

## 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")



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## RENERGEN QUARTERLY UPDATE

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### Fiscal Q4 2024 Highlights:

- **Helium system integration nearly complete, with no significant issues detected**
- **Mahlako Gas Energy (Pty) Ltd investment conditions precedent satisfied**, with the receipt of R550 million for 5.5% equity stake in Tetra4 Proprietary Limited ("Tetra4") in February 2024
- **Plant maintenance completed**, production has commenced and previous issues around the mixed refrigerant compressor now resolved
- **LNG deliveries to customers resumed in early February**
- **Completion of the investment by Airsol S.r.L.**, with all conditions precedent having been satisfied

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## Helium system integration

The OEM supplier arrived on site in late February 2024 to complete the final step in commissioning of the plant, which is progressing well. We confirm that the nitrogen cold box and helium cold box have both been fully integrated and the helium storage tank is cooled to 20 degrees Kelvin. We have successfully recovered our tail gas stream (this is gas produced directly from our wells and that has been processed and had the methane separated from it in the LNG cold box module) into concentrated helium of 99.95% purity, achieving the design specifications prior to liquefaction. From here, the helium then faces a last filtration process to reach 99.999% purity for liquefaction. These results have been externally verified by an independent South African National Accreditation System ("SANAS") approved laboratory.

The OEM and Tetra4 are completing the last set of pre-checks and assessments before collectively embarking on the next step of commercial liquification for customers. As communicated to the market in our December 2023 Quarterly report, the liquification process has already been fully tested and we foresee no challenges in achieving our next milestone. Once liquification commences, the liquid helium will be utilised to further cool down the storage tank to 4 degrees Kelvin and will signal the commencement of the final Performance Test to be undertaken by the OEM supplier.

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## Mahlako Gas Energy investment

On the 5<sup>th</sup> of February 2024 it was announced that the conditions precedent relating to the investment by Mahlako Gas Energy into the Virginia Gas Project were satisfied, and the proceeds were settled. The transaction saw the disposal of 5.5% of Tetra4 Proprietary Limited, the Renergen subsidiary which holds the Virginia Gas Project, for a value of R550 million.

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## **Plant maintenance completed**

The planned and unplanned maintenance of the plant was undertaken and completed in February 2024 as reported in the SENS announcement on the 15<sup>th</sup> February 2024. The Company continues to explore both a contractual and insurance related claim as a result of the root cause determination of the failure.

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## **LNG deliveries resumed**

A total of 154 tons were produced in February 2024 as we transitioned the plant from a complete outage into operating plant status. Our focus will be to continue to ramp up production and increase efficiency and reliability in the months to come.

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## **Completion of investment by Airosol**

Airosol S.r.L, a wholly owned subsidiary of SOL S.p.A, completed its US\$7 million investment into unsecured convertible debentures in Renergen following the successful completion of a thorough due diligence and satisfactions of conditions precedent. The debentures are convertible into securities upon completion of the initial public offering on the Nasdaq, planned for later this year.

The SOL group was founded in Italy in 1927 and operates in 32 countries with more than 6,000 employees. The SOL group has a significant presence in the industrial gases market including helium across the world. SOL also brings significant liquefied natural gas experience to the table, complementing Renergen's overall offering.

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## **Exploration**

Legacy seismic data (2D and 3D) covering ~ 100 ha has been re-interpreted using advanced seismic attributes, including edge detection and ant-tracking. This exercise provided valuable structural information for the migration of gas at depth as well as providing clear signals for significant gas accumulations at various time and depth slices. This information has been incorporated into the updated geological model and will be used for future targeting.

## **Licenses and Other Matters**

There has been no change to the licences. Tetra4 Proprietary Limited now has an additional 5.5% shareholder, Mahlako Gas Energy.

## **Payments to related parties**

Aggregate payments of ZAR 1.9 million were made to related parties and their associates during the current quarter included in cashflow from operating activities.

Aggregate payments of ZAR 4.5 million were made to related parties and their associates during the current quarter included in cashflow from investing activities.

The above payments relate to remuneration paid to directors and prescribed officers.

Johannesburg  
28 March 2024

Authorised by: Stefano Marani  
Chief Executive Officer

Designated Advisor  
PSG Capital

To readers reviewing this announcement on the Stock Exchange News Service (SENS), this announcement may contain graphics and/or images which can be found in the PDF version posted on the Company's website.

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## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

RENERGEN LIMITED

ABN

93998352675

Quarter ended ("current quarter")

29 February 2024

Consolidated statement of cash flows		Current quarter ZAR'000	Year to date (12 months) ZAR'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	2 981	48 435
1.2	Payments for		
	(a) exploration & evaluation	(7)	(300)
	(b) development	-	-
	(c) production	(2 104)	(17 297)
	(d) staff costs	(7 143)	(26 500)
	(e) administration and corporate costs	(14 133)	(54 284)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1 088	5 107
1.5	Interest and other costs of finance paid	144	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material) –		
	- Restricted cash	(4 036)	(12 555)
<b>1.9</b>	<b>Net cash used in operating activities</b>	<b>(23 210)</b>	<b>(57 394)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(58 346)	(223 150)
	(d) exploration & evaluation	(32 262)	(77 534)
	(e) investments	-	-
	(f) other non-current assets – other intangible assets	(1 438)	(4 333)

**Appendix 5B**

**Mining exploration entity or oil and gas exploration entity quarterly cash flow report**

<b>Consolidated statement of cash flows</b>		<b>Current quarter ZAR'000</b>	<b>Year to date (12 months) ZAR'000</b>
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash used in investing activities</b>	<b>(92 046)</b>	<b>(305 017)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	550 000	560 000
3.2	Proceeds from issue of convertible debt securities	-	55 972
3.3	Proceeds from exercise of options	-	22 581
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	318 000
3.6	Repayment of borrowings	(43 055)	(175 244)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – lease payments	(1 117)	(2 699)
<b>3.10</b>	<b>Net cash from financing activities</b>	<b>505 828</b>	<b>778 610</b>

<b>4.</b>	<b>Net increase/(decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	81 127	55 705
4.2	Net cash used in operating activities (item 1.9 above)	(23 210)	(57 394)
4.3	Net cash used in investing activities (item 2.6 above)	(92 046)	(305 017)
4.4	Net cash from financing activities (item 3.10 above)	505 828	778 610
4.5	Effect of movement in exchange rates on cash held	(555)	(760)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>471 144</b>	<b>471 144</b>

5.	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter ZAR'000</b>	<b>Year to date (12 months) ZAR'000</b>
5.1	Bank balances	24 780	24 780
5.2	Call deposits	446 364	446 364
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>471 144</b>	<b>471 144</b>

6.	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter ZAR'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	1 905
6.2	Aggregate amount of payments to related parties and their associates included in item 2	4 481
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>The amounts disclosed under 6.1 and 6.2 relate to remuneration paid to directors and prescribed officers.</p>		

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end ZAR'000</b>	<b>Amount drawn at quarter end ZAR'000</b>
7.1	Loan facilities	1 236 234	1 236 234
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	<b>1 236 234</b>	<b>1 236 234</b>
7.5	<b>Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

The US Dollar (US\$) denominated loan and debentures included in the amount disclosed above were translated at a rate of R19.2456/US\$1 on 29 February 2024.

#### **DFC Loan**

Tetra4 entered into a US\$40.0 million finance agreement with the US International Development Finance Corporation ("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\$1.08 million (R20.8 million using the rate at 29 February 2024) on each payment date which began on 1 August 2022 and will end on 15 August 2031. The loan is secured by a pledge of Tetra4's assets under construction, land and the Debt Service Reserve Account.

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. Qualifying interest attributable to assets under construction, within property, plant and equipment, is capitalised in line with the Group policy. Interest paid during the quarter totalled US\$0.15 million (R2.8 million).

A guarantee fee of 4% per annum is payable by Tetra4 to the DFC on any outstanding loan balance. The guarantee fee is payable quarterly on the Repayment Dates. Tetra4 paid guarantee fees totalling US\$0.34 million (R6.4 million) during the quarter.

A commitment fee of 0.5% per annum was 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 during the quarter as there were no undrawn amounts during the period.

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, and commenced on 15 November 2020. The maintenance fee covers administrative costs relating to the loan. The maintenance fee was paid in the prior quarter.

The DFC loan outstanding on 29 February 2024 amounted to US\$32.43 million (R624.2 million).

## **IDC Loan**

Tetra4 entered into a R160.7 million loan agreement with the Industrial Development Corporation ("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 which commenced in June 2023. The loan terms included a 12-month interest capitalisation and an 18-month capital repayment moratorium. The loan accrues interest at the prime lending rate plus 3.5% (15.25% on 29 February 2024) and is secured by a pledge of Tetra4's assets under construction, land and the Debt Service Reserve Account. The IDC loan outstanding on 29 February 2024 amounted to R173.4 million and interest accrued during the quarter amounted to R6.7 million. Qualifying interest attributable to assets under construction, within property, plant and equipment, is capitalised in line with the policy of the Group.

### **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 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 from 15 August 2025. Tetra4 has complied with the covenant under c) above for the quarter and believes that it will be able to comply with the covenants throughout the tenure of the loan.

The following debt covenants apply to the IDC loan:

a) Tetra4 is required to maintain 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:

- Tetra4 is in breach of any term of the loan agreement; or
- 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 15 August 2025. Tetra4 has complied with the covenant under b) above for the quarter 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.

"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 the Facility Agreement.



**Molopo loan**

Tetra4 entered into a R50.0 million loan agreement with Molopo on 11 May 2014. The loan term is for a period of 10 financial years and 6 months commencing on 1 July 2014 (repayable on 31 August 2024). During this period, the loan is unsecured and is interest free. From the period commencing 1 September 2024, to the extent that the loan has not been repaid, it will accrue interest at the prime lending rate plus 2% and will still be unsecured. 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 is classified as long term. The loan is recognised at its present value and interest which represents the unwinding of the discount recognised on initial recognition of the loan is included in profit and loss and amounted to R1.4 million for the quarter (at an average rate of 12.75%). The Molopo loan outstanding on 29 February 2024 amounted to R47.1 million.

**SBSA Bridge Loan**

Renegen entered into a R303.0 million secured bridge loan facility agreement with Standard Bank of South Africa Limited ("SBSA") on 30 June 2023 ("SBSA Bridge Loan"). The SBSA Bridge Loan was fully drawn by Renegen on 30 June 2023 and proceeds were used to fund expansionary capital expenditure of the Virginia Gas Project. Part of the proceeds of the SBSA Bridge Loan were also used to pay transaction costs attributable to the loan arrangement.

The loan is repayable on or before 30 June 2025 and accrues interest at a rate equivalent to JIBAR plus a variable margin (JIBAR plus the margin equated to 15.40% on 29 February 2024). Interest is compounded and capitalised quarterly to the principal amount owing. Early settlement of the SBSA Bridge Loan before 30 June 2025 will become due on the earlier of the receipt of proceeds from either the Nasdaq IPO of Renegen or when the Project Investor Agreement ("PIA") has become unconditional and Tetra4 has received funds due under the PIA. The PIA sets out terms and conditions for the acquisition of shares in Tetra4 by a selected investor.

The SBSA Bridge Loan is secured by a third ranking pledge of Tetra4's assets under construction, land, the global business account and shares held by Renegen in Tetra4. The SBSA Bridge Loan outstanding on 29 February 2024 amounted to R333.8 million and interest accrued during the quarter amounted to R12.0 million. Qualifying interest is capitalised to assets under construction, within property, plant and equipment, in line with the Group policy.

**Unsecured Convertible Debentures**

Renegen entered into a US\$7.0 million unsecured convertible debenture subscription agreement ("Subscription Agreement") with AIRSOL SRL ("AIRSOL"), an Italian wholly-owned subsidiary of SOL S.p.A, on 30 August 2023 for the subscription by AIRSOL in Renegen debentures in two tranches of US\$3.0 million ("Tranche 1") and US\$4.0 million ("Tranche 2"). Tranche 1 proceeds were received on 30 August 2023 and AIRSOL will subscribe for Tranche 2 when the terms of the PIA have become unconditional and Tetra4 has received funds due under the PIA. This transaction is linked to the Nasdaq IPO.

The debentures have a maturity date of 28 February 2025 and accrue interest at a rate of 13% per annum, calculated and compounded semi-annually on the outstanding principal amount. Interest is payable on 28 February and 31 August of each year during the term of the debentures.

On maturity, the debentures can be settled in cash or converted to shares in Renegen at a conversion rate to be determined by dividing the outstanding principal amount by the conversion price. The conversion price has been agreed as follows:

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- If the Nasdaq IPO has not been completed before the maturity date of the debentures, the conversion price will be 90% of the 30-day volume weighted average traded price of Renergen shares on the Johannesburg Stock Exchange.
- If the Nasdaq IPO has occurred before the maturity date of the debentures, and the shares to be issued are Renergen shares admitted to trading on the JSE, the conversion price will be 90% of the Rand equivalent of the deemed US\$ price per share applicable in the IPO.
- If the Nasdaq IPO has occurred before the maturity date of the debentures, and the shares to be issued are Renergen American Depositary Shares ("ADSs"), the conversion price will be 90% of the Rand equivalent of the US\$ issue price per ADS.

Tranche 1 debentures outstanding on 29 February 2024 amounted to US\$3.0 million (R57.8 million) and interest for the quarter amounted to US\$0.1 million (R1.8 million).

8.	Estimated cash available for future operating activities	ZAR'000
8.1	Net cash generated from operating activities (item 1.9)	(23 210)
8.2	Payments for exploration and evaluation classified as investing activities) (item 2.1(d))	(32 262)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(55 472)
8.4	Cash and cash equivalents at quarter end (item 4.6)	471 143
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	471 143
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	8.49
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **28 March 2024**

Authorised by: **By the Board**

(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.