RENERGEN

FUTURE ENERGY, TODAY

RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
Share code: REN ISIN: ZAE000202610
("Renergen" or "the Company" or "the Group")

CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2017

Key Features

- Positive record of decision granted to Tetra4's Environmental Impact Assessment ("EIA")
- Commence construction of natural gas liquefiers in early 2018; production of Liquefied Natural Gas (LNG) to commence early 2019, following an additional equity raise
- Successful pilot project; more than 1,000,000 incident free kilometres
- Significant savings during trials on two dual-fuel European brand trucks; in advanced discussions with several large fleet operators

COMMENTARY

About Renergen

Renergen is an integrated alternative and renewable energy business that invests in early stage energy projects across Africa and emerging markets. Through our investment in Tetra4, we will be the first onshore company with a petroleum production right in South Africa and the only one with an environmental authorisation to commence full-scale production.

Commenting on the 2017 interim results, Stefano Marani, CEO of Renergen, commented:

"We are very pleased about the positive record of decision of the Tetra4's Environmental Impact Assessment granted by the Petroleum Agency of South Africa ("PASA") *on 29 September 2017. Because of significant engineering, Tetra4 will commence construction of natural gas liquefiers in early 2018 with production of Liquefied Natural Gas (LNG) to commence early in 2019.*

"The trials on two European brand trucks, running on dual fuel, have shown significant savings in both overall fuel consumption as well as cost per kilometre metrics. We are in advanced discussions with several large fleet operators and Tetra4 is now capable of creating a nationwide filling network for customers given the higher energy density of LNG achieving significantly longer ranges compared to Compressed Natural Gas ("CNG").

"We are excited about the progress made on all fronts. This will realise value far sooner than previously anticipated and once the plant is in full production, we should be able to explore and develop further opportunities at Tetra4."

Operational overview

In the life of any project, delivery of milestones is critical and we consider this period as having been the most important to date in terms of delivery. The approval by PASA to commence construction of the pipeline was the very last hurdle Tetra4 needed to overcome, to go into full-scale production. We now enjoy the status of not only having the first onshore petroleum production right in the country, but the only one with an environmental authorisation to commence full-scale production.

We have always maintained that Tetra4 is a unique opportunity, and this has once again played a critical role in our engineering. Given the very high concentration of helium in our gas, it meant we were able to optimise plant design and use the cryogenics from the helium liquefaction to produce LNG instead of compressing the gas. This has many benefits, but the most obvious of which is that LNG has a significantly higher energy density than compressed natural gas. This means that our original delivery footprint of 300km from Welkom has now expanded to a national footprint, and the use of LNG in vehicles means the range has been extended by multiples. For all intent and purposes, the benefits of using LNG instead of diesel in a heavy vehicle, include significant cost savings and environmental benefits as a result of burning a cleaner fuel with as much as 90% reduction in carbon emissions.

Our interim results have been modest, and losses increased slightly primarily as a result of higher engineering costs and external consultant fees for the finalisation of environmental submissions. We do not expect to be net cash flow generative until the plant goes into full scale production in 2019. This, however, is normal for early-stage exploration companies.

Subsequent to the period end, our project in the Ivory Coast reached a critical point where management had to take a decision on whether to continue to fund it or write off the investment to date. The total investment in the project to date, shared by Renergen and Windfall Energy Proprietary Limited, who sold the project along with Tetra4 in November 2015, has been R12.5m and will require a further R20m to achieve finalisation of the studies. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm, and we believe Renergen would benefit more from deploying that investment to developing Tetra4's Evander gas field as well as bringing a second operation online. For this reason, management has decided not to continue funding the Ivory Coast hydro-electric projects further and will concentrate exclusively on the South African natural gas market for the time being. The impairment if required from this action will be reflected in our full year financial statements which is in keeping with accepted accounting practices given the decision to impair was taken after the half-year period.

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

Financial review

Revenue increased by 179% to R1.4m (H1 2016: R0.5m) bolstered by a higher diesel price following a weaker Rand and higher oil prices. Cost of sales increased by 381% to R1.9m (H1 2016: R0.4m) mainly as a result of incorporation of depreciation of the pilot plant.
Operating expenditure increased by 77% to R16.7m (H1 2016: R9.4m) on the back of early engineering and consulting services in the preparation for the pipeline and liquefier.
Property plant and equipment (PPE) and Intangible assets increased in line with the continued expansion of the operations by the Group.

Condensed Consolidated Statement of financial position as at 31 August 2017

Figures in R'000	**Notes**	**Unaudited as at 31 August 2017**	**Unaudited as at 31 August 2016**	**Restated Audited as at 28 February 2017**
Assets				
Non - Current Assets				
Property, plant and Equipment		32,732	20,068	21,756
Intangible assets#	**6**	76,595	62,600	75,453
Deferred tax asset		6,350	-	6,234
Total non-current assets		**115,677**	**82,668**	**103,443**
Current Assets				
Investment in joint venture		-	6,992	-
Trade and other receivables		3,928	6,607	8,933
Cash and cash equivalents#	**8**	4,139	14,576	12,401
Total current assets		**8,067**	**28,175**	**21,334**
Total Assets		**123,744**	**110,843**	**124,777**
Equity and Liabilities				
Equity				
Stated capital		147,531	124,158	137,585
Accumulated loss		(59,286)	(34,439)	(42,551)
Foreign currency translation reserve		4,707	-	3,389
Equity attributable to parent		**92,952**	**89,719**	**98,423**
Non-controlling interest		(11,029)	(8,670)	(9,262)
Total Equity		**81,923**	**81,049**	**89,161**
Liabilities				
Non-Current Liabilities				
Other financial liabilities		28,753	25,398	27,013
Provisions		3,100	-	3,100
Total non-current liabilities		**31,853**	**25,398**	**30,113**
Current Liabilities				
Trade and other payables		9,968	4,396	5,503
Total Liabilities		**41,821**	**29,794**	**35,616**
Total Equity and Liabilities		**123,744**	**110,843**	**124,777**
Net asset value per share (cents)		**103.16**	**104.75**	**113.71**
Tangible net asset value per share (cents)#		**6.71**	**23.84**	**17.48**

Condensed Consolidated Statement of profit or loss and other comprehensive income for the unaudited six-month period ended 31 August 2017

Figures in R'000	Notes	Unaudited 31 August 2017	Unaudited 31 August 2016	Audited 28 February 2017
Sales	**4**	1,429	512	1,722
Cost of sales	**5**	(1,857)	(386)	(2,127)
Gross (Loss)/Profit		**(428)**	**126**	**(405)**
Other income		23	16	375
Operating expenses	**7**	(16,694)	(9,407)	(22,989)
Operating loss		**(17,099)**	**(9,265)**	**(23,019)**
Interest Income		222	950	1,287
Fair value adjustment		(1,740)	(1,541)	(3,156)
Finance costs		-	-	(8)
Total loss before tax		**(18,617)**	**(9,856)**	**(24,896)**
Taxation		115	-	6,234
Total loss after tax		**(18,502)**	**(9,856)**	**(18,662)**
Foreign currency translation reserve		1,318		3,389
Total Comprehensive loss for the period		**(17,184)**	**(9,856)**	**(15,273)**
Total loss attributable to:				
Owners of the parent		(16,735)	(9,109)	(17,221)
Non-controlling interest		(1,767)	(747)	(1,441)
		(18,502)	**(9,856)**	**(18,662)**
Total comprehensive loss attributable to:				
Owners of the parent		(15,417)	(9,109)	(13,832)
Non- controlling interest		(1,767)	(747)	(1,441)
		(17,184)	**(9,856)**	**(15,273)**
Loss per share				
Basic and diluted loss per share (cents)* #		**21.15**	**11.77**	**22.19**
Basic and diluted loss #		16,735	9,109	17,221
Weighted average number of shares		79,135,431	77,375,528	77,611,000
Number of shares in issue		79,412,605	77,375,528	78,412,605
Headline loss per share				
Basic and diluted headline loss per share (cents)*#		**21.15**	**11.76**	**22.20**
Headline loss #		16,735	9,101	17,229
Weighted average number of shares		79,135,431	77,375,528	77,611,000

Reconciliation of headline loss			
Loss attributable to ordinary equity holders #	16,735	9,109	17,221
(Loss)/Profit on disposal of assets	-	(8)	15
Impairment of fixed asset	-	-	(3)
Tax effects of disposal and impairments of fixed assets	-	-	(4)
Headline loss #	**16,735**	**9,101**	**17,229**

*There was no difference between basic earnings per share and diluted earnings per share in the current period.
These numbers have been restated, refer to note 3

Condensed Consolidated Statement of Changes in Equity for the unaudited six-month period ended 31 August 2017

Figures in R'000	Stated Capital	Accumulated Loss	Foreign Currency Reserve	Total Attributable to Equity holders of the group	Non-Controlling interest	Total Equity
Balance at 01 March 2016	**124,158**	**(25,330)**	**-**	**98,828**	**- (7,923)**	**90,905**
Loss for the period		(9,109)	-	(9,109)	(747)	(9,856)
Balance at 31 August 2016	**124,158**	**(34,439)**	**-**	**89,719**	**(8,670)**	**81,049**
Share issue	13,482	-	-	13,482		13,482
Share issue costs	(55)	-	-	(55)		(55)
Total loss	-	(8,112)	-	(8,112)	(694)	(8,806)
Other comprehensive income	-	-	3,389	3,389	-	3,389
Non-controlling interest at acquisition of Mega Power Renewables					102	102
Balance at 28 February 2017	**137,585**	**(42,551)**	**3,389**	**98,423**	**(9,262)**	**89,161**
Share issue	10,000	**-**		10,000	-	10,000
Share issue costs	(54)			(54)		(54)
Other comprehensive income			1,318	1,318		1,318
Loss for the period		(16,735)		(16,735)	(1,767)	(18,502)
Balance at 31 August 2017	**147,531**	**(59,286)**	**4,707**	**92,952**	**(11,029)**	**81,923**

Condensed Consolidated Statement of Cash Flows for the unaudited six-month period ended 31 August 2017

Figures in R'000	Notes	Unaudited 31 August 2017	Unaudited 31 August 2016	Restated Audited 28 February 2017
Cash flows from operating activities				
Cash used in operations	**11**	(6,330)	(10,366)	(24,414)
Interest Earned		222	950	1,287
Finance costs		-	-	(8)
Net cash outflow from operating activities		**(6,108)**	**(9,416)**	**(23,135)**
Acquisition of property, plant and equipment		(12,292)	(14,484)	(16,469)
Acquisition of intangible assets		(72)		(4,260)
Profit on sale of property, plant and equipment		-	-	15
Net cash outflow from investing activities		**(12,364)**	**(14,484)**	**(20,714)**
Increase/(Reduction) of environmental rehabilitation guarantee #		264	(2,755)	1,102
Ivory coast project funding		-	(490)	-
Net proceeds on share issue		9,946	-	13,427
Net cash inflow/ (outflow) from financing activities		**10,210**	**(3,245)**	**14,529**
Total cash movement for the period		(8,262)	(27,145)	(29,320)
Cash at the beginning of the period		12,401	41,721	41,721
Total cash at the end of the period		**4,139**	**14,576**	**12,401**

These numbers have been restated, refer to note 3

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial information as at 31 August 2017 are set out below:

1. Basis of preparation

The unaudited, unreviewed condensed interim financial statements are prepared in accordance with the Listings Requirements of JSE Limited ("Listings Requirements") for interim reports, and the requirements of the Companies Act (Act 71 of 2008 as amended) applicable to condensed financial statements. The Listings Requirements require interim reports to be prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

The board of directors of Renergen Limited ("the Board") takes full responsibility for the preparation of this interim report. The condensed financial statements comprise the condensed statement of financial position as at 31 August 2017 and the condensed statements of comprehensive income, changes in equity and cash flows for the period ended 31 August 2017. These condensed interim financial statements are neither audited nor reviewed by the Company's auditors and were prepared under the supervision of the Chief Financial Officer, Miss F Ravele CA(SA).

2. Accounting policies
All accounting policies applied in these interim financial statements are in terms of IFRS and are consistent with those applied by the Group in its consolidated financial statements for the year ended 28 February 2017.

3. Correction of error

The following changes have restated the financial results for comparatives

- Intangible assets as at 28 February 2017 of R76.5m incorrectly included a cash reserves of R1,1m in Molopo Mineral Rights. This amount has been restated to cash and cash equivalents. The cash reserves are administered by Lombard Insurance on behalf of the Company and are invested in an-interest bearing account.
- The calculation of the basic and diluted loss earnings per share and headline earnings per share incorrectly used the total loss for the period ending 31 August 2016 instead of the basic and diluted loss attributable to owners. Basic and diluted loss per share has been restated from R9 856 to R9 109, and headline loss to R9 101. This resulted in basic and diluted loss per share restated from 12.73 cents to 11.77 cents, and headline loss per share restated from 12.74 cents to 11.76 cents.
- Tangible net asset value per share as at 28 February 2017 was incorrectly calculated based on an incorrect tangible net asset amount used. The figure was restated from 8.13 due to arithmetic error, now restated to 17.48.

4. Sales
Sales were generated from the sale of Compressed Natural Gas.

5. Cost of sales
Cost of sales are comprised as follows:

Figures in R'000	Unaudited 31 August 2017	Unaudited 31 August 2016	Audited 28 February 2017
Gas purchased	-	241	406
Production costs	1,857	145	1,721
	1,857	**386**	**2,127**

6. Intangible assets

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Exploration and Development costs	12,223	(26)	12,197
Molopo Project Mineral Rights	52,112	-	52,112

Domain Name	41	-	41
Cote d'Ivoire Hydroelectric scheme project	12,245	-	12,245
Balance as at 31 August 2017	**76,621**	**(26)**	**76,595**

Comparatives

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Exploration and Development costs	9,076	-	9,0976
Molopo Project Mineral Rights	53,479	-	53,479
Domain Name	45	-	45
Balance as at 31 August 2016	**62,600**	**-**	**62,600**

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Exploration and Development costs	9,051	(13)	9,038
Molopo Project Mineral Rights #	55,477	-	55,477
Domain Name	41	-	41
Cote d'Ivoire Hydroelectric scheme project	10,897	-	10,897
Restated Balance as at 28 February 2017	**75,466**	**(13)**	**75,453**

These numbers have been restated, refer to note 3

7. Operating Expenses

Operating loss for the year is stated after taking the following expenses into account:

Figures in R'000	Unaudited 31 August 2017	Unaudited 31 August 2016	Audited 28 February 2017
Consulting and advisory fees	2,644	2,070	5,169
Employee costs	5,152	4,302	6,509
Depreciation*	316	465	1,025
Directors fees	648	760	1,276
Other operating expenses	7,934	1,810	9,010
	16,694	**9,407**	**22,989**

*Depreciation relating to production plant is included as part of cost of sales and has not been included in the depreciation figure above.

8. Cash and cash equivalents

Cash and cash equivalents consist of the following:

Figures in R'000	Unaudited 31 August 2017	Unaudited 31 August 2016	Audited 28 February 2017
Bank balances	2,773	13,720	11,299
Environmental rehabilitation guarantee*#	1,366	856	1,102
	4,139	**14,576**	**12,401**

*The company has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free State). Lombard has granted a guarantee to the Company of R3.1m, the company contributes towards the guarantee in monthly instalments reducing the value of the amount guaranteed by Lombard. The contributions made are invested in an interest-bearing account administered by Lombard on behalf of the Company. The balance in the interest-bearing account is reflected in the cash and cash equivalent.

These numbers have been restated, refer to note 3

9. Related party transactions

There were no related party transactions entered into in the six months ended 31 August 2017.

10. Segment analysis

The operating segments are reported in a manner consistent with the Group.
Renergen Limited has three operating segments;

Corporate head office
Corporate head office is a segment where all investment decisions are made.
Renergen Limited, the investment holding company focuses on investing in prospective green projects.

TETRA4 Proprietary Limited

Tetra4 explores, develops and sells compressed natural gas to the South African market.

Mega Power Renewables
Mega Power Renewables is in Côte d'Ivoire.
The segment is managing the development of a hydro-electric project. Its functional currency is Euros.
Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at 31 August 2017.

Analysis of reportable segments as at 31 August 2017 is set out below:

Figures in R'000	Corporate Head Office	Tetra4	Mega Power Renewables	Total	Consolidating Adjustments	Consolidated
Revenue	5,000	1,429	-	6,429	(5,000)	1,429
External	-	1,429	-	1,429	-	1,429
Inter - segment	5,000	-	-	5,000	(5,000)	-
Loss for the period	(831)	(17,671)	-	(18,502)	-	(18,502)
Total assets	738,650	102,439	12,481	853,570	(729,826)	123,744
Total liabilities	1,678	162,381	7,508	171,567	(129,746)	41,821

Comparatives

Analysis of reportable segments as at 31 August 2016 is set out below:

Figures in R'000	Corporate Head Office	Tetra4	Mega Power Renewables	Total	Consolidating Adjustments	Consolidated
Revenue	-	512	-	512	-	512
External	-	512	-	512	-	512
Inter - segment	-	-	-	-	-	-
Loss for the period	(2,388)	(7,468)	-	(9,856)	-	(9,856)
Total assets	715,830	90,654	-	806,484	(695,641)	110,843
Total liabilities	3,167	122,352	-	125,519	(95,725)	29,794

Analysis of reportable segments as at 28 February 2017 is set out below:

Figures in R'000	Corporate Head Office	Tetra4	Mega Power Renewables	Total	Consolidating Adjustments	Consolidated
Revenue	5,098	1,722	-	6,820	(5,098)	1,722
External	-	1,722	-	1,722	-	1,722
Inter - segment	5,098	-	-	5,098	(5,098)	-
Loss for the period	(565)	(18,097)	-	(18,662)	-	(18,662)
Total assets	729,533	103,710	11,108	844,351	(719,574)	124,777
Total liabilities	1,621	146,035	7,508	155,164	(119,548)	35,616

11. Cash utilized in operations

Figures in R'000	Unaudited 31 August 2017	Unaudited 31 August 2016	Audited 29 February 2017
Loss before taxation	(18,617)	(9,856)	(24,896)
Adjustments for:			
Interest Earned	(222)	(950)	(1,287)
Finance costs	-	-	8
Fair value adjustments	1,740	1,541	3,156
Depreciation and amortization	1,329	465	1,841
Impairment	-	-	3
Profit on sale of assets	-	-	15
Other non-cash items	(30)	-	-
Changes in working capital			

Trade and other receivables	5,005	(2,473)	(5,051)
Trade and other payables	4,465	907	1,797
Cash used in operations	**(6,330)**	**(10,366)**	**(24,414)**

12. Contingent liabilities and commitments

13.1 Contingent liabilities

There are no contingent liabilities in the annual financial statements for 31 August 2017.

13.2 Commitments

The were no material changes to the commitments as disclosed in the annual financial statements for 28 February 2017.

13. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The directors have reviewed the Group's budget and cash flow forecast for the period ending 28 February 2018. On the basis of the current financial position and the existing ability to obtain debt facilities from external parties, the directors are satisfied that the Group is a going concern and will be able to settle liabilities, contingent obligations and commitments that are incurred in the ordinary course of business.

Although the Group continues to make losses, share capital of R15 million was raised in September 2017. Renergen and Industrial Development Corporation (IDC) concluded an agreement for funding of R218 million towards the development and installation of the gas pipeline and expansion of the operating plant. The board is of the opinion that conditions precedent to the IDC funding agreement will be met and the group will continue to operate as a going concern.

14. Events after the reporting period

Share capital of R15 million was raised in September 2017.

On 29 September 2017, the Petroleum Agency of South Africa granted a positive record of decision to Tetra4 's environmental impact assessment.

The Cote d'Ivoire Hydroelectric scheme project Ivory reached a critical point subsequent to the period ended, where management had to assess the viability of continuing to fund the project or write off the investment to date. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm. A decision has been taken not to continue funding the Cote d'Ivoire Hydroelectric scheme project further, the impact of this decision will be reflected in the full year financial statements as the decision to discontinue funding and the indicators of impairment arose after 31 August 2017.

The board is unaware of any other events that occurred after the reporting period.

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Company registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
Company registered office	First Floor 1 Bompas Road Dunkeld West 2196
Nature of the business and principal activities	Renergen Limited operates in the alternative and renewable energy sectors across Africa and emerging markets. The Company is listed on the JSE Alternative Exchange ("AltX")
Executive Directors	Stefano Marani (*Chief Executive Officer*) Fulu Ravele (*Chief Financial Officer*) Nick Mitchell *(Chief Operating Officer)*
Non-Executive Directors	Brett Kimber (*Independent Non-Executive Chairman*) Mbali Swana (*Independent Non-Executive Deputy Chairman*) Luigi Matteucci (*Independent Non-Executive Director)* Bane Maleke (*Independent Non-Executive Director)*
Company Secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Registered Auditors	Grant Thornton Chartered Accountants (SA) Registered Auditors Member firm of Grant Thornton International
Designated Adviser	PSG Capital