



**RESOURCE GENERATION LIMITED**  
ACN 059 950 337

**QUARTERLY REPORT**  
**FOR THE THREE MONTHS ENDED 31 DECEMBER 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***

- Following the announcement of a coal reserve and resource in the Ledjadja Coal Joint Venture properties on 22 January 2010, the company's tenements contain the following coal reserves and resources:
  - Probable reserve 603.3 million tonnes
  - Indicated resource 569.5 million tonnes
  - Inferred resource 1,858.9 million tonnes

Drilling of 16% of the Ledjadja tenements resulted in a doubling of probable saleable coal reserves to 603 million tonnes and a new inferred resource of 1.7 billion tonnes has been defined. Further drilling is targeted on an additional 15% - 20% of the tenement area and expectations are that the resource and reserve classification will improve accordingly.

- The pre-feasibility study confirmed the significant potential of the Boikarabelo project.
- Mining Rights Application lodgement is scheduled to occur in February 2010.
- The acquisition of five properties totalling 5,625 hectares in the Waterberg area was announced during the quarter. The properties will accommodate surface infrastructure to support the proposed large scale open cut coal mine.

**EXPLORATION RIGHTS AND ACTIVITIES**

***Ledjadja Coal Joint Venture (LCJV)***

- The analysis of the 15 cored holes and 12 percussion holes drilled in the Witkopje (L1) property was completed in the quarter. Combined with the results from the earlier drilling programme across Draai Om, Kalkpan and Witkopje, a JORC-compliant resource has been determined and was announced on 22 January 2009. There is a probable saleable coal reserve of 300.9 million tonnes\* in 16% of the land area. The balance of the land area contains an inferred resource of 3.6 billion tonnes or 1.7 billion tonnes excluding shale content.
- Further drilling is targeted on the northern half of Kalkpan (L3) after access has been obtained, which is expected by the end of January 2010 and should improve the resource and reserve classification on that tenement.



- 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. ZAR16.7 million has been spent to date.

### ***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 exists 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 indicated 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%. US\$3.3 million has been spent to date.

### ***Waterberg Project Development***

- The Waterberg project has been renamed Boikarabelo, which means "to be responsible" in the local Sesotho dialect.
- The tenements forming part of the Boikarabelo project contain the following reserves and resources:

	Inferred Resource* million tonnes	Indicated Resource* million tonnes	Probable Reserve million tonnes
<b>Waterberg One Coal JV</b>			
Waterberg #1		569.5	302.4
<b>Ledjadja Coal JV</b>			
Witkopje			300.9
Draai Om, Kalkpan and Witkopje	1,735.5		
<b>Total Boikarabelo Project</b>	<b>1,735.5</b>	<b>569.5</b>	<b>603.3</b>

\* Excludes shale content and comprises 100% for each joint venture

- The acquisition of five properties totalling 5,625 hectares in the Waterberg area was announced during the quarter. Three of the properties coincide with the Ledjadja prospecting right and two are immediately to the south. The properties will accommodate the coal preparation plant, ROM and product coal stockpiles, labour, equipment and administration facilities to support the proposed large scale open cut coal mine. Negotiations are well advanced for the acquisition of two further properties, within which the open cut pit is planned.



- The completion of the pre-feasibility study on the Boikarabelo project was announced in the quarter with the Board approving to proceed with a detailed feasibility study in conjunction with one or more banks early in 2010. The pre-feasibility study, based on conservative assumptions, confirmed the significant potential of the Boikarabelo project. It also provided clarification on areas where the project returns can be significantly improved, particularly in respect to capital and transport related expenditure.
- The company is scheduled to lodge the mining rights application and associated documentation such as social and labour plans with the Department of Mines and Energy in February 2010. Subject to the regulatory process, the timing for the grant of a mining right is targeted for early 2011, with the aim of achieving coal production by January 2013.
- Key issues remain obtaining domestic offtake and securing appropriate logistics solutions for exports. Working committees with both rail and potential port providers are in place.

#### ***Tasmania***

- A drilling programme for the Woodbury coal tenement has been finalised and arrangements are underway to obtain access to allow exploration drilling.

#### ***Cameroon***

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



## **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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2 Chifley Square  
Sydney NSW 2000

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Facsimile: 02 9376 9013  
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### **Mailing Address**

GPO Box 5490  
Sydney NSW 2001

### **Contacts**

Paul Jury  
Steve Matthews

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

## Appendix 5B

### Mining exploration entity quarterly report

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

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

31 December 2009

#### Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 mths) \$A'000
1.1	Receipts from product sales and related debtors	44	44
1.2	Payments for (a) exploration and evaluation	(785)	(1,036)
	(b) development	(281)	(993)
	(c) production	-	-
	(d) administration	(270)	(544)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	453	604
1.5	Interest and other costs of finance paid	(2)	(3)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	<b>Net Operating Cash Flows</b>	<b>(841)</b>	<b>(1,928)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets (land)	(6,993)	(13,660)
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- Government charges in relation to land acquisitions (refundable)	(1,712)	(1,712)
	<b>Net investing cash flows</b>	<b>(8,705)</b>	<b>(15,372)</b>
1.13	Total operating and investing cash flows (carried forward)	(9,546)	(17,300)

		Current quarter \$A'000	Year to date (6 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(9,546)	(17,300)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	109	29,633
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>109</b>	<b>29,633</b>
	<b>Net increase (decrease) in cash held</b>	<b>(9,437)</b>	<b>12,333</b>
1.20	Cash at beginning of quarter/year to date	26,489	5,091
1.21	Exchange rate adjustments to item 1.20	635	263
1.22	<b>Cash at end of quarter</b>	<b>17,687</b>	<b>17,687</b>

**Payments to directors of the entity and associates of the directors**

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

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

1.25 Explanation necessary for an understanding of the transactions

Executive salaries and directors fees

**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	1,800
4.2	Development	500
<b>Total</b>		<b>2,300</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	58	677
5.2	Deposits at call	17,447	25,633
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	182	179
<b>Total: cash at end of quarter (item 1.22)</b>		<b>17,687</b>	<b>26,489</b>

### Changes in interests in mining tenements

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

### Issued and quoted securities at end of current quarter

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

		Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1	<b>+Preference securities</b> (description)	N/A			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	N/A			
7.3	<b>+Ordinary securities</b>	159,412,477	159,412,477	Various	Fully paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	474,785 4,650,000  Nil	474,785 4,650,000	\$0.10* \$0.18**  *Exercise of options  **Employee Share Plan - market value on day of grant	Fully paid Fully paid
7.5	<b>+Convertible debt securities</b> (description)	N/A			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	N/A			
7.7	<b>Options</b> (description and conversion factor)	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	Exercise price \$0.25 \$0.50 \$0.50 \$0.50 \$0.60 \$0.70 \$1.00 \$1.50 \$1.55 \$1.85 \$2.05	Expiry date 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	474,785		\$0.10	31/12/2009
7.10	Expired during quarter	Nil			
7.11	<b>Debentures</b> (totals only)	N/A			
7.12	<b>Unsecured notes</b> (totals only)	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: 28 January 2010

Print name: STEPHEN JAMES MATTHEWS

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