

**RESOURCE GENERATION LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT)
ACN 059 950 337 (“Company”)**

NOTICE OF GENERAL MEETING OF SHAREHOLDERS AND EXPLANATORY STATEMENT

**For a Virtual General Meeting of Shareholders to be held on Friday, 27th May 2022 at 11:00
am (AEST)**

TO SHAREHOLDERS

Dear Shareholder

21st April 2022

As you may be aware, on 26 October 2020 the Company's Shares were suspended from quotation on the official list of the Australian Securities Exchange ("**ASX**").

On 2 July 2021, William James Harris, Anthony Norman Connelly and Jason Preston of McGrathNicol, were appointed Voluntary Administrators of the Company.

A proposal by Alt Finance Pty Ltd, for the restructure and recapitalisation of the Company via a Deed of Company Arrangement and Creditors Trust, was submitted to the Deed Administrators ("**Recapitalisation Proposal**") on 14 January 2022. A creditors' meeting was convened by the Deed Administrators to consider the Recapitalisation Proposal. Creditors accepted the Recapitalisation Proposal on 10 February 2022, and the Deed of Company Arrangement was signed on 10 February 2022.

The Recapitalisation Proposal requires, and is subject to, various approvals being obtained from the Shareholders ("**Resolutions**"). Accordingly, the Deed Administrators have called a General Meeting of the Company to consider the Resolutions ("**Meeting**"). The Virtual Meeting will be held at 11.00 am (Sydney Time) on Friday, 27th May 2022 via teleconference. A summary of the Resolutions being put forward at the Meeting are as follows:

- (1) The company to consolidate shares 1:72;
- (2) The company to allot and issue 92,000,000 shares to raise \$235,000; and
- (3) New Directors be appointed to the Company.

Enclosed with this letter are the Notice of General Meeting ("**Notice**"), the Explanatory Statement, a Proxy Form and Independent Expert's Report.

The Recapitalisation Proposal is also subject to the following conditions ("**Conditions**"), summarised as follows:

- (a) Payment of \$225,000 to the Deed Administrators from the Recapitalisation Fund;
- (b) the Deed Administrators retiring from office upon collection and disbursement of the Recapitalisation Fund and all existing creditors' claims as at the date of voluntary administration extinguished;
- (c) the Shareholder Resolutions being approved without amendment; and
- (d) creditors with a security interest registered on the PPSR Register remove such interest from the personal property securities register established by the Personal Property Securities Act, 2009.

If the Conditions are not met or waived by 31 October 2022 or such other date as agreed by the Deed Administrators and Alt Finance Pty Ltd or if it appears the terms of the Deed of Company Arrangement cannot be fulfilled, then the Deed Administrators may take steps to place the Company into Liquidation.

Alt Finance Pty Ltd's role will cease when the Deed of Company Arrangement is effectuated.

In considering the Resolutions, Shareholders should bear in mind the Company's current financial circumstances. As mentioned above, the Company's Shares have been suspended from quotation on the ASX since 26 October 2020 and the Company requires recapitalisation in order to continue its operations and to seek reinstatement of its Shares to official quotation on the ASX. The Company will have to comply with Chapters 1 and 2 of the ASX Listing Rules. Re-compliance with Chapters 1 and 2 is warranted as it is contemplated that there will be a change to the Company's business after it comes out of external administration. Alt Finance Pty Ltd will not be lodging an In-Principle Advice as to suitability of the proposal to re-quote the shares. As stated above, Alt Finance Pty Ltd's role will cease upon effectuation of the Deed of Company Arrangement. Alt Finance Pty Ltd's role as Deed Proponent ceases upon effectuation of the DOCA. However, Alt Finance Pty Ltd may have a continuing interest in the restructured company, as a shareholder only, if shareholders approve Resolution 3. The ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Re-quotation is a difficult and complex exercise. Also, new shares that are issued under the Resolutions proposed in this notice of meeting may be subject to escrow.

Ultimately, if the Resolutions are approved and implemented, the Company will be debt free, and in a position to seek opportunities to create shareholder wealth.

If the Resolutions are not approved and the Conditions have not been met by the time stated in the Deed of Company Arrangement, the Deed of Company Arrangement may terminate in which case the Company may be placed into Liquidation. It is expected that there will be no return to Shareholders in a Liquidation.

Preparation of and responsibility for this document

The Deed Administrators have given their consent to convene the meeting and to despatch this Notice and the Explanatory Statement but express no opinion about any of the contents (including, but not limited to, any statements regarding the Recapitalisation Proposal).

The Deed Administrators have not independently verified any of the information contained in this Notice or Explanatory Statement. Neither the Deed Administrators nor any servants, representatives, agents or employees of the Deed Administrators' firm make any representations or warranties (express or implied) as to the accuracy, reasonableness or completeness of the information contained in this Notice or the Explanatory Statement.

To the fullest extent permitted by law, all such parties and entities expressly disclaim any and all liability for, based on or relating to, any such information contained in or omissions from this Notice and the Explanatory Statement.

The Deed Administrators make no recommendation about how shareholders should vote on the resolutions contained in this Notice and have not undertaken any due diligence in relation to the Recapitalisation Proposal and have relied upon correspondence with Alt Finance Pty Ltd and its advisors.

The ASX does not take any responsibility for the contents of this Notice of Meeting, and the fact that the ASX may re-admit the Company's securities to quotation on its official list is not to be taken in any way as an indication of the merits of the Company.

Investment Decisions

This document does not take into account the individual investment objectives, financial situation or particular needs of any other person. Shareholders should seek professional advice from a licensed financial advisor, accountant, stockbroker, lawyer or other appropriate adviser.

Yours faithfully

Mr William James Harris – Deed Administrator

A handwritten signature in black ink, appearing to be 'W. J. Harris', written in a cursive style.

Resource Generation Limited (ACN 059 950 337)
(Subject to Deed of Company Arrangement)

Virtual Meeting Notes

Dear Shareholder,

Enclosed is a notice of general meeting (**Meeting**) of shareholders of Resource Generation Limited (Subject to Deed of Company Arrangement).

Due to health concerns and the potential of further government-imposed restrictions on public gatherings arising from the COVID-19 pandemic, Shareholder attendance at the Meeting in person is not feasible, and Shareholders are encouraged to participate in the Meeting online and by appointing a proxy.

On 29 March 2021, ASIC advised that it had adopted a 'no-action' position in relation to the convening and holding of virtual meetings. In order to provide the market with a degree of certainty during this time, ASIC's 'no-action' position:

- Supports the holding of meetings using appropriate technology; and
- Facilitates electronic notice of meetings including supplementary notices.

ASIC has stated that the 'no-action' position is intended to facilitate businesses to hold their meetings effectively during the ongoing pandemic where there is still uncertainty around restrictions on gatherings and travel.

The Company will convene the Meeting pursuant to the ASIC 'no-action' position.

On this basis, the Company has adopted the following approach for the Meeting:

The Meeting will be held via an online platform, at:

<https://us02web.zoom.us/j/82017832848?pwd=MXJVcUxFNFCrYWw1VkNoT0hZL2Z3QT09>

Meeting ID: 820 1783 2848

Passcode: RESGEN

Please ensure you have submitted a proxy two days before the meeting.

BUSINESS OF THE MEETING

Agenda

Resolution 1 – Consolidation of Existing Shares

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 2 to 6 for the purposes of Section 254H of the Corporations Act, approval is given for the Company’s existing ordinary shares be consolidated on a 1:72 basis (**Consolidation**), with any fractions rounded down.”

Resolution 2 – Allotment and Issue of Shares to Capeke Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That subject to the passing of Resolutions 1, and 3 to 6, for the purposes of Item 7 of Section 611 of the Corporations Act, and for all other purposes, approval is given for the Company to issue 90,000,000 Shares (post Consolidation), at \$0.002588888888 per Share to Capeke Pty Ltd to raise \$233,000 on the terms and conditions set out in the Explanatory Statement”.

Note: The maximum level of voting power will be 90% (approx.) if this resolution is passed along with all other resolutions.

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Capeke Pty Ltd; or
- an associate of Capeke Pty Ltd.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 3 – Allotment and Issue of Shares to Alt Finance Pty Ltd

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That subject to the passing of Resolutions 1, 2 and 4 to 6, for the purposes of ASX Listing Rule 7.1, approval is given for the Company to issue 2,000,000 Shares (post Consolidation), at \$0.001 per Share to Alt Finance Pty Ltd or its nominee, to raise \$2,000 on the terms and conditions set out in the Explanatory Statement”.

Note: The maximum level of voting power will be 2% (approx.) if this resolution is passed along with all other resolutions.

Voting exclusion statement: The Company will disregard any votes cast in favour of the resolution by or on behalf of:

- Alt Finance Pty Ltd; or
- an associate of Alt Finance Pty Ltd.

However, this does not apply to a vote cast in favour of a resolution by:

- a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4 – Appointment of Mr Campbell Welch as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, subject to the passing of Resolutions 1 to 3 and 5 to 6, Mr Campbell Welch, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 5 – Appointment of Mr Peter Ziegler as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 1 to 4 and 6, Mr Peter Ziegler, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

Resolution 6 – Appointment of Mr Keith Glennan as a Director

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, subject to the passing of Resolutions 1 to 5, Mr Keith Glennan, being eligible and having consented to act, be elected as a director of the Company, with effect from close of the General Meeting.”

DATED:21 April 2022



Mr William James Harris
Deed Administrator

Resource Generation Limited (Subject to Deed of Company Arrangement).
ACN 059 950 337

NOTES:

1. A Shareholder of the Company who is entitled to attend and vote at a general meeting of Shareholders is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a shareholder of the Company.
2. Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.
3. For the purposes of Regulation 7.11.37 of the Corporations Act, the Deed Administrators have determined that the shareholding of each Shareholder for the purposes of ascertaining their voting entitlements for the Meeting will be as it appears on the Company's share register at 7.00 p.m. (Sydney Time) on Wednesday, 25th May 2022 (**the Entitlement Time**). Accordingly, only those persons registered as holders of Shares at the Entitlement Time will be entitled to attend and vote at the Meeting. Transactions registered after that time will be disregarded in determining Shareholders entitled to attend and vote at the Meeting.
4. In accordance with Section 250BA of the *Corporations Act 2001* the Company specifies the following information for the purposes of receipt of proxy appointments:

Mail and physical address

Level 2, 350 Kent Street,
Sydney NSW 2000
AUSTRALIA

Facsimile: +61 2 9299 2239

The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile). Any proxy form received after that time will not be valid for the scheduled meeting.

For any questions, please call Steven Nicols on phone +61 2 9299 2289.

EXPLANATORY STATEMENT

1. GENERAL INFORMATION

This Explanatory Statement has been prepared for the Shareholders of Resource Generation Limited (Subject to Deed of Company Arrangement) (**Company**) (**RES**) in connection with the Resolutions 1-6 (inclusive) to be considered at the Virtual General Meeting of the Company's Shareholders to be held at 11.00a.m. (Sydney Time) on Friday, 27th May 2022 (**Meeting**).

The purpose of this Explanatory Statement is to provide information to Shareholders which is considered to be material to them in deciding whether or not to pass the Resolutions in the Notice of General Meeting of the Company (**Notice**).

Shareholders should read this Explanatory Statement in full because individual sections do not give a comprehensive review of the Resolutions. In addition, this Explanatory Statement should be read in conjunction with the accompanying Notice.

In considering the Resolutions, Shareholders must bear in mind the current financial circumstances of the Company. In this regard, Shareholders should note that reports have been made by the Company's appointed Administrators in accordance with the Corporations Act. The reports set out in detail the financial position of the Company, the actions and investigations to be taken by the Administrators and the reasons for the current status of the Company. The Administrators' reports are available by contacting McGrathNicol on phone +61 7 3333 9835. They will arrange for copies to be sent. The Administrators' reports are also available at <https://www.mcgrathnicol.com/creditors/resource-generation-limited/>.

If all of the Resolutions are passed and the Recapitalisation Proposal is completed, the Company will be debt free and solvent. Completion of the proposal will not be enough to meet the ASX Listing Rule requirements for re-quotations. Re-quotations is a difficult exercise (among other things, the company will be required to re-comply with Chapters 1 and 2 of the ASX Listing Rules), and the completion of the Recapitalisation Proposal will not guarantee the reinstatement of the company to the official list of the ASX. The ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow. If Shareholders do not approve the Resolutions and as a consequence the Recapitalisation Proposal is rejected, the Company may go into liquidation and it is likely that there will be no return to Shareholders.

1.1 Background

A general background in respect of the appointment of the Administrators is set out in the letter by the Deed Administrators to Shareholders accompanying the Notice ("**Letter**").

1.2 History of the Company

The Company was incorporated on 4 May 1993 as Comdek Limited and its initial business was involved with computer sales. The company was admitted to the ASX official list on 31 October 2003 and operated for several years until 2006 where upon it went into receivership and voluntary administration. The voluntary administration concluded in late 2006. The Company's business changed to being a minerals explorer. It became Resource Generation Limited on 5 September 2008. The Company's revenues were insufficient to service substantial guaranteed loans of its subsidiary, and the lack of funds led to the appointment of voluntary administrators on 2 July 2021.

1.3 Summary of the terms of the Recapitalisation Proposal

Set out below is a detailed summary of the Recapitalisation Proposal.

The essential terms of the Recapitalisation Proposal are as follows:

- (a) Consolidation of shares on a 1:72 basis;
- (b) Placement to exempt, professional and sophisticated investors, whom will subscribe in aggregate for 92,000,000 shares to raise \$235,000;
- (c) The New Directors and a new company secretary for the Company will be appointed.
- (d) The payment of \$225,000 to be paid by Alt Finance Pty Ltd into a Deed of Company Arrangement Fund and reimbursed by the company to Alt Finance Pty Ltd from the capital raising, leaving the company with \$10,000 cash at bank, and no liabilities. These payments are to effectuate the Deed of Company Arrangement.

The Alt Finance Pty Ltd Recapitalisation Proposal was submitted to the Voluntary Administrators on 14 January 2022. It was accepted by the creditors of the company on 10 February 2022 and the Deed of Company Arrangement was signed on 10 February 2022. The recapitalisation proposal also needs shareholder approval. The Resolutions put forward in the Meeting are for the purposes of implementing the Recapitalisation Proposal. The key terms of the DOCA are that a Recapitalisation Fund will be created to pay unsecured creditors, and from which costs, charges and expenses of the Deed Administrators will be paid. The Deed Administrators then retire; the conditions precedent require shareholders to pass all resolutions of the recapitalisation proposal.

The Recapitalisation Proposal involves the simultaneous completion or “effectuation” of the Deed of Company Arrangement via a Creditors Trust mechanism when the shareholders pass all the resolutions. The Company will also be released from all Creditors Claims estimated at \$112,519,826 and will have nil liabilities once Completion occurs. The costs, charges, and expenses of Alt Finance Pty Ltd will be paid by Capeke Pty Ltd, i.e. not Resource Generation Limited (Subject to Deed of Company Arrangement).

1.4 New Directors

Proposed Director Mr Campbell Welch, Bachelor of Commerce from the University of Sydney, CFA Charter holder

Mr Welch has over 15 years of experience in accounting and financial markets, both in Australia and the UK. He is currently a senior advisor at Novus Capital Ltd, a boutique corporate advisory and share dealing firm headquartered in Sydney, Australia. His prior work experience includes appointments at AMP, Challenger Ltd and Royal London Asset Management.

During the past three years, Mr Welch has held the following other listed company directorships:

- Trisil Group Ltd (27 September 2017 to present)
- RPM Automotive Group Ltd (23 March 2016 – 18 February 2020)

Proposed Director Mr Peter Ziegler, Honours degrees in Commerce and Law, Master of Financial Management from University of Queensland

Mr Ziegler is an experienced company director, solicitor and chartered accountant. He was partner at the accounting firm Ernst & Young, specialising in taxation and corporate structuring. Mr Ziegler is a principal of Ziegler Asset Partners, an asset management company. During the past three years, Mr Ziegler has not held any listed company directorships.

Proposed Director Mr Keith Glennan, Bachelor of Computing Studies (RMIT) Member of the A/CD and ACS

Mr Glennan has been in the IT industry for over 30 years, initially with Hewlett-Packard and then with IBM. He has co-founded multiple successful start-up companies (in Australia and in the US) including Tesserent (ASX: TNT), which listed on the ASX in 2016 and for which he served as founding CEO and managing director.

He has been actively involved in various start-up companies for the last few years, providing investment funds, strategic advice, and board mentorship. In addition to his ASX experience, Mr Glennan has extensive general commercial experience, especially in the area of mergers and acquisitions.

1.5 ASX Listing

The Company is admitted to the Official List of ASX. However, trading in the Company's Shares was suspended on 26 October 2020. Trading in the Shares will not recommence until all Resolutions are passed and not until the Company complies with Chapters 1 and 2 of the Listing Rules, or until ASX advises otherwise.

The intention of the New Directors with regard to the business of the Company is to use the working capital to be injected into the Company via the Recapitalisation Proposal for the purposes described in Section 1.11 of this Statement. The New Directors' plan is to identify and assess potential acquisition opportunities of a material asset subject to approval by ASX, Shareholders and regulatory bodies, where relevant. There is no certain timeframe as to when this may occur, but it is anticipated to be in the third quarter of 2022. The Company is also mindful of the ASX's automatic removal policy, which deals with lodgement of all overdue statutory reports as well as a maximum 2 year suspension rule. There is no present intention for any party to inject further capital into the Company apart from that already stated in the Recapitalisation Proposal.

1.6 Advantages and Disadvantages of the Recapitalisation Proposal

Advantages

- 1.6.1 The passing and consummation of Resolutions 1 to 6 as part of the recapitalisation proposal would result in a net cash position of approximately \$10,000 (assuming the capital raising of the \$235,000 referred to above) and having a company with minimal or no liabilities, compared with the current position whereby the Company has significant debts of approximately \$112,519,826.
- 1.6.2 If the proposals per Resolutions 1 to 6 are consummated as part of the recapitalisation process, the net cash asset backing of a RES share rises from nil cents to approximately \$0.0001 per share.

- 1.6.3 If Resolutions 1 to 6 are passed together with the completion of the recapitalisation proposal, the Company's chances to continue to investigate opportunities are enhanced as, without the recapitalisation, it is likely that the Company may be wound up and deregistered. The Company would need to find a new business and raise additional funds so that it could meet the Listing Rules.
- 1.6.4 The proposed Directors bring additional expertise to the Company in that such Directors have finance and corporate experience and/or experience as Directors or Managers of trading entities. Paragraph 1.4 above discloses the background of the proposed directors.

Disadvantages

- 1.6.5 A significant dilution of existing shareholders will occur. i.e. they will own approximately 8% as compared to 100% now of the expanded issued capital of the Company after the passing of Resolutions 1 to 6 (the passing of Resolutions 1 to 6 are dependent on all resolutions being passed). However, we note that RES will be partly recapitalised with approximately \$10,000 in net cash (assuming completion of the \$235,000 total capital raising), will have no debt and will have the opportunity to consider the acquisition of other assets or businesses. It is assumed that all investors will obtain a benefit particularly if the Company's shares can be re-quoted on ASX (the Company will need to re-comply with Chapters 1 and 2 of the ASX Listing Rules). Re-quotations on the ASX is a difficult and complex exercise. The ASX has absolute discretion in deciding whether or not to re-admit the company to the official list and to quote its securities. This means the Company may not be reinstated and the shares may never be quoted. Also, any new shares that are issued under the resolutions proposed in this notice of meeting, may be subject to escrow.
- 1.6.6 The Company would only have approximately net cash of \$10,000 after the issue of the approximately 92 million shares for a total capital raising of \$235,000 as per Resolutions 2 and 3. The Company would still need to find a new business and raise additional funds so that it could meet the Listing Rules. In the absence of a superior offer (made before shareholders vote on Resolutions 1 to 6) the shell value does not exist and it is quite possible in the absence of any other recapitalisation proposal, the Company may be placed into Liquidation.
- 1.6.7 If the Company seeks new business opportunities, there is no guarantee that such businesses will be profitable.

1.7 Conclusion

The Resolutions 1 to 6 set out in the Notice are important and affect the future of the Company. All of the Resolutions 1 to 6 need to be approved in order to implement the Recapitalisation Proposal. Shareholders are therefore urged to give careful consideration to the Notice the contents of this Statement.

1.8 Capital Raising

The Company intends to raise \$235,000 by issuing approximately 92 million shares each to exempt, professional and sophisticated investors.

Funds raised under the Placement will be used in accordance with the table set out in Section 1.11 below.

1.9 Financial Effect of Placement

The completion of the Placement will increase the Company's cash balance by \$235,000 and also increase the Company's issued capital by the same amount.

The Company's only asset will be the cash raised under the Placement, less any amounts expended in accordance with the table set out in Section 1.11 below.

The Company has not presented pro forma financial information in relation to the transactions as recent historical audited financial information is not available owing to the Company being in Administration. In addition, the Deed Administrators are of the opinion that to present a financial position based on this historical information would not be representative of the Company's current financial position.

1.10 Control Implications

The Company is seeking shareholder approval under Corporations Act, Section 611 and Item 7 for the purposes of Resolution 2.

A table showing the impact of the various issues of securities pursuant to this Notice on the aggregated Shareholding interests of existing Shareholders is set out below (on a post Consolidation basis).

	Before		After	
	# Shares	% of Shares	# of Shares	% of Shares (Approx.)
Change as a result of Share issue only				
Existing Shareholders (Resolution 1)	581,380,338	100%	8,074,727	8%
Capeke Pty Ltd (Resolution 2)	0	0%	90,000,000	90%
Alt Finance Pty Ltd (Resolution 3)	0	0%	2,000,000	2%
		TOTAL	100,074,727	100%

1.11 Purpose of funds to be raised under the Recapitalisation Proposal

The Recapitalisation Proposal seeks to raise the sum of \$235,000 through issues of Shares to sophisticated, professional or other exempt investors who do not require a disclosure document under section 708 of the Corporations Act. The purpose of these capital raisings are to:

- (a) pay for the Deed of Company Arrangement (“**DOCA**”), payment to creditors so as to remove the Company from Administration and to extinguish all liabilities; and
- (b) provide working capital to meet the administration costs of the Company.

An estimated budget is set out below.

Estimated Use of Funds – Expenditure Budget

Total funds raised \$235,000	\$
Deed of Company Arrangement	225,000
Working Capital for the company	10,000
Total funds utilised (\$)	\$235,000

The Company’s arrangement with Alt Finance Pty Ltd is that the Company will effectuate its Deed of Company Arrangement when Alt Finance Pty Ltd pays the Deed of Company Arrangement amount and then it will reimburse Alt Finance Pty Ltd from the \$235,000 raised. Alt Finance Pty Ltd will incur costs and expenses to third parties to achieve the Recapitalisation Proposal. Therefore, Alt Finance Pty Ltd is taking a risk that it may not be reimbursed payments to third parties if the Recapitalisation Proposal fails. To date, Alt Finance Pty Ltd has paid \$25,000 to the Deed Administrators. Alt Finance Pty Ltd will also pay all costs associated with preparing, calling, holding the Shareholders meeting. The costs, charges, and expenses of Alt Finance Pty Ltd will be paid by Capeke Pty Ltd, i.e. not Resource Generation Limited (Subject to Deed of Company Arrangement).

2. RESOLUTION 1 – CONSOLIDATION OF CAPITAL

2.1 Background

If this Resolution is passed and excluding any Securities issued pursuant to the other Resolutions, the number of shares on issue will be reduced from 581,380,338 to 8,074,727 (subject to rounding).

2.2 Legal requirements

Section 254H of the Corporations Act provides that a company may, by resolution passed in a general meeting, convert all or any of its shares into a larger or smaller number.

2.3 Fractional entitlements

Not all Security Holders will hold that number of Shares which can be evenly divided by 72. Where a fractional entitlement occurs, the Company will round that fraction down to the nearest whole Security. This means some shareholders holding less than 72 shares will be rounded down to zero.

2.4 Taxation

It is not considered that any taxation implications will exist for Security Holders arising from the Consolidation. However, Security Holders are advised to seek their own tax advice on the effect of the Consolidation and the Company accepts no responsibility for the individual taxation implications arising from the Consolidation.

2.5 Holding statements

From the date of the Consolidation, all previous holding statements for Security will cease to have any effect, except as evidence of entitlement to a certain number of Securities on a pre-consolidation basis.

After the Consolidation becomes effective, the Company will arrange for new holding statements for Securities to be issued to holders of those Securities.

It is the responsibility of each Security Holder to check the number of Securities held prior to disposal or exercise (as the case may be).

2.6 Proposed capital structure

Current Capital Structure shares

	Shares	Percentage %
Current Shares on Issue	581,380,338	100

Proposed Capital Structure

	Shares	Percentage % (Approx.)
Existing Shares Consolidated 1:72	8,074,727	8%
Resolution 2 Issue of Shares to Capeke Pty Ltd	90,000,000	90%
Resolution 3 Issue of shares to Alt Finance Pty Ltd	2,000,000	2%
TOTALS	100,074,727	100%

2.7 Indicative timetable

If this Resolution is passed, the Consolidation will take effect in accordance with the following timetable (as set out in Appendix 7A (paragraph 7) of the ASX Listing Rules):

Action	Date
Company announces Consolidation, lodges Appendix 3A.3 with ASX and sends out Notice of Meeting	28/04/2022
Company announces on ASX that Shareholders have approved the Consolidation and Effective Date of Consolidation	27/05/2022
Effective Date	27/05/2022
Last day for trading in pre-consolidated shares	30/05/2022
Record Date	1/06/2022
Last day for company to register transfers on a pre-consolidation basis	1/06/2022
First day for the company to update its register and to send holding statements	2/06/2022
Last day for the company to update its register and to send holding statements	8/06/2022

3. Resolution 2 – Allotment and Issue of Placement of Shares

3.1 General

Resolution 2 seeks Shareholder approval for the issue 90 million Shares at an issue price of \$0.002588888888 per Shares to raise \$233,000 (**Placement**).

3.2 Technical information required for Shareholders

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary shares it had on issue at the start of that period. However, Exception 8 of Listing Rule 7.1 allows an exception if an issue of securities is approved for the purposes of Item 7 of Section 611 of the Corporations Act, as is the case now.

The following information is provided in relation to the Placement:

- (a) the maximum number of Shares to be issued is 90 million;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;

- (c) the issue price will be \$0.002588888888 per Share;
- (d) the Shares will be issued to Capeke Pty Ltd;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Company intends to use the funds raised from the Placement towards funding the recapitalisation of the Company (including payment under the DOCA) with remaining funds being used for working capital purposes.

3.3 Section 611 of the Corporations Act and Listing Rules

As stated above, Exception 8 of Listing Rule 7.1 is being relied upon.

Shareholder approval of Resolution 2 is required under Item 7 of Section 611 of the Corporations Act given Resolution 2 involves the issue of more than 20% of all Shares then on issue.

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases;

- (a) From 20% or below to more than 20%; or
- (b) From a starting point above 20% and below 90%.

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

The "associate" reference includes a reference to a person in concert with whom a primary person is acting or proposes to act,

A person has a relevant interest in securities if they:

- (a) are the holder of the securities;
- (b) have the power to exercise, or control the exercise of, a right to vote attached to securities; or
- (c) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Chapter 2E of the Corporations Act

Section 208(1) of the Corporations Act requires that for a public company to give a financial benefit to a related party of the public company, it must either fall within certain exceptions or obtain shareholder approval. A related party includes a party that does or may control a public company. Accordingly, Capeke Pty Ltd is a related party of the Company for the purposes of Chapter 2E of the Corporations Act.

Pursuant to Resolution 2 the company is seeking shareholder approval for the issue of 90 million shares to raise \$233,000.

The following information is provided:

- (a) the related party is Capeke Pty Ltd;
- (b) the maximum number of shares, being the nature of the financial benefits being provided to be issued, will be 90 million shares;
- (c) the shares will be issued no later than 3 months after the date of the meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules state;
- (d) the issue price will be \$0.002588888888 per share;
- (e) the funds raised will be used for the same purposes as all other funds raised under the capital raising as set out in Section 1.11 this explanatory statement;
- (f) the shares issued under the capital raising will be fully paid ordinary shares in the capital of the company issued on the same terms and conditions as the company's existing shares;
- (g) the value of the financial benefit is calculated by the number of securities being issued multiplied by the issue price under General Placement and is set out below:

Securities	Value per Security	Financial Benefit	Amount Paid
90 million Shares	\$0.002588888888	\$233,000	\$233,000

The Company's shares have been suspended from trading since 26 October 2020 with the last trading price of the company prior to going into administration being \$0.06.

The company will be issuing shares at \$0.002588888888 and the Directors therefore consider that \$0.002588888888 is a more appropriate valuation for the cost of the shares being issued, the subject of Resolution 2

- (h) The current relevant interests of Capeke Pty Ltd in the securities of the company are nil.
- (i) The remuneration and emoluments from the company to Capeke Pty Ltd for the previous financial year and the proposed remuneration and emoluments for the current financial year are also \$Nil.

Related Party	Financial Year ended 30 June 2020	Financial Year ended 30 June 2021
Capeke Pty Ltd	\$Nil	\$Nil

- (j) The trading history of the shares on ASX in the 12 months before the date of this notice is set out below:

	Price	Date
Highest	Nil	21 April 2022
Lowest	Nil	21 April 2022
Last	Nil	Suspended

Shareholders should note that the company's shares were suspended from quotation on 26 October 2020 and remain suspended.

- (k) The primary purpose of the issue of the shares is to raise fresh capital;
- (l) none of the current Directors have an interest in the outcome of Resolution 2. The Directors make a positive recommendation because the company is subject to Deed of Company Arrangement and currently insolvent; and
- (m) the Directors and the Deed Administrators are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the company to pass Resolution 2.

Information required by Item 7 of the Section 611 of the Corporations Act

Also set out below are the matters required to be disclosed in accordance with Item 7(b) of Section 611 of the Corporations Act.

- (a) *the identity of the person proposing to make the acquisition and their associates:*

It is proposed that 90 million Shares be issued to Capeke Pty Ltd as per Resolution 2. Capeke Pty Ltd, nor related parties, does not have relevant interests in any Shares existing as at the date of this notice.

- (b) *the maximum extent of the increase in that persons voting power in the company that would result from the acquisition:*

If Resolution 2 is passed, Capeke Pty Ltd's voting power in the Company will increase from 0% to 90% (approx).

- (c) *the voting power that the relevant allottees would have as a result of the acquisition:*

If Resolution 2 is passed, Capeke Pty Ltd's voting power in the Company will be 90% (approx.).

- (d) *the maximum extent of the increase in the voting power of each of the allottee's associates that would result from the acquisition.*

As Capeke Pty Ltd has no holding or any relevant interest in existing Shares there is no increase in its voting power in the Company as a result of the acquisition.

- (e) *the voting power that each of the allottee's associates would have as a result of the acquisition:*

As Capeke Pty Ltd has no associates holding any relevant interest in existing shares, there is no increase in its voting power in the Company as a result of the acquisition.

Other Required Information – ASIC regulatory Guide 74

The following further information is disclosed:

- (a) The Company will review its current business activities. As part of the process, it is proposed that 3 New Directors will be elected to the Board. These elections form the subject of separate Resolutions. The current Directors and company secretary will be resigning;
- (b) In accordance with the Recapitalisation Proposal, the Company intends to raise capital to:
 - (i) pay for the DOCA and recapitalisation costs and expenses so as to remove the Company from Administration and to extinguish all debt of the Company; and
 - (ii) meet the administration and working capital costs of the Company.

The Company will have sufficient funds if all Resolutions are passed and share capital raised in order to meet the aims of the Recapitalisation Proposal;

- (c) There is no current intention to redeploy any other fixed assets of the Company or to change the Company's existing policies in relation to financial matters or dividends. At present, the Company does not pay a dividend. The dividend policy of the Company will be assessed in accordance with the future profitability of the Company's business; and
- (d) Proposed directors Mr Campbell Welch, Mr Peter Ziegler and Mr Keith Glennan do not intend to inject further capital into the company.
- (e) An Independent Expert's Report or IER is enclosed, and shareholders are urged to read it in full,

The Corporations Act provides that an independent expert's report of the transaction (as contemplated by Resolution 2 must be provided to Shareholders. The IER provides an opinion as to whether the acquisition of the voting power referred to in Resolution 2 and this section, is fair and reasonable to the non-associated Shareholders of the Company.

The IER is enclosed with the Notice and is attached to Annexure A.

Stantons International Audit and Consulting Pty Ltd has concluded that the acquisition of the voting power by Capeke Pty Ltd as contemplated by Resolution 2 ("**Acquisition**") **is fair and reasonable to the Shareholders of the Company.**

The advantages and disadvantages of the Recapitalisation Proposal are outlined in the IER and are provided to enable non-associated Shareholders of the Company to determine whether they are better off if the Acquisition proceeds than if not.

Shareholders are urged to carefully read the IER in deciding how to vote on the Resolutions, particularly Resolution 2

- (f) Capeke Pty Ltd will only have a right to compulsorily acquire the shares of minority shareholders pursuant to Section 664C of the Corporations Act if they own more than 90%. However, they have no intention whatsoever to compulsorily acquire the shares of minority shareholders.

Other required information – ASIC Regulatory Guide 76

The following further information is disclosed:

- (a) The related party is Capeke Pty Ltd;
- (b) The nature of the financial benefit is the issue of 90 million Ordinary Shares in the capital of the Company as set out in this Explanatory Memorandum;
- (c) The Directors of the Company are unable to make a recommendation in relation to whether Shareholders should or should not vote in favour of the Resolution as their powers are suspended whilst the company is under DOCA;
- (d) No Directors have an interest in the outcome of the Resolution.

All other information that is reasonably required by Shareholders to decide whether or not it is in the Company's interests to pass a resolution and that is known to the Company, is set out in this Explanatory Memorandum and in the Independent Expert's Report.

Resolution 3 – Allotment and Issue of Shares to Alt Finance Pty Ltd

This Resolution is proposed to be approved by Shareholders in accordance with ASX Listing Rule 7.1 and Resolution 3, seeks approval for the issue of 2,000,000 (post Consolidation) shares to Alt Finance Pty Ltd or its nominee at an issue price of \$0.001 to raise \$2,000.

ASX Listing Rules

ASX Listing Rule 7.1 provides that a company must not, subject to certain exceptions, issue during any 12 month period any equity securities, or other securities with rights of conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issuer has the prior approval of Shareholders in general meeting.

Information required by ASX Listing Rules

- (a) The following information is provided to Shareholders in accordance with Listing Rule 7.3 for the purpose of obtaining shareholder approval under Listing Rule 7.1 for Resolution 3;
- (b) The maximum number of shares to be issued by the Company to Alt Finance Pty Ltd or its nominee is 2,000,000 (post Consolidation) shares at an issue price of \$0.001 to raise \$2,000;
- (c) It is anticipated that the issue of the shares will occur on one date and will not be later than three months after the date of the meeting;
- (d) It is proposed that the 2,000,000 (post Consolidation) shares be issued to Alt Finance Pty Ltd or its nominee;
- (e) The new shares will rank equally with the existing shares;
- (f) The funds raised from the issue of the shares will be used in accordance with the Recapitalisation Proposal and for the purposes set out in Section 1:11 of this Statement;
- (g) The date of allotment of the shares will be the same date on which they are issued;
- (h) The price, or other consideration that the company will receive for the issue of shares is \$0.001 per share i.e. \$2,000; and
- (i) The shares are being issued under an agreement, ie the DOCA, referred to in section 1.3 above of the Explanatory Statement. One of the key terms of the DOCA is shareholder approval to issue fresh shares to raise funds for the DOCA fund, by Alt Finance Pty Ltd or its nominee.

4. Resolution 4 to 6 – Appointment of new Directors

4.1 General

The Corporations Act provides that:

- (a) the Company must have at least 3 directors, per Section 201A(2) of the Corporations Act;
- (b) the Company's Shareholders may appoint new Directors of the Company by resolution passed in general meeting, per Section 201G of the Corporations Act; and
- (c) the appointment of a person as a Director at a general meeting is subject to the Company receiving his or her consent to the nomination, per Section 201D of the Corporations Act.

Having received nominations for the following persons to be appointed as new Directors of the Company, and having received consents to act as a Director from each such person, Resolutions 4 to 6 respectively seek Shareholder approval for the appointment of the following persons as Directors effective from the close of the General Meeting:

- (a) Mr Campbell Welch – Resolution 4;
- (b) Mr Peter Ziegler – Resolution 5;
- (c) Mr Keith Glennan – Resolution 6.

A summary of experience of each of the proposed Directors is set out in paragraph 1.4 above.

5. ENQUIRIES

Shareholders are invited to contact Mr Steven Nicols of Alt Finance Pty Ltd on phone + 61 2 9299 2289 if they have any queries in respect of the matters set out in these documents.

TIME AND PLACE OF MEETING AND HOW TO VOTE

Venue

A Virtual General Meeting of the shareholders of Resource Generation Limited (Subject to Deed of Company Arrangement) will be held at 11.00am (Sydney Time) on Friday, 27th May 2022.

How to Vote

You may vote by attending the Meeting in person, by proxy or authorised representative.

Voting in Person

To vote in person, attend the Meeting on the date and at the place set out above. The Meeting will commence at 11.00 a.m. (Sydney Time).

Voting by Proxy

To vote by proxy, please complete and sign the proxy form enclosed with this Notice of General Meeting as soon as possible and either:

- send the proxy by email to steve@nicolsandbrien.com.au or by facsimile to the Company on facsimile number (International: + 61 2 9299 2239); or
- deliver the proxy to the Company at c/- Alt Finance Pty Ltd, Level 2, 350 Kent Street, Sydney, New South Wales, Australia.

so that it is received not later than 11.00am (Sydney Time) on Wednesday, 25th May 2022.

Your proxy form is enclosed.

GLOSSARY

Administrators or **Voluntary Administrators** means Mr William James Harris, Anthony Norman Connelly and Jason Preston from McGrathNicol.

RES means the company.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market known as the Australian Securities Exchange, operated by ASX Limited, as the context requires

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Board means the board of directors of the Company.

Company means Resource Generation Limited (Subject to Deed of Company Arrangement) (ACN 059 950 337).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Creditor means a creditor of the Company as at the date of the Notice.

Creditor's Trust means the trust to be established in accordance with the terms of the Recapitalisation Proposal and the DOCA for the purpose of satisfying approved Creditor's claims, to be known as Resource Generation Creditors Trust.

Deed Administrators means William James Harris, Anthony Norman Connelly and Jason Preston from McGrathNicol.

Deed of Company Arrangement or DOCA means the Deed of Company Arrangement between Deed Administrators and the Company dated 10 February 2022 and includes any variation to such.

Director means a director of the Company.

Dollar or \$ means Australian dollars.

Explanatory Statement or **Statement** means the explanatory statement to the Notice of General Meeting.

Glossary means this glossary.

IER means Independent Experts Report annexed hereto

Meeting means the general meeting of the Shareholders convened by the Notice to be held on Friday, 27 May 2022.

New Directors means the Directors to be appointed under Resolutions 4, 5 and 6.

Notice means this notice of general meeting of the Shareholders in respect of the Meeting to be held on Friday, 27 May 2022.

Recapitalisation Fund means the funds available from Recapitalisation Proposal.

Recapitalisation Proposal means the Recapitalisation Proposal submitted by Alt Finance Pty Ltd on 14 January 2022 to the Administrators relating to the restructure and recapitalisation of the Company.

Resolutions means the resolutions described in the Notice.

Shareholder means the holder of Shares.

Shares means ordinary class shares in the capital of the Company.

Sydney Time means time in Sydney NSW Australia from time to time.

Trustee means the Trustee of the Creditors Trust, namely William James Harris, Anthony Norman Connelly and Jason Preston.

**PROXY FORM
 APPOINTMENT OF PROXY
 RESOURCE GENERATION LIMITED
 (Subject to Deed of Company Arrangement)
 ACN 059 950 337**

GENERAL MEETING - VIRTUAL

I/We

being a Member of Resource Generation Limited (Subject to Deed of Company Arrangement) entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held on Friday, 27 May 2022 at 11.00 a.m. (Sydney Time) and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the resolutions.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 Consolidation of shares and options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Allotment and Issue of Shares to Capeke Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Allotment and Issue of Shares to Alt Finance Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Election of Mr Campbell Welch as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Election of Mr Peter Ziegler as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Election of Mr Keith Glennan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote in favour of all of the resolutions if no directions are given.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the % of voting rights this proxy represents is%.

Dated this.....day of.....2022

Individuals and joint holders Companies (affix common seal if appropriate)

Signature

Director

Signature

Sole Director and Sole Company Secretary

Instructions for Completing 'Appointment of Proxy' Form

1. A Shareholder entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a Shareholder of the Company. In the case of joint holders, all must sign.
3. Corporate Shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Virtual Meeting via zoom, if they wish. Where a Shareholder completes and lodges a valid proxy form and attends the Meeting via zoom, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. You may fax the Proxy form to: Facsimile No. +61 2 9299 2239 or mail to Alt Finance Pty Ltd, Level 2, 350 Kent Street, Sydney NSW 2000, Australia, or email to steve@nicolsandbrien.com.au.
7. The instrument appointing the proxy must be received by the Company at the address specified above at least forty eight (48) hours before the time notified for the meeting (proxy forms can be lodged by facsimile).
8. Any questions, please call Steven Nicols on phone +61 2 9299 2289, or email to steve@nicolsandbrien.com.au.

21 April 2022

The Deed Administrator
Resource Generation Limited (Subject to Deed of Company Arrangement)
c/- McGrathNicol
Level 15, 175 Eagle Street
Brisbane QLD 4000

Dear Deed Administrator,

Independent Expert's Report Relating to Recapitalisation Proposal

1 Executive Summary

Opinion

- 1.1 In our opinion, the proposed transaction outlined in Resolution 2 of the Notice of Meeting ("**NoM**") relating to the issue by Resource Generation Limited (Subject to Deed of Company Arrangement) ("**ResGen**" or the "**Company**") of up to 90,000,000 ordinary shares to Capeke Pty Ltd ("**Capeke**") is considered **FAIR** and **REASONABLE** to the shareholders of ResGen who are not restricted from voting on the proposal (the "**Non-Associated Shareholders**") as at the date of this report.

Introduction

- 1.2 Stantons Corporate Finance Pty Ltd ("**Stantons**") were engaged by the Deed Administrators of ResGen, William Harris, Anthony Connelly and Jason Preston (the "**Deed Administrators**") of McGrathNicol ("**McGrathNicol**") to prepare an Independent Expert's Report ("**IER**") to determine the fairness and reasonableness of the proposal outlined in Resolution 2 of the attached NoM and Explanatory Statement ("**ES**"). The NoM will be released ahead of a general meeting of ResGen shareholders scheduled to be held in May or June 2022 (the "**Meeting**").
- 1.3 ResGen historically operated as a coal development company, focusing on the Boikarabelo coal mine development in South Africa. The Company's shares were suspended from official quotation on the Australian Securities Exchange ("**ASX**") on 26 October 2020.
- 1.4 On 2 July 2021, William Harris, Anthony Connelly and Jason Preston of McGrathNicol were appointed voluntary administrator of the Company ("**Voluntary Administrator**"). A Deed of Company Arrangement ("**DOCA**") was entered on 11 August 2021, with the Voluntary Administrator becoming Deed Administrator. A creditors' meeting was held on 10 February 2022, at which a variation to the DOCA relating to a restructure and recapitalisation proposal was accepted.
- 1.5 The restructure and recapitalisation of the Company proposed by Alt Finance Pty Ltd ("**Alt Finance**") includes the following terms (collectively, the "**Recapitalisation Proposal**"):
- The Company will consolidate its outstanding shares and options on a 1:72 basis (the "**Consolidation**");
 - The company will allot and issue 90,000,000 post-Consolidation ordinary shares to Capeke at \$0.002588888888 per share, to raise \$233,000; and

- The company will allot and issue 2,000,000 post-Consolidation ordinary shares to Alt Finance at \$0.001 per share, to raise \$2,000.
- 1.6 The Recapitalisation Proposal is subject to several other conditions, including new directors being appointed to the Company and a payment of \$225,000 being made to the Deed Administrator from the recapitalisation fund.
- 1.7 The terms of the DOCA include that a recapitalisation fund be created to pay unsecured creditors, and from which costs, charges and expenses of the Deed Administrator will be paid. Effectuation of the DOCA will result in the Company being released from all creditor claims, currently estimated at \$112,519,826.
- 1.8 If all conditions of the Recapitalisation Proposal are not met by 31 October 2022 or it appears the terms of the DOCA cannot be fulfilled, the Deed Administrator may take steps to place the Company into liquidation.

Purpose

- 1.9 As a result of the Recapitalisation Proposal, Capeke has the potential to acquire an interest of up to approximately 89.93% in ResGen (assuming all resolutions are passed).
- 1.10 Except in certain circumstances, Section 606 (“**s606**”) of the Corporations Act 2001 Cth (“**Corporations Act**”) prohibits a person (and/or associated parties) from acquiring a relevant interest in the issued voting shares of a company that increases their relevant interest:
- a) from 20% or below to more than 20%; or
 - b) from a starting point that is above 20% and below 90%.
- 1.11 One of the exceptions to s606 is where the acquisition is approved by the members under Item 7 of Section 611 of the Corporations Act (“**s611**”) at a general meeting of the company.
- 1.12 Pursuant to Chapter 2E of the Corporations Act (“**Chapter 2E**”), a public company must, unless certain exemptions apply, obtain approval from its members to give a financial benefit to a related party of the company. Section 228 of the Corporations Act specifies that this includes an entity which the company believes is likely to control the company in the future. Capeke is therefore considered a related party of ResGen.
- 1.13 Accordingly, ResGen intends to seek approval for Resolution 2, pursuant to both Item 7 of s611 and Chapter 2E of the Corporations Act, at the Meeting from the Non-Associated Shareholders.
- 1.14 The proposed Recapitalisation Proposal will be described in the NoM and Explanatory Statement (“**ES**”) to be forwarded to shareholders ahead of the Meeting. This IER provides an opinion on the fairness and reasonableness of the Recapitalisation Proposal to Non-Associated Shareholders and will be attached to the NoM.

Basis of Evaluation

- 1.15 With regard to the Australian Securities and Investments Commission (“**ASIC**”) Regulatory Guide 111: Content of Expert Reports (“**RG111**”), we have assessed the Recapitalisation Proposal as:
- fair if the value of a ResGen share after the Recapitalisation Proposal, on a minority interest basis, is greater than the value of a share prior to the Recapitalisation Proposal on a control basis (on a like for like post-Consolidation basis); and
 - reasonable if it is fair, or if despite not being fair there are sufficient reasons for Non-Associated Shareholders to accept the offer.

Valuations

ResGen Pre-Recapitalisation Proposal Share Value

- 1.16 We assessed the fair market value of a ResGen ordinary share prior to the Recapitalisation Proposal using a net asset based methodology, assuming the Consolidation occurs prior to the Recapitalisation Proposal. Our assessed fair market value as at 20 April 2022 is as follows:

Table 1. Pre-Recapitalisation Proposal Net Asset Valuation of ResGen Shares (Post-Consolidation Basis)

	Ref	Value
ResGen pre-Recapitalisation Proposal net assets/(liabilities) (\$)	Table 8	(112,506,826)
Number of shares outstanding (post-Consolidation)	Table 5	8,074,727
Pre-Recapitalisation Proposal Net Assets per share (\$)		(13.933)
Pre-Recapitalisation Proposal assessed value per share (\$) (control)		nil

Source: Stantons analysis

- 1.17 As ResGen has a pre-Recapitalisation Proposal position of net liabilities and no operating business, we assessed the fair value of an ResGen post-consolidation ordinary share prior to the Recapitalisation Proposal, on a control basis, to be nil.

ResGen Post-Recapitalisation Proposal Share Value

- 1.18 Our net assets based valuation of ResGen post-Recapitalisation Proposal, as at 20 April 2022, on a minority interest basis, is set out below.

Table 2. ResGen Post-Recapitalisation Proposal Valuation

	Ref	Value
Existing cash	Table 11	13,330
Outstanding creditor's claims	Table 10	(112,519,826)
Creditor's claims extinguished	Table 10	112,519,826
Funds raised	2.4	235,000
Less: funds utilised		(238,330)
ResGen post-Recapitalisation Proposal Net Assets		10,000
Number of shares outstanding	Table 5	100,074,727
Post-Recapitalisation Proposal value per share (\$) (control)		0.00010
Minority discount	7.4	23.1%
Post-Recapitalisation Proposal value per share (\$) (minority)		0.00008

Source: Stantons analysis

- 1.19 We assessed the fair value of a post-Recapitalisation Proposal ResGen ordinary share on a minority interest basis to be approximately \$0.00008.

Fairness Assessment

- 1.20 Our fairness assessment of the Recapitalisation Proposal is as set out below.

Table 3. Fairness Assessment

	Ref	Value
Pre-Recapitalisation Proposal ResGen share value (control) (\$)	Table 11	nil
Post-Recapitalisation Proposal ResGen share value (minority) (\$)	Table 12	0.00008
Opinion		Fair

Source: Stantons analysis

- 1.21 As the value of a post-Recapitalisation Proposal ordinary share in ResGen on a minority interest basis is greater than the pre-Recapitalisation Proposal value on a control basis, we consider

Resolution 2 of the NoM to be **FAIR** to the Non-Associated Shareholders for the purposes of s611 and Chapter 2E of the Corporations Act.

Reasonableness Assessment

- 1.22 As the Recapitalisation Proposal (including Resolution 2) is considered fair, with regard to RG111.12 it is also considered reasonable. For informative purposes, we also considered the following likely advantages and disadvantages of the Recapitalisation Proposal to Non-Associated Shareholders.

Table 4. Reasonableness Assessment of the Recapitalisation Proposal

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ The Recapitalisation Proposal is fair ▪ Eliminates debt burden on Non-Associated Shareholders ▪ The Company will likely avoid a potential liquidation which is highly likely to result in shareholders receiving a certain outcome of nil ▪ May facilitate relisting on ASX ▪ Exposure to potential future business activities 	<ul style="list-style-type: none"> ▪ Dilution of existing shareholders ▪ Eliminates possibility of a potentially superior offer to recapitalise the Company ▪ Capeke obtains a significant level of control

Source: Stantons analysis

Conclusion

- 1.23 In our opinion, the Recapitalisation Proposal subject to Resolution 2 is **FAIR** and **REASONABLE** to the Non-Associated Shareholders of ResGen.
- 1.24 This opinion must be read in conjunction with the more detailed analysis included in this report, together with the disclosures, Financial Services Guide, and appendices to this report.

Financial Services Guide

Dated 21 April 2022

Stantons Corporate Finance Pty Ltd

Stantons Corporate Finance Pty Ltd (ABN 42 128 908 289 and AFSL Licence No 448697) ("**Stantons**" or "**we**" or "**us**" or "**ours**" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

Financial Services Guide

In the above circumstances, we are required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- a) who we are and how we can be contacted;
- b) the services we are authorized to provide under our **Australian Financial Services Licence, Licence No: 448697**;
- c) remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- d) any relevant associations or relationships we have; and
- e) our complaints handling procedures and how you may access them.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares, options and debt instruments)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

General Financial Product Advice

In our report, we provide general financial product advice, not personal financial product advice, because it has been prepared without considering your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product. Where you do not understand the matters contained in the Independent Expert's Report, you should seek advice from a registered financial adviser.

Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our fee for preparing this report is expected to be up to A\$16,000 exclusive of GST.

You have a right to request for further information in relation to the remuneration, the range of amounts or rates of remuneration and you can contact us for this information.

Except for the fees referred to above, neither Stantons, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Remuneration or other benefits received by our employees

Stantons employees and contractors are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Associations and relationships

Stantons is ultimately a wholly owned subsidiary of Stantons International Audit and Consulting Pty Ltd, a professional advisory and accounting practice. From time to time, Stantons and Stantons International Audit and Consulting Pty Ltd (that trades as Stantons International) and/or their related entities may provide professional services, including audit, accounting and financial advisory services, to financial product issuers in the ordinary course of its business.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stantons Corporate Finance Pty Ltd
Level 2
1 Walker Avenue
WEST PERTH WA 6005

When we receive a written complaint, we will record the complaint, acknowledge receipt of the complaints within 10 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Australian Financial Complaints Authority ("**AFCA**"). AFCA has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about AFCA are available at the AFCA website www.afca.org.au or by contacting them directly via the details set out below.

Australian Financial Complaints Authority Limited
GPO Box 3
MELBOURNE VIC 3001

Telephone: 1800 931 678

Stantons confirms that it has arrangements in place to ensure it continues to maintain professional indemnity insurance in accordance with s.912B of the Corporations Act 2001 (as amended). In particular our Professional Indemnity insurance, subject to its terms and conditions, provides indemnity up to the sum

insured for Stantons and our authorised representatives / representatives / employees in respect of our authorisations and obligations under our Australian Financial Services Licence. This insurance will continue to provide such coverage for any authorised representative / representative / employee who has ceased work with Stantons for work done whilst engaged with us.

Contact details

You may contact us using the details set out at above or by phoning (08) 9481 3188 or faxing (08) 9321 1204.

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2 Summary of Recapitalisation Proposal

Background

- 2.1 ResGen historically operated as a coal development company, focusing on the Boikarabelo coal mine development in South Africa. The Company's shares were suspended from official quotation on ASX on 26 October 2020.
- 2.2 On 2 July 2021, William Harris, Anthony Connelly and Jason Preston of McGrathNicol were appointed joint and several Voluntary Administrator of the Company. A DOCA was executed on 11 August 2021 in relation to a recapitalisation proposal which ultimately did not go ahead, with the Voluntary Administrator being appointed Deed Administrator. The Deed Administrators issued a report to creditors on 27 January 2022 (the "**Administrator's Report**") in advance of a meeting of creditors to vote on proposed changes to the DOCA, following a new proposal to recapitalise the Company submitted by Alt Finance. The creditors meeting was held on 10 February 2022, at which the Recapitalisation Proposal by Alt Finance was accepted. A varied DOCA was signed on 10 February 2022.

Recapitalisation Proposal

- 2.3 Pursuant to the DOCA, ResGen is seeking shareholder approval for the issue of shares as a component of a recapitalisation and restructuring of the Company.
- 2.4 The Recapitalisation Proposal includes:
- i) Consolidation of the outstanding shares and options of the Company on a 1:72 basis (Resolution 1 of the NoM);
 - ii) the issue of 90,000,000 ordinary shares to Capeke at approximately \$0.002588888888 to raise \$233,000 (Resolution 2 of the NoM); and
 - iii) the issue of 2,000,000 ordinary shares to Alt Finance at \$0.001 per share to raise \$2,000 (Resolution 3 of the NoM).
- 2.5 The Recapitalisation Proposal is subject to several other conditions, including establishment of a creditors' trust ("**Creditors' Trust**") to hold funds for payments to creditors and other claimants of the Company. A payment of \$225,000 will be made by Alt Finance into the Creditors' Trust from funds raised via the Recapitalisation Proposal. The Deed Administrators will act as trustee of the Creditors' Trust. Funds from the Creditors' Trust will be used to pay unsecured creditors and costs, charges and expenses of the Deed Administrator.
- 2.6 If all conditions of the Recapitalisation Proposal are not met by 31 October 2022 or it appears the terms of the DOCA cannot be fulfilled, the Deed Administrator may take steps to place the Company into liquidation.
- 2.7 Other key conditions to the Recapitalisation Proposal include:
- i) all liabilities, current debts, future and contingent debts being extinguished;
 - ii) all employees and consultants of the Company being terminated at no cost to the Company; and
 - iii) ASX, ASIC, creditor and shareholder approvals for the Recapitalisation Proposal.
- 2.8 The Recapitalisation Proposal involves simultaneous completion or "effectuation" of the DOCA when the shareholders pass all resolutions. The Company will also be released from all creditors' claims estimated at \$112,519,826 and will have nil liabilities once the Recapitalisation Proposal occurs.

ResGen Equity Structure

- 2.9 The impact of the Recapitalisation Proposal on the equity capital structure of the Company is as set out below.

Table 5. Equity Structure Impact of Recapitalisation Proposal

Security	Ordinary shares	Post-Recapitalisation Proposal percentage (%)
Ordinary shares		
Current outstanding ordinary shares <i>1:72 consolidation</i>	581,380,338	
Post-Consolidation ordinary shares	8,074,727	8.07%
Recapitalisation proposal		
Shares issued to Capeke	90,000,000	89.93%
Shares issued to Alt Finance	2,000,000	2.00%
Total shares issued	92,000,000	91.93%
Total post Recapitalisation Proposal ordinary shares	100,074,727	100%

Source: Administrator's Report

Creditors

- 2.10 The Company has net creditors' claims outstanding of approximately \$112,519,826 in aggregate, as estimated by the Deed Administrator.
- 2.11 The funds raised and held in the Creditors' Trust will be used to pay costs charges and expenses of the Voluntary Administrator and Deed Administrator. Funds will be distributed from the Creditors' Trust in the following order:
1. To the Voluntary Administrator in satisfaction of their expenses, costs and remuneration for acting as administrators of ResGen.
 2. To the Deed Administrator and Creditors Trustee in satisfaction of their costs and remuneration.
 3. In satisfaction of any priority claims.
 4. To unsecured creditors on a pro rata basis.
- 2.12 The Deed Administrator estimates costs to implement the DOCA and Creditors' Trust as follows.

Table 6. Estimated Costs

	Value (\$)
Voluntary Administrators' fees	75,000
Deed Administrators'/Creditors' Trustees' fees	256,000
Legal costs	35,000
IT costs	7,000
Insurance	1,000
Realisation costs	25,000
Total	399,000

Source: Administrator's Report

- 2.13 The Deed Administrators do not anticipate there to be sufficient funds available from the Creditors' Trust to satisfy unsecured creditors in full.
- 2.14 As shareholders rank behind unsecured creditors, it is also expected no funds will be available to Non-Associated Shareholders.
- 2.15 In accordance with Resolutions 2 and 3 of the NoM, the Company will raise an additional \$10,000 above the \$225,000 required to be paid into the Creditor's Trust, which will remain with the Company for working capital purposes.

3 Scope

Purpose of the Report

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- 3.1 If Resolution 2 is approved, Capeke has the potential to acquire an interest of up to 89.93% in ResGen's post-Consolidation ordinary shares.
- 3.2 An acquisition of securities that enables a shareholder to increase its relevant interest in the voting shares of a public company:
- from below 20% to above 20%; or
 - from a starting point that is above 20% and below 90%,
- is prohibited under s606 of the Corporations Act, except in certain circumstances.
- 3.3 One of the exceptions to s606 is where the acquisition is approved at a general meeting of the company in accordance with Item 7 of s611 of the Corporations Act. Approval for the proposed Recapitalisation Proposal is therefore being sought at the Meeting in accordance with Item 7 of s611.
- 3.4 Item 7 of s611 requires shareholders to be provided with all information known to the Company, and to the potential acquirer (of a 20% or more interest), that is material to the shareholders' decision. Regulatory Guide 74: Acquisitions Approved by Members ("**RG74**") issued by ASIC provides additional guidance on the information to be provided to shareholders. RG74 states that the directors of the target company should usually provide shareholders with an IER on the proposed transaction.
- 3.5 Pursuant to ASIC's RG111, an issue of shares under Item 7 of s611 where the effect on a company's shareholding is comparable to a takeover bid should be treated as such. In this case, an IER should apply the analysis outlined in RG111.10 to RG111.17 to report on the fairness and reasonableness of the transaction as if it were a takeover bid under Chapter 6 of the Corporations Act (RG111.25).

Chapter 2E

- 3.6 Under Chapter 2E of the Corporations Act a public company must obtain approval from its members to give a financial benefit to a related party of the company. Under Section 228 of the Corporations Act, this includes an entity which the company believes is likely to control the company at any time in the future. Capeke is therefore considered a related party of ResGen for the purpose of Chapter 2E of the Corporations Act.

Purpose

- 3.7 ResGen intends to seek approval for Resolution 2 from the Non-Associated Shareholders at the Meeting expected to be held in or around May or June 2022.
- 3.8 Accordingly, the Deed Administrator of ResGen has engaged Stantons to prepare an IER to assess the fairness and reasonableness of the proposal contained in Resolution 2 pursuant to both s611 and Chapter 2E of the Corporations Act, as outlined in the NoM and ES.

Basis of Evaluation

- 3.9 In determining the fairness and reasonableness of the Recapitalisation Proposal, we have had regard to the guidelines set out by ASIC's RG111 and RG 112.
- 3.10 RG111 requires a separate assessment of whether a transaction is "fair" and whether it is "reasonable".
- 3.11 We therefore considered the concepts of "fairness" and "reasonableness" separately. The basis of assessment selected and the reasons for that basis are discussed below.

3.12 We note that under RG111 the Recapitalisation Proposal is considered to be a control transaction.

Fairness

3.13 To assess whether the proposed Recapitalisation Proposal is fair in accordance with RG111, we compared (on a like for like post-Consolidation basis):

- the fair market value of a post-Consolidation ordinary share in ResGen prior to the Recapitalisation Proposal, on a control basis; with
- the fair market value of a post-Consolidation ordinary share in ResGen subsequent to the Recapitalisation Proposal, on a minority interest basis.

3.14 The value of a ResGen ordinary share is assessed at fair market value, which is defined by the International Glossary of Business Valuation Terms as:

“The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm’s length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”

3.15 While RG111 contains no explicit definition of value, we believe the above definition of fair market value is consistent with RG111.11 and common market practice.

Reasonableness

3.16 In accordance with RG111.12, we have defined the proposed Recapitalisation Proposal as being reasonable if it is fair, or if despite not being fair we believe that there are sufficient reasons for the Non-Associated Shareholders to accept the proposal.

3.17 We therefore considered whether the advantages to Non-Associated Shareholders of approving the proposed Recapitalisation Proposal outweigh the disadvantages.

Individual Circumstances

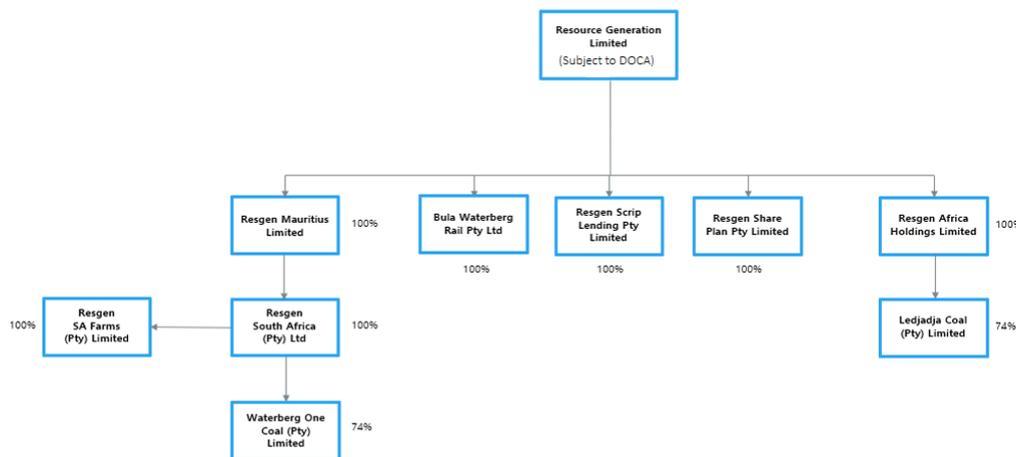
3.18 We have evaluated the Recapitalisation Proposal for Non-Associated Shareholders generically. We have not considered the effect on the circumstances of individual investors. Due to their personal circumstances, individual investors may place different emphasis on various aspects of the Recapitalisation Proposal from those adopted in this report. Accordingly, individuals may reach a different conclusion to ours on whether the Recapitalisation Proposal is fair and reasonable. If in doubt, investors should consult an independent financial adviser about the impact of the Recapitalisation Proposal on their specific financial circumstances.

4 Profile of ResGen

History and Principal Activities

- 4.1 ResGen historically operated as a coal development company, focusing on the Boikarabelo coal mine development in South Africa. The Company holds coal mining rights and exploration tenements MPT 169 MR and PR678/2007 through its main operating subsidiary, Ledjadja Coal (Pty) Ltd.
- 4.2 An overview of the Company's corporate structure is set out below.

Figure 1. ResGen Corporate Structure



Source: Administrators report to creditors dated 30 July 2021

- 4.3 The Company is listed on ASX and the Johannesburg Stock Exchange. The Company's shares were suspended from official quotation on the ASX on 26 October 2020 pursuant to ASX Listing Rule 17.1.
- 4.4 The Company appointed the Voluntary Administrator on 2 July 2021. On 11 August 2021 the Company executed a DOCA pursuant to a proposal with a party interested in recapitalising the Company, with the Voluntary Administrator being appointed Deed Administrator. Following cessation of dealings with that party, the Deed Administrator sought alternative proposals.
- 4.5 An alternative proposal was received from Alt Finance, and the Deed Administrators issued the Administrators Report to creditors on 27 January 2022 in advance of a meeting of creditors to vote on proposed changes to the DOCA pursuant to the Alt Finance proposal. The creditors meeting was held on 10 February 2022, at which a Recapitalisation Proposal submitted by Alt Finance was accepted. A varied DOCA was signed on 10 February 2022.
- 4.6 We note the Deed Administrators have only been appointed to ResGen and not to any of its subsidiaries.

Board of Directors

- 4.7 The current board of directors of ResGen, as at 20 April 2022, are:

Table 7. ResGen Board of Directors

Director	Position	Date Appointed
Lulamile Xate	Chairman/Non-executive director	28 November 2015

Source: Administrator's Report

- 4.8 We note that on completion of the Recapitalisation Proposal, and pursuant to the passing of Resolutions 4 through 6, the current Board of Directors will be replaced by Mr Campbell Welch, Mr

Peter Ziegler and Mr Keith Glennan. Further details on the proposed new directors are available in the ES to the NoM.

Financial Performance

- 4.9 As per the Company's audited annual reports, ResGen made net losses of approximately \$6,043,000 and \$21,587,000 for the financial years ended 30 June 2019 and 30 June 2020, respectively.
- 4.10 As the Company has no continuing operations, the ongoing income of the Company is nil.

Financial Position

- 4.11 Set out below is the estimated adjusted net asset position of ResGen as at 20 April 2021 on a consolidated basis, based on the Administrator's Report and other updates as provided. We note the following regarding the Company's financial position.
- The Deed Administrator advised that the Company had a cash balance of \$13,330.46 as at 27 January 2022;
 - Creditor's claims have been estimated to be \$112,519,826 by the Deed Administrator (refer Table 10);
 - We have been informed that the recoverable value of all other assets held by the Company is nil; and
 - The Deed Administrator will seek to recover funds from the subsidiaries of ResGen if available, but we have not been provided with any evidence that value may or may not be recovered from the subsidiaries.

Table 8. ResGen Statement of Financial Position

	Estimated recoverable value (\$)
Assets	
Cash and cash equivalents	13,330
Other assets	-
Recoveries from subsidiaries	unknown
Total assets	13,330
Liabilities	
Estimated creditors' claims	(112,519,826)
Total liabilities	(112,519,826)
Total net assets/(liabilities)	(112,506,496)

Source: Administrator's Report and other updates provided by the Deed Administrator

Capital Structure

Ordinary Shares

- 4.12 As at 27 August 2021, ResGen had 581,380,338 ordinary shares on issue. Following the Consolidation, the Company will have approximately 8,074,727¹ ordinary shares on issue.

¹ We note the actual number may be lower due to rounding down of individual shareholders on Consolidation

Table 9. ResGen Significant Shareholders

	Number	Percentage (%)
Government Employees Pension Fund (PIC)	82,318,430	14.16
Noble Resources International Pte Ltd	79,609,933	13.69
Shinto Torii Inc	62,124,089	10.69
Integrated Coal Mining Ltd & associates	30,463,175	5.24

Source: ResGen 2020 Annual Report

Creditors

- 4.13 The Company has creditors' claims outstanding as at 2 July 2021 of approximately \$112,519,826 in aggregate, as estimated by the Deed Administrator.

Table 10. Estimated Creditor Claims

Creditor Class	Estimated amount (\$)
Secured creditors	-
Employees - entitlements	(136,748)
Employees - unsecured creditor claims	(21,682)
Unsecured creditors	(112,361,396)
Total creditors' claims as at 2 July 2021	(112,519,826)

Source: Administrator's Report to Creditors dated 30 July 2021

- 4.14 We note the employee claims includes \$116,005 owed to 2 directors, and salary sacrifices, leave balance and remuneration for key management personnel. The majority of the unsecured creditors' claims are owed to Noble Resources International Pte Ltd, the second largest shareholder in ResGen, in relation to a funding facility initially entered into in 2014.

5 Valuation Methodology

Available Methodologies

- 5.1 In assessing the value of ResGen, we have considered a range of common market practice valuation methodologies in accordance with RG111, including those listed below.
- Capitalisation of future maintainable earnings ("**FME**")
 - Discounted future cash flows ("**DCF**")
 - Asset based methods ("**Net Assets**")
 - Quoted market prices or analysis of traded share prices
 - Common industry rule-based methodologies, including revenue-based multiples
- 5.2 Each of these methods is appropriate in certain circumstances and often more than one approach is applied. The choice of methods depends on several factors such as the nature of the business being valued, the return on the assets employed in the business, the valuation methodologies usually applied to value such businesses and the availability of required information. A detailed description of these methods and when they are appropriate is provided in Appendix B.

Selected Methodology

- 5.3 Our primary valuation methodology to value ResGen's shares is a Net Assets based approach on a net realisation basis.
- 5.4 In selecting an appropriate valuation methodology to value the shares of ResGen, we considered the following factors:
- ResGen does not have any ongoing operations, and therefore neither an FME nor DCF approach is appropriate.
 - ResGen has been suspended from trading on ASX since 26 October 2020, and subsequently the Company's business activities were discontinued. Accordingly, the trading history was not considered to be reflective of the current position of ResGen, and market-based methodologies are not considered appropriate.
 - Accordingly, a net realisable assets approach is considered the most appropriate methodology.

Secondary Methodology

- 5.5 Due to the lack of appropriate valuation methodologies, we have not considered a secondary methodology.

6 Pre-Recapitalisation Proposal Valuation of ResGen Shares

ResGen Pre-Recapitalisation Proposal Net Asset Valuation

- 6.1 To assess the value of an ResGen post-Consolidation ordinary share prior to the Recapitalisation Proposal, we used a Net Assets approach, which sums the market values of ResGen's assets and liabilities to arrive at a net value of the Company.
- 6.2 In relation to our approach, we note the following:
- The Net Assets approach assumes a 100% control interest in the company.
 - None of the Company's assets (aside from cash) are considered to have any market value.
 - We have been advised that ResGen has not been involved in any material transactions subsequent to 27 January 2022 (being the date of the estimated financial position presented in Table 8) other than those referred to in Section 4 of this report.
 - The 1 for 72 Consolidation of ResGen's existing capital is assumed to have occurred. We note this is subject to shareholder approval for Resolution 1 of the NoM but assumed for comparative purposes (but in any case, does not affect the pre-Recapitalisation Proposal value).
- 6.3 Our post-Consolidation, pre-Recapitalisation Proposal Net Assets based valuation of ResGen, as at the valuation date of 20 April 2022, is set out below.

Table 11. Valuation of ResGen Shares Prior to Recapitalisation Proposal (Post-Consolidation Basis)

	Ref	Value
Assets		
Cash and cash equivalents (\$)	Table 8	13,330
Total assets (\$)		13,330
Liabilities		
Creditors' claims (\$)	Table 10	(112,519,826)
Total liabilities (\$)		(112,519,826)
Pre-Recapitalisation Proposal Net Assets (\$)		(112,506,496)
Number of shares outstanding (post-consolidation)	Table 5	8,074,727
Pre-Recapitalisation Proposal Net Assets per share (\$) (control)		(13.933)
Pre-Recapitalisation Proposal assessed value per share (\$) (control)		nil

Source: Stantons analysis

- 6.4 As ResGen ordinary shares are issued on a limited liability basis, and our assessed Net Asset value of a post-Consolidation ordinary share of ResGen prior to the Recapitalisation Proposal, on a controlling interest basis is negative, the fair value to a Non-Associated Shareholder is considered to be nil.

7 Post-Recapitalisation Proposal Valuation of ResGen Shares

Evaluation Methodology

7.1 Our assessed value of an ResGen ordinary share following the Recapitalisation Proposal is as follows. We note that key assumptions of the valuation include:

- the Net Assets approach assumes a 100% control interest in the company;
- the existing creditors' claim of approximately \$112,519,826 will be extinguished as per the terms of the DOCA and Creditors' Trust, leaving the Company with no liabilities; and
- The existing cash and \$225,000 raised pursuant to the Recapitalisation Proposal will be transferred into the Creditors' Trust, with the Company retaining approximately \$10,000 cash for working capital purposes.

Table 12. ResGen Post-Recapitalisation Proposal Share Value

	Ref	Value
Cash balance (\$)	Table 11	13,330
Outstanding creditor's claims (\$)	Table 10	(112,519,826)
Creditors' claims extinguished (\$)	Table 10	112,519,826
Funds raised (\$)	2.4	235,000
Less: funds transferred to Creditors' Trust for distribution (\$)		(238,330)
ResGen post-Recapitalisation Proposal Net Assets (\$)		10,000
Number of shares outstanding	Table 5	100,074,727
Post-Recapitalisation Proposal value per share (\$) (control)		0.00010
Minority discount	7.4	23.1%
Post-Recapitalisation Proposal value per share (\$) (minority)		0.00008

Source: Stantons analysis

7.2 Our assessed Net Assets value of a ResGen ordinary share post-Recapitalisation Proposal, on a minority interest basis, is \$0.00008.

Discount for Minority Interest

7.3 We note a Net Asset valuation assumes a 100% interest in the company. As the interest of the Non-Associated Shareholders in ResGen post-Recapitalisation Proposal will represent a minority interest, we applied a discount to the control value.

7.4 Generally, historical evidence of control premiums offered on takeovers for small cap companies are in the range of 20% to 40%² (although outcomes outside this are not uncommon) with 30% a commonly accepted benchmark where a 100% interest is being acquired. We have considered the factors in Appendix C and concluded that a control premium of 30% is appropriate to apply in this circumstance. Accordingly, we applied a minority interest discount of 23.1% (being the inverse of a 30% control premium) to the value of an ResGen post-Recapitalisation Proposal share.

² "Control Premium Study 2017", RSM

8 Fairness Evaluation

- 8.1 In determining the fairness and reasonableness of the Recapitalisation Proposal, including Resolution 2, we have had regard to the guidelines set out by ASIC's RG111.
- 8.2 As per RG111, we consider the Recapitalisation Proposal is fair if (on a like for like post-Consolidation basis):
- the value of a post-Consolidation ResGen share subsequent to the Recapitalisation Proposal, on a minority interest basis, is greater than;
 - the value of a post-Consolidation ResGen share prior to the Recapitalisation Proposal, on a control basis.
- 8.3 Our assessment of the fairness of the Recapitalisation Proposal is set out below.

Table 13. Fairness Assessment

	Ref	Value
Pre-Recapitalisation Proposal share value (control) (\$)	Table 11	nil
Post-Recapitalisation Proposal share value (minority) (\$)	Table 12	0.00008
Opinion		Fair

Source: Stantons analysis

- 8.4 As the value of a ResGen ordinary share post-Recapitalisation Proposal on a minority interest basis is greater than the value pre-Recapitalisation Proposal on a control basis, the Recapitalisation Proposal, including Resolution 2 of the NoM, is considered to be **FAIR** to the Non-Associated Shareholders of ResGen.

9 Reasonableness Evaluation

9.1 Under RG111, a transaction is considered "reasonable" if it is "fair". As the issue of 90,000,000 ordinary shares to Capeke outlined in Resolution 2 of the NoM is considered **FAIR**, it is also considered **REASONABLE**.

9.2 For information purposes only for Non-Associated Shareholders, we note below some of the advantages and disadvantages of the Recapitalisation Proposal.

Advantages

The Recapitalisation Proposal is considered fair

9.3 As per our assessment in Section 8, the Recapitalisation Proposal is fair to Non-Associated Shareholders.

Eliminates debt burden on Non-Associated Shareholders

9.4 The Recapitalisation Proposal will leave the Company with no liabilities, with creditors' claims of \$112,519,826 being extinguished after receiving any available distributions from the Creditors' Trust.

The Company avoids potential liquidation

9.5 If the conditions of the Recapitalisation Proposal are not met, the Company will remain subject to the terms of the DOCA and may enter liquidation. Under a liquidation scenario, it is unlikely that existing shareholders would receive any consideration.

The Company may gain readmission to ASX

9.6 Subject to compliance with Chapters 1 and 2 of the ASX Listing Rules, effectuation of the DOCA improves the Company's likelihood of regaining quotation on the ASX. This would increase the liquidity of the ordinary shares held by existing shareholders and may facilitate an ability for shareholders to crystallise losses for tax purposes.

Potential for the Company to explore business opportunities

9.7 Avoiding a liquidation event and eliminating the debts provides the Company with an opportunity to survive and seek new business activities.

Leaves the Company in a position of net assets

9.8 On completion of the Recapitalisation Proposal the Company will have \$10,000 in cash and no liabilities, meaning the Company will be in a position of net assets.

Disadvantages

Dilution of Non-Associated Shareholders

9.9 Pursuant to the Recapitalisation Proposal, the Non-Associated Shareholders of ResGen may dilute their collective interest in the ordinary shares to approximately 8.07%.

Removes possibility of superior offer

9.10 Completion of the Recapitalisation Proposal will remove the possibility of the Company receiving a different superior offer. However, we note the Deed Administrator sought but did not receive any other offers and is of the view that the only other viable alternative is liquidation, under which Non-Associated Shareholders would likely receive nil value.

Capeke obtains control of the Company

9.11 Non-Associated Shareholders will be ceding control of the Company to Capeke, who will obtain an 89.93% interest. This would allow Capeke to have effective control of the Company, including the ability to pass any special resolutions.

10 Conclusion

Opinions

- 10.1 The Recapitalisation Proposal, including the proposal outlined in Resolution 2 of the NoM that allows for issue of up to 90,000,000 ordinary shares to Capeke, is considered **FAIR** and **REASONABLE** to the Non-Associated Shareholders of ResGen as at the date of this report.

Other Considerations

Covid-19

- 10.2 We note that the COVID-19 pandemic has significantly impacted the global economy and capital markets in recent times. Market volatility has been particularly high as a result, and this may lead to significant uncertainty around asset valuations. However, we do not have any reason to believe that these factors would alter our opinion.

Shareholders Decision

- 10.3 Stantons was engaged to prepare an IER setting out whether in its opinion the proposal to allow the Recapitalisation Proposal is fair and reasonable and to state reasons for that opinion. Stantons has not been engaged to provide a recommendation to shareholders as to whether to approve the Recapitalisation Proposal.
- 10.4 The decision whether to approve Resolution 2 is a matter for individual shareholders based on each shareholder's views as to the value, their expectations about future market conditions and their particular circumstances, including risk profile, liquidity preference, investment strategy, portfolio structure, and tax position. If in any doubt as to the action they should take in relation to the proposed Resolution 2, shareholders should consult their own professional advisor.
- 10.5 Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in ResGen. This is an investment decision upon which Stantons does not offer an opinion and is independent on whether to accept the proposal under Resolution 2. Shareholders should consult their own professional advisor in this regard.

Source Information

- 10.6 In making our assessment as to whether the proposed Recapitalisation Proposal, including the terms under Resolution 2, is fair and reasonable to Non-Associated Shareholders, we have reviewed published available information and other unpublished information of the Company that is relevant to the current circumstances. Statements and opinions contained in this report are given in good faith, but in the preparation of this report we have relied in part on information provided by the Deed Administrator.
- 10.7 Information we have received includes, but is not limited to:
- Drafts of the NoM and ES to shareholders of ResGen to 28 March 2022
 - ResGen Annual Report for the financial year ended 30 June 2020 and Interim Report for the half year ended 31 December 2020
 - ASX announcements made by the Company to 20 April 2022
 - The Administrator's Report to creditors prepared by the Deed Administrator, dated 27 January 2022
 - The Administrator's Report to creditors prepared by the Voluntary Administrator, dated 22 July 2021
 - The DOCA entered into on 10 February 2022
- 10.8 Our report includes the appendices, our declarations, and our Financial Services Guide.

Yours Faithfully

STANTONS CORPORATE FINANCE PTY LTD



James Turnbull, CFA
Authorised Representative

APPENDIX A

GLOSSARY

	Definition
Administrator's Report	The Administrator's Report to creditors dated 27 January 2022
AFCA	Australian Financial Complaints Authority
Alt Finance	Alt Finance Pty Ltd
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Capeke	Capeke Pty Ltd
Chapter 2E	Chapter 2E of the Corporations Act
Company	Resource Generation Limited (Subject to Deed of Company Arrangement)
Consolidation	The 72 to 1 consolidation of ResGen's share capital (subject to Resolution 1)
Corporations Act	Corporations Act 2001 Cth
Creditors' Trust	The trust from which funds to be distributed from the DOCA to creditors will be transferred
DCF	Discounted future cash flows valuation methodology
Deed Administrator	William Harris, Anthony Connelly and Jason Preston of McGrathNicol
DOCA	Deed of Company Arrangement
ES	Explanatory Statement
FME	Capitalisation of future maintainable earnings valuation methodology
FSG	Financial Services Guide
IER	Independent Expert's Report
McGrathNicol	McGrathNicol
Meeting	The meeting at which shareholders will vote on Resolution 2
Net Assets	Asset based valuation methodologies
NoM	Notice of Meeting
Non-Associated Shareholders	The ResGen shareholders who are not excluded from voting on the proposal contemplated under Resolution 2
Recapitalisation Proposal	The proposal by Alt Finance, including implementation of the DOCA to recapitalise the Company via the issue of 90,000,000 ordinary shares to Capeke and 2,000,000 ordinary shares to Alt Finance
ResGen	Resource Generation Limited (Subject to Deed of Company Arrangement)
RG74	ASIC Regulatory Guide 74: Acquisitions Approved by Members
RG111	ASIC Regulatory Guide 111: Content of Expert Reports
s606	Section 606 of the Corporations Act
s611	Section 611 of the Corporations Act
Stantons	Stantons Corporate Finance Pty Ltd
Voluntary Administrator	William Harris, Anthony Connelly and Jason Preston of McGrathNicol

APPENDIX B

VALUATION METHODOLOGIES

Introduction

In preparing this report we have considered several valuation approaches and methods. These approaches and methods are consistent with:

- Market practice
- The methods recommended by the Australian Securities and Investments Commission in Regulatory Guide 111
- The International Valuation Standards
- The International Glossary of Business Valuation Terms

A valuation approach is a general way of determining an estimate of value of a business, business ownership interest, security or intangible asset. Within each valuation approach there are a number of specific valuation methods, which are specific ways to determine an estimate of value.

There are three general valuation approaches as follows:

i) **Income Approaches**

Provides an indication of value by converting future cash flows to a single present value. Examples of an income approach are:

- The discounted cash flow method (“**DCF**”)
- The capitalisation of future maintainable earnings method (“**FME**”)

ii) **Asset/Cost Approaches**

Provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or construction.

iii) **Market Approaches**

Provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. The main examples of the market approach are:

- Analysis of recent trading
- Industry rules of thumb

1. **Discounted Cash Flow Method**

Of the various methods noted above, the DCF method has the strongest theoretical basis. The DCF method estimates the value of a business by discounting expected future cash flows to a present value using an appropriate discount rate. A DCF valuation requires:

- A forecast of expected future cash flows
- An appropriate discount rate
- An estimate of terminal value

It is necessary to project cash flows over a suitable period (generally regarded as being at least five years) to arrive at the net cash flow in each period. For a finite life project or asset this would need to be done for the life of the project. This can be a difficult exercise requiring a significant number of assumptions such as revenue and cost drivers, capital expenditure requirements, working capital movements and taxation.

The discount rate used represents the risk of achieving the projected future cash flows and the time value of money. The projected future cash flows are then valued in current day terms using the discount rate selected.

A terminal value reflects the value of cash flows that will arise beyond the explicit forecast period. This is commonly estimated using either a constant growth assumption or a multiple of earnings (as described under FME below). This terminal value is then discounted to current day terms and added to the net present value of the forecast cash flows to provide an estimate for the overall value of the business.

The DCF method is often sensitive to a number of key assumptions such as revenue growth, future margins, capital investment, terminal growth and the discount rate. All these assumptions can be highly subjective, sometimes leading to a valuation conclusion presented that is too wide to be useful.

A DCF approach is usually preferred when valuing:

- Early-stage companies or projects
- Limited life assets such as a mine or toll concession
- Companies where significant growth is expected in future cash flows
- Projects with volatile earnings

It may also be preferred if other methods are not suitable, for example if there is a lack of reliable evidence to support an FME approach. However, it may not be appropriate if:

- Reliable forecasts of cash flow are not available and cannot be determined
- There is an inadequate return on investment, in which case a higher value may be realised by liquidating the assets than through continuing the business

A DCF approach is not recommended when assets are expected to earn below the cost of capital. Also, when valuing a minority interest in a company, care needs to be taken if a DCF based on earnings for the whole business is prepared, as the holder of a minority interest would not have access to, or control of, those cash flows.

2. Capitalisation of Future Maintainable Earnings Method

The FME method is a commonly used valuation methodology that involves determining a future maintainable earnings figure for a business and multiplying that figure by an appropriate capitalisation multiple. This methodology is generally considered a short form of a DCF, where a single representative earnings figure is capitalised, rather than a stream of individual cash flows being discounted. The FME methodology involves the determination of:

- A level of future maintainable earnings
- An appropriate capitalisation rate or multiple

Any of the following measures of earnings can be used:

Revenue – mostly used for early stage, fast growing companies that do not make a positive EBITDA or as a cross-check of a valuation conclusion derived using another method.

EBITDA – most appropriate where depreciation distorts earnings, for example in a company that has a significant level of depreciating assets but little ongoing capital expenditure requirement.

EBITA – in most cases EBITA will be more reliable than EBITDA as it takes account of the capital intensity of the business

EBIT – whilst commonly used in practice, multiples of EBITA are usually more reliable as they remove the impact of amortisation which is a non-cash accounting entry that does not reflect a need for future capital investment (unlike depreciation)

NPAT – relevant in valuing businesses where interest is a major part of the overall earnings of the group (e.g., financial services businesses such as banks).

Multiples of EBITDA, EBITA and EBIT are commonly used to value whole businesses for acquisition purposes where gearing is in the control of the acquirer. In contrast, NPAT (or P/E) multiples are often used for valuing minority interests in a company as the investor has no control over the level of debt.

A normalised level of maintainable earnings needs to be determined for the selected earnings measure. This excludes the impact of any gains or losses that are not expected to reoccur and allows for the full year impact of any changes (such as acquisitions or disposals) made part way through a given financial year.

The selected multiple to apply to maintainable earnings reflects expectations about future growth, risk and the time value of money captured in a single number. Multiples can be derived from three main sources.

- Using the comparable trading multiples, market multiples are derived from the trading prices of stocks of companies that are engaged in the same or similar lines of business that are actively traded on a free and open market, such as the ASX
- The comparable transactions method is a method whereby multiples are derived from transactions of significant interests in companies engaged in the same or similar lines of business.
- It is also possible to build a multiple from first principles based on an appropriate discount rate and growth expectations.

It is important to use the same earnings periods (historical, current or forecast) for calculating comparable multiples, as the period used for determining FME. For example, a multiple based on historical earnings of comparable companies should be applied to historical earnings of the subject of the valuation and not to forecast earnings.

The capitalisation of earnings method is widely used in practice. It is particularly appropriate for valuing companies with a relatively stable historical earnings pattern which is expected to continue. The method is less appropriate for valuing companies or assets if:

- There are no (or very few) suitable alternative listed companies or transaction benchmarks for comparison
- The asset has a limited life
- Future earnings or cash flows are expected to be volatile
- There are negative earnings, or the earnings of a business are insufficient to justify a value exceeding the underlying net assets
- Working capital requirements are not expected to remain stable

3. Asset or Cost Approaches

The asset approach to value assumes that the current value of all assets (tangible and intangible) less the current value of the liabilities should equate to the current value of the entity. Specifically, an asset approach is defined as a general way of determining a value indication of a business, business ownership interest, or security using one or more methods based on the value of the assets net of liabilities. A cost approach is defined as a general way of determining a value indication of an individual asset by quantifying the amount of money required to replace the future service capability of that asset.

The asset-based valuation methods estimate the value of a company based on the realisable value of its net assets, less its liabilities. There are a number of asset-based methods including:

- Orderly realisation
- Forced liquidation
- Net assets on a going concern

The orderly realisation of assets method estimates fair market value by determining the amounts that would be distributed to shareholders, after payments of all liabilities including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. The forced liquidation method is similar to the orderly realisation of assets except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the company may not be contemplated, these methods in their strictest form may not necessarily be appropriate. The net assets on a going concern basis method estimates the fair market values of the net assets of a company but does not take account of realisation costs.

The asset/cost approach is generally used when the value of the business' assets exceeds the present value of the cash flows expected to be derived from the ongoing business operations, or the nature of the business is to hold or invest in assets. It is important to note that the asset approach may still be the relevant approach even if an asset is making a profit. If an asset is making less than the economic rate of return and there is no realistic prospect of it making an economic return in the foreseeable future, an asset/cost approach will be the most appropriate method.

An asset-based approach is a suitable method of valuation when:

- An enterprise is loss making and not expected to become profitable in the foreseeable future
- Assets are employed profitably but earn less than the cost of capital
- A significant portion of the company's assets are composed of liquid assets or other investments (such as marketable securities and real estate investments)
- It is relatively easy to enter the industry (e.g., small machine shops and retail establishments)

Asset based methods are not appropriate if:

- The ownership interest being valued is not a controlling interest, has no ability to cause the sale of the company's assets and the major holders are not planning to sell the company's assets
- A business has (or is expected to have) an adequate return on capital, such that the value of its future income stream exceeds the value of its assets

An asset-based approach is often considered as a floor value for a business assuming the business has the option to realise all its assets and liabilities.

4. Analysis of Recent Trading

The most recent share trading history provides evidence of the fair market value of the shares in a company where they are publicly traded in an informed and liquid market. There should also be some similarity between the size of the parcel of shares being valued and those being traded. Where a company's shares are publicly traded then an analysis of recent trading prices should be considered, at least as a cross-check to other valuation methods.

5. Industry Specific Rule of Thumb

Industry specific rules of thumb are used in certain industries. These methods typically involve a multiple of an operating figure such as traffic for internet businesses or number of beds for a nursing home. These methods are typically fairly crude and therefore only appropriate as a cross-check to a valuation determined by an alternative method.

Selecting an Appropriate Valuation Approach and Method

The choice of an appropriate valuation approach and methodology is subjective and depends on several factors such as whether a methodology is prescribed, the company's historical and projected financial performance, stage of maturity, the nature of the company's operations and availability of information. The selection of an appropriate valuation method should be guided by the actual practices adopted by potential acquirers of the company involved and the information available.

APPENDIX C

CONTROL PREMIUM

Background

The difference between a control value and a minority value is described as a control premium. The opposite of a control premium is a minority discount (also known as a discount for lack of control). A control premium is said to exist because the holder of a controlling stake has several rights that a minority holder does not enjoy (subject to shareholders agreements and other legal constraints), including to:

- Appoint or change operational management
- Appoint or change members of the board
- Determine management compensation
- Determine owner's remuneration, including remuneration to related party employees
- Determine the size and timing of dividends
- Control the dissemination of information about the company
- Set the strategic focus of the organisation, including acquisitions, divestments, and restructuring
- Set the financial structure of the company (debt / equity mix)
- Block any or all the above actions

The most common approach to quantifying a control premium is to analyse the size of premiums implied from prices paid in corporate takeovers. Another method is the comparison between prices of voting and non-voting shares in the same company. We note that the size of the control premium should generally be an outcome of a valuation and not an input into one, as there is significant judgement involved.

Based on historical takeover premia that have been paid in Australian acquisitions in the period 2005-2015, the majority of takeovers have included a premium in the range of 20-50%, with 30% being the most commonly occurring. This is in line with standard industry practice, which tends to use a 30% premium for control as a standard.

Intermediate Levels of Ownership

There are several intermediate levels of ownership between a portfolio interest and 100% ownership. Different levels of ownership/strategic stakes will confer different degrees of control and rights as shown below.

- 90% - can compulsorily purchase remaining shares if certain conditions are satisfied
- 75% - power to pass special resolutions
- <50% - gives control depending on the structure of other interests (but not absolute control)
- <25% - ability to block a special resolution
- <20% - power to elect directors, generally gives significant influence, depending on other shareholding blocks
- < 20% generally has only limited influence

Conceptually, the value of each of these interests lies somewhere between the portfolio value (liquid minority value) and the value of a 100% interest (control value). Each of these levels confers different degrees of control and therefore different levels of control premium or minority discount.

APPENDIX D

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stantons Corporate Finance Pty Ltd trading as Stantons Corporate Finance dated 21 April 2022, relating to the proposed Recapitalisation Proposal.

At the date of this report, Stantons Corporate Finance Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with Resource Generation Ltd (Subject to Deed of Company Arrangement) other than Stantons Corporate Finance Pty Ltd acting as an independent expert for the purposes of this report. Stantons Corporate Finance Pty Ltd undertook an independence assessment and considered that there are no existing relationships between Stantons Corporate Finance Pty Ltd and the parties participating in the Recapitalisation Proposal detailed in this report which would affect our ability to provide an independent opinion. Stantons Corporate Finance Pty Ltd has prepared reports previously for transactions in which parties associated with Alt Finance Pty Ltd were a party. The fee (excluding disbursements) to be received for the preparation of this report is based on time spent at normal professional rates plus out of pocket expenses. Our fee for preparing this report is expected to be up to A\$16,000 exclusive of GST. The fee is payable regardless of the outcome. Except for that fee, neither Stantons Corporate Finance Pty Ltd nor Mr James Turnbull have received, nor will or may they receive any pecuniary or other benefits, whether directly or indirectly for or in connection with the preparation of this report.

Stantons Corporate Finance Pty Ltd does not hold any securities in Resource Generation Ltd (Subject to Deed of Company Arrangement). There are no pecuniary or other interests of Stantons Corporate Finance Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stantons Corporate Finance Pty Ltd and Mr James Turnbull have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice of Meeting.

QUALIFICATIONS

We advise Stantons Corporate Finance Pty Ltd is the holder of an Australian Financial Services License (No 448697) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions involving securities. Stantons Corporate Finance Pty Ltd has extensive experience in providing advice pertaining to mergers, acquisitions and strategic financial planning for both listed and unlisted businesses.

Mr James Turnbull, the person with overall responsibility for this report, has experience in the preparation of valuations for companies, particularly in the context of listed company corporate transactions, including the fairness and reasonableness of such transactions. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the tasks they have performed.

DECLARATION

This report has been prepared at the request of Resource Generation Ltd (Subject to Deed of Company Arrangement) to assist Non-Associated Shareholders of ResGen to assess the merits of the Recapitalisation Proposal to which this report relates. This report has been prepared for the benefit of Resource Generation Ltd (Subject to Deed of Company Arrangement) shareholders and those persons only who are entitled to receive a copy for the purposes under the Corporations Act 2001 and does not provide a general expression of Stantons Corporate Finance Pty Ltd.'s opinion as to the longer-term value of Resource Generation Ltd (Subject to Deed of Company Arrangement), its subsidiaries and/or assets. Stantons Corporate Finance Pty Ltd does not imply, and it should not be construed, that it has carried out any form of audit on the accounting or other records of Resource Generation Ltd (Subject to Deed of Company Arrangement) or their subsidiaries, businesses, other assets and liabilities. Neither the whole, nor any part of this report, nor any reference thereto, may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stantons Corporate Finance Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stantons Corporate Finance Pty Ltd with due care and diligence. However, except for those responsibilities which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd, the parent company of Stantons Corporate Finance Pty Ltd, its directors, employees or consultants) for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stantons Corporate Finance Pty Ltd may rely on information provided by Resource Generation Ltd (Subject to Deed of Company Arrangement) and its officers (save whether it would not be reasonable to rely on the information having regard to Stantons Corporate Finance's experience and qualifications), Resource Generation Limited (Subject to Deed of Company Arrangement) has agreed:

- (a) to make no claim by it or its officers against Stantons Corporate Finance Pty Ltd (and Stantons International Audit and Consulting Pty Ltd) to recover any loss or damage which Resource Generation Limited (Subject to Deed of Company Arrangement) may suffer as a result of reasonable reliance by Stantons Corporate Finance Pty Ltd on the information provided by Resource Generation Limited (Subject to Deed of Company Arrangement); and
- (b) to indemnify Stantons Corporate Finance Pty Ltd against any claim arising (wholly or in part) from Resource Generation Limited (Subject to Deed of Company Arrangement), or any of its officers, providing Stantons Corporate Finance Pty Ltd with any false or misleading information or in the failure of Resource Generation Limited (Subject to Deed of Company Arrangement) or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stantons Corporate Finance Pty Ltd.

A final draft of this report was presented to Resource Generation Limited (Subject to Deed of Company Arrangement) for a review of factual information contained in the report. Comments received relating to factual matters were considered, however the valuation methodologies and conclusions did not change as a result of any feedback from Resource Generation Limited (Subject to Deed of Company Arrangement).