Renergen Limited

(Registration number 2014/195093/06)
Financial statements
for the year ended 28 February 2019

RENERGEN
FUTURE ENERGY, TODAY

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Energy company, focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX") and in the process of a secondary listing on the Australian Stock Exchange
Directors	Stefano Marani Fulu Ravele Nick Mitchell Brett Kimber Mbali Swana LuigiMatteucci Bane Maleke Francois Olivier
Registered office	First Floor 1 Bompas Road Dunkeld West 2196
Auditors	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	Acorim Proprietary Limited
Company registration number	2014/195093/06
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Transfer secretaries	Computershare Investor Services Proprietary Limited
Designated adviser	PSG Capital
JSE Share code	REN
JSE ISIN	ZAE000202610
Preparer	The financial statements were prepared under the supervision of Fulu Ravele CA(SA) Chief Financial Officer

PSG Capit

Table of Contents

Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group will continue as a going concern, which contemplates the realisation of assets and satisfaction 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 with the Group’s ability to continue as a going concern.

The external auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 9 to 11.

The financial statements set out on pages 15 to 64, which have been prepared on the going concern basis and the directors report on pages 12 to 14, were approved by the board of directors on 31 May 2019 and were signed on their behalf by:

Fulu Ravele	**Luigi Matteucci**

Audit, risk and IT committee report

Introduction

The Audit, Risk and IT Committee ("the Audit Committee") is an independent statutory committee appointed by Renergen's shareholders. In terms of section 94 of the Companies Act 71 of 2008, as amended ("the Companies Act"), and the principles of good governance, shareholders annually appoint certain independent directors as members of the Audit Committee to fulfil the statutory duties as prescribed by the Companies Act.

In addition, Renergen's board of directors (the Board) delegates specific duties to the Audit Committee. This report considers these statutory and delegated duties as well as the Audit Committee's responsibilities in terms of the JSE Listings Requirements and the King IV Code on Corporate Governance, 2016 ("King IV").

Terms of reference

The Audit Committee has adopted formal terms of reference which are reviewed and updated on an annual basis, or as necessary, by both the Committee and the Board. The Committee is satisfied that it has discharged its duties in accordance with its terms of reference.

Composition and governance

During the year under review the Audit Committee comprised of the following independent non-executive directors:

Name	Qualification	Designation
Luigi Matteucci	B.com (Wits) CTA (Wits) CA (SA)	Independent member. Member of committee since May 2016 and appointed at Chairperson in February 2019
Mbali Swana (chairperson)	Bas (UCT), BArch (UCT), Pr Arch (SA), MIAT (SA)	Chairperson and Independent member since February 2015. Stepped down as Chairperson of the committee in February 2019 but remained a member of the committee.
Bane Maleke	MBA (Dalhousie University Canada), Ph.D Strategic Management (University of Bath UK)	Member of the committee since December 2016

For details of the qualifications, expertise and experience of the members of the Audit Committee, refer to page 4 of the integrated annual report.

Members of the Audit Committee satisfy the requirements to serve as members of an audit committee, as provided for in section 94 of the Companies Act, and collectively have adequate knowledge and experience to carry out their duties.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and representatives of the appointed external auditor are invited to attend all Audit Committee meetings. The chairperson of the Audit Committee has regular contact with Management to discuss relevant matters directly. The external auditors have direct access to the Audit Committee, including closed sessions without Management, on any matter that they regard as relevant to the fulfilment of the Audit Committee's responsibilities.

Eight Audit Committee meetings were held during the year under review, aligned with the key reporting and regulatory timelines. The meetings' key focus areas were:

- the financial performance and position of the Group;
- the solvency and liquidity position of the Group;
- Renergen's interim results for the six months to 31 August 2018 and the accompanying SENS announcement;
- the external audit plan;
- Renergen's financial year end results and the accompanying SENS announcement;
- significant and unusual accounting transactions;
- the external auditor's report;
- JSE correspondence and the Committee's responses thereto;
- Renergen's risk register and the responses associated with each risk;
- the adequacy of the risk management policy, charter and plan, as well as the risk tolerance and risk appetite statements. Certain recommendations were made by the Audit Committee in this regard which have been adopted by Management;
- the insurance cover in place to protect the Group's assets;
- risks associated with business continuity planning;
- whistleblowing policies and procedures; and
- the appropriateness of the external auditor and the individual registered auditor.

The chairperson of the Audit Committee reports to the Board on its activities and the matters discussed at each meeting, highlighting any key items that the Audit Committee believes require action and providing recommendations for the Board's resolution.

The performance of the Audit Committee is reviewed annually by the Board. The latest review concluded that the Audit Committee operates effectively and successfully discharged its responsibilities and duties in line with its approved terms of reference.

Roles and responsibilities

The Audit Committee's primary objective is to assist the Board with its responsibilities for, *inter alia*:

- oversight of financial and internal controls;
- oversight and review of the integrity of financial reporting;
- oversight and review of the external audit process;
- oversight of any non-audit services and approval of the policy in regard thereto;
- oversight and review of Renergen's financial function;
- management of risk;
- governance of information technology and the effectiveness of Renergen's information systems;
- legislative and regulatory compliance; and
- oversight of the policies and procedures for the prevention and detection of fraud.

Financial and internal controls

The Group has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage significant control deficiencies raised by Management or the external auditors and to provide reasonable assurance against the possibility of any failures.

The Audit committee is satisfied that Renergen has optimised the assurance coverage obtained from Management and external assurance providers, in accordance with an approved combined assurance model. The Audit Committee is also satisfied that the combined assurance model and related systems and procedures are effective in enabling an effective internal control environment and supporting the integrity of internal and external reports.

Based on its continuous review of the design, implementation and effectiveness of Renergen's systems of internal financial controls, and on reports made by the external auditors on the results of their audit and management reports, the Audit Committee is satisfied that Renergen's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. No findings have come to the attention of the Audit Committee to indicate that any material breakdown in internal controls occurred during the past financial year.

Financial reporting

The Audit Committee receives regular reports from the CFO regarding the financial performance of the Group, details of budgets, forecasts, long-term plans and capital expenditures, financial reporting controls and processes, and the adequacy and reliability of management information used during the financial reporting process.

The Audit Committee reviewed the audited annual financial statements for the year ended 28 February 2019 and, following an assessment, considered the financial reporting process and controls that led to the compilation of the annual financial statements to be effective. No significant matters were identified by the Audit Committee relating to the annual financial statements and the Audit Committee submits that they present a balanced view of the Group's performance for the year under review. The Audit Committee is therefore of the view that the annual financial report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated annual financial statements and that the consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE Listing Requirements.

The Audit Committee recommended that the annual financial statements and the financial information included in the integrated annual report be approved by the Board.

External audit

The Audit Committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Grant Thornton.

On the recommendation of the Board, shareholders reappointed Grant Thornton Johannesburg ("GT") as Renergen's independent external auditor for the financial year ended 28 February 2019 at the annual general meeting held on 28 September 2018, . The individual registered auditor responsible for the audit was Mr. J Barradas. Following its reappointment, GT informed the Audit Committee that it was in advanced negotiations to join BDO South Africa ("BDO").

Following the merger of GT and BDO, as well as the Audit Committee's review of BDO's latest Independent Regulatory Board for Auditors ("IRBA") inspection findings in accordance with paragraph 22.15(h) of the JSE Listings Requirements, the Audit Committee appointed BDO as Renergen's independent external auditor on 3 December 2018. Although the individual registered auditor remained unchanged the Audit Committee assessed the independence and effectiveness of BDO as the Renergen's independent external auditor. Having conducted a thorough assessment the Audit Committee is satisfied that BDO is independent of Renergen, taking into consideration the prescripts of section 94(8) of the Companies Act as well as IRBAs' rules. The Audit Committee is further satisfied that both BDO and Mr. J Barradas are accredited in terms of the JSE Listings Requirements.

Prior to the commencement of the statutory audit for the financial year ended 28 February 2019, the Audit Committee reviewed and approved the auditor's engagement letter, the audit plan and the audit fees. The Audit Committee further monitored the external auditor's progress against the approved audit plan. Following the statutory audit, the auditor's report provided the Audit Committee with the necessary assurance in respect of Renergen's risk management processes, internal control environment and IT governance.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the Audit Committee.

Mr. J Barradas completed his 5-year tenure as Renergen's individual registered auditor during the statutory audit for the financial year ended 28 February 2019. Given Renergen's policy of rotating its audit partner every 5 years a formal tender process was initiated for the identification and appointment of a new independent external auditor. The Audit Committee is of the view that the periodical rotation of external auditor complies with the principles of good corporate governance and will enhance the independence of the appointed external auditor.

Accordingly, following the Board, with the assistance of the Audit Committee, are engaged in a tender process and is reviewing a number of candidate audit firms, for the appointment of Renergen's independent external auditor for the financial year ending 29 February 2020.

The directors will, therefore, propose the appointment of an independent external auditor at the annual general meeting to be held on 27 September 2019. Details can be found in the notice of annual general meeting that accompanies the integrated annual report.

Evaluation of the CFO and the finance function

The Audit Committee evaluated the expertise and performance of Ms. F Ravele during the financial year ended 28 February 2019 and is satisfied that she has the appropriate expertise and experience to carry out her duties as the CFO of the Group. The expertise, experience and adequacy of the resources making up the finance function were also considered, and the Audit Committee is satisfied that these are appropriate.

Risk management

The Audit Committee discusses with Management the Group's policies with respect to risk assessment and risk management, including the guidelines and policies that govern Management's assessment and management of risk, and is responsible for the following:

- Reviewing the effectiveness of risk management policies and strategies in place for recommendation to the Board for final approval;
- Reviewing the adequacy of the risk management charter, policy and plan for recommendation to the Board for final approval;
- Approving the Group's risk identification and assessment methodologies;
- Reviewing the parameters of the Group's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward;
- Ensuring that risks are quantified where practicable;
- Reviewing and approving the risks identified on a qualitative basis, according to probability and seriousness;
- Reviewing the effectiveness and efficiency of systems within the Group and receiving assurance that material risks are identified, and the appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies;
- Reviewing the appropriateness of resources directed towards areas of high risk;
- Regularly receiving a register of the Group's key risks and potential material risk exposures. Reporting to the Board any material changes and/or divergence to the risk profile of the Group;
- Reviewing the implementation of operational and corporate risk management plans;
- Reviewing the insurance and other risk transfer arrangements and considering whether appropriate coverage is in place;
- Reviewing the business contingency planning process within the Group and receiving assurance that material risks are identified and that appropriate contingency plans are in place;
- Where necessary recommending actions for improvement on risk management plans for the Group;
- Reviewing the Group's sustainability risk on a regular basis; and
- Annually reviewing the risk management charter for recommendation to the Board for final approval.

The Audit Committee is satisfied with the effectiveness of its oversight of the governance of risk in the Group. A detailed report on risk, as recommended in King IV, is contained in the integrated annual report.

Information and technology governance

The Audit Committee is responsible for IT governance on behalf of the Board and receives reports from management in this regard at each Committee meeting. During the year under review the Audit Committee considered and approved a technology and information governance framework to manage information and technology as well as to identify any associated risks.

Compliance governance

The Committee is responsible for Renergen's compliance with applicable laws, rules, codes and standards. All of the laws, codes and standards applicable to Renergen have been identified and the responsibility for implementing compliance has been delegated to Management.

Going concern

The Audit Committee has reviewed a documented assessment, including key assumptions prepared by Management, of the going concern status of the Group. The Board's statement on the going concern status of the Group, which is supported by the Audit Committee, appears on page 4.

Group Company Certification

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended (the Act), that for the 12-month period ended 28 February 2019, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Acorim Proprietary Limited
Company secretary

31 May 2019

Independent Auditor's Report

Report on the audit of the consolidated and separate financial statements

Opinion
We have audited the consolidated and separate financial statements of Renergen Limited (the group and company) set out on pages 15 to 64, which comprise the consolidated and separate statements of financial position as at 28 February 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Renergen Limited as at 28 February 2019, and its consolidated and separate statements of financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters in respect of the separate financial statement.

The following key audit matters relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment testing of mineral rights At 28 February 2019, the Group has mineral rights disclosed as intangible assets with a carrying value of R66.5 million (2018: R 62.7 million). Management is required to perform an impairment test on intangible assets at least annually and identify indicators of impairment, if any. We have determined this to be a key audit matter due to the judgement required by management in preparing the valuation model to satisfy the impairment test. An expert (MHA Petroleum Consultants) is used to calculate the amount of resources available as well as forecasting future cash flows and applying appropriate discount rates and this inherently involves a high degree of estimation and judgement by management. During the period under review there was no impairment accounted for relating to the intangible asset for Tetra4.	In considering the appropriateness of management's judgement used in the valuation models, we performed the following audit procedures: • Assessed appropriateness of capitalisation of costs in terms of IFRS 6 *Exploration for and Evaluation of Mineral Resources.* • Evaluated the capabilities, competency and objectivity of management's expert (MHA Petroleum Consultants). This included verifying professional qualifications and registrations and making an assessment of the independence and appropriateness of the expert used; • Obtained an understanding of the work performed by the expert; • Reviewed the recoverability of the mineral right by assessing the expert's value-in-use calculation. • Recalculated the amortisation charge for the period based on the ι utilisation over the total estimated resource available. • Verified the additions made during the period. • Obtained an analysis of estimated future expenditure included in the amortisation base • Analytically reviewed each income stream on a month on month and year on year basis to evaluate the completeness of each revenue stream. • Reviewed the work of the experts and compared to the methods and assumptions used in the prior year in order to ensure consistency and appropriateness. We furthermore considered the appropriateness and completeness of disclosure provided in this regard in terms of International Financial Reporting Standards.

Other information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate **financial statements**
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate **financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Inc.has been the auditor of Renergen Limited for five years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director
Registered Auditor

31 May 2019

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Renergen Limited and the group for the year ended 28 February 2019.

1. Nature of business

An energy group focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange (AltX) and is in the process of a secondary listing on the Australian Stock Exchange (ASX).

2. Review of financial results and activities

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, 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 Group adopted new accounting standards during the current year which were not in effect in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

Operational Review

The Group performed well, despite the macro-economic climate prevalent in South Africa which presented adverse operating conditions. Nationally the economy has faced significant head-winds ahead of the national elections, with many investors opting to delay any investment decisions until after the elections. A volatile Rand and Brent Crude Oil price has seen local fuel prices add to consumers' woes. Tensions between the US and China had further consequences in that foreign investors were reluctant to invest in Emerging Markets generally, all of which lead to difficult operating conditions.

The New Plant Project did however benefit from two major developments in its favour. Firstly, the Bureau of Land Management in the United States, a strategic helium reserve in Texas supplying a significant portion of the world's helium, announced earlier in 2018 that under the Helium Stewardship Act of 2013 that its helium reserves had dropped to a level which meant it would host a final auction in August 2018, and thereafter would cease commercial supply. The US Department of Interior on the 18th of May 2018 also then declared helium as one of the most critical elements to US National Security, which then saw crude helium prices soar over 135% from the previous year and resulted in significant international interest in Renergen's New Plant Project which enjoys concentrations of helium far above other helium producers. The second development was higher crude oil prices, which lead to an increase in margin on the pilot plant which ultimately resulted in the Company showing its first gross profit for a semi-annual period, ending August 2018.

The most significant milestone achieved this year was the funding package from the United States government through its investment arm, the Overseas Private Investment Corporation (or OPIC) for US$ 40 million. The funding was hinged primarily on the need to bring new helium sources online, which has benefited the Company greatly.

The Group concluded its capital raise by undertaking an Initial Public Offering on the Australian Stock Exchange in May 2019. The Company will list on the Australian Stock Exchange in June 2019, an offering which was met with great enthusiasm, being more than two times oversubscribed, amongst investors interested in gaining exposure to helium as a commodity. This development will increase the Company's investor pool and provide additional sources of capital.

The Group signed new offtake agreements for liquefied natural gas with customers and has proven the viability of the New Plant, with the project commencing full operations by the end of March 2021. The Directors are highly enthusiastic on the Group's prospects going into the new financial year, with strong financial support and good prospects moving forward.

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 is experiencing savings on the fuel cost. A new CNG dispenser and additional CNG trailer have been imported to commence dispensing CNG to an additional site in Johannesburg to 15 trucks on dual fuel, which should materially increase current revenues. It is anticipated the new CNG dispensing operation will commence by the third quarter of the February 2020 financial year.

Evander

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

Financial Review

- Revenue increased by 3% to R2.99 million (February 2018: R2.89 million). The increase is as a result of a higher diesel price following a weaker Rand and higher oil prices.
- Cost of sales has decreased by 9% to R3.2million (February 2018: R3.5million) as a result of improved cost efficiencies.
- Capital raised in preparation of the planned pipeline construction, this resulted in an increase in the cash balance from 28 February 2018.
- R9.5 million spent on plant, machinery and equipment on engineering of Tetra4's Virginia operating plant expansion.
- R3.8 million spent on gas exploration.

- A provision of R5.8 million has been raised for commitment and administration fees incurred on the IDC funding agreement.
- 500 convertible notes at AUD 1000 per note were issued with an 18-month term.

Changes to the Board of Directors

Following the successful rights issue, the Board welcomes Francois Olivier to the Board as a non-executive director. Francois has 16 years of investment research and portfolio management experience, six years of which were spent in the USA. Francois is a Chartered Accountant and CFA Charter holder.

In anticipation of the ASX listing, the Board decided it was necessary to also appoint Dr David King to the Board as a non-executive director, effective 4 June 2019. David was a founder and director of Sapex Ltd, Gas2Grid Ltd and Eastern Star Gas Ltd. He holds an MSc in Geophysics from Imperial College, London, and a PhD in Seismology from the Australian National University, Canberra. He has substantial natural resource related experience.

These appointments add new dimension to our Board and will aid the Executive team in developing the company strategy in order to unlock returns for all of our shareholders.

3. Stated capital

The Group increased its number of shares issued to 100 135 752 from 81 035 123 shares issued in prior year.

Refer to note 13 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

No dividends were declared or paid to shareholders during the year.

5. Directorate

The directors in office at the date of this report are as follows:

Executive Directors	Office	Designation	Appointment date
Stefano Marani	Chief Executive Officer	Executive	20 November 2014
Fulu Ravele	Chief Financial Officer	Executive	25 November 2015
Nick Mitchell	Chief Operating Officer	Executive	25 November 2015
Brett Kimber	Chairperson	Non-executive Independent	17 June 2015
Mbali Swana	Deputy Chairperson	Non-Executive Independent	16 February 2015
Luigi Matteucci		Non-executive Independent	03 May 2016
Bane Maleke		Non-executive Independent	07 December 2016
Francois Olivier		Non-executive	19 November 2018

6. Directors' interests in shares

	2019	2019	2019	2018	2018	2018
Executive Directors	Direct %	Indirect %	**Total %**	Direct %	Indirect %	**Total %**
Stefano Marani	0.26%	8.69%	**8.95%**	0.32%	10.73%	**11.05%**
Nick Mitchell	0.00%	8.59%	**8.59%**	0.00%	10.61%	**10.61%**
Total executive directors' interest	**0.26%**	**17.28%**	**17.54%**	**0.32%**	**21.34%**	**21.66%**

	2019	2019	2019	2018	2018	2018
Non-executive directors	Direct %	Indirect %	**Total %**	Direct %	Indirect %	**Total %**
Francois Olivier	0.00%	0.01%	**0.01%**	0.00%	0.00%	**0.00%**
Total non-executive directors' interest	**0.00%**	**0.01%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**

One non-executive director Francois Olivier held 0.01% of the shareholding indirectly.

The register of interests of Directors and others in shares of the Group is available to the shareholder on request.

The overall executive Directors' indirect interest as at 28 February 2019 decreased to 17.28% from 21.34%.

Fulu Ravele (executive director) was granted shares in October 2017 as part of the Bonus Share Plan approved by shareholders on 29 September 2017. The vesting period at grant date was 36 months. These shares will only vest in 19 months and have not been included in the director's interest in shares above.

There were no other changes to Directors' interest between 28 February 2019 and the date of signature of this report other than those mentioned above.

7. Interests in subsidiary

Details of material interests in subsidiary companies are presented in the consolidated financial statements in notes 5.

The interest of the group in the total net losses of its subsidiaries for the year ended 28 February 2019 are as follows:

	2019 R '000	2018 R '000
Subsidiaries		
Tetra4 (Pty) Ltd losses after income tax	41 159	29 209

8. Events after the reporting period

Renergen released a SENS announcement on its latest independent reserve review on 24 April 2019, compiled by MHA Petroleum Consultants LLC ("MHA") from the United States of America in respect of the New Plant Project held by Tetra4 indicating an increase in proven methane and helium reserves of 12.2% and 16.1% respectively since March 2018. Economic valuation was up 16.4% to R9.8 billion using a discount of 15% for proven and probable reserves (2P). Ongoing work relating to shallow conventional "White Sandstone" discovered helium concentration are up 11%.

On 9 May 2019, the company released a SENS announcement, wherein it disclosed that it released the prospectus for the Initial Public Offering (The Offer) on the Australian Stock Exchange on 8 May 2019. The Offer opened on 9 May 2019 to the Australian public and was available only to Australian and New Zealand residents accessing the website within Australia or New Zealand.

On 29 May 2019, Renergen announced the completion of The Offer which raised A$10million with oversubscriptions through the issue of 12.5million CHESS Depository Interests at a subscription price of A$0.80. Renergen also announced the appointment of a new non-executive director, Dr David King, effective 4 June 2019.

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

9. 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 with the Group's ability to continue as a going concern.

The Group has received a funding commitment of $40million from Overseas Private Investment Corporation to spend towards the New Plant Project and has successfully completed a rights issue raising R125 million, as well as a secondary listing on the Australian Stock Exchange wherein the Group raised an additional A$10 million. The construction of the New Plant commences in the financial year 2020. Sales of Liquified Natural Gas (LNG) and Helium (He) is expected to commence in financial year 2021. The Group has entered into off take agreements for the sale of both LNG and He.

10. Auditors

BDO South Africa Incorporated were appointed as auditors for the company and its subsidiaries for 2019.

Renergen Limited
(Registration number 2014/195093/06)
Financial Statements for the year ended 28 February 2019

Consolidated Statement of Financial Position

		Group		Company	
Figures in Rand thousand	Notes	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	3	37 757	32 615	2 646	4 604
Intangible assets	4	70 494	65 838	14	14
Investments in subsidiaries	5	-	-	594 848	594 528
Loans to group companies	7	-	-	184 453	135 071
Deferred tax	8	12 243	8 671	1 753	1 447
Restricted cash	9	2 178	1 632	-	-
		122 672	**108 756**	**783 714**	**735 664**
Current Assets					
Trade and other receivables	10	4 482	2 459	311	548
Other financial assets	11	-	-	5 500	5 500
Cash and cash equivalents	12	97 956	3 037	95 646	2 651
		102 438	**5 496**	**101 457**	**8 699**
Total Assets		**225 110**	**114 252**	**885 171**	**744 363**
Equity and Liabilities					
Equity					
Stated capital	13	301 277	161 065	899 676	759 464
Share-based payment reserve	14	448	114	448	114
Accumulated loss		(121 091)	(80 231)	(23 280)	(19 464)
Equity Attributable to Parent		180 634	80 948	876 444	740 114
Non-controlling interest		(16 401)	(12 285)	-	-
		164 233	**68 663**	**876 844**	**740 114**
Liabilities					
Non-Current Liabilities					
Financial liabilities	15	39 647	30 545	5 149	-
Finance lease obligation	16	208	511	208	511
Provisions	17	9 829	3 100	-	-
		49 684	**34 156**	**5 357**	**511**
Current Liabilities					
Trade and other payables	18	10 855	11 167	2 632	3 472
Finance lease obligation	16	338	266	338	266
		11 193	**11 433**	**2 970**	**3 738**
Total Liabilities		**60 877**	**45 589**	**8 327**	**4 249**
Total Equity and Liabilities		**225 110**	**114 252**	**885 171**	**744 363**
Net asset value per share (cents)		**164.01**	**84.73**		
Tangible net asset value per share(cents)		**93.61**	**3.49**		

Renergen Limited

(Registration number 2014/195093/06)
Financial Statements for the year ended 28 February 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	Notes	2019	2018	2019	2018
Revenue	19	2 987	2 885	16 487	8 600
Cost of sales	20	(3 197)	(3 483)	-	-
Gross (loss) profit		**(210)**	**(598)**	**16 487**	**8 600**
Other operating income	21	851	59	1 267	597
Share based payment	14	(334)	(114)	(11)	-
Impairment loss	23	(1 295)	(12 245)	-	(7 512)
Profit (loss) on disposal of business	31	-	4 708	-	(30)
Other operating expenses		(45 026)	(31 912)	(23 164)	(12 567)
Operating loss	24	**(46 014)**	**(40 102)**	**(5 421)**	**(10 912)**
Interest income	25	1 604	632	1 484	471
Interest expense and imputed interest	26	(4 138)	(3 567)	(185)	(35)
Loss before taxation		**(48 548)**	**(43 037)**	**(4 122)**	**(10 476)**
Taxation	27	3 572	2 436	306	(916)
Loss for the year		**(44 976)**	**(40 601)**	**(3 816)**	**(11 392)**
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss:					
Foreign currency reserve realised on disposal of business-transfer to profit or loss	28	-	(4 737)	-	-
Foreign currency reserve	28	-	1 348	-	-
Total items that may be reclassified to profit or loss		**-**	**(3 389)**	**-**	**-**
Other comprehensive income for the year net of taxation		**-**	**(3 389)**	**-**	**-**
Total comprehensive loss for the year		**(44 976)**	**(43 990)**	**(3 816)**	**(11 392)**
Loss attributable to:					
Owners of the parent		(40 860)	(37 680)	(3 816)	(11 392)
Non-controlling interest		(4 116)	(2 921)	-	-
		(44 976)	**(40 601)**	**(3 816)**	**(11 392)**
Total comprehensive loss attributable to:					
Owners of the parent		(40 860)	(41 069)	(3 816)	(11 392)
Non-controlling interest		(4 116)	(2 921)	-	-
		(44 976)	**(43 990)**	**(3 816)**	**(11 392)**
Loss per ordinary share					
Basic loss per ordinary share (cents)	38	**47.03**	**47.10**		
Diluted loss per ordinary share (cents)	38	**47.03**	**47.05**		

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Share based payment reserve	Accumulated loss	Total attributable to parent	Non-controlling interest	Total Equity
Group							
Balance at 01 March 2017	**137 585**	**3 389**	**-**	**(42 551)**	**98 423**	**(9 262)**	**89 161**
Loss after tax	-	-	-	(37 680)	(37 680)	-	(37 680)
Other comprehensive income	-	1 348	-	-	1 348	(2 921)	(1 573)
Foreign currency reserve realised on disposal of business- transfer to profit and loss	-	(4 737)	-	-	(4 737)	-	(4 737)
Issue of shares	26 000	-	-	-	26 000	-	26 000
Share issue costs	(2 520)	-	-	-	(2 520)	-	(2 520)
Share-based payment	-	-	114	-	114	-	114
Non-controlling interest at disposal - Mega Power Renewables	-	-	-	-	-	(102)	(102)
Balance at 01 March 2018	**161 065**	**-**	**114**	**(80 231)**	**80 948**	**(12 285)**	**68 663**
Adjustment on initial application of IFRS 9 and IFRS 15	-	-	-	-	-	-	-
Restated balance as at 01 March 2018	**161 065**	**-**	**114**	**(80 231)**	**80 948**	**(12 285)**	**68 663**
Loss after tax	-	-	-	(40 860)	(40 860)	(4 116)	(44 976))
Issue of shares	146 760	-	-	-	146 760	-	146 760
Share issue cost	(6 548)		-	-	(6 548)	-	(6 548)
Share-based payment	-	-	334	-	334	-	334
Balance at 28 February 2019	**301 277**	**-**	**448**	**(121 091)**	**180 634**	**(16 401)**	**164 233**
Note(s)	13	28	14				

Figures in Rand thousand	Share capital	Share based payment reserve	Accumulated loss	Total equity
Company				
Balance at 01 March 2017	**735 984**	**-**	**(8 072)**	**727 912**
Loss after tax	-	-	(11 392)	(11 392)
Other comprehensive income	-	-	-	-
Issue of shares	26 000	-	-	26 000
Share issue costs	(2 520)	-	-	(2 520)
Share-based payment	-	114	-	114
Balance at 01 March 2018	**759 464**	**114**	**(19 464)**	**740 114**
Adjustment on initial application of IFRS 9 and IFRS 15	-	-	-	-
Restated balance as at 01 March 2018	**759 464**	**114**	**(19 464)**	**740 114**
Loss after tax	-	-	(3 816)	(3 816)
Issue of shares	146 760	-	-	146 760
Share issue costs	(6 548)	-	-	(6 548)
Share-based payment	-	334	-	334
Balance at 28 February 2019	**899 676**	**448**	**(23 280)**	**876 844**
Note(s)	13	14		

Consolidated Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	Note(s)	2019	2018	2019	2018
Cash flows from operating activities					
Cash used in operations	29	(38 287)	(19 036)	(4 003)	1 506
Interest income	25	1 604	632	1 484	471
Interest expense	26	(185)	(35)	(185)	(35)
Net cash from operating activities		**(36 868)**	**(18 439)**	**(2 704)**	**1 942**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(9 587)	(13 662)	(49)	(3 858)
Purchase of intangible assets	4	(3 756)	(199)	-	-
Loans granted to subsidiaries	8	-	-	(49 382)	(30 191)
Net cash from investing activities		**(13 343)**	**(13 861)**	**(49 431)**	**(34 049)**
Cash flows from financing activities					
Proceeds on share issue	13	146 760	26 000	146 760	26 000
Share issue cost	13	(6 548)	(2 520)	(6 548)	(2 520)
Increase in borrowings	15	5 149	-	5 149	-
Finance lease proceeds	30	-	768	-	768
Finance lease capital re-payment	30	(231)	(210)	(231)	(210)
Net cash from financing activities		**145 130**	**24 038**	**145 130**	**24 038**
Total cash movement for the year		**94 919**	**(8 262)**	**92 995**	**(8 069)**
Cash at the beginning of the year		3 037	11 299	2 651	10 720
Total cash at end of the year	12	**97 956**	**3 037**	**95 646**	**2 651**

Accounting Policies

1. Presentation of financial statements

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, 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 Group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all investees which are controlled by the Group.

Consolidation of subsidiaries

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Subsidiaries are fully consolidated from the date on which control is transferred to the group (acquisition date) and are deconsolidated from the date that control ceases (disposal date). The group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany transactions and balances between group companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the group.

The company accounts for investments in subsidiaries at cost, less accumulated impairment losses.

The group’s subsidiary as at 28 February 2019 is set out below. The share capital consists solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group	Ownership interest held by non-controlling interest	Principal activities
Tetra4 Propriety Limited	South Africa	90% (2018: 90%)	10% (2018: 10%)	Explores, develops and sells compressed natural gas to the South African market

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The excess of the consideration transferred over the fair value of the Group’s share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group’s share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.2 Significant judgements and sources of estimation uncertainty (continued)

Control of subsidiaries

Judgement is required to determine when Renergen has control over a subsidiary. Renergen as an investor considers the following to determine whether it has control over an investee:

- Power over the investee, which occurs when Renergen has existing rights that give it the current ability to direct activities that significantly affect the investee's returns such as selling and purchasing of goods and services; appointing, remunerating and terminating the key management personnel or service providers of the of the operations; selecting, acquiring, and disposing of assets; researching and developing new products and processes and determining a funding structure or obtaining funding.
- Exposure, or rights, to variable returns from its involvement with the investee such as management fees and dividends.
- It's ability to use its power over the investee to affect the amount of the investor's returns.

Financial assets

At the end of each reporting period the Group determines a loss allowance for expected credit losses on financial assets. The expected credit losses are estimated with reference to current observable data and forward-looking information.

The group recognises a loss allowance for a financial asset at an amount equal to 12-months expected credit losses where the credit risk on the financial asset has not increased significantly since initial recognition. The group recognises lifetime expected credit losses when there has been a significant increase in the credit risk since initial recognition. The loss allowance for financial assets is calculated on a subsidiary basis.

Determining an increase in significant credit risk is a significant judgement and determining expected credit losses results in estimation uncertainty.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors.

Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives and residual values of depreciable assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or depleting gas reserve volumes that may change the utility of certain assets.

Provision for environmental rehabilitation

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared.

As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is charged to write off the asset’s carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset’s economic benefits are consumed by the Group. Construction assets are not depreciated as they are not ready and available for the use intended by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	10 years
Furniture and fittings	Straight line	6 years
IT equipment	Straight line	3 years
Assets under construction	Not applicable	Not applicable
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	10 years
Leasehold improvements - Furniture and fittings	Straight line	6 years
Leasehold improvements - Office equipment	Straight line	6 years
Finance - motor vehicle	Straight line	5 years

1.3 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

1.4 Intangible assets

Intangible assets are initially recognised at cost, less any accumulated amortisation and all impairment losses. Expenditure

on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible

asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.
- Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every reporting period.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its pattern of use. All assets with finite useful life are assessed for impairment annually.

Item	**Amortisation method**
Exploration and development costs	Pattern of use (units)
Molopo project mineral rights	Pattern of use (units)
Domain names	Indefinite useful lives

1.5 Financial instruments

Adoption of IFRS 9

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.
- Financial liabilities are measured at amortised cost.

Application of IAS 39 for comparative information

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are initially recognised at fair value of consideration received net of transaction costs as appropriate.

1.5 Financial instruments (continued)

Subsequent measurement

Trade receivables, loans and other receivables are carried at amortised cost adjusted for any loss allowance. Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Application of IAS 39 for comparative information

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated with reference to past default experience, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Application of IAS 39 for comparative information

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the financial asset is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses.

1.5 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less any loss allowance. A loss allowance for expected credit losses is determined at the end of each reporting period. Loans and receivables include amounts owed by associates, amounts owed by joint ventures, accrued income and cash and cash equivalents.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. A loss allowance for expected credit losses is determined at the end of each reporting period.

The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

In the consolidated statement of financial position cash and cash equivalents includes cash in hand. Cash and cash equivalents are measured at amortised cost.

Restricted cash

The Group has cash deposits in call accounts that have been ring-fenced. These cash deposits are used for environmental rehabilitation. This cash is not treated as cash and cash equivalent.

1.5 Financial instruments (continued)

Other financial assets

Other financial assets held at amortised cost include a loan to minority shareholders held as a current asset. The loan is held at cost and is repayable on demand. A loss allowance for expected credit losses is determined at the end of each reporting period.

Convertible debt instruments

The Group classifies a financial instrument as either a financial liability or an equity instrument according to the substance of the contract and not it's legal form. Convertible notes meet the definition of a financial liability as the Group has a contractual obligation to delivery cash to the note holder, furthermore the Group does not have an unconditional right to avoid delivering cash to settle the contractual obligation.

Conversion option

There is a conversion option attached to the Notes, granting the holder the right to convert the Notes into a variable number of ordinary shares. The conversion option meets the definition of a financial liability as such, making the Notes a hybrid financial instrument. The conversion option is closely related to the Notes and is therefore, not accounted for separately from the Notes.

On initial recognition, the Notes are measured at fair and any premium or discount on issue is written off over the redemption period using the effective interest rate method. Issue costs are charged directly to the liability on the date of issue

Convertible Notes are subsequently measured at amortised cost.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss.

1.6 Share-based payments

Long-term employee benefits – Bonus Shares

The Group operates an equity-settled compensation plan where the Governance, Ethics and Transformation, Social, Compensation Committee makes an award of forfeitable shares to the executive Directors, prescribed officers, senior management and key employees of the Group. These are referred to as Bonus Shares. The number of Bonus Shares awarded depends on the individual's annual cash bonus that has been deferred. The Bonus Shares vest after three years' service from grant date. This is the only vesting condition pertaining to the Bonus Shares. No other vesting conditions exist. The terms and conditions of the Bonus shares, after vesting are the same as those traded publicly.

The fair-value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted. Fair value is based on a 30-day volume weighted average market price of the equity-settled instruments granted. The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period, with a corresponding increase in the share-based payment reserve.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and is not part of a business combination or the initial recognition of goodwill.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and is not part of a business combination.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.9 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

a. Environmental Rehabilitation Provision

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure. Changes in estimates are capitalised or reversed against the relevant asset to the extent that it meets the definition of dismantling and removing the item and restoring the site on which it is located. Costs that relate to an existing condition caused by past operations and do not have a future economic benefit are recognised in profit or loss.

The Group's operations are required by law to undertake rehabilitation work as part of their ongoing operations. The Group makes contributions into environmental rehabilitation obligation funds (refer to note 16) and holds guarantees to fund the estimated costs.

b. Royalty Provision

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty payable to the State. The royalty in respect of refined minerals is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure.

The natural gas is compressed, scrubbed and dried in the compressor, the compressor is considered as the "refinery" and thus, the royalty is calculated based on the condition of the gas at the inlet of the compressor. The provision for royalties is included in trade and other payables.

1.10 Revenue from contracts with customers

Adoption of IFRS 15

Disaggregation of revenue from contracts with customers

The group derives revenue from the sale of compressed natural gas (CNG) in the Free State province of South Africa to one customer on delivery of CNG.

Inter-company revenue relates to management fees earned by the holding company from its subsidiary Tetra4.

Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the group to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

The main categories of revenue and the basis of recognition is as follows:

Sales of compressed natural gas (CNG)

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. The consideration received is allocated to the goods based on their selling price.

Management fees earned by the holding company

Intercompany revenue relating to the management fees paid to the holding company is recognised as these services are provided. The management fees are paid monthly by the subsidiary company. The consideration is allocated based on the management fees as per the contract.

Disaggregation of assets from contracts with customers

Current assets relating to contracts with customers (receivables), no allowances
Non-current assets relating to contracts with customers (receivables), no allowances.

The group offers customers 30 days from the date of the statement to make payment.

Application of IAS 18 for comparative information

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue arising from Compressed Natural Gas (CNG) sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the CNG is delivered to the customer. The price of CNG is determined by market diesel price forces.

Monthly pricing is based on the monthly average diesel price less agreed discounts in the month of settlement.

The determination of management fees revenue requires management to assess the costs incurred by head office on behalf of its subsidiaries.

1.11 Cost of sales

Cost of sales entails the costs of conversion which are costs directly related to production. These costs include plant depreciation and maintenance and salaries of plant staff.

1.12 Translation of foreign currencies

Functional and presentation currency

All items in the financial statements of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group’s consolidated financial statements are presented in South African Rand, which is Renergen’s functional currency and the Group’s presentation currency.

Transactions and balances

Foreign currency income and expenses are translated into the functional currency using the spot rate on transaction date and assets and liabilities are translated at the closing rate of the relevant month. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of comprehensive income.

1.12 Translation of foreign currencies (continued)

Foreign Operations

The results and the financial position of the Group subsidiary that has a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

b. Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for the period presented

c. All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR)

On consolidation, exchange rate differences arising from the translation of the net investment in foreign operations are also taken to the FCTR. The Group's net investment in a foreign operation is equal to the equity investment plus all monetary items that are receivable from or payable to the foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of or sold, and the Group loses control, joint control or significant influence over the foreign operation, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR are reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation.

Fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

The key exchange rates to the South Africa Rands used in preparing the consolidated financial statements were as follows:

1.12 Translation of foreign currencies (continued)

Average rate	**28 February 2018**
Euro	14.3057

1.13 Segment information

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 (Renergen Limited's Chief Executive Officer) to allocate resources and assess performance and for which discrete financial information is available. Refer to Note 6.

The Group has the following reportable segments:

Corporate Head Office

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

Tetra4 (Pty) Ltd

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

Mega Power Renewables

Mega Power Renewables is in Côte d'Ivoire. This segment is managing the development of a hydroelectric project. Its functional currency is Euros. Mega Power Renewables was disposed of as at 28 February 2018.

1.14 Investment in subsidiaries

Subsidiaries are entities over which Renergen has power to govern the financial and operating policies and has an accompanying shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

Subsequently the investment in subsidiaries is increased by the allocation of shares to employees within the Scheme annually.

2 New Standards and Interpretations

2.1 standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:

2.1.1 Identify the contract(s) with a customer
2.1.2 Identify the performance obligations in the contract
2.1.3 Determine the transaction price
2.1.4 Allocate the transaction price to the performance obligations in the contract
2.1.5 Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has assessed the impact of the of the new standard based on a review of contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15.

The Group's revenue is derived from commodity sales, for which the point of recognition is dependent upon contract sales term, the transfer of risks and rewards as defined by IAS 18 and the transfer of control as defined by IFRS 15 generally coincides with the fulfilment of performance obligations under the contract. As such, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue recognised by the Group and accordingly prior period amounts were not restated and no transition adjustments have been made to the opening retained earnings as at the date of initial application. The practical expedient has not been applied as the group only has one contract with one customer.

The effective date of the standard is for years beginning on or after 01 January 2018. The group has adopted the standard for the first time in the 2019 financial statements.

IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities, reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.

The effective date of the standard is for years beginning on or after 01 January 2018.

Changes in accounting policies resulting from IFRS 9 have been applied as at 1 March 2018, with no restatement of comparative information for the prior year. There is no difference in classification and measurement between IAS 39 and IFRS 9 and thus no transition adjustments have been made to the opening retained earnings as at the date of initial application. All financial assets were previously and are still carried at amortised cost.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group’s accounting periods beginning on or after 01 March 2019 or later periods:

IFRS 16 Leases

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance.

Under the new standard, a lessee is required to recognise the present value of the unavoidable lease payments as a lease liability on the statement of financial position (including those currently classified as operating leases) with a corresponding right of use asset. The unwind of the financial charge on the lease liability and amortisation of the leased asset are recognised in the statement of income based on the implied interest rate and contract term respectively. The Group's recognised assets and liabilities will increase and affect the presentation and timing of related depreciation and interest charges in the consolidated statement of profit or loss and other comprehensive Income. Upon adoption of IFRS 16, the most significant impact will be the present value of the operating lease commitments (see note 32) being shown as a liability on the statement of financial position together with an asset representing the right of use, which are unwound and amortised to profit or loss over time.

The Group will apply the modified retrospective approach. Under this approach, the Group will not restate amounts previously reported and will apply the practical expedient to retain the classification of existing contracts as leases under current accounting standards (i.e. IAS 17) instead of reassessing whether existing contracts are/or contain a lease at the date of initial application provided these contracts are ending within 12 months of the date of initial application.

As at 28 February 2019, the group did not have any non-cancellable operating lease commitments.

The group leases two office premises on an operating lease arrangement, one of which is a short-term lease which expires within the first half of the new financial year (February 2020) with no intentions to renew. The expense will be recognized on a straight-line basis in profit and loss. Management intends to renew its head office lease for an additional three years in July 2019 the impact of the lease is approximately R 95 354 on profit or loss and the group will recognize a right-of-use asset and a corresponding lease liability of approximately R 270 509.

The group leases vehicles on a finance lease basis, the new standard will have no material impact on these lease arrangements.

The group will adopt the standard from the reporting period beginning 01 March 2019. The right of use for property leases will be measured at the amount of lease liability on adoption (adjusted for prepaid or accrued lease expenses) and any adjustment from the reversal of a straight-lining liability will be credited against the opening retained earnings balance.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

3 Property, plant and equipment

Group	2019			2018		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Assets under construction	19 491	-	19 491	10 090	-	10 090
Plant and machinery	20 335	(5 610)	14 725	20 335	(3 625)	16 710
Furniture and fixtures	783	(322)	461	751	(197)	554
Motor vehicles	2 086	(1 425)	661	2 086	(1 098)	988
Office equipment	144	(80)	64	134	(63)	71
IT equipment	366	(219)	147	248	(123)	125
Computer software	1 434	(319)	1 115	2 933	(234)	2 699
Finance lease motor vehicle	857	(252)	605	857	(80)	777
Leasehold improvements						
- Office equipment	152	(59)	93	146	(35)	111
- Furniture and fixtures	567	(172)	395	567	(77)	490
Total	**46 215**	**(8 458)**	**37 757**	**38 147**	**(5 532)**	**32 615**

Company	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	728	(297)	431	706	(180)	526
Office equipment	95	(41)	54	95	(25)	70
IT equipment	38	(29)	9	38	(17)	21
Computer software	1 248	(189)	1 059	2 747	(138)	2 609
Finance lease motor vehicle	857	(252)	605	857	(80)	777
Leasehold improvements						
- Office equipment	152	(59)	93	146	(35)	111
- Furniture and fixtures	567	(172)	395	567	(77)	490
Total	**3 685**	**(1 039)**	**2 646**	**5 156**	**(552)**	**4 604**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Depreciation	Impairment loss	Total
Assets under construction	10 090	9 401	-	-	19 491
Plant and machinery	16 710	-	(1 985)	-	14 725
Furniture and fixtures	554	32	(125)	-	461
Motor vehicles	988	-	(327)	-	661
Office equipment	71	10	(17)	-	64
IT equipment	125	117	(95)	-	147
Computer software	2 699	21	(310)	(1 295)	1 115
Finance lease motor vehicle	777	-	(172)	-	605
Leasehold improvements				-	
- Office equipment	111	6	(24)	-	93
- Furniture and fixtures	490	-	(95)	-	395
	32 615	**9 587**	**(3 150)**	**(1 295)**	**37 757**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Depreciation	Total
Assets under construction	506	9 584	-	10 090
Plant and machinery	18 665	30	(1 985)	16 710
Furniture and fixtures	487	173	(106)	554
Motor vehicles	1 315	-	(327)	988
Office equipment	87	1	(17)	71
IT equipment	110	85	(70)	125
Computer software	9	2 839	(149)	2 699
Finance lease motor vehicle	194	646	(63)	777
Leasehold improvements				
- Office equipment	97	36	(22)	111
- Furniture and fixtures	286	268	(64)	490
	21 756	**13 662**	**(2 803)**	**32 615**

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	525	24	(118)	-	431
Office equipment	70	-	(16)	-	54
IT equipment	21	-	(12)	-	9
Computer software	2 610	21	(277)	(1 295)	1 059
Finance lease motor vehicle	777	-	(172)	-	605
Leasehold improvements					
- Office equipment	111	6	(24)	-	93
- Furniture and fixtures	490	-	(95)	-	395
	4 604	**51**	**(714)**	**(1 295)**	**2 646**

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	462	164	(101)	525
Office equipment	84	-	(14)	70
IT equipment	30	-	(9)	21
Computer software	3	2 744	(137)	2 610
Finance lease motor vehicle	194	646	(63)	777
Leasehold improvements				
Office equipment	97	36	(22)	111
Furniture and fixtures	286	268	(64)	490
	1 156	**3 858**	**(410)**	**4 604**

Computer software is classified as property, plant and equipment as it is a significant component and not separable from the computer. During the year computer software to the value of R1.3 million was written off as a result of the software not facilitating a suitable integrated risk management solution to Renergen and its subsidiary.

4 Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Côte d'Ivoire Hydroelectric project	-	-	-	12 245	(12 245)	-
Exploration and development costs	13 006	(32)	12 974	9 250	(32)	9 218
Molopo project mineral rights	57 479	-	57 479	56 579	-	56 579
Domain	41	-	41	41	-	41
Total	**70 526**	**(32)**	**70 494**	**78 115**	**(12 277)**	**65 838**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

4. Intangible assets (continued)

Company	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Domain	14	-	14	14	-	14

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Total
Exploration and development costs	9 218	3 756	12 974
Molopo project mineral rights*	56 579	900	57 479
Domain	41	-	41
	65 838	**4 656**	**70 494**

*Additions in mineral project rights pertain to increase in the environmental rehabilitation guarantee issued to Tetra4 by Lombard Insurance.

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Foreign exchange movements	Amortisation	Impairment loss	Total
Côte d'Ivoire Hydroelectric project	10 897	-	1 348	-	(12 245)	-
Exploration and development costs	9 038	199	-	(19)	-	9 218
Molopo project mineral rights	56 579	-	-	-	-	56 579
Domain	41	-	-	-	-	41
	76 555	**199**	**1 348**	**(19)**	**(12 245)**	**65 838**

Reconciliation of intangible assets - Company - 2019

	Opening balance	Total
Domain	14	14

Reconciliation of intangible assets - Company - 2018

	Opening balance	Total
Domain	14	14

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

4. Intangible assets (continued)

Exploration and development costs

These are costs incurred in the exploration and development of natural gas reserves. Tetra4 (Pty) Ltd explores and develops natural gas in its exploration and production rights areas. Amortisation commenced upon start of production. Intangible mineral rights are amortised based on the pattern of use.

No amortization was recognized in the current financial year as the balance of the gas reserves increased by significantly higher than the rate of gas produced. Production increased from 55 216 GJ to 138 million GJ of Methane reserves in the current year.

Impairment of exploration and development costs:

The costs are tested for impairment annually. The carrying value of the developed reserves is deemed recoverable as the company continues to perform exploratory drilling activities, it has proven the existence and commercial value of more gas reserves.

Molopo Mineral Rights

The Group holds production and exploration rights through Tetra4 (Pty) Ltd, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State.

The carrying amount of the assets is R 57.5 million, Exploration and Development costs and Molopo Project Mineral Rights will be recovered through value in use as determined through the units of production and life of the mine. There was minimal production done on the Molopo Project for the year ended 28 February 2019. The production levels of the gas reserves were immaterial and thus no amortisation was raised.

Impairment of Mineral Rights:

Intangible assets not yet ready for use are tested for impairment annually. The recoverable amount was determined based on the value in use calculation based on the expected cashflows from the remaining useful lives of the exploration and production rights.

MHA Petroleum Consultants LLC prepared gas reserve estimates for the group signed off on 1 March 2019. Net reserve volumes of total Proved Plus Probable Helium and Methane Reserves measured at 142,4BCF. Reserve volumes have been reported on a Group net basis.

MHA Petroleum Consultants report indicates a net present value of R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The recoverable amount of Tetra4's gas reserves exceed the carrying value of the Mineral rights.

MHA report indicates a net present value of R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The net present value of R9.8 billion represents the recoverable amount of Tetra4's gas reserves, which exceeds the carrying value of the Mineral rights.

MHA from the United States of America has conducted an independent assessment of the unconventional methane and helium reserves and resources in the Tetra4 Virginia Gas Field. This evaluation is primarily an economic update based on analysis methodology that MHA has conducted using the technical and economic data supplied by Tetra4. This evaluation includes estimates of recoverable methane and helium volumes from Proved Developed Non-Producing wells, Proved Undeveloped locations, total proved, probable and possible reserves. The resource and reserve estimates and associated economics contained in the report are prepared in accordance with the Society of Petroleum Engineers, Petroleum Resources Management which provides guidance and provides a Technical Value. The estimates are also in accordance with the Australian Stock Exchange rules. The report is also supplemented by MHA's corporate awareness of the current South African industry costa and best practices. The assessment is based on a 30-year period.

Domain

The Group purchased domains on which its websites are hosted. The domain as an indefinite useful life. Impairment testing on the domains is performed annually.

Impairment – Mineral right Domain Name:

The domain has an indefinite useful life. The asset is tested for impairment annually and was not considered impaired as the recoverable amount (based on value in use) is higher than the carrying amount.

Côte d'Ivoire Hydroelectric project

Côte d'Ivoire Hydro is a hydroelectric project managed by Mega Power Renewables in Côte d'Ivoire (in the west of the African continent). The feasibility and pre-feasibility studies of the project were funded by shareholders of the managing company, Mega Power Renewables. As at 30 September 2017 no economic benefits were expected to be recovered on this asset, thus the asset was fully impaired and subsequently sold on 23 February 2018.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

5. Investment in subsidiary

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Tetra4 (Pty) Ltd	90.00 %	90.00 %	594 528	594 414
Share-Based payments			320	114
			594 848	594 528

Renergen Limited has a 90% shareholding in Tetra4. This was the only subsidiary of the group during the year.

Shareholders of Renergen approved a group bonus share scheme, where employees and executive directors of the group will participate in scheme. The shares awarded to employees and executive in the scheme are Renergen shares. The investment in subsidiaries is increased by the allocation of shares to employees within the scheme annually.

Impairment testing of subsidiary:

Tetra4's value lies in the gas reserves of the company. MHA Petroleum Consultants LLC prepared gas reserve estimates signed off on 1 March 2019. MHA Petroleum Consultants report indicates a net present value of Helium and Methane Reserves R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The recoverable amount of Tetra4's gas reserves exceeds the carrying value of the investment held by Renergen in Tetra 4.

The subsidiary has not been impaired in the current year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

6. Analysis per reportable segment

The operating segments are reported in a manner consistent with the Group. 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
- **Tetra4 (Pty) Ltd**
  Tetra4 explores, develops and sells compressed natural gas to the South African market
- **Mega Power Renewables**
  Mega Power Renewables is in Côte d'Ivoire. This segment is managing the development of a hydroelectric project. Its functional currency is Euros. Mega Power Renewables was disposed of on 23 February 2018.

Analysis of reportable segments as at 28 February 2019 is set out below:

	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 amortization	(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**

Revenues from transactions with the Group's major customer amount to more than 10% of the Group's revenue for the current and prior period. Revenue from this major customer amounted to R3 million (28 February 2018: R2,9 million) which is reported under the Tetra4 operating segment.
*Depreciation on plant and equipment of R1.9million is included cost of sales.

Analysis of reportable segments as at 28 February 2018 is set out below:

	Corporate Head office	Tetra4	Mega Power Renewables	Total	Consolidating Adjustments	Consolidated
Revenue	8 600	2 885	-	11 485	(8 600)	2 885
External	-	2 885	-	2 885	-	2 885
Inter-segment	8 600	-	-	8 600	(8 600)	-
Loss after tax	(11 392)	(29 209)	-	(40 601)	-	(40 601)
Total assets	**744 363**	**104 993**	**266**	**849 622**	**(735 370)**	**114 252**
Total liabilities	**4 249**	**176 525**	**-**	**180 774**	**(135 185)**	**45 589**

7. Loans to group companies

Subsidiaries

Tetra4	-	-	184 453	135 071

Renergen invests in the development of renewable energy projects. Loans to subsidiaries are subordinated.

The intercompany loan between Renergen and Tetra 4 bears interest at 0% and is payable upon request of repayment by Renergen.

The Group determines the expected credit loss on loans to group companies and other loans based on different scenarios of probability of default and expected loss applicable to each material underlying balances. An assessment was made for excepted credit losses at period end and the impact on loans to group companies is not material.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

8. Deferred tax

Deferred tax liability				
Property plant and equipment	(4 433)	(4 679)	1 753	-
Intangible	(1 740)	-	-	-
Total deferred tax liability	**(6 173)**	**(4 679)**	**1 753**	**-**
Deferred tax asset				
Unused tax losses	18 416	13 350	-	1 447
Deferred tax liability	(6 173)	(4 679)	1 753	-
Deferred tax asset	18 416	13 350	-	1 447
Total net deferred tax asset	**12 243**	**8 671**	**1 753**	**1 447**

As at 28 February 2019, the Group's estimated tax losses were R217 million (28 February 2018: R205 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. Net deferred taxation asset of R12.2 million has been recognized due to the predictability of future profit streams. Estimated revenue growth rate of 30% in February 2020 from LNG and CNG sales, and 3% from Feb 2022 from the sale of Helium and LNG, growth rates costs were estimated at CPI of at 5.81%, 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 (2020 to 2030). 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 2021 financial year. It is likely that Tetra4 will generate sufficient revenue to generate a small monthly profit during the construction phase. 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. Restricted cash

Restricted cash				
Environmental Rehabilitation guarantee cash	2 178	1 632	-	-

The Group has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free state). The Group has had to provide for its environmental management programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the exploration activities. The Group has a rehabilitation provision of R4 million, refer to note 17. The cash portion of this guarantee is invested in a call account and has been ringfenced for the use towards environmental rehabilitation. The interest earned on the call account is capitalised to this balance. Due to this restriction the use of the cash is restricted, and it is classified as a non-current asset.

10. Trade and other receivables

Financial instruments:				
Deposits	214	214	-	-
Other receivable	240	505	-	136
Non-financial instruments:				
VAT	708	337	-	-
Prepayments	3 320	1 403	311	412
Total trade and other receivables	**4 482**	**2 459**	**311**	**548**

Other receivables consist of bursaries payable and outstanding debtors balances at period end.

Prepayments relate to prepaid costs for goods or services to be received in the next financial year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

10. Trade and other receivables (continued)

Categorisation of trade and other receivables

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

At amortised cost	454	719	-	136
Non-financial instruments	4 028	1 740	311	412
	4 482	**2 459**	**311**	**548**

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

An assessment was made for expected credit losses at period end and the impact on trade and other receivables is not material.

11. Other financial assets

Loans and receivables	-	-	5 500	5 500

The loan shall be repaid over a term of ten years by means any dividends paid from the shares held by Cheryl Sjoberg (a director in Tetra4) in Tetra4. The loan bears no interest.

An assessment was made for expected credit losses at period end and the impact on loans and receivables is not material.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5	-	-	-
Bank balances	97 951	3 037	95 646	2 651
	97 956	**3 037**	**95 646**	**2 651**

13. Stated capital

Authorised				
500 000 000 no par value shares	500 000	500 000	500 000	500 000
Reconciliation of number of shares issued:				
Opening balance	81 035	78 413	81 035	78 413
Issue of shares - ordinary shares	19 100	2 622	19 100	2 622
	100 135	**81 035**	**100 135**	**81 035**
RECONCILIATION OF ISSUED STATED CAPITAL				
Opening balance	161 065	137 585	759 464	735 984
Issue of shares – ordinary shares issued for cash	146 760	26 000	146 760	26 000
Share issue costs	(6 548)	(2 520)	(6 548)	(2 520)
	301 277	**161 065**	**899 676**	**759 464**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

14. Equity settled share base payment

Renergen granted shares to senior management and an executive director after the approval of a Bonus Share Scheme by shareholders on 29 September 2017. Further shares were granted to senior management and general employees on 6 July 2018. All shares vest after 36 months of employment with the company, there are no other vesting conditions.

	28 February 2019			28 February 2018		
	Number of shares awarded ('000)	**Fair value per share at grant date**	**Value of Shares (R'000)**	**Number of shares awarded ('000)**	**Fair value per share at grant date**	**Value of Shares (R'000)**
GROUP						
EXECUTIVES						
Opening balance Executive directors (granted 5 October 2017)	59	10.22	600	-	-	-
Allocation for the period Executive directors (granted 5 October 2017)	-	-	-	59	10.22	600
Closing shares award	**59**		**600**	**59**		**600**
SENIOR MANAGEMENT						
Opening balance Senior management (granted 5 October 2017)	22	10.22	224	22	10.22	224
Allocation for the period						**-**
Senior management (granted 6 July 2018)	25	9.9	248	-	-	-
Closing shares awarded	**47**		**472**	**22**		**224**
GENERAL EMPLOYEE						
Opening	-	-	-	-	-	-
Allocation for the period (granted 6 July 2018)	4	9.9	40	-	-	-
Lapsed shares	(2)	9.9	(17)			
Closing awarded	**2**		**23**	**-**	**-**	**-**
Total shares awarded to date	**108**		**1 095**	**81**		**824**

14. Equity settled share base payment (Continued)

	28 February 2019		
	Number of shares (‘000)	**Fair value per share**	**Value of Shares (R'000)**
COMPANY*			
SENIOR MANAGEMENT			
New shares granted			
Senior Management	7	9.9	69
Closing balance			
Total shares granted	**7**		**69**

*The company did not grant any shares during the 28 February 2018 financial year

Impact of share-based payment on financial statements is detailed below:

GROUP

	Statement of profit and loss			Statement of financial position	
	28 February 2019	**28 February 2018**		**28 February 2019**	**28 February 2018**
			Total opening balance Share base payment reserve	114	-
			Current year movement		-
Executives	200	83	Executives	200	83
Senior Management	129	31	Senior Management	129	31
General Employees	5	0	General Employees	5	0
Current year Share base payment expense	**334**	**114**	**Total opening balance Share base payment reserve**	**448**	**114**

14. Equity settled share base payment (C o n t i n u e d)

COMPANY

Impact on financial statements	**Statement of profit and loss**			**Statement of financial position**	
	28 February 2019	**28 February 2018**		**28 February 2019**	**28 February 2018**
			Opening balance Share base payment reserve	-	-
Executives	-	-	Executives	-	-
Senior Management	-	-	Senior Management	-	-
General Employees	-	-	General Employees	-	-
Current year Share base payment expense			**Current year movement**		
Executives			Executives		
Senior Management: (granted 6 July 2018)	11	-	Senior Management: (granted 6 July 2018)	11	-
General Employees	-	-	General Employees	-	-
Current year Share base payment expense	11	-	**Total opening balance Share base payment reserve**	**11**	**-**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

15. Financial liabilities

Held at amortised cost				
Molopo Energy Limited	34 498	30 545	-	-
Convertible Notes	5 149	-	5 149	-
	39 647	**30 545**	**5 149**	**-**

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 28 February 2019 is 12.25% (prime lending rate of 10.25% plus 2%). The imputed interest expense (refer note 26) is included in profit and loss. The fair value of the loan amount outstanding at 28 February 2019 amounts to R34.5 million.

Convertible notes instrument

Renergen issued 500 convertible notes at AUD1000 per note on 13 December 2018 with an 18-month term. The convertible notes carry a coupon rate of 15% per annum. 5% of the coupon rate is payable in cash quarterly from issue date and 10% of the coupon rate is capitalized on the outstanding principal amount. A note may be transferred by a Noteholder subject to providing 5 Business Days prior written notice to the Company.

A Noteholder may at any time elect to convert its Notes into Underlying Securities at a calculated conversion price by written notice to the Company specifying the Conversion Date.

Conversion - automatic conversion on Listing Date

If the Listing Date has occurred prior to the day of redemption and the Listing Price is greater than or equal to AUD $1.25 then each Note will automatically convert into Underlying Securities by reference to the Outstanding Amount of each Note based on the price calculated per below with the Conversion Date being the Listing Date.

Conversion price

If a conversion occurs on Noteholder's election or automatically on ASX listing, each Note (subject to any adjustments to the Outstanding Amount of each Note in accordance with the AUD: ZAR exchange rates) will convert into Underlying Securities on the basis that the price of each Underlying Security is equivalent to the lesser of:

- ZAR 7.50; or
- the ZAR price per Underlying Security in respect of any capital raising of the Company subsequent to 1 October 2018 (including any IPO on the ASX).

Extension of Maturity Date

If the Listing Date occurs and at that time the Listing Price is less than AUD $1.25, the Maturity Date will automatically be extended by 24 months from the Listing Date.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

16. Finance lease obligation

Minimum lease payments due				
- within one year	365	266	365	266
- in second to fifth year inclusive	240	511	240	511
	605	777	605	777
less: future finance charges	(59)	(127)	(59)	(127)
Present value of minimum lease payments	**546**	**650**	**546**	**650**
Non-current liabilities	208	511	208	511
Current liabilities	338	266	338	266
	546	**777**	**546**	**777**

The Group leases certain motor vehicles under finance lease. At the end of the lease term, the Group will take ownership of the motor vehicles. The carrying value of these motor vehicles as at 28 February 2019 is R 546 000 (28 February 2018 is R777 000). The average lease term is four years and the average effective borrowing rate is 10.5% (28 Feb 2018: 10.5%)

There were no breaches or defaults in contracts during the current or comparative period.

17. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Total
Environmental rehabilitation	3 100	900	4 000
IDC	-	5 829	5 829
	3 100	**6 730**	**9 829**

Reconciliation of provisions - Group - 2018

	Opening balance	Total
Environmental rehabilitation	3 100	3 100

Environmental Rehabilitation Provision

The Group has one production right and five exploration rights over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State. Provision for rehabilitation is provided by Lombard Insurance and amounts to R 4 million allocated toward rehabilitation of land impacted on by Tetra4 activity. The current amount of R 4 million rand is allocated for:

- The rehabilitation and closure of 16 existing wells;
- The rehabilitation and closure of 4 new/planned wells;
- The rehabilitation of 18 383 m of disturbance from pipeline placement; and
- Monitoring and maintenance of rehabilitation along pipelines.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

17. Provisions (continued)

IDC Provision

The Group entered into a loan agreement with the IDC on 31 March 2017 for an amount equal to R218 million to fund the acquisition and/or construction of the pipeline and associated installation costs, compression stations and the power steam and plant in Virginia in the Free State province. The advance of this loan is subject to certain conditions precedent in the agreement being fulfilled. The conditions precedent to the loan are yet to be fulfilled. A provision of R5,8 million has been raised by the Group for commitment and administration fees incurred during the year on the IDC funding agreement. These estimated costs incurred are payable on the earlier of a date specified by the IDC, drawdown date, effective date or cancellation date; the timing and amount of the outflows relating to this obligation is uncertain.

18. Trade and other payables

Financial instruments:				
Trade payables	8 239	9 651	1 245	2 290
Accrued bonus	423	-	71	-
Accrued expense	758	610	758	876
Non-financial instruments:				
Accrued leave pay	1 369	906	493	306
VAT	66	-	65	-
	10 855	**11 167**	**2 632**	**3 472**

19. Revenue

Revenue from contracts with customers				
Sale of CNG	2 987	2 885	-	-
Management fees	-	-	16 487	8 600
	2 987	**2 885**	**16 487**	**8 600**

Revenue is derived principally from the sale of commodities, recognised once the control of the goods has transferred from the group to the buyer. Intercompany revenue from management fees is recognized when the service is provided. Revenue is measured based on consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

19. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Sale of CNG	2 987	2 885	-	-
Other revenue				
Management fees	-	-	16 487	8 600
Total revenue from contracts with customers	**2 987**	**2 885**	**16 487**	**8 600**

Revenue is derived principally from the sale of commodities, recognised once the control of the goods has transferred from the group to the buyer. Revenue is measured based on consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.

20. Cost of sales

Employee costs	1 057	980	-	-
Plant and Depreciation	1 985	1 985		-
-				
CNG purchased	-	166	-	-
Repairs and maintenance	155	352	-	-
	3 197	3 483	-	-

21. Other operating income

Other rental income	-	-	1 123	597
Other income	851	59	144	-
	851	**59**	**1 267**	**597**

Other income consists mainly of reimbursement income from Sibanye Gold for the design work performed by Tetra4 to make their locomotive to run on CNG.

22. Other operating gains (losses)

Foreign exchange losses				
Net foreign exchange loss	(69)	(5)	(69)	(5)
Total other operating gains (losses)	**(69)**	**(5)**	**(69)**	**(5)**

23. Impairment loss

Intangible assets	-	12 245	-	-
Property, plant and equipment	1 295	-	-	-
Loan receivable	-	-	-	7 512
	1 295	12 245	-	7 512

Impairment of an Intangible as asset in Mega Power Renewable

During the year ended 28 February 2018, the intangible asset in Mega Power Renewables (a subsidiary of Renergen Ltd) was impaired. Management had to take a decision on whether to continue to fund it or write off the investment. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm and 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 hydroelectric projects further and will concentrate exclusively on the South African natural gas market for the time being. The recoverable amount is nil.

Impairment of computer software in Renergen Head office

During the year ended 29 February 2019, software in Renergen Limited to the value of R 1.3 million was written off as a result of the software not facilitating a suitable integrated risk management solution to Renergen and its subsidiary.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

24. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

Consulting and advisory fees			18 573	12 177
Employee costs**			3 073	3 460
Operating lease charges			983	964
Depreciation*, amortisation and impairment			1 165	803
Other operating costs			11 743	7 129
Directors fees - Non Executives			1 470	1 339
Directors fees - Executives			8 019	6 040
			45 026	**31 912**

* Depreciation of plant and machinery amounting to R2 million (28 February 2018: R2 million), is included in cost of sales.
** Employee costs relating to manufacturing of gas sold is included in cost of sales.

25. Interest income

Interest income				
Investments in financial assets:				
Bank interest	1 604	632	1 484	471

26. Interest expense and imputed interest

Interest expense	185	35	185	35
Imputed interest expense	3 953	3 532	-	-
	4 138	**3 567**	**185**	**35**

This relates to the unwinding of the loan from Molopo Energy Limited. The loan has been 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 year end is 12.25% (prime lending rate of 10.25% plus 2). Refer to note 15.

27. Taxation

Major components of the tax income

Deferred				
Originating and reversing temporary differences	(3 572)	(2 436)	(306)	916

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

Accounting loss	(48 548)	(43 037)	(4 178)	(10 476)
Tax at the applicable tax rate of 28% (2018: 28%)	13 593	12 051	1 170	2 933
Tax effect of adjustments on taxable income				
Non-deductible expenses	**(1 822)**	**(4 655)**	**(482)**	**(2 229)**
Share based payment expense	(93)	(32)	(3)	-
Social labour plan costs	(63)	(38)	-	-
SARS interest and penalties	(24)	-	(24)	-
Donations	(5)	-	(2)	-
Impairment loss on fixed assets	(401)	(3 429)	(401)	(2 150)
Imputed interest on loan	(1 107)	(989)	-	-
Annual leave	(129)	(167)	(52)	(79)

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018
27. Taxation (continued)				
Non-deductible expenses of capital nature	**(1 833)**	**(6 760)**	**(1 830)**	(5 500)
Capital raising expenses	(1 764)	(6 318)	(1 764)	(5 457)
Leasehold improvements	(32)	(442)	(32)	(43)
Transaction costs on sale of investment	(34)	-	(34)	-
Deductible expenses	**1 128**	**21**	**108**	**21**
Oil and Gas Tenth schedule allowances	1 020	-	-	-
Operating lease expense	90		90	
Finance lease expense	18	21	18	21
Non-taxable income	**-**	**392**	**1 767**	**-**
Capital raising fee	-	-	1 767	-
Lombard Insurance reclassification	-	**392**	-	-
Recoupment of computer software disposed	(63)	-	(63)	-
Assessed losses carried forward	(7 431)	1 387	(364)	3 859
	3 572	**2 436**	**306**	**(916)**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

28. Foreign currency translation reserve

Other comprehensive income entails translation differences that arise from the foreign investment. Mega Power Renewables is a foreign subsidiary of Renergen Limited has Euros as its functional currency and South African Rands as reporting currency. The breakdown of other comprehensive income is shown below:

Foreign currency translation opening carrying value	-	3 389	-	-
Current year movement in translation	-	1 348	-	-
Closing balance on reserves	-	4 737	-	-
Transferred through profit and loss	-	(4 737)	-	-
Closing balance on reserves	**-**	**-**	**-**	**-**

29. Cash (used in) generated from operations

Loss before taxation	(48 548)	(43 037)	(4 122)	(10 476)
Adjustments for:				
Depreciation	3 150	2 803	714	410
Amortisation	-	19	-	-
Interest income	(1 604)	(632)	(1 484)	(471)
Finance costs	185	35	185	35
Imputed interest expense	3 953	3 532	-	-
Impairment loss	1 295	12 245	1 295	7 512
Share based payment expense	334	114	11	-
Allocation to restricted cash	(555)	(1 632)	-	-
Provision for IDC	5 829	-	-	-
Profit on sale of business – Mega Power Renewables	-	(4 708)	-	30
Expected cash proceeds on disposal of Mega Power	-	135	-	135
Changes in working capital:				
Trade and other receivables	(2 015)	6 473	237	2 262
Trade and other receivables on disposal of Mega Power Renewables	-	(266)	-	-
Trade and other payables	(312)	5 883	(839)	2 069
	(38 287)	**(19 036)**	**(4 003)**	**1 506**

30. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening Balance	Other non-cash movements	Cash Flows	Closing Balance
Financial Liabilities	30 545	3 953	5 149	39 647
Finance Lease	777	-	(231)	546
	31 322	**3 953**	**4 918**	**40 193**
Total liabilities from financing activities	**31 322**	**3 953**	**4 918**	**40 193**

Reconciliation of liabilities arising from financing activities - Group - 2018

	Opening Balance	Additions	Interest Expense	Finance lease capital re-payment	Non-cash movements: Imputed interest expense	Closing balance
Financial Liabilities	23 857	-	-	-	6 688	30 545
Finance Lease Liabilities	219	768	(23)	(187)	-	777
	24 076	**768**	**(23)**	**(187)**	**6 688**	**31 322**
Total Liabilities from financing activities	**24 076**	**768**	**(23)**	**(187)**	**6 688**	**31 322**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

30. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2019

	Opening balance	Cash flows	Closing balance
Financial liabilities	-	5 149	5 149
Finance lease liabilities	777	(231)	546
	777	**4 918**	**5 695**
Total liabilities from financing activities	**777**	**4 918**	**5 695**

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Additions	Interest expense	Finance lease capital re-payment	Closing balance
Finance lease liabilities	219	768	(23)	(187)	777
	219	**768**	**(23)**	**(187)**	**777**
Total liabilities from financing activities	**219**	**768**	**(23)**	**(187)**	**777**

31. Sale of businesses

In the prior year Renergen disposed of their investment in Mega Power Renewables.

Trade and other receivables	-	266	-	-
Net asset value of Mega Power Renewables at disposal	-	266	-	-
Non-controlling interest	-	(102)	-	-
Investment in Mega Power Renewables	-	**164**	-	**165**
Reclassification of Foreign Currency Translation Reserve to income	-	(4 737)	-	-
Cash proceeds from sale	-	(135)	-	(135)
Profit/(loss) on disposal of asset	**-**	**4 708**	**-**	**(30)**

There were no disposals or businesses or investments in the current year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

32. Commitments

Contingent liabilities

On 8 May 2019, the company released a prospectus for the Initial Public Offering (IPO) on the Australian Stock Exchange The company entered into various IPO listing costs agreements with various suppliers. The range that the company plans on raising at IPO is between a minimum of AUD$ 5million and an oversubscription of AUD$ 10million.

Costs to be paid at prospectus date contingent upon successful listing by the company range from R14million to R18million.

There are no contingent liabilities in the Annual Financial Statements for 28 February 2019.

Lease commitments

The Group entered into a new finance lease agreement. Leases are for a term of five years and the interest payable is linked to the prime rate. Refer to note 16. Operating lease commitments are detailed below.

Operating leases – as lessee (expense)

Minimum lease payments due				
- within one year	987	1 273	942	1 273
- in second to fifth year inclusive	322	740	322	740
	1 309	**2 013**	**1 264**	**2 013**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years and rentals escalate at an average rate of 8% per annum. No contingent rent is payable.

Capital Commitments

The group is in the process of acquiring a CNG Daughter station in Virginia in the Free State province with a value of R3,9 million. At the end of the reporting period, 90% of the value has been settled. Management expects that the station will be ready for use in July 2019.

The board approved a capital spend of R512million to spend on the New Plant and drilling. The Group is yet to enter into contractual agreements with suppliers for this capital spend.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

33. Related parties

Relationships	
Subsidiary	Renergen has one subsidiary in which it holds 90%, Tetra4 (Pty) Ltd refer to Investment in subsidiary note 5
Shareholder with significant influence	CRT Investments (Pty) Ltd MATC Investment Holdings (Pty) Ltd
Companies controlled by Directors	CRT (Pty) Ltd MATC Investment Holdings (Pty) Ltd Luhuhi Investments (Pty) Ltd There were no transactions with companies controlled by directors in the current year.

Key Management Personnel: Executive and Non-executive Directors are key management personnel. Refer to the Directors report. There are no prescribed officers other than the Directors.

Related party balances

	Group 2019	Group 2018	Company 2019	Company 2018
Loans from parent company to subsidiary				
Beginning of the year	-	-	135 071	104 880
Loans advanced	-	-	49 382	30 191
Balance at year end	-	-	**184 453**	**135 071**
Loans from key management				
Beginning of the year	-	-	-	-
Loans advanced	500	-	-	-
Interest charged	6	-	-	-
Loan repayments	(506)	-	-	-
Balance at year end	**-**	**-**	**-**	-

Related party transactions

	Group 2019	Group 2018	Company 2019	Company 2018
Costs charged to subsidiary by parent company				
Rental costs	-	-	907	595
Management fees	-	-	16 487	8 600
Total costs	-	**-**	**17 934**	**9 165**

Management fees are paid monthly by Tetra4 to Renergen for consulting services performed.

	Group 2019	Group 2018	Company 2019	Company 2018
Compensation to directors and other key management				
Short-term employee benefits	11 157	5 575	-	-
Share-based payment	334	114	-	-
	11 491	**5 689**	**-**	**-**

Details of director’s remuneration are disclosed in note 34

34. Directors' emoluments

Executive

2019

	Basic salary	Bonus	Total
Stefano Marani	2 931	366	3 297
Fulu Ravele	2 157	269	2 426
Nick Mitchell	2 931	366	3 297
	8 019	**1 001**	**9 020**

2018

	Basic salary	Bonus	Total
Stefano Marani	2 159	180	2 339
Fulu Ravele *	1 344	112	1 456
Nick Mitchell	2 072	173	2 245
	5 575	**465**	**6 040**

* The Group granted Fulu Ravele 58,734 bonus shares that vest after 36 months of service from grant date (05 October 2017), the shares had a fair value of R10.22 per share. R 200 000 of the share-based payment expense was recognized in operating expenses at 28 February 2019.

Non-executive

2019

	Directors' fees	Committees fees	Total
Brett Kimber	238	112	350
Mbali Swana	216	99	315
Luigi Matteucci	216	210	426
Bane Maleke	216	163	379
	886	**584**	**1 470**

Francois Olivier, appointed as a non- executive directors in November 2018 to represent Mazi Capital (one of Renergen's shareholders) does not earn directors fees.

2018

	Directors' fees	Committees fees	Total
Brett Kimber	216	130	346
Mbali Swana	173	151	324
Luigi Matteucci	216	194	410
Bane Maleke	173	86	259
	778	**561**	**1 339**

Notes to the Financial Statements

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	10	454	454	454
Cash and cash equivalents	12	97 956	97 956	97 656
Restricted cash	9	2 178	2 178	2 178
		100 588	**100 588**	**100 558**

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	10	719	719	719
Cash and cash equivalents	12	3 037	3 037	3 037
Restricted cash	9	1 632	1 632	1 632
		5 388	**5 388**	**5 388**

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	184 453	184 453	184 453
Cash and cash equivalents	12	95 646	95 646	95 646
Other financial assets		5 500	5 500	5 500
		285 599	**285 599**	**285 599**

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	135 071	135 071	135 071
Cash and cash equivalents	12	2 651	2 651	2 651
Other financial assets		5 500	5 500	5 500
		143 222	**143 222**	**143 222**

35. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	9 419	-	9 419	9 419
Financial liabilities	15	39 647	-	39 647	39 647
Finance lease obligations	16	-	546	546	546
		46 066	**546**	**49 612**	**49 612**

Group - 2018

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	10 261	-	10 261	10 261
Financial liabilities	15	30 545	-	30 545	30 545
Finance lease obligations	16	-	777	777	777
		40 806	**777**	**41 583**	**41 583**

Company - 2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	2 074	-	2 074	2 074
Financial liabilities	15	5 149	-	5 149	5 149
Finance lease obligations	16	-	546	546	546
		7 223	**546**	**7 769**	**7 769**

Company - 2018

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	3 166	-	3 166	3 166
Finance lease obligations	16	-	777	777	777
		3 166	**777**	**3 943**	**3 943**

Notes to the Financial Statements

35. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

Group - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	1 604	1 604

Group - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	632	632

Company - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	1 484	1 484

Company - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	471	471

35. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(185)	(185)
Gains (losses) on foreign exchange	22	(69)	(69)
Gains (losses) on valuation adjustments	22	(3 953)	(3 953)
Net gains (losses)		**(4 207)**	**(4 207)**

Group - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(35)	(35)
Gains (losses) on foreign exchange	22	(5)	(5)
Gains (losses) on valuation adjustments	22	(3 532)	(3 532)
Net gains (losses)		**(3 572)**	**(3 572)**

Company - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(185)	(185)

Company - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(35)	(35)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of financial liabilities (excluding derivative financial liabilities) disclosed in notes 15, and cash and cash equivalents disclosed in note 12, and equity as disclosed in the consolidated statement of financial position and note 13.

There are no externally imposed capital requirements.

Financial risk management

Overview

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company and Group's financial performance. The principles for financial management are included in the Group's treasury policy and cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

34. Financial instruments and risk management (continued)

Credit risk

Credit risk is managed on a group basis as well as individual company basis. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and related party loans. The Company and Group only deposit cash with major banks with high-quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a prepaid expense from regular suppliers of the Company and Group. Risk control assesses the credit quality of the supplier by considering its financial position, experience and other factors. The maximum credit risk the Company and Group are exposed to is the receivable balance on the trade receivables and related party loans as disclosed in note 10 and 33 respectively.

Group		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	10	454	-	454	719	-	719
Cash and cash equivalents	12	97 956	-	97 956	3 037	-	3 037
		98 410	**-**	**98 410**	**3 756**	**-**	**3 756**

Ageing of 28 February 2018 accounts receivable balances as per IAS39

	Current	30 days	60 days	90 days	120 days or more
Accounts receivable	288	-	-	-	-

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	7	184 453	-	184 453	135 071	-	135 071
Cash and cash equivalents	12	95 646	-	95 646	2 651	-	2 651
		280 099	**-**	**280 099**	**137 722**	**-**	**137 722**

Ageing of 28 February 2018 accounts receivable balances as per IAS39

	Current	30 days	60 days	90 days	120 days or more
Accounts receivable	-	-	-	-	-

Liquidity risk

Management manages cash flow on a group basis through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, and spending is monitored for compliance with internal targets.

Group - 2019

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Financial liability	15	-	39 647	39 647	39 647
Finance lease liabilities	16	-	208	208	208
Current liabilities					
Trade and other payables	18	9 419	-	9 419	9 419
Finance lease liabilities	16	338	-	338	338
		9 757	**39 721**	**49 478**	**49 478**

35. Financial instruments and risk management (continued)

Group - 2018

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Financial liability	15	-	-	30 545	30 545	30 545
Finance lease liabilities	16	-	511	-	511	511
Current liabilities						
Trade and other payables	18	10 261	-	-	10 261	11 130
Finance lease liabilities	16	266	-	-	266	266
		10 527	**511**	**30 545**	**41 583**	**42 452**

Company - 2019

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Financial liability	15	-	5 149	-	5 149	5 149
Finance lease liabilities	16	-	208	-	208	208
Current liabilities						
Trade and other payables	18	2 074		-	2 074	2 074
Finance lease liabilities	16	338		-	338	338
		2 412	**5 357**	**-**	**7 769**	**7 769**

Company - 2018

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Finance lease liabilities	16	-	511	511	511
Current liabilities					
Trade and other payables	18	3 166	-	3 166	3 166
Finance lease liabilities	16	266	-	266	266
		3 432	**511**	**3 943**	**3 943**

Foreign currency risk

The Company and Group procure some operating equipment and machinery internationally and is exposed to foreign exchange risk arising primarily with respect to ZAR, EUR and USD. Foreign exchange risk arises from future commercial transactions, liabilities and net investments in foreign operations. Management is of the view that only the ZAR poses a significant foreign exchange risk given its volatility against the USD. The Company and Group review its foreign currency exposure, including commitments on an ongoing basis.

No sensitivity analysis has been prepared as material assets were sourced locally in ZAR with no foreign currency risk and there was no year end exposure.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

35. Financial instruments and risk management (continued)

Interest rate risk

The Company and Group's operating cash flows are independent of changes in market interest rates. The Company and Group's interest rate risk arises from long-term debt. Debt issued at variable rates exposes the Company and Group to cash flow interest rate risk. The debt with variable interest rate is not repayable until December 2022. Refer to note 15. Interest bearing debt comprise 29% of the total equity, therefore the debt is repayable after 10 years or on declaration of dividends. Interest charge on the debt is only effective in December 2022.

No sensitivity analysis has been prepared as material liabilities are interest free.

36. 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 satisfaction 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 with the Group's ability to continue as a going concern.

The Group has received a funding commitment of $40million from Overseas Private Investment Corporation to spend towards the New Plant Project and has successfully completed a rights issue raising R125 million, as well as a secondary listing on the Australian Stock Exchange wherein The Group raised an additional A$10 million. The construction of the New Plant commences in the financial year 2020. Sale of Liquified Natural Gas (LNG) and Helium (He) is expected to commence in financial year 2021. The Group has entered into off take agreements for the sale of both LNG and He.

37. Events after the reporting period

Renergen released a SENS announcement on its latest independent reserve review on 24 April 2019, compiled by MHA Petroleum Consultants LLC ("MHA") from the United States of America in respect of the New Plant Project held by Tetra4 indicating an increase in proven methane and helium reserves of 12.2% and 16.1% respectively since March 2018. Economic valuation was up 16.4% to R9.8 billion using a discount of 15% for proven and probable reserves (2P). Ongoing work relating to shallow conventional "White Sandstone" discovered helium concentration are up 11%.

On 9 May 2019, the company released a SENS announcement, wherein it disclosed that it released the prospectus for the Initial Public Offering (The Offer) on the Australian Stock Exchange on 8 May 2019. The Offer opened on 9 May 2019 to the Australian public and was available only to Australian and New Zealand residents accessing the website within Australia or New Zealand.

On 29 May 2019, Renergen announced the completion of The Offer which raised A$10million with oversubscriptions through the issue of 12.5million CHESS Depository Interests at a subscription price of A$0.80. Renergen also announced the appointment of a new non-executive director, Dr David King, effective 4 June 2019.

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

38. Loss per share

Basic loss				
Loss from continuing operations attributable to equity owners of the parent	(40 860)	(37 680)	-	-
Weighted average number of shares	86 889	80 002	-	-
Basic loss per share (cents)	**(47.03)**	**(47.10)**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

38. Loss per share (continued)

Reconciliation of diluted loss				
Basic loss	(40 860)	(37 680)	-	-
Weighted average number of shares	86 889	80 002	-	-
Diluted Loss per share	**(47.03)**	**(47.05)**	-	-
Reconciliation of basic loss to headline loss				
Basic loss attributable to equity owners of parent	(40 860)	(37 680)	-	-
Profit on disposal of business – Mega Power Renewables	-	(4 708)	-	-
Impairment loss	1 295	12 245		
Tax effects of disposal and impairment	(363)	-		
Headline loss	(39 928)	(30 143)	**-**	**-**
Headline loss per share (cents)	**(47.03)**	**(37.68)**	-	-
Reconciliation of basic headline loss to diluted headline loss				
Headline loss	(39 928)	(30 143)	-	-
Adjustments	-	-	-	-
Diluted headline loss	(39 928)	(30 143)	-	-
			-	-
Diluted weighted average number of shares	86 997	80 083	-	-
	(47.03)	**(37.64)**	**-**	**-**
Number of shares in issue ('000)	**100 135**	**81 035**		

The basic loss per share is limited to the diluted loss per share as the convertible shares are antidilutive. This limitation was not applied in the prior period, the impact was assessed to not be material and therefore prior period figures have not been adjusted.