RENERGEN

FUTURE ENERGY, TODAY

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

CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018

Key Features

- **Holder of the first and only onshore petroleum production right in South Africa**
- **Approximately 187,000 hectares of production right area, with significant additional exploration right area**
- **Proven reserves with significant concentrations of helium**
- **New gas sales agreements in place with customers, including Anheuser-Busch InBev, KAP Industrial, and Linde Global Helium. Agreements expected to start translating into gas revenue in the 2020 financial year with CNG sales from Anheuser-Busch InBev, LNG and Helium sales to commence in 2021 financial year.**
- **Debt facility in place from Industrial Development Corporation (IDC) to construct facility**
- **Recently undertaken underwritten rights issue to raise sufficient capital to draw down IDC facility**

About Renergen

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

COMMENTARY

The environment for this last financial period was incredibly volatile both in financial markets as well as politically. Most notably for South Africans however was the price of fuel at the pump, which strengthened the business case for using natural gas as a cheaper alternative to more expensive liquid fuels. The added pressure on corporate sustainability and more stringent climate change policies has also led to increased interest in customers moving away from traditional fossil fuels over to cleaner forms of fuel such as natural gas.

Helium markets suffered similar levels of volatility, with the US Bureau of Land Management announcing the last auction of crude helium which saw prices soar over 135% from last year’s auction. Helium shortages are expected to persist for several years to come, which has placed Renergen in an ideal position to capitalise on its incredibly rich helium concentrations when the plant becomes operational.

Renergen announced its intention to raise funds from the capital markets at the end of 2017 in order to commence construction of the Liquid Natural Gas (LNG) and liquid helium plants. In light of domestic investor uncertainty owing to the fluid political situation, obtaining the funding proved challenging and took longer than expected, which will lead to delays in the main plant becoming operational. The Group however announced its underwritten rights issue for R125 million, which surpasses the remaining condition to draw down on the IDC facility and therefore to commence placing orders on equipment and suppliers.

The Group also announced its intention to look towards listing on the Australian Stock Exchange (ASX) in 2019, which the Board feels will add greatly to the liquidity in the share given the ASX investor base’s familiarity with oil and gas.

Operational overview

The compressed natural gas station has now operated for over 885 injury free days, as well as having no major technical incidents causing the plant to shut down over similar period. We estimate that the buses running on natural gas at the Megabus operation have saved in excess of 2.1 million kgs of carbon-dioxide emissions, proving the case for sustainability and value for money for the operator.

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

Financial review

- Headline loss per share improved from 21.15 cents to 19.43 cents
- Revenue increased by 22.7% to R1.8 million (August 2017: R1.4 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 12.6% to R1.6 million (August 2017: R1.9 million) as a result of improved cost efficiencies.
- 82.7% more cash was utilised in operations compared to August 2017. This is mostly attributable to getting ready for the planned pipeline construction.
- R4.8 million spent on plant, machinery and equipment on engineering of Tetra4's Virginia operating plant expansion
- R1.9 million spent on gas exploration

Changes to the Board of Directors

The Board welcomes Francois Olivier to the Board as a Non-Executive Director

Francois Olivier is a portfolio manager at Mazi Capital. He has 18 years of investment research and portfolio management experience, six years of which were spent in the USA. He is a Chartered Accountant and CFA Charter holder.

We believe this appointment adds a new dimension to our Board and will aid the Executive team in developing the Group strategy in order to unlock returns for all of our shareholders.

Other than the change mentioned above, there are no other changes to the board of directors.

Condensed Consolidated Statement of financial position

The statement of financial position of the Group as at 31 August 2018 are set out below:

Figures in R'000	Notes	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Assets				
Non - Current Assets				
Property Plant and Equipment		35 853	32 732	32 615
Intangible Assets	7	67 765	76 595	65 838
Deferred tax asset		10 824	6 350	8 671
Restricted cash	10	1 875	-	1 632
Total non-current assets		**116 317**	**115 677**	**108 756**
Current Assets				
Trade and other receivables	11	3 084	3 928	2 459
Cash and cash equivalents	9	6 259	4 139	3 037
Total current assets		**9 343**	**8 067**	**5 496**
Total Assets		**125 660**	**123 744**	**114 252**
Equity and Liabilities				
Equity				
Stated capital		182 601	147 531	161 065
Accumulated loss		(96 239)	(59 286)	(80 231)
Foreign currency translation reserve		-	4 707	-
Share based payment reserve	13	268	-	114
Equity attributable to parent		**86 630**	**92 952**	**80 948**
Non-controlling interest		(13 744)	(11 029)	(12 285)
Total Equity		**72 886**	**81 923**	**68 663**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	15	32 476	28 753	30 545
Finance lease obligation		313	-	511
Provisions		3 100	3 100	3 100
Total non-current liabilities		**35 889**	**31 853**	**34 156**

Current Liabilities				
Trade and other payables	**14**	16 503	9 968	11 167
Finance lease obligation		382	-	266
Total Current Liabilities		**16 885**	**9 968**	**11 433**
Total Liabilities		**52 774**	**41 821**	**45 589**
Total Equity and Liabilities		**125 660**	**123 744**	**114 252**
Net asset value per share (cents)		**87.32**	**103.16**	**84.73**
Tangible net asset value per share (cents)		**6.14**	**6.71**	**3.49**

Condensed Consolidated Statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	**Notes**	**Reviewed 31 August 2018**	**Unaudited 31 August 2017**	**Audited 28 February 2018**
Revenue	**5**	1 753	1 429	2 885
Cost of sales	**6**	(1 623)	(1 857)	(3 483)
Gross profit / (loss)		**130**	**(428)**	**(598)**
Other income		691	23	59
Share - based payments	**13**	(154)	-	(114)
Impairment loss		-	-	(12 245)
Operating expenses	**8**	(18 441)	(16 694)	(31 912)
Profit on disposal of business		-	-	4 708
Operating loss		**(17 774)**	**(17 099)**	**(40 102)**
Interest Income		124	222	632
Imputed interest expense		(1 931)	(1 740)	(3 532)
Interest expense		(39)	-	(35)
Total loss before tax		**(19 620)**	**(18 617)**	**(43 037)**
Taxation		2 153	115	2 436
Total loss after tax		**(17 467)**	**(18 502)**	**(40 601)**
Other comprehensive income/ expenditure - Items that may be reclassified to profit or loss				
Foreign currency translation gain		-	1 318	1 348
Foreign currency reserve realised on disposal of business – transfer to other comprehensive income		-	-	(4 737)
Total Comprehensive loss for the period		**(17 467)**	**(17 184)**	**(43 990)**

Total loss attributable to:			
Owners of the parent	(16 008)	(16 735)	(37 680)
Non-controlling interest	(1 459)	(1 767)	(2 921)
	(17 467)	**(18 502)**	**(40 601)**
Total comprehensive loss attributable to:			
Owners of the parent	(16 008)	(15 417)	(41 069)
Non- controlling interest	(1 459)	(1 767)	(2 921)
	(17 467)	**(17 184)**	**(43 990)**
Loss per share			
Basic loss per share (cents)	**(19.43)**	**(21.15)**	**(47.10)**
Diluted loss per ordinary share (cents)	**(19.43)**	**(21.15)**	**(47.05)**
Weighted average number of shares (‘000)	**82 372**	**79 135**	**80 002**
Number of shares in issue (‘000)	**83 469**	**79 413**	**81 035**
Headline loss per share			
Basic headline loss per share (cents)	**(19.43)**	**(21.15)**	**(37.68)**
Diluted headline loss per share (cents)	**(19.43)**	**(21.15)**	**(37.64)**
Weighted average number of shares (‘000)	**82 372**	**79 135**	**80 002**
Number of shares in issue (‘000)	**83 469**	**79 413**	**81 035**

Condensed Consolidated Statement of Changes in Equity

The statement of changes in equity of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	Stated Capital	Accumulated Loss	Foreign Currency Translation Reserve	Share based payment reserve	Equity Attributable to parent	Non-Controlling interest	Total Equity
Balance at 01 March 2017	**137 585**	**(42 551)**	**3 389**	**-**	**98 423**	**(9 262)**	**89 161**
Share issue	10 000	-	-	-	10 000	-	10 000
Share issue costs	(54)	-	-	-	(54)	-	(54)
Other comprehensive income	-	-	1 318	-	1 318	-	1 318
Total loss for the period	-	(16 735)	-	-	(16 735)	(1 767)	(18 502)
Balance at 31 August 2017	**147 531**	**(59 286)**	**4 707**		**92 952**	**(11 029)**	**81 923**
Share issue	16 000	-	-	-	16 000	-	16 000
Share issue costs	(2 466)	-	-	-	(2 466)	-	(2 466)
Share based payment reserve	-	-	-	114	114	-	114
Total loss for the period	-	(20 945)	-	-	(20 945)	(1 154)	(22 099)
Foreign currency reserve realised on disposal of business-recycled to profit or loss	-	-	(4 707)	-	(4 707)	-	(4 707)
Non- controlling interest at disposal - Mega Power Renewables	-	-	-	-	-	(102)	(102)
Balance at 28 February 2018	**161 065**	**(80 231)**	-	**114**	**80 948**	**(12 285)**	**68 663**
Share issue	21 760	-	-	-	21 760	-	21 760
Share issue costs	(224)	-	-	-	(224)	-	(224)

Share based payment reserve	-	-	-	154	154	-	154
Total loss for the period	-	(16 008)	-	-	(16 008)	(1 459)	(17 467)
Balance at 31 August 2018	**182 601**	**(96 239)**	**-**	**268**	**86 630**	**(13 744)**	**72 886**

Condensed Consolidated Statement of Cash Flows

The statement of cash flow of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Cash flows from operating activities			
Cash used in operations	(11 566)	(6 330)	(19 036)
Interest Income	124	222	632
Interest expense	(39)	-	(35)
Net cash outflow from operating activities	**(11 481)**	**(6 108)**	**(18 439)**
Acquisition of property, plant and equipment	(4 823)	(12 292)	(13 662)
Acquisition of intangible assets	(1 927)	(72)	(199)
Net cash outflow from investing activities	**(6 750)**	**(12 364)**	**(13 861)**
Net proceeds on share issue	21 536	9 946	23 480
Finance lease capital re-payments	(83)	-	(210)
Finance lease proceeds	**-**	-	768
Increase of environmental rehabilitation guarantee	**-**	264	-
Net cash inflow from financing activities	**21 453**	**10 210**	**24 038**
Total cash movement for the period	3 222	(8 262)	(8 262)
Cash at the beginning of the period	3 037	12 401	11 299
Total cash at the end of the period	**6 259**	**4 139**	**3 037**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial information as at 31 August 2018 are set out below:

1. Basis of preparation

The reviewed condensed interim financial statements are prepared in accordance with the Listings Requirements of JSE Limited (“Listings Requirements”) for interim reports, and the requirements of the Companies Act (Act 71 of 2008 as amended) applicable to condensed financial statements. The Listings Requirements require interim reports to be prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The board of directors of Renergen Limited (“the Board”) takes full responsibility for the preparation of this interim report. The condensed financial statements comprise the condensed statement of financial position as at 31 August 2018 and the condensed statements of comprehensive income, changes in equity and cash flows for the period ended 31 August 2018. This is the first set of the Group’s financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in note 4.
These condensed interim financial statements have been reviewed by the Company’s auditors and were prepared under the supervision of the Chief Financial Officer, Miss F Ravele CA(SA).

AUDITOR’S REPORT

Grant Thornton Johannesburg Partnership, the group’s independent auditor, has reviewed the Condensed Consolidated Interim Results for the period ended 31 August 2018 and have expressed an unmodified review conclusion thereon. A copy of the auditor’s review report is available for inspection at the company’s registered office together with the financial information identified in the auditor’s report. The auditor’s review report does not necessarily report on all the information contained in these financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor’s engagement they should obtain a copy of the auditor’s review report together with the accompanying financial information from the company’s registered office.

The directors take full responsibility for the preparation of these financial results.

2. Accounting policies

All accounting policies applied in these interim financial statements are in terms of IFRS and are consistent with those applied by the Group in its consolidated financial statements for the year ended 28 February 2018, except for new standards related to the application of IFRS 15 and IFRS 9, which are described in note 4.

3. Significant Accounting Policies

3.1. Consolidation

Basis of consolidation

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

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

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.

3.2. 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 company. 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

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.

3.3. Areas of Significant Judgements

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:

Loans and receivables

The company assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a subsidiary basis, based on historical loss ratios, and other indicators present at the reporting date that correlate with defaults on the subsidiary. These annual loss ratios are applied to loan balances in the subsidiary.

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 company 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 depreciable assets

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.

3.4. Areas of Estimates

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 company 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 company 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 company 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 company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

3.5. Areas of significant judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for year ended 28 February 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in note 4.

3.6. Intangible assets

Intangible assets are initially recognised at cost.
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 period-end.

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

3.7. Financial instruments

3.7.1. Financial Assets

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.
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.

Subsequent measurement

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

a. Trade and receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. 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 trade receivable 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. 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.

b. Cash and cash equivalents

In the consolidated statement of financial position cash and cash equivalents includes cash in hand.

c. Restricted Cash

The company 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.

d. 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.

3.7.2. Financial Liabilities

Financial liabilities held at amortised cost include trade payables, accruals, other payables and borrowings.

a. 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.

b. 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.

4. Changes in accounting policies

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 28 February 2018. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 28 February 2018, except for the adoption of new standards effective as of 1 January 2018.

4.1. IFRS 9 (Financial Instruments)

IFRS 9 was effective for the current period. As permitted by IFRS 9, Renergen Group has not restated comparative information for 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is comparable to the information presented for 2018. There is, however, no material impact from IFRS 9 on the Interim Condensed Consolidated Financial Statements as there were no expected impairments from trade and other receivables.

4.2. 4.2 IFRS 15 (Revenue from Contracts with Customers)

Application of the standard is mandatory for reporting periods beginning on or after 1 January, 2018. This standard provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaces in particular IAS 18 (Revenue) and has no material effect on the prior year and current year presentation of Renergen Group results of consolidated statement of comprehensive income and financial position, however it will lead to additional disclosure in the accounting policies and notes. Renergen Group currently services one customer in South Africa and does not export any CNG.

IFRS 15 – Disaggregation

The impact of adopting IFRS 15, does not result in any further disaggregation of revenue as compared to the segmental report of the financial statements as the Group only has one source of revenue from one South African customer.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Revenue

Revenue was generated from the sale of Compressed Natural Gas (''CNG'').
CNG is produced and sold directly to one South African customer at present, as a result disaggregation of revenue has not been disclosed.

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Sale of CNG	1 753	1 429	2 885
Total	**1 753**	**1 429**	**2 885**

6. Cost of sales

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Employee costs	(525)	(470)	(980)
Plant Depreciation	(1 001)	(986)	(1 985)
CNG purchased	-	(166)	(166)
Repairs and Maintenance	(97)	(235)	(352)
Total	**(1 623)**	**(1 857)**	**(3 483)**

7. Intangible assets

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Reviewed 31 August 2018			
Exploration and development costs	11 177	(32)	11 145
Molopo project mineral rights	56 579	-	56 579
Domain	41	-	41
Total	**67 797**	**(32)**	**67 765**

Comparatives

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Unaudited 31 August 2017			
Exploration and development costs	12 223	(26)	12 197
Molopo project mineral rights	52 112	-	52 112
Domain	41	-	41
Côte d'Ivoire Hydroelectric project	12 245	-	12 245
Total	**76 621**	**(26)**	**76 595**

Figures in R'000	Cost	Accumulated Amortisation	Accumulated Impairment	Carrying Value
Audited 28 February 2018				
Exploration and development costs	9 250	(32)	-	9 218
Molopo project mineral rights	56 579	-	-	56 579
Domain	41	-	-	41
Côte d'Ivoire Hydroelectric project	12 245	-	(12 245)	-
Total	**78 115**	**(32)**	**(12 245)**	**65 838**

8. Operating Expenses

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Consulting and advisory fees	(5 875)	(2 644)	(12 177)
Depreciation*	(586)	(316)	(803)
Non-Executive Directors fees	(656)	(648)	(1 339)
Executive Directors Fees***	(2 787)	(2 787)	(6 040)
Employee costs**	(4 247)	(2 365)	(3 460)
Operating lease	(538)	-	(964)
Other Operating costs	(3 752)	(7 934)	(7 129)
	(18 441)	**(16 694)**	**(31 912)**

*Depreciation of plant and machinery amounting to R1 million (31 August 2017: R0,86 million), is included in cost of sales. The operating plant became fully operational in September 2017, resulting in 5 months' worth of depreciation being included in cost of sales and 7 months' worth is included in operating expenses for the period ended 28 February 2018.

**Employee costs relating to manufacturing is included in cost of sales

*** The Remuneration Committee and the Board of Directors reviewed PWC's report on salary for Executive Directors after August 2018, therefore executives' salary structure remained unchanged for the first six months of the year.

9. Cash and cash equivalents

The accounting policies for financial instruments have been applied to the line items below:

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Bank	6 259	4 139	3 037
Total	**6 259**	**4 139**	**3 037**

10. Restricted cash

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Environmental rehabilitation guarantee cash	1 875	-	1 632
Total	**1 875**	**-**	**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 R3.1 million. The cash portion of this guarantee is invested in a call account and has been ringfenced for the use towards environmental rehabilitation. Due to this ring-fencing the use of the cash is restricted, and it is classified as a non-current asset.

11. Trade and other receivables

Figures in Rand thousands

Trade and other receivables	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Deposits	214	214	214
Other receivables*	684	705	505
Prepayments	1 429	1 085	1 403
Value added tax receivable	757	1 924	337
Total	**3 084**	**3 928**	**2 459**

*Other receivables include R0.380 million (31 August 2017: R0.529 million), receivable from revenue sold on 30 days payment terms.

12. Segments analysis

The operating segments are reported in a manner consistent with the annual financial statements as at 28 February 2018.

Renergen Limited has two operating segments, Renergen sold its investment in Mega Power Renewables on 23 February 2018, thus reducing the segments from three to two.

• **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

Figures in R'000 Reviewed 31 August 2018	**Corporate Head Office**	**Tetra4**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**5 550**	**1 753**	**7 303**	**(5 550)**	**1 753**
External	-	1 753	1 753	-	1 753
Inter-segment	5 550	-	5 550	(5 550)	-
Loss for the period	(2 872)	(14 595)	(17 467)	-	(17 467)
Total Assets	**764 280**	**111 926**	**876 206**	**(750 546)**	**125 660**
Total liabilities	**5 347**	**198 054**	**203 401**	**(150 627)**	**52 774**

Comparatives

Figures in R'000 Unaudited 31 August 2017	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**5 000**	**1 429**	**-**	**6 429**	**(5 000)**	**1 429**
External	-	1 429	-	1 429	-	1 429
Inter-segment	5 000	-	-	5 000	(5 000)	-
Loss for the period	(831)	(17 671)	-	(18 502)	-	(18 502)
Total Assets	**738 650**	**102 439**	**12 481**	**853 570**	**(729 826)**	**123 744**
Total liabilities	**1 678**	**162 381**	**7 508**	**171 567**	**(129 746)**	**41 821**

Figures in R'000 Unaudited 28 February 2018	**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 for the period	(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**

13. Share based 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. Renergen had no share-based payments in the six- month comparative period ended 31 August 2017.

	Reviewed 31 August 2018			**Audited 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)**
EXECUTIVES						
Opening balance						
F Ravele (granted 5 October 2017)	59	10.22	600	-	-	-
Allocation for the period						
F Ravele (granted 5 October 2017)	-	-	-	59	10.22	600
Closing shares award	**59**		**600**	**59**		**600**
SENIOR MANAGEMENT						
Opening balance						
R Katzke (granted 5 October 2017)	22	10.22	224	-	-	-
Allocation for the period						**-**
K Patel (granted 6 July 2018)	10	9.9	99	-	-	-

M Stuart (granted 6 July 2018)	7	9.9	69			
R Katzke (granted 6 July 2018)	8	9.9	79	22	10.22	224
Closing shares awarded	**47**		**471**	**22**		**224**

GENERAL EMPLOYEE

Opening	-	-	-	-	-	-
Allocation for the period (granted 6 July 2018)	4	9.9	40	-	-	-
Closing awarded	**4**		**40**	**-**	**-**	**-**
Total shares awarded to date	**110**		**1 111**	**81**		**824**

IMPACT ON FINANCIAL STATEMENTS	**Reviewed 31 August 2018**		**Audited 28 February 2018**	
Figures in R'000	**Statement of profit and loss**	**Statement of financial position- shares based payments reserves**	**Statement of profit and loss**	**Statement of financial position- shares based payments reserves**
Opening Balance	**114**	**114**		
EXECUTIVES	83	83	-	-
SENIOR MANAGEMENT	31	31	-	-
GENERAL EMPLOYEE	-		-	-
Movement	**40**	**154**	**114**	**114**
EXECUTIVES – allocation of prior year awarded shares	17	100	83	83
SENIOR MANAGEMENT – allocation of prior year awarded shares	6	37	31	31

SENIOR MANAGEMENT – allocation of current year awarded shares	15	15	-	-
GENERAL EMPLOYEES – allocation of current year awarded shares	2	2	-	-
Closing balance	**154**	**268**	**114**	**114**

14. Trade and other payables

Figures in Rand thousands	**Reviewed 31 August 2018**	**Unaudited 31 August 2017**	**Audited 28 February 2018**
Trade payables	13 090	7 891	9 651
Accrued expenses	2 279	1 430	610
Accrued leave	1 134	647	906
Total	**16 503**	**9 968**	**11 167**

15. Other financial liabilities

Figures in Rand thousands	**Reviewed 31 August 2018**	**Unaudited 31 August 2017**	**Audited 28 February 2018**
Held at amortised cost			
Molopo Energy Limited	32 476	28 753	30 545
Total	**32 476**	**28 753**	**30 545**

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 Molopo South Africa 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 percent 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 percent which at 31 August 2018 is 12% (prime lending rate of 10% plus 2%). The imputed interest expense is included in profit and loss. The fair value of the loan amount outstanding at 31 August 2018 amounts to ZAR30.5 million.

16. Contingent liabilities and commitments

16.1. Contingent liabilities

There are no contingent liabilities in the reviewed condensed interim financial statements for 31 August 2018.

16.2. Commitments

The were no material changes to the commitments as disclosed in the annual financial statements for 28 February 2018.

17. Events after the reporting period

On 26 October 2018 Renergen released an announcement on SENS, wherein it was further disclosed that the Group intends listing on the Australian Stock Exchange (ASX) in the first half of 2019. Renergen has undertaken a fully underwritten rights issue on the JSE for R125 million. The funds raised through the Rights Offer combined with the funds to be raised on the listing on the ASX, will be used to commence the proposed expansion of the Virginia Gas Project, which is to be undertaken in stages. Stage one involves connecting 12 gas wells to a new gas pipeline and constructing a new plant for helium and LNG with an anticipated maximum daily production capacity of 350 kg of liquid helium and 50 tons of LNG (“New Plant”).

18. Going concern

The unaudited, reviewed condensed interim financial statements 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.

A condition of the Industrial Development Corporation (IDC) debt funding announced on 27 May 2017, is the Group’s ability to raise its own capital of R145 million which will be fulfilled on completion of the rights offers announced on 26 October 2018. Tetra4’s access to the R218 million facility from the IDC to and Renergen’s secondary listing on the Australian Securities Exchange in 2019 will finance the expansion of the Virginia Gas Project will result in unlocking of gas volumes which see the Group generating profits on the sale of LNG and Helium. Management is confident that the business will be able to continue as a going concern.

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Company and registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
Registered office	First Floor 1 Bompas Road Dunkeld West 2196
Nature of the 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”)
Directors	Stefano Marani Fulu Ravele Nick Mitchell Brett Kimber Mbali Swana Luigi Matteucci Bane Maleke Francois Olivier
Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors A South African member of Grant Thornton International Limited
Company Secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Designated adviser	PSG Capital