

ASX Announcement

31 January 2022

December 2021 Quarterly Activities Report

Highlights

- **Proposed acquisition of Countrywide Renewable Hydrogen Limited (CRH) well progressed** – General Meeting to seek shareholder approval for the acquisition to be held on 1 February 2022. Notice of meeting including Independent Expert Report released on 24 December 2021. **Independent Expert's** opinion that the proposed acquisition is **fair and reasonable**.
- Proposed acquisition of CRH provides access to the **growing green hydrogen industry** through **three Australian onshore green hydrogen projects** under initiation with state governments and large partners, and a pipeline of opportunities in **Canada** and the **USA**.
- Investment in Allegro Energy Pty Ltd (**Allegro**) during the quarter provides exposure to the **battery technology and energy storage solution market**. Allegro is focused on the commercialisation of a **unique water-based electrolyte**.
- Allegro's technology, developed at the Victoria University of Wellington (NZ) in 2017, can be used in **redox flow batteries** and **supercapacitors**. The technology has competitive advantages over technology currently available in the market, providing multiple commercialisation opportunities across large markets.
- Investment in Enosi Australia Pty Ltd (**Enosi**) completed during the quarter and provides exposure to a company at the forefront of developing a new class of **Energy as a Service (EaaS) technology** through **Powertracer**, a first-of-its-kind grid scale renewable energy trading and tracing solution.
- Powertracer provides **24/7 energy tracing** revealing the true renewable content of energy supplied to customers. You don't know if you've **procured renewable energy** unless you've measured the production at the source, your consumption, and matched the two in real time – that is what Powertracer does.
- Cash holdings at 31 December 2021 are **\$2.646 million** following an **oversubscribed \$2.376 million capital raising** during December 2021. A Shareholder **Share Purchase Plan (SPP)** on the same terms as the oversubscribed capital raising closes for applications on 11 February 2022.

- **2022 outlook** - funds raised from the December 2021 capital raise and the SPP offer will be used to advance ReNu Energy's **pipeline of green hydrogen projects** on completing the acquisition of CRH and to progress the Company's other **renewable and clean energy investments**. Board and management's 2022 green hydrogen focus is to build on the project origination outcomes achieved and progress the three Australian projects by securing land, partners, power purchase and offtake agreements.

ReNu Energy Limited (**ReNu Energy** or **Company**) (**ASX: RNE**) significantly advanced its strategy to invest in renewable and clean energy projects and technologies during the three-month period ended 31 December 2021 (the **quarter**). The Company is pleased to provide the following update.

Green Hydrogen – Agreement to Acquire 100% of Countrywide Renewable Hydrogen

On 10 November 2021, ReNu Energy announced it had signed a Share Purchase Agreement to acquire 100% of Countrywide Renewable Hydrogen (**CRH**) through the issue of 134,659,520 fully paid ordinary shares at \$0.0688 each (**the Proposed Transaction**).

The Proposed Transaction provides ReNu Energy access to the growing green hydrogen industry through three Australian onshore green hydrogen opportunities under initiation with state governments and large partners, and a pipeline of early-stage opportunities in Canada and the USA.

CRH's Projects

CRH originates green hydrogen projects with a view to developing them in collaboration with project partners and governments, initially targeting domestic market demand and where viable, expanding the projects to meet future export demand. CRH's business model is to retain equity in each project as it moves through development, into production and revenue generation.

CRH's pipeline of Australian project opportunities comprises:

- The Melbourne Hydrogen Hub (**MHH**), targeted to produce and supply hydrogen to bus companies to facilitate transition to emission-free hydrogen fuel cell electric buses. Hydrogen produced at MHH will also have broader applications in the transport sector (such as in trucks and materials handling equipment) and in natural gas decarbonisation.
- Hydrogen Tasmania incorporating a proposed 10MW pilot project targeting production of 4.5 tonnes per day of hydrogen for domestic use. Hydrogen Tasmania is progressing to align with the State Government's Renewable Hydrogen Action Plan.
- Hydrogen Portland in Victoria's southwest, stage 1 of which is a proposed 10MW electrolyser supplying hydrogen to the local mobility and gas markets. The opportunity may be scalable to export hydrogen given the local port infrastructure and proposed new wind power generation in the area.

To progress these opportunities CRH has collaboration agreements in place with several large companies (including two ASX 100 listed entities and a global gas company) interested in providing renewable energy, land and taking green hydrogen produced by the projects for use in mobility (such as in trucks and buses), power generation, natural gas decarbonisation and materials

handling. These collaboration agreements are non-binding, strategic framework documents which are intended to be converted into definitive arrangements as proposed project opportunities progress commercially.

Swinburne University of Technology's Victorian Hydrogen Hub (**VH2**) is currently modelling renewable energy options to minimise electricity cost and the overall cost of delivered green hydrogen from the **MHH**. The cost of the modelling work is being met by funding provided to VH2 from the Victorian government. VH2 works with the CSIRO and Germany's ARENA 2036 to progress new and emerging green hydrogen technologies and selected the MHH to conduct its price modelling.

Acquisition Update

ReNu Energy is continuing to progress well with the Proposed Transaction with the following key conditions precedent satisfied during the quarter:

- ASX confirmation that ReNu Energy is not required to re-comply with Chapters 1 and 2 of the ASX Listing Rules.
- Agreement by the CRH convertible noteholders to sell their shares in CRH to ReNu Energy on conversion of their CRH convertible notes.
- Each of the three existing CRH shareholders and founders (**CRH Founders**) entering into an Escrow Deed for the voluntary escrow of:
 - 100% of the ReNu Energy Shares they will receive as consideration for the acquisition of CRH (**Consideration Shares**) for 12 months from the date of completion of the acquisition;
 - 75% of their Consideration Shares for 18 months from completion; and
 - 50% of their Consideration Shares for 24 months from completion.
- Each of the CRH Founders entering into employment agreements with ReNu Energy.

The Proposed Transaction remains subject to other completion conditions precedent, including approval by ReNu Energy shareholders. The Notice of General Meeting to seek shareholder approval for the acquisition was announced to ReNu Energy shareholders on Friday 24 December 2021, with the meeting to be held on 1 February 2022.

ReNu Energy appointed BDO Corporate Finance Ltd as the Independent Expert to assess the merits of the Proposed Transaction and to provide an opinion as to whether the Proposed Transaction is fair and reasonable to ReNu Energy shareholders. The Independent Expert opined that the Proposed Transaction is fair and reasonable (a copy of the Independent Expert's Report is set out in Appendix A to the Notice of General Meeting).

Battery Tech – Investment in Allegro Energy

On 7 December 2021, ReNu Energy announced it had entered into a Subscription Agreement with energy storage solution and battery technology company, Allegro Energy Pty Ltd (**Allegro**). Under the agreement, ReNu Energy invested \$450,000 for a 5% post money interest in Allegro. The investment completed on 9 December 2021. Allegro's founders hold 85% of the Company on a pre-money basis. The founders' shares are subject to vesting conditions, with 38% vested and the remaining 62% vesting in equal monthly instalments to May 2025.

Allegro has developed a unique water-based electrolyte, which can be used in the development of high performance, safe, non-toxic, non-flammable supercapacitors and redox flow batteries at a significantly lower cost than those currently available in the market.

Allegro's technology was developed in 2017 by Allegro's founders at Victoria University of Wellington (NZ). Allegro holds an exclusive worldwide licence from Wellington UniVentures to commercialise the technology and an exclusive option to acquire full ownership for cash payment or issue of Allegro shares. The technology is patented in Australia, New Zealand, China and Europe and patent applications have been made in the US and Japan.

The technology fits into a number of applications that current storage technologies are not well suited to (for example in safety critical non-flammable applications) and has applicability in electric mobility, grid stabilisation, frequency control ancillary services (FCAS) and uninterrupted power supply (UPS).

Allegro has built and validated several prototypes of the technology in a laboratory environment and has now ordered equipment for a pilot scale manufacturing plant. This equipment is due to arrive at the end of Q1/early Q2 2022.

ReNu Energy will explore synergies between Allegro and commercialisation opportunities provided by its other investments. For example, the ability to use Allegro's redox flow battery technology to provide electricity storage for CRH's green hydrogen projects when wind and solar generation may not be available, is one area of potential collaboration.

Energy as a Service (EaaS) Tech – Investment in Enosi Australia

During the previous quarter, ReNu Energy announced that it will invest \$500,000 in Enosi Australia Pty Ltd (**Enosi**), an Australian company that has developed Powertracer, a leading grid-scale renewable energy trading and tracing solution. The first \$250,000 tranche of the investment completed on 14 October 2021. The second equal tranche completed on 30 November 2021, following which ReNu Energy holds approximately 5.8% of Enosi on a post-money basis.

Powertracer allows organisations and individuals to trace their renewable energy mix by providing full traceability so consumers can see exactly where their energy is generated. Through this investment, ReNu Energy gains exposure to a company at the forefront of developing a new class of Energy as a Service (**EaaS**) technology at a time of increasing global awareness of the need for grid-scale traceability. The technology has broad applicability, including in the global green hydrogen market to verify that the hydrogen is produced using 100% renewable energy.

During the quarter Enosi went live with a community trading algorithm. The Powertracer product now enables users to nominate an energy community that they belong to, allowing them to set a standing offer to buy or sell energy in the community group. This provides the opportunity for groups to grow by users inviting their contacts to join the same energy community.

Micro Renewable Energy Generator – Investment in Uniflow Power

The completion of ReNu Energy's first investment in Uniflow Power Limited (Uniflow) was announced in the previous quarter. Uniflow is a Canberra based unlisted public company, commercialising a unique, micro renewable energy generator – The Cobber.

The Cobber is a small, externally fired mechanical steam driven microgenerator designed to deliver approximately 4.5kW of electrical power and 20kW thermal energy from a broad range of widely available fuels such as common firewood and pellets, forestry waste, agricultural waste such as nut

shells and olive pips, and broken pallets. Much of this waste is often freely available, burned in open fires or left to rot in fields.

Installation and commissioning of an advanced prototype of the Cobber in Canberra continued during the quarter. COVID related travel restrictions have delayed the scheduled demonstration of the Cobber at the Mugga Mugga Renewable Energy Demonstration Site to the first quarter of 2022. The demonstration will enable engagement with potential partners, grant funders and interested investors, including the Australian Renewable Energy Agency which has a program specifically established to support demonstration of new renewable energy technologies in micro-grids.

During January 2022, ReNu Energy further restructured its investment in Uniflow. Under the restructured terms ReNu Energy:

- Converts its convertible notes in Uniflow (with a face value of \$300,000) and completes an unconditional \$50,000 subscription (both at 7.2 cents per share) to reach a 5% shareholding in Uniflow. Half of the subscription will be satisfied through the provision of finance and administrative services to 31 January 2022.
- Has the option to subscribe at the same price for a further number of shares equal to the amount to reach a 10% shareholding (based on the number of shares on issue after the conversion and subscription referred to above). The option in respect of 50% of the shares will lapse if not exercised within 12 months, the next 25% will lapse if not exercised within 18 months and the final 25% will lapse if not exercised within 24 months.
- Has the right to nominate a Director to be appointed to the Uniflow Board so long as ReNu Energy's shareholding in Uniflow is at least 10%.
- Has an anti-dilution right in all circumstances.

The revised investment structure:

- Provides ReNu Energy with flexibility to pursue the other clean energy and renewable projects in its portfolio and the option to increase its stake in Uniflow at the entry price should an increase in valuation occur.
- Recognises the importance of the Canberra demonstration project and provides ReNu Energy a further assessment milestone and full flexibility on committing additional equity.
- Provides Uniflow the funding to showcase the technology, including to agencies responsible for overseas aid and development, while also demonstrating the system to the diplomatic community in Canberra and providing a reference site for commercialisation opportunities.
- Enhances Uniflow's prospects of raising alternative forms of finance to progress the commercialisation of the Cobber.

Corporate

Capital Raise

ReNu Energy completed on 9 December 2021 a capital raising of \$2.376 million (before costs) through the issue of 26.4 million new ReNu Energy shares at an issue price of \$0.090 per share by way of placement to professional and sophisticated investors. Subscribers also receive one free attaching option (ASX:RNEO) for every four shares subscribed for with a strike price of \$0.07 per share and an expiry date of 31 December 2023. Demand for the placement exceeded more than

two times the amount raised with the Company welcoming several new funds, family offices and new shareholders to the register.

SPP

ReNu Energy announced on 6 December 2021 a Shareholder Share Purchase Plan (SPP), through which Eligible Shareholders can apply for up to \$30,000 worth of shares. The new shares will be issued at 9 cents per share. Subscribers will also receive 1 free ASX listed attaching option (ASX: RNEO) for every 4 shares subscribed for, with an exercise price of 7 cents per share and an expiry date of 31 December 2023.

The offer is free from brokerage, commission or other participation costs and provides Eligible Shareholders an opportunity to invest on the same terms as the oversubscribed private placement to professional and sophisticated investors that completed on 9 December 2021.

ReNu Energy announced on 28 January 2021 an extension of the closing date for applications for the SPP to 5pm (AEDT time) on Friday 11 February. The extension will provide Eligible Shareholders with additional time to participate in the SPP following the general meeting on 1 February 2022 where shareholder approval for the acquisition of Countrywide Renewable Hydrogen Limited (CRH) will be sought.

Cash

ReNu Energy retained \$2.646 million in cash and cash equivalents at 31 December 2021 (\$1.120 million at 30 September 2021). The Company received a \$0.634 million R&D tax incentive refund for the 2021 financial year during the quarter.

2022 Outlook

Funds raised from the December 2021 capital raise and the SPP offer will be used to advance ReNu Energy's pipeline of green hydrogen projects on completing the acquisition of CRH and to progress the Company's other renewable and clean energy investments.

Should shareholders approve the proposed acquisition of CRH at the General Meeting to be held on 1 February 2022 and the remaining completion conditions precedent are met, Board and management's green hydrogen focus during 2022 will be to progress the three domestic green hydrogen projects. Specific objectives will be:

- Converting collaboration agreements into definitive arrangements with project equity partners.
- Securing power purchase agreements and offtake customers.
- Selection and acquisition of land.
- Project scoping and engineering works.
- Seeking available government grant funding.
- Reaching FID on at least one project by the end of 2022.

Recent progress with the MHH project and CRH's two other projects supported by existing non-binding strategic collaboration agreements (including two ASX 100 listed companies), and potential

for material domestic green hydrogen demand, provide strong tailwinds to progress the pipeline of green hydrogen opportunities during 2022.

This market announcement has been authorised for release to the ASX by the Board of Directors.

For more information please contact:

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

ReNu Energy Limited

ABN

55 095 006 090

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	92	(428)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(181)	(373)
(f) administration and corporate costs	(242)	(470)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(1)	(2)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) expenditure on biogas EPC project	-	-
(b) business development	-	-
(c) GST received/(paid)	21	(70)
(d) Research and development receipts	634	634
1.9 Net cash from / (used in) operating activities	324	(706)
<i>Note: the prepayment of annual insurance premiums impacted cash used in operating activities during the quarter</i>		

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	(1,000)	(1,250)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)		
	(a) Transaction costs	-	(38)
	(b) R&D tax incentives	-	-
2.6	Net cash from / (used in) investing activities	(1,000)	(1,288)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,376	2,376
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(159)	(175)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(15)	(29)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	2,202	2,172

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,120	2,468
4.2	Net cash from / (used in) operating activities (item 1.9 above)	324	(706)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,000)	(1,288)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,202	2,172
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,646	2,646

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,646	1,120
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,646	1,120

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	88
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Remuneration paid to directors and their associates</p>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	N/A		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	324
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,646
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	2,646
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: Not applicable	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Not applicable	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Not applicable	
	<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 January 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.