RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
JSE and A2X share code: REN ISIN: ZAE000202610
LEI: 378900B1512179F35A69
ASX share code: RLT Australian Business Number ABN: 93998352675
("Renergen" or "the Company" or "the Group")

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 AUGUST 2022

RESULTS COMMENTARY

As we approached our transition from an exploration company to one that is producing, the six months ended 31 August 2022 were focussed on cementing our position as an upcoming and highly innovative player in the energy market. During this time our strategic priorities were multi-fold and included taking the final steps towards the commissioning of Phase 1 of the Virginia Gas Project ("Project"), planning the expansion of the Project into Phase 2 by commencing Front End Engineering Studies, additional exploration of our production right and seeking strategic partnerships with key financial institutions for the Phase 2 capital raising. Overall, we are satisfied with what we achieved during this period, and to date, especially considering the successful commissioning of Phase 1 of the Project in September 2022, despite delays encountered. Key developments for the first half of the financial year under review are summarised below:

- Significant investment by Ivanhoe Mines Limited which became a 4.35% shareholder in Renergen.
- Successful completion of the due diligence by the Central Energy Fund ("CEF") to invest R1.0 billion for a 10% ownership stake in the Project at financial close.
- Engagement with various stakeholders currently underway to seek stakeholder approvals by both parties for the transaction with the CEF.
- US$500 million debt retainer letter signed with the US International Development Finance Corporation ("DFC") for funding of Phase 2 of the Project.
- Commissioning of the Project and commencement of operations transitioning Renergen from explorer to producer status (post period).
- Early success in the production drilling campaign from several wells.

Renergen continues to operate against a backdrop of shortfalls in the global helium and energy markets which provide it with significant competitive advantage mainly derived from its exceptionally high helium concentrations and relatively low extraction costs. Its 1P helium reserves increased by over 600% based on the last appraisal conducted by Sproule in September 2021. These factors, together with other matters, have contributed to the investment case for Phase 2 of the Project. The Project activities are carried out through Tetra4 Proprietary Limited ("Tetra4"), which at the date of this report is a wholly owned subsidiary of Renergen.

Operational review

Phase 1

Work towards the commissioning of Phase 1 of the Project progressed steadily and cautiously during the six months under review. In March 2022, we achieved early success from two wells in our drilling campaign – Frodo and Balrog, and also saw an increase in the flow rate from a previously drilled well, R2D2, which following clean-up operations increased its flow rate by 18 000 standard cubic feet per day (or 15%). Frodo achieved a flow rate of 23 000 standard cubic feet per day and Balrog a flow rate of 90 000 standard cubic feet per day, the latter through a diverter and following clean-up. What is remarkable to us, is the success of the exploration techniques applied to our wells will guide future exploration initiatives. Frodo was sited using only the latest fault structure interpretation, while Balrog was sited using Tetra4's "conviction scoring" AI methodology, based on biological and topographical markers with no other geological input. The wells were drilled to intersect the planned fracture sets around 500 metres total vertical depth and will feed into Phase 1 of the Project.

In April 2022, Tetra4 commenced hot commissioning of Phase 1 of the Project whereby generators were synchronized and the breaker to the main supply substation was opened and tested. The breaker to the two 6.6/400Kv transformers was also opened and ran on low load conditions to allow the transformers to "soak" pending the full commissioning of the plant. Tetra4 also hot commissioned various utility systems which included the air and nitrogen systems.

In May 2022, cold boxes were purged and pre-cooled using liquid nitrogen, which was an important process in preparing the plant for the acceptance of gas. A major advantage of using nitrogen for cooling is that it simultaneously purges the system of any oxygen rich air, which significantly reduces risks associated with fires. In the same month Tetra4 completed, tested and commissioned fire protection and instrument air systems, and various other smaller sub-systems e.g. water, safety, communication, digital control, cryogenic pipelines and rotating equipment.

June 2022 was particularly remarkable as we drilled a new gas blower, Gandalf, the third well in our drilling campaign for the period under review. Gas was intersected at 480m from surface with a flow rate of around 90 000 standard cubic feet per day. The target depth is 1 200m and after initial testing the well was cased in preparation to drill to the full depth. At present the drillers are preparing to drill through the cement and further to the target depth. In the same month, Tetra4 tested the gas alarm and monitoring system, installed insulation for hot conduction oil and cryogenic lines, introduced 250kg of high purity externally sourced helium into the system for pre-commissioning, successfully completed helium leak tests and completed the construction of the main compressor building and associated structures.

In the month that followed, Renergen announced the completion of a highly anticipated milestone, with natural gas to plant successfully achieved on 8 July 2022, signified by opening of the main inlet line from the gas gathering system to the process plant and then to the natural gas filtration and pre-compression systems. The key objectives of introducing gas to plant was to ensure that plant safety systems could be verified under controlled conditions, before moving into various areas of the process plant; and that full commissioning and operational testing of the emergency and operational flare systems could be completed, being the first integrated run between the pipeline system and process plant.

Post the period under review, on 5 September 2022, all our efforts over the past two and a half years culminated in the commissioning of Phase 1 of the Project which is now operational and has transitioned Renergen from explorer to producer status. We would not have achieved this without the hard work and dedication of the teams at Renergen and Tetra4.

Phase 2

Phase 2 is anticipated to produce approximately 5,000kg/day of helium and 34 400GJ of LNG when fully operational with a suitable spread of contracted and un-contracted volumes. Renergen is expected to benefit from exposure to the increasing market price of helium.

As announced on 10 August 2022, the CEF successfully completed due diligence to invest R1.0 billion for the acquisition of a 10% interest in Tetra4 ("Pending Transaction"). We are now engaging with various stakeholders to obtain relevant approvals to conclude the transaction in the coming months. Funding raised will be used to progress the construction of Phase 2 of the Project together with additional debt funding that could be secured from the DFC with whom we have signed a debt retainer letter for US$500 million. The DFC is currently evaluating making an additional loan of US$500 million to Tetra4 which currently owes the DFC US$38.9 million (R657.6 million).

Outlook

The LNG system was started up during the month of October 2022 and we have now produced approximately 190 tons of LNG while performing testing and optimisation. The onsite storage and mobile storage tanks are full. Commercial deliveries to customers will commence early to mid-November 2022. The helium system has been tested, but the plant was not ready to produce liquid helium without risk as the conduction oil system, supplying heat to various sections of the plant showed signs of not being stable and lost temperature and pressure momentarily. Had we pushed helium liquification, a failure by this system would have put the turbines at risk. Management decided to stop operations and implement the necessary corrective actions on the conduction oil system to ensure long term stability. It has now been repaired and corrected. The temporary shut down in the plant also provided the opportunity to tie in additional wells drilled in 2021/2022 into the pipeline, which will bring operations up to around 60% of the forecast production capability. The plant was re-started on the on the 27th of October 2022 with LNG production forecast to commence early November 2022. Once stable our priority shifts to the helium module as the Company's primary priority. Looking ahead, we aim to ramp up operations over the coming months to achieve our targeted production outputs for Phase 1. We will also be heavily focussed on progressing Phase 2 of the Project and will prioritise the finalisation of the pending transaction and our engagement with the DFC.

Financial review

Financial performance

There was a marginal improvement in the financial performance of the Group which reported a loss after tax of R24.5 million for the six-month period ended 31 August 2022 compared to R25.2 million during the prior comparative period, a reduction of R0.7 million. This improvement resulted primarily from increases in foreign exchange gains on our US Dollar asset base, interest income and the deferred tax credit which were offset by increases in share-based payment expenses, other operating expenses and interest on borrowings.

Foreign exchange gains, interest income and deferred tax credit

- The weakening of the Rand against the US Dollar resulted in foreign exchange gains amounting to R4.4 million on US Dollar cash balances retained in the Debt Service Reserve Account ("DSRA") offset by foreign exchange losses on the Group's trade payables amounting to R0.5 million. The Group recorded net foreign exchange gains totalling R3.9 million.
- Higher cash balances and higher interest rates during the period under review resulted in an increase in interest income by R1.0 million.

- The increase in the loss before taxation by R2.7 million resulted in an increase of the deferred tax credit by R3.3 million. This increase also reflects management's assessment of the increased likelihood of the recovery of the deferred tax asset given the commissioning of the Project in September 2022.

Share based payments expenses

The implementation of the equity-settled Share Appreciation Rights Plan ("SAR Plan") in December 2021, post the prior comparative period, contributed to an increase in share-based payment expenses by R4.6 million. The SAR Plan is a 5-year plan under the terms of which the Governance, Ethics, Transformation, Social and Compensation Committee makes a once-off award of forfeitable shares to the Executive Directors, prescribed officers, senior management and general employees of the Group who can influence the growth of the Company.

Other operating costs

Overall, other operating expenses increased marginally by R2.3 million relative to the prior year comparative period brought about by:

- An increase in marketing and advertising costs of R1.3 million due to sponsorship costs to improve brand visibility;
- An increase in travel expenses by R0.7 million due to international roadshows for capital raising and increases in airfares;
- An increase in office expenses by R0.4 million mainly due to normal office operations post COVID-19 lockdown measures in place during the prior comparative period;
- A net increase of R0.4 million in other business support costs which comprise professional fees, insurance and utilities; and
- An increase in IT costs by R0.3 million to support growing business operations.

The increases noted above were offset by a decrease in employee costs amounting to R0.8 million impacted by the Group's capitalisation policy.

Interest expense on borrowings

The interest expense on the Molopo which is not capitalised as it was not acquired specifically for the Project increased by R0.7 million.

Financial position

The Group's net asset value increased by R330.0 million to R616.3 million during the half year which is a 115% improvement compared to 28 February 2022. This was aided in part by:

- The final stages to commission the Project resulted in a net increase of R364.0 million in property, plant and equipment ("PPE") and intangible assets during the period, after taking into account depreciation and capitalised borrowing costs, employee costs and exchange differences;
- An increase in restricted cash of R30.6 million to align amounts held in the DSRA with payments of principal, interest and fees due to the DFC within 6 months of the period ended 31 August 2022;
- An increase in the deferred tax asset by R5.5 million due to the losses recognised for the six months under review; and
- A decrease in smaller net liabilities by R0.4 million.

Increases in the Group's PPE, intangible assets and DSRA were funded mostly by the funds raised during the period (see Investing and Financing Activities section below).

The above increases were offset by:

- An increase in borrowings of R56.0 million which was mainly due to foreign exchanges losses reflecting the weakening of the Rand against the US Dollar during the period; and
- A decrease in working capital of R14.5 million as outlined below:
  - An increase in trade and other receivables totalling R5.7 million mainly from an increase in VAT recoverable on the importation of equipment acquired for the Plant;
  - An increase of R23.4 million in trade and other payables was mainly due to front end engineering design (FEED) costs for Phase 2 of the LNG and Liquid Helium plant; and
  - The net utilisation of cash and cash equivalents totalling R3.2 million on the Group's operating, investing and financing activities.

Investing activities

Notes 4 and 5 of the accompanying reviewed condensed consolidated interim financial statements provide details pertaining to the Group's investment in PPE and intangible assets which exclude the impact of non-cash additions to these assets.

Financing activities

Our financing activities during the period included a capital raise of R350.7 million which was achieved from the award of shares to the parties outlined in note 7 of the accompanying condensed consolidated interim financial statements.

During the period under review, the Group paid R36.2 million to the DFC which comprised our first repayment of the capital amount (due on 1 August 2022) plus interest (see note 8). The Group also paid R1.4 million in transaction costs attributable to the capital raise and R1.4 in lease repayments.

Change in directorate

On 4 April 2022 Alex Pickard was appointed as a Non-executive Director of Renergen. Alex Pickard is Vice President, Corporate Development for Ivanhoe.

Litigation update

There have been no further developments since our last update in the annual financial statements for the year ended 28 February 2022.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Condensed Consolidated Statement of Financial Position of the Group as at 31 August 2022 is set out below:

R'000	Notes	Reviewed 31 August 2022	Audited 28 February 2022
ASSETS			
NON-CURRENT ASSETS		**1 382 308**	**1 008 317**
Property, plant and equipment	4	1 121 483	807 027
Intangible assets	5	203 609	154 023
Deferred taxation		49 005	43 529
Restricted cash	6	8 211	3 738
CURRENT ASSETS		**191 385**	**156 377**
Trade and other receivables		32 753	27 032
Restricted cash	6	60 373	34 257
Cash and cash equivalents		98 259	95 088
TOTAL ASSETS		**1 573 693**	**1 164 694**
EQUITY AND LIABILITIES			
EQUITY		**616 349**	**286 312**
Stated capital	7	913 789	563 878
Share based payments reserve		16 013	11 354
Revaluation reserve		598	598
Accumulated loss		(314 051)	(289 518)
LIABILITIES			
NON-CURRENT LIABILITIES		**834 615**	**803 949**
Borrowings	8	802 213	773 056
Lease liabilities		1 644	1 407
Provisions		30 758	29 486
CURRENT LIABILITIES		**122 729**	**74 433**
Borrowings	8	76 577	49 784
Trade and other payables	9	44 957	21 602
Lease liabilities		1 195	1 775
Provisions		-	1 272
TOTAL LIABILITIES		**957 344**	**878 382**
TOTAL EQUITY AND LIABILITIES		**1 573 693**	**1 164 694**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income of the Group for the six months ended 31 August 2022 is set out below:

R'000	Notes	Reviewed 31 August 2022	Reviewed 31 August 2021
Revenue	10	1 234	1 249
Cost of sales		(1 567)	(1 606)
Gross loss		**(333)**	**(357)**
Other operating income		3 973	102
Share-based payments expense		(5 192)	(630)
Other operating expenses		(26 831)	(24 526)
Operating loss		**(28 383)**	**(25 411)**
Interest income		1 013	21
Interest expense and imputed interest		(2 618)	(1 933)
Loss before taxation		**(29 988)**	**(27 323)**
Taxation		5 455	2 156
Total comprehensive loss for the period		**(24 533)**	**(25 167)**
LOSS PER SHARE			
Basic and diluted (cents)	11	(19.31)	(21.05)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The Condensed Consolidated Statement of Changes in Equity of the Group for the half year ended 31 August 2022 is set out below:

		Reviewed				
R'000	**Notes**	**Share capital**	**Share-based payment reserve**	**Revaluation reserve**	**Accumulated loss**	**Total equity attributable to equity holders of the Company**
For the six months ended 31 August 2022						
Balance at 28 February 2022[1]		563 878	11 354	598	(289 518)	286 312
Issue of shares	7	351 278	(533)	-	-	350 745
Share issue costs	7	(1 367)	-	-	-	(1 367)
Share based payments expense		-	5 192	-	-	5 192
Total comprehensive loss for the year		-	-	-	(24 533)	(24 533)
Balance at 31 August 2022		**913 789**	**16 013**	**598**	**(314 051)**	**616 349**
For the six months ended 31 August 2021						
Balance at 28 February 2021[1]		453 078	8 500	598	(255 768)	206 408
Issue of shares		109 874	-	-	-	109 874
Share issue costs		(2 443)	-	-	-	(2 443)
Share based payments expense		-	630	-	-	630
Total comprehensive loss for the year		-	-	-	(25 167)	(25 167)
Balance at 31 August 2021		**560 509**	**9 130**	**598**	**(280 935)**	**289 302**

[1] Audited for the relevant year.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The Condensed Consolidated Statement of Cash Flows of the Group for the half year ended 31 August 2022 is set out below:

R'000		Reviewed 31 August 2022	Reviewed 31 August 2021
Cash flows used in operating activities		**(36 845)**	**(42 647)**
Cash used in operations	12	(37 699)	(42 355)
Interest received		1 013	21
Interest paid		(138)	(313)
Taxation paid		(21)	-
Cash flows used in investing activities		**(276 143)**	**(129 305)**
Investment in property, plant and equipment	4	(226 322)	(105 472)
Investment in intangible assets	5	(49 821)	(23 833)
Cash flows from financing activities		**311 799**	**92 144**
Proceeds from share issue	7	350 745	109 874
Share issue costs	7	(1 367)	(2 443)
Repayments of borrowings	8	(36 160)	(13 777)
Repayment of lease liabilities		(1 419)	(1 510)
TOTAL CASH MOVEMENT FOR THE PERIOD		**(1 189)**	**(79 808)**
Cash and cash equivalents at the beginning of the period		95 088	130 878
Effects of exchange rate changes on cash and cash equivalents		4 360	109
Total cash and cash equivalents at the end of the period		**98 259**	**51 179**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

The reviewed condensed consolidated interim financial statements for the six months ended 31 August 2022 have been prepared and presented in accordance with the requirements of the JSE Limited ("JSE Listings Requirements") and ASX Limited ("ASX Listing Requirements"), as well as the requirements of the South African Companies Act 71 of 2008, as amended. The JSE Listings Requirements require interim reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), as well as the South African Institute of Chartered Accountants ("SAICA") Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements issued by Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. The accounting policies used in the preparation of the condensed consolidated interim financial statements are in terms of IFRS.
The directors take full responsibility for the preparation of the condensed consolidated interim financial statements. These consolidated interim financial statements have been prepared on a going concern basis. The condensed consolidated interim financial statements are presented in South African Rand which is the Company's functional and presentation currency. All monetary information is rounded to the nearest thousand (R'000).

These condensed consolidated interim financial statements have been reviewed by the Company's auditors and were prepared under the supervision of the Chief Financial Officer, Mr Brian Harvey CA(SA).

2. Auditor's review

On 17 August 2022, Renergen appointed BDO South Africa Incorporated ("BDO") as its new independent external auditor, with the designated auditor being Jacques Barradas. BDO replaced Mazars with effect from that date.

BDO has reviewed the condensed consolidated interim financial statements for the six-month period ended 31 August 2022 and has expressed an unmodified review conclusion thereon. A copy of the auditor's review report is available on the Company's website www.renergen.co.za and is also available for inspection at the Company's registered address, together with the financial information identified in the auditor's review report. The auditor's review report does not necessarily report on all the information contained in these interim financial statements. 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 website.

3. Accounting policies

The accounting policies assumptions adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's consolidated annual financial statements for the prior period. New accounting pronouncements which came into effect during the period under review were either not relevant to the Group or did not have a material impact.

4. Property, plant and equipment

	31 August 2022			28 February 2022		
R'000	Cost or valuation	Accumulated depreciation	Net book value	Cost or valuation	Accumulated depreciation	Net book value
Assets under construction	1 100 757	-	1 100 757	785 460	-	785 460
Plant and machinery	23 145	(12 406)	10 739	22 928	(11 345)	11 583
Right-of-use assets - motor vehicles	5 602	(1 937)	3 665	4 526	(1 462)	3 064
Right-of-use assets - head office building	-	-	-	2 243	(1 590)	653
Land - at revalued amount	3 473	-	3 473	3 473	-	3 473
Motor vehicles	2 152	(1 969)	183	2 152	(1 962)	190
Office building	2 065	(580)	1 485	2 065	(476)	1 589
Furniture and fixtures	1 220	(780)	440	1 024	(691)	333
IT equipment	1 109	(669)	440	910	(581)	329
Office equipment	214	(123)	91	171	(108)	63
Leasehold improvements:						
Furniture and fixtures	885	(679)	206	885	(609)	276
Office equipment	142	(138)	4	142	(128)	14
Net book value	**1 140 764**	**(19 281)**	**1 121 483**	**825 979**	**(18 952)**	**807 027**

4. Property, plant and equipment (continued)

The movement in property, plant and equipment for the period under review is outlined below:

R'000	At 28 February 2022	Additions	Depre-ciation	At 31 August 2022
Assets under construction	785 460	315 297	-	1 100 757
Plant and machinery	11 583	217	(1 061)	10 739
Right-of-use assets - motor vehicles	3 064	1 076	(475)	3 665
Right-of-use asset - head office building	653	-	(653)	-
Land - at revalued amount	3 473	-	-	3 473
Motor vehicles	190	-	(7)	183
Office building	1 589	-	(104)	1 485
Furniture and fixtures	333	196	(89)	440
IT equipment	329	199	(88)	440
Office equipment	63	43	(15)	91
Leasehold improvements:				
Furniture and fixtures	276	-	(70)	206
Office equipment	14	-	(10)	4
Total	**807 027**	**317 028**	**(2 572)**	**1 121 483**

A reconciliation of additions to exclude the impact of capitalised borrowing costs, foreign exchange differences and non-cash additions to right-of-use assets is provided below:

	R'000
Additions as shown above	317 028
Capitalised borrowing costs attributable to the DFC loan (note 8)	(18 065)
Capitalised borrowing costs attributable to the IDC loan (note 8)	(9 915)
Foreign exchange losses attributable to the DFC loan (note 8)	(61 650)
Non-cash additions to right-of -use assets	(1 076)
Additions as reflected in the cash flow statement	**226 322**

The increase in additions is attributed to the finalisation of Phase 1 of the Virginia Gas Project which became operational in September 2022 (see note 15).

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Intangible assets

R'000	31 August 2022 Cost	31 August 2022 Accumulated amortisation and impairment	31 August 2022 Net book value	28 February 2022 Cost	28 February 2022 Accumulated amortisation and impairment	28 February 2022 Net book value
Exploration and development costs	182 547	(32)	182 515	137 161	(32)	137 129
Computer software	4 778	(1 039)	3 739	4 184	(804)	3 380
Development costs - Cryo-Vacc^{TM}	13 610	-	13 610	10 948	-	10 948
Development costs - Helium Tokens System	3 472	-	3 472	2 048	-	2 048
Other intangible assets	273	-	273	518	-	518
Net book value	**204 680**	**(1 071)**	**203 609**	**154 859**	**(836)**	**154 023**

The movement in intangible assets for the period under review is outlined below:

R'000	At 28 February 2022	Additions	Amort-isation	Reclass-ification	At 31 August 2022
Exploration and development costs	137 129	45 386	-	-	182 515
Computer software	3 380	594	(235)	-	3 739
Development costs - Cryo-Vacc^{TM}	10 948	2 416	-	246	13,610
Development costs - Helium Tokens System	2 048	1 424	-	-	3 472
Other intangible assets	518	1	-	(246)	273
Total	**154 023**	**49 821**	**(235)**	**-**	**203 609**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

5. Intangible assets (continued)

Exploration and development costs

These are costs incurred in the exploration and development of natural gas reserves by Tetra4 pursuant to its exploration and production rights (reference 24/04/07PR) in the Free State Province, South Africa. Exploration and development costs will be recovered through use as determined through the units of production and life of the Virginia Gas Project. Amortisation will commence upon the start of production.

6. Restricted cash

R'000	31 August 2022	28 February 2022
Non-current:	**8 211**	**3 738**
Environmental rehabilitation guarantee cash	8 211	3 738
Current:	**60 373**	**34 257**
Debt Service Reserve Account (DSRA)	60 373	34 257
Total	**68 584**	**37 995**

The DSRA is held as security for the DFC loan (see note 8). Total restricted cash increased by R30.6 million as shown in note 12. The DSRA increased by R26.1 million to align with payments of principal, interest and fees due to the DFC within 6 months of the period ended 31 August 2022 and this movement is inclusive of foreign exchange gains totalling R4.4 million on US Dollar balances held in the DSRA brought about by the weakening of the Rand against the US Dollar during the period. The environmental rehabilitation guarantee cash increased by R4.5 million to align with the increase in the Group's environmental rehabilitation obligation given the exploration activities undertaken during the period.

7. Stated capital

Authorised (000's):	31 August 2022	28 February 2022
500 million shares of no par value	500 000	500 000

Reconciliation of number of issued shares (000's):	31 August 2022	28 February 2022
At 1 March 2022/2021	123 934	117 508
Issue of shares - ordinary shares issued for cash	11 151	6 400
Issue of shares - share incentive scheme, non-cash	37	26
Balance at 31 August 2022/28 February 2022	135 122	123 934

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7. Stated capital (continued)

Reconciliation of issued stated capital (R'000):	31 August 2022	28 February 2022
At 1 March 2021/2022	563 878	453 078
Issue of shares - ordinary shares issued for cash	350 745	113 115
Issue of shares - share incentive scheme, non-cash	533	261
Share issue costs	(1 367)	(2 576)
Balance at 31 August 2022/28 February 2022	913 789	563 878

Shares issued for cash during the period under review comprise:

Description	Date	Number of shares 000's	Issue price Rand	Value R'000
Ivanhoe Mines Limited	23 March 2022	5 632	35.63	200 668
Issue of shares on the Johannesburg Stock Exchange[1]	27 July 2022	3 914	33.78	132 201
Exercise of share options[2]	Various	1 605	11.14	17 876
		11 151		**350 745**

[1] Shares issued to various institutions.

[2] Issue price represents the average exercise price of the options exercised during the period.

There were no dividends declared during the period (August 2021: nil).

8. Borrowings

Borrowings held at amortised cost comprise:	31 August 2022	28 February 2022
Non-current:	**802 213**	**773 056**
Molopo Energy Limited (Molopo)	49 241	46 761
US International Development Finance Corporation (DFC)	584 497	564 220
Industrial Development Corporation (IDC)	168 475	162 075
Current:	**76 577**	**49 784**
DFC	73 062	49 784
IDC	3 515	-
Total	**878 790**	**822 840**

8. Borrowings (continued)

The movement in the Group's borrowings for the period under review is outlined below:

R'000	At 28 February 2022	Foreign exchange losses[1]	Interest	Repayments - capital	Repayments - interest	At 31 August 2022
Molopo	46 761	-	2 480	-	-	49 241
DFC	614 004	61 650	18 065	(18 095)	(18 065)	657 559
IDC	162 075	-	9 915	-	-	171 990
	822 840	61 650	30 460	(18 095)	(18 065)	878 790

[1] Foreign exchange losses reflect the impact of the weakening of the Rand against the US Dollar and are capitalised to assets under construction within property, plant and equipment (see note 4).

Loan terms and security

The terms of the Molopo, DFC and IDC loans are as presented in the Group annual financial statements for the year ended 28 February 2022 and remained unchanged for the period under review. The DFC and IDC loans are secured by a pledge of the Group's assets under construction and land. The DFC loan is also secured by the Debt Service Reserve Account. These assets are disclosed in notes 4 and 6.

Classification of the Molopo loan

The Molopo loan can only be repaid when Tetra4 declares a dividend and utilising a maximum of 36% of the distributable profits in order to pay the dividend. If by 31 December 2022 the loan is not repaid, the loan shall bear interest at the prime lending rate plus 2% and will have no repayment terms. It is not expected that the loan will be repaid in the next 12 months given the unavailability of distributable profits based on Tetra4's most recent forecasts. As such, the loan has been classified as non-current.

Debt covenants

DFC loan

The following debt covenants apply to the DFC loan:

a) Tetra4 is required to always maintain i) a ratio of all interest-bearing Debt to EBITDA of not more than 3.0 to 1; (ii) a ratio of Current Assets to Current Liabilities of not less than 1 to 1; and (iii) a Reserve Tail Ratio of not less than 25%.
b) Tetra4 is required to maintain at all times (i) a ratio of Cash Flow for the most recently completed four consecutive full fiscal quarters, taken as a single accounting period, to Debt Service for the most recently completed four consecutive full fiscal quarters, taken as a single accounting period, of not less than 1.30 to 1; and (ii) a ratio of Cash Flow for the most recently completed four consecutive full fiscal quarters, taken as a single accounting period, to Debt Service for the next succeeding four consecutive full fiscal quarters of not less than 1.3 to 1.
c) Tetra4 is required to ensure that the debt service reserve account (classified as restricted cash in note 6) is funded in the aggregate of all amounts due to the DFC (principal, interest and fees) within the next 6 months.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

8. Borrowings (continued)

The covenants in a) and b) will apply 18 months after the completion of the construction of the Virginia Gas Plant. The Group has complied with the covenant under c) above for the period under review and believes that it will be able to comply with the covenants throughout the tenure of the loan.

IDC loan

The following debt covenants apply to the IDC loan.

a) Tetra4 is required to maintain the same financial and reserve tail ratios as mentioned under the DFC loan.
b) In addition, Tetra4 shall not make any shareholder dividend distribution, repay any shareholders' loans and/or pay any interest on shareholders' loans or make any payments whatsoever to its shareholders without the IDC’s prior written consent, if:
    i. Tetra4 is in breach of any term of the loan agreement; or
    ii. the making of such payment would result in a breach of any one or more of the financial ratios above.

The covenants in a) will apply from 1 August 2023. The Group has complied with the covenant under b) above for the period under review and believes that it will be able to comply with the covenants throughout the tenure of the loan.

“Reserve Tail Ratio” means for any calculation date, the quotient obtained by dividing (a) all of the Borrower’s remaining Proved Reserves as of such calculation date by (b) all of the Borrower’s Proved Reserves as of the date of this Agreement.

9. Trade and other payables

R'000	31 August 2022	28 February 2022
Financial instruments:	**37 997**	**15 500**
Trade payables	33 559	6 225
Accrued expenses	4 438	9 275
Non-financial instruments:	**6 960**	**6 102**
Accrued leave pay	3 487	2 758
Accrued bonus	3 473	3 344
Total	**44 957**	**21 602**

At 31 August 2022, trade payables include front end engineering design (FEED) costs for Phase 2 of the LNG and Liquid Helium plant amounting to R31.2 million. There were no costs of this nature included in trade and other payables at 28 February 2022.

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. Segment analysis

The Group has identified reportable segments that are used by the Group Executive Committee (chief operating decision-maker) to make key operating decisions, allocate resources and assess performance. For management purposes the Group is organised and analysed as follows:

Corporate head office

Corporate head office is a segment where all investment decisions are made. Renergen Limited is an investment holding company focussed on investing in prospective green projects. Green projects entail pursuing knowledge and practices that can lead to more environmentally friendly and ecologically responsible decisions and lifestyles which can help protect the environment and sustain its natural resources for current and future generations.

Tetra4

Tetra4 explores for, develops and sells compressed natural gas ("CNG") to the South African market. It operates in the Gauteng Province, Free State Province and Mpumalanga Province in the town of Evander.

Cryovation

Cryovation, a new wholly owned subsidiary of Renergen, formed on 25 August 2022, developed the ground-breaking Cryo-Vacc^{TM} technology, which enables the safe transportation of vaccines and biologics at extremely low temperatures without the need for electrical power. The Cryovation business model is undergoing refinement and further development with insights from experts from various fields with the intention of exploring several modifications that will improve the overall concept and operational performance to enhance its appeal for the more niche biologics and gene-therapy market internationally.

No geographical information is provided as all assets are situated in South Africa and all sales are made to one South African customer. The analysis of reportable segments as at 31 August 2022 is set out below:

R'000	Corporate head office	Tetra4	Cryovation	Total	Elimin-ations	Consol-idated
Revenue	-	1 234	-	1 234	-	1 234
External	-	1 234	-	1 234	-	1 234
Loss for the year	(13 577)	(10 956)	-	(24 533)	-	(24 533)
Total assets	1 476 514	1 526 438	13 766	3 016 718	(1 443 025)	1 573 693
Total liabilities	(4 268)	(1 753 471)	(1 451)	(1 759 190)	801 846	(957 344)

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10. Segment analysis (continued)

The analysis of reportable segments as at 31 August 2021 is set out below:

R'000	Corporate head office	Tetra4	Cryovation	Total	Elimin-ations	Consol-idated
Revenue	-	1 249	-	1 249	-	1 249
External	-	1 249	-	1 249	-	1 249
Loss for the year	(4 268)	(20 899)		(25 167)	-	(25 167)
Total assets	1 135 307	837 471	-	1 972 778	(1 112 968)	859 810
Total liabilities	(6 336)	(1 051 931)	-	(1 058 267)	487 759	(570 508)

During the six months ended 31 August 2022, R1.2 million or 100% (2021: R1.2 million or 100%) of the Group's revenue depended on the sales of CNG to one customer. This revenue is reported under the Tetra4 operating segment. The Group's revenue is solely derived from the sale of CNG.

Inter-segment revenues and balances are eliminated upon consolidation and are reflected in the 'eliminations' column.

11. Loss per share

Loss per share

Cents	31 August 2022	31 August 2021
Basic and diluted	(19.31)	(21.05)

R'000	31 August 2022	31 August 2021
Loss attributable to equity holders of the Company used in the calculation of the basic and diluted loss per share:	(24 533)	(25 167)

000's	31 August 2022	31 August 2021
Weighted average number of ordinary shares used in the calculation of basic loss per share:	127 024	119 570
Issued shares at the beginning of the period	123 934	117 508
Effect of shares issued during the period	3 090	2 062
Add: Dilutive share options	-	-
Weighted average number of ordinary shares used in the calculation of diluted loss per share	**127 024**	**119 570**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

11. Loss per share (continued)

The share options and bonus scheme shares have not been included in the weighted average number of shares used to calculate the diluted loss per share or the diluted headline loss per share as they are anti-dilutive. These options are anti-dilutive because of the loss position of the Group.

Headline loss per share

Cents	31 August 2022	31 August 2021
Basic and diluted	(19.31)	(21.05)

Reconciliation of headline loss:

R'000	31 August 2022	31 August 2021
Loss attributable to equity holders of the Company	(24 533)	(25 167)
Headline loss	**(24 533)**	**(25 167)**

The headline loss has been calculated in accordance with Circular 1/2021 issued by the South African Institute of Chartered Accountants.

12. Cash used in operations

R'000	31 August 2022	31 August 2021
Loss before taxation	(29 988)	(27 323)
Adjustments for:		
Depreciation and amortisation	2 807	2 844
Interest expense and imputed interest	2 618	1 933
Interest income	(1 013)	(21)
Share based payments expense	5 192	630
Allocation of restricted cash	(30 589)	(154)
Decrease in bonus accrual	-	(3 758)
Increase in leave accrual	611	266
Exchange differences	(4 360)	(109)
Changes in working capital:		
Increase in inventories	-	(1 194)
Increase in trade and other receivables	(5 721)	(31 944)
Increase in trade and other payables	22 744	16 475
Cash used in operations	**(37 699)**	**(42 355)**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

13. Contingencies and commitments

Contingent liabilities

The Group had no contingent liabilities at 31 August 2022 (February 2022: nil).

Commitments

	31 August 2022		
R'000	**Spent to date**	**Contractual commitments**	**Total approved**
Capital equipment	565 290	135 332	700 622
Total	**565 290**	**135 332**	**700 622**

	28 February 2022		
R'000	**Spent to date**	**Contractual commitments**	**Total approved**
Capital equipment	390 008	219 719	609 727
Total	**390 008**	**219 719**	**609 727**

The Board approved total project costs amounting to R1.263 billion relating to the construction of the Virginia Gas Plant which consist of R700.6 million (Feb 2022: R609.7 million) in contractual commitments for capital equipment. The remaining amount of R562.4 million has not been contracted or does not relate to capital equipment. As at the end of the reporting period the Group had incurred construction and drilling costs as disclosed above and had contractual commitments relating to capital expenditure amounting to R135.3 million (Feb 2022: R219.7 million) for the acquisition of property, plant and equipment under various contracts.

14. Related parties

Relationships

There were no changes to the related party relationships during the six months under review.

Related party balances

The Group had no related party balances at 31 August 2022 (February 2022: Rnil).

Key management personnel

Key management personnel include Executive and Non-executive Directors and members of the Executive Committee. Prescribed officers are also members of the Executive Committee and are part of the Group's key management. Remuneration paid to key management personnel during the six months ended 31 August 2022 is disclosed below:

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

14. Related parties (continued)

	NON-EXECUTIVES					
	31 August 2022			31 August 2021		
Fees paid to Non-executive Directors:	**Directors' board fees**	**Committee fees**	**Total**	**Directors' board fees**	**Committee fees**	**Total**
Brett Kimber[1]	-	-	-	383	30	413
David King[2]	369	-	369	141	-	141
Mbali Swana	137	85	222	135	89	224
Luigi Matteucci	122	94	216	149	106	255
Bane Maleke	137	55	192	149	72	221
Total	**765**	**234**	**999**	**957**	**297**	**1 254**

[1] Resigned on 30 November 2021.

[2] Appointed as Non-Executive Chairman from 1 December 2021 following the resignation of Brett Kimber.

Francois Olivier appointed as a non-executive Director in November 2019 to represent Mazi Asset Management (one of Renergen's shareholders) does not earn Directors fees.

Alex Pickard appointed as a non-executive Director in April 2022 to represent Ivanhoe Mines Limited (one of Renergen's shareholders) does not earn Directors fees.

14. Related parties (continued)

	EXECUTIVES								
	31 August 2022				31 August 2021				
Remuneration paid to Executive Directors:	Total annual guaranteed package	Short-term cash incentive paid	Share incentive	Total	Total annual guaranteed package	Short-term cash incentive paid	Share incentive	Other[5]	Total
Stefano Marani	2 333	1 213	1 213	4 759	2 160	860	860	-	3 880
Fulu Ravele[3]	-	-	-	-	227	-	-	1 444	1 671
Brian Harvey[4]	1 890	723	723	3 336	1 187	-	500	-	1 687
Nick Mitchell	2 333	1 201	1 201	4 735	2 160	916	916	-	3 992
Total	**6 556**	**3 137**	**3 137**	**12 830**	**5 734**	**1 776**	**2 276**	**1 444**	**11 230**

[3] Resigned on 31 March 2021.
[4] Appointed on 1 May 2021.
[5] Payment made as part of exit package upon resignation on 31 March 2021.

	PRESCRIBED OFFICERS							
	31 August 2022				31 August 2021			
Remuneration paid to Prescribed Officers:	Total annual guaranteed package	Short-term cash incentive paid	Share incentive	Total	Total annual guaranteed package	Short-term cash incentive paid	Share incentive	Total
Johann Weideman	1 026	172	172	1 370	951	198	198	1 347
Khalid Patel	766	161	161	1 088	707	149	149	1 005
Mandy-Leigh Stuart	715	152	152	1 019	728	148	148	1 024
Nalanie Naidu	806	164	164	1 134	661	111	111	883
Russel Broadhead	1 519	-	-	1 519	-	-	-	-
Total	**4 832**	**649**	**649**	**6 130**	**3 047**	**606**	**606**	**4 259**

NOTES TO THE REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (CONTINUED)

15. Events after the reporting period

Commissioning of Virginia Gas Plant

On 5 September 2022, Renergen announced a major milestone of the Virginia Gas Project which is now operational, transitioning Renergen from explorer to producer status by producing hydrocarbons, with the helium module producing liquid in due course. Renergen has beneficial use of the system and has commenced filling of bulk storage tanks to begin delivery of product to customers. With the commencement of operations, Virginia becomes South Africa's first commercial liquified natural gas (LNG) Plant.

16. Going concern

The reviewed condensed consolidated interim financial statements for the six months ended 31 August 2022 have been prepared assuming the Group will continue as a going concern. This contemplates the realisation of assets and settlement of liabilities in the normal course of business during the assessment period. The Directors have reviewed the Group's forecasts for the next twelve months and are satisfied that the Group has adequate financial resources, and access to capital and borrowing facilities to continue operations in the normal course of business for the foreseeable future.

On behalf of the Board

Dr David King	Stefano Marani	Brian Harvey
Chairman	**Chief Executive Officer**	**Chief Financial Officer**

Johannesburg
28 October 2022

Designated Advisor
PSG Capital