RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
JSE Share code: REN, A2X Share code: REN, ISIN: ZAE000202610
Australian Business Number ABN: 93998352675, ASX Share code: RLT
("Renergen" or "the Company" or together with its subsidiaries "the Group")

ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2023

RESULTS COMMENTARY

The year ended 28 February 2023 (“FY2023”) was both remarkable and momentous for all at Renergen and to our various stakeholders who worked alongside us as we transitioned Renergen from an exploration company to a production company with global ambitions. Renergen, through its wholly owned subsidiary Tetra4 Proprietary Limited (“Tetra4”), commenced production of liquefied natural gas (“LNG”) in September 2022 and successfully produced liquefied helium (“LHe”) in January 2023. Not long after the commencement of LNG production, the South African government designated the VGP as a strategic integrated project (“SIP”) under the Infrastructure Development Act 23 of 2014, as Renergen has demonstrated its ability and intention to become a significant player in alleviating South Africa’s energy crisis. This SIP status elevates Renergen’s VGP within the hierarchy of local projects ensuring it benefits from significantly reduced timelines for all approvals required from government whilst increasing visibility when government prepares the country’s strategic energy objectives.

Going into FY2023, our strategic intent was clear – we aimed to commission Phase 1 of the VGP and progress the Phase 2 expansion. As we review the outcomes of FY2023, despite the delays, we are satisfied with what we achieved during the year. Noteworthy for the year under review is Tetra4’s first-time generation of revenue from the production and sale of LNG under long-term take or pay agreements since September 2022. Other key developments during the year under review are summarised below:

- Successful completion of the due diligence by the Central Energy Fund SOC Limited (“CEF”) to invest R1.0 billion for a 10% ownership stake in Tetra4.
- Completion of due diligence for Phase 2 funding by the US International Development Finance Corporation (“DFC”) and Standard Bank of South Africa (“SBSA”), who have commenced their credit approval processes.
- Evaluated and selected Worley RSA Proprietary Limited (“Worley”) for the scope of Owners Engineer role to execute the expansion of the VGP.
- Early success in the production drilling campaign from several wells.
- Completion of gravity and aeromagnetic surveys of the Phase 2 area, as well as obtaining and reinterpreting 3D seismic data highlighting significantly more reservoir targets for drilling.
- Approval by shareholders for the issuance of 67.5 million shares through a listing and public offering of Renergen shares on the Nasdaq Stock Market (post period).

Renergen continues to operate against a backdrop of increased demand for LNG and helium both locally and globally. Many countries now see LNG in particular as one of the leading transition energies for the foreseeable future. This growth in demand for LNG has been met with supply issues brought about by the Russia/Ukraine war and a need for alternative energy sources, escalating the supply/demand tension on energy prices. South Africa’s energy crisis has forced many companies to seek alternatives to the grid to power their operations, which has significantly increased demand for LNG given its low carbon footprint and versatility to provide stable energy around the clock. Helium prices have continued to surpass past price records and with limited new suppliers coming online over the next few years and current suppliers finding it difficult to maintain consistency of supply, prices are likely to remain elevated. Increased semiconductor fabrication capability out of the USA, following their recent stimulus packages, has significantly increased demand, which is increasing supply/demand, similar to LNG.

Renergen is perfectly positioned to become a significant player in the local LNG and international helium markets given its exceptionally high helium concentrations and relatively low extraction costs.

Review of operations

VGP – Phase 1

LNG

The VGP commenced production of the South Africa's first commercial LNG on 5 September 2022, and from 19 September 2022 the plant began operating 24-hour shifts. Production will be ramped up to a steady rate of 2 700 GJ per day in FY2024, which is the maximum capacity of the plant. During commissioning of the plant, we announced a minor setback with the conduction oil system providing lubrication and heating to the plant. Since the intervention in November 2022, where the conduction oil system was repaired, this system has been operating as designed resulting in regular deliveries to our customers. We are pleased to report that we are seeing a positive production trend with LNG deliveries steadily increasing.

Helium

Since announcing initial helium liquefaction, the commissioning teams have been working hard to integrate and optimize the two liquefaction trains, ensuring a smooth performance testing of the combined LNG/LHe system. Production will be ramped up to a steady rate of 300 kg per day in FY2024, which is the maximum capacity of the plant.

VGP – Phase 2

The Company commenced the development of the VGP Phase 2 expansion in March 2020. Phase 2 is categorised as a standalone expansion of the VGP through the drilling of additional wells, the construction of additional natural gas gathering pipelines and the construction of a significantly larger (c.12 times) processing and liquefaction facility, and the associated road tanker distribution and downstream customer dispensing facilities. Phase 1 operations are self-sufficient and will not be impacted by the planned expansion.

To date, the Company has completed feasibility studies and front-end engineering design for the VGP Phase 2 expansion and has selected Worley for the scope of owners engineer role, evaluated and shortlisted potential engineers and submitted the environmental, social, impact assessment to regulatory authorities. It is anticipated that Phase 2 will produce approximately 34 400 GJ of LNG and around 4 200 kg of liquid helium per day once in full production.

Renergen's goal is to achieve commercial operation of Phase 2 during the 2026 calendar year. In anticipation of securing an attractive debt financing package for Phase 2, the Company has secured several 10 to 15 year take-or-pay offtake agreements with several top-tier global industrial gas companies for just over half of the anticipated liquid helium production. The balance of the liquid helium is earmarked for sales in the international spot market and will allow the Company to participate in the existing liquid helium commodity price upside. All liquid helium sales agreements are denominated in US Dollars with pricing increasing annually at the rate of growth of the United States Consumer Price Index.

With respect to LNG from Phase 2, Renergen expects to contract a majority of the Phase 2 LNG on 5 to 8 year take-or-pay agreements, servicing the industrial, logistics and gas to power industries. It is expected that the LNG offtake agreements in Phase 2 will be finalised closer to the Phase 2 plant coming into operation, and the Company anticipates being able to obtain favourable pricing given the scarcity of energy sources in South Africa where energy prices have historically escalated at levels above those of domestic inflation rates.

In line with previous announcements, the Company is pursuing several sources of funding for Phase 2, which may include each, or any, of the following:

- An aggregate debt package of US$750.0 million. In this regard the Company has secured a debt retainer letter with the DFC for the provision of a loan of up to US$500.0 million to finance the development of Phase 2 and has mandated SBSA to fully underwrite the remaining US$250.0 million.
- A 10% disposal of Tetra4 to the CEF for R1.0 billion. In this regard the CEF successfully completed due diligence pertaining to this acquisition and engagement with various stakeholders is currently underway to bring this transaction to fruition.
- A potential international public offering ("IPO"), subject to market and other conditions, the proceeds of which are intended to comprise a portion of the equity funding for Phase 2 construction (see IPO section below).

Upon completion of Phase 2 of the VGP, the Company expects that it will deliver a substantial amount of energy to the South African economy and will also transform South Africa into one of the world's large helium exporting countries.

Exploration activities

In March 2022, we achieved early success from two wells in our drilling campaign – Frodo and Balrog and saw an increase in the flow rate from a previously drilled well, R2D2, which following clean-up operations increased its flow rate by 18 000 standard cubic feet ("scf") per day (or 15%). Frodo achieved a flow rate of 23 000 scf per day and Balrog a flow rate of 90 000 scf per day, the latter through a diverter and following clean-up. The success of the exploration techniques applied to these wells will guide future exploration initiatives. Frodo was sited using only the latest fault structure interpretation, while Balrog was sited using Tetra4's "conviction scoring" AI methodology, based on non-invasive markers with no other geological input. The wells were drilled to intersect the planned fracture sets at around 500m total vertical depth and will feed into Phase 1 of the VGP.

In June 2022 we drilled a new gas blower, Gandalf, the third well in our drilling campaign for the year under review. Gas was intersected at 480m from surface with a flow rate of around 90 000 scf per day. The target depth is 1 200m and after initial testing the well was cased in preparation to drill to the full depth. At present the drillers are preparing to drill through the cement and further to the target depth.

During the second quarter of the financial year a new well, Han, was drilled to a measured depth of 624m, striking gas of approximately 80 000 scf per day. Drilling was halted to log the well to delineate the gas bearing features in the well. During the same period, the Don Vito well, previously drilled in June 2021 as a vertical pilot hole to log and determine the depth to the base of the Karoo (to plan the trajectories of wells R2D2 and C3PO), was examined and commenced flowing gas. This was interpreted to indicate that with the passage of time the well cleaned up naturally. The well is now producing approximately 75 000 scf per day. Given that the well was a pilot well and was not anticipated to produce gas, it is now being completed for production before being connected to the Phase 1 gas gathering pipeline.

In addition to the drilling campaign carried out during the year under review as outlined above, gravity and aeromagnetic surveys were also undertaken and completed in September 2022. The data is now being interpreted to improve the resolution of the geological model and optimise drillhole location accuracy in the Phase 2 area. These surveys, together with seismic data reprocessed during the third quarter, have provided enhanced resolution on a number of potential gas bearing features, including their extent, depth and orientation. In addition, several significant magnetic highs have been identified in the western part of the reserve area and are of particular interest as they are a series of cap rock above other newly identified gas bearing structures.

IPO

On 8 March 2023, Renergen announced its intention to issue 67.5 million shares ("Specific Issue Shares"), including such ordinary shares represented by American Depositary Shares and Chess Depositary Interests, by way of a proposed IPO on the Nasdaq Stock Market in the United States of America. Renergen obtained the approval of its shareholders to issue the Specific Issue Shares ("Special Authority") at a general meeting of shareholders held on 11 April 2023.

While the primary driver for Renergen seeking approval for the Specific Authority is to secure funding for the continued development of Phase 2 of the VGP, not all the proceeds that can be raised in terms of the Specific Authority are required immediately. Therefore, Renergen will place the Specific Issue Shares with new investors and/or existing shareholders in various stages ("Placements") and will utilise part of the Specific Authority on each Placement, as and when required, to limit dilution to existing shareholders. Renergen intends to raise US$150.0 million from the initial Placement during 2023, market permitting, and no further equity funding is anticipated to be raised for the first 12 months following the successful conclusion of the proposed IPO.

Further details pertaining to the proposed IPO are available in the circular issued to shareholders on 8 March 2023 which is available on the Renergen website at https://www.renergen.co.za/wp-content/uploads/2023/03/RenCircular-Mar2023.pdf ("Circular"). Details in this announcement relating to the proposed IPO should be read together with the information contained in the Circular.

Financial review

Financial performance

- The Group reported a loss after tax of R26.7 million for the year ended 28 February 2023 compared to R33.8 million in the prior comparative period, a decrease of R7.1 million, primarily arising from an improved gross margin contribution from the newly commissioned LNG operations, higher net foreign exchange gains and other income, and higher interest income, which were offset by:
    - higher interest and share-based payment expenses; and
    - higher other operating expenses.

Gross margin contribution

The Group reported a gross profit of R4.0 million for the year under review compared to a gross loss of R0.8 million in the prior comparative period, an improvement of R4.8 million. This reflects improved margins from the LNG operations which commenced in September 2022. Prior to September 2022 the Group only sold compressed natural gas ("CNG") which had significantly lower margins. Sales of CNG ceased when Phase 1 was commissioned in September 2022 and the Group is now focusing on its LNG and LHe operations. There were no helium sales during the year under review as the helium module is yet to be fully commissioned.

Foreign exchange gains and other income

Net foreign exchange gains and the selling profit on finance lease receivables are included within other operating income in the statement of profit or loss and other comprehensive income. Overall, other operating income increased by R9.9 million to R13.6 million (2022: R3.7 million) mainly due to the developments outlined below.

- The further weakening of the Rand against major currencies during the year under review resulted in an increase in net foreign exchange gains of R6.0 million to R9.6 million (2022: R3.6 million). The Group holds cash balances denominated in US Dollars as security for the DFC borrowings and transacts in currencies including the Australian Dollar, Euro and British Pound in undertaking its operations.

- During the second half of the financial year, following the commissioning of Phase 1 of the VGP and the commencement of operations at the plant, the Group entered into new finance leases whereby it leases storage tanks and related infrastructure to its customers under 8-year agreements. The facilities are used by customers to store LNG supplied by Tetra4 and to convert it to natural gas for use in their operations. The initial recording of these leasing arrangements resulted in the recognition of a profit of R3.9 million.

Interest income

Overall, total interest income increased by R3.4 million to R3.7 million (2022: R0.3 million). Higher cash balances from the Company's fund-raising initiatives and higher interest rates during the year under review resulted in an increase in interest income by R2.0 million to R2.3 million (2022: R0.3 million). In addition, the Group's new leasing arrangements contributed interest income amounting to R1.4 million (2022: Rnil).

Share-based payment expenses

In December 2021, the Group implemented an equity-settled Share Appreciation Rights Plan ("SAR Plan"). The increase in share-based payment expenses by R7.2 million to R10.3 million (2022: R3.1 million) is attributable to the SAR Plan being in effect for a full 12-month period compared to a 3-month period in the prior year. The SAR Plan is a 5-year plan under the terms of which the Governance, Ethics, Transformation, Social and Compensation Committee makes once-off awards of forfeitable shares to the Executive Directors, prescribed officers, senior management, and general employees of the Group who can influence the growth of the Company.

Interest expense

The Group's interest expense primarily comprises imputed interest on borrowings and interest on leasing arrangements (with the Group as lessee). Total interest expense increased by R0.4 million to R4.6 million (2022: R4.2 million) primarily due to an increase in imputed interest on the Molopo Energy Limited ("Molopo") borrowings highlighted in note 3 of the abridged audited consolidated financial statements presented.

Interest on the DFC and Industrial Development Corporation ("IDC") borrowings is capitalised in line with the Group's policy which requires that borrowing costs directly attributable to the construction of assets that take a substantial period of time to get ready for use are included in the cost of the asset. These capitalised borrowing costs are disclosed in note 3 of the abridged audited consolidated financial statements presented.

Other operating expenses

Overall, other operating expenses increased by R4.7 million to R42.9 million (2022: R38.2 million) primarily due to:

- An increase in marketing and advertising costs by R2.7 million due to sponsorship costs which have improved brand visibility as the Group approached the commissioning of Phase 1 of the VGP;
- An increase in listing costs by R1.2 million due to an additional 20.8 million shares issued and listed during the year; and
- An increase of R2.1 million in advisory fees relating to the Group's proposed IPO, strategy, risk management and legal matters.

These increases in other operating expenses were offset by an overall decrease of R1.3 million in other operating expenses arising from cost-saving initiatives, the impact of the Group's capitalisation policy and a decrease in depreciation during the year. Other operating expenses mainly comprise computer and IT expenses, security costs, insurance, travel costs and depreciation.

Financial position

The Group's Net Asset Value ("NAV") increased by R553.9 million to R840.2 million as at 28 February 2023, an increase of 194% year-on-year. This growth in NAV can be attributed mainly to:

- Further investments in the Group's property, plant and equipment ("PPE") and intangible assets aided mostly by equity proceeds raised during the year (see Fund Raising section below). As mentioned in the operational review, the Group completed the construction of Phase 1 of the VGP and drilled a number of exploratory wells during the year. The increase in PPE and intangible assets amounted to R652.5 million which includes capitalised borrowing costs and foreign exchange differences after considering annual depreciation of PPE. The additions outlined in notes 2 of the abridged audited consolidated financial statements presented reflect expenditure on PPE and intangible assets exclusive of capitalized borrowing costs and unrealised foreign exchange differences.
- Funds raised during the year were also applied to increase restricted cash balances which serve as security for the repayment of the DFC and IDC borrowings. At any given time, the balances held as restricted cash primarily represent amounts due to the DFC and IDC within a six-month period and increased by R54.0 million during the year under review.
- The recognition of finance lease receivables amounting to R54.6 million arising from the Group's leasing of equipment and infrastructure required for the delivery, storage, utilisation and conversion of LNG to natural gas. The leases came into effect for the first time during the year under review with the Group as lessor.
- Increases totalling R14.5 million attributable to the Group's remaining assets – trade and other receivables, the deferred tax asset and inventory, offset by a decrease of R39.4 million in the Group's cash and cash equivalents.

Movements in the Group's asset base as outlined above were offset by:

- A net increase in borrowings totalling R88.2 million arising from foreign exchange losses due to the weakening of the Rand against the US Dollar and interest charged on borrowings, offset by payments made during the year as fully set out in note 3 of the abridged audited consolidated financial statements presented.
- An increase in trade and other payables amounting to R70.7 million primarily reflecting costs associated with finalising the construction, testing and commissioning of Phase 1 of the VGP which were payable at year-end.
- A net increase totalling R23.4 million in the Group's other liabilities mainly attributable to deferred revenue from a customer and an increase in the rehabilitation provision due to the exploration activities undertaken during the year.

Fund raising

FY2023 marked significant success in our fund-raising initiatives. The Company raised R573.9 million (2022: R113.2 million) from various placements on the ASX and JSE as fully set out. As highlighted above, funds raised from these investments were applied to progress and complete Phase 1 of the VGP and to fund pre-development costs relating to Phase 2.

Changes in directorate

On 6 February 2023, Renergen announced that Alex Pickard and Francois Olivier had stepped down from their roles as Non-executive Directors of the Company with effect from that date. On the same day Renergen announced the retirement with immediate effect of Bane Maleke.

Thembisa Skweyiya and Dumisa Hlatswayo were appointed as Independent Non-executive Directors of Renergen on 6 February 2023, replacing the outgoing Directors. Thembisa Skweyiya was also appointed to Renergen's Governance, Ethics, Transformation, Social and Compensation Committee, and Dumisa Hlatshwayo to Renergen's Audit, Risk and IT Committee. It is further noted that this was in line with our rotation and succession planning for Board members hence the immediate appointment of our incoming Board members.

Biographies of the new Directors are available on the Renergen website www.renergen.co.za.

Litigation update

There have been no further developments since our last update contained in the abridged audited consolidated interim financial statements for the six months ended 31 August 2022 published by the Group on 28 October 2022.

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Abridged Audited Consolidated Statement of Financial Position of the Group as at 28 February 2023 is set out below:

R'000	Notes	Audited 2023	Audited 2022
ASSETS			
Non-current assets		**1 729 356**	**1 008 317**
Property, plant and equipment[1]	2	1 371 748	807 027
Intangible assets		241 842	154 023
Deferred taxation		53 236	43 529
Restricted cash		14 435	3 738
Finance lease receivables		48 095	-
Current assets		**171 525**	**156 377**
Inventory		147	-
Finance lease receivables		6 464	-
Trade and other receivables		31 657	27 032
Restricted cash		77 552	34 257
Cash and cash equivalents		55 705	95 088
TOTAL ASSETS		**1 900 881**	**1 164 694**
EQUITY AND LIABILITIES			
Equity		**840 204**	**286 312**
Stated capital		1 134 750	563 878
Share-based payments reserve		21 099	11 354
Revaluation reserve		598	598
Accumulated loss		(316 243)	(289 518)
LIABILITIES			
Non-current liabilities		**860 323**	**803 949**
Borrowings	3	806 558	773 056
Lease liabilities		1 108	1 407
Deferred revenue		15 093	-
Provisions		37 564	29 486
Current liabilities		**200 354**	**74 433**
Borrowings	3	104 457	49 784
Provisions		2 400	1 272
Lease liabilities		1 184	1 775
Trade and other payables		92 313	21 602
TOTAL LIABILITIES		**1 060 677**	**878 382**
TOTAL EQUITY AND LIABILITIES		**1 900 881**	**1 164 694**

1 Includes right-of-use assets as presented in note 2.

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

The Abridged Audited Consolidated Statement of Profit and Loss and Other Comprehensive Income of the Group for the 12-month period ended 28 February 2023 is set out below:

R'000	Notes	Audited 2023	Audited 2022
Revenue		12 687	2 637
Cost of sales		(8 684)	(3 412)
Gross profit/(loss)		**4 003**	**(775)**
Other operating income		13 630	3 736
Share-based payment expenses		(10 278)	(3 115)
Other operating expenses		(42 879)	(38 207)
Operating loss		**(35 524)**	**(38 361)**
Interest income		3 675	275
Interest expense and imputed interest		(4 583)	(4 217)
Loss before taxation		**(36 432)**	**(42 303)**
Taxation		9 707	8 553
LOSS FOR THE YEAR		**(26 725)**	**(33 750)**
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(26 725)**	**(33 750)**
Loss attributable to:			
Owners of Renergen Limited		(26 725)	(33 750)
LOSS FOR THE YEAR		**(26 725)**	**(33 750)**
Total comprehensive loss attributable to:			
Owners of Renergen Limited		(26 725)	(33 750)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(26 725)**	**(33 750)**
Loss per ordinary share			
Basic and diluted loss per share (cents)	5	(19.86)	(27.73)

ABRIDGED AUDITIED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Abridged Audited Consolidated Statement of Changes in Equity of the Group for the 12-month period ended 28 February 2023 is set out below:

Audited R'000	Stated capital	Share-based payments reserve	Revaluation reserve	Accumulated loss	Total equity attributable to equity holders of Renergen Limited
BALANCE AT 1 MARCH 2021	**453 078**	**8 500**	**598**	**(255 768)**	**206 408**
Loss for the year	-	-	-	(33 750)	(33 750)
Total comprehensive loss for the year	-	-	-	(33 750)	(33 750)
Issue of shares	113 376	(261)	-	-	113 115
Share issue costs	(2 576)	-	-	-	(2 576)
Share-based payment expenses	-	3 115	-	-	3 115
BALANCE AT 28 FEBRUARY 2022	**563 878**	**11 354**	**598**	**(289 518)**	**286 312**
Loss for the year	-	-	-	(26 725)	(26 725)
Total comprehensive loss for the year	-	-	-	(26 725)	(26 725)
Issue of shares	574 447	(533)	-	-	573 914
Share issue costs	(3 575)	-	-	-	(3 575)
Share-based payment expenses	-	10 278	-	-	10 278
BALANCE AT 28 FEBRUARY 2023	**1 134 750**	**21 099**	**598**	**(316 243)**	**840 204**

ABRIDGED AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

The Abridge Audited Consolidated Statement of Cash Flows of the Group for the 12-month period ended 28 February 2023 is set out below:

R'000	Notes	Audited 2023	Audited 2022
Cash flows used in operating activities		**(70 596)**	**(79 175)**
Cash used in operations		(72 903)	(78 941)
Interest received		2 307	275
Interest paid		-	(509)
Cash flows used in investing activities		**(440 781)**	**(306 956)**
Investment in property, plant and equipment	2	(352 448)	(260 723)
Disposal of property, plant and equipment	2	55	-
Investment in intangible assets		(88 388)	(46 233)
Cash flows from financing activities		**470 925**	**347 227**
Ordinary shares issued for cash		573 914	113 115
Share issue costs		(1 367)	(2 576)
Proceeds from borrowings		-	270 989
Repayment of borrowings - capital	3	(56 114)	-
Repayment of interest on borrowings	3	(43 072)	(31 293)
Interest paid on leasing and other arrangements		(308)	-
Lease liabilities – lease payments		(2 128)	(3 008)
TOTAL CASH MOVEMENT FOR THE YEAR		**(40 452)**	**(38 904)**
Cash and cash equivalents at the beginning of the year		95 088	130 878
Effects of exchange rate changes on cash and cash equivalents		1 069	3 114
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**55 705**	**95 088**

NOTES TO THE ABRDIGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The abridged audited consolidated financial statements for the year ended 28 February 2023 has been prepared in accordance with and containing the information required by IAS 34 *Interim Financial Reporting*, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the JSE Listings Requirements, the ASX Listing Rules, the Financial Pronouncements as issued by the Financial Reporting Standards Council and the South African Companies Act, No 71 of 2008 (as amended). The accounting policies applied in the preparation of the abridged audited consolidated financial statements are in accordance with International Financial Reporting Standards as issued by the IASB and are consistent with the accounting policies applied by the Group in its consolidated financial statements for the year ended 28 February 2022. Details of the standards and accounting policies applied are provided in the audited consolidated financial statements for the year ended 28 February 2023 from which this abridged report is extracted. Amendments to accounting standards and new accounting pronouncements which came into effect for the first time during the financial year did not have a material impact on the Group.

This abridged audited consolidated financial statement has been extracted from the audited consolidated financial statements but has not itself been audited. The audited consolidated financial statements which have been prepared on a going concern basis are available electronically on the Company's website www.renergen.co.za. The directors take full responsibility for the preparation of this abridged report and for the accuracy of financial information that has been extracted from the underlying audited consolidated financial statements.

The abridged audited consolidated financial statements was prepared on the historical cost basis except for land which is carried at revalued amounts; is presented in the functional currency of the Company and presentation currency of the Group, being South African Rand (Rand); and amounts shown therein are rounded to the nearest thousand (R'000), except where otherwise stated.

This abridged audited consolidated financial statement was compiled under the supervision of the Group Chief Financial Officer, Mr B Harvey, CA (SA).

Auditor's opinion

The abridged audited consolidated financial statements has been derived from the Group's audited consolidated financial statements which have been audited by BDO South Africa Incorporated ("BDO"). The auditor, BDO, has issued its unmodified opinion with a material uncertainty related to going concern paragraph on the Group's audited consolidated financial statements for the year ended 28 February 2023. The material uncertainty relates to the regulatory and other approvals, and the completion of the Funding Initiatives highlighted in note 9 during the period ending 28 February 2023, which represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. Their opinion is not modified in respect of this matter.

The audit was conducted in accordance with International Standards on Auditing. The auditor's report does not necessarily report on all the information contained in this announcement. A copy of the auditor's report on the audited consolidated financial statements is available electronically on the Company's website www.renergen.co.za and is also available for inspection at the Company's registered address, together with the consolidated financial statements identified in the respective auditor's report. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

NOTES TO THE ABRIDGED AUDITIED CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation (continued)

Areas of significant judgement

The Group's audited consolidated financial statements from which this abridged report is extracted are underpinned by judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are disclosed in the Group's audited financial statements for the year ended 28 February 2023 which are available on the Company's website www.renergen.co.za.

2. Property, plant and equipment

	2023			2022		
R'000	**Cost or valuation**	**Accumulated depreciation**	**Net book value**	**Cost or valuation**	**Accumulated depreciation**	**Net book value**
Assets under construction	1 342 450	-	1 342 450	785 460	-	785 460
Right-of-use asset – head office building	2 243	(2 243)	-	2 243	(1 590)	653
Land – at revalued amount	3 473	-	3 473	3 473	-	3 473
Plant and machinery	23 164	(13 504)	9 660	22 928	(11 345)	11 583
Furniture and fixtures	1 240	(846)	394	1 024	(691)	333
Motor vehicles	10 375	(1 924)	8 451	2 152	(1 962)	190
Office equipment	243	(135)	108	171	(108)	63
IT equipment	1 148	(772)	376	910	(581)	329
Right-of-use assets - motor vehicle	5 603	(2 488)	3 115	4 526	(1 462)	3 064
Office building	2 065	(682)	1 383	2 065	(476)	1 589
Leasehold improvements:						
Office equipment	142	(140)	2	142	(128)	14
Furniture and fixtures	3 064	(728)	2 336	885	(609)	276
TOTAL	**1 395 210**	**(23 462)**	**1 371 748**	**825 979**	**(18 952)**	**807 027**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Property, plant and equipment (continued)

2023 R'000	At 1 March 2022	Disposal[1]	Environmental rehabilitation costs[2]	Additions	Depreciation	At 28 February 2023
Assets under construction	785 460	(50 309)	9 026	598 093	-	1 342 450
Right-of-use asset – head office building[3]	653	-	-	-	(653)	-
Land – at revalued amount	3 473	-	-	-	-	3 473
Plant and machinery	11 583	-	-	236	(2 159)	9 660
Furniture and fixtures	333	-	-	216	(155)	394
Motor vehicles	190	-	-	8 557	(296)	8 451
Office equipment	63	-	-	72	(27)	108
IT equipment	329	-	-	238	(191)	376
Right-of-use assets - motor vehicle	3 064	-	-	1 076	(1 025)	3 115
Office building	1 589	-	-	-	(206)	1 383
Leasehold improvements:						
Office equipment	14	-	-	-	(12)	2
Furniture and fixtures	276	-	-	2 179	(119)	2 336
TOTAL	**807 027**	**(50 309)**	**9 206**	**610 667**	**(4 843)**	**1 371 748**

1 - Attributable to the derecognition of the carrying amounts of assets leased by the Group to customers under finance leases.

2 - Increase in the rehabilitation provision due to additional exploration activities undertaken during the year.

3 - The lease for the head office building expired in June 2022 and the Group is currently on a short-term lease for office space.

During the year under review the Group disposed of a motor vehicle with a Rnil book value for R55 000.

2. Property, plant and equipment (continued)

Additions and borrowing costs

Additions include unrealised foreign exchange differences attributable to the DFC loan and interest capitalised as part of borrowing costs in line with the Group's policy. Additions also include non-cash additions to right-of-use assets. These costs and exchange differences were capitalised within assets under construction. The Group's borrowings are disclosed in note 3. Borrowing costs amounting to R183.1 million (2022: R45.1 million) were capitalised to assets under construction representing 100% (2022: 100%) of borrowing costs incurred during the year.

A reconciliation of additions to exclude the impact of capitalised borrowing costs (inclusive of foreign exchange differences) and non-cash additions to right-of-use assets is provided below:

Capital commitments

Capital commitments attributable to assets under construction are disclosed in note 6.

2.1 Cash flow effect of additions

R'000	2023	2022
Additions as shown above	610 667	305 866
Capitalised borrowing costs attributable to the DFC loan (note 3)	(38 846)	(31 293)
Unrealised foreign exchange losses attributable to the DFC loan (note 3)	(120 290)	(10 619)
Capitalised borrowing costs attributable to the IDC loan (note 3)	(23 950)	(3 231)
Accruals attributable to assets under construction	(74 057)	-
Non-cash additions to right-of-use assets	(1 076)	-
Additions as reflected in the cash flow statement	**352 448**	**260 723**

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Borrowings

R'000	2023	2022
Non-current liabilities at amortised cost	**806 558**	**773 056**
Molopo	51 036	46 761
DFC	598 394	564 220
IDC	157 128	162 075
Current liabilities at amortised cost	**104 457**	**49 784**
DFC	79 786	49 784
IDC	24 671	-
Total	**911 015**	**822 840**

The movement in borrowings for the year under review is as follows:

R'000	At 1 March 2022	Interest[1]	Non-cash movements: foreign exchange losses[2]	Repayments- capital[3]	Repayments- interest[3]	At 28 February 2023
Molopo	46 761	4 275	-	-	-	51 036
DFC	614 004	38 846	120 290	(56 114)	(38 846)	678 180
IDC	162 075	23 950	-	-	(4 226)	181 799
Total	**822 840**	**67 071**	**120 290**	**(56 114)**	**(43 072)**	**911 015**

1 Interest on the Molopo loan is non-cash imputed interest representing the unwinding of the discount applied on initial recognition of the loan. Interest on the DFC and IDC loans is cash in nature and is capitalised to assets under construction within property, plant and equipment (see note 2).

2 Exchange differences are capitalised to assets under construction within property, plant and equipment (see note 2) which is permissible under IAS 23 – Borrowing Costs.

3 Repayments of capital, interest and fees attributable to the DFC loan in line with loan terms. The Group has elected to show repayments of interest under financing activities.

Molopo

Tetra4 entered into a R50.0 million loan agreement with Molopo on 1 May 2013. This loan was part of the conditions of the sale of shares in Tetra4 from Molopo to Windfall Energy Proprietary Limited. The original loan term was for the period from inception of the loan on 1 May 2013 until 31 December 2022. During this period, the loan was unsecured and interest free.

As the loan was not repaid on 31 December 2022, it now accrues interest at the prime lending rate plus 2%. The loan is still unsecured and does not have repayment terms. The loan can only be repaid when Tetra4 declares a dividend and utilising a maximum of 36% of the distributable profits in order to pay the dividend. It is not expected that the loan will be repaid in the next 12 months given the unavailability of distributable profits based on Tetra4's most recent forecasts. As such, the loan has been classified as long term. The loan advanced to Tetra4 by Renergen can only be repaid after the loan from Molopo has been settled.

The loan was discounted to present value for the period that it was interest free, at a discount rate which was equal to the prime lending rate plus 2.00%. For the year under review the average discount rate applicable to the loan was 10.88% (2022: 9.50%). The imputed interest expense, representing the unwinding of the discount applied in recognising the present value of the loan, is included in profit and loss under interest expense.

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Borrowings (continued)

DFC

Tetra4 entered into a US$40.0 million finance agreement with the DFC on 20 August 2019 ("Facility Agreement"). The first draw down of US$20.0 million took place in September 2019, the second draw down of US$12.5 million in June 2020 and the final drawdown of US$7.5 million on 28 September 2021. Tetra4 shall repay the loan in equal quarterly instalments of US$1.1 million (R20.3 million using the rate at 28 February 2023) on each payment date beginning on 1 August 2022 and ending on 15 August 2031. The loan is secured by a pledge of the Tetra4's assets under construction and land (note 2), and the Debt Service Reserve Account under restricted cash.

IDC

Tetra4 entered into a R160.7 million loan agreement with the IDC on 17 December 2021. An amount of R158.8 million was drawn down on 22 December 2021 and is repayable in 102 equal monthly payments commencing in July 2023. The loan terms include a 12-month interest capitalisation and an 18-month capital repayment moratorium. The loan accrues interest at the prime lending rate plus 3.5% and is secured by a pledge of the Tetra4's assets under construction and land (note 2), and the Debt Service Reserve Account within restricted cash.

4. Segmental analysis

The Group has identified reportable segments that are used by the Group Executive Committee (chief operating decision-maker) to make key operating decisions, allocate resources and assess performance. For management purposes the Group is organised and analysed as follows:

Corporate head office

Corporate head office is a segment where all investment decisions are made. Renergen Limited is an investment holding company focussed on investing in prospective green projects. Green projects entail pursuing knowledge and practices that can lead to more environmentally friendly and ecologically responsible decisions and lifestyles which can help protect the environment and sustain its natural resources for current and future generations.

Tetra4

Tetra4 explores for, develops and sells LNG to the South African market. Up until September 2022, Tetra4 also sold CNG locally. It operates in the Gauteng Province, Free State Province and Mpumalanga Province in the town of Evander.

Cryovation

Cryovation developed the ground-breaking Cryo-Vacc™ technology, which enables the safe transportation of vaccines and biologics at extremely low temperatures without the need for electrical power. The Cryovation business model is undergoing refinement and further development with insights from experts from various fields with the intention of exploring several modifications that will improve the overall concept and operational performance to enhance its appeal for the more niche biologics and gene-therapy market internationally.

4. Segmental analysis (continued)

No geographical information is provided as all assets are situated in South Africa and all sales are made to two South African customers (three up until September 2022) (2022: one customer).

The analysis of reportable segments as at 28 February 2023 is set out below:

2023 R'000	Corporate Head Office	Tetra4	Cryovation	Total	Eliminations	Consolidated
Revenue	**-**	**12 687**	**-**	**12 687**	**-**	**12 687**
External	-	12 687	-	12 687	-	12 687
Depreciation and amortisation	(194)	(5 218)	-	(5 412)	-	(5 412)
Share-based payment expenses	(7 905)	(2 373)	-	(10 278)	-	(10 278)
Employee costs[1]	(8 555)	5 712	-	(2 843)	-	(2 843)
Consulting and advisory fees	(2 151)	(2 787)	(81)	(5 019)	-	(5 019)
Listing costs	(2 769)	-	-	(2 769)	-	(2 769)
Computer and IT expenses	(49)	(3 751)	(1)	(3 801)	-	(3 801)
Marketing and advertising	(684)	(3 082)	-	(3 766)	-	(3 766)
Legal and professional fees	(1 822)	(1 651)	-	(3 473)	-	(3 473)
Net foreign exchange gains	818	8 751	-	9 569	-	9 569
Interest income	1 422	2 253	-	3 675	-	3 675
Imputed interest	-	(4 275)	-	(4 275)	-	(4 275)
Interest expense	(5)	(303)	-	(308)	-	(308)
Taxation	(235)	9 942	-	9 707	-	9 707
LOSS FOR THE YEAR	**(25 513)**	**(1 040)**	**(172)**	**(26 725)**	**-**	**(26 725)**
TOTAL ASSETS	**1 716 294**	**1 853 584**	**15 520**	**3 585 398**	**(1 684 517)**	**1 900 881**
TOTAL LIABILITIES	**(29 928)**	**(2 069 626)**	**(3 284)**	**(2 102 838)**	**1 042 161**	**(1 060 677)**

[1] Tetra4 employee costs were impacted by the reversal of payroll related accruals

NOTES TO THE ABRIDGED AUDITED CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Segmental analysis (continued)

2022 R'000	Corporate Head Office	Tetra4	Total	Eliminations	Consolidated
Revenue	**-**	**2 637**	**2 637**	**-**	**2 637**
External	-	2 637	2 637	-	2 637
Depreciation and amortisation	(322)	(5 198)	(5 520)	-	(5 520)
Share-based payment expenses	(52)	(3 063)	(3 115)	-	(3 115)
Employee costs	-	(3 280)	(3 280)	-	(3 280)
Consulting and advisory fees	(1 148)	(735)	(1 883)	-	(1 883)
Listing costs	(1 568)	-	(1 568)	-	(1 568)
Computer and IT expenses	(16)	(3 396)	(3 412)	-	(3 412)
Marketing and advertising	(21)	(1 049)	(1 070)	-	(1 070)
Legal and professional fees	(2 230)	(2 299)	(4 529)	-	(4 529)
Net foreign exchange loss	12	3 557	3 569	-	3 569
Interest income	83	192	275	-	275
Imputed interest	-	(3 708)	(3 708)	-	(3 708)
Interest expense	-	(509)	(509)	-	(509)
Taxation	387	8 166	8 553	-	8 553
LOSS FOR THE YEAR	**(7 577)**	**(26 173)**	**(33 750)**	**-**	**(33 750)**
TOTAL ASSETS	**1 131 986**	**1 149 051**	**2 281 037**	**(1 116 343)**	**1 164 694**
TOTAL LIABILITIES	**(724)**	**(1 366 335)**	**(1 367 059)**	**488 677**	**(878 382)**

During the year ended 28 February 2023, R1.6 million or 12.2% (2022: R2.6 million or 100%) of the Group's revenue depended on the sales of CNG to one customer. With respect to the Group's revenue generated from the sale of LNG which commenced during the year under review, R8.5 million or 66.8% depended on the sales of LNG to a second customer and R2.6 million or 21.0% to a third customer. This revenue is reported under the Tetra4 operating segment.

Inter-segment revenues and balances are eliminated upon consolidation and are reflected in the 'eliminations' column.

5. Loss per share

	2023	2022
	Cents	**Cents**
Basic and diluted (cents)	(19.86)	(27.73)
	R'000	**R'000**
Loss attributed to equity holders of Renergen Limited used in the calculation of basic and diluted loss per share	(26 725)	(33 750)
	000's	**000's**
Weighted average number of ordinary shares used in the calculation of basic loss per share:	**134 536**	**121 689**
Issued shares at the beginning of the year	123 934	117 508
Effect of shares issued during the year (weighted)	10 602	4 181
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**134 536**	**121 689**

5. Loss per share (continued)

The share options and bonus scheme shares have not been included in the weighted average number of shares used to calculate the diluted loss per share or the diluted headline loss per share as they are anti-dilutive. These options are anti-dilutive because of the loss position of the Group.

	2023	2022
Headline loss per share	**Cents**	**Cents**
Basic and diluted	(19.86)	(27.73)
Reconciliation of headline loss	**R'000**	**R'000**
Loss attributed to equity holders of Renergen Limited	(26 725)	(33 750)
Profit on disposal of property, plant and equipment	(55)	-
Tax effect	15	-
Headline loss	**(26 765)**	**(33 750)**

The headline loss has been calculated in accordance with Circular 1/2021 issued by the South African Institute of Chartered Accountants.

6. Commitments and contingent liabilities

6. 1 Contingent liabilities

There are no contingent liabilities as at 28 February 2023 attributable to any of the Group companies (2022: nil).

6. 2 Commitments

2023 **R'000**	**Spent to date**	**Contractual commitments**	**Total approved**
Capital equipment	317 020	56 365	373 385
TOTAL	**317 020**	**56 365**	**373 385**

2022 **R'000**	**Spent to date**	**Contractual commitments**	**Total approved**
Capital equipment	390 000	219 700	609 700
TOTAL	**390 000**	**219 700**	**609 700**

The Board approved total project costs amounting to R1.5 billion relating to the construction of the Virginia Gas Plant. As at 28 February 2023 the Group had contractual commitments totalling R56.4 million (Feb 2022: R219.7 million) for the procurement of capital equipment. As at the end of the reporting period there were no other material contractual commitments to acquire capital equipment.

7. Related parties

Relationships

Subsidiaries	Tetra4 Cryovation
Shareholders with significant influence	CRT Investments Proprietary Limited MATC Investment Holdings Proprietary Limited
Companies controlled by Directors	CRT Investments Proprietary Limited MATC Investment Holdings Proprietary Limited Luhuhi Investments Proprietary Limited

There were no transactions with companies controlled by Directors (2022: Rnil).

Key management personnel include Executive and Non-executive Directors and prescribed officers who are members of the Executive Committee.

Transactions with related parties

2023 R'000	2023	2022
Fees paid to Non-executive Directors	2 161	2 295
Remuneration paid to Executive Directors	19 385	17 280
Remuneration paid to Prescribed Officers	2 238	7 726
TOTAL	**23 784**	**27 301**

8. Events after the reporting period

Proposed issue of 67.5 million ordinary shares of the Company

On 11 April 2023, the Company obtained specific authority from its shareholders to issue 67.5 million ordinary shares ("Specific Issue Shares"), including such ordinary shares represented by American Depository Shares ("ADSs") and CHESS Depositary Interests (a unit of beneficial ownership in Renergen shares as defined in the ASX Settlement Operating Rules) to be issued under the specific authority or convertible debt instruments that will be convertible into Specific Issue Shares in terms of one or more placements ("Placements"), which Placements are expected to primarily be executed through the proposed listing and public offering of Renergen shares represented by ADSs on the Nasdaq Stock Market.

Increase in beneficial interests held by the Government Employees Pension Fund and the FRB ITF Northshore Prime Flexible Qualified Investor Hedge Fund

On 7 March 2023, the Company announced that it had received notification from the Public Investment Corporation, manager of the Government Employees Pension Fund, advising that it had acquired a beneficial interest in the securities of the Company such that the total of all beneficial interests held by it amounts to 5.118% of the Company's total issued ordinary share capital.

On 6 March 2023, the Company announced that it had received notification from the FRB ITF Northshore Prime Flexible Qualified Investor Hedge Fund advising that it had acquired a beneficial interest in the securities of the Company such that the total of all beneficial interests held by it amounts to 5.72% of the Company's total issued ordinary share capital.

8. Events after the reporting period (continued)

Acquisition of a new customer

In May 2023, Tetra4 concluded a sale agreement with Timelink for the supply of LNG.

9. Going concern

The financial statements presented have been prepared on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. The Group regularly monitors its liquidity position as part of its ongoing risk management programme. In conducting its most recent going concern assessment:

- The Group has considered the period up to 23 May 2024 ("Assessment Period") as it has assessed that key funding initiatives will be concluded during this period.
- The Group has reviewed its cash flow projections for the Assessment Period ("Cash Forecast") and has performed stress testing of the base case projections. The stress case scenarios include downward variations in the selling prices of LNG (40%) and helium (30%) and a 10% increase in operating costs.
- The Group has considered volatilities in the exchange rates, interest rates and energy prices in determining the Cash Forecast. Furthermore, based on information available on the assessment date, the Group has concluded that developments with the Russia/Ukraine war and disruptions to global supply chains will not materially impact its operations during the Assessment Period.

After consideration of the Cash Forecast and the outcome of the stress testing performed, the Group has concluded that the going concern basis of preparation is appropriate. Various initiatives have come to fruition since 28 February 2023 which have resulted in cash inflows as well as increasing the certainty of future cash inflows. These inflows have and will continue to address current liabilities exceeding current assets The Cash Forecast base case and stress case scenarios assume the following fund-raising initiatives ("Funding Initiatives") during the Assessment Period:

- The Group anticipates securing a R295.0 million bridge loan which is dependent on credit approval by the relevant financial institution.
- The Group expects to obtain financing approval for debt amounting to R14.25 billion ($750.0 million) from DFC and a commercial bank, which is in the final stages of approval. Management is confident that the approval will be obtained shortly.
- The Group plans to list on the Nasdaq Stock Market in the United States of America ("Proposed IPO") and anticipates raising R2.6 billion (US$150.0 million) during the Assessment Period. Shareholder approval for the Proposed IPO was obtained on 11 April 2023, however the Proposed IPO is dependent on market conditions which will determine whether it is completed during the Assessment Period. The Proposed IPO is also subject to Securities and Exchange Commission and exchange control approvals.
- Subject to market conditions, the Group is able to raise funding through the issuing of ordinary shares for Phase 2 expansion as approved by shareholders on 11 April 2023.
- The Group expects to complete the disposal of 10% of Tetra4 to the Central Energy Fund ("CEF") for R1.0 billion. This disposal remains subject to the CEF securing funding to acquire the interest in Tetra4.

9. Going concern

The regulatory and other approvals highlighted above, and the completion of the Funding Initiatives during the Assessment Period represent material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Johannesburg
31 May 2023

Authorised by: Stefano Marani
Chief Executive Officer

Designated Advisor
PSG Capital

For Investors & Media contact us on info@renergen.co.za or +27 10 045 6007

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Company and registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
LEI	378900B1512179F35A69
ASX Share code	RLT
Australian Business number	93998352675
A2X Share code	REN
Registered office	First Floor 1 Bompas Road Dunkeld West, 2196
Nature of the business and principal activities	Renergen is an energy company focused on alternative and renewable energy in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange (“AltX”) and has a secondary listing on the Australian Securities Exchange (“ASX”) and A2X Markets
Directors	Stefano Marani (CEO) Nick Mitchell (COO) Brian Harvey (CFO) Dr David King (Non-executive Chairman) Mbali Swana Luigi Matteucci Thembisa Skweyiya Dumisa Hlatswayo
Auditors	BDO South Africa Incorporated
Company secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited (South Africa) and Computershare Investor Services Limited (Australia)
Designated adviser	PSG Capital