

# RESOURCE GENERATION LIMITED

ABN 91 059 950 337

## Annual Report

30 June 2010

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The financial report covers Resource Generation Limited comprising the consolidated entity and its subsidiaries. The financial report is presented in Australian dollars .

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 18 August 2010. 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](http://www.resgen.com.au)

Directors' report  
30 June 2010

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 2010.

#### Directors

The following persons were directors of Resource Generation Limited during the whole of the financial year and up to the date of this report:

S R W Douglas (Chairman)  
P J Jury (Managing Director)  
S J Matthews (Executive Director)  
G Rose (Non-executive Director)

#### Principal activities

During the year the principal continuing activities of the Group consisted of the exploration and development of coal resources in South Africa and Tasmania and monitoring of its Cameroon uranium deposits.

#### Review of operations

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

#### Significant changes in the state of affairs

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

##### Rights Issue

On 23 June 2009, the Company announced a fully underwritten 1:1 non renounceable rights issue. The rights issue raised \$30.828 million cash before costs. The rights issue was successfully completed in July 2009.

##### Boikarabelo Project

The Company completed extensive drilling and analysis which resulted in resource upgrades for its coal tenements at Waterberg and Ledjadja in South Africa. The combined tenements, known as the Boikarabelo Project, include 603.3 million tonnes of probable reserves, 569.5 million tonnes of indicated resource and an inferred resource of 1.735 billion tonnes.

A pre-feasibility study completed in November 2009 confirmed the significant potential of the Boikarabelo Project. The mining rights application was lodged in February 2010, with a target of mid 2011 for the granting of the right.

##### Land acquisition

The Company has successfully acquired significant land holdings in the Boikarabelo Project region. The acquisitions provide key land for the site of the major mine and infrastructure. The Company acquired 7 parcels of land, totalling 9,670 hectares for approximately \$22.710million.

##### Tasmania

In June 2010 the Company commenced exploration drilling for thermal coal on its Woodbury tenement in Tasmania. Coal intersections have been made but results have yet to be correlated.

##### Cameroon

There has been no activity on the Company's uranium tenements in Cameroon.

#### 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 \$3.280 million.

#### Matters subsequent to the end of financial year

The Company completed its secondary listing on the Johannesburg Stock Exchange (JSE) on 14 July 2010. The secondary listing is a further step in the development of the Boikarabelo Project providing South African investors easier access to participate in the project.

The Company has spent in excess of ZAR 20.000 million on the development of Ledjadja Coal (Pty) Limited joint venture and has received Section 11 approval from the Department of Mineral Resources which entitles it to increase its ownership from 49% to 65%. The shares to reflect this increase in shareholding will be issued in the September 2010 quarter.

There were no other matters subsequent to the end of the financial year that has significantly affected or may significantly affect:

- (i) the group's operations in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the group's state of affairs in future financial years.

#### Likely developments and expected results of operations

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.

**Resource Generation Limited**  
**Directors' report**  
**30 June 2010**

**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 William Douglas**  
Non-executive Chairman, age 35.

**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**  
Nil.

**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**

Executive director of Clean Global Energy Limited (formerly International Resource Holdings Limited)-resigned 9 October 2009.

**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 53.

**Experience and expertise**

Mr Jury has over 30 years experience in managing businesses, the last 25 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**

11,876,349 ordinary shares in Resource Generation Limited  
6,666,666 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 53.

**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**

1,974,468 ordinary shares in Resource Generation Limited  
3,333,334 share rights to acquire ordinary shares in Resource Generation Limited

**Former directorships in the last 3 years**

None.

**Special responsibilities**

Company Secretary and Finance Director

**Geoffrey (Toby) Rose AO, BSc**  
 Non-executive director, age 75.

**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

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2010, 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
Scott Douglas	13	13	2	2	2	2
Paul Jury	13	13	*	*	*	*
Stephen Matthews	13	13	*	*	*	*
Geoffrey (Toby) Rose	13	13	2	2	2	2

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

**Remuneration report**

The Board is committed to clear and transparent disclosure of the Company's remuneration arrangements.

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

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 Group'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 Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation. The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives.

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.

Remuneration Report (Continued)

The board has established a remuneration committee which makes recommendations to the board on remuneration and incentive policies and practices and other terms of employment for executive and non-executive directors and other senior executives. The Corporate Governance Statement provides further information on the role of the committee.

**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 Remuneration Committee. 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 Finance Director.

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.

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

2010	Short-term benefits	Post employment benefits	Share based payment	Total	
	Cash salary or fees	Superannuation	Performance shares		% Share based payment
	\$	\$	\$	\$	
<i>Non-executive directors</i>					
(i) Scott Douglas	100,000	-	-	100,000	-
Geoffrey (Toby) Rose	12,500	37,500	-	50,000	-
<i>Sub-total non-executive directors</i>	112,500	37,500	-	150,000	
<i>Executive directors</i>					
Paul Jury	350,000	50,000	1,748,505	2,148,505	81%
Stephen Matthews	250,000	50,000	874,252	1,174,252	74%
<i>Sub-total executive directors</i>	600,000	100,000	2,622,757	3,322,757	
<i>Other key management</i>					
Hennie van den Aardweg	292,992	24,932	340,764	658,688	52%
Michelene Collopy	70,625	-	612	71,237	1%
<i>Sub-total key management</i>	363,617	24,932	341,376	729,925	
<b>Totals</b>	<b>1,076,117</b>	<b>162,432</b>	<b>2,964,133</b>	<b>4,202,682</b>	

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 \$100,000 for company director services;

Remuneration Report (Continued)

2009	Short-term benefits	Post employment benefits	Share based payment	Total	
Name of director	Cash salary or fees	Superannuation	Performance shares		% 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>Sub-total executive directors</i>	477,174	200,000	324,000	1,001,174	
<i>Other key management</i>					
Hennie van den Aardweg	202,514	16,200	33,750	252,464	13%
Micheline Collopy	23,313	23,312	-	46,625	-
Rowan Armstrong	74,738	5,188	-	79,926	-
<i>Sub-total key management</i>	300,565	44,700	33,750	379,015	
<b>Totals</b>	<b>942,794</b>	<b>299,032</b>	<b>357,750</b>	<b>1,599,576</b>	

The fees paid to director-related entities were for the provision of services of the particular director, 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.

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	
	2010	2009	2010	2009	2010	2009
<i>Executive directors</i>						
Paul Jury	19%	64%	-	-	81%	36%
Stephen Matthews	26%	73%	-	-	74%	27%
<i>Other key management</i>						
Hennie van den Aardweg	48%	87%	-	-	52%	13%
Micheline Collopy	99%	100%	-	-	1%	-
Rowan Armstrong	-	100%	-	-	-	-

### 3 Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The major provisions of the agreements relating to remuneration are set out below:

#### 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 and superannuation 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 and superannuation 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 and superannuation 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

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 obtaining a mining licence and funding for the project and are expected to be achieved in the first half of 2011. Shareholder approval for the issue of shares under option was obtained at a General Meeting held on 26 October 2009.

Unissued ordinary shares of Resource Generation Limited under option, held by directors and key management, 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	Year granted
6-Nov-09	Paul Jury	31-Mar-11	30-Sep-12	nil	\$0.49	3,333,333	2010
6-Nov-09	Paul Jury	30-Jun-11	30-Sep-12	nil	\$0.49	3,333,333	2010
6-Nov-09	Steve Matthews	31-Mar-11	30-Sep-12	nil	\$0.49	1,666,667	2010
6-Nov-09	Steve Matthews	30-Jun-11	30-Sep-12	nil	\$0.49	1,666,667	2010
6-Nov-09	Hennie van den Aardweg	31-Mar-11	30-Sep-12	nil	\$0.49	750,000	2010
6-Nov-09	Hennie van den Aardweg	30-Jun-11	30-Sep-12	nil	\$0.49	750,000	2010
22-Jun-10	Michelene Collopy	31-Mar-11	30-Sep-12	nil	\$0.49	25,000	2010
22-Jun-10	Michelene Collopy	30-Jun-11	30-Sep-12	nil	\$0.49	25,000	2010
7-Dec-07	Scott Douglas	7-Dec-07	28-Nov-12	n/a	\$0.73	250,000	2008
7-Dec-07	Scott Douglas	7-Dec-07	28-Nov-12	n/a	\$0.57	250,000	2008
17-Mar-08	Scott Douglas	17-Mar-08	17-Mar-13	n/a	\$0.88	250,000	2008
17-Mar-08	Scott Douglas	26-May-08	17-Mar-13	n/a	\$0.79	250,000	2008
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.76	250,000	2008
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.69	250,000	2008
26-May-08	Scott Douglas	26-May-08	28-May-13	n/a	\$0.64	500,000	2008
						13,550,000	

n/a: Options issued at various strike prices as per Note 18.

Grant date	Name	% Vested	% Forfeited	Minimum total value of grant yet to vest \$	Maximum total value of grant yet to vest \$	Performance achieved
6-Nov-09	Paul Jury	Nil	Nil	Nil	1,633,333	to be determined
6-Nov-09	Paul Jury	Nil	Nil	Nil	1,633,333	to be determined
6-Nov-09	Steve Matthews	Nil	Nil	Nil	816,667	to be determined
6-Nov-09	Steve Matthews	Nil	Nil	Nil	816,667	to be determined
6-Nov-09	Hennie van den Aardweg	Nil	Nil	Nil	367,500	to be determined
6-Nov-09	Hennie van den Aardweg	Nil	Nil	Nil	367,500	to be determined
22-Jun-10	Michelene Collopy	Nil	Nil	Nil	12,250	to be determined
22-Jun-10	Michelene Collopy	Nil	Nil	Nil	12,250	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.

5 Additional information

a) Shares under option

At 30 June 2010 there were 19.700m ordinary shares under option made up of the 11.600m granted during 2010 and 8.100m granted in prior years. For details of these options see Note 18f.

b) Insurance of officers

During the financial year Resource Generation Limited paid a premium of \$29,953 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 officers 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 98/100, 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.

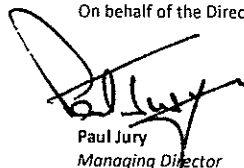
f) Auditors' independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8 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 21, 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

19 August 2010

PricewaterhouseCoopers  
ABN 52 780 433 757

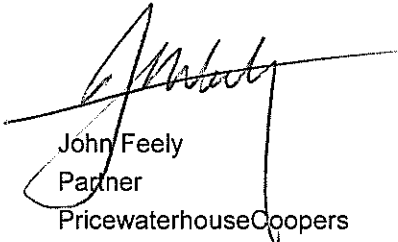
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## Auditors' Independence Declaration

As lead auditor for the audit of Resource Generation Limited for the year ended 30 June 2010, 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 during the year.

  
John Feely  
Partner

PricewaterhouseCoopers

Sydney  
19 August 2010



## Resource Generation Limited

Corporate Governance Statement  
30 June 2010

### Corporate governance statement

30 June 2010

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 2010.

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 Finance Director) 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.

## Resource Generation Limited

Corporate Governance Statement

30 June 2010

### Commitment

The number of meetings of the Company's Board of directors held during the year ended 30 June 2010, 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.

### 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 Chairman 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 2010:

- 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 has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the Audit and Risk Committee and Remuneration Committee. Each is comprised entirely of non-executive directors.

Minutes of committees are tabled at the subsequent Board meeting.

### Audit and Risk Committee

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

Scott Douglas (Chairman)

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;
- 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.

## Resource Generation Limited

Corporate Governance Statement  
30 June 2010

### 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 21.

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.

Deloitte & Touche Sponsor Services (Pty) Ltd acts as the company's sponsor for its secondary listing on JSE Limited and is responsible for the company's communications with JSE Limited.

## Resource Generation Limited

### Statement of comprehensive income For the Year Ended 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
Revenue from continuing operations	5	982	398
Administration, rent and corporate		(847)	(1,019)
Employees benefits expense		(302)	(638)
Depreciation of property plant and equipment	6a	(92)	(69)
Share based compensation	6a	(2,965)	(6,690)
Provision for investment diminution	6b	-	(7,089)
Development expenditure		(56)	(39)
<b>Loss before income tax</b>		<b>(3,280)</b>	<b>(15,146)</b>
Income tax expense	7	-	-
Loss from continuing operations		(3,280)	(15,146)
Loss from discontinued operations	8	-	(6)
<b>Loss for the year</b>		<b>(3,280)</b>	<b>(15,152)</b>
Other comprehensive income			
Exchange differences on translation of foreign operations		(88)	(28)
Total comprehensive income		<b>(3,368)</b>	<b>(15,180)</b>
<b>Loss is attributable to:</b>			
<b>Owners of Resource Generation Limited</b>		<b>(3,280)</b>	<b>(15,152)</b>
Total comprehensive income for the year is attributable to:			
Owners of Resource Generation Limited		<b>(3,368)</b>	<b>(15,180)</b>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company			
Basic earnings per share	31	(2.2)	(21.2)
Diluted earnings per share	31	(2.2)	(21.2)

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Resource Generation Limited

### Balance sheets As at 30 June 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents	10	6,088	5,090
Trade and other receivables	11	1,693	488
Deposits and prepayments	12	16	-
		<u>7,797</u>	<u>5,578</u>
<b>Non-current assets</b>			
Property, plant and equipment	13	22,951	305
Mining tenements and exploration	14	61,423	55,932
		<u>84,374</u>	<u>56,237</u>
<b>TOTAL ASSETS</b>		<u>92,171</u>	<u>61,815</u>
<b>Current liabilities</b>			
Trade and other payables	15	1,582	594
Provisions	16	147	111
		<u>1,729</u>	<u>705</u>
<b>Non-current liabilities</b>			
Royalties payable	17	3,926	3,896
		<u>3,926</u>	<u>3,896</u>
<b>TOTAL LIABILITIES</b>		<u>5,655</u>	<u>4,601</u>
<b>NET ASSETS</b>		<u>86,516</u>	<u>57,214</u>
<b>Equity</b>			
Contributed equity	18	95,945	65,376
Reserves	19	20,025	18,012
Accumulated losses	19	(29,482)	(26,202)
Total parent entity interest		86,488	57,186
Minority interest	26	28	28
<b>TOTAL EQUITY</b>		<u>86,516</u>	<u>57,214</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 2010

	Notes	Attributable to owners of Resource Generation Limited					Total equity \$'000
		Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000	Non-controlling interests \$'000	
Balance at 1 July 2008		46,313	11,114	(11,050)	46,377	28	46,405
Total comprehensive income for the year as reported in the 2009 financial statements		-	(28)	(15,152)	(15,180)	-	(15,180)
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity, net of transaction costs	18	19,063	-	-	19,063	-	19,063
Share based payment reserve	19	-	6,569	-	6,569	-	6,569
Employee share options - value of employee services	19	-	357	-	357	-	357
		19,063	6,926	-	25,989	-	25,989
Balance at 30 June 2009		65,376	18,012	(26,202)	57,186	28	57,214
Total comprehensive income for the year		-	(88)	(3,280)	(3,368)	-	(3,368)
<b>Transactions with owners in their capacity as owners:</b>							
Contributions of equity, net of transaction costs	18	30,569	-	-	30,569	-	30,569
Employee share options - value of employee services	19	-	2,101	-	2,101	-	2,101
		30,569	2,101	-	32,670	-	32,670
Balance at 30 June 2010		95,945	20,025	(29,482)	86,488	28	86,516

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 2010

	Notes	Consolidated	
		2010 \$'000	2009 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		44	75
Payments to suppliers and employees (inclusive of GST)		(1,175)	(1,625)
Interest received		990	378
Interest paid		(6)	(6)
<b>Net cash inflow/ (outflow) from operating activities</b>	30	<u>(147)</u>	<u>(1,178)</u>
<b>Cash flows from investing activities</b>			
Payments for land, property, plant and equipment	13	(22,738)	(374)
Payments for government charges associated with land acquisition (refundable)		(1,435)	-
Payment for mineral tenements and exploration		(4,292)	(3,943)
Payments for acquisition of subsidiaries	9	-	(2,323)
Proceeds from disposal of property, plant and equipment		-	13
<b>Net cash inflow/ (outflow) from investing activities</b>		<u>(28,465)</u>	<u>(6,627)</u>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of shares		29,611	11,426
<b>Net cash inflow from financing activities</b>		<u>29,611</u>	<u>11,426</u>
<b>Net increase in cash and cash equivalents</b>		<u>999</u>	<u>3,621</u>
Cash and cash equivalents at the beginning of the year		5,090	1,402
Effects of exchange rate movements on cash and cash equivalents		(1)	67
<b>Cash and cash equivalents at the end of the year</b>	10	<u>6,088</u>	<u>5,090</u>

*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 consolidated financial statements are as set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for 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").

*Financial statement presentation*

The Group applied AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised 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 2010 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 (cont.)**

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 statement of comprehensive income and balance sheet, respectively.

Investments in subsidiaries are accounted for at cost in the separate 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 25.

**c) Segment reporting**

Segments are reported in a manner consistent with the internal management reporting to the board. 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

*Change in accounting policy*

The Group has adopted AASB 8 *Operating Segments* from 1 July 2009. The new standard requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes, consistent with the internal reporting provided to the board.

**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

*(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 statement of comprehensive income, 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 statement of comprehensive income 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 in other comprehensive income.

**d) Foreign currency translation (cont.)**

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 recognised in other comprehensive income. 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 profit or loss, as part of the gain or loss on sale where applicable.

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.

The current income tax charge is calculated on the basis of tax laws at the end of the accounting period in the countries where the Group operates and generates taxable income. Management periodically evaluates position taken where the tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

*Tax consolidation legislation*

Resource Generation Limited and its wholly owned Australian controlled subsidiaries implemented the tax consolidation legislation effective 1 July 2007. 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.

**f) Income Tax (cont.)**

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.

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**

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at acquisition date. The acquisition 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. The consideration transferred for the acquisition of a subsidiary 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. Acquisition-related costs are expensed as incurred.

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.

**Change in accounting policy**

A revised AASB 3 Business Combinations became operative on 1 July 2009. The revised standard continues to apply the acquisition method to business acquisitions but there have been some significant changes.

Acquisition costs are now expensed as incurred, rather than included in the acquisition costs. All purchase consideration is now recorded at fair value at acquisition date.

**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.

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 statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable 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 statement of comprehensive income.

**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.

The above principles of impairment also apply to mining tenements and investments in subsidiaries.

**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); Value added tax (VAT)**

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.

The treatment for VAT, in relation to offshore entities, is consistent with the treatment of GST outlined above.

**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 within the equity section of the consolidated balance sheet and in the consolidated statement of comprehensive income.

**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 asset's 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 1j)

**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) Short term obligations**

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 16) 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) Retirement benefit obligations**

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

**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 Employee Share Plan.

The fair value of options granted under the Resource Generation Limited Employee Share Option Plan and Resource Generation Limited Employee Share 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 statement of comprehensive income 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 statement of comprehensive income 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).

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

***Derecognition***

Financial assets are derecognised where the contractual right 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 statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments classified as available-for-sale are not reversed through the statement of comprehensive income.

**aa) Investments and other financial assets (continued)****Impairment (cont.)**

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 asset's original effective interest rate. The loss is recognised in the statement of comprehensive income.

If there is evidence of impairment for any of the Group's financial asset's 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 statement of comprehensive income.

**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 statement of comprehensive income.

**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 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

**(i) AASB 9 *Financial Instruments* and AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (effective from 1 January 2013)**

AASB 9 *Financial Instruments* addresses the classification and the measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The group has not yet decided when to adopt AASB 9.

**(ii) AASB Interpretation 19 *Extinguishing Financial Liabilities with equity instruments* and AASB 2009-13 *Amendments to Australian Accounting Standards arising from Interpretation 19* (effective from 1 July 2010)**

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The group will apply the interpretation from 1 July 2010. It is not expected to have any impact on the group or the parent entity's financial statement since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the group has not entered into any debt for equity swaps since that date.

**(iii) AASB 2009-14 *Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement* (effective from 1 January 2011)**

In December 2009, the AASB made an amendment to Interpretation 15 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments where there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not have a defined benefit scheme and this amendment will not be applicable.

ae) Parent entity financial information

The financial information for the parent entity, Resource Generation Limited, disclosed in note 32, has been prepared on the same basis as the consolidated financial statements, except as set out below. *Investments in subsidiaries, associates and joint venture entities.*

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statement of Resource Generation Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

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. The Company has no borrowings.

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 South African rand weakened/strengthened by 10% since 30 June 2010 there would have been no impact on the Group's net loss after tax. Other components of equity would not have been affected, with the exception of the foreign currency translation reserve which would have been increased/decreased by \$A846K with a 10% movement.

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

	2010 Rand '000	2009 Rand '000
Cash at Bank (South Africa & Mauritius)	14,370	4,734
VAT Receivable	10,887	1,959
Royalty payable	30,000	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.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions only independently rated parties with a minimum rating of "A" are accepted.

**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. The Company has \$1.582m in trade and other payables as at 30 June 2010, all of which are due within 6 months.

**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 estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Development expenditure*

Development expenditure incurred by or on behalf of the consolidated entity is accumulated separately for each area of interest in which economically recoverable reserves have been identified to the satisfaction of the directors. Such expenditure comprises direct costs plus overhead expenditure incurred which can be directly attributable to the development process.

All expenditure incurred prior to the commencement of commercial levels of production from each area of interest is carried forward to the extent which recoupment out of revenue to be derived from the sale of production from the area of interest or, by its sale, is reasonably assured. Once commercial levels of production commence, the development expenditure in respect of that area of interest will be amortised on a straight line basis, based upon an estimate of the life of the area of interest.

Expenditure on the Boikarabelo project has been fully capitalised as per note 14. The Group has fully provided for the impairment of the Uranex and Tasmanian mining tenements as per note 6.

**4. Segment information****a) Description of segments**

Management has determined the segments based upon reports reviewed by the board that are used to make strategic decisions. The board considers the business from both a business and geographic perspective.

*Business segments*

The Company has coal interests in South Africa and Tasmania and uranium tenements in Cameroon. The main priority is to develop its coal resources in the Waterberg region of South Africa. Management has determined this to be the critical reportable segment.

**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, Tasmania and Cameroon. 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 2010

4 Segment information (continued)

b) Business segments

	Mining tenements and exploration		Corporate	Total continuing operations	Consolidated	
	South Africa \$'000	Tasmania \$'000	Australia \$'000	\$'000	\$'000	
<b>2010</b>						
Segment and consolidated revenue	562	-	420	982		982
Interest income	564	-	394	958		958
Segment result	386	(45)	(3,621)	(3,280)		(3,280)
Profit/(Loss) before income tax	386	(45)	(3,621)	(3,280)		(3,280)
Income tax expense	-	-	-	-		-
<b>Profit/(Loss) for the year</b>	<b>386</b>	<b>(45)</b>	<b>(3,621)</b>	<b>(3,280)</b>		<b>(3,280)</b>
<b>Segment assets and liabilities</b>						
Segment assets	88,149	41	3,981	92,171		92,171
Segment liabilities	5,328	-	327	5,655		5,655
<b>Other segment information</b>						
Acquisitions of plant and equipment and other non-current segment assets	22,731	-	7	22,738		22,738
Depreciation expense	21	-	71	92		92
<b>Cash flow information</b>						
Net cash outflow from operating activities	465	-	(612)	(147)		(147)
Net cash outflows used in investing activities	(27,988)	(86)	(477)	(28,551)		(28,551)
Net cash inflow from financing activities	-	-	29,611	29,611		29,611
	Mining tenements and exploration		Corporate	Total continuing operations	Discontinued operation tele-communications (Note 8) Australia	Consolidated
	South Africa \$'000	Tasmania \$'000	Australia \$'000	\$'000	\$'000	\$'000
<b>2009</b>						
Segment and consolidated revenue	-	-	20	20	37	57
Interest income	37	-	341	378	-	378
Segment result	192	(6,925)	(8,413)	(15,146)	(6)	(15,152)
Profit/(Loss) before income tax	192	(6,925)	(8,413)	(15,146)	(6)	(15,152)
Income tax expense	-	-	-	-	-	-
<b>Profit/(Loss) for the year</b>	<b>192</b>	<b>(6,925)</b>	<b>(8,413)</b>	<b>(15,146)</b>	<b>(6)</b>	<b>(15,152)</b>
<b>Segment assets and liabilities</b>						
Segment assets	52,508	-	9,307	61,815	-	61,815
Segment liabilities	4,294	-	307	4,601	-	4,601
<b>Other segment information</b>						
Acquisitions of plant and equipment and other non-current segment assets	10,999	-	282	11,281	-	11,281
Depreciation expense	12	-	57	69	-	69
<b>Cash flow information</b>						
Net cash outflow from operating activities	33	-	(1,224)	(1,191)	13	(1,178)
Net cash outflows used in investing activities	(4,035)	-	(2,592)	(6,627)	-	(6,627)
Net cash inflow from financing activities	-	-	11,426	11,426	-	11,426

## 4 Segment information (continued)

## c) Geographical segments

	Segment revenues from sales to external customers		Segment assets		Acquisitions of property, plant and equipment, intangibles and other non-current segment assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Australia	-	27	4,022	9,273	-	282
South Africa	-	-	88,149	52,542	22,738	10,999
	-	27	92,171	61,815	22,738	11,281
Unallocated assets			-	-		
Total assets			92,171	61,815		

## 5 Revenue

	Consolidated	
	2010 \$'000	2009 \$'000
Other revenue	27	20
Interest earned	955	378
	982	398

## 6a Expenses

The loss before income tax includes the following specific expenses	Consolidated	
	2010 \$'000	2009 \$'000
Depreciation	92	69
Occupancy costs	167	168
Foreign exchange loss	116	10
Share based compensation (cancelled executive options 2009)	-	6,332
Share based compensation - replacement executive options	2,965	358

## 2009 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 in the 2009 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	
	2010 \$'000	2009 \$'000
Provision for investment diminution - Uranex	-	164
Provision for investment diminution - Tasmanian assets	-	6,925
Total provision for diminution	-	7,089
Write-down of intercompany loan	-	-
	-	7,089

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	
	2010 \$'000	2009 \$'000
<b>a) Income tax expense</b>		
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	
	2010 \$'000	2009 \$'000
<b>b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(3,280)	(15,146)
Loss from discontinued operations before income tax expense	-	(6)
	(3,280)	(15,152)
Tax expense/ (benefit) at the Australian rate of 30%	(984)	(4,546)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payments	890	2,006
Share of net profit/(loss) of subsidiaries	(283)	(58)
Tasmanian development costs	(12)	-
	595	1,948
Income tax expense/(benefit) not recognised	(389)	(2,598)
Utilisation of carried forward tax losses	-	-
Income tax expense	-	-
	-	-
<b>c) Tax losses</b>		
Unused tax losses for which no deferred tax asset has been recognised:	23,888	18,492
Potential tax benefit at respective tax rates (Aust:30%, RSA:28%)	6,871	5,548
Unused tax losses will not be brought to account until such time as the Group is in a position to utilise them.		

**7 Income tax expense (continued)**

**d) Tax expense relating to items of other comprehensive income**

Foreign currency translation	-	-
	<u>-</u>	<u>-</u>

**e) Unrecognised temporary differences**

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

Foreign currency translation	(88)	(28)
Development costs	5,491	4,008
Capital raising expenditure	1,263	769
	<u>6,666</u>	<u>4,749</u>

Unrecognised deferred tax assets relating to the above temporary differences	<u>2,000</u>	<u>1,425</u>
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**f) Tax consolidation legislation**

The Company and its wholly-owned Australian consolidated entities, acquired in October 2008, were consolidated for taxation purposes effective 1 July 2007. The entities in the tax consolidated group have entered 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**

Prior period 2009

**a) Description**

The Company's wholly owned subsidiary, Comdek Satellite Communications 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, 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 year ended 30 June 2009.

	2010 \$'000	2009 \$'000
Revenue	-	37
Expenses	-	(43)
Loss before income tax	-	(6)
Income tax expense	-	-
Loss after income tax of discontinued operations	<u>-</u>	<u>(6)</u>
<b>Loss from discontinued operations</b>	<u>-</u>	<u>(6)</u>
Loss attributable to the owners of Resource Generation Limited		
Loss from continuing operations	-	(15,146)
Loss from discontinued operations	-	(6)
	<u>-</u>	<u>(15,152)</u>
Net cash inflow from operating activities	<u>-</u>	<u>13</u>
Net increase in cash generated by the division	<u>-</u>	<u>13</u>

8 Discontinued operations (continued)

c) Carrying amounts of assets and liabilities

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

	2010 \$'000	2009 \$'000
Cash on hand	-	-
Trade and other receivables	-	-
Inventories	-	-
<b>Total assets</b>	<b>-</b>	<b>-</b>
Trade and other payables	-	-
Provisions	-	-
Amounts owing to parent company	-	7
<b>Total liabilities</b>	<b>-</b>	<b>7</b>
<b>Net assets</b>	<b>-</b>	<b>(7)</b>

9 Business combinations

Prior Period 2009

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 a 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
<b>Total purchase consideration</b>	<b>2,592</b>
Fair value of net identifiable assets acquired (refer below)	<u>2,592</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.

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)
<b>Net identifiable assets acquired</b>	<b>8</b>	<b>2,592</b>

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 a 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)	<u>4,320</u>

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	<u>(1)</u>	<u>(1)</u>
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.) for 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 a 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	<u>3,896</u>
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

**9 Business combinations (continued)**

		\$'000
<b>ii) Assets acquired</b>		
	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:

		2009 \$'000
<b>i) Purchase consideration</b>		
	Value of shares issued as consideration	35,865
	Direct costs relating to acquisition	36
	Value of options issued as consideration	8,821
	Total purchase consideration	<u>44,722</u>
	Fair value of net identifiable assets required	<u>44,722</u>
	Outflow of cash to acquire the business	(136)
	Less: balances acquired	
	Cash	-
	Bank overdraft	-
	Outflow of cash	<u>(136)</u>
		<b>Acquiree's carrying amount</b>
		<b>Fair value</b>
	Mining tenements and exploration	-
	Net identifiable assets acquired	<u>44,722</u>
		<u>-</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
<b>ii) Assets acquired</b>		
	Receivables	-
	Payables	-
		<u>-</u>

10 Current Assets - cash and cash equivalents	Consolidated	
	2010 \$'000	2009 \$'000
Cash at bank and in hand	14	357
Deposits at call	6,074	4,733
	<u>6,088</u>	<u>5,090</u>

11 Current Assets - trade and other receivables	Consolidated	
	2010 \$'000	2009 \$'000
Trade debtors	-	57
Receivables	11	-
Government tax refund	1,682	431
	<u>1,693</u>	<u>488</u>

**12 Deposits and prepayments**

	Consolidated	
	2010 \$'000	2009 \$'000
Deposits and prepayments	16	-
	<b>16</b>	<b>-</b>

**13 Non-current assets - land, property, plant and equipment**

	Consolidated	
	2010 \$'000	2009 \$'000
Land, plant & equipment (at cost)	23,112	374
Accumulated depreciation	(161)	(69)
	<b>22,951</b>	<b>305</b>
Opening net book value	305	85
Additions	22,738	374
Disposals	-	(85)
Depreciation/amortisation	(92)	(69)
Closing net book value	<b>22,951</b>	<b>305</b>

**14 Mining tenements and exploration**

	Consolidated	
	2010 \$'000	2009 \$'000
Mining tenements - Uranex SA	7,734	7,734
Provision for impairment	(7,734)	(7,734)
Mining Tenements - Tasmanian assets	6,966	6,925
Provision for impairment	(6,925)	(6,925)
<b>The Boikarabelo Project</b>		
Mining tenements of 100% of Resgen South Africa (Pty) Limited		
Acquisition cost	45,962	45,962
Development expenditure	5,814	3,708
Mining tenements of 100% of Resgen Africa Holdings Limited		
Acquisition cost	6,003	6,003
Additional investment cost	79	-
Development expenditure	3,524	259
<b>Total Boikarabelo Project</b>	<b>61,382</b>	<b>55,932</b>
Carrying value at year end	<b>61,423</b>	<b>55,932</b>

The Boikarabelo Project is the name given to the project for the development of the coal tenements in South Africa. It incorporates the assets acquired and development expenditure for Resgen South Africa (Pty) Limited and Resgen Africa Holdings Limited.

**15 Current liabilities - trade and other payables**

	Consolidated	
	2010 \$'000	2009 \$'000
Trade creditors	1,520	522
Other payables - accrued expenditure	62	72
	<b>1,582</b>	<b>594</b>

**16 Current liabilities -provisions**

	Consolidated	
	2010 \$'000	2009 \$'000
Employee benefits - annual leave	147	111
	<b>147</b>	<b>111</b>

**17 Non-current liabilities -royalties payable**

	Consolidated	
	2010 \$'000	2009 \$'000
Royalties payable	3,926	3,896
	<b>3,926</b>	<b>3,896</b>

**18 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	
	2010 Shares '000	2009 Shares '000
a) Share capital		
Ordinary shares fully paid	159,412	77,069

	Consolidated	
	2010 \$000	2009 \$000
Contributed equity	95,945	65,376
<b>Total equity</b>	<b>95,945</b>	<b>65,376</b>

**b) Movement in ordinary share capital**

	Consolidated	
	2010 \$000	2009 \$000
Opening balance	65,376	46,313
Contingent consideration (Isicebi acquisition)	-	(35,905)
Contributions of equity on settlement of Isicebi acquisition	-	35,905
Contributions of equity, net of transaction costs	33,069	19,063
Total contributions of equity	33,069	19,063
JSE Clearing shares (refer note 18d)	(2,500)	-
Closing balance	95,945	65,376

Date	Details	Notes 18	Number of shares '000	Issue Price \$	Amount \$'000
30/06/2009	Opening balance		77,069		65,376
27/07/2009	Rights issue	e	77,069	\$0.40	30,828
13/08/2009	Employee share scheme issues	e	150	\$0.18	27
1/12/2009	Employee share scheme issues	e	4,650	\$0.18	837
3/12/2009	Option conversion	f	160	\$0.10	16
9/12/2009	Option conversion	f	278	\$0.10	28
24/12/2010	Option conversion	f	36	\$0.10	4
25/06/2010	JSE clearing shares	d	5,000	\$0.50	2,500
30/06/2010	Cost of share issue		-	-	(1,170)
30/06/2010	<b>Total contributed equity -parent entity</b>		<b>164,412</b>		<b>98,445</b>
	JSE clearing shares	d	(5,000)		(2,500)
30/06/2010	<b>Total consolidated contributed equity</b>		<b>159,412</b>		<b>95,945</b>

**18 Contributed equity (continued)**

Date	Details	Notes 18	Number of shares '000	Issue Price \$	Amount \$'000
30/06/2008	Opening balance		45,995		10,408
7/07/2008	Placement - Isicebi acquisition	e	10,560	\$3.40	35,905
11/07/2008	Option conversion	f	153	\$0.10	15
15/08/2008	Placement (net of transaction costs) ISSUE FOR ASX RECLASSIFICATION TO RESOURCES	e	5,124	\$1.67	8,553
23/09/2008	Resources		1	\$2.20	2
9/10/2008	Placement - Tasmanian acquisition	e	9,600	\$0.72	6,912
4/12/2008	Placement - Paul Jury	e	1,493	\$1.80	2,688
4/12/2008	Placement - Steve Matthews	e	50	\$1.80	90
13/03/2009	Placement - Isicebi acquisition	e	3,750	\$0.23	863
13/05/2009	Option conversion	f	153	\$0.10	15
30/06/2009	Option conversion	f	190	\$0.10	19
30/06/2009	Cost of share issue		-	-	(94)
30/06/2009	Balance		<u>77,069</u>		<u>65,376</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.

**d) JSE Clearing shares**

In order to facilitate the secondary listing on the Johannesburg Stock Exchange (JSE), the Company was required to issue shares as a guarantee deposit to ensure liquidity. A subsidiary trustee company was established, Resgen Scrip Lending Pty Limited and the 5.000m shares were issued on 25 June 2010 at \$0.50 each. The listing on the JSE was completed on 14 July 2010. Once there is a sufficient spread of shares on the South African register the JSE Clearing shares will no longer be required and arrangements will be made to deal with the shares in the interests of all shareholders.

Date	Details	Notes	Number of shares '000	Issue Price \$	Amount \$'000
1 July 2008 and 30 June 2009	Opening balance		-		-
	Acquisition of shares by the Trust		5,000	\$0.50	2,500
30 June 2010	Balance		<u>5,000</u>		<u>2,500</u>

**e) 2010****Rights issue**

A one for one fully underwritten rights issue at \$0.40 cents per share was undertaken in July 2009. Shares issued under the rights issue were 77.069m with cash raised of \$30.828m before costs.

**Employee share scheme issues**

Information relating to the employee share scheme, including details of shares issued under the scheme is set out in note 18f.

**2009****Placements**

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 (3.750m) and facilitation of the acquisition (6.810m) allotted on 7 July 2008 at a price of \$3.40.

The second placement of 5.123m shares at \$1.80 on 15 August 2008 was approved for 5.000m 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, 3.600m 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, 6.000m shares at \$0.72 each, were approved at a general meeting on 5 September 2008.

## Resource Generation Limited

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The fourth placement involved the issue of shares to the executives, Paul Jury and Steve Matthews, who were allotted 1.493m and 0.050m 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 Isicubi Carbon Mining (Pty) Limited with 3.750 million shares allotted on 13 March 2009 at \$0.23.

### 18 Contributed equity (continued)

f) Options	Option Premium Reserve		Option Premium Reserve	
	2010 Options '000	2010 \$000	2009 Options '000	2009 \$000
<b>Granted 2008</b>				
Options exercisable at 10 cents expiring 31 Dec 2009	-	-	475	-
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
<b>Granted 2009</b>				
Cancelled executive options	-	6,332	-	6,332
Options exercisable at 50 cents expiring 7 July 2013	2,875	8,821	2,875	8,821
Options exercisable at 50 cents expiring 31 December 2012	1,875	238	1,875	238
	8,100	17,683	8,575	17,683
<b>Granted 2010</b>				
Employee share plan expense - apportionment of share rights over entitlement period	11,600	2,458	-	357
	<b>19,700</b>	<b>20,141</b>	<b>8,575</b>	<b>18,040</b>

#### Prior period 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 2009 period.

### g) Movement in options

Date	Details	Number of options '000	Issue price	Amount \$
30/06/2009	Opening balance	8,575	-	-
3/12/2009	Option conversion	(160)	-	-
9/12/2009	Option conversion	(279)	-	-
24/12/2009	Option conversion	(36)	-	-
30/06/2010	Balance	8,100	-	-

**18 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 18(f) above.

- 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.

**19 Reserves and accumulated losses**

	Consolidated	
	2010 \$000	2009 \$000
<b>a) Reserves</b>		
Share based payment reserve	20,141	18,040
Foreign currency translation reserve	( 116)	( 28)
	<u>20,025</u>	<u>18,012</u>
<b>Movement in reserves</b>		
<b>Share based payment reserve</b>		
Balance at the beginning of the year	18,040	11,114
Premium in relation to Isicebi acquisition	-	237
Premium in relation to share based compensation written off	-	6,332
Employee share plan expense	2,101	357
Movement for the year	<u>2,101</u>	<u>6,926</u>
Balance at the end of the year	<u>20,141</u>	<u>18,040</u>
<b>Foreign currency reserve</b>		
Opening balance	(28)	(28)
Movement for the period	(88)	-
Balance at the end of the year	<u>(116)</u>	<u>(28)</u>
<b>b) Retained earnings</b>		
Opening balance	(26,202)	(11,050)
Loss for the year	(3,280)	(15,152)
Balance at the end of the year	<u>(29,482)</u>	<u>(26,202)</u>

20 Key management personnel disclosures

a) Key management personnel disclosures

	Consolidated	
	2010	2009
	\$	\$
Short-term employee benefits	1,076,117	958,994
Long term benefits (superannuation)	162,432	282,832
Share-based payments	2,964,133	357,750
	<b>4,202,682</b>	<b>1,599,576</b>

Detailed remuneration disclosures are provided in sections 1-4 of the remuneration report on pages 3 to 6.

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 shares issued on exercise of such options, can be found in section 4 of the remuneration report on pages 5 to 6.

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:

2010	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
<b>Directors</b>						
Paul Jury	3,000,000	6,666,666	(3,000,000)	6,666,666	-	6,666,666
Steve Matthews	1,500,000	3,333,334	(1,500,000)	3,333,334	-	3,333,334
Scott Douglas	2,000,000	-	-	2,000,000	2,000,000	-
<b>Other key management</b>						
Hennie van den Aardweg	300,000	1,500,000	(300,000)	1,500,000	-	1,500,000
Micheline Collopy	-	50,000	-	50,000	-	50,000
<b>Totals</b>	<b>6,800,000</b>	<b>11,550,000</b>	<b>(4,800,000)</b>	<b>13,550,000</b>	<b>2,000,000</b>	<b>11,550,000</b>

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
<b>Directors</b>						
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	-
<b>Other key management</b>						
Hennie van den Aardweg	-	300,000	-	300,000	-	300,000
<b>Totals</b>	<b>2,000,000</b>	<b>4,800,000</b>	<b>-</b>	<b>6,800,000</b>	<b>2,000,000</b>	<b>4,800,000</b>

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:

2010	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
<b>Directors</b>				
Paul Jury	1,493,491	3,000,000	7,382,858	11,876,349
Steve Matthews	90,000	1,500,000	384,468	1,974,468
Scott Douglas	253,288	-	253,288	506,576
Toby Rose	4,000	-	4,000	8,000
<b>Other key management</b>				
Hennie van den Aardweg	-	300,000	-	300,000
Micheline Collopy	27,000	-	43,000	70,000
<b>Totals</b>	<b>1,867,779</b>	<b>4,800,000</b>	<b>8,067,614</b>	<b>14,735,393</b>

## Resource Generation Limited

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### 20 Key management personnel disclosures (cont.)

	Balance at the	Received during	Other changes	Balance at the
	start of the year	the year on the	during the year	end of the year
	Shares	exercise of	Shares	Shares
		options		
<b>Directors</b>				
Paul Jury	-	-	1,493,491	1,493,491
Steve Matthews	-	-	90,000	90,000
Scott Douglas	253,288	-	-	253,288
Toby Rose	-	-	4,000	4,000
<b>Other key management</b>				
Micheline Collopy	-	-	27,000	27,000
<b>Totals</b>	<b>253,288</b>	<b>-</b>	<b>1,614,491</b>	<b>1,867,779</b>

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 Directors' current holdings are disclosed in the Directors' Report on pages 3-4.

#### c) Other transactions with key management personnel

None

### 21 Remuneration of auditors

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

	Consolidated	
	2010	2009
	\$	\$
<b>a) PricewaterhouseCoopers Australia</b>		
Audit and review of financial reports	46,000	83,500
Taxation services (international tax consulting)	26,500	27,919
	<b>72,500</b>	<b>111,419</b>
<b>b) Related practices of PricewaterhouseCoopers Australia</b>		
Audit and review of financial reports	12,700	10,000
Company secretarial (South Africa)	-	6,070
	<b>12,700</b>	<b>16,070</b>
<b>c) Non -PricewaterhouseCoopers audit firms</b>		
Accounting services	7,335	2,800
	<b>7,335</b>	<b>2,800</b>

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.

### 22 Commitments

	Consolidated	
	2010	2009
	\$000	\$000
<b>a) Lease commitments</b>		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	151	119
Later than one year, but not later than 5 years	273	275
	<b>424</b>	<b>394</b>
Representing:		
Non-cancellable operating leases	424	394
	<b>424</b>	<b>394</b>

**Resource Generation Limited**

Notes to the financial statements  
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**22 Commitments (continued)**

	Consolidated	
	2010	2009
	\$000	\$000
<b>b) Remuneration commitments</b>		
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	3,225	506
Later than one year, but not later than 5 years	-	-
	<b>3,225</b>	<b>506</b>

	Consolidated	
	2010	2009
	\$000	\$000
<b>c) Mining licences</b>		
Commitments for the exploration expenditure required to satisfy the mining licence requirements for the Tasmanian assets.		
Within one year	535	250
Later than one year, but not later than 5 years	2,065	2,600
	<b>2,600</b>	<b>2,850</b>

**23 Related party transactions**

**a) Key management personnel**

Disclosures relating to key management personnel are set out in Note 20 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 24.

**d) Transactions with related parties**

The following transactions occurred with related parties:

	Consolidated	
	2010	2009
Sales of goods and services	-	-
Purchases of goods	-	-
Other transactions	-	-
Remuneration paid to directors of the ultimate Australian parent entity	3,472,757	1,220,561
Contributions to superannuation on behalf of employees	148,766	172,221

**e) Loans to/from related parties**

	Consolidated	
	2010	2009
Loans to subsidiaries	-	-
Beginning of the year	-	-
Loans advanced	-	-
End of year	-	-

## Resource Generation Limited

Notes to the financial statements  
for the year ended 30 June 2010

### 24 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b).

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2010 %	2009 %
Resgen Mauritius Limited	Mauritius	Ordinary	100	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 Limited (formerly Apex Resources Holdings Inc)	South Africa	Ordinary	100	100
Resgen Share Plan Pty Limited	Australia	Ordinary	100	100
Resgen Scrip Lending Pty Limited	Australia	Ordinary	100	-
Energy Investments Pty Limited	Australia	Ordinary	100	100
Tiger Coal Pty Limited	Australia	Ordinary	100	100
Uranex SA	Cameroon	Ordinary	80	80
Comdek Satellite Communications 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.

### 25 Interest in joint ventures

#### a) Jointly controlled entity

(i) A subsidiary has entered into a joint venture to develop coal deposits in the Waterberg region of South Africa, with a 20% participating interest in Waterberg One Coal (Pty) Limited. Expenditure of A\$5.000m increases the joint venture ownership from 20% to 70%. 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	
	2010 \$000	2009 \$000
Non-current assets		
Mining tenements and exploration	5,814	3,732
	<b>5,814</b>	<b>3,732</b>

(ii) A subsidiary has entered into a joint venture to develop coal deposits in the Waterberg region of South Africa, with a 49% participating interest in Ledjadja Coal (Pty) Limited. With expenditure of ZAR 20.000m the company is now entitled to increase its joint venture ownership from 49% to 65% and further rights to 74%. It is expected that the issue of shares to reflect this increase in ownership to 65% will be issued during the September 2010 quarter. 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	
	2010 \$000	2009 \$000
Non-current assets		
Mining tenements and exploration	3,524	421
	<b>3,524</b>	<b>421</b>

### 26 Minority interest

	Consolidated	
	2010 \$000	2009 \$000
Interest in:		
Share capital	-	-
Retained profits	(28)	(28)
	<b>(28)</b>	<b>(28)</b>

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 2010

### 27 Dividends

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

### 28 Contingent liabilities

With the acquisition of the Tasmanian coal tenements, through Tiger Coal Pty Limited, on 9 October 2008 a second tranche payment will be made to the vendors of Tiger Coal Pty Limited if an inferred JORC resource of 79.000 million tonnes is identified within two years of the date of acquisition. If this condition is met a further 1.500 million shares will be issued. No drilling is planned on these tenements at this time so this condition is unlikely to be met.

With the acquisition of land for the Boikarabelo mine infrastructure the Group has purchased various properties. For four of these properties the vendor holds the right to lease the properties for game ranching purposes. The Group has undertaken to purchase any remaining animal stock at the end of the lease. Details of the commitments are as follows.

Property	Lease expiry	Valuation method	Stock Valuation R'000	Stock Valuation \$A 000	Valuation date
Kruishout	28-Aug-11	Stock purchase price to be determined by market related agreement or Stock valuer. The company has also agreed to cover any reasonable transfer related costs of stock during the lease period.	1,320	202	1-Jul-09
Vischpan, Bitterfontein & Wildebeesvlakte	9-Sep-11	Stock purchase price to be determined at prices equal to the average 2009 game prices. Whilst stock prices increased by 50% in 2009 it is expected that the vendor will run down stock levels as part of their game hunting activities. The company has also agreed to cover any reasonable transfer related costs of stock during the lease period.	13,148	2,012	1-Sep-09
			14,468	2,214	

It is the company's intention to arrange for the simultaneous purchase and sale of the animal stock at the end of the respective leases. Given the indeterminate stock levels at the end of the leases the company has not recognised any liability in relation to this undertaking.

### 29 Events occurring after the reporting period

The company completed its secondary listing on the Johannesburg Stock Exchange on 14 July 2010.

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

	Consolidated	
	2010 \$000	2009 \$000
Loss for the year	(3,280)	(15,152)
Depreciation	92	69
Loss on disposal of property, plant and equipment	-	72
Share option expense	2,965	6,690
Foreign exchange movement	(121)	-
Provision for investment diminution - Uranex	-	164
Provision for investment diminution - Tasmanian assets	-	6,925
Changes in operating assets and liabilities:		
Increase in trade and other payables	(1,024)	110
Increase in accounts receivable, prepayments and stock		
	1,221	(56)
Net cash outflow from operating activities	(147)	(1,178)

### 31 Earnings per share

	Consolidated	
	2010 Cents	2009 Cents
a) <b>Basic earnings per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(2.2)	(21.2)
Loss from discontinued operations	-	-
Total basic earnings per share attributable to the ordinary equity holders of the company	(2.2)	(21.2)
b) <b>Diluted earnings per share</b>		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(2.2)	(21.2)
Loss from discontinued operations	-	-
Total diluted earnings per share attributable to the ordinary equity holders of the company	(2.2)	(21.2)

## Resource Generation Limited

Notes to the financial statements  
for the year ended 30 June 2010

### 31 Earnings per share (cont.)

#### c) Reconciliation of earnings used in calculating earnings per share

	Consolidated	
	2010 \$000	2009 \$000
Basic earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(3,280)	(15,146)
Loss from discontinued operations	-	(6)
	<u>(3,280)</u>	<u>(15,152)</u>
Diluted earnings per share		
Loss from continuing operations attributable to the ordinary equity holders of the Company	(3,280)	(15,146)
Loss from discontinued operations	-	(6)
	<u>(3,280)</u>	<u>(15,152)</u>

#### 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	153,541,119	71,408,644
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	153,541,119	71,408,644

#### 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.

### 32 Parent entity financial information

#### (a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent	
	2010 \$000	2009 \$000
<b>Balance Sheet</b>		
Current assets	3,828	4,381
Total assets	90,300	61,329
Current Liabilities	328	335
Total Liabilities	4,254	4,231
<b>Shareholders' equity</b>		
Issued capital	98,445	65,376
Reserves		
Option premium reserve	17,683	17,683
Employee share rights reserve	2,458	357
Foreign currency translation reserve	(116)	(28)
Retained earnings	<u>(28,713)</u>	<u>(26,290)</u>
	89,757	57,098
<b>Profit/ (loss) for the year</b>	<u>(2,423)</u>	<u>(15,240)</u>
<b>Total comprehensive income</b>	<u>(2,296)</u>	<u>(15,268)</u>

#### (b) Guarantees entered into by the parent entity

The parent entity has not entered into any guarantees.

#### (c) Contingent liabilities of the parent entity

The parent entity's contingent liabilities are disclosed at Note 28. For information about guarantees given by the parent entity, please see above.

#### (d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2010, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

# Resource Generation Limited

## Directors' declaration

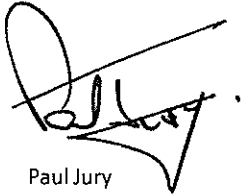
In the directors' opinion:

- a the financial statements and notes set out on pages 1 to 47 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 2010 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

Note 1 (a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Standards Board.

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  
19 August 2010

## Independent auditor's report to the members of Resource Generation Limited

### Report on the financial report

We have audited the accompanying financial report of Resource Generation Limited (the company), which comprises the balance sheet as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Resource Generation Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

#### *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 the financial statements comply 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 Generation 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:

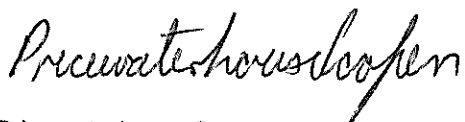
- (a) the financial report of Resource Generation Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

**Report on the Remuneration Report**

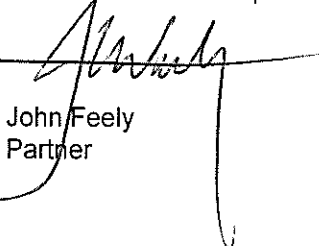
We have audited the remuneration report included in pages 3 to 7 of the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility 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 year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.



PricewaterhouseCoopers

  
John Feely  
Partner

Sydney  
19 August 2010

## 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 five substantial shareholders at 13 August 2010:

Commonwealth Bank of Australia and its subsidiaries	12,897,627 shares	7.84%
CVC Limited	12,104,677 shares	7.36%
Scodella Inc	12,092,598 shares	7.36%
Paul John Jury	11,876,340 shares	7.22%
PAPY Pty Limited ATF YAPP Trust	8,876,350 shares	5.40%

### 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	598	341,734	0.21
1,001 - 5,000	889	2,513,770	1.53
5,001 - 10,000	476	3,964,637	2.41
10,001 - 100,000	840	28,465,041	17.31
100,001 and over	169	129,127,295	78.54
<b>Total</b>	<b>2,972</b>	<b>164,412,477</b>	<b>100.00</b>

There were 435 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 13 August 2010.

Holder name	Ordinary Fully Paid Shares	% Issued Capital
CITICORP NOMINEES PTY LIMITED	13,686,592	8.33
CVC LIMITED	12,104,676	7.36
SCODELLA INC	11,492,598	6.99
P A P Y PTY LIMITED <YAPP A/C>	8,876,349	5.40
NATIONAL NOMINEES LIMITED	6,069,184	3.68
RESGEN SCRIP LENDING PTY LIMITED	5,000,000	3.04
RESGEN SHARE PLAN PTY LIMITED	4,800,000	2.92
ANZ NOMINEES LIMITED <CASH INCOME A/C>	4,082,550	2.48
BALZAC INVESTMENTS PTY LTD	3,766,280	2.29
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,169,490	1.32
OAK NOMINEES LIMITED	2,000,000	1.22
AUSTRALIAN REWARD INVESTMENT ALLIANCE	1,968,197	1.20
LEAGOU FUNDS MANAGEMENT PTY LIMITED	1,753,000	1.07
ISTANA SECURITIES LIMITED	1,712,960	1.04
MR DAVID JAMES PORTER	1,475,306	0.90
CHEMICAL TRUSTEE LIMITED	1,250,000	0.76
MR PHILLIP EDWARD CHAPLIN	1,200,000	0.73
VERNON FINANCE LIMITED	1,150,000	0.70
J P MORGAN NOMINEES AUSTRALIA LIMITED	1,145,139	0.70
S M & R W BROWN PTY LTD <ROBERT & SALLY BROWN SF A/C>	1,100,000	0.67
<b>Total</b>	<b>86,802,321</b>	<b>52.80</b>

## Mining Tenements

Location	Tenement	Holder	Interest	Area (approx km <sup>2</sup> )
<i>South Africa (Waterberg)</i>				
Koert Louw Zyn Pan (Waterberg #1)	PR720/2007	Lukale Mining Company (Pty) Limited	20% <sup>1</sup>	14
Lisbon (Waterberg #2)	PR678/2007	Lukale Mining Company (Pty) Limited	20% <sup>1</sup>	8
Zoetfontein (Waterberg #3)	PR678/2007	Lukale Mining Company (Pty) Limited	20% <sup>1</sup>	10
Witkopje (Ledjadja #1)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	18
Draii Om (Ledjadja #2)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	11
Kalkpan (Ledjadja #3)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	13
Kruispad (Ledjadja #4)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	11
Zeekoevley (Ledjadja #5)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	13
Vischpan (Ledjadja #6)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	12
Kruishout (Ledjadja #7)	PR679/2007	Ledjadja Coal (Pty) Limited	49% <sup>2</sup>	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 <sup>2</sup> )
Cameroon (Nki)	RP N107	Uranex SA	80%	991
Cameroon (Monguele)	RP N108	Uranex SA	80%	980
Cameroon (Badekok)	RP N109	Uranex SA	80%	964

<sup>1</sup> Resource Generation Limited has the right to increase its interest to 70% upon the expenditure of A\$5 million.

<sup>2</sup> Resource Generation Limited will increase its interest from 49% to 65% upon the expenditure of ZAR20 million and further rights to 74%. As this expenditure has now been reached the shares to reflect this increase to 65% will be issued during the September 2010 quarter.

## 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

St George Bank Limited  
The Standard Bank of South Africa Limited  
Standard Bank (Mauritius) Limited

#### 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](http://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 and the Johannesburg Stock Exchange.

ASX Code: RES

JSE Code: RSG

#### Annual General Meeting

The Annual General Meeting of the Company will be held on Wednesday 27 October 2010 at 10:00am at Radisson Plaza Hotel, 27 O'Connell Street, Sydney

