



22 November 2017

2017 AGM – Chairman’s Address

Good morning, ladies and gentlemen – and welcome to this the 2017 Annual General Meeting of Resource Generation Limited (**the Company**).

The last Financial Year, and the 5 months since, has not been easy. The Company has been able to survive financially thanks solely to support provided by Noble, one of its significant shareholders and a longstanding and committed supporter of the Boikarabelo Project. The Company is currently engaged in discussions with Noble with a view to extending that support through to April 2018.

Unfortunately, the Debt Club (led by RMB) - with which the Company had been negotiating for almost 2 years - finally disclosed in August 2017 that it required committed domestic offtake arrangements with Eskom for 40% of our proposed annual production before it would initiate its internal credit approval processes. It is a matter of public record that Eskom is currently experiencing serious turmoil at both executive and board levels; and this, along with its stated intention not to undertake any coal procurement from the Waterberg until 2019 at the earliest, made it impossible for the Company to secure the commitment the lenders were looking for within an acceptable timeframe.

Accordingly, as announced to the market in late August, the Board determined that that Debt Club was not a viable source of project finance for the Company.

Fortunately, since early 2017, the Company had been exploring an alternative funding option, so we were able to switch with relative ease to pursue this option. As recently announced, a syndicate of potential lenders has completed its due diligence investigations of the Company and the Boikarabelo Project. Those lenders are now undertaking their respective internal credit approval processes.

When credit approved terms sheets are presented to the Company, the Board will determine whether or not to proceed with this option. However, any such decision must be subject to Shareholder approval given the related party nature of the transaction. If the Board determines to proceed with this option, we will convene an extraordinary general meeting of Shareholders for that purpose. The meeting papers will detail material commercial terms of the proposed funding and will also include a report from an independent expert.

Australian Shareholders in the Company will be well aware of the current difficulties in financing and developing thermal coal mines. Socio-economic forces associated with greenhouse emissions appear to prevail over the need for assured supply of power. The Company has not been immune from those forces, even with a project being not in Australia but in South Africa.

We have however been able to use our time productively over the past year, by advancing the contractual arrangements for the construction of the mine and the transport of coal to port. As yet, arrangements for the funding (estimated to be ZAR650M) and construction of the rail link are not yet settled, and discussions with Transnet Freight Rail and the Development Bank of South Africa are ongoing. In addition, funding for ramp-up costs post commissioning of the coal preparation plant (estimated to be ZAR300M) has not yet been secured; but Management and Board are confident that funding can be obtained from commercial sources as at that time the project will have been substantially de-risked.

Our CEO, Rob Lowe, will go into more detail on the current status of project development and financing in his presentation after this meeting.

Importantly, the coal price has continued to hold up, in particular the price in the international seaborne thermal coal market.

So, while there has been delay against our stated objective of being under construction by the end of 2017, that delay has not impacted too adversely on our Project's economics or prospects.

As you know, it is my intention to resign as a director and chair of the Company with effect the conclusion of this meeting. I will however be continuing my association with Company as a shareholder (through a related party). My decision to resign was largely due to the role no longer being consistent with my personal priorities. In addition, the proposed new lenders indicated that they would regard favourably the appointment of a HDSA as chair (HDSA means "historically disadvantaged South Africans" and is a term introduced in South African legislation in 1993 to abolish racial discrimination). Consequently, I believed that now was an appropriate time for me to stand down, subject only to my first attending this Annual General Meeting to respond to any shareholder concerns about the Company and its Project.

In closing I want to express my appreciation and thanks for the support and efforts of my Board colleagues over the past 2 years, and to commend the resilience and persistence of our management team in the face of very difficult market circumstances.

D. J. Gately

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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