



RESOURCE GENERATION LIMITED
ACN 059 950 337

**QUARTERLY REPORT
FOR THE THREE MONTHS ENDED 31 MARCH 2009
AND
RESOURCE UPGRADE**

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

South Africa

- The Waterberg drilling programme was completed on target in January 2009. Results were consistent with expectations. In Waterberg #1, coal seam intersections approximately 120 metres thick have been encountered, commencing at an approximate depth of 20 metres below the surface. The coal seam is contiguous across the entire tenement.
- Detailed analysis of the exploration holes is continuing and has produced consistent results across the resource. These confirm that the quality of the resource can support a large scale open cut mine producing a mix of semi-soft coking coal and export and domestic thermal coals.
- The analysis completed to date has resulted in the delineation of a JORC-compliant inferred resource of 2.0 billion tonnes* in Waterberg #1 (1,365 ha). After discounting for the shale content evident in the resource, the adjusted JORC-compliant inferred resource is 1.0 billion tonnes*.
- Mine and associated infrastructure planning is progressing well. This is expected to result in the definition of a JORC-compliant coal reserve within the next four months.
- After securing access permission to undertake drilling on two of the seven Ledjadja JV properties adjacent to the south and west of the Waterberg #1 tenement, drilling will commence within the next few weeks. Access to a third property is expected shortly.

Tasmania

- Desktop analysis of the previous drilling results from the recently acquired Tasmanian coal tenements has been completed. A drilling programme has been designed and access to commence exploration is being finalised.

EXPLORATION RIGHTS AND ACTIVITIES

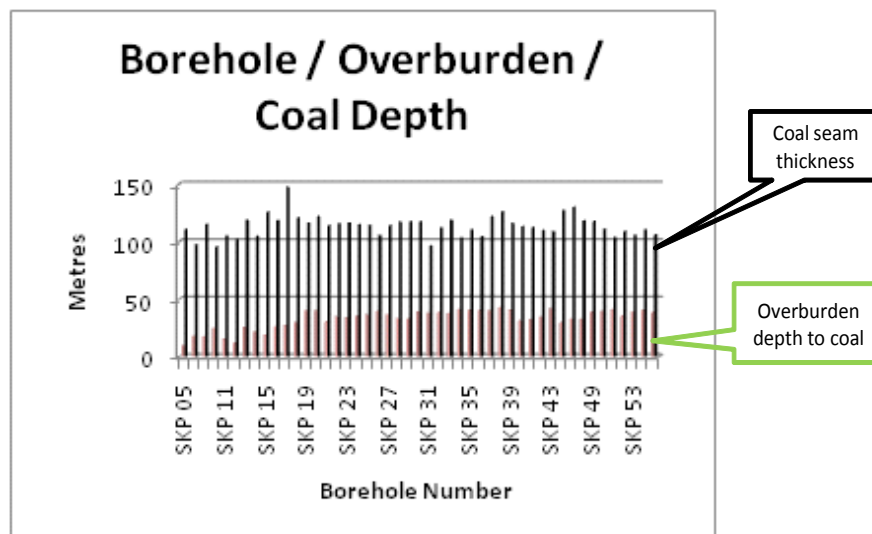
Waterberg Coal Joint Venture (WCJV) Exploration

- During the quarter, 8 percussion holes and 15 cored holes were completed in the tenements in the Waterberg Coalfields of South Africa. These were completed in January 2009, all in Waterberg #1.

- In Waterberg #1, coal seam intersections approximately 120 metres thick have been encountered, commencing at an approximate depth of 20 metres below the surface, which is consistent with expectations. An example of the core samples is shown below, together with a graph showing the depth of coal and overburden per drill hole.



Waterberg #1 core samples

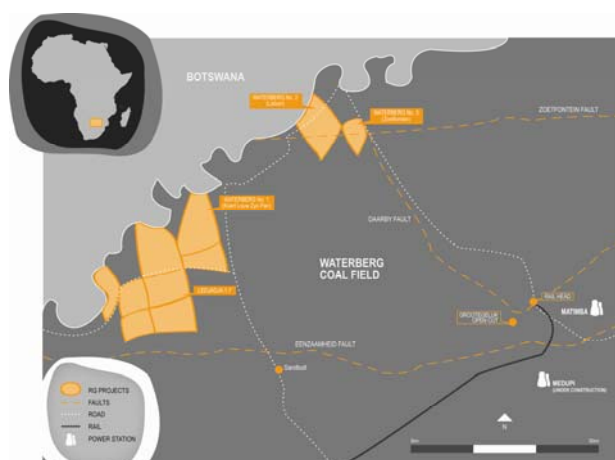


- Analysis of the first ten cored holes has met expectations and confirmed the consistency of the resource across the Waterberg #1 tenement. The initial JORC-compliant inferred resource in August 2008 was 738.8 million tonnes* in the three Waterberg tenements, of which 646.3 million tonnes was in Waterberg #1.
- A JORC-compliant inferred resource of 1,991.6 million tonnes* has now been delineated for Waterberg #1. In order to remove the quantum of shale from the resource, a discount at a relative density of 2.0g/cc has been applied. The adjusted JORC-compliant resource is 978.1 million tonnes* in Waterberg #1. When the remaining holes have been analysed, over the next three months, the resource is expected to progress to a higher resource category.

- The inferred resource for Waterberg #2 and #3 has not changed.
- Mine and associated infrastructure planning is underway. When combined with the results of drill hole analysis, the company should be able to define a JORC compliant coal reserve. This is expected over the next 3-4 months.
- As previously advised, expenditure of US\$5 million will increase Resource Generation's rights 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. US\$2.0 million has been spent to date.

Ledjadja Coal Joint Venture (LCJV) Exploration

- The company owns a 49% joint venture interest in a coal exploration permit, which covers seven properties adjacent to the south and west of the Waterberg #1 tenement as depicted in the diagram below.
- Access for drilling of two of the three LCJV properties most adjacent to Waterberg #1 has been secured and exploration will commence in the next few weeks. Access to the third property is expected shortly. The properties are Draai Om, Witkopje and Kalkpan. The drilling is expected to delineate the resource boundaries and assist in determining the optimal location for mine, coal handling and preparation plant and stockpile infrastructure. Once the drill results have been analysed, the company believes that it will be able to define a JORC-compliant coal resource over this portion of the LCJV tenements.
- The expenditure of ZAR20 million (currently approximately A\$3 million) on exploration and development activities will enable the company to increase its rights in the LCJV from 49% to 65%, with a further entitlement to increase to 74%. Minor expenditure has been incurred to date.
- Mining and infrastructure synergies exist through amalgamation of the Waterberg Coal and Ledjadja Coal areas.





Waterberg Project Development

- An experienced project team has been assembled in South Africa to complement the activities of the company's own employees, including:
 - DRA Mineral Projects (Pty) Limited, which is designing the coal handling and preparation facilities and related surface infrastructure. It is also ensuring the drilling analysis includes appropriate washability tests for final product differentiation;
 - Digby Wells & Associates, which is handling the mining application process including all environmental, social and labour impacts;
 - RSV ENCO Consulting (Pty) Limited, which is undertaking mine planning and related surface infrastructure requirements; and
 - GeoCoal Services (Pty) Limited, which is undertaking the resource and reserve determination and interpretation of the drilling analysis.
- The processes associated with preparing a Mining Rights Application are well advanced as is completion of preliminary mine planning, coal beneficiation and infrastructure studies.
- These studies involve the design of a large scale open cut mine suitable for the production of domestic and export grade coal.

Tasmania

- Previous drilling records have been analysed and an exploration programme has now been developed. Negotiations for access are being finalised.
- EL41 was issued to the company by Mineral Resources Tasmania. This flowed from the previous exploration licence application ELA 41/2008, which was acquired with the other Tasmanian tenements in October 2009.

Cameroon

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

CORPORATE

- The company undertook a 1 for 10 share consolidation in January 2009, which reduced the number of shares on issue from 729,758,093 to 72,975,537.
- On 13 March 2009, 3,750,000 shares and 1,875,000 options were issued at nil consideration to nominees of the facilitators of the Isicebi acquisition. This was the second and last tranche of consideration. Shareholders approved the issue at the General Meeting held on 23 January 2009.

RESOURCE GENERATION LIMITED

Quarterly Report to 31 March 2009



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

Level 12, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Telephone: 02 9376 9000
Facsimile: 02 9376 9013
Website: www.resgen.com.au

Mailing Address

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 March 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	75
1.2	Payments for (a) exploration and evaluation	(821)	(1,568)
	(b) development	(386)	(809)
	(c) production	-	-
	(d) administration	(525)	(1,678)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	89	295
1.5	Interest and other costs of finance paid	(2)	(4)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	49
	Net Operating Cash Flows	(1,645)	(3,640)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(2,210)
	(c) other fixed assets	(4)	(369)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	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	(4)	(2,566)
1.13	Total operating and investing cash flows (carried forward)	(1,649)	(6,206)

		Current quarter \$A'000	Year to date (9 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(1,649)	(6,206)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	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	-	11,392
	Net increase (decrease) in cash held	(1,649)	5,186
1.20	Cash at beginning of quarter/year to date	8,246	1,401
1.21	Exchange rate adjustments to item 1.20	(41)	(31)
1.22	Cash at end of quarter	6,556	6,556

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	212
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive salaries and directors fees

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 13 March 2009 the company paid the second tranche of consideration to the facilitators of the acquisition of Isicebi Carbon Mining (Pty) Limited. 3,750,000 shares and 1,875,000 options were issued at nil consideration.

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	2,099
4.2	Development	500
Total		2,599

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	10	53
5.2	Deposits at call	6,316	7,963
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	230	230
Total: cash at end of quarter (item 1.22)		6,556	8,246

Changes in interests in mining tenements

	Tenement reference	Nature of interest	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 Licence in Tasmania EL41/2008	Nil	100%

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 (cents)	Amount paid up per security (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	76,725,537	76,725,537	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs (c) Decrease due to 1 for 10 consolidation	3,750,000 Nil (656,782,556)	3,750,000	\$0.23*	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 second tranche of Isicebi acquisition at market price for accounting purposes

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.7	Options (<i>description and conversion factor</i>)	818,094	Nil	<i>Exercise price</i> \$0.10	<i>Expiry date</i> 31/12/2009
		450,000	Nil	\$0.25	28/11/2012
		3,750,000	Nil	\$0.50	31/12/2012
		1,000,000	Nil	\$0.50	7/7/2011
		250,000	Nil	\$0.50	17/3/2013
		450,000	Nil	\$0.60	28/11/2012
		250,000	Nil	\$0.70	17/3/2013
		350,000	Nil	\$1.00	17/3/2013
		350,000	Nil	\$1.50	17/3/2013
		375,000	Nil	\$1.55	28/5/2013
		375,000	Nil	\$1.85	28/5/2013
		500,000	Nil	\$2.05	28/5/2013
7.8	Issued during quarter	1,875,000	Nil	\$0.50	31/12/2012
7.9	Exercised during quarter	Nil			
7.10	Cancelled during quarter	41,971,317	Nil	\$2.00	5/9/2009
		41,971,317	Nil	\$2.75	5/3/2010
		41,971,317	Nil	\$3.50	5/9/2010
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.
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)

Date: 27 April 2009

Print name: STEPHEN JAMES MATTHEWS

=====