

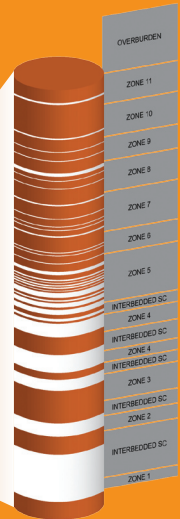
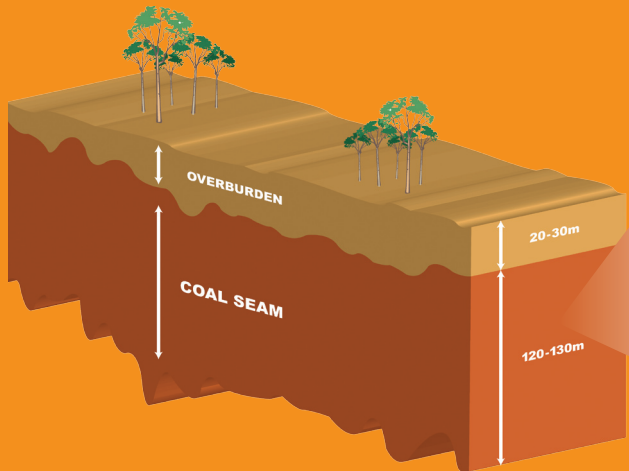
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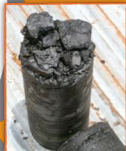
Developing a massive coal mine in **South Africa**



Waterberg No.1
 2.0 billion tonnes resource
 Saleable Reserve:¹
 302 million tonnes (15% of area)
 Indicated Resource:
 570 million tonnes

Ledjadia exploration continuing,
 4.0 billion tonnes resource.
 Saleable Reserve:¹
 301 million tonnes (16% of area)
 Inferred Resource:
 1.7 billion tonnes.

Mine infrastructure location.
 Transport / access corridors.



Shareholder update

on Resource Generation's Boikarabelo mine
 February 2010

¹ INCLUDES RESOURCE RESERVES * PROBABLE

Dear Shareholder

Last week we lodged the mining rights application for Resource Generation's Boikarabelo mine in the Waterberg region of South Africa. This is an important step forward in our plans to develop a large-scale coal mining operation with production starting in January 2013.

Progress so far

It is only 16 months since your company secured Boikarabelo prospecting rights, and since then we have made substantial progress. We have:

- defined a 6 billion* tonne coal resource;
- completed the mine plan;
- identified probable saleable reserves of 603 million* tonnes from 23% of our available area;
- designed infrastructure;
- defined transport, power and water solutions;
- completed a social and labour plan
- acquired surface land;
- completed a pre-feasibility study; and now
- submitted our mining rights application

We are therefore well on our way!

The next steps

The South African Department of Mines & Energy normally takes approximately 12 months to award mining rights. Meanwhile, we will focus on securing coal offtake agreements, determining the most appropriate transport arrangements, and planning necessary infrastructure. We are also continuing our drilling program to prove even greater reserves and facilitate mine planning.

By the time we receive the mining right, which we expect to be early in 2011, we hope to be well advanced in negotiating funding for the project. This would enable us to begin mine construction and order the mine fleet during 2011. The mine would then be completed and the mine fleet delivered in 2012

Growing demand for South African coal

Coal is the major source of energy in South Africa. Production from existing mines is limited and there is expected to be an imbalance between supply and demand over the next ten years. The Waterberg coal field contains approximately 40% of South Africa's remaining coal resource and is considered to be the main source of coal in the future.

In addition, Asian demand for coal has been growing, providing export opportunities for South Africa which currently exports more than a quarter of its production.

Resource Generation also has five coal tenements in Tasmania which it is exploring and three uranium tenements in Cameroon. The company is planning a drilling program on one of its Tasmanian tenements with open-cut potential.

An accessible resource

We were attracted to the Waterberg region because of the accessibility and quality of its coal.

The Boikarabelo coal seam is between 20 and 30 metres below the surface, enabling low-cost, open-cut mining. The seam is between 120 and 130 metres thick, with zones of varying quality thermal and soft coking coal.

Our tenements are only 40 kilometres by road from an existing rail system that provides access to domestic markets and to the ports of Maputo, Richards Bay and Durban for export shipments. These three ports all have potential to expand their coal capacity, and a proposed new railway to Walvis Bay in Namibia, if constructed, would also offer access to export markets.

The land is flat and easy to access, and we have bought 8,400 hectares which will enable development of the mine to proceed quickly when we receive funding and mining rights.

Planning the mine and infrastructure

We are already well advanced with planning the mine and have designed the coal handling and preparation plant.

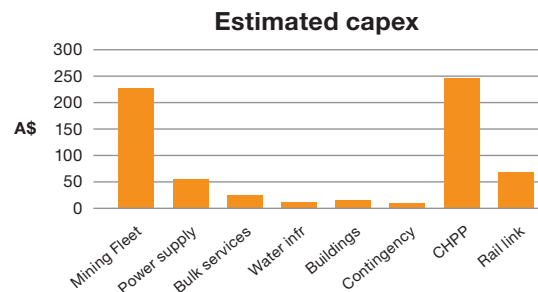
The shallow overburden means that a small fleet of equipment can produce a lot of coal. Costs will be relatively low, and multiple mining benches will provide the flexibility to extract the coal quality required.

Confirmed earnings potential

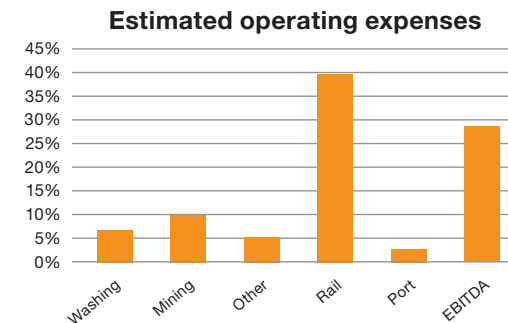
Our pre-feasibility study, completed in November 2009, confirmed the significant potential of Boikarabelo.

The study assumed mine development in two stages. The first stage, for five years from January 2013, assumed production of 3 million tonnes of saleable export coal and at least 3 million tonnes of saleable domestic coal per annum. The second stage, scheduled to begin in January 2018 depending on offtake contracts, would increase production to 40 million tonnes of run-of-mine coal per annum.

The study also assumed conservative coal prices and exchange rates and capital expenditure of A\$700 million to develop the mine, including A\$240 million to construct coal handling and preparation facilities.



Based on these assumptions, Boikarabelo would deliver an operating margin of 30 % of forecast sales. As you will see from the following chart, the major operating cost will be rail transport, and we are investigating ways to cut this as well as to reduce the capital cost of the mining fleet.



An experienced team

In addition to our board and management in Australia, we have assembled an experienced team of employees and consultants in South Africa to oversee the development of Boikarabelo. They are led by Hennie van den Aardweg, who has 25 years experience of developing and managing coal mining operations in South Africa, including for Total Coal. Consultants include specialists in mine planning and engineering, resource and reserve determination, coal handling and preparation facilities design, the mining application process including environmental, social and labour impacts, railways and civil engineering, transport, and port logistics.

Summary

We are well along the track to meet our goal of starting production in January 2013. The key steps now are receipt of mining rights, obtaining project funding so we can begin construction, and completion of the mine development and infrastructure.

We will continue to advise you of the progress we are making, and – if you have any further queries – please contact Steve Matthews or me at any time. We are increasingly excited by the potential of Boikarabelo to become a large, profitable coal mine and are always prepared to discuss the project with our shareholders.

Paul Jury
Managing Director

* Information in this letter 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 his consent to the inclusion in the letter of the matters based on his information in the form and context in which it appears.