

## Virginia Gas Project: Drilling Promising, Phase 1 On the Way; Big Plans for Phase 2

Reenergy's (RLT) 100%-owned Virginia Gas Project will supply liquefied natural gas (LNG) to heavy vehicle operators and industrial gas users in South Africa, offering a lower-cost, cleaner and more efficient energy option. Moreover, its helium is a high-value, irreplaceable element supplying a global market seeking new suppliers.

### Drilling – Targeting the High-Concentration Helium

RLT's inclined well drilling programme has begun to bear fruit, with the most recent intersection of gas bearing fractures flowing over 200,000 standard cubic feet of gas per day, a rate ~70% higher than existing wells. Composition of the gas awaits analysis, with greatest interest in its helium content. RLT's drilling activity continues in order to expand reserves and confirm higher helium content.

### Construction of Phase 1 Progressing During COVID

Phase 1 is in construction with a planned start date of Q42021. Delivery of the project will see RLT produce 350kg of helium and 50 tonnes of LNG per day. The project has progressed despite the limitations imposed by South Africa's high COVID rates. The pipeline and plant delivery have been delayed, but other areas (site establishment, plant design) are complete.

### Phase 2 – A More Substantial Project

Phase 2 of the project aims to leverage the large available reserves and potential upside from the current drilling programme. The project was initially planned to be ~3X larger than Phase 1, but RLT is now looking to a plant ~10X larger than Phase 1 for helium, implying daily production capability of 3500kg of helium and 6x larger for LNG, implying 300 tonnes per day of gas.

### Expanding Markets and Seizing Opportunities

RLT remains focused on expanding its markets. It has created a helium solution for the movement of vaccines and biologics at ultra-low temperatures, developed the first zero-emission solution for cold chain logistics, added the N1 route between Johannesburg and Cape Town to the LNG filling routes, and conducted successful auctions for LNG. The South African LNG market continues to attract interest from transport providers. The global helium market continues to be tight, with the COVID-19 vaccine rollout presenting further opportunities.

### Valuation - \$3.83 – Phase 2 the Key Driver

Our base case valuation for RLT is **A\$3.83 / ZAR 42.17**. We have applied a relatively high 12.5% discount rate, and a 22-year life for the project (the remaining life of the production licence until 2042). RLT has an option to extend the life of the licence by 30 years. The key driver of our valuation is the successful implementation of the Phase 2 expansion. We have reviewed the potential capacity of Phase 2 and now view it as a significantly larger project with the potential to be some 10 times larger than Phase 1 for helium and 6 times larger for LNG.

Key risks to valuation are delay in Phase 1 construction, delays in Phase 2 development and lower helium prices.



Reenergy is an emerging producer of LNG and helium. The principal asset is a 100% shareholding in the Virginia Gas Project, the first and only onshore petroleum production right in South Africa.

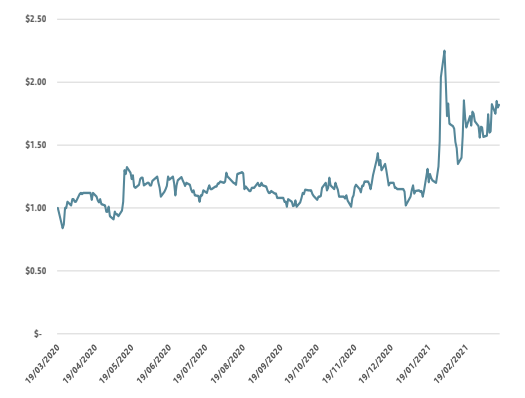
[www.reenergy.com.za](http://www.reenergy.com.za)

Stock	RLT.ASX / REN.RSE
Price	A\$2.15
Market cap	A\$252m
Valuation (per share)	A\$3.83

#### Next steps

Ongoing	Inclined Well Drilling
Q2 2021	Reserves Upgrade

#### RLT share price (A\$) – 1 year



Source: FactSet.

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Exhibit 1 – Valuation Summary

Valuation Summary	A\$	Valuation Summary	ZAR
Stage 1 Valuation	1.18	Stage 1 Valuation	12.93
Stage 2 Valuation	3.32	Stage 2 Valuation	36.48
SG&A	-0.38	SG&A	-4.17
Net Debt	-0.28	Net Debt	-3.07
<b>Total Valuation</b>	<b>3.83</b>	<b>Total Valuation</b>	<b>42.17</b>

Source: MST Estimates , RLT

Further upside to the valuation exists from earlier delivery of Phase 1, earlier delivery of Phase 2. Additional earnings from Cryo-Vacc™ and Zero-emissions cold chain logistics add further potential uplift, as at this stage we have not taken those into our valuation.

### Construction of Phase 1 Progressing Under Difficult Covid Conditions

Phase 1 is in construction with a planned start date of Q4 2021. Delivery of the project will see Renegen produce 350kg of helium and 50 tonnes of liquefied natural gas (LNG) per day.

The project has continued to make progress despite the limitations placed on Renegen by the high rates of Covid in South Africa, and the impact on global supply chains. The pipeline has been delayed, but is in South Africa. Components for the plant delivery have faced some delay, however, shipment of those components from Switzerland, Italy and China have commenced. Other areas such as site establishment and plant design have been completed.

We have anticipated a start date of Q1 CY2022 for Phase 1.

**Exhibit 1 – Company summary**

Regeren Limited							RLT.AX
Year end 28 February							
MARKET DATA							
Price	\$	2.15					
52 week high / low	\$	2.25/0.840					
Valuation (diluted)	\$	3.83					
Market Capitalisation	\$m	252					
Shares on issue (basic)	m	117					
Options / Performance shares	m	-					
Other equity	m	-					
Potential shares on issue (diluted)	m	117					

INVESTMENT FUNDAMENTALS							
		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Reported NPAT	ZAR	(37.5)	(72.3)	(20.5)	50.4	271.4	683.3
Underlying NPAT	ZAR	(37.5)	(72.3)	(20.5)	50.4	271.4	683.3
EPS Reported (undiluted)	ZAR	(32.0)	(61.5)	(17.5)	42.9	231.1	581.9
EPS Underlying (undiluted)	ZAR	(32.0)	(61.5)	(17.5)	42.9	231.1	581.9
Underlying EPS growth	%		(0.9)	0.7	3.5	(4.4)	(1.5)
P/E Reported (undiluted)	x	nm	nm	nm	5.0	0.9	0.4
P/E Underlying (undiluted)	x	nm	nm	nm	5.0	0.9	0.4
Operating cash flow / share	ZAR	(31.4)	(31.9)	(60.0)	(15.0)	120.7	266.8
Price to operating cash flow	x	nm	nm	nm	nm	1.8	0.8
Free cash flow	ZAR	(46.5)	(335.8)	(209.0)	(137.7)	(1,923.8)	(1,749.1)
Free cash flow per share	ZAR	(39.6)	(286.0)	(178.0)	(117.3)	(1,638.3)	(1,489.5)
Price to free cash flow	x	nm	nm	nm	nm	nm	nm
Free cash flow yield	%	nm	nm	nm	nm	nm	nm
Book value / share	ZAR	139.9	210.5	141.8	118.4	542.3	759.8
Price to book (NAV)	x	1.5	1.0	1.5	1.8	0.4	0.3
NTA / share	ZAR	139.9	210.5	141.8	118.4	542.3	759.8
Price to NTA	x	1.5	1.0	1.5	1.8	0.4	0.3
Year end shares	m	100.1	117.4	117.4	117.4	136.6	136.6
Market cap (Spot)	ZAR	252.5	252.5	252.5	252.5	252.5	252.5
Net debt/(cash)	ZAR	(58.3)	210.2	419.2	556.9	2,067.9	3,817.0
Enterprise value	ZAR	194.2	462.7	671.6	809.4	2,320.4	4,069.5
EV/Sales	x	65.0	175.6	146.8	8.1	6.8	5.0
EV/EBITDA	x	nm	nm	nm	75.8	13.1	8.8
EV/EBIT	x	nm	nm	nm	39.2	9.9	7.8

PRODUCTION AND PRICING							
		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
CNG (ZAR/mcf)		236.0	236.0	250.2	0.0	0.0	0.0
LNG Transport		277.3	284.2	291.4	298.6	306.1	313.8
LNG Wholesale		208.5	217.9	227.7	238.0	248.7	259.9
LNG (ZAR/mcf) - Blended Pricing		256.7	264.3	272.3	280.4	288.9	297.6
Helium (USD/mcf) Stage 1 Contract Pricing		0.0	0.0	200.0	200.0	205.0	210.1
Helium (USD/mcf) Stage 1 Market Pricing		0.0	0.0	304.9	304.9	304.9	304.9
Helium Stage 1 Blended Pricing		200.0	200.0	221.0	221.0	225.0	229.1
Helium (USD/mcf) Stage 2 Contract Pricing		0.0	0.0	0.0	0.0	0.0	0.0
Stage 1 / Stage 2 Blended Pricing		0.0	200.0	221.0	221.0	225.0	229.1

RESOURCES			
Contingent Resources Net RLT Bcf	1C	2C	3C
Helium	7.95	6.46	6.48

RESERVES			
Methane Reserves Net to RLT Bcf	1P	2P	3P
Developed	14.19	-	-
Undeveloped	26.57	98.23	145.2
Total	40.76	138.99	284.19
Helium Reserves Net to RLT Bcf	1P	2P	3P
Developed	0.36	-	-
Undeveloped	0.66	2.39	3.45
Total	1.01	3.41	6.86

12 month relative performance versus S&P/ASX Small Ordinaries Index						

PROFIT AND LOSS ZAR							
		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Sales		3.0	2.6	4.6	99.4	340.2	820
COGS		0.0	58.5	56.6	88.7	162.6	357
Gross profit		3.0	(55.8)	(52.0)	10.7	177.6	463
Other income							
Other operating costs		0.9	0.0	0.0	0.0	0.0	0
EBITDA		(41.2)	(55.8)	(52.0)	10.7	177.6	463
EBITDAX							
Depreciation & amortisation		3.2	3.5	10.2	10.0	56.7	57
EBIT		(38.1)	(52.3)	(41.8)	20.6	234.4	520
Net interest		4.1	(5.3)	21.3	29.7	37.0	162
Impairments / Associates							
Pretax Profit		(33.9)	(57.6)	(20.5)	50.4	271.4	683
Tax expense		(3.6)	(14.7)	0.0	0.0	0.0	0
Minorities							
NPAT		(37.5)	(72.3)	(20.5)	50.4	271.4	683
Adjustments & Significant items							
Underlying NPAT		(37.5)	(72.3)	(20.5)	50.4	271.4	683
BALANCE SHEET ZAR							
		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Cash		98.0	141.0	70.5	52.8	607.4	920
Receivables		4.5	5.5	5.5	5.5	5.5	5
Inventory		0.0	0.0	0.0	0.0	0.0	0
Other		0.0	10.4	10.4	10.4	10.4	10
Current assets		102.4	156.9	86.5	68.8	623.3	936
PPE, Development and Exploration		37.8	350.8	479.1	589.3	2,598.1	4,602
Other		2.2	2.7	2.7	2.7	2.7	2
Total Assets		142.4	510.5	568.3	660.8	3,224.1	5,541
Accounts Payable		10.9	16.4	16.4	16.4	16.4	16
Borrowings		0.0	0.0	0.0	0.0	0.0	0
Other		0.3	4.7	4.7	4.7	4.7	4
Current liabilities		11.2	21.1	21.1	21.1	21.1	21
Borrowings		39.6	351.2	489.7	609.7	2,675.3	4,737
Provisions		9.8	4.0	4.0	4.0	4.0	4
Non current liabilities		49.5	355.2	493.7	613.7	2,679.3	4,741
Total Liabilities		60.7	376.3	514.8	634.9	2,700.4	4,762
Share Capital		301.3	452.3	452.3	452.3	865.0	865
Reserves		0.4	8.1	8.1	8.1	8.1	8
Accumulated Profits / (Losses)		(121.1)	(213.1)	(293.8)	(321.4)	(236.4)	19
Total Equity		180.6	247.2	166.6	139.0	636.8	892
CASH FLOW ZAR							
		FY19A	FY20A	FY21E	FY22E	FY23E	FY24E
Operating cash flow		(36.9)	(37.5)	(70.4)	(17.6)	141.7	313
PPE and Exploration		(9.6)	(298.3)	(138.5)	(120.1)	(2,065.5)	(2,062)
Investing cash flow		(9.6)	(298.3)	(138.5)	(120.1)	(2,065.5)	(2,062)
Debt Raised / (Repaid)		5.1	296.0	138.5	120.0	2,065.5	2,062
Proceeds from issue of shares		140.2	151.0	0.0	0.0	412.8	0
Proceeds from exercise of options							
Financing cash flow		145.4	447.0	138.5	120.0	2,478.3	2,062
Net Increase/Decrease		98.9	111.1	(70.4)	(17.7)	554.5	313
Cash at Beginning Year		3.0	98.0	141.0	70.5	52.8	607
Year end cash		101.9	209.1	70.5	52.8	607.4	920

Source: RLT, MST Access.

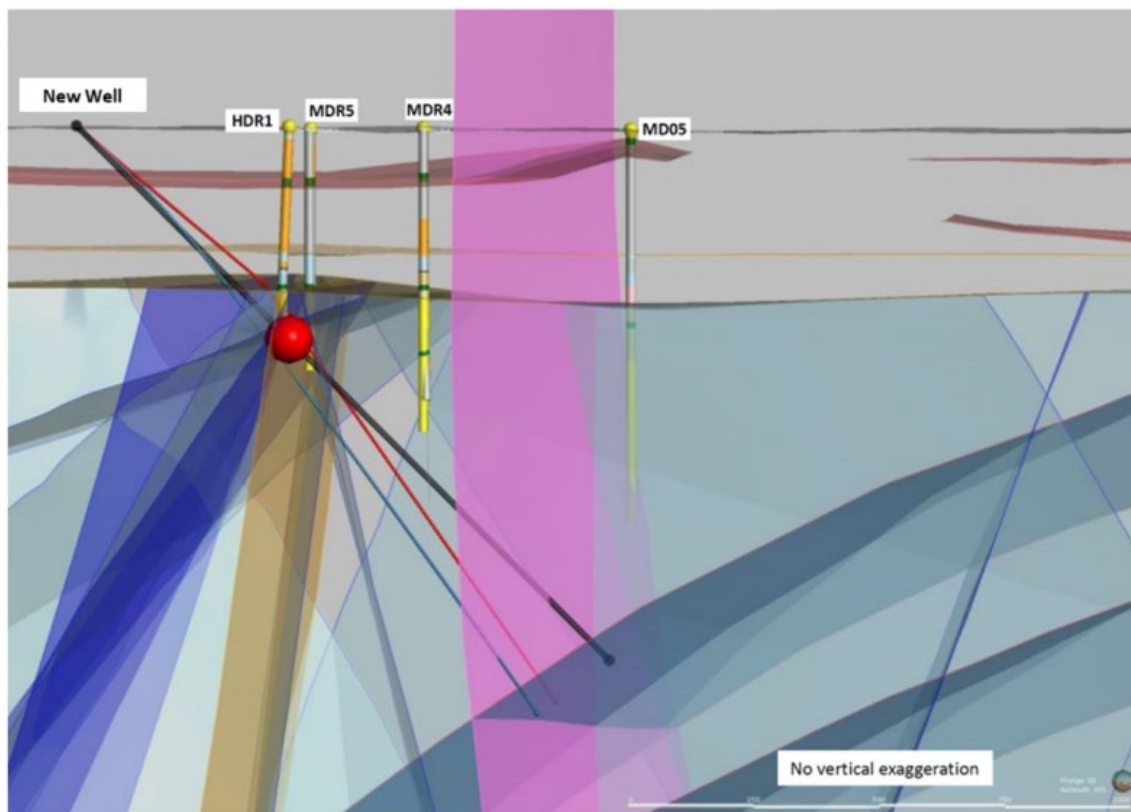
## Drilling Programme – Increased Flow Rates, Reserves and Helium Concentration the Focus

### What Is the Drilling Programme All About? – Inclined Wells

The gas bearing fractures within the Virginia Gas Project do not run perfectly horizontally and therefore are not always intersected by vertical wells. In fact, historically, RLT has had a success rate of about 60%. In addition, the vertical wells generally only intersect one fracture, thereby limiting the flow rate from that well.

RLT's drilling programme involves drilling 'inclined wells', which are drilled at an angle, thus substantially increasing the probability of intersecting the fractures – and in fact of intersecting multiple fractures with one well.

Exhibit 2 – Inclined drilling – intersecting more gas bearing fractures (existing vertical well numbers shown)



Source: RLT company report.

### Inclined well benefits

Successful inclined drilling will have multiple benefits for RLT:

- needing to drill fewer wells to obtain required production
- increased flow rates from each well
- increased information for determining increased reserves for the project
- proof of the high-concentration helium within the project.

## Inclined well risks

Inclined wells are technically more difficult than vertical wells. The inclined well programme requires specialised equipment, trained technical staff and an understanding of the geology. The Virginia Gas Project's geology is well understood and modelled but is quite complex.

The inclined well drilling conducted by RLT is the first of its kind in South Africa, and as a result is inherently risky.

## Drilling programme to date – legacy well strikes gas, priorities in place

The programme has at times been difficult and has taken longer than expected. However, RLT has contracted a new contractor for a three-well programme and has encountered success with an exploration well.

Priorities for the programme are;

- Complete MDR1 as a producer
- Complete P007 as a producer
- Drill P10
- Drill P12

### P2V2 well

The P2V2 well, originally spudded in June 2020, has had drilling delays, including the loss of bottom hole assembly in-hole in September 2020. The well successfully set casing at the base of the Karoo sequence and ran borehole integrity tests, prior to re-entering the hole with directional drilling equipment.

### MDR1 (legacy) Well – Gas Intersection Shows Capacity for Close Spaced Wells – Flows at 80,000scf/d

The MDR1 well, a legacy well approximately 300 metres from a known gas-productive fracture and previously cased to the base of the Karoo sediments, was spudded in August 2020 and re-entered with a directional drilling unit. Gas has been struck at MDR1. The well intersected a gas bearing fault and began producing at 80,000scf/d and is less than 600 metres from the plant. Given that the well is only 300m from a gas producing well, this result adds to confidence that wells can be spaced closer together without affecting individual productivity.

## Exploration well returns strong flow rates – Renergen strikes the right drilling method – well sits outside current reserve

Well P007, an exploration well currently being drilled in order to help RLT assess gas and helium resources and increase flow rates, intersected a 6m thick gas bearing fracture in March 2021, and has flowed 200,000 standard cubic feet per day (scf/d). The well sits outside of the reserves area, but in close proximity to the gas gathering system. Gas samples have been collected to determine composition, including helium levels; however, delays are expected in assessing composition due to delays at the labs and lack of relevant equipment.

P007 was a very efficient well, costing only ZAR 2.7m.

The flow rates are extremely encouraging, given they are significantly higher than the average of 120,000scf/d of the existing production wells within the project.

## Drilling programme going forward – new contractor and percussion drilling

The recent drilling success resulted from the appointment of a new drilling contractor using percussion drilling equipment.

Holes P10 and P12 are being prepared for drilling as the next holes in the campaign. RLY expects the cost of these wells to be around ZAR 3.2m each. RLT has 3 rigs on site at present.

**The success of the exploration well highlights the effectiveness of inclined percussion drilling, which was used for the first time by RLT on P007. This provides the company with a clear path on which drilling technology to deploy for all future drilling.**

## Phase 1 Progressing Despite Covid Challenges

### Phase 1 Plan Delivery for Q4 2021. We Estimate Q1 2022

Phase 1 is in construction with a planned start date of Q4 2021. Delivery of the project will see Renergen produce 350kg of helium and 50 tonnes of liquefied natural gas (LNG) per day.

The project has continued to make progress despite the limitations placed on Renergen by the high rates of Covid in South Africa, and the impact on global supply chains. The pipeline has been delayed but is in South Africa. Components for the plant delivery have faced some delay, however, shipment of those components from Switzerland, Italy and China have commenced. Other areas such as site establishment and plant design have been completed.

We have reviewed our start date for Phase 1 to Q1 2022.

## Phase 2 Underway – Larger Scale Planned

### Partnering with Saipem, EPCM and Sproule for Phase 2 Engineering Studies

With the three-well programme underway, contractors are incorporating technologies which integrate learnings from the first two wells (P2V2 and MDR1). The programme will culminate in the completion of feasibility studies for the Phase 2 development of RLT's Virginia Gas Project.

The three companies contracted by RLT for the engineering studies of Phase 2 are:

- Saipem SpA: Saipem is a global solution provider of engineering, drilling and construction projects in the energy and infrastructure sectors. Saipem has been awarded the Front-End Engineering Design (FEED) contract for the development of the downstream facilities, including the liquefaction plant and associated infrastructure.
- EPCM Holding: EPCM is a global engineering, procurement and construction company. The firm is currently constructing RLT's Phase 1 gas gathering pipeline. EPCM has been awarded the FEED contract for the development of RLT's Phase 2 gas gathering pipeline.
- Sproule: Sproule is a leading independent consulting and advisory firm, which has been awarded the contract to evaluate and certify the reserves based on results of the additional data acquisition program as well as RLT's current drilling campaign. Sproule will build on previous work carried out by MHA Petroleum Consultants, which was acquired by Sproule in 2019.

### Phase 2: More Substantial than Originally Planned

The Phase 2 project is key to the long-term value of Renergen. Phase 1 is effectively a commercial 'pilot plant' for Phase 2, which will be of large scale and make RLT a significant global supplier of helium and one of South Africa's most important energy providers. Phase 2 of the project looks to take full advantage of the large reserves available.

Phase 2 will be a more substantial project than initially expected. The project encompasses the design of the facilities that will allow Renergen to produce much larger quantities of LNG and liquid helium. The project was initially planned to be 3 times larger than Phase 1. However, Renergen are now looking to a plant approximately 10 times larger for helium and 6 times larger for LNG compared to Phase 1.

The global helium market remains tight, with limited supply growth and increasing demand from MRIs, rocketry and vaccine transportation.

LNG will provide a competitive and cleaner energy source in South Africa. Demand is expected to increase significantly domestically, exceeding available production capacity. Furthermore, South Africa currently has no other source of LNG and very little LNG import infrastructure.

## RLT New Markets, New Initiatives

New markets for RLT's LNG and helium are developing. RLT has moved on a number of new initiatives and marketing opportunities, most notably:

- Cryo-Vacc™: a helium-powered solution for the movement of vaccines and biologics at ultra-low temperatures for extended periods
- first zero-emission solution for cold chain logistics
- N1 route between Johannesburg and Cape Town added to the LNG filling routes with Total South Africa
- LNG auction process.

### Cryo-Vacc™: Helium-Powered Solution for Moving Vaccines and Biologics at Ultra-Low Temperatures for Extended Periods

RLT launched its working Cryo-Vacc™ prototype in South Africa in February 2021.

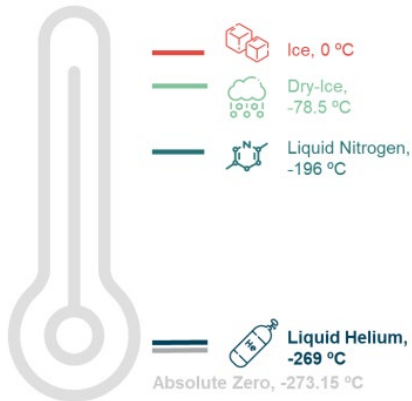
Cryo-Vacc™ was designed and patented by RLT for the efficient transportation and storage of ultra-cold biologics in continuous transit periods of up to 25 days or longer when access to an external power source is not possible. Cryo-Vacc™ offers a solution to current cold-chain solutions that use dry ice (frozen carbon dioxide) or cold plates to transport vaccines which struggle over long distances and in high-temperature climates. This is particularly relevant to vaccines presently being used for COVID-19. Dry ice methods can pose logistical challenges within the South African market given the high ambient temperatures and the long travel distances required for vaccine delivery.

Cryo-Vacc™, by contrast, is helium-powered. Helium is an irreplaceable element with highly favourable cryogenic properties, which makes it ideal for use in transport of high-value payload requiring ultra-low temperatures. The transport required for ultra-low temperatures involves complex tanks that have double-walled pressure containers with multi-layer vacuum insulation and external radiation shields.

Cryo-Vacc™ addresses key concerns including:

- **Temperature:** Cryo-Vacc™ can support a range of -150 °C to 8°C, making it suitable for use with a number of vaccines, especially those that need to be kept at specific temperatures. The storage device weighs less than 20kg and is constructed of aluminium and filled with liquid helium – the coldest available liquid globally. Depending on where the helium is sourced, RLT estimates the operating cost of the system to be under US\$0.07 per dose per day for the smallest device.
- **Transportation:** most vaccines must reach their intended destination within four days, unless the user increases the vaccines' weight by an additional 15kg, which increases the timeline to around 20 days but at a significantly higher air-freight cost. Cryo-Vacc™ is suitable for both air and ground transportation (traditional logistics chains), utilising liquid nitrogen to transport by road and helium to transport by air. Given helium is lighter than nitrogen, Cryo-Vacc™ helium can accommodate up to 12 times more vials per flight compared to other cryogens based on current flight safety regulations. This is aided by helium's low density (1/8<sup>th</sup> of water) and the fact that it has five times more usable 'cooling power' than liquid nitrogen during transit.  
With the recent release of the National Dept. of Health tender for the distribution of vaccines in South Africa, RLT has also teamed up with DPD Laser (part of The Laser Group), a local express courier partner that is known for its last-mile courier express capabilities and infrastructure throughout South Africa.
- **Monitoring:** combined with cold chain monitoring and asset tracking technology from Beyond Wireless Pty Ltd, a provider of remote temperature monitoring solutions certified by the World Health Organization's Performance, Quality and Safety (PQS) group, Cryo-Vacc™ is designed to provide accurate temperature readings of vaccines while they are in transit, as well as GPS tracking to ensure the custody chain can be audited.

Exhibit 3 – RLT’s Cryo-Vacc™ solution and liquid helium’s potential to reach ultra-low temperatures



Source: RLT.

Exhibit 4 – RLT CEO Stef Marani introduces Cryo-Vacc™



Source: RLT.

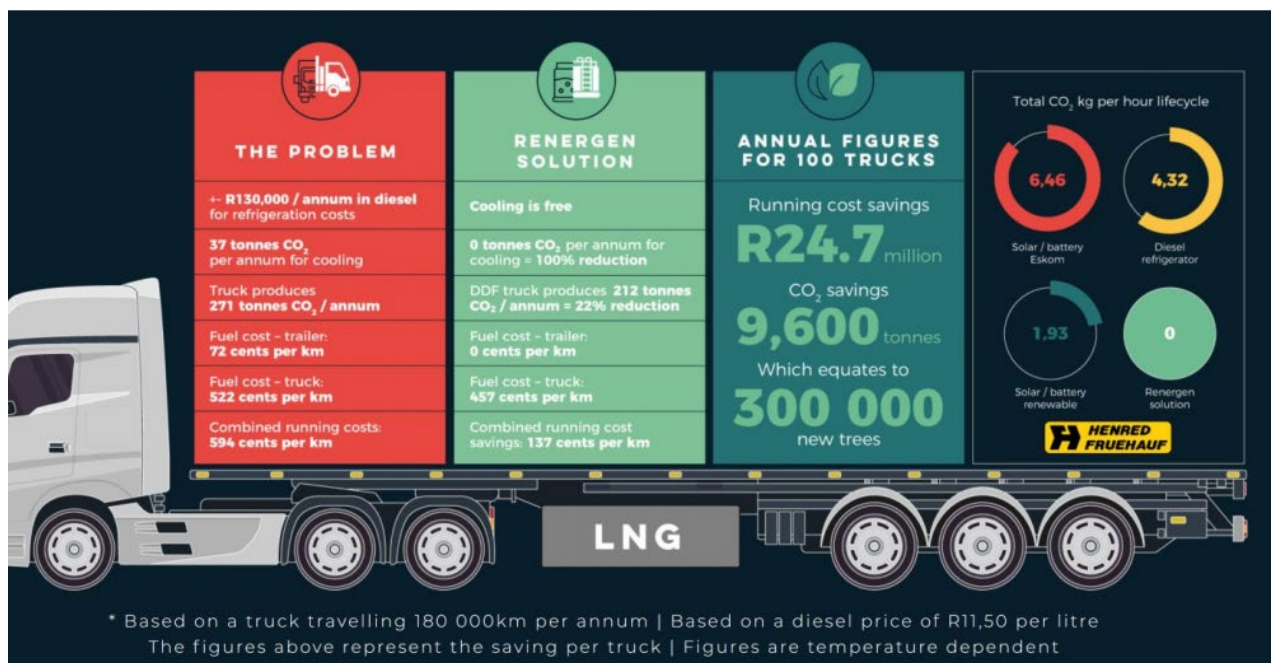
## First Zero-Emission Solution for Cold-Chain Logistics

RLT and Henred Fruehauf, one of the largest trailer manufacturers in South Africa, have developed a concept which capitalises on the way in which LNG is stored at ultra-low temperatures in the truck’s tank before being brought to room temperature and then consumed in the engine. With zero-emissions cold chain logistics, the cold energy of the gas is transferred to the refrigeration compartment of the trailer as the gas is heated. This new process provides free cooling and reduces combined greenhouse gas emissions by up to 96 tonnes per annum per truck. The added benefit is a reduction in running costs of up to 23% of the total fuel bill consumed by a truck using standard refrigeration technology.

Zero-emissions cold chain logistics presents a unique way to go ‘green’ while significantly reducing running costs. The overall solution requires lower capital investment and significantly reduces emissions.

RLT plans to initially roll out its cold chain solution to domestic customers before seeking other companies globally that may adopt this innovative technology in order to reduce their own carbon footprint.

Exhibit 5 – RLT’s zero-emission solution for cold-chain logistics



Source: RLT company report.

## N1 Route (J’burg–Cape Town) Added to LNG Filling Routes with Total South Africa

The addition of the N1 route between Johannesburg and Cape Town is another significant milestone for RLT. This route carries a large proportion of refrigerated trucks instrumental in moving perishable goods from the Cape to Johannesburg. The high usage of refrigerated trucks along the N1 contributed to the collaboration between RLT and trailer manufacturer Henred Fruehauf. The relationship between the companies indicates a combined commitment to clean energy initiatives.

## LNG Auctions

RLT initiated the commencement of South Africa's first-ever LNG auction. Interested parties apply to bid for an allocation of LNG. Information relating to successful bids is confidential (including the identity of successful bidders) and will only be made public by mutual agreement. Significantly more companies participated in the auction process than RLT had forecast, demonstrating the inherent demand in the domestic market for alternative energy supplies. Bidders had until the end of October 2020 to submit their bids for LNG. RLT continues to assess all bids.

## LNG Supply Agreement Signed with Logico Logistics

In October 2020, RLT signed a new LNG supply agreement with niche market transport service provider Logico Logistics Group. The agreement covers the supply of natural gas in Total-branded service stations along South Africa's N3 route between Johannesburg and Durban. RLT and Total signed a deal earlier in 2020 to market and distribute LNG at the petrol stations along that route.

## Reergen's Partners – Demonstrating the Strategic Value of the Project

RLT's Virginia Gas Project has made significant progress over the last few years. The uniqueness of the project with its high helium concentration and potential for growth has attracted high-quality partners and customers. The quality and size of the partners RLT has attracted to the Virginia Gas Project demonstrate its potential and strategic value.

## US International Development Finance Corporation (US Govt) – Funding Phase 1

The US International Development Finance Corporation (DFC) is America's development bank. The DFC partners with the private sector to finance solutions to the most critical challenges facing the developing world. The DFC invests across sectors including energy, healthcare, critical infrastructure, and technology, as well as providing financing to create jobs in emerging markets.

The US is heavily reliant on imports of certain mineral commodities that are vital to the Nation's security and economic prosperity. This dependency of the United States on foreign sources creates a strategic vulnerability for both its economy and military to adverse foreign government action, natural disaster, and other events that can disrupt supply of these key minerals. 35 mineral commodities deemed have been deemed critical. Helium has been added to the critical minerals list in the US, and funding from the DFC demonstrates the US interest in the commodity.

The DFC provided RLT with a US\$40m low-interest-rate loan (US Treasuries +4%) to construct Phase 1 of the Virginia Gas Project.

## Total – An Energy Major – Distribution Agreement

RLT signed an agreement for the joint marketing and distribution of LNG through Total's service stations in South Africa. The agreement, to provide ideal filling locations for RLT's customers along strategic routes across the country, increases the distribution capacity for RLT's LNG to be sold to logistics customers operating trucks along the main routes across South Africa.

The LNG Distribution Agreement is a strong signal from a major global LNG player that RLT's LNG business is sustainable and attractive long term, and suggests confidence that the business fits with Total's corporate strategy. The agreement adds additional value from the viewpoint of RLT's contracted and potential customers, making the LNG more available and simpler to obtain through Total's network.

## Linde – A Global Industrial Gas Company – Foundation Customer for RLT

Linde is a leading global industrial gases and engineering company with sales of US\$27 billion. The company serves a variety of end markets including chemicals & refining, food & beverage, electronics, healthcare, manufacturing and primary metals. Linde's industrial gases are high-purity and specialty gases for electronics manufacturing and hydrogen for clean fuels.

Linde has signed as RLT's foundation customer for helium production from Phase 1, having taken on a contract for 80% of the volume.

The presence of Linde as a foundation customer adds further credibility to RLT's project and secures a base-load customer for Phase 1 helium, reducing the project's risk.

## South African Logistics Companies

Offering LNG as an alternative to diesel as a transport fuel is appealing to logistics companies, as it is cheaper, more efficient and has a smaller carbon footprint. RLT has signed significant South African companies to LNG contracts including Megabus, South African Breweries, Black Knight Logistics, Bulk Hauliers and Logico.

## A Refresher on the Potential Scale of the Virginia Gas Project: The Prospective Resources

### Specialists Have Assessed Prospective Resources in Three Reports

RLT's helium deposit is the highest-concentration deposit in the world. This deposit is significantly different from others globally due to 'the Vredefort impact': a meteor strike which occurred around 2 billion years ago, resulting in the largest-known crater globally in what is now South Africa. This impact resulted in a complete change of the landscape and ultimately trapped the helium.

RLT engaged three specialists to assess the Virginia Gas Project's Prospective Resources. The resulting reports were prepared for RLT to further develop an understanding of the origins of helium discovered in the area and to assist in planning for the Phase 2 expansion of the gas project. RLT will commence drilling of a series of inclined wells to further appraise the full extent of the opportunity and the economic recoverability of the project.

### Shango Solutions – Geological Consultants

**Focus area: Assessing the high-concentration uranium and thorium deposits.** Helium production in the Earth's crust is primarily controlled by the radioactive decay of certain isotopes of uranium and thorium. Shango quantified the tonnage of high-concentration uranium and thorium deposits within the Production Right area, as well as their age and structural configuration.

### Edinburgh University – Geoscience and Geochemistry Academics

**Focus area: Evaluating the project's helium-generation potential.** The Edinburgh report, based on the Shango Solutions reports, is a thorough evaluation of the helium-generation potential within the bounds of the Virginia Gas Development Project.

### Sproule – Certified Petroleum Geologists and Reservoir Engineers

**Focus area: Estimating Prospective Helium Resources.** Sproule used the Edinburgh report to estimate Prospective Helium Resources under petroleum estimate standards acceptable to the JSE and ASX. Sproule evaluated the volumes of helium using a probabilistic methodology.

## Assessing the Numbers: Prospective Resources Are Huge on Global Comparisons

### Breaking down RLT’s substantial announced Prospective Resources

Exhibit 6 details the Prospective Resources, Contingent Resources, and Current Reserves, respectively.

Exhibit 6 – RLT Helium Prospective Resources (U), Contingent Resources (C) and Reserves (P)\*

	Helium (bcf)		Helium (bcf)		Helium (bcf)
1U	32.52	1C	7.95	1P	1.01
2U	106.00	2C	14.41	2P	3.41
3U	344.00	3C	20.89	3P	6.86

Source: Sproule

\*1U volume of Prospective Resources represents the volume with a 90% chance of being recovered or exceeded, the P90 confidence level. Similarly, the 2U volume corresponds to the median recovery, the P50 case. The 3U category has the largest volume, representing the estimated amount that would be captured at a 10% confidence level: the least conservative P10 case. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to estimate the existence of a commercial quantity of potentially movable helium.

### 3U Prospective Resources of 344Bcf – world-class size

RLT’s 3U Prospective Resources are large. While 3U represents the resource estimate with the lowest confidence level, it can be compared to other large helium deposits around the world in order to gain perspective of the Virginia Gas Project’s potential size.

There is no clear picture of global helium reserves/resources and relatively little written publicly. However, the United States Geological Survey (USGS) performed a national and global helium gas assessment over the period 2013–2016 and estimated helium reserves and resources. We use this information to compare the largest helium reserves and resources with RLT’s Prospective Resources.

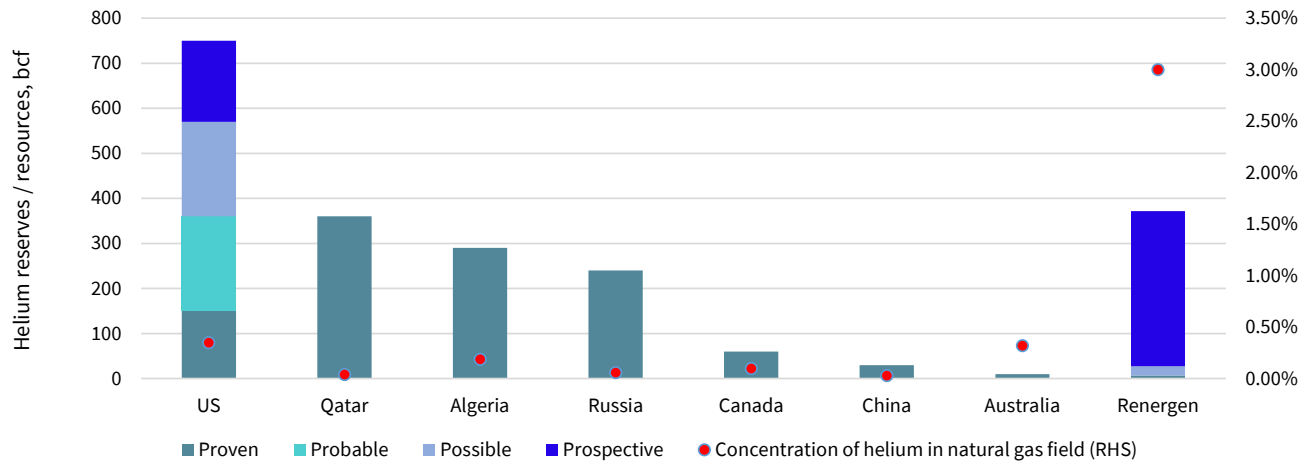
#### Global helium reserve and resources estimates

The reserves described here are shown as ‘proven’ as they are estimated as a percentage of Proven Gas Reserves. They may not be developed if the gas that contains the helium is not developed.

Exhibit 7 shows global reserves and resources estimates from the USGS, clearly demonstrating the significance of RLT’s Prospective Resources. The key comparable is the USA, the leading global supplier. The USA’s total reserves and resources are around 750Bcf, only roughly double RLT’s total reserves and resources of 371Bcf.

RLT’s reserves and resources of 371Bcf compare to estimated reserves for Qatar of 360Bcf and Russia’s 240Bcf, once again demonstrating the significance of RLT’s helium deposit.

Exhibit 7 – Global helium reserve and resource estimates



Sources: USGS, Renergen Prospectus, Sproule.

## The Global Helium Market – Positive Pricing Environment Expected

### Global Helium Market – Tight Supply and Steady Demand

The global helium market is opaque, with limited information on pricing, demand and supply. What can be determined is that supply is constrained, deficits are likely, and demand is steady. We expect a positive pricing environment over the short-to-medium term.

#### Demand

Helium is a critical ingredient in magnetic resonance imaging (MRI), lifting, balloons, welding and rocketry (see Exhibit 8). Due to helium’s low boiling point and light weight, for many of its uses there is no substitute.

On a longer-term basis, the global helium market is expected to grow from \$10bn in 2019 at an annual compound rate of 11% to \$15.7 billion by 2023, according to the Helium Global Market Report 2020.

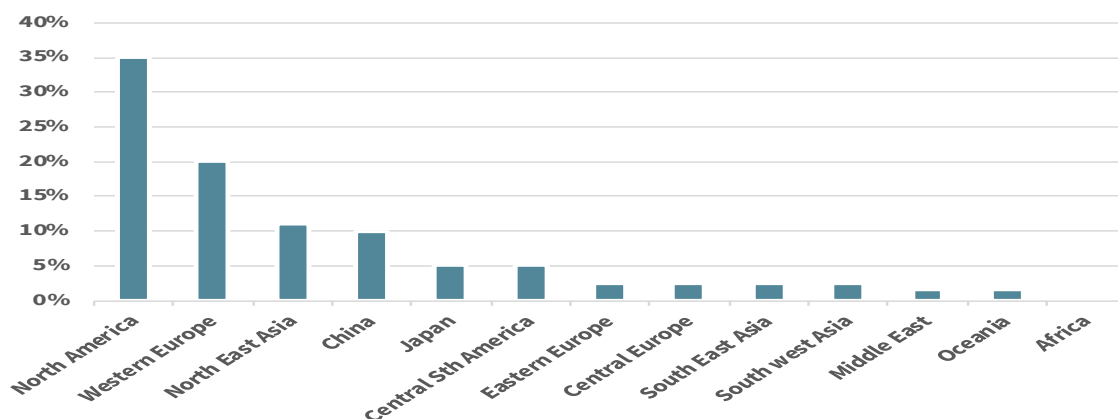
Global demand for helium is around 6 bcf pa and we expect it to increase at 3% per annum. We expect the strongest growth to occur in China and South Korea (4% per annum) driven largely by increased electronic manufacturing and MRI demand and usage in those markets. Helium demand is driven by its ‘no-substitute’ characteristic and rising global demand for advanced medical imaging.

After experiencing a demand reduction of as much as 25% in some sectors during 2Q 2020, demand has largely returned and helium markets have been in relative balance so far in 2021. While party balloons, diving/offshore gases and MRI have still not fully recovered from the impact of COVID, other sectors, such as electronics and aerospace, are strong. The COVID-19 pandemic created additional demand for helium in one area: it is needed for a breathing gas (Heliox) used in ventilators treating COVID patients. Heliox is composed of a mixture of helium and oxygen and is a medical treatment for patients with difficulty breathing. The mixture generates less resistance than atmospheric air when passing through the airways of the lungs, and thus requires less effort by a patient to breathe in and out.

Helium demand seems to be tracking the overall economic recovery and it could be another year or so before helium demand has fully recovered to pre-COVID levels.

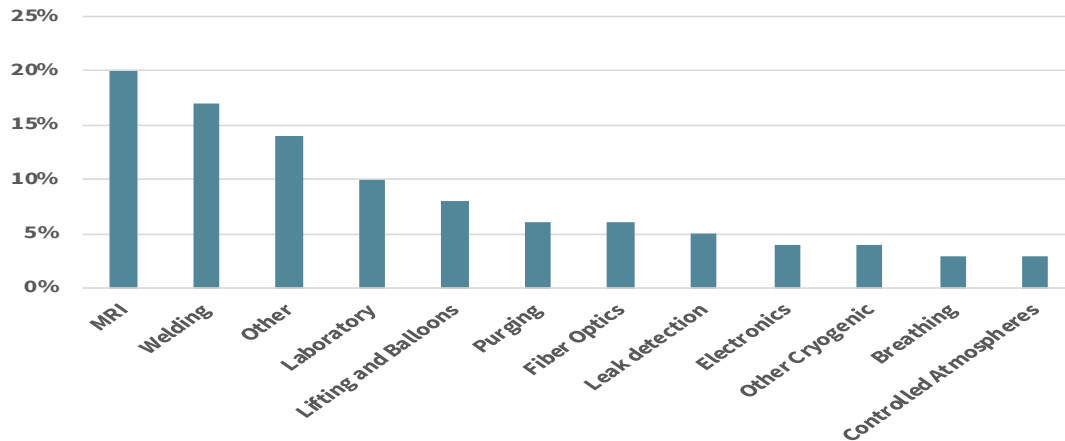
The chief risk to demand is the potential for technological developments that bypass the need for helium in current quantities. The irreplaceable qualities of helium and its expense have encouraged users to develop technologies that reduce the amount of helium required in key machines, such as helium recycling in MRI scanners.

Exhibit 8 – World consumption of helium by region (as % of global demand)



Source: IHS Markit.

Exhibit 9 – Uses of helium (as % of total demand)



Source: USGS, RLT.

## Supply

With demand steadily growing at around 3% pa, the key to the helium market is the changing nature of supply. The supply story has been driven by the US Bureau of Land Management (BLM). In the 1920s, the US Government began to stockpile large quantities of helium, identifying it as a future critical resource. The stockpile grew significantly through the 20th century until 1996, when the BLM announced that it would reverse its policy and sell off its surplus reserves to the market at a steady rate over 20–25 years. The BLM surplus accounted for 20% of the global supply of helium. The BLM exit of the market will be complete in 2021 as its strategic reserve is depleted.

Closing 20% of the global supply will squeeze an already tight market. New sources of supply are limited and will not offset this decrease for some time. Much of helium’s supply stems from being a by-product of gas production. Mega gas projects can extract helium commercially from levels as low as 0.1%.

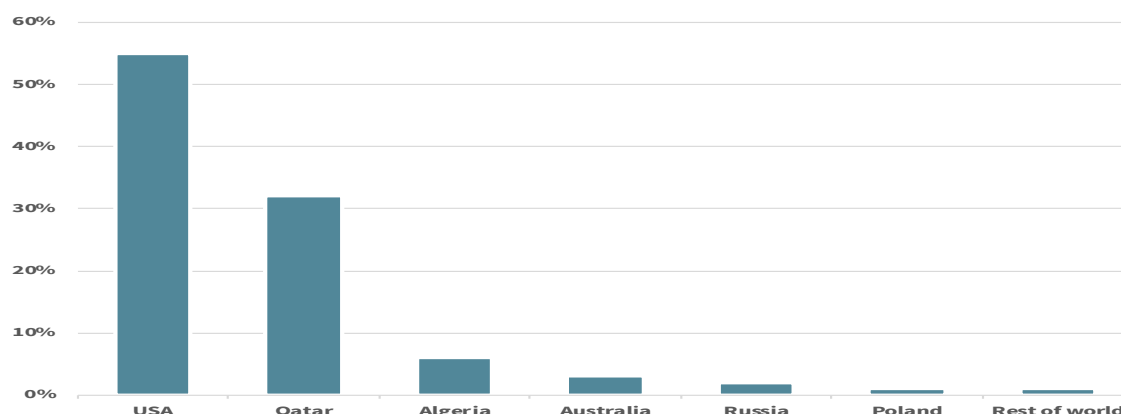
Qatar’s Helium III (originally due 2020) and Russia’s Amur (originally due 2021) represent new supply but are experiencing delay.

- News reports within the helium market are stating that Qatar’s Helium III is mechanically complete. Further information related to the precise timing of the start of production is not widely available. The project is expected to commence production at a reduced rate; however, Qatar’s Helium III will eventually have capacity of around 425 million standard cubic feet (MMCF) per year.
- Gazprom’s Amur Project, which includes three trains of 700 MMCF each for a total of 2.1 billion cubic feet (BCF), is expected to begin production from its first train in mid-2021. The second train of the Amur Project is expected to commence production in early 2022, with production from the third train expected in 2024. The key question for this huge and complex project remains how quickly production will ramp up to the first train’s 700 MMCF capacity.

Around 20 liquefaction plants supply the entire global helium market, which are in areas of political instability that are subject to supply disruption (e.g., the 2017 Qatar blockade, in which multiple Arab states cut ties with Qatar, disrupting helium production and supply for several weeks).

Helium has been added to the critical minerals list in both the USA and the EU, giving governing agencies more authority over strategies to ensure the secure and reliable supply of this critical element.

Exhibit 10 – World production of helium by region (as % of total)



Source: USGS.

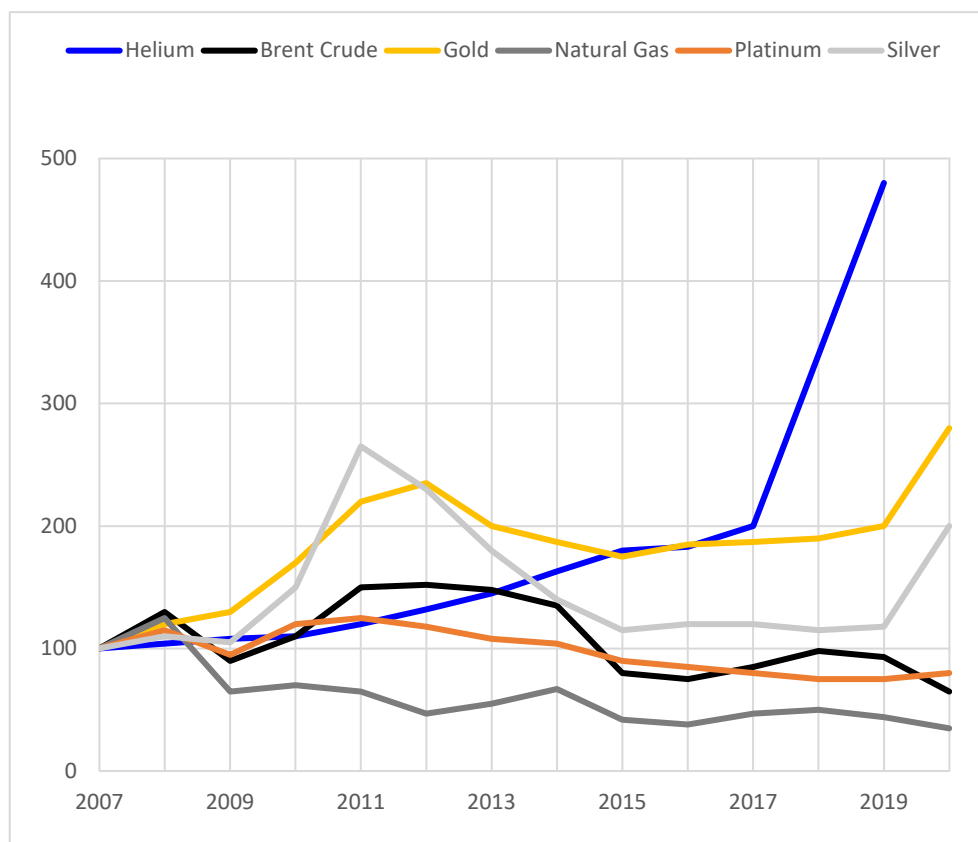
## Pricing

Helium is traditionally traded on long-term confidential contracts, which keeps pricing opaque. The large-scale, well-publicised and reliable sell-off of BLM reserves has arguably kept pricing of helium artificially low over the past decade, with private prices materially above BLM pricing. For reference, however, BLM prices rose substantially in the the last few years of its existence, from US\$110/mcf (thousand cubic feet) in 2016 to US\$280/mcf in August 2018. Seventy per cent of that increase occurred in the final BLM auction as buyers sought to accumulate inventory, possibly foreseeing a tightening of supply or a future rise in price.

The current global market for bulk liquid helium is thought to be worth over US\$2.7 billion, with the unit price (US\$ per thousand cubic feet) rising by over 135% in the past two years. Uncertainty and tightening in supply, coupled with steady demand, will provide continued support for pricing and may support marked increases.

RLT's helium reserves represent a strategically important part of global supply.

Exhibit 11 – Helium pricing relative to major commodities (indexed to 2007)



Source: International Monetary Fund, BLM.

## A Quick Update on Reenergy's LNG Market

RLT will produce LNG of outstanding purity, placing the company's product as the ideal substitute for liquid fuels, burning cleaner and releasing fewer emissions. Importantly, consumption of LNG does not require significant changes to the infrastructure required for liquid petroleum gas (LPG), making the switch efficient and cost-effective.

### Great Position: Limited Competition, Lots of Customers, First-Mover Advantage

RLT is in the unique position of being the only producer of onshore natural gas to emerge in South Africa since the 1970s. The onshore petroleum production rights are valid until 2042.

RLT's gas fields are situated in an energy-scarce area, with high customer density and limited competition. The targeted markets for LNG are all domestic and include heavy vehicles, industrial users and potentially power generation. RLT has a significant first-mover advantage from its access to independently proven natural gas reserves. Pricing for RLT's LNG should not be directly influenced by the global LNG market.

### Most of Stage One to Target Heavy Transport

RLT is targeting around 70% of its LNG production from Stage One to supply the SA heavy transport industry.

SA has some 377,000 licensed heavy vehicles. The LNG will be distributed via modular mobile refuelling facilities located on vacant land on established trucking routes.

Switching RLT's customers from diesel to LNG will realise increased efficiency and meaningful cost savings and reduce their carbon tax. Truck manufacturers may see LNG as a differentiator providing significant marketing value for their brand and, as a result, RLT will work with willing manufacturers to approach their existing customers proposing a switch over from diesel to LNG when the trucks reach their end of warranty period.

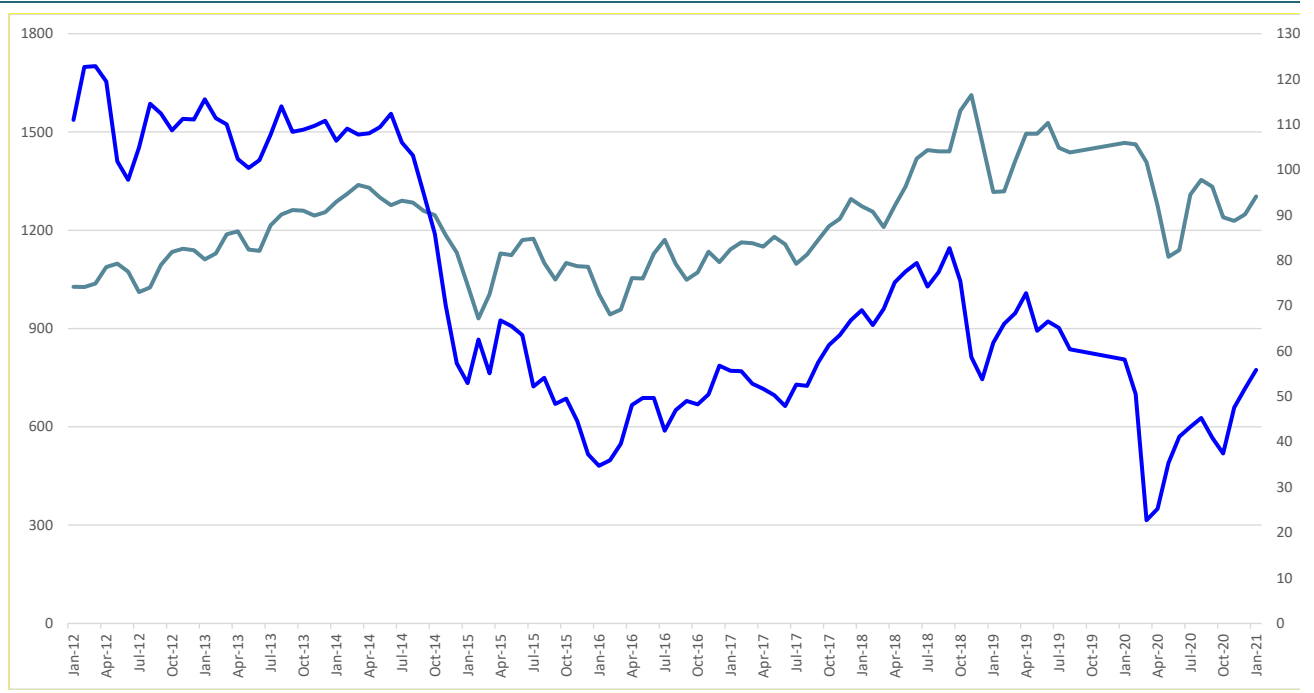
RLT expects to supply up to 3,300 heavy-duty trucks when it is producing LNG at maximum capacity. This translates to 4.9%–8.2% of the potential market opportunity. This is less than 1% of the total number of heavy haulage trucks registered on SA roads.

### Attracting Customers with Discount to Diesel

To attract customers to its product, RLT is pricing its LNG at a relative discount of 25% to the SA wholesale diesel price. The diesel price is regulated in SA and is highly correlated to the price of Brent Crude (see Exhibit 12), although diesel prices are definitively more stable (from early 2012 to present, South African diesel prices have traded within a range of ~52% of current price levels, compared with Brent Oil which traded in a range of ~180% of current prices).

Diesel prices in South Africa are ZAR1300/bbl, and have ranged between a low of ZAR1100/bbl and a high of ZAR1355/bbl over the last 3 years. The greater impact from COVID-19 was felt slightly earlier in May–June 2020 after the price traded down to a low of almost US\$1100. The subsequent recovery is in part due to the overall improvement in the commodity complex following the early impacts of COVID-19 experienced in 1H2020.

Exhibit 12 - SA diesel price (blue, LHS) relative to oil (bright blue, RHS)



Source: South African Petroleum Industry Association.

The penetration of natural gas as an energy source for truck haulage around the globe varies based on several factors:

- availability and costs associated with the diesel differential
- natural gas distribution networks
- fuelling stations
- government incentives and subsidies.

So far, the take up of natural gas as an energy source for trucks globally has been quite small, although the growth trend is much more positive particularly in markets including China and the US. As of 2017, only about 23m methane-driven vehicles were in use globally and freight vehicles only account for a small fraction of these with about 750,000 in total, mostly in India and China. Recently, China has been a key market with natural gas usage in transport growing at around 11% per annum in 2010–2016, on the back of a push from the central government to improve air quality. Another major growth market has been the US due in part to the significant domestic growth of shale gas over the past decade and the push towards more sustainable and green energy sources ([International Energy Agency: ‘The Future of Trucks – Implications for Energy and the Environment’](#)).

## Other SA LNG Markets – LPG Replacement, Industrial Users and Power Generation

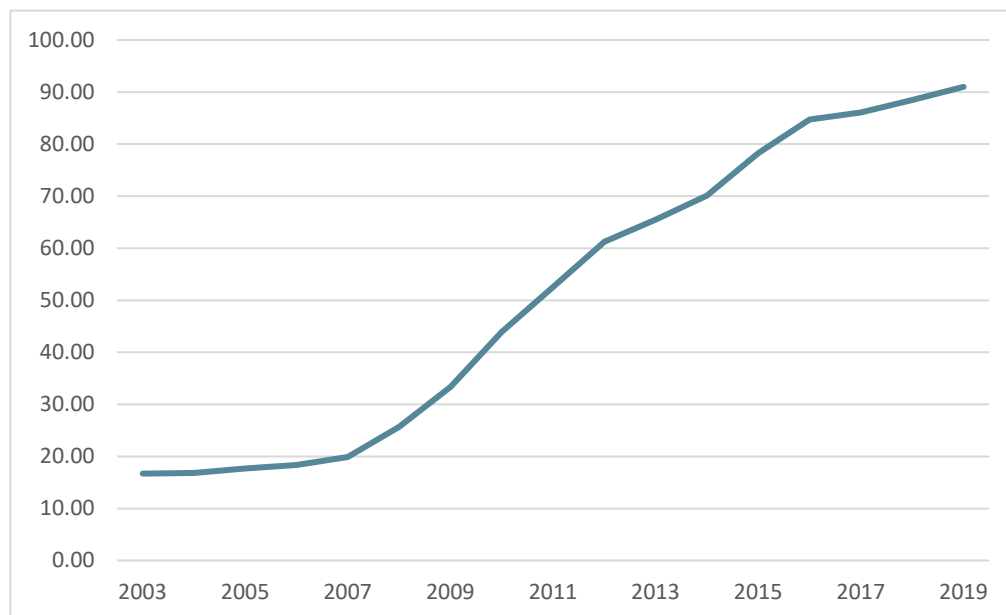
RLT is targeting around 30% of its LNG production from Stage One to supply industrial users.

The primary focus will be to replace LPG with LNG. Currently, LPG is priced at a premium to RLT’s targeted LNG price. LPG in South Africa is generally of low quality, so customers would enjoy cost savings and increases in efficiency by converting to LNG. RLT will price its LNG to wholesale customers at a ‘bulk rate’.

There are prospective customers in the wholesale market relating to power and steam, cookers and paint shops. As described above, allocation will be on a first-come, first-served basis.

Due to the continuing issues in the SA power industry, particularly regarding high costs and reliability, power generators may become strategically important to RLT’s mix of sales over time, and may offer a higher-return option.

Exhibit 13 – Significant increases in SA power prices since 2003 (average price c/kWh)



Source: Exkom.

## Valuation – Phase 2 – A Whole New Scale

### Base Case Valuation – Phase 2 the Key

Our base case valuation for Renergen is **A\$3.83 / ZAR 42.17**. We have applied a relatively high 12.5% discount rate, and a 23-year life for the project (the remaining life of the production licence until 2042). RLT has an option to extend the life of the licence by 30 years.

The key driver of our valuation is the successful implementation of the Phase 2 expansion.

#### Exhibit 15 – Renergen Valuation – Risked NPV

Valuation Summary	A\$	Valuation Summary	ZAR
Stage 1 Valuation	1.18	Stage 1 Valuation	12.93
Stage 2 Valuation	3.32	Stage 2 Valuation	36.48
SG&A	-0.38	SG&A	-4.17
Net Debt	-0.28	Net Debt	-3.07
<b>Total Valuation</b>	<b>3.83</b>	<b>Total Valuation</b>	<b>42.17</b>

Source MST Estimates

### Phase 1 – RLT Aiming for Q4 2021

Phase 1 of the project is planned by RLT to begin production in Q4 CY2021. Covid impacts, which have been outside the control of Renergen, have had impact on the delivery programme. South Africa has been one of the hardest hit countries with Covid, making management of staff and contractors difficult for Renergen. In addition, Renergen had needed to rely on suppliers from Switzerland, Italy and China for plant equipment, all who have had their supply chains affected by Covid, however components are being shipped to South Africa. Importantly, the pipeline equipment has arrived in South Africa.

Renergen are making good progress with the delivery of the plant and remain confident they can deliver in Q4 CY2021. We are applying a more conservative timeline and have estimated commencement of the project in Q1 CY2022.

### Phase 2 – A Whole New Scale

Phase 1's capacity is around 50 tonnes of LNG and 350kg of helium per day. Our early assessment of Phase 2 was that it could be 3 times the scale of Phase 1. This assessment utilised only a portion of the reserves.

Renergen has stated the Phase 2 could be capable of around 10 times the capacity for Helium and 6 times the capacity of LNG available in Phase 1. We are comfortable in applying the large scale to Phase 2 as we believe the Helium market is in need of the supply and the LNG market in South Africa has large growth potential for heavy vehicles, industry and power generation in particular.

The current 2P reserve for LNG and 3P reserve for Helium supports the enhanced capacity. We have assumed a higher percentage of helium for Phase 2.

We apply a probability / risk factor of 85% to Phase 2

We have assumed Capex for the Phase 2 project is split between FY23 and FY24 and that production commences mid-way through FY24.

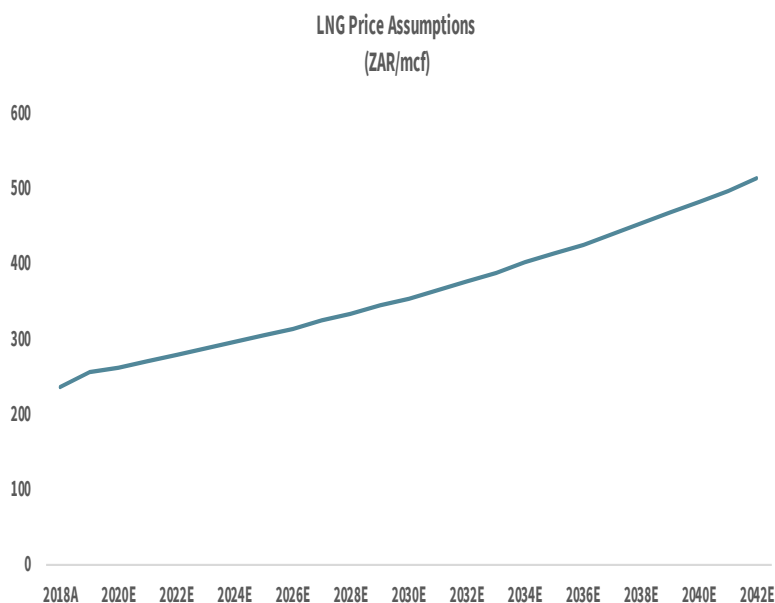
## Key Assumptions – Base Case Valuation

Exhibit 16 – Key Modelling Assumptions – Base Case Valuation

Helium Percentage	
Helium Percentage Phase 1	3.0%
Helium Percentage Phase 2	4.0%
Inflation Rates	
Transport LNG	2.5%
Wholesale LNG	4.5%
Gas Extraction	4.5%
Gas Liquification & Pipeline	4.5%
Gas Transportation	4.5%
Maintenance Capex Growth	4.5%
Financial Assumptions	
ZAR/USD	14.0
ZAR/AUD	11.0
Discount Rate	12.5%
Interest on Loans	US Treasury + 4%
Capex and Phase Timing	
Capex Phase 1 ZAR m	550
Commencement Phase 1	Q1 CY2022
Capex Phase 2 ZAR m	4,203
Commencement Phase 2	Q3 CY2024

Source: MST estimates

Exhibit 17 – LNG Pricing Assumptions



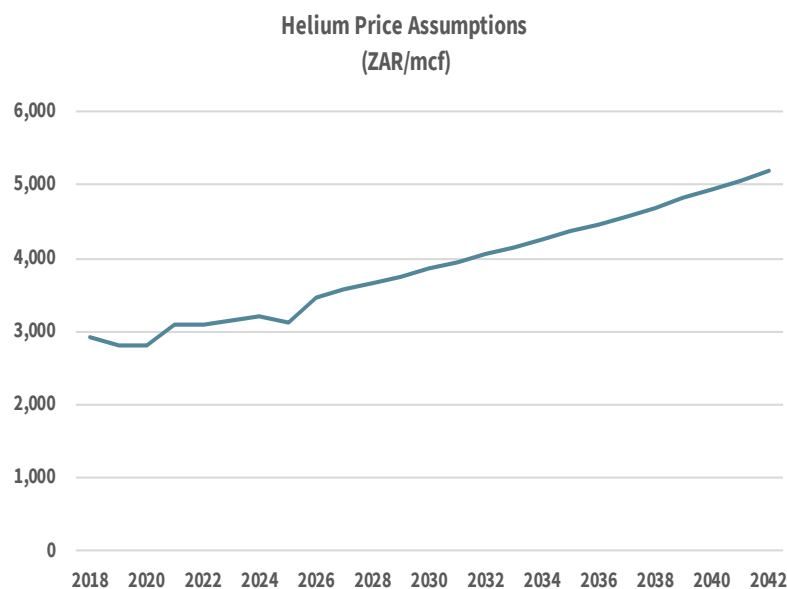
Source: MST estimates

LNG Pricing is a key to the valuation. We have assumed Renergen sells 70% of its LNG to the heavy vehicle industry and 30% to industrial users for the life of the project.

Heavy vehicle LNG is priced at a 25% discount to the South African diesel price. The SA diesel price is regulated by the SA Government and is highly correlated to the Brent Crude price. The price has been inflated in line with MST’s Brent Crude price estimate at 2.5%p.a.

Renergen will price its LNG to wholesale customers at a “bulk rate”. We have assumed pricing as per management’s guidance (ZAR 220 per GJ net of transport adjusted for CPI).

Exhibit 18 - Helium Pricing Assumptions



Source: MST estimates

We have assumed that 80% of Phase 1’s helium is sold under the Linde contract at US\$200mcf and inflated at 2.5% per annum as per the contract. The remaining 20% is priced at “market” rates which we have assumed to be US\$305mcf as per management guidance.

We assume Phase 2 pricing, beginning in CY2024, is fully contracted, with pricing of the contract at US\$250mcf and inflated at 2.5% per annum. This price is at a premium to the equivalent Linde contract pricing at the time, reflecting a continuing tight market. Any further delays to mega gas projects in Qatar and Russia will further tighten the market and present upside risk to the price.

## Positive Catalysts for the Share Price

Although we see some of the value of Phase 2 reflected in the current share price, there are several catalysts that we would expect to drive the share price towards our valuation.

### Drilling and confirmation of flow rates of wells for initial production

Successful drilling of further exploration incline wells, and confirmation of flow rates would increase the market's confidence in the delivery of gas to the project.

### Increase in Reserves

Reenergen's Reserves are significant, however an increase in the reserve base will add potential for further expansions and mine life extension.

### Signing of customer contracts

Signing of further customer contracts would increase the market's confidence in take-up of LNG in South Africa as a transport fuel or industrial energy source. Several such contracts are currently under negotiation.

### Delivery of Phase 1

Delivery of the project would demonstrate the company's ability to deliver projects and build confidence in Phase 2. We expect delivery in Q1 CY2022 however RLT are driving towards Q4 CY2021.

### Gas Shortages from Sasol Supply

Industrial users have flagged a potential supply shortage from Sasol's gas supply in 2023. This would open up additional potential industrial users for Reenergen's LNG.

### Consistent performance of liquification plants / positive cash flow

Consistent performance of the liquification plants would prove project viability, begin to create positive cash flow and increase confidence in Phase 2.

### Approval of Phase 2 Construction

This would be a major milestone for the company and its development.

### Price increases in helium and LNG above our estimates

The valuation is sensitive to price increases in both products.

### Increase in Helium Percentage in Gas

Reenergen have had drilling results of up to 12% helium in the gas. An increase in helium percentage in the gas will lead to an increase in profitability for the project.

## Risks to the Share Price and Valuation

### Lower-than-expected conversion to LNG – heavy vehicle and wholesale markets

Renegen's strategy relies on the SA heavy vehicle and wholesale markets market adopting LNG. Slower-than-expected rates of conversion would be unfavourable to the share price and valuation.

### Disappointing drill results, lower-than-expected strike rates and flow rates

Disappointing drill results and flow rates would be detrimental to the share price and decrease confidence in Phase 2. Reservoir performance is a key to the project's success.

### Increased drilling and construction costs; delays to construction of LNG and helium plants

Delays to construction and increased costs have direct negative effects on valuations.

### Competition from other gas sources

Imported LNG is seen as an alternative energy source for South Africa and may be competitive with Phase 2's LNG. This may impact pricing and lead to closer alignment with global LNG prices.

### Inability to sign additional helium customers

As a key value driver, any issues with signing helium customers would be negative.

### Delays and increased cost for Phase 2

As the key driver of long-term value in Renegen, any delays or increases in cost for Phase 2 would be viewed negatively by the market and would decrease our valuation

### Poor performance of plant and equipment

Reliable output from the liquification plants is a key driver of value for Renegen. Any disruptions to this output would be seen as a negative for valuations.

### Decreased product prices

The valuation is sensitive to price decreases in both helium and LNG

### Political risk / fiscal changes in South Africa

Energy policy has followed a difficult path in South Africa. Renegen has all approvals in place; however, the risk remains that policy and fiscal regime change could detrimentally affect the company. Changes in fuel tax affecting LNG would reduce its competitiveness with diesel and may require a change in strategy.

### Further Covid Issues

Further Covid issues add risk to timing and cost.

## Financials – Phase Funding

### Phase 1 of Virginia Gas Project Funded with OPIC Loan

Reenergy has a US\$40m loan from OPIC to fund Phase 1 of the project. This loan was signed and completed on 21 August 2019.

The OPIC loan is at favourable terms for Reenergy. The US\$40m facility is for a period of 12 years and we have assumed a rate of 4% above OPIC’s funding rate (US Treasury rates). A 30-month grace period for principal repayments is in place.

We estimate ZAR 70.5m cash at Bank as at 28 February 2021.

#### Exhibit 19 – Phase 1 Funding

Phase 1 Capex Estimate	ZAR m
<b>MST Capex Estimate</b>	<b>550.0</b>
<b>Capex to Date</b>	
FY 2020	275.4
FY 2021 to 30/11/2020	108.5
<b>Total Capex to 30/11/2020</b>	<b>383.9</b>
<b>Estimated Capex Remaining</b>	<b>166.1</b>
<b>Funds Available</b>	
Cash at Bank 30/11	181.0
Undrawn Facility	114.4
<b>Funds Available 30/11/2020</b>	<b>295.4</b>
<b>Estimated Funds in Excess of Capex</b>	<b>129.3</b>
<b>MST Estimate Cash at 28/02/2021</b>	<b>70.5</b>

Source: MST estimates

### Phase 2 Funding

We estimate capex for Phase 2 to be around ZAR 4,203m. Phase 2 will be a substantially larger and more complex funding arrangement than Phase 1. We have assumed that the capex will be funded via a mix of debt, cash flow and equity. We have assumed the project will be funded 90% debt and cash and 10% equity.

## Appendix 1: Understanding the Numbers: How Total Resources Are Categorised

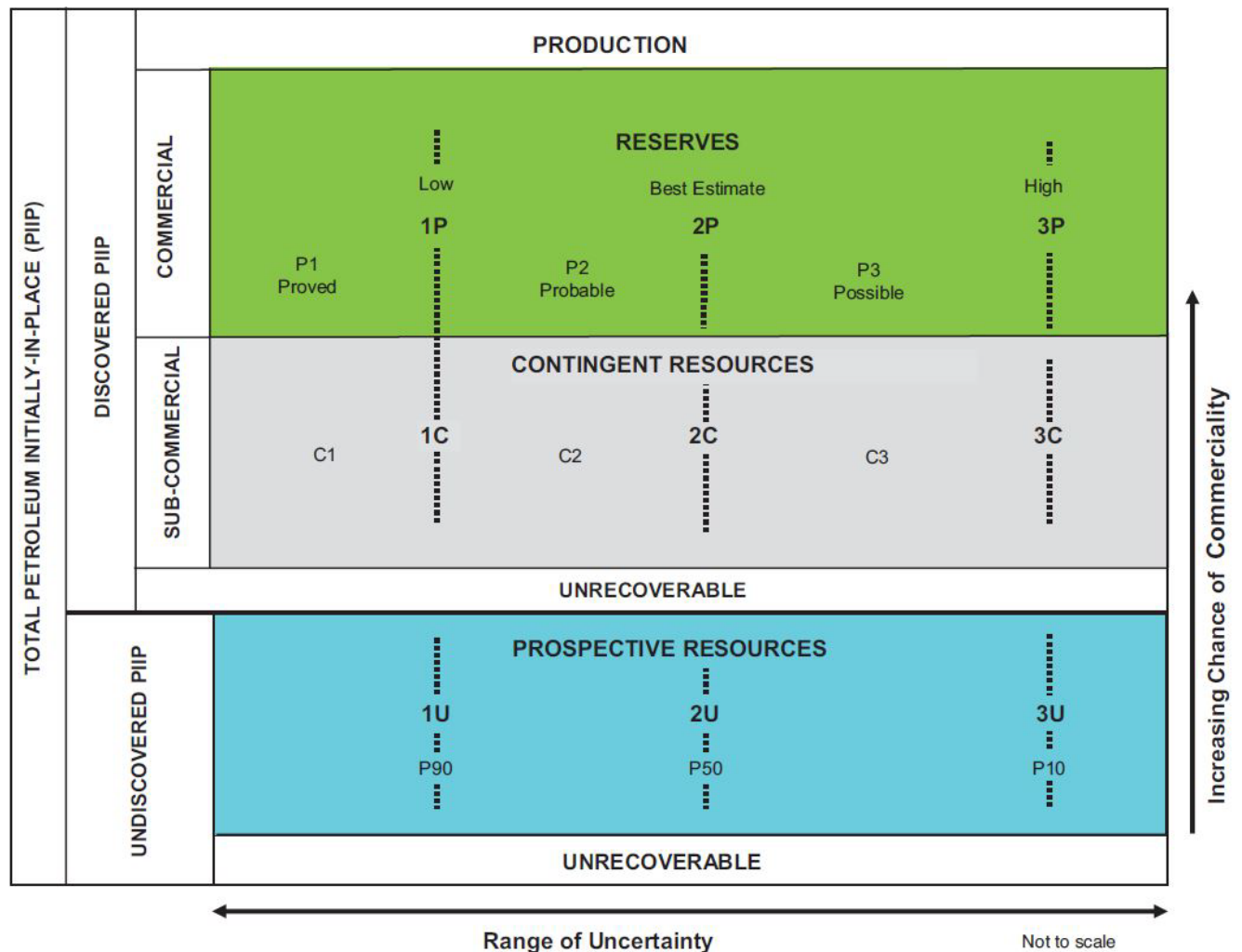
Estimated quantities of potentially recoverable helium can be placed into three categories. In order of increasing certainty, they are Prospective Resources, Contingent Resources and Reserves.

**Prospective Resources** are those quantities of helium estimated, as of a given date, to be **potentially recoverable** from **undiscovered accumulations** by application of **future projects**.

**Contingent Resources** are those quantities of helium estimated, as of a given date, to be **potentially recoverable** from **known** accumulations but where the applied project(s) are **not yet considered mature enough for commercial development due to one or more contingencies**.

**Reserves** are those quantities of helium anticipated to be **commercially recoverable** by **application of development projects** to **known accumulations**. The categories within Reserves, in decreasing certainty, are Proved, Probable and Possible.

Exhibit 1 – Classification of Petroleum (Including Helium) Reserves and Resources



Source: Sproule (Renergen Prospectus).

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