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**")

AUSTRALIAN STOCK EXCHANGE APPENDIX 4E – PRELIMINARY FINAL REPORT

The following information must be given to ASX under listing rule 4.3A.

1. Details of the reporting period and the previous corresponding period.

Entity Name:	Renergen Limited
South African Company Registration number:	2014/195093/06
Johannesburg Stock Exchange share code:	REN
ISIN:	ZAE000202610
Australian Stock Exchange share code:	RLT
ABN:	93998352675
Reporting Period:	For the year ended 29 February 2020
Previous period:	For the year ended 28 February 2019

2. Key information in relation to the following. This information must be identified as ***"Results for announcement to the market".***

2.1 The amount and percentage change up or down from the previous corresponding period of revenue from ordinary activities.

Group revenue decreased by 13% to R2.6 million (February 2019: R3.0 million)

2.2 The amount and percentage change up or down from the previous corresponding period of profit (loss) from ordinary activities after tax attributable to members.

Net losses after tax attributable to ordinary shareholders increased by 17% to R52.6 million (February 2019: R45.0 million)

2.3 The amount and percentage change up or down from the previous corresponding period of net profit (loss) for the period attributable to members.

Net losses after tax attributable to ordinary shareholders increased by 17% to R52.6 million (February 2019: R45.0 million)

2.4 The amount per security and franked amount per security of final and interim dividends or a statement that it is not proposed to pay dividends.

No dividends were declared during the current period.

2.5 The record date for determining entitlements to the dividends (if any).

No dividends were declared during the current period.

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.

- Group revenue decreased by 13% to R2.6 million (February 2019: R3.0 million) as a result of the 5-month long Association of Mine Workers and Construction Union (AMCU) strike in Virginia which saw a decrease in the Compressed Natural Gas (CNG) sales volumes in the first quarter of the financial year.
- Operating losses from ordinary activities attributable to ordinary shareholders increased by 46% to R67.3 million (February 2019: R46.0 million) due to once-off costs incurred in completing the IPO on the ASX and conclusion of the US$40 million loan agreement with the DFC during the year.
- Net losses after tax attributable to ordinary shareholders increased by 17% to R52.6 million (February 2019: R45.0 million) Increased tax deductions in the current period as the Group continues to invest in Phase 1 of the Virginia Plant.
- Total comprehensive loss for the year attributable to ordinary shareholders increased by 16% to R52.0 million (February 2019: R45.0 million)

3. A statement of comprehensive income together with notes to the statement, prepared in compliance with AASB 101 Presentation of Financial Statements or the equivalent foreign accounting standard.

Refer to consolidated financial report in page 4

4. A statement of financial position together with notes to the statement. The statement of financial position may be condensed but must report as line items each significant class of asset, liability, and equity element with appropriate sub-totals.

Refer to consolidated financial report in page 4

5. A statement of cash flows together with notes to the statement. The statement of cash flows may be condensed but must report as line items each significant form of cash flow and comply with the disclosure requirements of AASB 107 Statement of Cash Flows, or for foreign entities, the equivalent foreign accounting standard.

Refer to consolidated financial report in page 4

6. A statement of retained earnings, or a statement of changes in equity, showing movements.

Refer to consolidated financial report in page 4

7. Details of individual and total dividends or distributions and dividend or distribution payments. The details must include the date on which each dividend or distribution is payable and (if known) the amount per security of foreign sourced dividend or distribution.

No dividends have been declared in the current year

8. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.

No dividends have been declared in the current year

9. Net tangible assets per security with the comparative figure for the previous corresponding period.

   Net tangible assets per share increased to 134.55 cents (February 2019: 93.61 cents)

10. Details of entities over which control has been gained or lost during the period, including the following.

    Not applicable, no control was been gained or lost over any investment during the year. Renergen acquired the remaining 10% of its 90% held subsidiary, Tetra4, in December 2019, resulting in Tetra4 being a 100% controlled subsidiary of Renergen.

11. Details of associates and joint venture entities including the following.

    Not applicable

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position.

    Refer to consolidated financial report in page 4

13. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Financial Reporting Standards).

    International Financial Reporting Standards were used to prepare the final report.

14. A commentary on the results for the period. The commentary must be sufficient for the user to be able to compare the information presented with equivalent information for previous periods. The commentary must include any significant information needed by an investor to make an informed assessment of the entity's activities and results, which would include but not be limited to discussion of the following.

    Refer to consolidated financial report in page 4

15. A statement as to whether the report is based on +accounts which have been audited or subject to review, are in the process of being audited or reviewed, or have not yet been audited or reviewed

    The financial statements are in the process of being audited.

Consolidated Financial Report

Commentary and Review of Operations

The 2019-20 reporting period has been our busiest and arguably our most successful to date. The major milestones include:

- Successfully completed an Initial Public Offering on the Australian Securities Exchange raising A$ 10 million

- Conclusion and first draw of the Overseas Private Investment Corporation (now known as the U.S International Development Finance Corporation or DFC) loan for US$ 40 million to build Phase 1
- Appointing EPCM Bonisana as the construction firm to build the gas gathering system
- Appointing Western Shell Cryogenic Equipment Co. Ltd (WSCE) as the technology supplier for the LNG (Liquified Natural Gas)/LHe (Liquid Helium) plant
- Commissioning our second CNG (Compressed Natural Gas) station to service the Black Knight contract in Johannesburg
- Redemption of convertible notes with a face value of AUD$ 500 000
- Achieving all the milestones on time as set in the project schedule up to the time of issuing this report
- Purchase of the remaining 10% stake in Tetra4 previously held by our BEE partner for an amount of R28.5 Million
- Appointing Bohrmeister Technik to drill the horizontal well in the sandstone deposit within the production right
- A successful gas strike in the horizontal well recording Helium concentrations of 12%, and
- A contract for 200 GJ per day of LNG executed by our sales department with Bulk Haulers Transport International (BHIT)

The progress illustrated above demonstrates that the company is on track with program to execute the Virginia Gas Project and continues to make great strides.

The global macro-economic picture is changing and has seen helium market remain in tight supply, with a pro-longed depressed oil price further exacerbating this position as it will most likely have an impact on future large scale LNG and Helium projects from a financing perspective by delaying the much needed critical investment decisions. We believe this, together with decreasing supply from the US with Hugoton's production diminishing and the Bureau of Land Management (BLM) announcing its shutdown. This will put significant pressure on the supply dynamics of Helium for the foreseeable future. Demand at this stage is not expected to fall in line with the reduced supply shortages. In the medium term we believe many nations will respond to the current pandemic by increasing preparedness against future pandemics with additional medical facilities. It stands to reason that this could result in increased oncology wards and more MRIs, which would place further demand on the Helium.

The full impact of COVID-19 has yet to be determined in the context of the South African economy, and what this in turn means for the pricing structure for LNG domestically moving forward. Given however, that South Africa is a net importer of crude oil and liquid fuels, the impact from lower oil prices have been offset by a weakening currency. Supply chains will most likely be impacted and the extent of the problem could worsen should countries and organizations not plan effectively to deal with this unprecedented crisis. The Group has opted from the 18th of March to implement drastic measures:

- to self-isolate where possible and work remotely
- non-essential staff have been placed on special leave
- operations reduced to critical team members only
- all meetings with external parties are via digital platforms to ensure we limit and reduce contact where possible
- Significant emphasis on personal hygiene with no physical contact allowed where practical

At present, the impact of COVID-19 has resulted in a temporary deceleration in progress of the liquefaction equipment, gas gathering pipeline and balance of plant contracts. The construction of the pipeline has been halted due to the lockdown imposed by the South African Government, however it was due to be completed six month ahead of the liquefiers scheduled commissioning date and therefore does not pose an immediate risk to the overall Virginia Gas Project's timeline. We anticipate that pro-longed shutdowns globally may impact the global supply chain, thus we will continue to monitor the situation and update investors should circumstances change.

From a local economic perspective, the energy landscape is still constrained and front of mind for many companies in South Africa, the government announced a carbon tax which came into effect earlier in this financial year, resulting in many companies seeking cleaner alternatives to petrol and diesel to save on this new tax. The new Integrated Resource Plan (IRP 2019) has demonstrated the Government is looking to shift its reliance over the longer term towards cleaner forms of energy and natural gas play a prominent role in the IRP 2019. This positions the company front and center of an enormous opportunity and will play an important role in how we develop phase 2.

Virginia

The Megabus project continues to operate on a stable basis supply gas to the 10 buses. The buses have now travelled in excess of 2 million kilometers combined and have saved a total of 3 million kilograms of Co2. We have scaled up the operation to include two shifts in preparation to service the Black Knight CNG contract. The CNG dispenser and additional CNG trailer were commissioned and the operation is to commence shortly as our customer finalises its last remaining processes. The lockdown imposed by the South African Government has seen the operation closed from the 27th March. Operations will resume on the 1st of May 2020 as our customers will be in a position to resume with their respective operating activities.

Evander

We continue to enjoy good prospects on this field and are proceeding with the necessary steps to bring this field into production.

Overall the company continues to be an attractive investment to our shareholders as it participates in two important commodities that are in short supply locally in the form of natural gas and globally strategic in the form of helium.

Email investor queries to investorrelations@renergen.co.za.

Financial Review

- The Group has a cash balance of R141 million at year end (February 2019: R98 million)
- Renergen has not declared or paid dividends in the current year and prior years.
- The Group property plant and equipment increased by more than 9 180%% to R350.8 million (February 2019: R37.8 million) as a result of commencing construction of the New Liquified Natural Gas (LNG) and Liquified Helium(LHe) Plant in September 2019 and acquisition of the farm on which the plant operates. Phase 1 plant will also be constructed on the same farm. The land was revalued at year end, resulting in revaluation reserves being recognised in the financial statements.
- Tetra4's drilling campaign commenced in September 2019 increasing the Intangible assets by 27% to R89.2 million (February 2019: R70.5 million)
- Tetra4 concluded a US$40 million finance agreement with Overseas Public Investment Corporation (OPIC), now known as U.S International Development Finance Corporation (DFC), on 20 August 2019 to spend towards LNG and LHe plant. US$20 million of this facility was drawn in September 2019 increasing in the Group's financial liabilities by more than 786%% R351.2 million (February 2019: R39.6). The loan has a three-year capital repayment grace period, with the first capital repayment in August 2022.
- Renergen listed on the ASX in June 2019, raising AUD$10 million (R103.1 million) raised at the initial public offering (IPO) and raising a further AUD$5.7 million (R56.8 million) in January 2020. The Group's Stated capital increase by 50% to R452.3 million (February 2019: R301.3 million).
- On listing on ASX in June 2019, Renergen granted options with a fair value of R6.3 million to the ASX listing transaction advisors, the options can only be exercised four years from grant date.

This has been accounted for in the share-based payment reserves, increasing reserves by 1 580%.

- The eighteen-month term 500 convertible notes issued at AUD$1000 per note in prior year was settled in cash during the current financial year.
- Net tangible assets per share increased to 134.55 cents (February 2019: 93.61 cents)

Consolidated Statement of financial position

The statement of financial position of the Group as at 29 February 2020 are set out below:

Figures in R'000	Notes	29 February 2020	Audited 28 February 2019
Assets			
Non-Current Assets			
Property, plant and equipment	**2**	350 824	37 757
Intangible assets	**3**	89 223	70 494
Deferred tax	**8**	33 029	12 243
Restricted cash		2 729	2 178
		475 805	**122 672**
Current Assets			
Trade and other receivables		5 533	4 482
Financial assets		246	-
Restricted cash		10 161	-
Cash and cash equivalents		140 972	97 956
		156 912	**102 438**
Total Assets		**632 717**	**225 110**
Equity and Liabilities			
Equity			
Stated capital	**6**	452 254	301 277
Share-based payment reserve		7 526	448
Revaluation reserve		598	-
Accumulated loss	**10**	(213 156)	(121 091)
Equity Attributable to Parent		247 222	180 634
Non-controlling interest		-	(16 401)
		247 222	**164 233**
Liabilities			
Non-Current Liabilities			
Financial liabilities	**7**	351 182	39 647
Deferred tax	**8**	6 233	-
Lease liability		4 382	208
Provisions		4 000	9 829
		365 797	**49 684**
Current Liabilities			
Trade and other payables		16 389	10 855
Lease liability		1 129	338
Provision		2 180	-
		19 698	**11 193**

Total Liabilities	**385 495**	**60 877**
Total Equity and Liabilities	**632 717**	**225 110**

Consolidated Statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income of the Group for the 12-month period 29 February 2020 are set out below:

			Audited
Figures in R'000	**Notes**	**29 February 2020**	**28 February 2019**
Revenue		2 635	2 987
Cost of sales		(3 302)	(3 197)
Gross loss		**(667)**	**(210)**
Other income		1 413	851
Share - based payments		(7 078)	(334)
Impairment		(938)	(1 295)
Operating expenses	**4**	(60 035)	(45 026)
Operating loss		**(67 305)**	**(46 014)**
Interest Income		5 352	1 604
Interest expense		(5 325)	(4 138)
Total loss before tax		**(67 278)**	**(48 548)**
Taxation		14 651	3 572
Total loss after tax		**(52 627)**	**(44 976)**
Other comprehensive income (loss):			
Revaluation Reserve		598	-
Other comprehensive income for the year net of taxation		**598**	-
Total Comprehensive loss for the year		**(52 029)**	**(44 976)**
Total loss attributable to:			
Owners of the parent		(**52 627**)	(40 860)
Non-controlling interest		-	(4 116)
		(52 627)	**(44 976)**

Total comprehensive loss attributable to:		
Owners of the parent	(52 029)	(40 860)
Non- controlling interest	-	(4 116)
	(52 029)	**(44 976)**
Loss per share		
Basic loss per share (cents)	**(47,93)**	**(47.03)**
Diluted loss per ordinary share (cents)	**(47,93)**	**(47.03)**
Weighted average number of shares ('000)	**109 799**	**86 889**
Number of shares in issue ('000)	**117 427**	**100 135**

Consolidated Statement of Changes in Equity

The statement of changes in equity of the Group for the 12- month period ended 29 February 2020 are set out below:

Figures in R'000	Share Capital	Share based payment reserve	Revaluation reserve	Accumulated loss	Total attributable to the parent	Non-controlling interest	Total equity
GROUP							
Balance at 01 March 2018	**161 065**	**114**	**-**	**(80 231)**	**80 948**	**(12 285)**	**68 663**
Loss after tax	-	-	-	(40 860)	(40 860)	(4116)	(44 976)
Issue of shares	146 760	-	-	-	146 760	-	146 760
Share issue costs	(6 548)	-	-	-	(6 548)	-	(6 548)
Share-based payment	-	334	-	-	334	-	334
Balance at 01 March 2019	**301 277**	**448**	**-**	**(121 091)**	**180 634**	**(16 401)**	**164 233**
*Adjustment on initial application of IFRS 16	-	-	-	(37)	(37)	-	(37)
Adjusted balance as at 01 March 2019	**301 277**	**448**	**-**	**(121 128)**	**180 597**	**(16 401)**	**164 196**
Total comprehensive loss after tax	-	-	598	(52 627)	(52 029)	-	(52 029)
Issue of shares	159 746	-	-	-	159 746		159 746
Share issue cost	(8 769)	-	-	-	(8 769)		(8 769)
Changes in ownership	-	-	-	(39 401)	(39 401)	16 401	(23 000)
Share-based payment	-	7 078	-	-	7 078	-	7 078

Balance at 29 February 2020	**452 254**	**7 526**	**598**	**(213 156)**	**247 222**	**-**	**247 222**

* IFRS 16 adjustment to retained earnings due to the adoption of IFRS 16. Using the modified retrospective approach, the prior year IAS17 straight lining balance is adjusted to retained earnings.

Consolidated Statement of Cash Flows

The statement of cash flow of the Group for the 12- month period ended 29 February 2020 are set out below:

Figures in R'000	Notes	29 February 2020	Audited 28 February 2019
Cash flows from operating activities			
Cash used in operations	**5**	(42 636)	(38 287)
Interest income		5 352	1 604
Interest expense		(187)	(185)
Net cash from operating activities		**(37 471)**	**(36 868)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(298 347)	(9 587)
Purchase of intangible assets		(18 728)	(3 756)
Purchase of options		(8 256)	-
Proceeds on exercise of options		9 518	-
Net cash from investing activities		**(315 814)**	**(13 343)**
Cash flows from financing activities			
Proceeds on share issue	**6**	159 746	146 760
Share issue cost	**6**	(8 769)	(6 548)
Increase in borrowings	**7**	295 976	5 149
Loan facility fee paid	**7**	(4 814)	-
Settlement of Convertible note	**7**	(5 542)	-
Right of use – lease payments		(2 338)	(231)
Non-controlling interest buy-out		(23 000)	-
Net cash from financing activities		**411 349**	**145 130**
Total cash movement for the year		**58 064**	**94 919**
Cash at the beginning of the year		97 956	3 037
Effects of exchange rate changes on cash and cash equivalents		(15 048)	-
Total cash at end of the year		**140 972**	**97 956**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial information as at 29 February 2020 are set out below:

1. Basis of preparation

The consolidated financial statements for the year ended 29 February 2020 have been prepared and presented in accordance with the requirements of the requirements of the South African Companies Act 71 of 2008, as amended and the Financial Reporting Standards ("IFRS") and Financial Reporting Pronouncements issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

JSE shareholders should note that this form does not meet the JSE reporting requirements as this information is not reviewed or audited.

2. Property, plant and equipment

Figures in R'000	**Cost**	**Accumulated depreciation**	**Carrying Value**
29 February 2020			
Assets under construction	325 877	-	325 877
Right of use asset – Head Office building	4 129	(1 376)	2 753
Land	3 473	-	3 473
Plant and machinery	20 333	(7 766)	12 566
Furniture and fixtures	1 145	(463)	682
Motor vehicles	2 050	(1 760)	290
Office equipment	598	(104)	494
IT equipment	541	(364)	177
Right of use - motor vehicle	2 184	(305)	1 879
Office building	2 065	(63)	2 002
Lease hold improvements:			
- Office equipment	152	(84)	68
- Furniture and fixtures	888	(325)	563
Total	**363 435**	**(12 611)**	**350 824**

Comparatives

Figures in R'000	**Cost**	**Accumulated depreciation**	**Carrying Value**
28 February 2019			
Assets under construction	19 491	-	19 491

Land	-	-	-
Plant and machinery	20 335	(5 610)	14 725
Furniture and fixtures	783	(322)	461
Motor vehicles	2 086	(1 425)	661
Office equipment	144	(80)	64
IT equipment	366	(219)	147
Computer Software*	1 434	(319)	1 115
Right of use - motor vehicle	857	(252)	605
Office building			
Lease hold improvements:			
- Office equipment	152	(59)	93
- Furniture and fixtures	567	(172)	395
Total	**46 215**	**(8 458)**	**37 757**

***Classification of Computer Software**

In the prior year computer software was classified as property, plant and equipment, in the current year it has been reclassified to intangible assets as it is a separable component from the computer.

3. Intangible assets

Figures in R'000	**Cost**	**Accumulated Amortisation**	**Disposal**	**Carrying Value**
29 February 2020				
Exploration and development costs*	87 511	(32)	-	87 479
Computer software**	3 115	(474)	(938)	1 703
Domain	41	-	-	41
Total	**90 667**	**(506)**	**(938)**	**89 223**

Comparatives

Figures in R'000	**Cost**	**Accumulated Amortisation**	**Impairment**	**Carrying Value**
28 February 2019				
Exploration and development costs	13 006	(32)	-	12 974
Molopo project rights	57 479			57 479

Domain	41	-	-	41
Total	**70 526**	**(32)**	**-**	**70 494**

***Exploration and Development costs and Mopolo Project Mineral Rights consolidation**

In the prior year Exploration and development costs and Molopo project rights balances were shown separately. In the current year they have been consolidated as they both relate to costs incurred by Tetra4 in the exploration of natural gas.

****Classification of Computer Software**

In the prior year computer software was classified as property, plant and equipment, in the current year it has been reclassified to intangible assets as it is a separable component from the computer.

4. Operating expenses

Figures in R'000	**29 February 2020**	**Audited 28 February 2019**
Consulting and advisory fees	2 342	18 573
Listing fees	6 388	-
Operating lease charge	-	983
Depreciation	3 542	1 165
Non-Executive Directors fees	2 581	1 470
Executive Directors annual guaranteed packages	9 808	8 019
Employee costs	12 970	3 073
Net foreign exchange losses	11 386	-
Other Operating costs	11 018	11 743
	60 035	**45 026**

5. Cash (used in) generated from operating activities

Figures in R'000	29 February 2020	Audit 28 February 2019
Loss before taxation	(67 278)	(48 548)
Cash adjustments:		
Interest received	(5 352)	(1 604)
Cash interest paid	187	185
Capitalised interest on Convertible notes	264	-
Allocation of restricted cash	(551)	(555)
Non-cash adjustments:		
Imputed interest	4 442	3 953
Right of use liability – interest expense	430	-
Depreciation	4 760	3 150
Impairment of Computer software	938	1 295
Net fair value gains on Put Option contracts	(3 660)	-
Share based payment expense	7 078	334
Expenses written off	144	
Loss on disposal of leased vehicle	78	-
-Provision for IDC (reversal)/expense	(3 649)	5 829
Effects of exchange rate changes on cash and cash equivalents:		
Net foreign exchange losses	15 047	-
Changes in working capital:		
Trade and other receivables	(1 049)	(2 015)
Trade and other payables	5 535	(312)
	(42 636)	**(38 287)**

6. Stated Capital

Figures in R'000	29 February 2020	Audited 28 February 2019
Authorised number of shares		
500 000 000 no par value shares	500 000	500 000
Reconciliation of number of shares issued:		
Opening balance	100 135	81 035

Issue of shares – ordinary shares	17 500	19 100
	117 635	**100 135**
Reconciliation of issued stated capital		
Opening balance	301 277	161 065
Issue of shares – ordinary shares issued for cash	159 746	146 760
Share issue costs	(8 769)	(6 548)
	452 254	**301 277**

7. Financial Liabilities

Figures in R'000	**29 February 2020**	**Audited 28 February 2019**
Held at amortised cost		
DFC, U.S International Development Corporation	312 242	-
Molopo Energy Limited	38 940	34 498
Convertible notes	-	5 149
	351 182	**39 647**

DFC loan

Tetra4 (Pty) Ltd entered into a US$40 million finance agreement with DFC (formerly known as OPIC) on 20 August 2019. The first draw down of US$20million took place in September 2019. Tetra4 shall repay the loan in approximately equal installments on each payment date beginning 1 August 2022 and ending no later than the thirty-sevenths payment date, 15 August 2031. Loan bears interest at 2.11% per annum.

Molopo Energy Limited

Tetra4 (Pty) Ltd entered into a R50 million loan agreement on 01 May 2013. This loan was part of the conditions of the sale of shares in Tetra4 (Pty) Ltd from Molopo Energy Limited to Windfall Energy (Pty) Ltd. The loan agreement is for the period from inception of the loan on 1 May 2013 until 31 December 2022. During this period, the loan is unsecured and interest free. The loan can only be repaid when Tetra4 (Pty) Ltd declares a dividend and 36% of distributable profits must be repaid before a dividend is declared. In the event that by 31 December 2022 the loan is not repaid, the loan shall bear interest at prime overdraft plus 2% and will have no repayment terms. Shareholders loans can only be repaid after the loans from Molopo Energy Limited have been settled.

The loan is discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2% which at 29 February 2020 is 11.75% (prime lending rate of 9.75% plus 2%). The imputed interest expense is included in profit and loss. The fair value of the loan amount outstanding at 29 February 2020 amounts to R38.9 million.

Convertible note instrument

Renergen issued Convertible notes at face value AUD$ 500 000 (R5 .1 million) in December 2018. The Notes carried interest at 15% per annum and were convertible into shares at an equivalent of AUD$ 0.74 (R7.84) per share.

The Note holders did not elect to redeem the notes on 20 June 2019, the notes including the capitalised interest was settled in cash on 17 September 2019 for AUD$ 545 011.72 (R5.5 million).

8. Deferred tax

Figures in R'000	29 February 2020	Audited 28 February 2019
Deferred tax liability		
Property Plant and Equipment	4 041	(4 433)
Intangible	2 123	(1 740)
Put Option contacts	69	-
Total deferred tax liability	**(6 233)**	**(6 173)**
Deferred tax asset		
Unused tax losses	33 029	18 416
Total deferred tax asset	**33 029**	**18 416**

As at 29 February 2020, the Group's estimated tax losses were R425 million (28 February 2019: R217 million), these tax losses do not expire unless the tax entity concerned ceases to operate for a period longer than a year. These are available to be offset against future taxable profits. A deferred taxation asset of R24 million has been recognized due to the predictability of future profit streams.

Estimated revenue growth rate of 85% in February 2021 from CNG sales due to the commissioning of the Mobile Refueling Unit on the N3 highway in Gauteng, South Africa and more than 100% from Feb 2022 from the sale of Helium and LNG, growth rates costs were estimated at CPI of at 4.7%, South African Tax rate of 28% was utilized in calculating the deferred tax assets raised on probable future taxable profits.

The company considered Tetra4's operating cashflows over the next ten years (2021 to 2031). At present Tetra4 is in the enviable position that the current flow rates from the pilot site would enable an increase production several times from current levels without any intervention. Tetra4 has several customers in a competitive situation looking to off-take agreements in the run-up to Liquified Natural Gas (LNG) becoming available in the February 2022 financial year. Once the pipeline reticulating all the wells is complete, the level of production will see revenue significantly exceeding costs, and thus from February 2022, Tetra4 should be in a gross profit generating position owing to our low upstream cost of production and the high cost of energy in South Africa. Being a first mover in a premium product such as LNG also means that we can command better prices that would otherwise be available to gas suppliers.

9. Segmental analysis

Renergen Limited has two operating segments.

• **Corporate Head Office**

Corporate head office is a segment where all investment decisions are made. Renergen Limited is the investment holding company focused 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 (Pty) Ltd**

Tetra4 explores, develops and sells compressed natural gas to the South African market. Natural gas is a renewable resource, since it is produced by living microbial organisms

Analysis of reportable segments as at 29 February 2020 is set out below:

	Corporate Head office	**Tetra4**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	21 129	2 635	23 764	(21 129)	2 635
External	-	2 635	2 635	-	2 635
Inter-segmental	21 129	-	21 129	(21 129)	-
Depreciation* and amortisation	(1 963)	(2 797)	4 760	-	4 760
Interest income	3 340	2 012	5 352	-	5 352
Imputed interest	-	4 442	4 442	-	4 442
Interest expense	883	-	883	-	883
Taxation	724	13 927	14 651	-	14 651
Comprehensive loss after tax	(15 650)	(36 977)	(52 627)	-	(52 627)
Total assets	**1 030 107**	**596 328**	**1 626 435**	**(993 718)**	**632 717**
Total liabilities	**11 903**	**744 497**	**756 400**	**(370 906)**	**385 494**

Comparatives

	Corporate Head office	**Tetra4**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	16 487	2 987	19 473	(16 487)	2 987
External	-	2 987	2 987	-	2 987
Inter-segmental	16 487	-	16 487	(16 487)	-
Depreciation* and amortisation	(714)	(2 436)	(3 150)	-	(3 150)
Interest income	1 484	120	1 604	-	1 604
Imputed interest	-	(3 953)	(3 953)	-	(3 953)
Interest expense	(185)	-	(185)	-	(185)
Taxation	306	3 266	3 572	-	3 572
Loss after tax	(3 817)	(41 159)	(44 976)	-	(44 976)
Total assets	**885 172**	**124 740**	**1 009 912**	**(784 802)**	**225 110**
Total liabilities	**8 330**	**237 432**	**245 762**	**(184 885)**	**60 877**

*****Depreciation of R2.2 million (2019: R2 million) relating to plant and equipment has been included in cost of sales

10. Accumulated loss

Renergen acquired the non-controlling interest's 10% shareholding in Tetra4 in December 2019 for R28.5 million. This resulted in the subsidiary becoming 100% own. On consolidation 100% of Tetra4's net losses after tax are attributable to Renergen. The increase of in accumulated loss is due to the purchase of the 10% shareholding.

11. Contingent liabilities and commitments

a. Contingent liabilities

There are no contingent liabilities in the Annual Financial Statements for 29 February 2020.

b. Commitments

The board has approved capital expenditures of R512million to spend on the New Plant and drilling in the prior year. As at the end of the reporting period the group has executed construction and drilling contracts and has committed to expenditures of R265.5 million to be spent in the next 18 months after period end.

12. Events after the reporting period

On 10 March 2020, Renergen released a SENS announcement on the drilling update. Since the announcement on 17 December 2019 of strong gas flows with high (up to 12%) helium, drilling and other technical issues have necessitated significant changes from the original horizontal well design. The sections penetrated by several side-tracks have provided valuable encouraging data for future development drilling.

On 18 March 2020, Renergen released a SENS announcement on the safety measures taken by the Group in response to COVID-19. On 15 March 2020, President Cyril Ramaphosa declared the COVID 19 outbreak a National disaster, to allow the government to begin taking measures in counteracting the virus. The company took swift and decisive measures to limit the impact of the virus to staff and from 18 March with all staff in the Johannesburg office have been working from home in self isolation and with the company continuing with "business as usual" under unusual times.

The country went into a National shutdown on 26 March 2020, management continues to assess the requirements of the company and balance those with the expectations of our stakeholders namely, employees and customers. Both the CNG pilot project in Virginia, South Africa and the project construction has been halted due to the COVID-19 crisis. Management has successfully applied to the Government to register Tetra4 as an essential service and is authorized to commence activity when management determines it is appropriate to do so.

As at the date of approving these Annual finical statements, management have assessed that there is no material impact on the financial statements for the year ended 29 February 2020. After the balance sheet date, there has been significant fluctuations in the foreign currencies that the Group trades in. During the year, the Group has entered into Put Option contracts to hedge the Group against ZAR: USD foreign exchange fluctuations.

The devaluation of the SA Rand against the US dollar is continually being evaluated. Under IFRS, these are non-adjusting events in respect of the year ended 29 February 2020, as these are events after the reporting period that are indicative of a condition that arose after the reporting period. It was concluded that the declaration of the COVID 19 pandemic as a National disaster and the National Lockdown is such an event.

On 17 April 2020, Renergen announced the completion of the pipeline design. The milestone was achieved 8 days behind schedule, which under current conditions is an achievement. This milestone is not considered to be a critical path for the path for the completion date, and therefore the Company does not anticipate that missing this milestone will lead to delays in the final project completion given the pipeline is intended to be complete well before the liquefiers are intended to be delivered in South Africa. Based on the current circumstances, management believes it has no reason to believe there will be any material delays on our scheduled turn on date of the new LNG and LHe plant project.

13. Going concern

The Consolidated and Separate Financial Statements have been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and settlement of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and are satisfied that the Group has adequate financial resources to continue as a going concern, including with specific consideration of the risk associated with COVID 19.

The Group has received a funding commitment of US$40million from the DFC to spend towards the New Plant Project as well as a secondary listing on the Australian Stock Exchange wherein the Group raised an additional AUD$15.7 million in the current financial year. The DFC commitment will not be affected by the COVID 19 pandemic and the Group has made its first draw down on the loan in the current year. The construction of the New Plant commenced in October 2019 and is on track for commissioning in the 2022 financial year. The Group has entered into off take agreements for the sale of both LNG and He.

Johannesburg
30 April 2020

Authorised by: Stefano Marani
Chief Executive Officer

Designated Advisor
PSG Capital

PSG CAPITAL

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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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