



**RESOURCE GENERATION LIMITED**  
ACN 059 950 337

**QUARTERLY REPORT**  
**FOR THE THREE MONTHS ENDED 30 JUNE 2009**

*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***

- Detailed analysis of the exploration holes from the Waterberg #1 drilling programme is close to completion.
- A JORC-compliant inferred resource of 2.0 billion tonnes\* in Waterberg #1 was announced during the quarter. After discounting for the shale content evident in the resource, the adjusted JORC-compliant inferred resource is 1.0 billion tonnes\*. The company expects to be able to publish a resource at indicated status once analysis is finalised.
- Initial drilling on three of the seven Ledjadja JV properties adjacent to the south and west of the Waterberg #1 tenement was completed in the quarter. Preliminary results indicate that in terms of coal seam thickness and overburden depth, the resource appears to be similar to that in the Waterberg #1 deposit across the first two tenements and up to a known fault, which has been confirmed mid way through the third property.
- Analysis of the resource confirms the potential for a large scale open cut mine producing a mix of semi-soft coking coal and export and domestic thermal coals.
- Mine and associated infrastructure planning continues to progress well. This is expected to result in the definition of a JORC-compliant coal reserve during August 2009.
- An additional drilling programme to define a JORC-compliant coal resource on the Witkopje (L1) property commenced in July 2009.

***Corporate***

- A fully underwritten non-renounceable entitlement offer for the issue of 77 million shares at \$0.40 per share to raise approximately \$30 million was announced on 23 June 2009. The offer closes on 20 July 2009. Funds from the issue will be used primarily for the company's South African projects, in particular for the acquisition of land.

**EXPLORATION RIGHTS AND ACTIVITIES**

***Waterberg Coal Joint Venture (WCJV)***

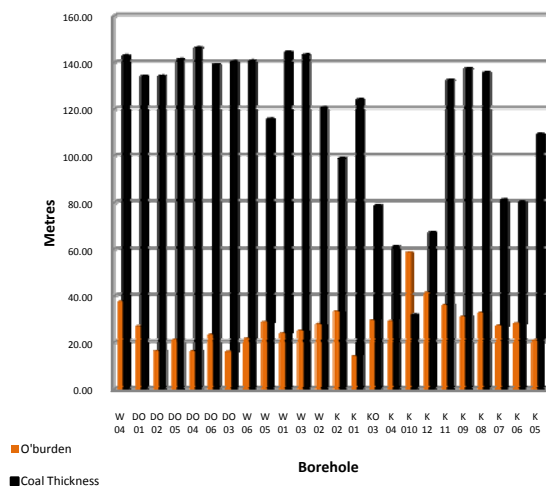
- No exploration drilling occurred during the quarter. The drilling programme had been completed in the previous quarter.



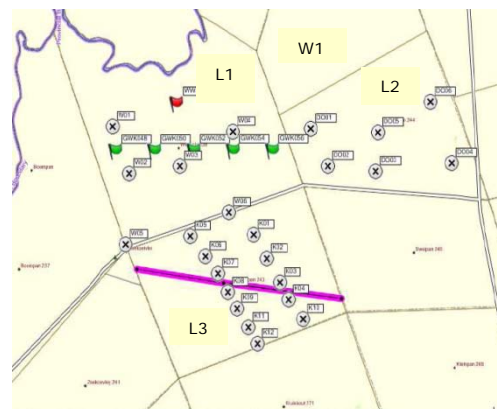
- Analysis of the twenty cored holes in Waterberg #1 is close to completion. The analysis of the 45 percussion holes has been completed. A JORC-compliant inferred resource of 1,991.6 million tonnes\* for Waterberg #1 was announced during the quarter. In order to remove the quantum of shale from the resource, 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. The company expects to be able to publish a resource at indicated status once analysis is finalised.
- Mine and associated infrastructure planning continues to progress well. This is expected to result in the definition of a JORC-compliant coal reserve during August 2009.
- As previously advised, expenditure of US\$5 million will increase Resource Generation's rights in the WCJV from its current 20% to 70%, subject to final regulatory consent. This expenditure is expected to enable a bankable reserve to be determined which will enable a mining feasibility study to be finalised. US\$2.8 million has been spent to date.

**Ledjadja Coal Joint Venture (LCJV)**

- 24 percussion holes were drilled on three of the seven Ledjadja JV properties adjacent to the south and west of the Waterberg #1 tenement in the quarter.
- Results indicate a continuity of coal seam thickness and overburden depth from the Waterberg #1 deposit across the first two tenements and up to a known fault, which has been confirmed mid way through the third property. The depth of overburden and coal is shown in the graph below, together with the plan of the drilling programme.



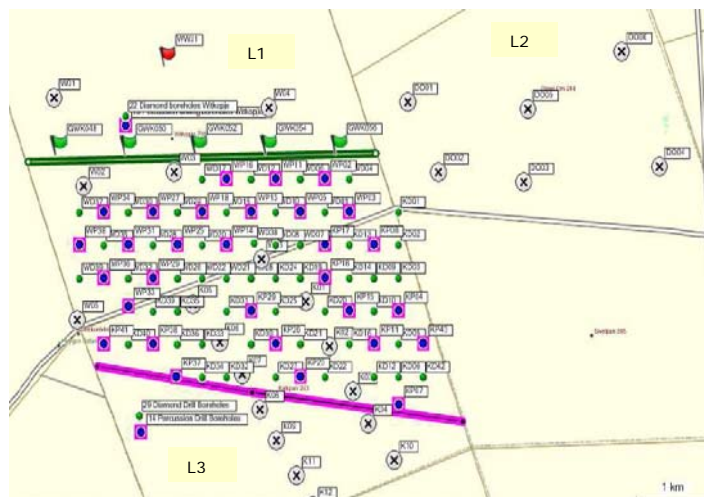
*Overburden and coal seam thickness*



*Drilling programme completed*

- Drilling has delineated the broad resource boundaries and following analysis will assist in determining the optimal sites for mine infrastructure, including coal handling and preparation plant. This analysis is underway and forms part of the pre-feasibility study.

- An additional drilling programme to define a JORC-compliant coal resource on the Witkopje (L1) property commenced in July 2009. This will be followed by a drilling programme on Kalkpan (L3) after access has been obtained, which is expected in September 2009.



*Drilling programme for L1 and L3*

- 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%, subject to final regulatory consent. ZAR2.5 million has been spent to date.

### ***Tasmania***

- Little activity occurred during the quarter. A drilling programme for the coal tenements has been designed and access to commence exploration is being finalised.

### ***Cameroon***

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

## **CORPORATE**

- A fully underwritten non-renounceable entitlement offer for the issue of 77 million shares at \$0.40 per share to raise approximately \$30 million was announced on 23 June 2009. The offer closes on 20 July 2009. Funds from the issue will be used primarily for the company's South African projects, in particular for the acquisition of land. Other uses include completion of a bankable feasibility study for the Waterberg Mine, initial infrastructure works to secure access to necessary utilities such as power supply, facilitation of the development of the Ledjadja project, the continuation of exploration activities in Tasmania and working capital.

## RESOURCE GENERATION LIMITED

Quarterly Report to 30 June 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](http://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")

30 June 2009

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	75
1.2	Payments for (a) exploration and evaluation	(750)	(2,497)
	(b) development	(612)	(1,531)
	(c) production	-	-
	(d) administration	(303)	(1,692)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	76	371
1.5	Interest and other costs of finance paid	(2)	(6)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	49
	<b>Net Operating Cash Flows</b>	<b>(1,591)</b>	<b>(5,231)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	(2,210)
	(c) other fixed assets	(7)	(376)
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)	-	-
	<b>Net investing cash flows</b>	<b>(7)</b>	<b>(2,573)</b>
1.13	Total operating and investing cash flows (carried forward)	(1,598)	(7,804)

		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(1,598)	(7,804)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	34	11,426
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)	-	-
	<b>Net financing cash flows</b>	<b>34</b>	<b>11,426</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,564)</b>	<b>3,622</b>
1.20	Cash at beginning of quarter/year to date	6,556	1,401
1.21	Exchange rate adjustments to item 1.20	98	67
1.22	<b>Cash at end of quarter</b>	<b>5,090</b>	<b>5,090</b>

**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
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**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

N/A
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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
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**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	2,500
4.2	Development	1,000
<b>Total</b>		<b>3,500</b>

**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	9	10
5.2	Deposits at call	4,865	6,316
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	216	230
<b>Total: cash at end of quarter (item 1.22)</b>		<b>5,090</b>	<b>6,556</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
6.1	N/A	Interests in mining tenements relinquished, reduced or lapsed		
6.2	N/A	Interests in mining tenements acquired or increased		

### 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	<b>+Preference securities</b> <i>(description)</i>	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	<b>+Ordinary securities</b>	77,068,846	77,068,846	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	343,309 Nil	343,309	\$0.10*  *Exercise of options	Fully paid
7.5	<b>+Convertible debt securities</b> <i>(description)</i>	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> <i>(description and conversion factor)</i>	474,785 450,000 3,750,000 1,000,000 250,000 450,000 250,000 350,000 350,000 375,000 375,000 500,000	Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> \$0.10 \$0.25 \$0.50 \$0.50 \$0.50 \$0.60 \$0.70 \$1.00 \$1.50 \$1.55 \$1.85 \$2.05	<i>Expiry date</i> 31/12/2009 28/11/2012 31/12/2012 7/7/2011 17/3/2013 28/11/2012 17/3/2013 17/3/2013 17/3/2013 28/5/2013 28/5/2013 28/5/2013
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	343,309		\$0.10	
7.10	Expired during quarter	Nil			
7.11	<b>Debentures</b> <i>(totals only)</i>	N/A			
7.12	<b>Unsecured notes</b> <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: 14 July 2009

Print name: STEPHEN JAMES MATTHEWS

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