RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
JSE Share code: REN
A2X Share code: REN
ISIN: ZAE000202610
LEI: 378900B1512179F35A69
Australian Business Number (ABN): 93 998 352 675
ASX Share code: RLT
("**Renergen**" or "**the Company**" or together with its subsidiaries "**the Group**")

AUSTRALIAN STOCK EXCHANGE APPENDIX 4E - PRELIMINARY FINAL REPORT

Current reporting period	Year ended 28 February 2023 (2023)
Previous period	Year ended 28 February 2022 (2022)

RESULTS ANNOUNCEMENT TO THE MARKET

	2023 Rm	2022 Rm	Change Rm	Change %
Revenue	12.7	2.6	10.1	388.5%
Loss after tax attributable to ordinary shareholders	26.7	33.8	(7.1)	-21.0%
Total comprehensive loss attributable to ordinary shareholders	26.7	33.8	(7.1)	-21.0%
	Cents	Cents	Change Cents	Change %
Basic and diluted loss per share	19.86	27.73	(7.87)	-28.4%

- Renergen presents its first condensed consolidated annual financial statements as a production company, through its subsidiary Tetra4 Proprietary Limited ("Tetra4"). The commissioning of the Virginia Gas Project ("VGP") in September 2022 transitioned Tetra4 from an exploration company. Tetra4 commenced the production and sale of liquefied natural gas ("LNG") in September 2022 which increased the Group's revenue by 388.5%.
- The loss after tax and total comprehensive loss attributable to ordinary shareholders decreased significantly by 21.0% or R7.1 million mainly as a result of the following:
  - An increase of R4.8 million in the gross profit contribution;
  - An increase of R9.9 million in other operating income primarily driven by net foreign exchange gains and the selling profit on finance lease receivables; and
  - An increase of R3.4 million in interest income due to higher cash balances from the Company's fund-raising initiatives and higher interest rates, which were offset by:
    - An increase of R7.2 million in share-based payments expenses reflecting the implementation of the Share Appreciation Rights Plan ("SAR Plan") for a full 12-month period compared to 3 months in the prior comparative period. Awards under the SAR Plan were first granted in December 2021.
    - An increase of R4.7 million in other operating expenses mainly due to an increase in marketing and advertising costs to improve brand visibility as the Group approached the commissioning of Phase 1 of the VGP, higher listing costs due to an additional 20.8 million shares which were issued during the year, and an increase in advisory fees relating to the

Group's proposed listing on the Nasdaq Stock Market, strategy, risk management and legal matters.

	2023 Cents	2022 Cents	Change Cents	Change %
Tangible net asset value per share	413.38	106.74	306.64	287.3%

	Rm	Rm	Change Rm	Change %
Total assets	1 900.9	1 164.7	736.2	63.2%

- The increase in the Group's tangible net asset value per share is mainly attributable to further investments in property, plant and equipment to complete Phase 1 of the VGP and an increase in restricted cash, which were funded from capital raised during the year which amounted to R573.9 million from various placements on the Australian Securities Exchange ("ASX") and the Johannesburg Stock Exchange ("JSE"). The growth in tangible net assets was offset by increases in the Group's debt mainly driven by foreign exchange losses, an increase in the rehabilitation provision due to exploration activities undertaken during the year, an increase in trade payables and revenue received in advance from a customer. The tangible net asset value per share also reflects the impact of 20.8 million additional shares issued during the year.

PRELIMINARY FINAL FINANCIAL STATEMENTS

Please refer to pages 10 to 34 of this report wherein the following are provided:

- Condensed consolidated statement of profit or loss and other comprehensive income for the year ended 28 February 2023;
- Condensed consolidated statement of financial position as at 28 February 2023;
- Condensed consolidated statement of changes in equity for the year ended 28 February 2023;
- Condensed consolidated statement of cash flows for the year ended 28 February 2023; and
- Notes to the condensed consolidated financial statements.

The condensed consolidated financial statements presented have not been audited or subject to a review by the external auditors. The audit of the Group's financial statements for the year ended 28 February 2023 is currently ongoing.

OTHER DISCLOSURE REQUIREMENTS

Dividend or distribution reinvestment plans
Renergen did not declare dividends during the year ended 28 February 2023 (2022: nil).

Entities over which control has been gained or lost during the year
On 25 August 2022, Renergen formed a new wholly owned subsidiary, Cryovation Proprietary Limited ("Cryovation"), to hold its Cryovacc™ business. A description of the Cryovation operations is provided on page 27 of this report.

Details of associates and joint ventures
The Group does not have associates or joint ventures.

Additional Appendix 4E disclosure requirements and commentary on significant features of the operating performance, results of segments, trends in performance and other factors affecting the results for the period are contained in the financial report accompanying this announcement.

ENTITY NAME: 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 subsidiary “the Group”)

PRELIMINARY FINAL REPORT

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, commenced production of 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 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 Africa 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 liquefied helium 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 and are disclosed in note 13 of the condensed consolidated annual financial statements presented. 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 (see note 4) 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 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 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 borrowings highlighted in note 9 of the condensed consolidated annual financial statements presented.

Interest on the DFC and Industrial Development Corporation 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 9 of the condensed consolidated annual 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 and 3 of the condensed consolidated annual 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 Industrial Development Corporation ("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.

Increases 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 9 of the condensed consolidated annual 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 revenue received in advance 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 in note 8 of the condensed consolidated annual financial statements presented. 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 reviewed condensed consolidated interim financial statements for the six months ended 31 August 2022 published by the Group on 28 October 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

R'000	Notes	2023	2022
ASSETS			
Non-current assets		**1 729 356**	**1 008 317**
Property, plant and equipment	2	1 371 748	807 027
Intangible assets	3	241 842	154 023
Deferred taxation		53 236	43 529
Restricted cash	4	14 435	3 738
Finance lease receivables	5	48 095	-
Current assets		**171 525**	**156 377**
Inventory		147	-
Finance lease receivables	5	6 464	-
Trade and other receivables	6	31 657	27 032
Restricted cash	4	77 552	34 257
Cash and cash equivalents	7	55 705	95 088
TOTAL ASSETS		**1 900 881**	**1 164 694**
EQUITY AND LIABILITIES			
Equity		**840 204**	**286 312**
Share capital	8	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	9	806 558	773 056
Lease liabilities		1 108	1 407
Revenue received in advance		15 093	-
Provisions		37 564	29 486
Current Liabilities		**200 354**	**74 433**
Borrowings	9	104 457	49 784
Provisions		2 400	1 272
Lease liabilities		1 184	1 775
Trade and other payables	10	92 313	21 602
TOTAL LIABILITIES		**1 060 677**	**878 382**
TOTAL EQUITY AND LIABILITIES		**1 900 881**	**1 164 694**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

The Condensed 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	2023	2022
Revenue	12	12 687	2 637
Cost of sales		(8 684)	(3 412)
Gross profit/(loss)		**4 003**	**(775)**
Other operating income	13	13 630	3 736
Share-based payments expense		(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	14	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 the Company		(26 725)	(33 750)
LOSS FOR THE YEAR		**(26 725)**	**(33 750)**
Total comprehensive loss attributable to:			
Owners of the Company		(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)	16	(19.86)	(27.73)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

R'000	Share capital	Share-based payments reserve	Revaluation reserve	Accumulated loss	Total equity attributable to equity holders of the Company
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 payments expense	-	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 payments expense	-	10 278	-	-	10 278
BALANCE AT 28 FEBRUARY 2023	**1 134 750**	**21 099**	**598**	**(316 243)**	**840 204**
Note	8				

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

R'000	Notes	2023	2022
Cash flows used in operating activities		**(70 904)**	**(79 175)**
Cash used in operations	15	(72 903)	(78 941)
Interest received		2 307	275
Interest paid		(308)	(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 of intangible assets	3	(88 388)	(46 233)
Cash flows from financing activities		**471 233**	**347 227**
Proceeds from share issue	8	573 914	113 115
Share issue costs	8	(1 367)	(2 576)
Proceeds from borrowings	9	-	270 989
Repayment of borrowings	9	(99 186)	(31 293)
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	7	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	7	**55 705**	**95 088**

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated annual financial statements for the year ended 28 February 2023 have been prepared in accordance with the framework concepts, the recognition and measurement criteria of International Financial Reporting Standards (IFRS) and in accordance with and containing the information required by the International Accounting Standard 34: Interim Financial Reporting (IAS 34) as issued by the International Accounting Standards Board (IASB), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the ASX Listing Rules and the requirements of the South African Companies Act of 2008, as amended. The consolidated annual financial statements have been prepared on the historical cost basis except for land that is carried at a revalued amount. Significant accounting policies applied in the preparation of the consolidated annual financial statements are in terms of IFRS and are consistent with those applied in the previous consolidated annual financial statements. 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.

These condensed consolidated annual financial statements have been prepared on a going concern basis. The condensed consolidated annual financial statements are presented in South African Rand which is the Company's functional and presentation currency. All monetary information is rounded to the nearest thousand (R'000), except where otherwise stated.

JSE shareholders should note that this form does not meet the JSE reporting requirements as this information is issued in line with the ASX Listing Rules. The condensed consolidated annual financial statements presented have not been audited or reviewed by the Group's external auditor.

2. Property, plant and equipment

R'000	2023 Cost or valuation	2023 Accumulated depreciation	2023 Net book value	2022 Cost or valuation	2022 Accumulated depreciation	2022 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
Lease hold 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 CONDENSED CONSOLIDATED ANNUAL 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[4]	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
Lease hold 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 (see note 5).

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.
4 – A vehicle with a Rnil book value was disposed for R55 000.

2. Property, plant and equipment (continued)

Pledge of assets

Tetra4 concluded finance agreements with the DFC on 20 August 2019 and the IDC on 17 December 2021. All assets under construction and the land are held as security for the debt under these agreements. Pledged assets under construction and land have a carrying amount of R1.3 billion as at 28 February 2023 (2022: R788.9 million), representing 100% (2022: 100%) of each of these asset categories.

Additions and borrowing costs

Additions include unrealised foreign exchange differences attributable to the DFC loan, interest capitalised as part of borrowing costs in line with the Group's policy and 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 9.

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

Capital commitments

R'000	2023	2022
Additions as shown above	610 667	305 866
Capitalised borrowing costs attributable to the DFC loan (note 9)	(38 846)	(31 293)
Unrealised foreign exchange losses attributable to the DFC loan (note 9)	(120 290)	(10 619)
Capitalised borrowing costs attributable to the IDC loan (note 9)	(23 950)	(3 231)
Non-cash additions	(74 057)	-
Non-cash additions to right-of-use assets	(1 076)	-
Additions as reflected in the cash flow statement	**352 448**	**260 723**

Capital commitments attributable to assets under construction are disclosed in note 17.

3. Intangible assets

R'000	2023 Cost	2023 Accumulated amortisation and impairment	2023 Net book value	2022 Cost	2022 Accumulated amortisation and impairment	2022 Cost
Acquired intangible assets						
Exploration and development costs	217 459	(32)	217 427	137 161	(32)	137 129
Computer software	6 647	(1 373)	5 274	4 184	(804)	3 380
Internally developed intangible assets						
Development costs – Cryo-Vacc™	15 666	-	15 666	11 466	-	11 466
Development costs – Helium Tokens System	3 475	-	3 475	2 048	-	2 048
TOTAL	**243 247**	**(1 405)**	**241 842**	**154 859**	**(836)**	**154 023**

2023 R'000	At 1 March 2022	Additions – separately acquired	Additions – internally developed	Amortisation	At 28 February 2023
Exploration and development costs	137 129	80 298	-	-	217 427
Computer software	3 380	2 463	-	(569)	5 274
Development costs – Cryo-Vacc™	11 466	-	4 200	-	15 666
Development costs – Helium Tokens System	2 048	-	1 427	-	3 475
TOTAL	**154 023**	**82 761**	**5 627**	**(569)**	**241 842**

Impairment of exploration and development costs

A Reserve and Resource Evaluation Report ("Evaluation Report") was completed as at 1 September 2021 by Sproule Incorporated ("Sproule"), an independent sub-surface consultancy based in Calgary, Canada. The evaluation was both a geologic and economic update, based on technical and economic data supplied by Tetra4. Material changes to this Evaluation Report compared to the last one completed in 2019 were the inclusion of 5 new completed wells, the initial flow testing of two wells with new "slant completions", a more detailed sub-surface geologic model, updated capital expenditure and operating costs, updated currency exchange rates, new gas sales agreements and an updated field development plan. Management has not obtained an updated evaluation report to support the impairment assessment as at 28 February 2023, as it is considered that such an update will likely reflect an increase in the value of the Virginia Gas Field given the successful outcomes of exploration activities undertaken during the year and the increase in liquid helium and LNG prices, amongst other factors.

3. Intangible assets (continued)

The independent Reserve and Resource estimates and associated economics contained in the Evaluation Report are prepared in accordance with the Society of Petroleum Engineers ("SPE") Petroleum Resources Management ("PRMS") guidance. Proved Plus Probable Helium and Methane Reserves ("2P Gas Reserves") measured at 420.5 BCF (billion cubic feet) as at 1 September 2021 (2019: 142.4 BCF) with a net present value of R31.0 billion (2019: R9.8 billion).

The net present value above equates to the recoverable amount and was determined using value-in-use calculations were future estimated cash flows attributable to the 2P Gas Reserves were discounted at 15% (2019: 15%). In order to determine whether the Group's exploration and evaluation assets were impaired as at 28 February 2023 the carrying amount of these assets of R217.4 million (2022: R137.1 million) was compared to the recoverable amount of R31.0 billion (2022: R9.8 billion) which resulted in no impairment charge being recognised for the year under review (2022: Rnil).

Management concluded that the impairment assessment is not sensitive to a change in the recoverable amount or other factors due to the significant headroom of R30.8 billion (2022: R30.9 billion), being the difference between the carrying amount of exploration and evaluation assets of R137.1 million (2022: R137.1 million) and their recoverable amount of R31.0 billion (2022: R31.0 billion).

Development costs – Cryo-Vacc™

Development costs comprise expenditure incurred during the internal development of Cryo-Vacc*™* vaccine storage units. No amortisation was recognised during the year as the storage units have not yet been brought into use. Development costs include costs that meet the criteria required by IFRS and are directly attributable to the development of the storage units. At 28 February 2023 the development costs are not impaired based on an assessment performed by management.

Development costs – Helium Tokens System

Development costs comprise expenditure incurred during the internal development of the helium tokens system. Once fully developed, these tokens will be traded and will allow holders to purchase helium from Tetra4. No amortisation was recognised during the year as the tokens have not yet been brought into use. Development costs include costs that meet the criteria required by IFRS and are directly attributable to the development of the tokens. At 28 February 2023 the development costs are not impaired based on an assessment performed by management.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

4. Restricted cash

R'000	2023	2022
Non-current		
Environmental rehabilitation cash guarantee	6 021	3 738
Eskom Holdings SOC Limited ("Eskom") cash guarantee	8 414	-
	14 435	3 738
Current		
Debt Service Reserve Account (DSRAs)	77 552	34 257
DFC	61 733	34 257
IDC	15 819	-
TOTAL	**91 987**	**37 995**

Environmental Rehabilitation Cash Guarantee

The Group has an obligation to manage the negative environmental impact associated with its exploration and drilling activities in the Free State. In this regard, the Group has recognised a rehabilitation provision of R40.0 million (2022: R30.8 million). Tetra4 has invested R6.0 million (2022: R3.7 million) in a cash deposit account which has been ringfenced for use towards the settlement of the environmental rehabilitation obligation. Interest earned on the cash deposit account is re-invested. This restricted cash has been classified as a non-current asset as the rehabilitation programme is not expected to commence in the next 12 months.

Eskom cash guarantee

The Eskom guarantee represents amounts held as security for the due payment of electricity accounts and as an early termination guarantee.

DSRAs

DFC

As part of the terms of the DFC finance agreement (see note 9) Tetra4 is required at any given date, to reserve in a US dollar denominated bank account the sum of all payments of principal, interest and fees required to be made to the DFC within the next 6 months. Should Tetra4 default on any payments due and payable, the DFC reserves the right to fund the settlement of amounts due from this bank account. The bank account is restricted and all interest earned accrues to Tetra4. This interest is recorded in interest income on the Statement of Profit or Loss and Other Comprehensive Income.

IDC

Similar to the terms of the DFC finance agreement, Tetra4 is also required to reserve in a Rand denominated bank account the sum of all payments of principal, interest and fees required to be made to the IDC within the next 6 months. Should Tetra4 default on any payments due and payable, the IDC reserves the right to fund the settlement of amounts due from this bank account. The bank account is restricted and all interest earned accrues to Tetra4. This interest is recorded in interest income on the Statement of Profit or Loss and Other Comprehensive Income.

The DRSAs are held as security for the DFC and IDC loans (see note 9). Foreign exchange gains amounting to R9.8 million (2022: R1.8 million) were recognised during the year under review with respect to the DFC DSRA.

5. Finance lease receivables

R'000	2023	2022
Finance lease receivables	54 559	-
	54 559	-
Non-current	48 095	-
Current	6 464	-
	54 559	-

Finance lease arrangements

During the 2023 financial year end, Tetra4 entered into finance leasing arrangements, as a lessor, with Ceramics and Ardagh Glass Packaging for certain equipment and infrastructure required for the delivery, storage, utilisation and conversion of LNG to natural gas. The average term of finance leases entered into is 8 years. Generally, these lease contracts do not include extension options and provide for the transfer of the ownership of the leased assets to the lessees upon the fulfilment of contract provisions, including but not limited to the settlement of all amounts due to Tetra4 under the lease contracts. Tetra4's finance lease arrangements do not include variable payments or lease modifications. The average effective interest rate contracted approximates 9.2% per cent per annum.

The directors of the Group estimate the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECLs using the simplified approach as the lessees are also the Group's only trade debtors. None of the finance lease receivables at the end of the reporting period is past due. The directors of the Group therefore consider that the finance lease receivables are not impaired.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

5. Finance lease receivables (continued)

The maturity analysis of finance lease receivables including the undiscounted lease payments to be received is as follows:

R'000	2023	2022
Year 1	11 823	-
Year 2	10 040	-
Year 3	10 040	-
Year 4	10 040	-
Year 5	10 040	-
Year 6 onwards	26 457	-
Total undiscounted lease payments receivable	**78 440**	**-**
Less: unearned interest income	(23 881)	-
Net investment in the lease	**54 559**	**-**
Undiscounted lease payments analysed as:		
Recoverable after 12 months	66 617	-
Recoverable within 12 months	11 823	-
	78 440	**-**
Net investment in the lease analysed as:		
Recoverable after 12 months	48 095	-
Recoverable within 12 months	6 464	-
	54 559	**-**

The movements in finance lease receivables were as follows:

2023 R'000	At 1 March 2022	New leases	Repayments	Interest	At 28 February 2023
Finance lease receivables	-	54 233	(1 042)	1 368	54 559
	-	**54 233**	**(1 042)**	**1 368**	**54 559**

The following table presents the amounts included in profit or loss:

R'000	Note	2023	2022
Selling profit on finance lease receivables	13	3 924	-
Interest income - net investment in finance leases		1 368	-
		5 292	**-**

6. Trade and other receivables

R'000	2023	2022
Financial instruments at amortised cost		
Trade receivables [1]	8 798	565
Other receivables [2]	-	927
	8 798	**1 492**
Non-financial instruments		
Value-added tax	21 493	25 529
Deposits	1 279	-
Prepayments	87	11
	22 859	**25 540**
Total trade and other receivables	**31 657**	**27 032**

1 - The increase in trade receivables is due to sales attributable to LNG which commenced in September 2022 following the commissioning of Phase 1 of the VGP and the commencement of operations at the plant. Prior year trade receivables were attributable to the sale of CNG. The Group ceased selling CNG in September 2022.

2 - Prior year other receivables primarily comprised amounts that were due for shares issued in February 2022. Due to banking delays payments for these shares were received in March 2022.

Trade receivables are generally on 30 day terms and are not interest bearing. At 28 February 2023, the Group is subjected to significant concentration risk as it only has two customers.

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments.

R'000	2023	2022
At amortised cost	8 798	1 492
Non-financial instruments	22 859	25 540
	31 657	**27 032**

The Group applies a simplified approach of recognising lifetime expected credit losses for trade receivables as these items do not have a significant financing component. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience, adjusted as appropriate for current observable data. Current observable data includes gross domestic product and interest rates. Expected credit losses attributable to trade receivables were assessed as immaterial as at 28 February 2023 (2022: Rnil).

All trade and other receivables are denominated in South African Rands.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

R'000	2023	2022
Cash at banks and on hand	17 301	36 714
Short-term deposits	38 404	58 374
TOTAL	**55 705**	**95 088**

Cash at banks earns interest at floating rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates. Included in cash at banks and on hand is R5.8 million (2022: R2.2 million) denominated in Australian Dollars. The amounts denominated in US Dollars at 28 February 2023 are immaterial (2022: Rnil). The Group banks with financial institutions with a Ba2 Moody's standalone credit rating.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

8. Share capital

	2023	2022
Authorised number of shares	**'000**	**'000**
500 000 000 no par value shares	500 000	500 000
Reconciliation of number of shares issued:		
Balance at 1 March	123 934	117 508
Issue of shares – ordinary shares issued for cash	20 777	6 400
Issue of shares – share incentive scheme, non-cash	37	26
BALANCE AT 28 FEBRUARY	**144 748**	**123 934**
Reconciliation of issued stated capital:	**R'000**	**R'000**
Balance at 1 March	563 878	453 078
Issue of shares	574 447	113 376
Issue of shares – ordinary shares issued for cash	573 914	113 115
Issue of shares – share incentive scheme, non-cash	533	261
Share issue costs [1]	(3 575)	(2 576)
BALANCE AT 28 FEBRUARY	**1 134 750**	**563 878**

[1] - Share issue costs paid as at 28 February 2023 totalled R1.4 million (2022: R2.6 million) as presented in the statement of cash flows and the remaining amount totalling R2.2 million was unpaid as year-end (2022: Rnil).

Shares issued for cash during the year under review comprise:

Nature	Date	Number of shares issued '000	Issue price Rand	Value of shares issued R'000
Ivanhoe Mines Limited	14 March 2022	5 632	35.62	200 632
Issue of shares on the Johannesburg Stock Exchange[2]	Various	10 543	27.76	292 637
Issue of shares on the Australian Stock Exchange[2]	Various	2 336	23.90	55 825
Exercise of options[3]	Various	2 266	10.95	24 820
Total		**20 777**		**573 914**

[2]- Shares were issued to numerous parties consisting of existing and new domestic and international institutions and investors.

[3]- Issue price represents the average exercise price of the options exercised during the year.

9. Borrowings

R'000	2023	2022
Non-current liabilities at amortised cost	**806 558**	**773 056**
Molopo Energy Limited ("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**

9. Borrowings (continued)

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	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 interest and fees attributable to the DFC loan in line with loan terms.

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. The fair value of the loan amount outstanding at 28 February 2023 amounts to R51.0 million (2022: R46.8 million).

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, land and the Debt Service Reserve Account disclosed in notes 2 and 4.

Interest

The first drawdown of $20.0 million attracts interest of 2.11% per annum. Interest on the second and final drawdowns is 1.49% and 1.24% per annum, respectively.

Interest is payable by Tetra4 to the DFC quarterly on 15 February, 15 May, 15 August and 15 November of each year (Repayment Dates) for the duration of the loan. This interest is capitalised to assets under construction within PPE in line with the Group policy. Interest paid during the year totalled US$0.7 million (R11.7 million) (2022: US$0.6 million (R9.7 million)).

9. Borrowings (continued)

Guaranty fee
A guaranty fee of 4% per annum is payable by Tetra4 to the DFC on any outstanding loan balance. The guaranty fee is payable quarterly on the Repayment Dates. Tetra4 paid guaranty fees totalling US$1.6 million (R26.6 million) during the year under review (2022: US$1.3 million (R21.0 million)).

Commitment fees
A commitment fee of 0.5% per annum is payable by Tetra4 to the DFC on any undisbursed amounts under the Facility Agreement. Commitment fees were payable quarterly on the Repayment Dates. Tetra4 did not pay any commitment fees as there were no undrawn amounts during the year under review. (2022: US$2 500 million (R38 250)).

Facility fee
A once-off facility fee of US$0.4 million (R4.8 million) was paid by Tetra4 to the DFC prior to is first drawdown on 26 September 2019.

Maintenance fee
An annual maintenance fee of US$0.04 million is payable by Tetra4 to the DFC for the duration of the loan term and is payable on 15 November of each year, commencing on 15 November 2020. The maintenance fee covers administrative costs relating to the loan. Tetra4 paid maintenance fees amounting to US$0.04 million (R0.6 million) during the year under review (2022: US$0.04 million (R0.5 million)).

Debt covenants
The following debt covenants apply to the DFC loan:

a) Tetra4 is required to maintain at all times i) a ratio of all interest-bearing Debt to EBITDA of not more than 3.0 to 1; (ii) a ratio of Current Assets to Current Liabilities of not less than 1 to 1; and (iii) a Reserve Tail Ratio of not less than 25%.
b) Tetra4 is required to maintain at all times (i) a ratio of Cash Flow for the most recently completed four (4) consecutive full fiscal quarters, taken as a single accounting period, to Debt Service for the most recently completed four (4) consecutive full fiscal quarters, taken as a single accounting period, of not less than 1.30 to 1; and (ii) a ratio of Cash Flow for the most recently completed four (4) consecutive full fiscal quarters, taken as a single accounting period, to Debt Service for the next succeeding four (4) consecutive full fiscal quarters of not less than 1.3 to 1.
c) Tetra4 is required to ensure that the Debt Service Reserve Account (note 4) is funded in the aggregate of all amounts due to the DFC within the next 6 months.

The covenants in a) and b) will apply 18 months after the completion of the construction of Phase 1 of the VGP. Tetra4 has complied with the covenant under c) above for the year under review and believes that it will be able to comply with the covenants throughout the tenure of the loan.

"Reserve Tail Ratio" means for any calculation date, the quotient obtained by dividing (a) all of the Borrower's remaining Proved Reserves as of such calculation date by (b) all of the Borrower's Proved Reserves as of the date of this Agreement.

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, land and the Debt Service Reserve Account disclosed in notes 2 and 4.

9. Borrowings (continued)

The following debt covenants apply to the IDC loan.

a) Tetra4 is required to maintain the following the same financial and reserve tail ratios, and a Debt Service Reserve Account as mentioned under the DFC loan.
b) In addition, Tetra4 shall not make any shareholder dividend distribution, repay any shareholders' loans and/or pay any interest on shareholders' loans or make any payments whatsoever to its shareholders without the IDC's prior written consent, if:
   i. Tetra4 is in breach of any term of the loan agreement; or
   ii. the making of such payment would result in a breach of any one or more of the financial ratios above.

The covenants in a) will apply from 1 August 2023. Tetra4 has complied with the covenant under b) above for the year under review and believes that it will be able to comply with the covenants throughout the tenure of the loan. Tetra4 also maintains a Debt Service Reserve Account with respect to the IDC loan.

The carrying values of the IDC and DFC loans closely approximate fair values.

10. Trade and other payables

R'000	2023	2022
Financial instruments		
Trade payables[1]	71 070	6 225
Accrued expenses	13 769	9 275
	84 839	**15 500**
Non-financial instruments		
Accrued leave pay	3 029	2 758
Provision for bonus	4 445	3 344
	92 313	**21 602**

[1] The increase is trade payables reflects the increase in operations following the commissioning of the Virginia Gas Project in September 2022. The increase also reflects costs associated with finalising the construction and commissioning of the plant.

The carrying values of the Group's trade and other payables are denominated in the following currencies:

US Dollars	18 292	28
Australian Dollars	59	144
Great British Pounds	1 075	-
Euros	32 112	40 775
South African Rands	40 775	21 430
	92 313	**21 602**

11. 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.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

11. 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 impacted by the reversal of payroll related accruals.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

11. 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 and R11.1 million or 87.8% (2022: Rnil or 0%) depended on the sales of LNG to two customers. 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.

12. Revenue

R'000	2023	2022
SALE OF PRODUCTS		
CNG	1 550	2 637
LNG	11 137	-
Total revenue from contracts with customers	**12 687**	**2 637**

The Group's revenue is recognised when products are delivered to the destination specified by the customer and the customer has gained control of the products through their ability to direct the use of and obtain substantially all the benefits from the products.

Revenue increased by R10.1 million during the year under review as Tetra4 entered into supply agreements with two new customers for the supply of LNG. Tetra4 commenced sales of LNG in September 2022.

This note should be read together with note 11 which provides details on the concentration of revenue.

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

13. Other operating income

R'000	2023	2022
Profit on disposal of property, plant and equipment [1]	55	-
Selling profit on finance lease receivables	3 924	-
Net foreign exchange gains	9 569	3 569
Other income	82	167
	13 630	**3 736**

[1] A motor vehicle with a net book value of Rnil was disposed of during the year for R55 000 resulting in the reported profit on disposal.

14. Taxation

R'000	2023	2022
MAJOR COMPONENTS OF THE TAX INCOME		
Deferred		
Originating and reversing temporary differences	9 707	8 553
	9 707	**8 553**
RECONCILIATION OF EFFECTIVE TAX RATE		
Accounting loss before taxation	(36 432)	(42 303)
Tax at the applicable tax rate of 28% (2022: 28%)	10 201	11 845
Tax effect of:		
Non-deductible expenses		
- Share-based payments	(2 869)	(872)
- Imputed interest expense	(1 226)	(568)
Current year losses for which no deferred tax asset has been recognised	(22 762)	(29 581)
Special oil and gas allowances	24 093	20 294
Increase in rehabilitation guarantee	2 485	9 057
Effect of change in tax rate	(215)	(1 622)
	9 707	**8 553**

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

15. Cash used in operations

R'000	2023	2022
Loss before taxation	(36 432)	(42 303)
Cash adjustments:		
Interest received	(3 675)	(275)
Cash interest paid	6	29
Allocation of restricted cash	(53 992)	(17 184)
Lease liabilities – interest paid	302	480
Non-cash adjustments:		
Imputed interest	4 275	3 708
Depreciation and amortisation	5 412	5 520
Share-based payments expense	10 278	3 115
Selling profit on finance lease receivables	(3 924)	-
Profit on disposal of property, plant and equipment	(55)	-
Decrease in IDC provision	-	(2 180)
Increase/(decrease) in leave pay accrual	140	(728)
Increase/(decrease) in bonus provision	1 877	(2 293)
Effects of exchange rate changes on cash and cash equivalents:		
Net foreign exchange gains	(933)	(4 899)
Changes in working capital:		
Inventory	(147)	-
Revenue received in advance	14 956	-
Finance lease receivables	1 042	-
Trade and other receivables	(4 464)	(19 263)
Trade and other payables	(7 569)	(2 668)
Cash used in operations	**(72 903)**	**(78 941)**

16. 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 the Company 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**

NOTES TO THE CONDENSED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS (continued)

16. 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 the Company	(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.

17. Contingent liabilities and commitments

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

Commitments

2023 R'000	Spent to date	Committed but not spent	Total approved
Capital equipment	317.0	56.4	373.4
TOTAL	**317.0**	**56.4**	**373.4**

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.

18. Events after the reporting period

Proposed issue of 67.5 million ordinary shares of the Company
On 8 March 2023, the Company announced that it had resolved to proceed to obtain a specific authority from its shareholders, in order to issue 67.5 million ordinary shares, including such ordinary shares represented by American Depository Shares ("ADSs") and CDIs (a unit of beneficial ownership in Renergen shares as defined in the ASX Settlement Operating Rules) to be issued under the specific authority ("Specific Issue Shares") or convertible debt instruments that will be convertible into Specific Issue Shares ("Specific Authority") 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.

18. Events after the reporting period (continued)

A circular was issued to Shareholders on 8 March 2023, calling for a general meeting on 11 April 2023 to consider and authorise the Specific Authority, which Specific Authority was authorised.

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.

19. Going concern

The annual 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 30 April 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. The Cash Forecast base case and stress case scenarios assume the following fund-raising initiatives ("Funding Initiatives") during the Assessment Period:

- The Group expects to complete the disposal of 10% of Tetra4 to the CEF for R1.0 billion. This disposal remains subject to the CEF securing funding to acquire the interest in Tetra4.
- The Group expects to raise sufficient debt and equity to fund the Phase 2 expansion of the VGP as follows:
  - The Group has completed a technical and commercial due diligence with the DFC and SBSA ("Lenders") for a debt package amounting to R13.6 billion ($750.0 million). The Lenders are expected to obtain their final approvals in June 2023.
  - The Group plans to raise capital by way of a proposed IPO on the Nasdaq Stock Market in the United States of America and anticipates raising up to R2.6 billion (US$150.0 million) during the Assessment Period. Shareholder approval for the issue of the shares pursuant to the proposed IPO was obtained on 11 April 2023. 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 exchange control approvals.

19. Going concern (continued)

The regulatory and other approvals highlighted above, and the completion of the Funding Initiatives during the Assessment Period represent material uncertainties which may cast doubt on the Group's ability to continue as a going concern. The Board has a reasonable expectation that the approvals will be obtained, and that the Funding Initiatives will be completed during the Assessment Period which enables the Group to have adequate resources to meet its obligations and continue its operations in the normal course of business for the Assessment Period. The Funding Initiatives highlighted above assume that the Group will be expanding into the larger Phase 2 project, and not simply operating with the current Phase 1 project alone.

20. COVID-19 AND RUSSIA/UKRAINE WAR

COVID-19

There were no material contractual obligations or supply chain impacts during the year under review, however prior year COVID-19 global and local impacts contributed to an overall delay in the commissioning of the Virginia Gas Project which occurred in September 2022 compared to the initial scheduling for Q2 2021. Management will remain alert to developments that could impact the construction of Phase 2 of the Virginia Gas Project, especially as this relates to imported components required for the project.

Russia/Ukraine war

The Russia/Ukraine war did not have a material effect on the operations of the Group for the year under review. Management will continue to monitor the situation in order to identify and mitigate risks that may arise in future.

Johannesburg
2 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