

## RENERGEN LIMITED

Incorporated in the Republic of South Africa  
(Registration number: 2014/195093/06)

JSE Share code: REN

A2X Share code: REN

ISIN: ZAE000202610

LEI: 378900B1512179F35A69

Australian Business Number (ABN): 93 998 352 675

ASX Share code: RLT

("Renergen" or "the Company" or "the Group")



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## SUBSCRIPTION OF SHARES IN TETRA4

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### 1. INTRODUCTION

Renergen is pleased to announce the conclusion of an investment in Tetra4 Proprietary Limited ("**Tetra4**"), the Company's primary asset (the Virginia Gas Project), by Mahlako Gas Energy Proprietary Limited ("**MGE**"). The investment will provide an injection of R550 million into the Company and its subsidiaries within 20 business days from conclusion of the procedural conditions precedent, which funds will contribute to the further development of the Virginia Gas Project, and in return MGE will own 5.5% of the equity in Tetra4 once all the investment proceeds have been fully invested for the development of Phase 2. The transaction was initiated several months ago, and following significant due diligence covering all aspects of the business and markets in which the Company operates, the parties reached agreement.

MGE is comprised of two investors, namely Mahlako Energy Fund and Thirdway Investment Partners, both of which bring significant experience to the Company, while adding strong synergies in the rapidly advancing energy sector in South Africa.

This groundbreaking transaction sees the Virginia Gas Project bolster its ownership by black women, furthering the Company's commitment to advancing economic transformation not only in the South African economy, but also importantly in the country's just energy transition at this time when the country is facing a significant energy crisis. The Virginia Gas Project not only increases the availability of domestically produced energy, thus reducing reliance on imported energy, but also adds a new source of cleaner energy to the mix.

Part of the proceeds will see the repayment of the Standard Bank bridge loan and marks the beginning of the equity transactions relating to Phase 2, which is anticipated to continue over the coming months, which may include, inter alia, additional transactions at the Tetra4 level combined with a capital raise at the Renergen level.

"As Mahlako Energy Fund, we are proud to join forces with Renergen in this groundbreaking partnership. Our investment not only signifies our confidence in the Virginia Gas Project but also reflects our commitment to fostering economic transformation and diversity in the energy sector. Together, we embark on a journey towards a cleaner energy future for South Africa," said Meta Mhlarhi, Principal of the Mahlako Energy Fund.

"We recognise the pivotal role that sustainable energy plays in shaping the future. We are excited about the opportunities ahead and the positive impact and contribution our partnership will have in the energy transition and security for the country," said Makole Mupita, Principal

of the Mahlako Energy Fund. “This is a testament to how the savings industry can mobilise to address the energy security in South Africa. We are grateful to all our investors.”

”As a child who grew up from humbling beginnings in the Free State, I am more proud of how this investment/partnership will benefit the people of the Free State in terms of job creation and enterprise development and the enormous multiplier effect. It is humbling to be able to give back and to meaningfully invest in projects with such visible impact,” said John Oliphant, Chairman and co-founder of Thirdway Investment Partners.

Following this transaction, Renergen will be left with a 94.5% stake in Tetra4.

“We welcome our new partners and look forward to the immense value they will bring to the Company vis a vis investment synergy in the energy sector as we embark on this important step forward”, said CEO Stefano Marani.

## **2. TRANSACTION DETAILS**

In terms of the agreement entered into by the parties (“**Agreement**”) MGE (the beneficial owners of which are Mahlako Energy Fund and Thirdway Investment Partners) will acquire and subscribe for sufficient new Tetra4 A ordinary shares, a new class of shares (“**Shares**”), to ensure that MGE will own 5.5% of Tetra4 for the combined consideration of R550 million (“**Transaction Consideration**”) (“**Transaction**”). Until such time as Renergen has raised sufficient equity for the development of Phase 2, as set out in the Phase 2 budget, MGE’s shareholding in Tetra4 will not dilute.

## **3. SUBJECT OF THE TRANSACTION**

Tetra4 is Renergen’s operating company which holds South Africa’s first and only onshore petroleum production right and is the entity developing the Virginia Gas Project.

## **4. RATIONALE FOR THE TRANSACTION**

Renergen’s stated objective is to commence the construction of Phase 2 and as part of this objective additional funding is required. The Transaction forms part of the overall strategy and equity contribution to meet the Phase 2 funding requirements.

## **5. APPLICATION OF THE TRANSACTION CONSIDERATION**

The Transaction Consideration will be used partly to settle Group debt and partly to further develop Phase 2.

## 6. CONDITIONS PRECEDENT

The Transaction is subject to the fulfilment of the following outstanding conditions precedent (“**Conditions Precedent**”):

- Tetra4 receiving a consent and waiver from the US Development Finance Corporation (“**DFC**”) in respect of claims against a Phase 1 supplier;
- Tetra4 and Renergen receiving consent from the DFC to conclude and implement the Agreement;
- Tetra4 having converted all Renergen shareholder loans into additional Tetra4 ordinary shares held by Renergen;
- MGE confirming to Tetra4 that its co-investors have been informed of the provisions of the Agreement;
- all security documents are in place; and
- other administrative conditions that are customary for a transaction of this nature, including inter alia the creation of the Shares.

The Conditions Precedent must be fulfilled by not later than 31 March 2024, which date may be extended by the parties in writing.

## 7. EFFECTIVE DATE OF THE TRANSACTION

Delivery and payment in respect of the Transaction will take place on the 20<sup>th</sup> business day following the date on which the last outstanding Condition Precedent is fulfilled (“**Effective Date**”).

## 8. FINANCIAL INFORMATION

The value of the negative net assets comprising Renergen’s shareholding in Tetra4 as at 28 February 2023, being the date of the last audited annual financial statements of the Group, was R216 million.

The audited loss after tax attributable to Tetra4 for the year ended 28 February 2023, was R1.04 million based on the audited annual financial statements of Tetra4 which were prepared in terms of the International Financial Reporting Standards.

## 9. WARRANTIES AND OTHER SIGNIFICANT TERMS OF THE AGREEMENT

The Agreement contains representations and warranties by the Company and Tetra4 in favour of MGE including provisions relating to specially protected matters, funding and other shareholder matters at a Tetra4 level, which are standard for a transaction of this nature.

Renergen has granted MEF an option to sell the Shares to Renergen on the occurrence of the following events:

- An unremedied material breach of the Agreement;
- Tetra4 failing to comply with those IFC Performance Standards on Environmental and Social Sustainability applicable to Tetra4 in force as at the Effective Date;

- Tetra4 engaging in certain prohibited activities including *inter alia* forced or child labour, cross border trade in waste products, pornography, racist or anti-democratic media;
- Tetra4 entering into discussions for the conclusion of a transaction listed on the consolidated United Nations Security Council Sanctions List maintained by the United Nations Security Council from time to time;
- Renergen ceasing to hold 50% or more of the issued shares in Tetra4; and
- The relevant authorities revoking Tetra4's environmental authorisation granted on 13 July 2023.

The exercise of the option shall be subject to and in compliance with the relevant provisions of the JSE Listings Requirements.

Tetra4 shall, not later than three business days prior to the Effective Date, deliver a supplementary disclosure letter and copies of all supporting documents to MGE. Should this supplementary disclosure letter disclose any fact, matter or circumstance which, in MGE's sole discretion, has a material adverse effect on the business, prospects and/or financial position of Tetra4 or MGE's decision to enter into the transaction, then MGE shall be entitled, on written notice to Tetra4 at any time after the date of receipt of the supplementary disclosure letter and prior to the intended Effective Date, to terminate the Agreement with immediate effect, and no other party shall have any claim whatsoever against MGE as a consequence.

## 10. CLASSIFICATION OF THE TRANSACTION

As the Transaction involves the issue of shares by a subsidiary of the Company, and based on the value of the Transaction Consideration, it is deemed to be a category 2 disposal in terms of the JSE Listings Requirements.

Johannesburg  
27 December 2023

Authorised by: Stefano Marani  
Chief Executive Officer

Designated Advisor  
PSG Capital

To readers reviewing this announcement on the Stock Exchange News Service (SENS), this announcement may contain graphics and/or images which can be found in the PDF version posted on the Company's website.

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