



RESOURCE GENERATION LIMITED
ACN 059 950 337

QUARTERLY REPORT
FOR THE THREE MONTHS ENDED 31 DECEMBER 2008

Resource Generation is an energy resources company, primarily with coal interests in South Africa and Tasmania. Its current priority is to develop its resources in the Waterberg region of South Africa.

HIGHLIGHTS

- The Waterberg drilling programme has achieved results consistent with expectations. In Waterberg #1, coal seam intersections of approximately 120 metres thick have been encountered, commencing at an average depth of 20 metres below the surface.
- Appointment of a General Manager for South African operations, based in Johannesburg.
- Acquisition of an adjacent coal exploration permit, covering seven properties adjacent to the south and west of the existing Waterberg #1 tenement.
- Acquisition of Tasmanian coal tenements completed successfully.
- Cash balance at the end of the quarter of A\$ 8.2 million. Net cash outflow in the March 2009 quarter is estimated to be approximately A\$ 3 million.

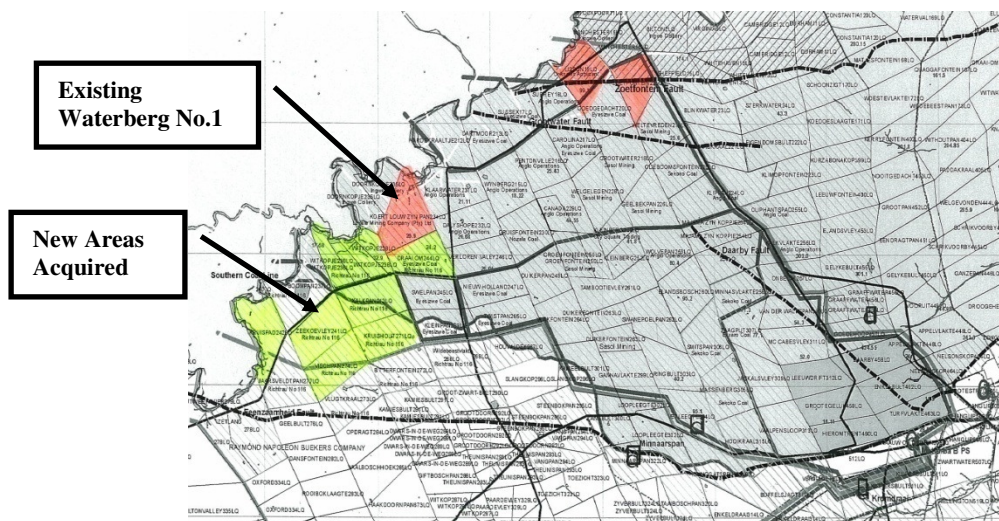
EXPLORATION RIGHTS AND ACTIVITIES

Waterberg Coal Joint Venture (WCJV)

- During the quarter, 67 percussion holes and 5 cored holes were completed in the tenements in the Waterberg Coalfields of South Africa.
- In Waterberg #1, coal seam intersections of approximately 120 metres thick have been encountered, commencing at an average depth of 20 metres below the surface, which is consistent with expectations.
- Drilling of Waterberg #3 (previously referred to as Zoetfontein) occurred in October 2008 with coal occurrences found at similar depths and thickness to those in Waterberg #1.
- The initial JORC-compliant inferred resource is 738.8 million tonnes* in the three Waterberg tenements and the company believes there is significant potential to increase the resource following analysis of drill results.
- As previously advised, expenditure of USD 5 million will increase Resource Generation's interest in the WCJV from its current 20% to 70%. This expenditure is expected to enable a bankable reserve to be determined which will enable a mining feasibility study to be finalised. USD 1 million has been spent to date.

Ledjadja Coal Joint Venture (LCJV)

- The company acquired a 49% joint venture interest in a coal exploration permit, which covers seven properties adjacent to the south and west of the existing Waterberg #1 tenement as depicted in the diagram below. The coal exploration permit covers an area of approximately 9,000 hectares, of which portions closer to Waterberg #1 are expected to provide a continuity of coal sequences existing in Waterberg #1. Estimates of coal present will be known after confirmation drilling is undertaken during 2009.
- Purchase terms included a cash payment of USD 1.5 million and a royalty of ZAR 2.00/saleable tonne on coal produced from the Ledjadja Coal area up to a maximum of ZAR 30 million (currently A\$ 4.5 million).
- The expenditure of ZAR 20 million (currently A\$ 3 million) on exploration and development activities will enable the company to increase its holding in the LCJV from 49% to 65%, with a further right to increase to 74%.
- It is envisaged that mining synergies may exist through amalgamation of the Waterberg Coal and Ledjadja Coal areas.



Tasmania

- Historical drilling records have been analysed and an exploration programme is under development.
- Assessment of infrastructure options has also been undertaken.

Cameroon

- No activities were undertaken on the uranium tenements in Cameroon during the quarter.



CORPORATE

- The company has established a regional office in Johannesburg and appointed Hennie van den Aardweg as General Manager for South African Operations in October 2008. Hennie has many years' experience in the South African coal industry working for and with international mining companies in the development and operation of coal mines.
- Shareholders approved the issue of 15,434,911 shares to related parties of the company at the AGM on 6 November 2008. This resulted in the Managing Director and Executive Director subscribing for shares at 18 cents per share as committed at the time of the equity placement in August 2008. The shares were issued on 4 December 2008 and raised \$2.8 million.

CORPORATE INFORMATION

Directors

Scott Douglas	Non-Executive Chairman
Paul Jury	Managing Director
Steve Matthews	Executive Director
Geoffrey (Toby) Rose	Non-Executive Director

Company Secretary

Steve Matthews

Registered Office

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GPO Box 5490
Sydney NSW 2001

Contacts

Paul Jury
Steve Matthews

** 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.*

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 31/9/2001.

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

31 December 2008

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 mths) \$A'000
1.1	Receipts from product sales and related debtors	11	75
1.2	Payments for (a) exploration and evaluation	(738)	(748)
	(b) development	(99)	(422)
	(c) production	-	-
	(d) administration	(393)	(1,153)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	89	205
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	49	49
	Net Operating Cash Flows	(1,082)	(1,995)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	(2,210)	(2,210)
	(c) other fixed assets	(322)	(365)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	13	13
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(2,519)	(2,562)
1.13	Total operating and investing cash flows (carried forward)	(3,601)	(4,557)

		Current quarter \$A'000	Year to date (6 mths) \$A'000
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	2,767	11,392
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	2,767	11,392
	Net increase (decrease) in cash held	(834)	6,835
1.20	Cash at beginning of quarter/year to date	9,070	1,401
1.21	Exchange rate adjustments to item 1.20	10	10
1.22	Cash at end of quarter	8,246	8,246

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
	N/A	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

On 9 October 2008 the Company purchased 100% of Energy Investments Limited & Tiger Coal Pty Limited. In consideration of this acquisition the Company issued 96,000,010 shares.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	2,576
4.2	Development	500
Total		3,076

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	53	483
5.2	Deposits at call	7,963	8,481
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	230	106
Total: cash at end of quarter (item 1.22)		8,246	9,070

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note 2)	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		
6.2	Interests in mining tenements acquired or increased	Exploration Licences in Tasmania EL64/2007, EL65/2007, EL25/2008 & EL26/2008	Nil	100%
		Prospecting rights for coal P679/2007 – Draai Om, Witkopje, Kalkpan, Kruishout, Vischpan, Kruispad & Zeekoevley	Nil	49%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	+Preference securities <i>(description)</i>	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	729,758,093	729,758,093		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	96,000,010 15,434,911 Nil	96,000,010 15,434,911	\$0.072* \$0.18	Fully paid Fully paid
7.5	+Convertible debt securities <i>(description)</i>	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			

* Issue of shares re acquisition of Tasmanian tenements at market price for accounting purposes

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.7	Options (<i>description and conversion factor</i>)	8,180,959	Nil	<i>Exercise price</i> \$0.01	<i>Expiry date</i> 31/12/2009
		4,500,000	Nil	\$0.025	28/11/2012
		18,750,000	Nil	\$0.05	31/12/2012
		10,000,000	Nil	\$0.05	7/7/2011
		2,500,000	Nil	\$0.05	17/3/2013
		4,500,000	Nil	\$0.06	28/11/2012
		2,500,000	Nil	\$0.07	17/3/2013
		3,500,000	Nil	\$0.10	17/3/2013
		3,500,000	Nil	\$0.15	17/3/2013
		3,750,000	Nil	\$0.155	28/5/2013
		3,750,000	Nil	\$0.185	28/5/2013
		41,971,317	Nil	\$0.20	5/9/2009
		5,000,000	Nil	\$0.205	28/5/2013
		41,971,317	Nil	\$0.275	5/3/2010
		41,971,317	Nil	\$0.35	5/9/2010
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures (<i>totals only</i>)	N/A			
7.12	Unsecured notes (<i>totals only</i>)	N/A			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.



Sign here:

(Company secretary)

Date: 23 January 2009

Print name: STEPHEN JAMES MATTHEWS

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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