



RESOURCE GENERATION LIMITED
ACN 059 950 337

QUARTERLY REPORT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2009

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

HIGHLIGHTS

South Africa

- A JORC-compliant probable saleable coal reserve of 302.4 million tonnes* in Waterberg #1 was announced during the quarter across 43% of the land area. The coal quality determined in the analysis confirms the ability for the reserve to produce a combination of semi-soft coking coals, export thermal and domestic thermal coals.
- The remaining area (57%) of Waterberg #1 contains an indicated resource of 1.1 billion tonnes. After discounting for the shale content evident in the resource, the adjusted JORC-compliant inferred resource is 569 million tonnes*.
- The drilling programme to define a JORC-compliant coal resource on the first of three Ledjadja properties was completed in August 2009. This comprised 15 cored holes and 12 additional percussion holes on Witkopje (L1). Analysis is underway and the results of 8 of the cored holes and 10 of the percussion holes have been received. The results are consistent with previous drilling and confirm continuity of the coal seam that is in Waterberg #1. Definition of a JORC-compliant resource will be undertaken once the lengthy analysis of these large cores is complete, which is targeted for January 2010.
- Final regulatory approval was received during the quarter which enables the company to increase its ownership of the Waterberg Coal Joint Venture from 20% to 70%.
- The acquisition of five properties in the Waterberg area is in the final stages of settlement. These properties are targeted for surface infrastructure to support the proposed large scale open cut coal mine.
- Work on various components of the Pre-Feasibility Study continued during the quarter. Completion is targeted prior to the end of 2009.

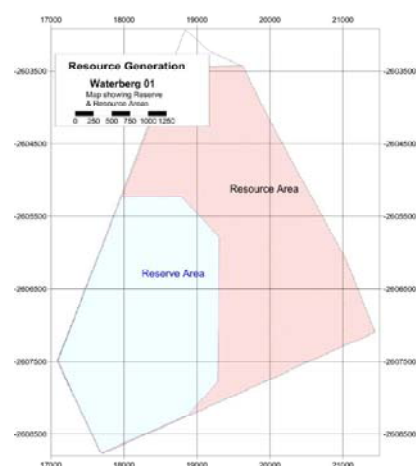
Corporate

- The non-renounceable entitlement offer to raise approximately \$30 million was successfully completed on 30 July 2009. Funds from the issue are being used primarily for the company's South African projects, in particular for the acquisition of land.

EXPLORATION RIGHTS AND ACTIVITIES

Waterberg Coal Joint Venture (WCJV)

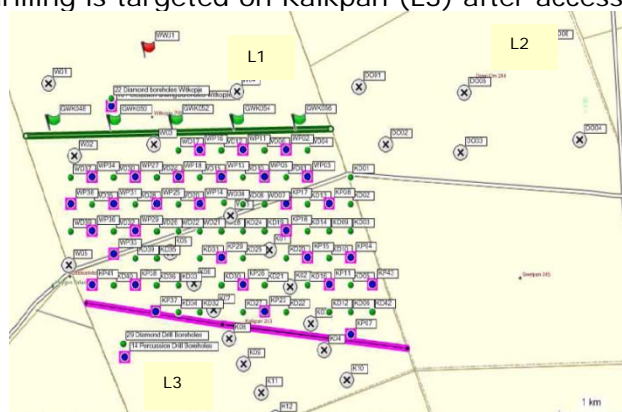
- No exploration drilling occurred during the quarter. The drilling programme was completed early in 2009.
- A JORC-compliant probable saleable coal reserve of 302.4 million tonnes* in Waterberg #1 was announced during the quarter across 43% of the land area.
- The remaining area (57%) of Waterberg #1 contains an indicated resource of 1.1 billion tonnes. After discounting for the shale content evident in the resource, the adjusted JORC-compliant inferred resource is 569 million tonnes*.



- As previously advised, expenditure of US\$5 million will increase Resource Generation's rights in the WCJV from its current 20% to 70%. Final regulatory consent was received during the quarter under Section 11(1) of the Mineral and Petroleum Resources Development Act, 2002. US\$2.9 million has been spent to date.

Ledjadja Coal Joint Venture (LCJV)

- 15 cored holes and 12 percussion holes were drilled on the Witkopje (L1) property adjacent to the west of the Waterberg #1 tenement in the quarter.
- Further drilling is targeted on Kalkpan (L3) after access has been obtained.



Drilling programme for L1 and L3



- 10 of the percussion holes on L1 have been analysed, are consistent with previous drilling and confirm the continuation of the coal seam that is in Waterberg #1. The analysis of the cored holes is a lengthy process due to the thickness of the coal seam requiring detailed analysis. 8 cored holes have been completed to date and the remaining analyses are expected to be complete over the next few months, after which the company's independent geologist will be able to ascertain the size of a JORC-compliant resource on that portion of the property.
- The expenditure of ZAR20 million (currently approximately A\$3 million) on exploration and development activities will enable the company to increase its rights in the LCJV from 49% to 65%, with a further entitlement to increase to 74%, subject to final regulatory consent. Regulatory consent has been applied for by our black economic empowerment (BEE) partners and is awaited. ZAR10.0 million has been spent to date.

Waterberg Project Development

- The company has had a successful start to its land acquisition strategy following the receipt of funds from the recent rights issue. The acquisition of five properties in the Waterberg area is in the final stages of settlement. These properties are targeted for surface infrastructure to support the proposed large scale open cut coal mine.
- Work on various components of the Pre-Feasibility Study continued during the quarter. This is being undertaken in conjunction with the company's various project team members in South Africa. Completion is targeted prior to the end of 2009.

Tasmania

- A drilling programme for the Woodbury coal tenement has been finalised and steps are now underway to expedite exploration drilling.

Cameroon

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

CORPORATE

- The non-renounceable entitlement offer to raise approximately \$30 million was successfully completed on 30 July 2009. Funds from the issue are being used primarily for the company's South African projects, in particular for the acquisition of land. Other uses include completion of a bankable feasibility study for the Waterberg Mine, initial infrastructure works to secure access to necessary utilities such as power supply, facilitation of the development of the Ledjadja project, the continuation of exploration activities in Tasmania and working capital.



CORPORATE INFORMATION

Directors

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

Company Secretary

Steve Matthews

Registered Office

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Contacts

Paul Jury
Steve Matthews

** Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by Mr Dawie Van Wyk who is a consultant to the Company and is a member of a Recognised Overseas Professional Organisation. Mr Van Wyk has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Van Wyk has given and has not withdrawn consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

Appendix 5B

Mining exploration entity quarterly report

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

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration and evaluation	(250)	(250)
	(b) development	(712)	(712)
	(c) production	-	-
	(d) administration	(274)	(274)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	150	150
1.5	Interest and other costs of finance paid	(1)	(1)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,087)	(1,087)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets (land)	(6,667)	(6,667)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(6,667)	(6,667)
1.13	Total operating and investing cash flows (carried forward)	(7,754)	(7,804)

		Current quarter \$A'000	Year to date (3 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(7,754)	(7,754)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	29,524	29,524
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	29,524	29,524
	Net increase (decrease) in cash held	21,770	21,770
1.20	Cash at beginning of quarter/year to date	5,090	5,090
1.21	Exchange rate adjustments to item 1.20	(371)	(371)
1.22	Cash at end of quarter	26,489	26,489

Payments to directors of the entity and associates of the directors

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	212
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Executive salaries and directors fees

Non-cash financing and investing activities

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

N/A

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

N/A

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	1,500
4.2	Development	1,500
Total		3,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	677	9
5.2	Deposits at call	25,633	4,865
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	179	216
Total: cash at end of quarter (item 1.22)		26,489	5,090

Changes in interests in mining tenements

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

Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	+Preference securities <i>(description)</i>	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	+Ordinary securities	154,287,692	154,287,692	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	77,068,846 150,000 Nil	77,068,846 150,000 Nil	\$0.40 \$0.58* *Employee Share Plan - market value on day of issue	Fully paid Fully paid
7.5	+Convertible debt securities <i>(description)</i>	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	Options <i>(description and conversion factor)</i>	474,785 450,000 3,750,000 1,000,000 250,000 450,000 250,000 350,000 350,000 375,000 375,000 500,000	Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil Nil	<i>Exercise price</i> \$0.10 \$0.25 \$0.50 \$0.50 \$0.50 \$0.60 \$0.70 \$1.00 \$1.50 \$1.55 \$1.85 \$2.05	<i>Expiry date</i> 31/12/2009 28/11/2012 31/12/2012 7/7/2011 17/3/2013 28/11/2012 17/3/2013 17/3/2013 17/3/2013 28/5/2013 28/5/2013 28/5/2013
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	Nil			
7.11	Debentures <i>(totals only)</i>	N/A			
7.12	Unsecured notes <i>(totals only)</i>	N/A			

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

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



Sign here:

(Company secretary)

Date: 8 October 2009

Print name: STEPHEN JAMES MATTHEWS

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