



RESOURCE GENERATION LIMITED
ABN 91 059 950 337

Preliminary Final Report

Year Ended 30 June 2009

Appendix 4E ASX Listing Rule 4.3A

	30 June 09	30 June 08	Change
	\$ '000	\$ '000	
Revenue from continuing operations	398	110	Up 262%
Loss from continuing operations	(15,146)	(10,890)	Up 39%
Loss from discontinued operations	(6)	(99)	Down 94%
Loss attributable to members of Resource Generation Limited	(15,152)	(10,989)	Up 38%

Commentary

The operations of the Company showed a loss for the period of \$15.2 million.

The operating loss comprises the following:

	\$m
Expenses not capitalised	1.8
Non-cash accounting adjustments:	
Impairment Reserve	7.1
Cancelled options	6.3
Operating Loss	<u>15.2</u>

Financial Position

On 23 June 2009, the Company announced a fully underwritten rights issue at 40 cents per share. The rights issue raised \$30.8 million cash before costs. Proceeds from the issue will be used primarily to continue development of the Waterberg One Coal and Ledjadja Coal projects, in particular to secure land for mine infrastructure and to assist in completion of a bank feasibility study.

The rights issue has strengthened the Group's balance Sheet as demonstrated in the following analysis which shows the impact of the cash received from the rights issue on the consolidated balance sheet as at 30 June 2009.

	Consolidated yearly accounts	Cash received from rights issue (net of costs)	Consolidated pro forma balance sheet incorporating rights issue
	30/6/09	27/7/09	27/7/09
	\$000	\$000	\$000
Total Assets	61,815	29,557	91,371
Total Liabilities	4,601		4,601
Net Assets	<u>57,214</u>		<u>86,771</u>
Total Equity	<u>57,214</u>	29,557	<u>86,771</u>



RESOURCE GENERATION LIMITED
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The remainder of the information requiring disclosure to comply with listing rule 4.2A is contained in the attached financial report and the additional information tabled below.

The accounts have been audited and were not subject to any dispute or qualification.

Additional Information

Net tangible assets per share: 80 cents (30 June 2008: 112 cents).

No dividends were paid or proposed to be paid to members during the financial year.

Further information regarding Resource Generation and its business activities can be obtained by visiting the Company's website at www.resgen.com.au.

A handwritten signature in black ink, appearing to read "Paul Jury".

Paul Jury
Managing Director
24 August 2009

RESOURCE GENERATION LIMITED

ABN 91 059 950 337

Annual Report 30 June 2009

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The financial report covers both Resource Generation Limited as an individual entity and the consolidated entity comprising Resource Generation Limited and its subsidiaries. The financial report is presented in the Australian currency.

Resource Generation Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 12, Chifley Tower
2 Chifley Square
Sydney NSW 2000

The financial report was authorised for issue by the Directors on 24 August 2009. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete and available globally at a minimum cost. All media releases, quarterly production reports, financial reports and other information is available at our Investor page on our website: www.resgen.com.au

Resource Generation Limited
Directors' report
30 June 2009

Directors' report
30 June 2009

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Resource Generation Limited (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2009.

Directors

SR Douglas (Chairman, appointed Chairman 3 December 2008)
PJ Jury (Managing Director, appointed 15 July 2008)
S J Matthews (Executive Director, appointed 15th July 2008)
G Rose (Non-executive Director appointed 3 December 2008)
MW Hunt (Chairman, resigned 3 December 2008))
PE Pawlowitsch (Director, resigned 15 July 2008)

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the annual report.

Significant changes in the state of affairs

On 23 June 2009, the Company announced a fully underwritten rights issue at 40 cents per share. The rights issue raised \$30.750 million cash before costs. A pro-forma 30 June 2009 balance sheet incorporating the cash received from the rights issue may be found below and at Note 32. Proceeds from the issue will be used primarily to continue development of the Waterberg One Coal and Ledjadja Coal projects, in particular to secure land for mine infrastructure and to assist in completion of a bankable feasibility study.

A number of significant corporate events occurred in the year under review:

1 Acquisitions

(i) Acquisition of Resgen South Africa (Pty) Limited (formerly Isicebi Carbon Mining (Pty) Limited)

In July 2008, the Company settled the purchase of Resgen South Africa (Pty) Limited (formerly Isicebi Carbon Mining (Pty) Limited), a company with the right to earn a 70% joint venture interest in three coal tenements in the Waterberg region of South Africa by spending \$5 million. The initial JORC-compliant inferred resource in the Waterberg region of South Africa was 738.8 million tonnes, but was revised to approximately 2.0 billion tonnes in March 2009.

(ii) Acquisition of Resgen Africa Holdings Limited (formerly Apex Resources Holdings Inc)

On 23 December 2008, the Company purchased Resgen Africa Holdings Limited (formerly Apex Resources Holdings Limited), a company which has a 49% joint venture interest in a coal exploration permit covering approximately 8,000 hectares in an area adjacent to the Resgen South Africa (Pty) Limited tenements in the Waterberg region of South Africa.

(iii) Acquisition of Energy Investments Limited and Tiger Coal Pty Limited

On 9 October 2008, the Company purchased all the issued capital in Energy Investments Limited and Tiger Coal Pty Limited. Energy Investments Limited held two exploration licences in Tasmania and Tiger Coal Pty Limited held two exploration licences and one licence application in Tasmania.

2 Resource upgrades

The Waterberg drilling programme was completed on target in January 2009. Results were better than expectations and the Waterberg resource was upgraded to approximately 2.0 billion tonnes in March 2009.

3 Coal Reserves

In August 2009, the Company announced completion of a JORC-compliant bankable reserve in the Waterberg region of South Africa of 302.4 million saleable tonnes. Coal reserves in Tasmania will continue to be evaluated.

4 Restructured Capital

- (i) \$12 million was raised in an equity placement in August 2008.
- (ii) The company undertook a 1 for 10 share consolidation in January 2009, which reduced the number of shares on issue from 729 million to 73 million. The rights issue in July 2009 increased the number of shares to 154 million.
- (iii) \$30.750 million was raised in a rights issue in July 2009.

5 New corporate identity

The name of the Company was changed to Resource Generation Limited (from Comdek Limited) in September 2008. The Company was relisted on the Australian Stock Exchange as a resource stock in September 2008.

6 Closure of business

On 31 August 2008, the Company closed its satellite communications business, operated by its wholly owned subsidiary, Comdek Satellite Communications Pty Limited (previously named Fusion Communication Services Pty Limited). Operations are now solely focused on the exploration and development of energy related resources.

Resource Generation Limited

Directors' report

30 June 2009

Principal activities

During the year the principal continuing activities of the Group consisted of the exploration and development of coal reserves in South Africa and Tasmania and desk top studies of its Cameroon uranium deposits.

Dividends

No dividends were paid or proposed to be paid to members during the financial year.

Review and results of operations

The operating loss for the year for the company was \$15.152 million, comprising expenses not capitalised of \$1.731 million, an impairment expense of \$7.089 million and cancelled options expense of \$6.332 million.

Matters subsequent to the end of financial year

Rights issue

The Company announced a 1 for 1 non-renounceable rights issue on 23 June 2009. This entitlement issue was at 40 cents per share to raise \$30.750 million before costs. The issue was fully underwritten and all monies in respect of the equity raising were received by 27 July 2009. The proceeds from the issue will be used primarily to continue development of the Waterberg One Coal and Ledjadja Coal projects, in particular to secure land for mine infrastructure and to assist in completion of a bankable feasibility study.

The rights issue has strengthened the Group's Balance Sheet as demonstrated in the following analysis which shows the impact of the cash received from the rights issue on the consolidated balance sheet as at 30 June 2009.

	Consolidated yearly accounts	Cash received from rights issue (net of costs - no other adjustments)	Consolidated pro forma balance sheet incorporating rights issue
	30-Jun-09 \$000	27-Jul-09 \$000	27-Jul-09 \$000
TOTAL ASSETS	61,815	29,557	91,372
TOTAL LIABILITIES	4,601		4,601
NET ASSETS	<u>57,214</u>		<u>86,771</u>
TOTAL EQUITY	<u>57,214</u>	29,557	<u>86,771</u>

Likely developments and expected results of operations

There were no likely developments in the operations of the Group that were not finalised at the date of this report. Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this financial report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group's directors and management are committed to continual improvement in the environmental management of the Group's operations and to develop effective community and stakeholder relationships.

The Group is aware of its environmental regulations and seeks to comply with them in all relevant jurisdictions. There have been no environmental incidents throughout the year.

Information on directors

Scott Robert Douglas

Non-executive Chairman, age 34

Experience and expertise

Mr Douglas has considerable experience and skills in investor relations, project management, and strategic corporate advice. Mr Douglas has provided corporate advice, business development and capital raising services to a number of junior resource companies and was instrumental in the formation and ASX listing of Ironclad Mining Limited and held a business development and marketing role with Scimitar Resources Limited.

Other current directorships

Mr Douglas is an executive director of ASX Listed International Resource Holdings Limited.

Resource Generation Limited

Directors' report

30 June 2009

Interests in shares and options

506,576 ordinary shares in Resource Generation Limited

250,000 25c options to acquire ordinary shares in Resource Generation Limited

250,000 50c options to acquire ordinary shares in Resource Generation Limited

250,000 60c options to acquire ordinary shares in Resource Generation Limited

250,000 70c options to acquire ordinary shares in Resource Generation Limited

250,000 \$1.55 options to acquire ordinary shares in Resource Generation Limited

250,000 \$1.85 options to acquire ordinary shares in Resource Generation Limited

500,000 \$2.05 options to acquire ordinary shares in Resource Generation Limited

Former directorships in the last 3 years

None.

Special responsibilities

Chairman of the Board

Chairman of the Audit & Risk Committee

Chairman of the Remuneration Committee

Paul John Jury , BComm, CA, FFin, ACIS, FTIA

Managing Director, age 52.

Experience and expertise

Mr Jury has over 30 years experience in managing businesses, the last 20 being in the coal sector. Mr Jury's positions have included Chief Financial Officer of Coal and Allied Industries Limited, Finance Director of Coal Mines Australia Limited, Executive Chairman of Oceanic Coal Australia Limited and Managing Director of Resource Pacific Holdings Limited.

Interests in shares and options

8,876,349 ordinary shares in Resource Generation Limited

3,000,000 share rights to acquire ordinary shares in Resource Generation Limited

Former directorships in the last 3 years

Executive director of Resource Pacific Holdings Limited (resigned 19 February 2008).

Special responsibilities

Managing Director

Stephen James Matthews, BSc (Hons), ACA, FFin

Executive Director and Company Secretary, age 52.

Experience and expertise

Mr Matthews has over 25 years corporate finance and commercial experience, including 13 years in the coal industry. Mr Matthews' previous positions were as a senior executive with Coal Mines Australia Limited, Billiton Coal Australia, BHP Billiton's Hunter Valley Energy Coal division and Resource Pacific Holdings Limited.

Interests in shares and options

474,468 ordinary shares in Resource Generation Limited

1,500,000 share rights to acquire ordinary shares in Resource Generation Limited

Former directorships in the last 3 years

None.

Special responsibilities

Company Secretary

Resource Generation Limited

Directors' report

30 June 2009

Geoffrey (Toby) Rose AO, BSc

Non-executive director, age 73.

Experience and expertise

Mr Rose is a geologist with more than 45 years experience in the NSW coal and minerals industry. He was awarded the Order of Australia for contributions to mining and minerals research. For 10 years until 1992 Toby was Director General of the New South Wales Department of Mineral Resources and Chair of the Mines Subsidence Board. Subsequent directorships include non-executive roles with Coal Mines Australia Limited, Billiton Coal Australia and Resource Pacific Holdings Limited.

Interests in shares and options

8,000 ordinary shares in Resource Generation Limited

Former directorships in the last 3 years

Director of Resource Pacific Holdings Limited (resigned 19 February 2008)

Special responsibilities

Member of the Audit & Risk Committee

Member of the Remuneration Committee

Michael William Hunt , BA, LLB (Hons)

Former Chairman, age 62, resigned 3 December 2008

Experience and Expertise

Mr Hunt is a commercial lawyer and has extensive experience consulting for the mining, petroleum and exploration industries.

Peter Edward Pawlowitsch, BComm, CPA, MBA

Non-executive director, age 35, resigned 15 July 2008

Expertise and experience

Mr Pawlowitsch has experience in accounting, business management and evaluating businesses and projects.

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2009, and the number of meetings attended by each director were:

	Full meetings of directors		Meetings of committees			
	A	B	Audit and risk		Remuneration	
	A	B	A	B	A	B
Scott Douglas	12	12	1	1	1	1
Paul Jury	12	12	*	*	*	*
Stephen Matthews	12	12	*	*	*	*
Geoffrey (Toby) Rose	8	8	1	1	1	1
Michael Hunt	5	3	*	*	*	*
Peter Pawlowitsch	1	1	*	*	*	*

A= Number of meetings held during the time the director held office during the year

B= Number of meetings attended

* = Not a member of the relevant committee

Both the audit and risk committee and the remuneration committee were constituted during the current financial year.

Remuneration report

The remuneration report is set out under the following main headings:

1. Principles used to determine the nature and amount of remuneration;
2. Details of remuneration;
3. Service agreements;
4. Share-based compensation; and
5. Additional information

Remuneration Report (Continued)

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under Accounting Standard AASB 124, Related Party Disclosures.

1 Principles used to determine the nature and amount of remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategy objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that the executive reward satisfies the following key criteria for good reward governance practices:

- a) Competitiveness and reasonableness;
- b) Acceptability to shareholders;
- c) Performance linkage / alignment of executive compensation;
- d) Transparency; and
- e) Capital management.

The Company has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.

Alignment to shareholders' interests:

- a) focuses on sustained growth in shareholder wealth; and
- b) attracts and retains high calibre executives.

Alignment to program participants' interests:

- a) rewards capability and experience; and
- b) provides a clear structure for earning rewards.

Executive directors

Fees and payments to executive directors reflect the demands which are made on, and the responsibilities of, the directors.

Executive directors' fees and payments are reviewed annually by the Board. The Board also ensures that executive directors' fees and payments are appropriate and in line with the market. Executive directors do receive security based payments as part of their compensation package, as disclosed below.

Retirement allowances and benefits for directors

There are no retirement allowances or other benefits paid to directors.

Directors' fees

The amount of remuneration of the directors of Resource Generation Limited (as defined in AASB 124 [Related Party Disclosures]) is set out in the following table. There was no remuneration of any type to the directors, other than as reported below, for the provision of management services.

Short-term incentives

Short term incentives (STI) are offered on a competitive basis considering a total remuneration package benchmarked against relevant industry groups and having regard for the specific circumstances of the Group. The components of each executive's total remuneration package is weighted in accordance with their role and responsibilities.

The Remuneration Committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payout if targets are met. This includes setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

The short term bonus payments may be adjusted up or down in line with under or over achievement against the target performance levels. This is at the discretion of the Remuneration Committee.

Long-term incentive plan

The long term incentive plan (LTIP), known as the Deferred Share Plan, was approved by shareholders at the November 2008 Annual General Meeting. Options are granted under the LTIP to employees eligible to participate in the plan i.e. those at an Executive level (including the Managing Director). The Company will seek shareholder approval at an Annual General Meeting prior to any options being issued to the Managing Director and the Company Secretary.

Options are granted under the Plan for no consideration. Options vest over periods ranging from one to three years with both market and non-market based performance hurdles determined by the executive's role and responsibilities.

1 Principles used to determine the nature and amount of remuneration (continued)

Each year, the Remuneration Committee considers whether senior executives should be awarded options under the LTIP and considers the appropriate targets and key performance indicators to determine what hurdles are appropriate for vesting to occur.

2 Details of remuneration

Details of the nature and amount of each element of the emoluments of directors and key management personnel of Resource Generation Limited and the Resource Generation Limited Group are set out in the following tables.

The key management personnel of the Group includes the directors as set out on page 1 and the following executive officers, who are also the highest paid executives of the Group:

- Hennie van den Aardweg - General Manager Operations South Africa
- Michelene Collopy - Chief Financial Officer
- Rowan Armstrong - Geologist

	Short-term benefits	Post employment benefits	Share based payment	Total	
2009	Cash salary or fees	Superannuation	Share based payment		% Share based payment
	\$	\$	\$	\$	
<i>Non-executive directors</i>					
(i) Scott Douglas	147,323	-	-	147,323	-
Geoffrey (Toby) Rose	-	29,167	-	29,167	-
Michael Hunt	-	25,165	-	25,165	-
(ii) Peter Pawlowitsch	17,732	-	-	17,732	-
<i>Sub-total non-executive directors</i>	165,055	54,332	-	219,387	
<i>Executive directors</i>					
Paul Jury	286,957	100,000	216,000	602,957	36%
Stephen Matthews	190,217	100,000	108,000	398,217	27%
<i>Other key management</i>					
Hennie van den Aardweg	218,714	-	33,750	252,464	13%
Michelene Collopy	23,313	23,312	-	46,625	-
Rowan Armstrong	74,738	5,188	-	79,926	-
Totals	958,994	282,832	357,750	1,599,576	

The fees paid to director-related entities were for the provision of services of the particular officer, to the Company, as follows:

- (i) Satomi Pty Ltd, an entity associated with Scott Douglas was paid \$147,323 for company director services;
- (ii) Gyoen Pty Ltd, trading as Gyoen Consulting, an entity associated with Peter Pawlowitsch was paid \$8,250 for company director services and \$9,482 for consulting services.

	Short-term benefits	Post employment benefits	Share based payment	Total	
2008	Fees paid to director or related	Superannuation	Share based payment		% Share based payment
Name of director	\$	\$	\$	\$	
<i>Non-executive directors</i>					
Michael Hunt	-	34,335	425,374	459,709	92.53%
<i>Executive directors</i>					
(i) Ian Hobson	15,000	-	-	15,000	-
(ii) Peter Christie	7,500	-	-	7,500	-
(iii) Peter Pawlowitsch	65,000	-	368,319	433,319	85.00%
(iv,v) Scott Douglas	97,930	-	1,426,595	1,524,525	93.58%
(vi) Edward Mead	95,000	-	-	95,000	-
<i>Sub-total directors</i>	280,430	34,335	2,220,288	2,535,053	
<i>Other key management</i>					
(vii) Mark Clements	47,507	-	72,540	120,047	60.43%
Rowan Armstrong	72,177	6,496	-	78,673	-
Totals	400,114	40,831	2,292,828	2,733,773	

2 Details of remuneration (continued)

The fees paid to director-related entities were for the provision of services of the particular director, to the Company as follows:

- (i) Churchill Services Pty Ltd, an entity associated with Ian Hobson was paid \$15,000 for company secretarial services;
- (ii) Eintouch Pty Ltd, trading as Hawkins Christie Management Services, an entity associated with Peter Christie was paid \$7,500 for company director services;
- (iii) Gyoen Pty Ltd, trading as Gyoen Consulting, an entity associated with Peter Pawlowitsch was paid \$65,000 for company director services;
- (iv) Sample Group Pty Ltd, an entity associated with Scott Douglas was paid \$61,960 for company director services;
- (v) Satomi Pty Ltd, an entity associated with Scott Douglas was paid \$35,970 for company director services;
- (vi) Doferado Pty Ltd, an entity associated with Ed Mead was paid \$95,000 for company director services; and
- (vii) Trident Management Services Pty Ltd, an entity associated with Mark Clements was paid \$47,507 for company secretarial services.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2009	2008	2009	2008	2009	2008
<i>Executive directors</i>						
Paul Jury	64%	-	-	-	36%	-
Stephen Matthews	73%	-	-	-	27%	-
<i>Other key management</i>						
Hennie van den Aardweg	87%	-	-	-	13%	-
Micheline Collopy	100%	-	-	-	-	-
Rowan Armstrong	100%	100%	-	-	-	-

3 Service agreements

Paul Jury, Managing Director

- Three year term from 14 July 2008;
- Three month notice by director;
- Termination payments equivalent to six months' salary package;
- Base salary to be reviewed annually;
- Provision made for the awarding of bonuses at the Board's discretion; and
- Provision made for the award of performance related options, subject to shareholder approval.

Steve Matthews, Executive Director and Company Secretary

- Three year term from 14 July 2008;
- Three month notice by director;
- Termination payments equivalent to six months' salary package;
- Base salary to be reviewed annually;
- Provision made for the awarding of bonuses at the Board's discretion; and
- Provision made for the award of performance related options, subject to shareholder approval.

Hennie van den Aardweg, General Manager Operations South Africa

- Three year term from 1 November 2008;
- One month notice by employee;
- Termination payments equivalent to three months' salary package;
- Base salary to be reviewed annually;
- Provision made for the awarding of bonuses at the Board's discretion; and
- Provision made for the award of performance related options.

Micheline Collopy, Chief Financial Officer

- No service agreement

Rowan Armstrong, Operations Manager, Perth (until 31 October 2008)

- No service agreement

There are no service agreements with non-executive directors. Non-executive directors serve on a month to month basis and there are no termination payments payable.

4 Share-based compensation
 Shares under option

Shares under option are granted under the Long Term Incentive Plan for no consideration. Options vest over periods ranging from one to three years with both market and non-market based performance hurdles determined by the executive's role and responsibilities. The performance hurdles are linked to key development milestones including identification of reserves the bankable feasibility study. Shareholder approval for the issue of shares under option was obtained at a General Meeting held on 23 January 2009.

Unissued ordinary shares of Resource Generation Limited under option, held by directors and employees, at the date of this report are as follows:

Grant date	Name	Date vested and exercisable	Expiry date/ Year in which options may vest	Issue price of shares	Value per option at grant date	Number granted under option 2009	Number granted under option 2008
2-Mar-09	Paul Jury	31-Dec-09	31-Dec-09	nil	\$0.18	3,000,000	-
2-Mar-09	Steve Matthews	31-Dec-09	31-Dec-09	nil	\$0.18	1,500,000	-
2-Mar-09	Hennie van den Aardweg	4-Aug-09	30-Jun-10	nil	\$0.18	150,000	-
2-Mar-09	Hennie van den Aardweg	30-Jun-10	30-Jun-10	nil	\$0.18	150,000	-
7-Dec-07	Scott Douglas	7-Dec-07	28-Nov-12	n/a	\$0.73	-	250,000
7-Dec-07	Scott Douglas	7-Dec-07	28-Nov-12	n/a	\$0.57	-	250,000
17-Mar-08	Scott Douglas	17-Mar-08	17-Mar-13	n/a	\$0.88	-	250,000
17-Mar-08	Scott Douglas	26-May-08	17-Mar-13	n/a	\$0.79	-	250,000
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.76	-	250,000
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.69	-	250,000
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.64	-	500,000
						4,800,000	2,000,000

n/a: Refer to Note 21 for details on options issued.

Grant date	Name	% Vested	% Forfeited	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$	Performance achieved
2-Mar-09	Paul Jury	Nil	Nil	Nil	540,000	to be determined
2-Mar-09	Steve Matthews	Nil	Nil	Nil	270,000	to be determined
2-Mar-09	Hennie van den Aardweg	100%	Nil	Nil	Nil	100%
2-Mar-09	Hennie van den Aardweg	Nil	Nil	Nil	27,000	to be determined
7-Dec-07	Scott Douglas	100%	Nil	Nil	Nil	100%
7-Dec-07	Scott Douglas	100%	Nil	Nil	Nil	100%
17-Mar-08	Scott Douglas	100%	Nil	Nil	Nil	100%
17-Mar-08	Scott Douglas	100%	Nil	Nil	Nil	100%
26-May-08	Scott Douglas	100%	Nil	Nil	Nil	100%
26-May-08	Scott Douglas	100%	Nil	Nil	Nil	100%
26-May-08	Scott Douglas	100%	Nil	Nil	Nil	100%

4 Share-based compensation (continued)

The assessed fair value at grant date of options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a binomial pricing model that takes into account exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

Cancelled executive options

When Mr Paul Jury and Mr Steve Matthews were appointed Directors they were granted the following series of options:

Option expiry date	Paul Jury Number '000	Steve Matthews Number '000	Exercise price
5-Sep-09	2,789	1,399	\$2.00
5-Mar-10	2,789	1,399	\$2.75
5-Sep-10	2,789	1,399	\$3.50

This was approved by shareholders at a General Meeting on 5 September 2008. Given the turmoil in global stock markets these options, which are short term, no longer acted as the incentive for which they were intended. The options package was replaced by performance shares, under the employee share plan, approved at the General Meeting on 23 January 2009. Mr Jury and Mr Matthews were granted 3 million and 1.5 million performance shares respectively. The options were cancelled and fully expensed (\$6,332K) in the current period.

5 Additional information

a) Shares under option

At 30 June 2009 there were 13.4m ordinary shares under option made up of the 4.8m granted during 2009 as detailed above and 8.6m issued in prior years. For details of these options see Note 21e.

b) Insurance of officers

During the financial year the Company paid a premium of \$20,883 to insure the directors and officers of the Company. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

c) Agreement to indemnify officers

During the financial year, the Company entered into an agreement to provide access to Company records and to indemnify the directors and secretary of the Company. The indemnity relates to any liability:

- i) as a result of being, or acting in their capacity as, an officer of the Company to the maximum extent permitted by law.
- ii) for legal costs incurred in successfully defending civil or criminal proceedings. No liability has arisen under these indemnities as at the date of this report.

d) Proceedings on behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

e) Rounding of amounts

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

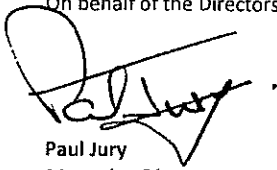
f) Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11 of the annual report.

g) Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and Group are important. The Board of Directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor, as set out in note 24, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.
On behalf of the Directors



Paul Jury
Managing Director

Sydney
Date

24 August 2009

PricewaterhouseCoopers
ABN 52 780 433 757

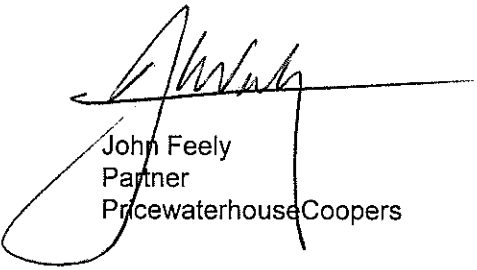
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
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Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Resource Generation Limited for the year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Resource Generation Limited and the entities it controlled during the period.



John Feely
Partner
PricewaterhouseCoopers

Sydney
24 August 2009

Resource Generation Limited

Corporate Governance Statement
30 June 2009

Corporate governance statement 30 June 2009

Resource Generation Limited (the Company) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. An extensive review of the Company's corporate governance framework was completed in May 2007 and in light of the best practice recommendations released by the Australian Securities Exchange Corporate Governance Council in August 2007 and the reorganisation of the Company that was undertaken during the financial year ended 30 June 2008. The Board continues to review the framework and practices to ensure that they meet the interests of shareholders. Where the Company has not adhered to the policies set out in its Board charter for corporate governance it is stated in the annual report.

The directors are responsible to the shareholders for the performance of the Company in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Company as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Managing Director and the Company Secretary. These are reviewed on an annual basis, with the most recent review in June 2009.

All these practices, unless otherwise stated, were in place for the entire year. They comply with the August 2007 ASX Principles of Good Corporate Governance and Best Practice Recommendations.

The Board of Directors

The Board operates in accordance with the broad principles set out in its charter which is available from the Company's registered office and on the website. The charter details the Board's composition and responsibilities.

Board composition

At the date of signing the Directors' Report, the Board comprises two executive Directors (the Managing Director and Company Secretary) and two non-executive Directors.

Responsibilities

The responsibilities of the Board include:

- i) providing strategic guidance to the Company including contributing to the development of and approving the corporate strategy;
- ii) reviewing and approving business plans and financial plans including available resources and major capital expenditure initiatives;
- iii) overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- iv) compliance with the Company's Code of Conduct;
- v) monitoring progress on major capital works and other significant corporate projects including any acquisitions or divestments;
- vi) monitoring financial performance including approval of the annual and half-year financial reports and liaison with the Company's auditors;
- vii) appointment, performance assessment and, if necessary, removal of the directors;
- viii) ratifying the appointment and/or removal and contributing to the performance assessment for the members of the senior management team including the Chief Financial Officer and the Company Secretary;
- ix) ensuring there are effective management processes in place and approving major corporate initiatives;
- x) enhancing and protecting the reputation of the organisation; and
- xi) overseeing the operation of the Company's system for compliance and risk management reporting to shareholders.

Chairman and Managing Director

The Chairman is responsible for leading the Board, ensuring directors are properly briefed in all matters relevant to their role and responsibilities, facilitating board discussion and managing the Board's relationship with the Company's senior executives. The Chairman has acknowledged the significant time commitment in accepting the position and has confirmed that other positions will not hinder his effective performance in the role of Chairman.

The Managing Director is responsible for implementing Company strategy and policies.

Commitment

The number of meetings of the Company's Board of directors held during the year ended 30 June 2009, and the number of meetings attended by each director is disclosed in the directors' report under the heading 'Meetings of directors'.

Conflict of interest

There were no conflicts of interest during the reporting period. See Note 26.

Independent professional advice

Directors, and Board committees, have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Written approval of the Chair is required, but this will not be unreasonably withheld.

Performance assessment

The Board undertakes an annual self-assessment of its collective performance, the performance of the Chairman and of its individual directors, bearing in mind the adequacy of induction and continuing education, access to information and the support provided by the Company Secretary.

Corporate reporting

The Board has made the following certifications as to the financial report for the reporting period ended 30 June 2009:

- i) that the Company's financial report is complete and presents a true and fair view, in all material respects, of the financial condition and operational results of the Company; and
- ii) that the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board or where those policies are not adhered to that fact is stated in the annual report and that the Company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board committees

The Board's charter calls for the establishment of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. The Audit Committee was established on 17 February 2009. This committee has a charter that has been approved by the Board and has set the standards for the operation of the committee. The Remuneration Committee was established on 25 June 2009.

Audit and Risk Committee

The Audit and Risk Committee members consists of the following non-executive directors:

Scott Douglas (Chair)

Toby Rose

The Audit and Risk Committee are financially literate and have an appropriate understanding of the industry in which the Group operates.

The Audit and Risk Committee operates in accordance with a charter. The primary purpose of the Audit and Risk Committee is to assist the Board to discharge its responsibilities in the following areas:

- ensuring the Group adopts, maintains and applies appropriate accounting and financial reporting processes and procedures;
- facilitating the independence of the external audit process and addressing issues arising from the audit process;

Resource Generation Limited

Corporate Governance Statement

30 June 2009

Audit and Risk Committee (continued)

- ensuring the Group maintains effective risk management and internal control systems. Effective risk management is facilitated through the active operation of three risk registers covering health, safety and the environment, financial and operations; and
- reviewing and concurring on the appointment, replacement, reassignment or dismissal of the CFO.

Remuneration Committee

The Remuneration Committee consists of the following non-executive directors:

Scott Douglas (Chairman)

Toby Rose

The primary purpose of the Remuneration Committee is to advise the Board on remuneration and incentive policies and practices generally, and to make practical recommendations to assist the Board in discharging its responsibilities in the following areas:

- ensuring that appropriate procedures exist to assess the remuneration levels of the Chairman, non-executive directors, executive directors, direct reports to the Managing Director, Board committees and the Board as a whole;
- ensuring that the Group adopts, monitors and applies appropriate remuneration policies and procedures; and
- ensuring reporting disclosures related to remuneration meet the Board's disclosure objectives and all relevant legal reports.

External Auditors

The Board and Audit and Risk Committee are responsible for the appointment and monitoring of performance of the external auditor. The Audit and Risk Committee charter sets out the following areas of responsibility:

- liaising with the external auditors regarding the scope of the audit and ensuring that the annual and half-yearly audits are conducted in an effective manner;
- approving audit fees;
- reviewing matters relating to auditor independence;
- pre-approving any non-audit services provided by the auditors; and
- ensuring rotation of the audit partner every 5 years.

PricewaterhouseCoopers was appointed auditor in 2008. An analysis of fees paid to the external auditor, including fees for non-audit services, is included in Note 24.

The external auditor attends the annual general meeting and is available to answer shareholder questions. The external auditor is invited to attend half yearly Audit and Risk Committee meetings.

There is currently no formal nomination committee or occupational health & safety committee as the Board does not consider that they are presently warranted given the size of the Board and present operations of the Company. If a new Director were to be appointed, the Board as a whole would review the skills, experience and expertise of the candidate. Relevant workplace policies are in place governing exploration and development activities and are monitored by the Audit and Risk Committee.

Risk assessment and management

The Board, through the Audit and Risk Committee, is responsible for ensuring that there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the Company policies are designed to ensure strategic, operational, legal, reputational and financial risks are identified and assessed, and effectively and efficiently managed and monitored to enable achievement of the Company's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organisational structure with clearly drawn lines of accountability and delegation of authority. Adherence to the code of conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The Company risk management policy and the operation of the risk management and compliance system are managed by the Board which consists of the directors and chairman. Control procedures cover management accounting, financial reporting, project appraisal, compliance and other risk management issues.

Share trading policy

The purchase or sale of Company securities by directors and employees is governed by the Group's Buying and Selling Securities in Resource Generation Limited policy. The policy acknowledges that under a continuous disclosure environment it is difficult to impose specific 'windows' where share trading is permitted and that the only appropriate time for a director or employee to acquire or sell the Company's shares is when he or she is not in possession of price sensitive information which is not generally available in the market.

Code of conduct

The Company has developed a statement of values and a code of conduct which has been fully endorsed by the Board and applies to all directors and any employees when they are engaged. The code is regularly reviewed and updated as necessary to ensure it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders.

In summary, the code requires that at all times all Company personnel act with the utmost integrity, objectivity and in compliance with the letter and the spirit of the law and company policies.

The directors are satisfied that the Company has complied with its policies on ethical standards, including trading in securities.

A copy of the code and the trading policy are included in the Board charter and are available at the Company's registered office and on the website.

Continuous disclosure and shareholder communication

The Company has written policies and procedures on information disclosure that focus on continuous disclosure of any information concerning the Company that a reasonable person would expect to have a material effect on the price of the Company's securities. These policies and procedures also include the arrangements the Company has in place to promote communication with shareholders and encourage effective participation at general meetings. A summary of these policies and procedures is included in the Board charter and is available at the Company's registered office and on the website.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

All information disclosed to the ASX is posted on the company's website as soon as it is disclosed to the ASX. When analysts are briefed on aspects of the Group's operations, the material used in the presentation is released to the ASX and posted on the company's website.

Resource Generation Limited

Income statements

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue from continuing operations	5	398	110	360	110
Administration, rent and corporate		(1,019)	(660)	(1,003)	(660)
Depreciation of property plant and equipment	6a	(69)	(9)	(57)	(9)
Employees benefits expense		(638)	(2,761)	(629)	(2,761)
Share based compensation	6a	(6,690)	-	(6,690)	-
Loans and investments written down	6b	(7,089)	(7,570)	(7,221)	(7,623)
Development expenditure		(39)	-	-	-
Loss before income tax expense		(15,146)	(10,890)	(15,240)	(10,943)
Income tax expense	7	-	-	-	-
Loss from continuing operations		(15,146)	(10,890)	(15,240)	(10,943)
Loss from discontinued operations	8	(6)	(99)	-	-
Loss for the year		(15,152)	(10,989)	(15,240)	(10,943)
Loss attributable to members of Resource Generation Limited		(15,152)	(10,989)	(15,240)	(10,943)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company					
Basic earnings per share	34	(21.2)	(26.6)		
Diluted earnings per share	34	(21.2)	(26.6)		

The above income statements should be read in conjunction with the accompanying notes.

Resource Generation Limited

Balance sheets As at 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Current assets					
Cash and cash equivalents	10	5,090	1,402	4,381	1,388
Trade and other receivables	11	488	100	64	83
Deposits and prepayments	12	-	20	-	18
Inventories	13	-	10	-	-
		<u>5,578</u>	<u>1,532</u>	<u>4,445</u>	<u>1,489</u>
Non-current assets					
Property, plant and equipment	14	305	85	225	85
Receivables	15	-	-	4,630	-
Mining tenements and exploration	16	55,932	45,025	-	23
Investment in subsidiaries	17	-	-	52,029	45,005
		<u>56,237</u>	<u>45,110</u>	<u>56,884</u>	<u>45,113</u>
TOTAL ASSETS		<u>61,815</u>	<u>46,642</u>	<u>61,329</u>	<u>46,602</u>
Current liabilities					
Trade and other payables	18	594	237	241	225
Provisions	19	111	-	94	-
		<u>705</u>	<u>237</u>	<u>335</u>	<u>225</u>
Non-current liabilities					
Royalties payable	20	3,896	-	3,896	-
		<u>3,896</u>	<u>-</u>	<u>3,896</u>	<u>-</u>
TOTAL LIABILITIES		<u>4,601</u>	<u>237</u>	<u>4,231</u>	<u>225</u>
NET ASSETS		<u>57,214</u>	<u>46,405</u>	<u>57,098</u>	<u>46,377</u>
Equity					
Contributed equity	21	65,376	46,313	65,376	46,313
Reserves	22	18,012	11,114	18,012	11,114
Accumulated losses	22	(26,202)	(11,050)	(26,290)	(11,050)
Total parent entity interest		57,186	46,377	57,098	46,377
Minority interest	29	28	28	-	-
TOTAL EQUITY		<u>57,214</u>	<u>46,405</u>	<u>57,098</u>	<u>46,377</u>

The above balance sheets should be read in conjunction with the accompanying notes.

Resource Generation Limited

Consolidated statement of changes in equity
For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total equity at beginning of the year		46,377	1,122	46,377	1,076
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	21	19,063	9,225	19,063	9,225
Contingent consideration	21	-	35,905	-	35,905
Share based payment reserve	22	6,926	11,114	6,926	11,114
Translation reserve	22	(28)	-	(28)	-
		25,961	56,244	25,961	56,244
Total recognised loss for the period		(15,152)	(10,989)	(15,240)	(10,943)
Total equity at end of the year		57,186	46,377	57,098	46,377
Minority interest	29	28	28	-	-
Total equity at end of the year		57,214	46,405	57,098	46,377
Total recognised income and expense for Members of Resource Generation Limited		(15,152)	(10,989)	(15,240)	(10,943)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Resource Generation Limited

Cash Flow Statements

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		2009	2008	2009	2008
		\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		75	276	19	13
Payments to suppliers and employees (inclusive of GST)		(1,625)	(1,300)	(1,431)	(971)
Interest received		378	94	337	94
Interest paid		(6)	-	(4)	-
Net cash inflow/ (outflow) from operating activities	33	(1,178)	(930)	(1,079)	(863)
Cash flows from investing activities					
Payments for property, plant and equipment	14	(374)	(94)	(282)	(90)
Payment for mineral tenements and exploration		(3,943)	(291)	(1,107)	(296)
Payments for acquisition of subsidiaries	9	(2,323)	-	(2,323)	-
Loans to related parties		-	-	(3,716)	-
Proceeds from disposal of property, plant and equipment		13	48	13	-
Net cash inflow/ (outflow) from investing activities		(6,627)	(337)	(7,415)	(386)
Cash flows from financing activities					
Net proceeds from issue of shares		11,426	1,683	11,426	1,683
Net cash inflow from financing activities		11,426	1,683	11,426	1,683
Net increase in cash and cash equivalents		3,621	416	2,932	434
Cash and cash equivalents at the beginning of the year		1,402	986	1,388	954
Effects of exchange rate movements on cash and cash equivalents		67	-	61	-
Cash and cash equivalents at the end of the year	10	5,091	1,402	4,381	1,388

The above cash flow statements should be read in conjunction with the accompanying notes

1. Summary of significant accounting policies

The principal accounting policies adopted in the presentation of the financial report are as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Resource Generation Limited as an individual entity and the consolidated entity consisting of Resource Generation Limited and its subsidiaries.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

It is recommended that this financial report is read in conjunction with any public announcements made by Resource Generation Limited during the year, in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

Compliance with IFRS

The financial report of Resource Generation Limited also complies with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Early adoption of standards

The Group has elected to apply the following pronouncements to the annual reporting period beginning 1 July 2008.

* AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

These include the revised pronouncements in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. None of the items in the financial statements had to be restated as a result of applying this standard.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Resource Generation Limited ("Company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Resource Generation Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (Note 1 (g)).

b) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies of the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet, respectively.

Investments in subsidiaries are referred to as being accounted for at cost in the individual financial statements of Resource Generation Limited.

(ii) Joint ventures

Joint venture entities

The proportionate interest in the assets, liabilities and expenses of the joint venture operations have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in Note 28.

c) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services with a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Resource Generation Limited's presentation and functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges, or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet.

Income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

All resulting exchange rate differences are recognised as a separate component of equity.

On consolidation, exchange rate differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

d) Foreign currency translation (continued)

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Interest revenue is recognised on a time proportional basis using the effective interest method.

When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate on the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liability settled, based on those tax rates which are enacted or substantially enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising on initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation regime

Resource Generation Limited and its wholly owned Australian controlled subsidiaries have decided to implement the tax consolidation legislation as of 1 December 2004. The Australian Taxation Office has been notified of this decision. The recently acquired Australian controlled subsidiaries will be brought into this regime.

The head entity, Resource Generation Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Resource Generation Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

f) Income Tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement will be recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

g) Business combinations

The purchase method of accounting is used for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange, unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of the equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions

h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

i) Trade receivables

All trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment, as they are due for settlement no more than 30 days from the date of recognition, and no more than 30 days for other debtors.

l) Trade receivables (continued)

Collectability of trade receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off by reducing the carrying amount directly. An allowance amount (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payment (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off by reducing the carrying amount directly. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

j) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets. (cash generating units).

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit and loss immediately.

k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period, which are unpaid. The amounts are unsecured and usually paid within 30 days of recognition.

l) Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation and the amount and the outflow can be reliably measured. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

m) Option premium reserve

The fair value at grant date is determined using a pricing model that factors in the share price at grant date, the expected price volatility of the underlying share and the risk-free rate for the assumed term of the option.

n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

o) Exploration and development assets and mining tenements

Exploration, evaluation and development costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are expensed as incurred and only carried forward where there is certainty that the right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest.

Development costs related to an area of interest are carried forward to the extent that they are expected to be recouped either through sale or successful exploitation of the area of interest.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial year the decision is made. Each area of interest is also reviewed at the end of each accounting year and accumulated costs impaired to the extent that they will not be recoverable in the future.

Mining tenements are recognised at cost, after provision for impairment. Refer to Note 1(j) for the consolidated entity's accounting policy on impairment of mining tenements.

p) Earnings per share

- i) Basic Earnings Per Share ("EPS") is calculated by dividing the result attributable to equity holders of the Group by the weighted average number of shares outstanding during the year.
- ii) Diluted earnings per share adjusts the figures used to determine EPS to take into account:
 - * the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
 - * the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. The net amount of GST recoverable from the taxation authority is shown as a receivable in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date. No dividends were paid or proposed to be paid to members during the current year.

s) Minority interests

Minority interest, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interest held by persons outside the group, are shown separately with the Equity section of the consolidation Balance Sheet and in the consolidated Income Statement.

t) Investment in subsidiaries

Subsidiaries are recognised at cost less impairment losses. Refer to Note 1(j) for the consolidated entity's accounting policy on impairment of subsidiaries.

u) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. Goodwill is subsequently measured at cost less any impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the consolidated entity's cash-generating units (CGUs) or groups of CGUs, expected to benefit from the synergies of the business combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired.

v) Inventories

Inventories are valued at the lower of cost and realisable value.

w) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment and borrowing costs capitalised during the construction of a qualifying asset.

Depreciation on assets is calculated on a straight-line basis to allocate their cost or revalued amount, net of their residual values, over their useful estimated lives as follows:

Plant and equipment	4-25 years, depending on the nature of the asset
Office equipment	1-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(j)).

x) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvements to the Group, whichever is shorter. Leasehold improvements held at the reporting date are being amortised over 5 years.

y) Employee benefits**i) Wages, salaries and annual leave.**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions (Note 19) in respect of employee's services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii) Superannuation funds

Contributions to superannuation funds by the consolidated entity are expensed in the year they are paid or become payable.

y) Employee benefits (continued)**iii) Share-based payments**

Share-based compensation benefits are provided to employees via the Resource Generation Limited Employee Share Option Plan and the Resource Generation Limited Deferred Share Plan.

The fair value of options granted under the Resource Generation Limited Employee Share Option Plan is recognised as an employee benefit expense with a corresponding increase in equity.

The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options. The fair value at grant date is independently determined using a binomial option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

z) Leases

Leases of property plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short term and long term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Lease income from the operating lease where the Group is a lessor is recognised in income on a straight line basis over the lease term.

aa) Investments and other financial assets***Classification***

The Group classifies its financial assets in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held to maturity, re-evaluates the designation at each reporting date.

i) *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading purposes or short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit and loss in the period in which they arise.

ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in trade and other receivables (Note 11) in the balance sheet.

aa) Investments and other financial assets (continued)**iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where that is neither a fixed maturity nor fixed or determinable payments and are valued at cost.

Financial assets reclassification

The Group may choose to reclassify a non-derivative trading financial asset out of the held-for-trading category if the financial assets is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be classified out of the held-for-trading category only in rare circumstances arising from a single event that is unusual and highly unlikely to recur in the near term. In addition, the Group may choose to reclassify financial assets that would meet the definition of loans and receivables out of the held-for-trading or available-for-sale categories if the Group has the intention and ability to hold these financial assets for the foreseeable future or until maturity date at the date of classification.

Reclassifications are made at fair value as of the reclassification date. Fair value becomes the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date are subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories are determined at the reclassification date. Further increases in estimates of cash flows adjust effective interest rates prospectively.

Change in accounting policy

The Group has adopted the policy of reclassifying financial assets out of the held-for-maturity from 1 July 2008, following amendments to AASB 139 Financial Instruments: Recognition and Measurement in October 2008. Under the Group's previous policy reclassification of financial assets were not permitted. The Group did not reclassify any financial assets in the current reporting period. Therefore, the change in accounting policy had no impact on the Group's financial statements.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party, whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets to liabilities assumed, is recognised in profit or loss.

Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, significant or prolonged decline in the fair value of a security below its costs is considered as an indicator that the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss -measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss- is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial assets original effective interest rate. the loss is recognised in the income statement.

aa) Investments and other financial assets (continued)

If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial assets original effective interest rate. the loss is recognised in the income statement.

ab) Discontinued operations

A discontinued operation is a component of the entity that has been disposed of and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately on the face of the income statement.

ac) Comparative figures

When required by Accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

ad) New accounting standards and interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* (effective from 1 January 2009)

AASB 8 will result in a significant change in approach to segment reporting, as it requires the adoption of a "management approach" to reporting on financial performance. The information will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will adopt AASB 8 from 1 July 2009 but it is not expected to impact on current policy.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB* (effective from 1 January 2009)

The revised AASB 123 has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. This is not expected to impact upon the Group in the short term.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB* (effective from 1 January 2009)

The September 2007 revised AASB 101 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being at the beginning of the comparative period. The Group will apply the revised standard from 1 July 2009 but is not expected to impact upon the Group.

(iv) AASB 2008-1 *Amendments to Australian Accounting Standards arising from AASB - Share Based payments: Vesting Conditions and Cancellations* (effective from 1 January 2009)

AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

ad) **New accounting standards and interpretations (continued)**

- (v) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127* (effective from 1 July 2009)

The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, the contingent payments classified as debt are subsequently remeasured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related costs must be expensed. This is different to the Group's current policy which is set out in Note 1(g).

The revised AASB 127 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is measured at fair value, and a gain or loss is recognised in profit or loss.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

- (vi) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* (effective from 1 July 2009)

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008. They clarify that all of a subsidiary's assets and liabilities are classified as held for sale if a partial disposal plan results in loss of control. It is not anticipated that this amendment will apply to the Group.

- (vii) AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* (effective from 1 July 2009)

In July 2008, The AASB approved amendments to AASB 1 *First-time Adoption of IFRS* and AASB 127 *Consolidated and Separate Financial Statements*. This amendment does not impact upon the Group.

- (viii) AASB 2008-8 Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* (effective 1 July 2009)

AASB 2008-8 amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgable component of a fixed rate debt. It also prohibits including time value in the one sided hedge risk when designating options as hedges. This amendment does not currently impact the Group.

- (ix) AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation* (effective from 1 October 2009)

AASB-I 16 clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the Group. The Group does not currently hold any hedging instruments.

- (x) AASB Interpretation 17 *Distribution of Non-cash assets to Owners and* AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17*

AASB -I-17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. As the Group does not currently pay dividends, and does not anticipate doing so in the near future, this standard will have no impact on the Group.

2. Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by the board of directors and management under policies approved by the board. The board and management identifies and evaluates financial risks and provides principles for overall risk management.

a) Market risk

i) Interest rate risk

Neither the Group or Company is exposed to any material interest rate risk.

ii) Foreign currency risk

The Group or Company operates internationally and is exposed to currency exposures in respect of the South African Rand in relation to the development and exploration activities in South Africa. Foreign exchange risk is managed through the holding of deposits in South African Rand to match forecast expenditure over the near term. The foreign exchange exposure is not hedged. If the Australian dollar weakened/strengthened by 10% since 30 June 2009 there would have been no impact on the Group's net loss after tax. Other components of equity would not have been affected.

The Group's exposure to foreign currency risk at the reporting date, expressed in Australian dollars, was as follows:

	2009 Rand '000	2008 Rand '000
Royalty payable	30,000	-

iii) Price risk

The Group or Company is not exposed to equity securities price risk as it holds no investments in securities classified on the balance sheet either as available-for-sale or at fair value through profit or loss. The Company is not presently exposed to commodity price risk.

b) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and Notes to the financial statements.

Neither the Group or Company has any material credit risk exposure to any single receivable or receivables under financial instruments entered into by the Company.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. Cash flow forecasting monitors liquidity requirements.

d) Cash flow and fair value interest rate risk

As neither the Group or Company has any significant interest-bearing liabilities, their income and operating cash flows are not materially exposed to changes in market interest rates.

e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. Neither the Group or Company hold any financial assets or liabilities.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group has not recognised unutilised tax losses on balance date as per Note 7. The Group has fully provided for the impairment of the Uranex and Tasmanian mining tenement assets as per Note 6.

4. Segment information

a) Description of segments

Business segments

The consolidated entity is organised into the following divisions by product and service type:

Mineral tenements and exploration

Prospective coal tenements in South Africa and Tasmania and uranium tenements in Cameroon.

Telecommunications Industry

Provision of telephony and internet services to remote areas (closed August 2008).

Geographical segments

The Company is domiciled in Australia. Exploration activities are undertaken in South Africa and Tasmania. The telecommunications business, which was closed in August 2008, operated solely within Australia.

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

4 Segment information (continued)

b) Primary reporting format - business segments

2009	Mining tenements and exploration	Other	Total continuing operations	Discontinued operation tele communications (Note 8)	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment and consolidated revenue	-	20	20	37	57
Interest income	37	341	378	-	378
Segment result	192	(15,338)	(15,146)	(6)	(15,152)
Profit before income tax	192	(15,338)	(15,146)	(6)	(15,152)
Income tax expense	-	-	-	-	-
Loss for the year	192	(15,338)	(15,146)	(6)	(15,152)
Segment assets and liabilities					
Segment assets	52,508	9,307	61,815	-	61,815
Segment liabilities	4,294	307	4,601	-	4,601
Other segment information					
Acquisitions of plant and equipment and other non-current segment assets	10,999	282	11,281	-	11,281
Depreciation expense	12	57	69	-	69
Cash flow information					
Net cash outflow from operating activities	33	(1,224)	(1,191)	13	(1,178)
Net cash outflows used in investing activities	(3,222)	2,885	(6,627)	-	(6,627)
Net cash inflow from financing activities	-	11,426	11,426	-	11,426
2008					
	Mining tenements and exploration	Other	Total continuing operations	Discontinued operation tele communications (Note 8)	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
Segment and consolidated revenue	-	16	16	212	228
Interest income	-	95	95	-	95
Segment result	(7,570)	(3,320)	(10,890)	(99)	(10,989)
Profit before income tax	(7,570)	(3,320)	(10,890)	(99)	(10,989)
Income tax expense	-	-	-	-	-
Loss for the year	(7,570)	(3,320)	(10,890)	(99)	(10,989)
Segment assets and liabilities					
Segment assets	45,026	1,574	46,600	42	46,642
Segment liabilities	-	226	226	11	237
Other segment information					
Acquisitions of plant and equipment and other non-current segment assets	45,026	29	45,054	-	45,054
Depreciation expense	-	(9)	(9)	(23)	(32)
Cash flow information					
Net cash outflow from operating activities	(23)	(840)	(863)	(67)	(930)
Net cash outflows used in investing activities	(296)	(90)	(386)	48	(338)
Net cash inflow from financing activities	-	1,683	1,683	-	1,683

4 Segment information (continued)

c) Secondary reporting format - geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Australia	37	228	9,273	1,616	282	29
South Africa	-	-	52,542	45,026	10,999	45,026
	37	228	61,815	46,642	11,281	45,055
Unallocated assets			-	-		
Total assets			61,815	46,642		

5 Revenue

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Other revenue	20	16	20	16
Interest earned	378	95	340	95
	398	110	360	110

6a Expenses

The loss before income tax includes the following specific expenses

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Depreciation	69	9	57	9
Occupancy costs	168	45	168	45
Foreign exchange loss	10	-	10	-
Share based compensation - cancelled executive options	6,332	-	6,332	-
Share based compensation - replacement executive options	358	-	358	-

When Mr Paul Jury and Mr Steve Matthews were appointed Directors they were granted the following series of options:

Option expiry date	Paul Jury Number (post share consolidation) '000	Steve Matthews Number (post share consolidation) '000	Exercise price
5-Sep-09	2,789	1,399	\$2.00
5-Mar-10	2,789	1,399	\$2.75
5-Sep-10	2,789	1,399	\$3.50

This was approved by shareholders at a General Meeting on 5 September 2008. Given the turmoil in global stock markets these options, which are short term, no longer acted as the incentive for which they were intended. The options package was replaced by performance shares under the employee share plan at the General Meeting on 23 January 2009. Mr Jury and Mr Matthews were granted 3 million and 1.5 million performance shares respectively. The options were cancelled and fully expensed in the current period (\$6,332K).

In accordance with *Accounting Standards AASB 2 "Share-based payment"*, equity based employee entitlements must be valued at the fair value of the equity entitlements granted. The fair value of the equity instruments is measured at grant date.

6b Write-down of loans and investments

Impairment of assets	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Provision for investment diminution - Uranex	164	7,570	164	7,570
Provision for investment diminution - Tasmanian assets	6,925	-	6,866	-
Total provision for diminution	7,089	7,570	7,030	7,570
Write-down of intercompany loan	-	-	191	53
	7,089	7,570	7,221	7,623

Further expenditure is required to assess the quality and quantity of the resources reflected in these assets. There exists an uncertainty in relation to the existence of a commercial reserve, and the ability to generate future cash flows from the licenses associated with the assets. On this basis, management has assessed the assets as impaired and has written them down to nil.

7 Income tax expense

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
a) Income tax expense				
Current tax	-	-	-	-
Deferred tax	-	-	-	-
Under (over) provided in prior years	-	-	-	-
	-	-	-	-
Income tax expense is attributable to:				
Loss from continuing operations	-	-	-	-
Loss from discontinued operations	-	-	-	-
Aggregate income tax expense	-	-	-	-
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets	-	-	-	-
(Decrease) increase in deferred tax liabilities	-	-	-	-
	-	-	-	-

	Consolidated		Parent entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
b) Numerical reconciliation of income tax expense				
Loss from continuing operations before income tax expense	(15,146)	(10,890)	(15,240)	(10,943)
Loss from discontinued operations before income tax expense	(6)	(99)	-	-
	(15,152)	(10,989)	(15,240)	(10,943)
Tax at the Australian rate of 30%	(4,546)	(3,297)	(4,572)	(3,283)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Share based payments	2,006	-	2,006	-
Forgiving of debt of subsidiary	-	-	57	-
Share of net loss of subsidiaries	(58)	-	-	-
	1,948	-	2,063	-
Income tax benefit not recognised	(2,598)	(3,297)	(2,509)	(3,283)
Income tax expense	-	-	-	-
c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised:	18,492	15,897	18,359	15,852
Potential tax benefit at 30%	5,548	4,769	5,508	4,756

7 Income tax expense (continued)**d) Unrecognised temporary differences**

Temporary differences relating to investments in subsidiaries for which no deferred tax asset has been recognised

Foreign currency translation	(28)	-	(28)	-
Development costs	4,008	-	-	-
Capital raising expenditure	769	-	769	-
	<u>4,749</u>	<u>-</u>	<u>741</u>	<u>-</u>
Unrecognised deferred tax assets relating to the above temporary differences	1,425	-	222	-

e) Tax consolidation legislation

The Company and its wholly-owned Australian consolidated entities, acquired in October 2008, are in the process of implementing the tax consolidation legislation. It is intended the entities in the tax consolidated group will enter into a tax sharing agreement which limits the joint and several liability of the wholly owned entities in the case of default by the head entity, Resource Generation Limited.

8 Discontinued operations**a) Description**

The Company's wholly owned subsidiary, Fusion Communication Services Pty Limited, was a satellite communications business supplying data, facsimile, eftpos and internet services to remote mining sites. On 31 August 2008, the Company closed (and is in the process of winding up) its satellite communications business, operated by its wholly owned subsidiary, Fusion Communication Services Pty Limited (name changed on 1 September 2008 to Comdek Satellite Communications Pty Limited). Financial information relating to the discontinued operation is set out below. Further information is set out in Note 4 - segment information.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the six months ended 31 December 2008 and the year ended 30 June 2008.

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Revenue	37	212	-	-
Expenses	(43)	(311)	-	-
Loss before income tax	(6)	(99)	-	-
Income tax expense	-	-	-	-
Loss after income tax of discontinued operations	(6)	(99)	-	-
Loss from discontinued operations	(6)	(99)	-	-
Net cash inflow from operating activities	13	(67)	-	-
Net increase in cash generated by the division	13	(67)	-	-

8 Discontinued operations (continued)**c) Carrying amounts of assets and liabilities**

The carrying amounts of the assets and liabilities at 30 June 2009 and 30 June 2008 were:

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash on hand	-	13	-	-
Trade and other receivables	-	20	-	-
Inventories	-	9	-	-
Total assets	-	42	-	-
Trade and other payables	-	4	-	-
Provisions	-	7	-	-
Amounts owing to parent company	7	2,207	-	-
Total liabilities	7	2,218	-	-
Net assets	(7)	(2,176)	-	-

9 Business combinations**Current Period**

a) On 9 October 2008 Resource Generation Limited acquired all of the issued shares in Energy Investments Limited and Tiger Coal Pty Limited.

As consideration for all the issued capital in Energy Investments Limited 3.6 million shares were issued. The acquired business contributed revenues of \$nil and net loss of \$45K (net of impairment) to the Company for the period from 9 October 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008 consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been \$398K and (\$15,254K).

Details of net assets acquired and mine tenements are as follows:

	2009 \$'000
Purchase consideration	
Value of shares issued in consideration	2,592
Total purchase consideration	2,592
Fair value of net identifiable assets acquired (refer below)	2,592

The mine tenements are attributable to the exploration licences acquired. Further expenditure is required to assess the quantity and quality of the resources. There exists an uncertainty in relation to the existence of a commercial reserve, and the ability to generate future cash flows from the licences associated with the assets. As a conservative measure the value of this mine tenement has been fully provided for.

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	10	10
Mining tenements and exploration	8	2,592
Payables	(10)	(10)
Net identifiable assets acquired	8	2,592

As consideration for all the issued capital in Tiger Coal Pty Limited 6 million shares were issued. The acquired business contributed revenues of \$nil and net loss of \$40K (net of impairment) to the Company for the period from 9 October 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008 consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been \$398K and (\$15,160K).

9 Business combinations (continued)

Details of net assets acquired and mining tenements are as follows:

	2009 \$'000
Purchase consideration	
Value of shares issued in consideration	4,320
Total purchase consideration	<u>4,320</u>
Fair value of net identifiable assets acquired (refer below)	4,320

The assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Cash and cash equivalents	39	39
Prepayments and receivables	8	10
Mining tenements and exploration	10	4,272
Payables	(1)	(1)
Net identifiable assets acquired	<u>56</u>	<u>4,320</u>

The mine tenements are attributable to the exploration licences acquired. Further expenditure is required to assess the quantity and quality of the resources. There exists an uncertainty in relation to the existence of a commercial reserve, and the ability to generate future cash flows from the licences associated with the assets. As a conservative measure the value of this mine tenement has been fully provided for.

b) On 23 December 2008 The Company acquired Resgen Africa Holdings Limited (formerly Apex Resources Holdings Inc.) was US\$1.5million and a royalty of R30million to be paid on coal produced from the area. The acquired business contributed revenues of \$nil and net loss of \$nil to the Company for the period from 23 December 2008 to 30 June 2009. If the acquisition had occurred on 1 July 2008 consolidated revenue and consolidated loss for the year ended 30 June 2009 would have been \$398K and (\$15,152K).

Details of the acquisition are as follows:

i) Purchase consideration

	2009 \$'000
Purchase consideration	2,209
Direct costs relating to acquisition	27
Future contingent royalty payment	3,896
Total purchase consideration	<u>6,132</u>
Fair value of net identifiable assets required (refer below)	<u>6,132</u>

	Acquiree's carrying amount \$'000	Fair value \$'000
Mining tenements and exploration	-	6,132
Net identifiable assets acquired	<u>-</u>	<u>6,132</u>

Outflow of cash to acquire the business	2,236
Less: balances acquired	
Cash	-
Bank overdraft	-
Outflow of cash	<u>2,236</u>

The mining tenement is attributable to the exploration licences acquired. The Company is confident that these costs will be recovered with the development of the coal reserves.

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

9 Business combinations (continued)

		\$'000
ii) Assets acquired		
	Receivables	24
	Payables	(24)
		<u>-</u>

c) On 7 July 2008 Resource Generation acquired all of the issued shares in Resgen South Africa (Pty) Limited (formerly Isicebi Carbon Mining (Pty) Limited). The shares issued in relation to the acquisition created a contingent consideration of \$35.865 million and reserves of \$8.821 million which were booked at 30 June 2008, as the transaction was effectively completed by this time. The acquisition was settled in two tranches on 7 July 2008 and 13 March 2009.

Details of net assets acquired are as follows:

i) Purchase consideration		2008
		\$'000
Value of shares issued as consideration		35,865
Direct costs relating to acquisition		136
Value of options issued as consideration		<u>8,821</u>
Total purchase consideration		<u>44,822</u>
Fair value of net identifiable assets required		<u>44,822</u>
Outflow of cash to acquire the business		(136)
Less: balances acquired		
Cash		-
Bank overdraft		-
Outflow of cash		<u>(136)</u>
	Acquiree's carrying amount	Fair value
Mining tenements and exploration	-	44,822
Net identifiable assets acquired	<u>-</u>	<u>44,822</u>

The mining tenements are attributable to the exploration licences acquired. The Company is confident that these costs will be recovered with the development of the coal reserves.

		\$'000
ii) Assets acquired		
	Receivables	-
	Payables	-
		<u>-</u>

10 Current Assets - cash and cash equivalents

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Cash at bank and in hand	357	1,402	354	1,388
Deposits at call	4,733	-	4,027	-
	5,090	1,402	4,381	1,388

11 Current Assets - trade and other receivables

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade debtors	57	21	53	4
Government tax refund	431	79	11	79
	488	100	64	83

12 Deposits and prepayments

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Deposits and prepayments	-	20	-	18
	-	20	-	18

13 Current assets - inventories

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Stock	-	10	-	-
	-	10	-	-

14 Non-current assets - property, plant and equipment

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Plant & equipment (at cost)	374	94	282	94
Accumulated depreciation	(69)	(9)	(57)	(9)
	305	85	225	85
Opening net book value	85	56	85	3
Additions	374	95	282	90
Disposals	(85)	(58)	(85)	-
Depreciation/amortisation	(69)	(9)	(57)	(9)
Closing net book value	305	85	225	85

15 Non-current assets - receivables

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Loans to related parties	-	-	4,630	-
	-	-	4,630	-

The loans to related parties are to subsidiaries of Resource Generation Limited and are recoverable.

Resource Generation Limited

Notes to the financial statements
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16 Mining tenements and exploration

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Mining tenements - Uranex SA	7,734	7,734	-	23
Provision for impairment	(7,734)	(7,570)	-	-
Mining Tenements - Tasmanian assets	6,925	-	-	-
Provision for impairment	(6,925)	-	-	-
Mining tenements on acquisition of 100% of Resgen South Africa (Pty) Limited (formerly Isicebi Carbon Mining (Pty) Limited)	49,900	44,861	-	-
Mining tenements on acquisition of 100% of Resgen Africa Holdings Limited (formerly Apex Resources Holdings Inc)	6,032	-	-	-
Carrying value at year end	55,932	45,025	-	23

17 Non-current assets - investments in subsidiaries

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Resgen South Africa (Pty) Ltd (formerly Isicebi Carbon Mining (Pty) Ltd)	-	-	45,962	44,862
Resgen Africa Holdings (formerly Apex Resources Holdings Inc)	-	-	6,003	-
Energy Investments Pty Limited	-	-	8	-
Tiger Coal Pty Limited	-	-	56	-
Uranex SA	-	-	-	113
Fusion Communication Services Pty Ltd	-	-	-	31
	-	-	52,029	45,005

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity.

18 Current liabilities - trade and other payables

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade creditors	522	78	141	75
Other payables - accrued expenditure	72	159	100	150
	594	237	241	225

19 Current liabilities - provisions

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee benefits - annual leave	111	-	94	-
	111	-	94	-

20 Non-current liabilities - royalties payable

	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Royalties payable	3,896	-	3,896	-
	3,896	-	3,896	-

21 Contributed equity

On 23 January 2009 the Company consolidated its capital on a 1 for 10 basis. All comparatives have been adjusted to reflect this.

	Consolidated			
	2009 Shares '000	2009 \$'000	2008 Shares '000	2008 \$'000
a) Share capital				
Ordinary shares fully paid	77,069	65,376	45,995	10,408
	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Contributed equity	65,376	10,408	65,376	10,408
Contingent consideration	-	35,905	-	35,905
Total equity	65,376	46,313	65,376	46,313

With the settlement of the acquisition of Isicebi Carbon Mining (Pty) Limited on 7 July 2008 the Company paid the vendors 7.5 million ordinary shares and 3.75 million options to acquire shares (5 year expiry, 50 cent exercise) with the stock issued in two tranches. The first tranche of 3.75 million shares and 1.875 million options was issued on settlement on 7 July 2008. The Company was committed to this acquisition as at 30 June 2008 and booked the transaction with the value of the shares shown as a contingent consideration (Future equity liability) of \$35.904 million and the options as a Reserve of \$8.821 million. The second tranche of the transaction was completed on 13 March 2009 for a consideration of 3.75 million shares and 1.875 million options with the value of \$862.5K and \$237.5K respectively.

b) Movement in ordinary share capital

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Opening balance	46,313	1,183	46,313	1,183
Contingent consideration (Isicebi acquisition)	(35,905)	35,905	(35,905)	35,905
Contributions of equity on settlement of Isicebi acquisition	35,905	-	35,905	-
Contributions of equity, net of transaction costs	19,063	9,225	19,063	9,225
Total contributions of equity	19,063	45,130	19,063	45,130
Closing balance	65,376	46,313	65,376	46,313

21 Contributed equity (continued)

Date	Details	Notes	Number of shares '000	Issue Price \$	Amount \$'000
30/06/2008	Opening balance		45,995		10,408
7/07/2008	Placement - Isicebi acquisition	d	10,560	\$3.40	35,905
11/07/2008	Option conversion	e	153	\$0.10	15
15/08/2008	Placement (net of transaction costs)	d	5,123	\$1.67	8,553
23/09/2008	Issue for ASX Reclassification to Resources		1	\$2.20	2
9/10/2008	Placement - Tasmanian acquisition	d	9,600	\$0.72	6,912
4/12/2008	Placement - Paul Jury	d	1,493	\$1.80	2,688
4/12/2008	Placement - Steve Matthews	d	50	\$1.80	90
13/03/2009	Placement - Isicebi acquisition	d	3,750	\$0.23	863
13/05/2009	Option conversion	e	153	\$0.10	15
30/06/2009	Option conversion	e	190	\$0.10	19
30/06/2009	Cost of share issue		-	-	(94)
30/06/2009	Balance		<u>77,069</u>		<u>65,376</u>

Date	Details	Notes	Number of shares '000	Issue Price \$	Amount \$'000
30/06/2007	Opening balance		33,176		1,183
17/07/2007	Placement	d	4,506	\$0.25	1,127
17/07/2007	Cost of share issue		-	-	(69)
23/10/2007	Option conversion	e	100	\$0.10	10
26/10/2007	Option conversion	e	376	\$0.10	38
30/11/2007	Option conversion	e	33	\$0.10	3
30/11/2007	Option conversion	e	34	\$0.10	3
7/12/2007	Placement - Uranex acquisition	d	1,300	\$0.97	1,265
7/12/2007	Placement	d	490	\$0.25	123
18/12/2007	Option conversion	e	33	\$0.10	3
10/01/2008	Option conversion	e	1,000	\$1.03	1,027
29/01/2008	Option conversion	e	4,000	\$1.40	5,600
6/03/2008	Option conversion	e	595	\$0.10	59
6/03/2008	Option conversion	e	279	\$0.10	28
29/04/2008	Option conversion	e	38	\$0.10	4
28/05/2008	Option conversion	e	34	\$0.10	3
30/06/2008	Balance		<u>45,995</u>		<u>10,408</u>
	Contingent consideration				<u>35,905</u>
					<u>46,313</u>

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands, every holder of ordinary shares present in person or by proxy, is entitled to one vote and upon a poll, each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

21 Contributed equity (continued)

**d) Placements
2009**

The first placement was approved by shareholders in a general meeting held on 10 March 2008 to facilitate the acquisition of Resgen South Africa (Pty) Limited, formerly Isicebi Carbon Mining (Pty) Limited with the first tranche of shares in relation to the acquisition (3.75m) and facilitation of the acquisition (6.81m) allotted on 7 July 2008 at a price of \$3.40.

The second placement of 5.12m shares at \$1.80 on 15 August 2008 was approved for 5.0m shares at a general meeting on 26 May 2008, with the balance of shares (0.123m) approved at the AGM on 6 November 2008. The funds were to be used for the development of the mining assets acquired in South Africa. The gross receipts from the placement were \$9.221m with transaction costs of \$0.669m resulting in net receipts from the placement of \$8.552m.

The third placement related to the acquisition of the Tasmanian coal assets. On 9 October 2008, 3.6m shares were issued in respect of the acquisition of Energy Investments Limited at \$0.72 each. This was approved at a general meeting on 26 May 2008. The shares issued in respect of the acquisition of Tiger Coal Pty Limited, 6.0m shares at \$0.72 each, were approved at a general meeting on 5 September 2008.

The fourth placement involved the issue of shares to the executives, Paul Jury and Steve Matthews, who were allotted 1.49m and 0.05m shares respectively at a price of \$1.80 on 4 December 2008. The placement was approved at the AGM on 6 November 2008. This was part of the raising announced on 15 August 2008.

The fifth placement related to the second tranche in the acquisition of Resgen South Africa (Pty) Limited, formerly Isicebi Carbon Mining (Pty) Limited with 3,750 million shares allotted on 13 March 2009 at \$0.23.

2008

The first placement of 4.5m shares at an issue price of \$0.25 was subsequently ratified at the AGM on 28 November 2007. The funds raised from the placement were for working capital and exploration of potential resources at the Uranex SA site.

The second placement was in respect of the Uranex SA acquisition and was approved at the AGM on 28 November 2007. 1.300 m shares were issued at \$0.97 as consideration for the facilitation of the Uranex SA acquisition, with a further 0.49m shares issued at \$0.25 pursuant to the prospectus dated 17 July 2007.

Resource Generation Limited

Notes to the financial statements
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21 Contributed equity (continued)

e) Options	Option Premium Reserve		Option Premium Reserve	
	2009 Options '000	2009 \$000	2008 Options '000	2008 \$000
Options exercisable at 10 cents expiring 31 Dec 2009	475	-	971	-
Options exercisable at 25 cents expiring 28 November 2012	450	330	450	330
Options exercisable at 50 cents expiring 17 March 2013	250	221	250	221
Options exercisable at 60 cents expiring 28 November 2012	450	254	450	254
Options exercisable at 70 cents expiring 17 March 2013	250	197	250	197
Options exercisable at \$1.00 expiring 17 March 2013	350	237	350	237
Options exercisable at \$1.50 expiring 17 March 2013	350	188	350	188
Options exercisable at \$1.55 expiring 28 May 2013	375	286	375	286
Options exercisable at \$1.85 expiring 28 May 2013	375	258	375	258
Options exercisable at \$2.05 expiring 28 May 2013	500	321	500	321
Cancelled executive options	-	6,332	-	-
Options exercisable at 50 cents expiring 7 July 2013	2,875	8,821	-	-
Options exercisable at 50 cents expiring 31 December 2012	1,875	238	-	-
	8,575	17,683	4,321	2,293
Employee share plan expense - apportionment of share rights over entitlement period	-	357	-	-
Contingent consideration - Isicebi acquisition	-	-	-	8,821
	8,575	18,040	4,321	11,114

Cancelled executive options

When Mr Paul Jury and Mr Steve Matthews were appointed Directors they were granted the following series of options:

Option expiry date	Paul Jury Number (post share consolidation) '000	Steve Matthews Number (post share consolidation) '000	Exercise price
5-Sep-09	2,789	1,399	\$2.00
5-Mar-10	2,789	1,399	\$2.75
5-Sep-10	2,789	1,399	\$3.50

This was approved by shareholders at a General Meeting on 5 September 2008. Given the turmoil in global stock markets these options, which are short term, no longer acted as the incentive for which they were intended. The options package was replaced by performance shares under the employee share plan at the General Meeting on 23 January 2009. Mr Jury and Mr Matthews were granted 3 million and 1.5 million performance shares respectively. The options were cancelled and fully expensed (\$6,332K) in the current period.

f) Movement in options

Date	Details	Number of options '000	Issue price	Amount \$
30/06/2008	Opening balance	4,321	-	-
7/07/2008	Isicebi settlement	2,875	-	-
10/07/2008	Option conversion	(153)	-	-
13/03/2009	Isicebi settlement	1,875	-	-
13/05/2009	Option conversion	(153)	-	-
30/06/2009	Option conversion	(190)	-	-
30/06/2009	Balance	8,575	-	-

21 Contributed equity (continued)

All of the options issued during the year were on the following terms. Exercise prices and expiry dates varied but are all those disclosed at 21(e) above other than the 10 cents exercise price options:

- a) Each option will lapse if not exercised on or before the expiry date.
- b) Each option shall entitle the holder to subscribe for and to be allotted one share in the capital of the company upon exercise of the option and payment to the Company of the exercise price.
- c) An option may be exercised by the option holder at any time prior to the expiry date by sending a completed and signed notice of exercise, together with the payment of the Exercise Price and the statement for the option, to the Company's Share Registry. If the option holder holds more than one option the options may be exercised in whole or part.
- d) A notice of exercise is only effective when the Company has received the full amount of the exercise price in cash or cleared funds.
- e) Subject to any restrictions in the ASX Listing Rules, within 14 day of receipt of a properly executed notice of exercise and the required application moneys, the number of shares specified in the notice will be allotted.
- f) Each statement will bear a suitable form of notice of exercise of the options, endorsed on the back of the statement, for completion by the option holder (if required). If the options comprised in any such statement are exercised in part only, before the expiry date, the Company will issue the option holder with a fresh statement for the balance of the options held and not yet exercised.
- g) The period during which the options may be exercised will not be extended.
- h) The option holder is not entitled to participate in new issues of securities offered to shareholders. The option holder can participate in new issues of securities offered to shareholders if the option is exercised before the relevant record date for that new issue.
- i) If, from time to time, before the expiry of the options, the Company makes an issue of shares to the holders of shares by way of capitalisation of profits or reserves (a "bonus issue"), other than in lieu of a dividend payment, then, upon exercise of an option, the option holder will be entitled to have issued to it, in addition to the shares which it is otherwise entitled to have issued to it upon such exercise, additional shares in the Company. The number of additional shares is the number of shares which would have been issued to it under that bonus issue ("bonus shares") if on the date on which entitlements were calculated it had been registered as the holder of the number of shares which it would have been registered as holder if, immediately before that date, it had exercised its options. The bonus shares will be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in relation to the bonus issue and upon issue will rank equally in all respects with the other shares allotted upon exercise of the options.
- j) In the event of any reconstruction (including consolidation, subdivision, reduction, cancellation or return) of the issued capital of the Company before the expiry of any options, all rights of the option holder will be reconstructed (as appropriate) in accordance with the Listing Rules applying it a re-organisation of capital at the time of the re-organisation.
- k) Shares allotted pursuant to the exercise of the options will rank equally with the then issued shares of the Company.
- l) Other than as referred to above, the option does not confer the right to a change in exercise price, or a change to the number of underlying securities over which it can be exercised.

22 Reserves and accumulated losses

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
a) Reserves				
Option premium reserve	18,040	11,114	18,040	11,114
Foreign currency reserve	(28)	-	(28)	-
	18,012	11,114	18,012	11,114
Movement in reserves				
Option premium reserve				
Balance at the beginning of the year	11,114	-	11,114	-
Premium received on options issued by way of placement	-	2,293	-	2,293
Premium in relation to Isicebi acquisition	237	8,821	237	8,821
Premium in relation to share based compensation written off	6,332	-	6,332	-
Employee share plan expense	357	-	357	-
Movement for the year	6,926	11,114	6,926	11,114
Balance at the end of the year	18,040	11,114	18,040	11,114
Foreign currency reserve				
Opening balance	-	-	-	-
Movement for the year	(28)	-	(28)	-
Balance at the end of the year	(28)	-	(28)	-
b) Accumulated losses				
Opening balance	(11,050)	(61)	(11,050)	(107)
Loss for the year	(15,152)	(10,989)	(15,240)	(10,943)
Balance at the end of the year	(26,202)	(11,050)	(26,290)	(11,050)

23 Key management personnel disclosures

a) Key management personnel disclosures

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
Short-term employee benefits	958,994	400,114	740,280	362,272
Long term benefits (superannuation)	282,832	40,831	282,832	40,831
Share-based payments	357,750	2,292,828	324,000	2,292,828
	1,599,576	2,733,773	1,347,112	2,695,931

Detailed remuneration disclosures are provided in sections 1-4 of the remuneration report on pages 4 to 9.

b) Equity instrument disclosures relating to key management personnel

i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and share issued on exercise of such options, can be found in section 4 of the remuneration report on pages 7 to 8.

ii) Option holdings and performance shares

The number of options or performance shares over ordinary shares in the Company held during the financial year by each director of Resource Generation Limited, including their personally related parties, are set out below:

2009	Balance at the start of the year	Granted during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year
Directors						
Paul Jury	-	3,000,000	-	3,000,000	-	3,000,000
Steve Matthews	-	1,500,000	-	1,500,000	-	1,500,000
Scott Douglas	2,000,000	-	-	2,000,000	2,000,000	-
Other key management						
Hennie van den Aardweg	-	300,000	-	300,000	-	300,000
Totals	2,000,000	4,800,000	-	6,800,000	2,000,000	4,800,000

2008	Balance at the start of the year	Granted during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year	Unvested at the end of the year
Directors						
Scott Douglas	-	2,000,000	-	2,000,000	2,000,000	-
Peter Pawlowitsch	90,180	550,000	-	640,180	640,180	-
Michael Hunt	-	700,000	-	700,000	700,000	-
Mark Clements	-	100,000	-	100,000	100,000	-
Totals	90,180	3,350,000	-	3,440,180	3,440,180	-

iii) Shareholdings

The number of shares in the company held during the financial year by each director of Resource Generation Limited, including their personally related parties, are set out below:

2009	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
	Shares	Shares	Shares	Shares
Directors				
Paul Jury	-	-	1,493,000	1,493,000
Steve Matthews	-	-	90,000	90,000
Scott Douglas	253,288	-	-	253,288
Toby Rose	-	-	4,000	4,000
Other key management				
Micheline Collopy	-	-	27,000	27,000
Totals	253,288	-	1,614,000	1,867,288

All Directors and key management detailed above participated fully in the rights issue per the offer of 23 June 2009 (refer Note 32) which was settled on 27 July 2009. Accordingly, the shareholdings for each individual increased on 27 July 2009. Paul Jury and Steve Matthews participated as sub-underwriters in the rights issue. All Director's current holdings are disclosed in the Directors' Report on pages 3-4.

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

23 Key management personnel disclosures (continued)

2008	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year
	Shares	Shares	Shares	Shares
Directors				
Michael Hunt	-	-	50,000	50,000
Scott Douglas	-	-	253,288	253,288
Peter Pawlowitsch	100,000	-	50,000	150,000
Totals	100,000	-	353,288	453,288

c) Other transactions with key management personnel

None

24 Remuneration of auditors

During the year the following fees were paid or are payable for services provided by the auditor of the Company:

	Consolidated		Parent	
	2009	2008	2009	2008
	\$	\$	\$	\$
a) PriceWaterhouseCoopers Australia				
Audit and review of financial reports	83,500	-	83,500	-
Taxation services (international tax consulting)	27,919	-	27,919	-
	111,419	-	111,419	-
b) Related practices of PriceWaterhouseCoopers Australia				
Audit and review of financial reports	10,000	-	10,000	-
Company secretarial (South Africa)	6,070	-	6,070	-
	16,070	-	16,070	-
c) Non -PriceWaterhouseCoopers audit firms				
Audit and review of financial reports	2,800	19,300	2,800	19,300
	2,800	19,300	2,800	19,300

Somes & Cooke retired as auditors of the Company at the AGM on 6 November 2008. PricewaterhouseCoopers were subsequently appointed as auditors of the Company.

It is the Company's policy to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Company's policy to seek competitive tenders for all major material consulting projects.

25 Commitments

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
a) Lease commitments				
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	119	65	119	65
Later than one year, but not later than 5 years	275	158	275	158
	394	223	394	223
Representing:				
Non-cancellable operating leases	394	223	394	223
	394	223	394	223

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

25 Commitments (continued)

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
b) Remuneration commitments				
Commitments for the payment of remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities, payable:				
Within one year	506	-	506	-
Later than one year, but not later than 5 years	-	-	-	-
	506	-	506	-

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
c) Mining licences				
Commitments for the exploration expenditure required to satisfy the mining licence requirements for the Tasmanian assets.				
Within one year	250	-	-	-
Later than one year, but not later than 5 years	2,600	-	-	-
	2,850	-	-	-

26 Related party transactions

a) Key management personnel

Disclosures relating to key management personnel are set out in Note 23 and the detailed remuneration disclosures to the Directors' Report.

b) Parent entities

The parent entity within the Group is Resource Generation Limited, and this is the ultimate parent company.

c) Subsidiaries

Interests in subsidiaries are set out in Note 27.

d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2009	2008	2009	2008
Sales of goods and services				
Purchases of goods	-	-	-	-
Other transactions	-	-	-	-
Remuneration paid to directors of the ultimate Australian parent entity	1,220,561	-	1,220,561	-
Contributions to superannuation on behalf of employees	172,221	49,356	172,221	49,356

e) Loans to/from related parties

	Consolidated		Parent	
	2009	2008	2009	2008
Loans to subsidiaries				
Beginning of the year	-	-	-	-
Loans advanced	-	-	4,629,803	-
End of year	-	-	4,629,803	-

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

27 Subsidiaries

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2009 %	2008 %
Resgen Mauritius Limited	Mauritius	Ordinary	100	-
Resgen South Africa (Pty) Ltd (formerly Isicebi Carbon Mining (Pty) Ltd) - owned 100% by Resgen Mauritius Limited	South Africa	Ordinary	100	100
Resgen Africa Holdings (formerly Apex Resources Holdings Inc)	South Africa	Ordinary	100	-
Energy Investments Pty Limited	Australia	Ordinary	100	-
Tiger Coal Pty Limited	Australia	Ordinary	100	-
Uranex SA	Cameroon	Ordinary	80	80
Fusion Communication Services Pty Ltd	Australia	Ordinary	100	100

The parent company is Resource Generation Limited. The subsidiaries are controlled by Resource Generation Limited and the subsidiaries are fully consolidated from the date on which control passed to the group.

28 Interest in joint ventures

a) Jointly controlled entity

(i) A subsidiary has entered into a joint venture to develop coal reserves in the Waterberg region of South Africa, with a 20% participating interest in Waterberg One Coal (Pty) Limited. Expenditure of A\$5m increases the joint venture ownership from 20% to 70%, subject to regulatory approval. The Group's interest in the joint venture are included in the consolidated balance sheet, in accordance with the accounting policy described in Note 1(b), under the following classifications.

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Non-current assets				
Mining tenements and exploration	3,732	-	-	-
	3,732	-	-	-

(ii) A subsidiary has entered into a joint venture to develop coal reserves in the Waterberg region of South Africa, with a 49% participating interest in Ledjadja Coal (Pty) Limited. Expenditure of ZAR 20m increases the joint venture ownership from 49% to 65%, subject to regulatory approval. The Group's interest in the joint venture are included in the consolidated balance sheet, in accordance with the accounting policy described in Note 1(b), under the following classifications.

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Non-current assets				
Mining tenements and exploration	421	-	-	-
	421	-	-	-

29 Minority interest

	Consolidated		Parent	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Interest in:				
Share capital	-	-	-	-
Retained profits	(28)	(28)	-	-
	(28)	(28)	-	-

The minority interest represents the 20% interest in Uranex SA held by external parties.

Resource Generation Limited

Notes to the financial statements
for the year ended 30 June 2009

30 Dividends

There were no dividends recommended or paid during the financial year.

31 Contingent liabilities

There are no contingent liabilities.

32 Events occurring after the reporting period

a) Rights issue

The Company announced an equity raising for a 1 for 1 non-renounceable rights issue on 23 June 2009. This entitlement issue was at 40 cents per share to raise \$30.750 million before costs. The issue was fully underwritten and all monies in respect of the equity raising were received by 27 July 2009. The proceeds from the issue will be used primarily to continue development of the Waterberg One Coal and Ledjadja Coal projects, in particular to secure land for mine infrastructure and to assist in completion of a bank feasibility study.

The rights issue has strengthened the Group's balance Sheet as demonstrated in the following analysis which shows the impact of the cash received from the rights issue on the consolidated balance sheet as at 30 June 2009.

	Consolidated yearly accounts	Cash received from rights issue (net of costs - no other adjustments)	Consolidated pro forma balance sheet incorporating rights issue
	30-Jun-09 \$000	27-Jul-09 \$000	27-Jul-09 \$000
Current assets	5,578	29,557	35,135
Non-current assets	56,237		56,237
TOTAL ASSETS	61,815		91,372
Current liabilities	705		705
Non-current liabilities	3,896		3,896
TOTAL LIABILITIES	4,601		4,601
NET ASSETS	57,214		86,771
Equity			
Issued capital	65,376	29,557	94,933
Reserves	18,012		18,012
Accumulated losses	(26,202)		(26,202)
Total parent equity	57,186		86,743
Minority interest	28		28
TOTAL EQUITY	57,214		86,771

33 Reconciliation of profit after income tax to net cash outflow from operating activities

	Consolidated		Parent	
	2009	2008	2009	2008
	\$000	\$000	\$000	\$000
Loss for the year	(15,152)	(10,989)	(15,240)	(10,943)
Depreciation	69	31	57	9
Loss on disposal of property, plant and equipment	72	15	72	-
Share option expense	6,690	2,293	6,690	2,293
Provision for investment diminution - Uranex	164	7,570	164	7,570
Provision for investment diminution - Tasmanian assets	6,925	-	6,925	-
Loans and investments write-downs	-	-	191	53
Changes in operating assets and liabilities:				
Increase in trade and other payables	110	216	25	214
Increase in accounts receivable, prepayments and stock	(56)	(66)	37	(59)
Net cash outflow from operating activities	(1,178)	(930)	(1,079)	(863)

34 Earnings per share

	Consolidated	
	2009	2008
	Cents	Cents
a) Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(21.2)	(26.6)
Loss from discontinued operations	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	(21.2)	(26.6)
b) Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(21.2)	(26.6)
Loss from discontinued operations	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	(21.2)	(26.6)

c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2009	2008
	\$000	\$000
Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(15,146)	(10,890)
Loss from discontinued operations	(6)	(99)
	(15,152)	(10,989)
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(15,146)	(10,890)
Loss from discontinued operations	(6)	(99)
	(15,152)	(10,989)

d) Weighted average number of shares used as the denominator

Weighted number of ordinary shares used as the denominator in calculating basic earnings per share	71,408,644	41,289,171
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	71,408,644	41,289,171

e) Information concerning the classification of securities

Options

Options are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

Resource Generation Limited

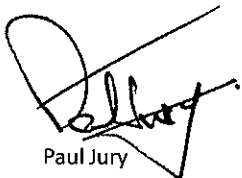
Directors' declaration

In the directors' opinion:

- a the financial statements and notes set out on pages 1 to 53 are in accordance with *The Corporations Act 2001*, including:
 - (i) complying with accounting standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and
- b There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declaration by the Managing Director and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors.



Paul Jury
Managing Director

Sydney
24 August 2009

PricewaterhouseCoopers
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GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the members of Resource Generated Limited

Report on the financial report

We have audited the accompanying financial statements of Resource Generation Limited (the company), which comprise the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Resource Generation Limited and the Resource Generation Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

**Independent auditor's report to the members of
Resource Generated Limited (continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

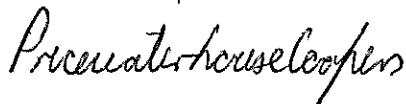
- (a) the financial report of Resource Generation Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes/parent entity financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

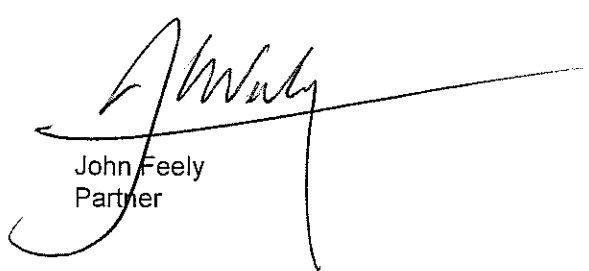
We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the period ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Resource Generation Limited for the period ended 30 June 2009 complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers


John Feely
Partner

Sydney
24 August 2009

ASX Additional Information

Additional information required by the Australian Securities Exchange Limited and not disclosed elsewhere in this report is set out below

a) Substantial shareholders

There were four substantial shareholders at 19 August 2009:

Commonwealth Bank of Australia and its subsidiaries	14,723,417 shares	9.54%
CVC Limited	12,514,904 shares	8.11%
Equitas Nominees a/c Scodella Inc	9,973,598 shares	6.46%
PAPY Pty Limited ATF YAPP Trust	8,876,349 shares	5.75%

b) Voting rights

Ordinary shares

On a show of hands every member present at a meeting shall have one vote and upon a poll each share shall have one vote.

Options

There are no voting rights attached to the options.

c) Distribution of equity security holders

Category	Number of Holders	Ordinary Fully Paid Shares	% Issued Capital
1 - 1,000	654	376,743	0.24
1,001 - 5,000	1,031	2,941,991	1.91
5,001 - 10,000	524	4,272,971	2.77
10,001 - 100,000	889	29,662,493	19.23
100,001 and over	178	117,033,494	75.85
Total	3,276	154,287,692	100.00

There were 486 holders of less than a marketable parcel of shares

d) Equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

As at 19 August 2009.

Holder name	Ordinary Fully Paid Shares	% Issued Capital
CVC Limited	12,514,904	8.11
Equitas Nominees Pty Limited <Group A A/C>	9,973,598	6.46
P A P Y Pty Limited <YAPP A/C>	8,876,349	5.75
Citicorp Nominees Pty Limited <CFS w/sale GBL RES Fund A/C>	8,735,917	5.66
National Nominees Limited	5,411,749	3.51
Citicorp Nominees Pty Limited	4,343,780	2.82
ANZ Nominees Limited <Cash Income A/C>	2,600,656	1.69
Sephor Investments Limited	2,250,000	1.46
Celtic Capital Pty Ltd <The Celtic Capital A/C>	2,000,000	1.30
Oak Nominees Limited	2,000,000	1.30
Istana Securities Limited	1,712,960	1.11
Balzac Investments Pty Limited	1,703,903	1.10
HSBC Custody Nominees (Australia) Limited	1,681,124	1.09
Berne No 132 Nominees Pty Ltd <457309 A/C>	1,475,306	0.96
Titus Investments Pty Ltd	1,269,600	0.82
Vernon Finance Limited	1,150,000	0.75
HSBC Custody Nominees (Australia) Limited - GSCO ECA	1,055,200	0.68
Mr Graham Woolford	1,016,171	0.66
Mr Anthony Peter Barton & Mrs Corinne Heather Barton <Anthony P Barton PSF A/C>	1,000,000	0.65
Berne No 132 Nominees Pty Ltd <550514 A/C>	1,000,000	0.65
Nefco Nominees Pty Ltd	1,000,000	0.65
Mr Jason Peterson & Mrs Lisa Peterson <J & L Peterson S/F A/C>	1,000,000	0.65
Horizon Drive Holdings SA	1,000,000	0.65
Total	74,771,217	48.46

Mining Tenements

Location	Tenement	Holder	Interest	Area (approx km ²)
<i>South Africa (Waterberg)</i>				
Koert Louw Zyn Pan (Waterberg #1)	PR720/2007	Lukale Mining Company (Pty) Limited	20% ¹	14
Lisbon (Waterberg #2)	PR678/2007	Lukale Mining Company (Pty) Limited	20% ¹	8
Zoetfontein (Waterberg #3)	PR678/2007	Lukale Mining Company (Pty) Limited	20% ¹	10
Witkopje (Ledjadja #1)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	18
Draai Om (Ledjadja #2)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	11
Kalkpan (Ledjadja #3)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	13
Kruispad (Ledjadja #4)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	11
Zeekoevley (Ledjadja #5)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	13
Vischpan (Ledjadja #6)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	12
Kruishout (Ledjadja #7)	PR679/2007	Ledjadja Coal (Pty) Limited	49% ²	12
<i>Tasmania</i>				
Bonnie's Tier (Latrobe)	EL 64/2007	Energy Investments Pty Limited	100%	161
Tunbridge (Woodbury)	EL 65/2007	Energy Investments Pty Limited	100%	237
Lake Tiberius (Jericho East)	EL 25/2008	Tiger Coal Pty Limited	100%	203
Melton Mowbray (Jericho West)	EL 26/2008	Tiger Coal Pty Limited	100%	220
Oatlands (Jericho North)	EL 41/2008	Tiger Coal Pty Limited	100%	128

Uranium Tenements

Location	Tenement	Holder	Interest	Area (approx km ²)
Cameroon (Nki)	RP N107	Uranex SA	80%	991
Cameroon (Monguele)	RP N108	Uranex SA	80%	980
Cameroon (Badekok)	RP N109	Uranex SA	80%	964

¹ Resource Generation Limited has the right to increase its interest to 70% upon the expenditure of A\$5 million, subject to regulatory approval.

² Resource Generation Limited has the right to increase its interest to 65% upon the expenditure of ZAR20 million and further rights to increase to 74%, subject to regulatory approval.

Resource Generation Limited

CORPORATE DIRECTORY

Directors

Scott Douglas
Paul Jury
Stephen Matthews
Geoffrey (Toby) Rose

Company Secretary

Stephen Matthews

Auditors

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Bankers

ANZ Banking Group Limited
St George Bank Limited
Standard Bank

Registered Office

Level 12, Chifley Tower
2 Chifley Square
Sydney NSW 2000

Telephone: +61 2 9376 9000

Facsimile: +61 2 9376 9013

Website: www.resgen.com.au

Share Registry

Registries Limited

Level 7

207 Kent Street

Sydney NSW 2000

Investor Enquiries: +61 2 9290 9600

Facsimile: +61 2 9279 0664

Stock Exchange Listing

Securities of Resource Generation Limited are listed on the Australian Stock Exchange
ASX Code: RES

Annual General Meeting

The Annual General Meeting of the Company will be held on Monday 26 October 2008 at 10:00am at Radisson Plaza Hotel, 27 O'Connell Street, Sydney