

31 October 2023

# September 2023 Quarterly Activities Report

## Highlights

- Domestic green hydrogen supply ambition: **Hydrogen Hyway** in Tasmania first (**Hydrogen HyWay1**) then replicate the model to suitable markets across mainland Australia and internationally.
- Refuelling brand **H2Co Energy** launched: strategy to be the owner and operator of the hydrogen refuelling stations.
- **Plug Power** preferred contractor to supply electrolyzers. **Fabrum** the preferred Engineering Procurement and Construction (EPC) contractor and to provide hydrogen refuelling stations. **Wood** provided basic design documentation and a capital cost estimate.
- **Significantly progressed supply and EPC contracts** with Plug Power and Fabrum – targeting completion in the coming weeks and early 2024 for finalising design, price and delivery schedule.
- **Tasmanian Government new funding** further supports the development pathway – **Green Hydrogen Price Reduction Scheme** aims to bring the sale price of green hydrogen down to a level that is competitive with other energy or fuel sources.
- Strong traction with road transport companies and corporates interested in green hydrogen as an **alternative to diesel to meet emissions reductions targets** with growing awareness green hydrogen can be delivered from 2025.
- Market opportunities enhanced by Walkinshaw collaboration for left-hand-drive **fuel cell trucks conversion** and growing research and testing on **new systems that allow for the injection of hydrogen into existing diesel engines**.
- **De-risking of the business model** – 2025 first production, 4-year ramp-up profile, flexibility for staggering locations coming online, small share initially of addressable market (allowing for trial periods by road transport operators).
- **Investee companies** performing strongly.
- Board and management are working to **raise further capital** in the near term to place the Group in a position to complete the EPC and supply contracts and finalise design, price and delivery schedule by early 2024.

ReNu Energy Limited (**ReNu Energy** or **Company**) (**ASX: RNE**) is pleased to provide the following update on its activities for the three-month period ended 30 September 2023 (**the quarter**).

## Green Hydrogen

ReNu Energy, together with its wholly owned subsidiary Countrywide Hydrogen Pty Ltd (**Countrywide**), (ReNu Energy and Countrywide together **the Group**) is pleased to update the Group's domestic distributed green hydrogen supply ambition and the progress made on the Group's flagship Tasmanian green hydrogen projects during the quarter.

### Domestic market potential for green hydrogen

The potential domestic market for green hydrogen (hydrogen produced using renewable electricity) is growing due to the appetite for decarbonising industry, road transport and natural gas networks, with many Australian companies having set emissions reductions targets they are striving to meet. Emissions reduction using green hydrogen has also been endorsed as deliverable by Federal and State governments with multiple funding announcements made.

Road transport plays a critical role in the Australian economy and in 2022 the sector made up 19% of Australia's emissions.<sup>1</sup> With major companies and sectors targeting the delivery of their announced emissions reductions targets, the Group is focused on road transport operators and companies that have identified road transport as a target for decarbonising their operations.<sup>2</sup>

### The Group's domestic green hydrogen supply ambition

The Group's domestic green hydrogen supply ambition is to implement its model in Tasmania first (Tasmania is 100 per cent self-sufficient in renewable electricity generation<sup>3</sup>) and then to replicate the model to suitable markets across mainland Australia and internationally. The Tasmanian model creates a hydrogen ecosystem by providing statewide access to green hydrogen – the proposed projects span three strategic locations near Hobart, Launceston and Devonport.



Each location has been selected after analysing transport volumes and heavy vehicle movements and provides for an initial 5-megawatt (**MW**) electrolyser for hydrogen production with storage and a hydrogen refuelling station (**HRS**). These projects are in harmony with the recently announced new Tasmanian state funding to support 5-10MW scale hydrogen production facilities focused on domestic demand (discussed further below). During the quarter the Group launched its refuelling brand: H2Co Energy, and announced its refuelling strategy to be the owner and operator of the HRSs – conveying the Group's intention to target a low hydrogen fuel cost through customers purchasing green hydrogen directly from the Group rather than via third-party resellers.

<sup>1</sup><https://www.dcceew.gov.au/energy/transport#:~:text=In%202022%20our%20transport%20sector,source%20of%20emissions%20by%202030>.

<sup>2</sup> Alongside providing the option for industrial customers to access 100% green hydrogen supply and to inject green hydrogen into the natural gas network.

<sup>3</sup> [https://www.stategrowth.tas.gov.au/\\_data/assets/pdf\\_file/0007/420586/Renewable\\_Energy\\_Tasmania\\_-\\_English.pdf](https://www.stategrowth.tas.gov.au/_data/assets/pdf_file/0007/420586/Renewable_Energy_Tasmania_-_English.pdf)



Artist Impression

In formulating the approach described above, the Group developed a strategy well received by potential customers and project partners, to use Tasmania as a showcase for replication in other jurisdictions. The Group registered the brand *Hydrogen HyWay* and communicated the concept via media and conference speaking opportunities. Along with the brand, the design includes a numbering for adoption as each *Hydrogen HyWay* is rolled out, beginning with Tasmania as *Hydrogen HyWay1*.



The Group's business model provides the flexibility for one of the two locations in the north of the State to come online initially with the other to follow as demand increases (discussed further below). At the Brighton location near Hobart, the Group is also collaborating with Tas Gas to provide the option for industrial customers to access 100% green hydrogen supply and to inject green hydrogen into the natural gas network, thereby assisting Tas Gas to achieve its strategic decarbonisation objective.



Artist Impression

## **Progress during the quarter**

Progress made on the Group's Tasmanian green hydrogen projects during the quarter is summarised below.

### ***Equipment, design and procurement***

During July 2023, the Group announced Plug Power Inc (**Plug Power**) as the preferred contractor to supply 5-megawatt Proton Exchange Membrane (**PEM**) electrolyzers and Fabrum Solutions Limited (**Fabrum**) as the preferred contractor to provide its H35 HRS. US based Plug Power ([www.plugpower.com/](http://www.plugpower.com/)) is a leader in comprehensive hydrogen solutions for the Green Hydrogen economy. Fabrum (<https://fabrum.nz/>) is a New Zealand based company with several green hydrogen projects under construction in Australia and internationally.

It was also announced during July 2023 that Wood PLC had completed basic design and a capital cost estimate. The cost estimate was based on the basic design and included pricing from Plug Power and Fabrum.

Since then, the Group has significantly progressed the negotiation of an Engineering, Procurement and Construction (**EPC**) contract with Fabrum for its three hydrogen production facilities and HRS in Tasmania. Each EPC contract is based on delivering a complete facility for a fixed price by a fixed date according to specified performance levels (subject to preconditions and variations typical for contracts of this nature).

Once the EPC contract has been agreed, Fabrum will commence the detailed design and provide a final price and delivery schedule under separate contracts for each of the facilities. Subject to finalisation of the agreement, the Group anticipates that the final price and schedule will be completed in the first quarter of 2024.

The Group has also progressed the supply contract negotiation with Plug Power for the supply of up to three 5MW PEM electrolyzers, each designed for up to 2,100kg/day of hydrogen production. The electrolyzers will be manufactured, delivered to site and commissioned by Plug Power.

The EPC price, schedule and performance specifications submitted to the Group and its third-party equity co-investors will form part of the components necessary for a Final Investment Decision (**FID**) for the Tasmania green hydrogen projects, alongside details of Federal and State Government support, land, approvals, offtake commitments, power and water network connections (discussed further below).

Subject to finalisation of FID requirements and project finance arrangements, the Group anticipates issuing a notice to proceed for the construction of the facilities during the first quarter of 2024 with a planned commercial operations date during the third quarter of 2025.

### ***Funding***

In September 2023, the Tasmanian Minister for Energy and Renewables announced new funding to help stimulate domestic green hydrogen capability as Tasmania progresses towards establishing commercial scale green hydrogen production by 2025.

The Green Hydrogen Price Reduction Scheme (**GHPRS**) is a further round of funding under the Tasmanian Renewable Hydrogen Industry Development Fund to assist the local renewable hydrogen industry to develop. It allocates up to \$8 million to incentivise businesses intending to produce, sell and use green hydrogen within Tasmania.

The State Government's announcement notes the following<sup>4</sup>: *The GHPRS aims to bring the sale price of green hydrogen down to a level that is competitive with other energy or fuel sources to become an attractive zero emissions substitute for end users. This will help to lower the sale price for green hydrogen while the industry develops. It is expected that GHPRS will best support small to medium scale green hydrogen production projects within the range of 5-10MW.*

The Group welcomes the announcement and notes its projects in Tasmania are in harmony with the GHPRS. A call for registrations of interest has recently been made, to which the Group is in the process of responding.

The Group, with the assistance of Deloitte, continues to progress discussions with ARENA on Federal Government grant opportunities. The Group is working to compile for HESTA the co-investment case for the Tasmanian projects in accordance with the Platform Agreement between HESTA and ReNu Energy Limited. The Group is also considering expressions of interest from international parties seeking opportunities to invest at the project level.

### **Offtake**

As noted above, road transport plays a critical role in the Australian economy and in 2022 the sector made up 19% of Australia's emissions. Decarbonising road transport can play a key role for Australia companies to achieve their emissions reductions targets.

The Group continues to work closely with road transport companies and corporates interested in green hydrogen as an alternative to diesel and is noticing an increased awareness that green hydrogen can be delivered from 2025. Publicity about battery electric versus hydrogen fuel cell vehicles for heavy transport has resulted in increased engagement from road transport operators, road transport users (such as supermarkets), local councils wishing to provide zero emission waste collection and global companies that have announced their emissions reduction targets.

The Group commissioned Pitt & Sherry during the period to review relevant Tasmanian Heavy Vehicle (**HV**) data to assist the Group inform its analysis and investment decision for the projects. The Group's analysis indicates that the hydrogen output at its proposed 3 locations with the initial 5MW PEM electrolyzers could fulfil the fuel needs of approximately 4% of the HV diesel market in Tasmania.<sup>5</sup> The analysis shows the business model is not reliant on a rapid shift to decarbonisation, providing the ability to scale over time. The Group's model allows for a 4-year ramp up in offtake and provides the flexibility for one of the two locations in the north of the State to come online initially with the other to follow as demand increases. This provides for road transport operators, local councils and bus companies to initially take the hydrogen produced on a trial or small use basis.

The Group's commercial aspirations are supported by:

- The collaboration previously announced with Walkinshaw Automotive Group Pty Ltd (**Walkinshaw**) (<https://www.walkinshawperformance.com.au/>) to assess the feasibility of importing and converting left-hand-drive fuel cell trucks to right-hand-drive (with the Group developing, and Walkinshaw supplying, the market).
- The growing research and testing on new systems that allow for the injection of hydrogen into existing diesel engines to reduce diesel use.<sup>6</sup> For example, Fabrum and other entities are

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<sup>4</sup> [https://recfit.tas.gov.au/future\\_industries/green\\_hydrogen/ghprs](https://recfit.tas.gov.au/future_industries/green_hydrogen/ghprs)

<sup>5</sup> The analysis does not take into account any reduction in this percentage should some of the hydrogen produced be supplied directly to industrial customers or injected into the natural gas network.

<sup>6</sup> <https://www.sciencedirect.com/science/article/abs/pii/S0360319922036771>

working to develop a scalable hydrogen refuelling solution that modifies a conventional diesel engine to use a mix of hydrogen and diesel, cutting carbon dioxide emissions.<sup>7</sup>

### **Approvals and connections**

The Group continued its Development Approval application process during the quarter and, in support of this, the initial phases of a formal community engagement program commenced for the Brighton project during the period. Tasmanian based advisor, 3P Advisory, together with the Group is developing a public education program on the Group's projects through the preparation of key messages about hydrogen, the projects and their positive environmental impact.

The Group is in discussions with TasNetworks on power connection agreements and TasWater on water access for the preferred site locations. The Group continues to assess behind-the-meter options to source green electricity, including commissioning a concept paper on solar farm opportunities adjacent to two of the identified sites.

### **Hydrogen HyWay extensions**

Opportunities have arisen for the Group to present the Hydrogen HyWay concept to representatives from the Governments of Victoria, South Australia, New South Wales and Queensland – all key States for the model to be deployed in Australia. The Group's intent to focus on supplying domestic demand to decarbonise local economies initially is well aligned with Government policies focused on quantified State emission reduction targets.

The Group commenced discussions during the period with New Zealand's largest transport company HW Richardson Group (**HWR**) to collaborate to develop a Hydrogen HyWay across the South Island of New Zealand where HWR owns and operates approximately 1,500 heavy vehicles. The parties propose to discuss the potential to establish a joint venture to reduce HWR vehicle emissions using renewable hydrogen produced by the Group. HWR has already commenced the emissions reduction journey by investing in dual-fuel hydrogen technology.<sup>8</sup> The availability of renewable electricity generation in the South Island is an enabler for the opportunity.



<sup>7</sup> <https://www.bbc.com/news/business-64248564>. <https://fabrum.nz/zero-emission-experts-fabrum-partner-with-hwr-to-decarbonise-its-transport-fleet-with-hydrogen/#:~:text=Fabrum%20is%20developing%20and%20deploying,the%20second%20quarter%20of%202023>.

<sup>8</sup> <https://www.hwr.co.nz/hydrogen/#:~:text=DECARBONISING%20THE%20HEAVY%20TRANSPORT%20INDUSTRY,that%20can%20action%20big%20change>.

## Renewable and Clean Energy Investments

A distinctive feature of ReNu Energy's business model is to incubate and accelerate a portfolio of investments in renewable and clean energy technologies with the potential to leverage synergies and trigger investment revaluations as the companies advance.



### Dealing with battery waste – investment in Vaulta<sup>9</sup>

*Vaulta is a battery casing tech company that has developed and patented technology for battery disassembly, enabling replacement or re-purposing of individual cells leading to less battery waste and reduced landfill.*

During July 2023, ReNu Energy completed a third tranche investment of \$250,000 in Vaulta. The \$250,000 investment was in addition to the \$500,000 equity investment that occurred in two equal tranches of \$250,000 on 13 January 2023 and 13 April 2023. The additional investment resulted from the exercise of 50% of the 1:1 free attaching Vaulta options that ReNu Energy holds with a total exercise price of \$500,000. Following completion of the third tranche investment, ReNu Energy holds approximately 15% of Vaulta's issued share capital. The Company obtained an extension to the expiry date to exercise the remaining balance of options from 13 October 2023 to 13 November 2023.

During the quarter Vaulta obtained ISO9001 certification (quality management system) and successfully expanded its product offering, including adding a dedicated small-scale residential battery, a 24V 7.18kWh LFP Pack and a 48V 14.36kWh battery. In September 2023 Vaulta received a 2023 Good Design Australia Gold Award for Excellence in Engineering Design (<https://www.vaulta.com.au/news/vaulta-wins-2023-good-design-awards/>). Vaulta also opened its dedicated manufacturing facility in Northgate, Brisbane at the ARM (Advanced Robotics for Manufacturing) Hub.

### Powering a greener energy storage future – investment in Allegro Energy<sup>10</sup>

*Allegro Energy has developed water-based Redox Flow Batteries (RFBs) and supercapacitors that are clean, non-flammable, non-corrosive, recyclable with no reliance on scarce materials. At the core of both products is Allegro's unique water-based electrolyte which enables energy storage that is potentially less expensive and safer than competing technology.*

During the quarter Allegro relocated to a new premises that will support both business operations and manufacturing of RFBs. A key focus for Allegro is progressing the commitment to develop an 800kWh pilot RFB to be located at Origin Energy's Eraring Power Station (the previous quarter reported a \$4 million investment by Origin Energy Power Limited (**Origin**) in Allegro for the funding of the pilot). Allegro's analysis of the supply chain related to flow battery production has identified all raw materials are currently being manufactured at gigawatt scale. With the agreement providing Origin the option to make further investments in Allegro, including to fund the deployment of a 60MWh RFB to be installed at one of Origin's facilities, Allegro anticipates a

<sup>9</sup> ReNu Energy holds a 15% interest in Vaulta with future participation rights to achieve a 20% interest.

<sup>10</sup> ReNu Energy holds a 4.75% interest in Allegro with future participation rights.

smooth scale-up process and expansion of its manufacturing capabilities, translating into predictable availability and pricing.

#### **24/7 clean energy: traceability is here – investment in Enosi<sup>11</sup>**

*Enosi's Powertracer product is a clean energy solution that enables complete traceability of renewable energy, from production to consumption, which is needed to authenticate a green energy supply and use guarantee. Hourly time stamps will be critical pieces of data for electricity retailers and large corporates aiming to use 24/7 carbon free energy, which means matching the clean energy they source to the energy they consume every hour of every day.*

During the quarter Enosi received the first instalment of the NSW Commercial Grant it was awarded in the March 2023 quarter and received an additional \$250,000 in equity investment. Enosi and Senoko Energy went live in Singapore with SolarShare 2.0 (<https://www.senokoenergy.com/takecharge/solarshare#vision>), and Enosi progressed negotiations with Plentiude to deploy Powertracer for its Italian customers and UK energy retailer BPG Energy for a large-scale pilot program.

Enosi continues to gain traction in the UK where proposed regulatory changes provide the opportunity for energy matched supply (on Powertracer) to classify renewable energy supply in a manner that allows customers to access lower charges. Enosi's UK and European expansion programs will be aided by the \$1.0 million Cleantech Acceleration Grant awarded by the NSW Government during the March quarter.

#### **Micro renewable energy generator – investment in Uniflow Power<sup>12</sup>**

*Uniflow is commercialising a unique, micro renewable energy generator – The Cobber – that uses solid biomass (such as agricultural waste) to create energy, delivering approximately 4.5kW of electrical power and 20kW thermal energy.*

During the quarter Uniflow signed a provisional licensing agreement with Jauda Energy BV (<https://jaudaenergy.com/>) for the potential licensing of its technology into European markets. The agreement provides for the option to enter into a full license agreement across defined European territory once a series of payments have been made and Uniflow has delivered and commissioned a Cobber prototype to the specified market. Jauda Energy has submitted a European Union grant application to aid with its funding commitments. Uniflow sees the agreement as opening a pathway to manufacturing and marketing the technology into European markets where pelletised biomass fuels from waste streams and plantation timbers are well established for use in district heating schemes and for utility scale generation.

Uniflow believes the Cobber is the only biomass fuelled, residential scale, combined heat and power (CHP) generator operating for demonstration anywhere in the world. Small scale biomass fuelled CHP systems have an important role to play in displacing fossil fuel generators in off-grid applications, and firming supply in micro-grids during hours of peak demand, including when solar supply is unavailable.

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<sup>11</sup> ReNu Energy holds a 14% interest in Enosi.

<sup>12</sup> ReNu Energy holds a 5% interest in Uniflow with future participation rights.



## Corporate

### Cash

ReNu Energy retained \$0.3 million in cash and cash equivalents at 30 September 2023 (\$1.3 million at 30 June 2023).

On 23 October 2023, ReNu Energy announced an institutional investment by Towards Net Zero, LLC (the **Investor**) with the proceeds from the investment to be used to fund the Company's general working capital requirements. The initial investment amount has raised \$300,000. Additionally, the Investor may within 12 months of the initial investment make a second investment of \$500,000 as a prepayment for \$545,000 worth of Shares at the Issue Price.

ReNu Energy anticipates receiving an R&D Tax offset of approximately \$280,000 during the December quarter.

ReNu Energy entered into an At-The-Market (**ATM**) Subscription Agreement with Acuity Capital on 30 May 2022. The ATM Subscription Agreement provides the Company with up to \$5,000,000 of potential standby equity capital until 31 July 2024. If the Company decides to raise capital under the ATM Subscription Agreement, it may give an 'Activation Notice' to Acuity Capital which sets out (among other things) the maximum number of shares to be issued, the minimum issue price of shares and the timing of the subscription (if any). After being given an Activation Notice, Acuity Capital may give notice to the Company that it wishes to subscribe for shares on the terms set out in such Activation Notice. Please see the 23 October 2023 announcement for further details. The liquidity in the trading of the Company's shares is a factor that may impact the Company's ability to utilise the ATM.

ReNu Energy is proposing to undertake an equity capital raise during the December quarter to fund its operations, with PAC Partners appointed as its Lead Manager.

Based on steps already undertaken (outlined above), funding options available, effective cashflow management and ReNu Energy's recent history in raising capital (the Company completed an oversubscribed private placement to sophisticated and institutional investors on 29 November 2022 raising \$4,530,000), the Company expects to be able to continue its operations and to meet its business objectives.

### Outlook

The Board and management believe there is a strong investment case now for green hydrogen:

- Green hydrogen is currently enjoying unprecedented political, investment and business momentum globally.
- Green hydrogen offers ways to decarbonise a range of sectors (including long-haul transport and natural gas networks) where it is proving difficult to meaningfully reduce emissions.
- Technologies are available today that enable green hydrogen to be transformed into electricity, to reduce emissions and to fuel trucks, buses and cars.
- Green hydrogen is one of the leading options for storing energy from renewables.
- There is encouraging interest among major international companies in the Group's green hydrogen projects and opportunities.
- The recent investment in green hydrogen by major global corporates attests to green hydrogen being recognised as a fuel of the future.

Likewise, the Board and management believe the investment case for ReNu Energy is strong:

- First mover access to a green hydrogen ecosystem with the three Tasmanian locations providing statewide coverage.
- The Tasmanian model provides a showcase for rolling out to suitable locations on the mainland and internationally.
- The domestic supply focus and ability to scale facilities in the future creates a robust value proposition.
- Strong partners and government support.
- Revaluation events on the horizon, including but not limited to co-investment by third party equity for the Tasmanian green hydrogen projects, positive earnings from green hydrogen production targeted from 2025, investee company revaluations and merger & acquisition activity.

The Board and management are working to raise capital in the near term to place the Group in a position to:

- Finalise the Fabrum EPC contract and Plug Power supply contract and finalise design, price and delivery schedule by early 2024.
- Target an FID and issue a notice to proceed for the construction of the facilities in first quarter of 2024, with a planned commercial operations date in the third quarter of 2025.
- Support and progress the Company's other renewable and clean energy investments.
- Continue to explore expansion of green hydrogen opportunities onto mainland Australia and internationally.

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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**About ReNu Energy** (<https://renuenergy.com.au/>)

ReNu Energy's purpose is to strategically drive the transition to a low carbon future. It does this by investing in renewable and clean energy technologies and identifying and developing hydrogen projects to create stakeholder value, enabling the transformation to a low carbon future through collaboration and innovation. ReNu Energy's vision is to be a leader in the renewable and clean energy sector in Australia striving for a sustainable future, producing hydrogen for domestic use and with a portfolio of domestic and international projects.

**About Countrywide Hydrogen** (<https://crh2.com.au/>)

Countrywide Hydrogen originates and develops 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. Countrywide Hydrogen's business model is to retain equity in each project as it moves through development, into production and revenue generation.

**About Vaulta** (<https://www.vaulta.com.au/>)

Vaulta is a battery casing technology company based in Brisbane, Australia. Using advanced composite materials and a smart, streamlined design, Vaulta has developed a lighter and smaller battery case with fewer parts, creating scalable efficiencies and opportunities for manufacturers. Vaulta's patented casing design and composite materials are designed for battery repair, re-use and recycling leading to less battery waste and landfill.

**About Allegro** (<https://www.allegro.energy/>)

Allegro Energy makes water-based Redox Flow Batteries and supercapacitors that are clean, non-flammable, non-corrosive and fully recyclable, with no reliance on scarce materials or complex supply chains. At the core of both products is Allegro's unique water-based electrolyte which enables energy storage that is less expensive and safer than competing technology.

**About Enosi** (<https://enosi.energy/>)

Enosi is an energy software leader backed by cleantech investors including ReNu Energy. Its Powertracer product is a world-first mass-market scalable, clean energy traceability solution. Tracing carbon free energy is quickly becoming the next global sustainability benchmark and Enosi has built the platform to address this need and enable traceability from source to socket 24/7. Powertracer achieves this by providing full traceability so that consumers can see exactly where their energy is generated. The platform matches units of energy produced by generators with units consumed by customers in the same 30-minute period. Enosi's software uses scalable cloud-based technology to trace the energy from renewable sources, apply differentiated pricing, and reveal the true renewable content of the energy purchased.

**About Uniflow** (<https://www.uniflowpower.com/>)

Uniflow is commercialising a unique, micro renewable energy generator (The Cobber) designed to deliver approximately 4.5kW of electrical power and 20kW thermal energy. Using solid biomass such as agricultural waste to create energy, the Cobber has the potential to displace fossil fuels including diesel, petroleum, coal and kerosene. Particularly relevant in developing economies, it has application in micro economic development, poverty alleviation, and meeting UN Sustainable Development Goals.

## 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")**

30 September 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	(381)	(381)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(390)	(390)
(f) administration and corporate costs	(111)	(111)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
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)	4	4
(d) Research and development receipts	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(876)</b>	<b>(876)</b>
<i>Note: the prepayment of annual insurance premiums impacted cash used in operating activities during the quarter</i>		

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	(250)	(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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(250)</b>	<b>(250)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	150	150
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	(2)	(2)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(20)	(20)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other:	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>128</b>	<b>128</b>

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

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,308	1,308
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(876)	(876)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(250)	(250)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	128	128
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>310</b>	<b>310</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	310	1,308
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>310</b>	<b>1,308</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	334
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 and consulting fees paid to directors and their associates.</p>		

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>-</b>	<b>-</b>
<b>7.5 Unused financing facilities available at quarter end</b>		<b>-</b>
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(876)
8.2 Cash and cash equivalents at quarter end (item 4.6)	310
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	310
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	<b>0.35</b>
<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: Yes.	

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: Yes, the Company has taken the following steps to raise further cash to fund its operations:

- On 23 October 2023, the Company announced an institutional investment by Towards Net Zero, LLC (the **Investor**). The initial investment amount raised by the Company is \$300,000. Additionally, the Investor may within 12 months of the initial investment, make a second investment of \$500,000 as a prepayment for \$545,000 worth of shares at an issue price described in the Company's announcement dated 23 October 2023.
- On 30 May 2022, the Company entered into an At-The-Market (**ATM**) Subscription Agreement with Acuity Capital. The ATM Subscription Agreement provides the Company with up to \$5,000,000 of potential standby equity capital until 31 July 2024. If the Company decides to raise capital under the ATM Subscription Agreement, it may give an 'Activation Notice' to Acuity Capital which sets out (among other things) the maximum number of shares to be issued, the minimum issue price of shares and the timing of the subscription (if any). The final issue price of the shares will be the greater of the nominated floor price and up to a 10% discount to a Volume Weighted Average Price over a period of the Company's choosing prior to the issue date (again at its sole discretion and set out in the Activation Notice). After being given an Activation Notice, Acuity Capital may give notice to the Company that it wishes to subscribe for shares on the terms set out in such Activation Notice. The liquidity in the trading of the Company's shares is a factor that may impact the Company's ability to utilise the ATM.
- The Company anticipates receiving an R&D Tax offset of approximately \$280,000 during the December quarter.
- The Company is proposing to undertake an equity capital raise during the December quarter to fund its operations, with PAC Partners appointed as its Lead Manager.

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: Yes, based on steps already undertaken (outlined above), funding options available, effective cashflow management and the Company's recent history in raising capital (the Company completed an oversubscribed private placement to sophisticated and institutional investors on 29 November 2022 raising \$4,530,000).

*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.*

## 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 October 2023

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.