



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")

Provisional audited annual financial results for the year ended 28 February 2017

## Commentary

The year to 28 February 2017 has been an exceptionally productive one, with the team achieving all major milestones on time and on budget. Important milestones include, inter alia:

- The construction of the pilot plant which brought South Africa's first onshore natural gas production facility into operation;
- 10 Megabus buses brought into operation on natural gas supplied by Tetra4 delivering turnover of R1.7 million in the year under review;
- Successful drilling at the Virginia project with the detection of additional gas;
- Updating the resource statement by the international oil and gas team from Venmyn Deloitte showing a discounted cash flow value of R6.7 billion;
- Finalisation and submission of the Environmental Impact Assessment for the construction of the pipeline, implying that we have completed all the major regulatory hurdles and now await a record of decision on the uncontested submission.

"The Board believe a solid foundation has been laid during the year under review from which to build on and see Tetra4 scale up as it goes into a year of construction and upscaling to deliver the next set of production and growth milestones".

### **Reergen and the IDC announce term funding of R218 million for Tetra4 Virginia Project**

On 24 May 2017, Reergen and the Industrial Development Corporation (IDC) announced funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Reergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding can be drawn down up until August 2019.

## Operational review

### *Tetra4*

### *Virginia*

The plant has been operating at optimal capacity with positive results. Gas has been supplied to the Megabus operations for several months and not only have customers been pleased with the improvement in the quality of the commute, but the operator has begun to experience savings on the fuel cost. Further to this, significant progress has been made on the environmental impact assessment (EIA) for the pipeline, and management is pleased to report that the EIA has now been submitted to the Petroleum Agency of South Africa on time, thus achieving another major milestone for the Company.

### *Evander*

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

## Financial review

Total comprehensive loss of the Group was R15.3 million (2016: R19.5 million) after income tax credit of R6.2million (2016: Rnil).

A deferred tax asset of R6.2 million (2016: Rnil) were raised during the period. The Group has accumulated significant tax losses to date, the deferred tax asset relates to unused tax losses that can be utilised against future taxable income.

Major financing activities were:

- R13.4 million share capital raised during the period
- R10 million share capital raised after year end

The major investing activities were:

- R14 million spent on plant, machinery and equipment on Tetra4's Virginia operations
- R4 million on exploration and development of natural gas wells

### Board Changes

Mr Russell Broadhead resigned as an independent non-executive director and board member on 10 October 2016.

Reginald Eddie Cooke's status as an independent non-executive director changed to executive director due to the services he renders to Tetra4 as a consultant. Mr Cooke resigned as an executive director on 07 December 2017, but continues to provide consulting services to Renergen's subsidiary, Tetra4 Proprietary Limited.

Dr Bane Maleke was appointed as an independent non-executive director with effect from 7 December 2016. Dr Maleke was also appointed as a member of the Audit and Risk Committee on 20 January 2017.

### PROVISIONAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Group as at 28 February 2017 are set out below:

	Notes	Audited 28 February 2017	Audited 29 February 2016
Figures in R'000			
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property Plant and Equipment	7	21 756	7 145
Intangible Assets	6	76 555	61 504
Deferred tax asset		6 234	-
<b>Total Non-Current Assets</b>		<b>104 545</b>	<b>68 649</b>
<b>Current Assets</b>			
Investment in Joint Venture	6	-	6 503
Trade and other receivables		8 933	4 134
Cash and cash equivalents		11 299	41 721
<b>Total Current Assets</b>		<b>20 232</b>	<b>52 358</b>
<b>Total Assets</b>		<b>124 777</b>	<b>121 007</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital*	4	137 585	124 158
Accumulated loss		(42 551)	(25 330)
Foreign Currency Translation Reserve		3 389	-
Equity attributable to Parent		<b>98 423</b>	<b>98 828</b>
Equity attributable to Non-controlling interests		(9 262)	(7 923)
<b>Total Equity</b>		<b>89 161</b>	<b>90 905</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liability		27 013	23 857
Provisions		3 100	2 755
<b>Total Non-Current Liabilities</b>		<b>30 113</b>	<b>26 612</b>
<b>Current Liabilities</b>			
Trade and other payables		5 503	3 490
<b>Total Current Liabilities</b>		<b>5 503</b>	<b>3 490</b>
<b>Total Liabilities</b>		<b>35 616</b>	<b>30 102</b>

<b>Total Equity and Liabilities</b>	<b>124 777</b>	<b>121 007</b>
<b>Net asset value per share (cents)</b>	<b>113.71</b>	<b>117.48</b>
<b>Tangible net asset value per share (cents)</b>	<b>8.13</b>	<b>38.00</b>

#### PROVISIONAL 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 year ended 28 February 2017 are set out below:

Notes	Audited 12 months ended 28 February 2017	Audited 14 months ended 29 February 2016
Figures in R'000		
Revenue	1 722	-
Cost of sales	(2 127)	-
<b>Gross loss</b>	<b>(405)</b>	-
Other income	375	61
Share based payments	-	(1 518)
Operating Expenses	(22 989)	(18 038)
<b>Operating Loss</b>	<b>(23 019)</b>	<b>(19 495)</b>
Interest Income	1 287	3 023
Interest expense	(8)	(81)
Fair value adjustments	(3 156)	(2 946)
<b>Loss before tax</b>	<b>(24 896)</b>	<b>(19 499)</b>
Taxation	6 234	
<b>Total Loss after tax</b>	<b>(18 662)</b>	<b>(19 499)</b>
<b>Other comprehensive income</b>		
Foreign currency translation reserves	3 389	-
<b>Total comprehensive loss for the period</b>	<b>(15 273)</b>	<b>(19 499)</b>
<b>Loss attributable to:</b>		
Owners of the parent	(17 221)	(18 452)
Non-controlling interest	(1 441)	(1 047)
	<b>(18 662)</b>	<b>(19 499)</b>
<b>Total comprehensive loss attributable to:</b>		
Owners of the parent	(13 832)	(18 452)
Non-controlling interest	(1 441)	(1 047)
	<b>(15 273)</b>	<b>(19 499)</b>
<b>Loss per ordinary share</b>		
Basic and diluted loss per ordinary share (cents)*	(22.19)	(36.53)

\*There is no difference between basic and diluted loss

## PROVISIONAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity of the Group for the year ended 28 February 2017 is set out below:

Figures in R'000	Share Capital	Accumulated Loss	Foreign currency translation reserve	Total Parent Equity	Non-controlling interest	Total Equity
<b>Balance at 01 January 2015</b>	-*	(13 756)	-	(13 756)	-	(13 756)
Total comprehensive loss	-	(18 452)	-	(18 452)	(1 047)	(19 499)
Retained earnings at acquisition	-	5 502	-	5 502	-	5 502
Non-controlling interest at acquisition	-	1 376	-	1 376	(1 376)	-
Issue of shares	124 158	-	-	124 158	-	124 158
Loan from minority shareholder	-	-	-	-	(5 500)	(5 500)
<b>Balance at 01 March 2016</b>	<b>124 158</b>	<b>(25 330)</b>	-	<b>98 828</b>	<b>(7 923)</b>	<b>90 905</b>
Issue of shares	13 482	-	-	13 482	-	13 482
Share issue costs	(55)	-	-	(55)	-	(55)
Total loss	-	(17 221)	-	(17 221)	(1 441)	(18 662)
Other comprehensive income	-	-	3 389	3 389	-	3 389
Non-controlling interest at acquisition of Mega Power Renewables	-	-	-	-	102	102
<b>28 February 2017</b>	<b>137 585</b>	<b>(42 551)</b>	<b>3 389</b>	<b>98 423</b>	<b>(9 262)</b>	<b>89 161</b>
Notes	4					

\*share capital is R100

## PROVISIONAL CONSOLIDATED CASH FLOW STATEMENT

The statement of cash flow of the Group for the year ended 28 February 2017 are set out below:

Figures in R'000	Notes	Audited 12 months ended 28 February 2017	Audited 14 months ended 29 February 2016
<b>Cash flows from operating activities</b>			
Cash utilised by operations	5	(24 414)	(24 123)
Net Interest Income		1 279	2 943
<b>Net cash outflows from operating activities</b>		<b>(23 135)</b>	<b>(21 180)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(16 469)	(7 054)
Profit on sale of assets		15	-
Purchase of intangible asset		(4 260)	(4 562)
Increased in Côte d'Ivoire Joint Venture		-	(2 750)
Cash inflow from business combination		-	69 184
Business combination transaction costs		-	(306)
Purchase of financial assets		-	(5 000)
<b>Net cash (outflows)/inflows from investing activities</b>		<b>(20 714)</b>	<b>49 512</b>
<b>Cash flows from financing activities</b>			
Net Proceeds on share issue		13 427	72 957
Repayment of shareholder loan		-	(60 186)
<b>Net cash inflows from financing activities</b>		<b>13 427</b>	<b>12 771</b>
<b>Total cash movement for the period</b>		<b>(30 422)</b>	<b>41 103</b>
Cash at the beginning of the period		41 721	618

Total cash at the end of the period

11 299

41 721

## NOTES TO THE FINANCIAL STATEMENTS

The notes to the historical financial information of the Company at 28 February 2017 are set out below:

### 1. Basis of preparation

The provisional consolidated financial statements for the year ended 28 February 2017 have been prepared and presented in accordance with the requirements of the of the JSE Limited (“JSE Listings Requirements”) and the requirements of the South African Companies Act 71 of 2008, as amended. The JSE Listings Requirements require summary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (“IFRS”) and the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Pronouncements issued by Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the provisional consolidated financial statements are in terms of IFRS and are consistent with those applied in the preparation of the audited consolidated financial statements of Renergen (the Group) for the year ended 29 February 2016.

These provisional consolidated financial statements are extracted from audited financial statements, but are not themselves audited. The audited Group consolidated financial statements are available for inspection at the Company registered office. The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

These provisional consolidated financial statements have been prepared under the supervision of Ms FH Ravele CA(SA), the Group’s Chief Financial Officer.

### Auditor’s opinion

The provisional consolidated financial statements have been derived from the Group’s audited consolidated annual financial statements which have been audited by Grant Thornton. The auditor, Grant Thornton, has issued its opinion on the Group’s audited consolidated annual financial statements for the year ended 28 February 2017. The audit was conducted in accordance with International Standards on Auditing. Grant Thornton has issued an unmodified audit opinion on the Group’s audited consolidated annual financial statements. This auditor’s report does not necessarily report on all the information contained in this announcement. A copy of the auditor’s report on the consolidated annual financial statements is available for inspection at the Company’s registered office, together with the financial statements identified in the respective auditor’s reports. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company’s auditor.

### 2. Operating Segments

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group’s chief operating decision maker (this being the Renergen board of directors), in order to allocate resources and assess performance and for which discrete financial information is available. The operating segments are reported in a manner consistent with the Group. Renergen Limited has three operating segments;

#### 1. Corporate Head Office

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

#### 2. Tetra4 Proprietary Limited

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

#### 3. Mega Power Renewables

Mega Power Renewables is located in Côte d'Ivoire. The segment is managing the development of the Côte d'Ivoire 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 year end.

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

Figures in Rand thousands	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	(119 551)	35 613

#### COMPARATIVES

Statements of financial position as at 29 February 2016 is set out below:

Figures in Rand thousands	Corporate Head Office	Tetra4	Mega Power Renewables	Total	Consolidating adjustments	Consolidated
Revenue	-	-	-	-	-	-
External	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
Loss for the period	(7 507)	(10 474)	-	(17 981)	(1 518)	(19 499)
Total Assets	717 228	73 657	-	790 885	(669 878)	121 007
Total Liabilities	2 178	97 887	-	100 065	(69 963)	30 102

### 3. Acquisitions and Disposals

#### 3.1 Mega Power Renewables Acquisition

In September 2016, Renergen gained effective control of Mega Power Renewables (disclosed as Investment in Joint Venture - Côte d'Ivoire Hydro in February 2016 financial statements). The joint venture registered a company called Mega Power Renewables during the year, through majority control and influence of the board of directors. Renergen occupies two seats on the board of directors which consist of three board members. Renergen has 62% shareholding while two other parties holds 38%.

Figures in R'000	Audited	Audited
	12 months ended	14 months ended
	28 February 2017	29 February 2016

### 4. Share Capital

#### Authorised

Authorised share capital was increased to 100 000 000 no par value shares during the period

100 000	100 000
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#### Reconciliation of number of share in issue

<b>Opening balance</b>	<b>77 376</b>	<b>*-</b>
Ordinary no par value shares of R1 each	-	-
Share issued	1 037	7 376
Shares issued on acquisition of Tetra4 at R9.28	-	70 000
<b>Total number of shares issued</b>	<b>78 413</b>	<b>77 376</b>

\*100 shares in issue

## 5. Cash used in operations

Loss before taxation	<b>(24 896)</b>	<b>(19 499)</b>
<b>Adjustments:</b>		
Depreciation and Amortisation	1 841	89
Impairment of assets	3	32
Interest expense	(1 287)	(3 024)
Interest income	8	81
Fair value adjustments	3 156	2 946
Share based payment on business combination	-	1 518
Profit on sale of assets	15	-
<b>Changes in working capital:</b>		
Trade and other receivables	(5 051)	(5 702)
Trade and other payables	1 797	(564)
<b>Cash used in operations</b>	<b>(24 414)</b>	<b>(24 123)</b>

## 6. Intangible

Figures in R'000	2017			2016		
	Cost	Accumulated Amortisation	Carrying Value	Cost	Accumulated Amortisation	Carrying Value
Exploration and Development Costs	9 051	(13)	9 038	5 270	-	5 270
Molopo Project Mineral Rights	56 579	-	56 579	56 234	-	56 243
Domain Name Côte d'Ivoire	41	-	41	-	-	-
Hydroelectric project*	10 897	-	10 897	-	-	-
	<b>76 568</b>	<b>(13)</b>	<b>76 555</b>	<b>61 504</b>	<b>-</b>	<b>61 504</b>

\*Côte d'Ivoire Hydro is a hydro-electric project managed by Mega Power Renewables in Côte d'Ivoire (in the west of the African continent). The project was held as a Côte d'Ivoire joint venture in 2016; in the current year, Renergen obtained control of Mega Power Renewables, thus consolidating the intangible asset in the group. The funds expended towards the feasibility and pre-feasibility studies by Renergen have been converted to a loan that does not bear interest and repayable on demand. The MOU under which Renergen has been developing the project recently expired and the management team are confident that the extension will be issued by the Government of Cote D'Ivoire during the 2<sup>nd</sup> quarter of 2017/18 reporting period.

## 7. Property Plant and Equipment

2017

2016



Figures in R'000						
	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer software	95	(86)	9	94	(80)	14
Furniture and fixtures	577	(90)	487	27	(18)	9
IT equipment	163	(53)	110	77	(9)	68
Construction	506	-	506	1 238	-	1 238
Motor vehicles	2 086	(771)	1 315	1 252	(455)	797
Office equipment	134	(47)	87	209	(169)	40
Plant and machinery	20 305	(1 640)	18 665	5 308	(329)	4 979
Leasehold improvements						
Furniture and fixtures	300	(14)	286	-	-	-
Office Equipment	110	(13)	97	-	-	-
Finance Lease Motor vehicle	210	(16)	194	-	-	-
<b>Total</b>	<b>24 486</b>	<b>(2 730)</b>	<b>21 756</b>	<b>8 205</b>	<b>(1 060)</b>	<b>7 145</b>

## 8. Loss per share

### Average number of shares

Weighted average number of shares 77 611 356 53 382 652

Diluted average number of shares 77 611 356 53 382 652

Basic loss on continuing operations (17 221) (19 449)

Basic Earnings per share (cents) (22.19) (36.53)

### #Headline loss reconciliation

#### Reconciliation of basic loss to headline loss

Basic loss on continuing operations (17 221) (19 499)

Add Profit on disposal of assets (15) -

Impairment of fixed asset 3 -

Tax effects of disposal of fixed assets and impairments 4 -

**Headline loss (17 229) (19 499)**

### Headline and diluted loss per share (cents)

**(22.20) (36.53)**

## 9. Events after reporting period

Additional capital was raised in April 2017 with the issue of shares for cash which will facilitate the expansion of operations. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 24 May 2017, Renergen and the Industrial Development Corporation (IDC) concluded an agreement for the funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding is over an eight-year term.

The directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

## 10. 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 year to 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, management has been working closely with financial institutions to ensure that when the need arises, project finance will be available for the construction of critical items to roll the company's business plan. To this end, management 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.

### 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	Regergen Limited operates in the alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX")
Executive Directors	Stefano Marani ( <i>Chief Executive Officer</i> ) Fulu Ravele ( <i>Chief Financial Officer</i> ) Nick Mitchell ( <i>Chief Operating Officer</i> )
Non-Executive Directors	Brett Kimber ( <i>Independent Non-Executive Chairman</i> ) Mbali Swana ( <i>Independent Non-Executive Deputy Chairman</i> ) Luigi Matteucci ( <i>Independent Non-Executive Director</i> ) Bane Maleke ( <i>Independent Non-Executive Director</i> )
Company Secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Registered Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors Member firm of Grant Thornton International
Designated Adviser	Merchantec Capital