditions Precedent and has made significant progress in satisfying most of the Conditions Precedent. However, a small number of Conditions Precedent remain outstanding and therefore the Company and Ledjadja Coal have approached the Lenders with a request to waive a number of conditions or convert certain of them to Conditions Subsequent to be achieved before first drawdown. A constructive dialogue is ongoing with the Lenders while they are considering these requests. The Company will, under the circumstances, not be able to achieve its target of 30 June 2020 for Financial Close.

The Company is working with the Lenders to agree on a timeline for Financial Close and to agree an extension of the Common Terms Agreement post 30 June 2020 to cover a revised target date.

The Company will keep the Market informed regarding further progress in accordance with its continuous disclosure obligations.

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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 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.

Forward looking statements

This announcement contains certain forward-looking statements. Forward-looking statements include those containing words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions. Any forward-looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of ResGen. To the maximum extent permitted by law, the directors of ResGen, ResGen and any of its related bodies corporate and affiliates, and their officers, partners, employees, agents, associates and advisers disclaim any obligations or undertaking to release any updates or revisions to the information in this announcement to reflect any change in expectations or assumptions, do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of such information, or likelihood of fulfillment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement, and disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

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