

6 February 2025

Sale of Countrywide Hydrogen Business

Key Highlights

- Sale of ReNu Energy's Countrywide Hydrogen Business, including its Tasmanian green hydrogen project, to an entity controlled by Boyd White, Geoffrey Drucker and Ingeborg Drucker.
- ReNu Energy's Independent Board Committee unanimously recommends that shareholders vote in favour of the transaction, in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Proposed Divestment is fair and reasonable (or not fair but reasonable) to ReNu Energy shareholders (excluding the Buyer and its associates).
- The transaction is conditional on shareholder approval under ASX Listing Rules 10.1 and 11.2, which will be sought at an extraordinary general meeting to be held in March 2025, with completion also targeted for March 2025.
- The sale follows market feedback over the last 12-18 months from multiple capital raising rounds (including in relation to the optimal project structure to maximise value), ReNu Energy's financial position and project funding requirements, and Board and Executive changes announced on 2 September 2024.
- The transaction will reposition ReNu Energy as a listed vehicle seeking to identify opportunities to create value for shareholders. ReNu Energy is continuing to consult with ASX in relation to a transaction, which will require re-compliance with Chapters 1 and 2 of the Listing Rules.

ReNu Energy Limited (**ASX: RNE**) (**ReNu Energy**) today announces that it has agreed, subject to shareholder approval, to sell its Countrywide Hydrogen Business, including its Tasmanian green hydrogen project, to Countrywide Hydrogen Holdings Pty Ltd (**Buyer**), an entity controlled by ReNu Energy's management team comprising Mr Boyd White, Mr Geoffrey Drucker and Mrs Ingeborg Drucker (**Proposed Divestment**).

Background

On 14 October 2024, ReNu Energy announced that it had received a non-binding indicative offer from the company's management team in respect of its wholly owned subsidiary, Countrywide Hydrogen Pty Ltd (**Countrywide Hydrogen**), and its hydrogen business assets and that ReNu Energy was engaging constructively with the proponents.

ReNu Energy established an Independent Board Committee comprising Susan Oliver AM and Greg Watson to oversee all aspects of the proposal and make recommendations to Shareholders. Boyd White was excluded from decision making in respect of the proposal due to his association with the Buyer.

ReNu Energy Limited

a Corporate House, Kings Row 1, Level 2, 52 McDougall Street
Milton, QLD 4064, Australia

ABN: 55 095 006 090

The Independent Board Committee unanimously recommends the Proposed Divestment to shareholders, in the absence of a superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Proposed Divestment is fair and reasonable (or not fair but reasonable) to ReNu Energy shareholders (excluding the Buyer and its associates).

Overview of the Proposed Divestment

ReNu Energy and Countrywide Hydrogen have entered into an Asset Sale and Purchase Agreement (**Sale Agreement**) for the sale of all of its Countrywide Hydrogen Business and assets, including its Tasmanian green hydrogen project, to the Buyer for total consideration of up to \$1.1 million, comprising cash (upfront and deferred), assumption of employee entitlements and equipment leases, and a cash royalty based on project revenue.

The Countrywide Hydrogen Business to be acquired by the Buyer comprises:

- **(hydrogen business)** the business carried on by ReNu Energy and Countrywide Hydrogen, which relates to identifying, developing and investing in green hydrogen opportunities;
- **(hydrogen projects)** any project involving the production, storage, distribution, supply or sale of hydrogen investigated, undertaken or pursued by ReNu Energy or Countrywide Hydrogen; and
- **(business assets)** all assets owned by ReNu Energy and Countrywide Hydrogen which are used solely for the purposes of conducting the business, including business records and data, intellectual property rights, business contracts and computers.

Completion of the Proposed Divestment is subject to a number of key conditions including: ReNu Energy shareholder approvals under ASX Listing Rules 10.1 and 11.2; the Independent Expert concluding (and continuing to conclude) that the Proposed Divestment is fair and reasonable (or not fair but reasonable) to ReNu Energy shareholders (excluding the Buyer and its associates); release of any security interests over the Countrywide Hydrogen Business assets; and no material adverse change occurring in respect of the Countrywide Hydrogen Business prior to completion.

Annexure A sets out further information on the key terms of the Sale Agreement. Additional details regarding the Proposed Divestment, including ReNu Energy's expected financial position before and after completion of the transaction, will be provided to shareholders in the Notice of Meeting to be sent to shareholders.

Rationale for the Proposed Divestment

The Proposed Divestment follows market feedback over the last 12-18 months from multiple capital raising rounds (including in relation to the optimal project structure to maximise value), ReNu Energy's financial position and project funding requirements, and Board and Executive changes announced on 2 September 2024.

The Countrywide Hydrogen Business, including its flagship Tasmanian green hydrogen project, requires significant additional capital to progress in the short term and to achieve final investment decision and commercial production. ReNu Energy does not have the funds to support further development, and the Independent Board Committee has formed the view that there is insufficient appetite from the Company's investor base to provide the required capital to meet these funding requirements.

The Independent Board Committee is not aware of any other proposal from alternative buyers of the Countrywide Hydrogen Business that is capable of acceptance in the short term.

The Proposed Divestment will achieve immediate operating cost savings of over c\$40,000 per month and strengthen ReNu Energy's balance sheet, with the Buyer agreeing to assume c\$0.4 million of liabilities (comprising employee entitlements and equipment leases) and potential redundancy costs. This will enable ReNu Energy to reposition itself as a clean listed vehicle without any material debts or liabilities.

Consequences for ReNu Energy following the Proposed Divestment

Following completion of the Proposed Divestment, ReNu Energy will be a listed vehicle without any material debts or liabilities, which will seek to identify opportunities to create further shareholder value, including by way of acquisitions, equity investments or strategic combination.

ReNu Energy is continuing to consult with ASX in relation to a transaction, which will require re-compliance with Chapters 1 and 2 of the Listing Rules, due to the significant change in the nature and activities of the company.

Next steps

ReNu Energy is preparing a notice of meeting to be distributed to shareholders which will include further information about the Proposed Divestment.

An extraordinary general meeting is anticipated to be held in March 2025, at which shareholders will vote on the Proposed Divestment. Subject to shareholder approval, completion of the transaction is also targeted for March 2025.

This announcement was authorised for release to ASX by the Independent Board Committee. For further information, please contact:

Greg Watson
Managing Director
ReNu Energy Limited
+61 7 2102 3654

Annexure A – Summary of Sale Agreement

The key terms of the Sale Agreement are as follows:

Purpose of agreement	Conditional on and with effect from the date of completion occurring, ReNu Energy and Countrywide Hydrogen agree to sell the Countrywide Hydrogen Business to the Buyer, and the Buyer agrees to acquire the Countrywide Hydrogen Business from ReNu Energy and Countrywide Hydrogen.
Snapshot of what is being sold	<p>The Countrywide Hydrogen Business to be acquired by the Buyer comprises:</p> <ul style="list-style-type: none"> • (hydrogen business) the business carried on by ReNu Energy and Countrywide Hydrogen, which relates to identifying, developing and investing in green hydrogen opportunities; • (hydrogen projects) any project involving the production, storage, distribution, supply or sale of hydrogen investigated, undertaken or pursued by ReNu Energy or Countrywide Hydrogen; and • (business assets) all assets owned by ReNu Energy and Countrywide Hydrogen which are used solely for the purposes of conducting the business, including business records and data, intellectual property rights, business contracts, and computers and printers.
Consideration	<p>In consideration for the sale of the Countrywide Hydrogen Business, the Buyer will, conditional on and with effect from the date of completion occurring, provide total consideration of up to \$1.1 million, comprising:</p> <ul style="list-style-type: none"> • \$50,000 cash payable on completion; • approx. \$0.4 million of assumed liabilities (comprising employee entitlements and equipment leases) and potential redundancy costs; • \$200,000 cash payable within 5 business days of financial close being achieved in respect of any hydrogen project; • \$100,000 cash payable on the Buyer receiving revenue from any hydrogen project in excess of \$20,000 in aggregate; and • 1% royalty on gross revenue received by the Buyer from any hydrogen project up to a maximum of \$350,000.
Deposit	The Buyer will on signing pay a \$10,000 cash deposit to ReNu Energy, which will be applied towards the cash payable on completion. The deposit is non-refundable, except if the Proposed Divestment is not approved by ReNu Energy shareholders.
Conditions to completion	<p>Completion is conditional upon the satisfaction of the following conditions:</p> <ul style="list-style-type: none"> • ReNu Energy shareholders approving the Proposed Divestment for the purposes of ASX Listing Rules 10.1 and 11.2; • the Independent Expert concluding (and continuing to conclude) that the Proposed Divestment is fair and reasonable (or not fair but reasonable) to ReNu Energy shareholders (excluding the Buyer and its associates); • release of any security interests over the Countrywide Hydrogen Business assets; and • no material adverse change occurring in respect of the Countrywide Hydrogen Business prior to completion.

Completion	Completion will occur 5 Business Days after the date on which all conditions precedent are satisfied or waived.
Obligations at completion	ReNu Energy and the Buyer have a number of interdependent obligations which must be completed on the completion date. If any of these obligations are not satisfied by a party, the other party or parties need not undertake or perform any other actions.
Warranties	Under the Sale Agreement, both parties have given representations and warranties as to their corporate standing, solvency and authority to contract. In addition, ReNu Energy has given representations and warranties to the Buyer as to its clear title to the Countrywide Hydrogen Business assets and there being no infringements, disputes or claims relating to the assets.
Exclusivity, break fee and restraint	<p>ReNu Energy has provided customary exclusivity and restraint arrangements in favour of the Buyer for a transaction of this nature, including:</p> <ul style="list-style-type: none"> • (no shop) ReNu Energy must not directly or indirectly solicit any enquiries, proposals or discussions which may reasonably be expected to lead to a competing proposal; • (no talk) ReNu Energy must not negotiate or enter into or participate in negotiations or discussions regarding a competing proposal; and • (restraint) non-compete and non-solicit obligations to the Buyer for a period of up to 2 years from completion. <p>ReNu Energy is not however required to comply with its '<i>no talk</i>' obligations if there is a genuine competing proposal that is, or could reasonably become a superior proposal, and ReNu Energy's external legal advisors determine that complying with those provisions would be reasonably likely to constitute a breach of the Directors' fiduciary or statutory duties.</p> <p>ReNu Energy has also agreed to pay a break fee of \$50,000 to the Buyer if: (i) ReNu Energy enters into binding documentation in respect of a competing proposal; (ii) the Independent Board Committee withdraws its recommendation of the Proposed Divestment, other than due to the Independent Expert concluding that the Proposed Divestment is not '<i>reasonable</i>'; or (iii) the Buyer validly terminates the Sale Agreement due to breach by ReNu Energy.</p>
Duties	The Buyer must pay any duty payable in respect of the execution, delivery and performance of the Sale Agreement.