



Resource Generation Limited

ACN 059 950 337

Quarterly Report for the three months ended 30 June 2010

Resource Generation has coal interests in South Africa and Tasmania. Its current priority is to develop its planned Boikarabelo coal mine in the Waterberg region of South Africa, which has one of the country's largest remaining coal deposits.

Highlights

- Secondary listing on Johannesburg Stock Exchange (JSE) to provide additional funding options for the Boikarabelo mine development.
- Progress with mining rights application.
- Received approval to increase shareholding in Boikarabelo's Ledjadja tenements.
- Further drilling program results consistent with previous results.
- Opened dialogue on access to rail network.
- Commenced discussions with potential customers.
- Consolidated land holdings around planned Boikarabelo mine.

South Africa

Secondary listing on JSE

Resource Generation announced in March 2010 that it intended to apply for a secondary listing of its shares on the JSE to open up additional sources of finance and enable South African investors to participate in the Boikarabelo mine development.

The listing took place on 14 July 2010 following extensive due diligence to meet JSE requirements. These included publication of a comprehensive pre-listing statement which is available on Resource Generation's website along with related media coverage.

To overcome the JSE's concern about lack of liquidity in Resource Generation's shares, the company issued five million fully paid shares to a trust, of which the trustee is a wholly-owned subsidiary of the company. This facility will remain in place until there is a sufficient spread of shareholders on the South African register, when arrangements will be made to deal with the shares in the interests of all shareholders.

Progress with mining rights application

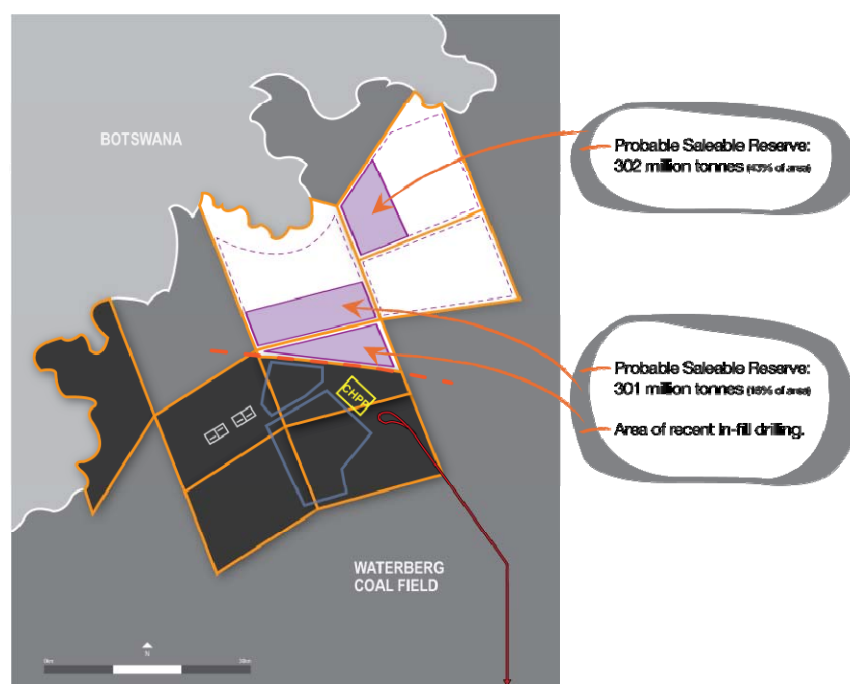
Progress with Resource Generation's mining rights application is continuing and has reached the stage when public consultation is underway on the environmental management plan. The application process is transparent and the company has held constructive meetings with the Department of Mineral Resources; as mentioned below, the department handled the company's previous application promptly and efficiently.

Approval to increase shareholding in Boikarabelo's Ledjadja tenements

Regulatory approval, often considered a sovereign risk, has been received from the Department of Mineral Resources to increase Resource Generation's shareholding in Boikarabelo's Ledjadja tenements to 74%.

Further drilling program

Results continue to be analysed on the 25 holes drilled in the previous quarter, with analysis of half the holes completed to date. Results are consistent with earlier drilling; if this continues, Boikarabelo's probable saleable reserves and indicated resource are likely to increase from the current level of 603.3 million tonnes.



Access to rail network

The company has initiated discussions with Transnet regarding access to its rail network to provide transport to east coast ports. Pending possible construction of a branch line, initial production will be transported by truck 45 km to existing rail infrastructure.

Discussions with potential customers

The company is also in discussions with potential customers regarding purchases of Boikarabelo coal when production begins.

Consolidation of land holdings

During the quarter a key 1,273 hectare property was acquired for A\$3 million. This consolidated Resource Generation's landholdings around the planned Boikarabelo mine, securing freehold title to both mining and infrastructure land to minimise start-up issues for the mine.



Tasmania

Drilling has been completed of 12 of 24 planned holes on the Woodbury tenement, where Resource Generation is exploring for thermal coal. Coal intersections have been made but results have yet to be correlated.

Cameroon

There was no activity during the quarter on Resource Generation's uranium tenements in Cameroon.

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, 30/9/2001.

Name of entity

Resource Generation Limited

ABN

91 059 950 337

Quarter ended ("current quarter")

30 June 2010

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.1	Receipts from product sales and related debtors	-	44
1.2	Payments for (a) exploration and evaluation	(329)	(1,936)
	(b) development	(813)	(2,357)
	(c) production	-	-
	(d) administration	(179)	(1,164)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	157	990
1.5	Interest and other costs of finance paid	(1)	(5)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	-	-
	Net Operating Cash Flows	(1,165)	(4,428)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets (land)	(3,044)	(22,749)
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)	1,121	(1,435)
	Net investing cash flows	(1,923)	(24,184)
1.13	Total operating and investing cash flows (carried forward)	(3,088)	(28,612)



		Current quarter \$A'000	Year to date (12 mths) \$A'000
1.13	Total operating and investing cash flows (brought forward)	(3,088)	(28,612)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	(22)	29,611
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	(22)	29,611
	Net increase (decrease) in cash held	(3,110)	999
1.20	Cash at beginning of quarter/year to date	9,175	5,091
1.21	Exchange rate adjustments to item 1.20	23	(2)
1.22	Cash at end of quarter	6,088	6,088

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	1,130
4.2	Development	1,380
4.3	Production	-
4.4	Administration	500
Total		3,010

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	14	15
5.2	Deposits at call	5,892	8,978
5.3	Bank overdraft	-	-
5.4	Other (Bank guarantees)	182	182
Total: cash at end of quarter (item 1.22)		6,088	9,175

Changes in interests in mining tenements

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



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 (description)	N/A			
7.2	Changes during quarter	N/A			
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	159,412,477	159,412,477	Various	Fully paid
7.4	Changes during quarter				
	(a) Increases through issues	5,000,000	5,000,000	50	Nil
	(b) Decreases through returns of capital, buy-backs	Nil	Nil	Nil	Nil
7.5	+Convertible debt securities (description)	N/A			
7.6	Changes during quarter	N/A			
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		450,000	Nil	\$0.25	28/11/2012
		3,750,000	Nil	\$0.50	31/12/2012
		1,000,000	Nil	\$0.50	7/7/2011
		250,000	Nil	\$0.50	17/3/2013
		450,000	Nil	\$0.60	28/11/2012
		250,000	Nil	\$0.70	17/3/2013
		350,000	Nil	\$1.00	17/3/2013
		350,000	Nil	\$1.50	17/3/2013
		375,000	Nil	\$1.55	28/5/2013
		375,000	Nil	\$1.85	28/5/2013
		500,000	Nil	\$2.05	28/5/2013
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil		Nil	
7.10	Expired during quarter	Nil			
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (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.

A handwritten signature in black ink, appearing to read "Stephen James Matthews".

Sign here:
(Company secretary)

Date: 26 July 2010

Print name: STEPHEN JAMES MATTHEWS

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