RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
Share code: REN ISIN: ZAE000202610
("**Renergen**" or "**the Company**" or **"the Group"**)

Provisional audited annual financial results for the year ended 28 February 2017

Commentary

The year to 28 February 2017 has been an exceptionally productive one, with the team achieving all major milestones on time and on budget. Important milestones include, inter alia:

- The construction of the pilot plant which brought South Africa's first onshore natural gas production facility into operation;
- 10 Megabus buses brought into operation on natural gas supplied by Tetra4 delivering turnover of R1.7 million in the year under review;
- Successful drilling at the Virginia project with the detection of additional gas;
- Updating the resource statement by the international oil and gas team from Venmyn Deloitte showing a discounted cash flow value of R6.7 billion;
- Finalisation and submission of the Environmental Impact Assessment for the construction of the pipeline, implying that we have completed all the major regulatory hurdles and now await a record of decision on the uncontested submission.

"The Board believe a solid foundation has been laid during the year under review from which to build on and see Tetra4 scale up as it goes into a year of construction and upscaling to deliver the next set of production and growth milestones".

Renergen and the IDC announce term funding of R218 million for Tetra4 Virginia Project

On 24 May 2017, Renergen and the Industrial Development Corporation (IDC) announced funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding can be drawn down up until August 2019.

Operational review

Tetra4

Virginia

The plant has been operating at optimal capacity with positive results. Gas has been supplied to the Megabus operations for several months and not only have customers been pleased with the improvement in the quality of the commute, but the operator has begun to experience savings on the fuel cost. Further to this, significant progress has been made on the environmental impact assessment (EIA) for the pipeline, and management is pleased to report that the EIA has now been submitted to the Petroleum Agency of South Africa on time, thus achieving another major milestone for the Company.

Evander

We continue to enjoy good prospects on this field, and are proceeding with the necessary steps in order to bring this field into production.

Financial review

Total comprehensive loss of the Group was R15.3 million (2016: R19.5 million) after income tax credit of R6.2million (2016: Rnil).

A deferred tax asset of R6.2 million (2016: Rnil) were raised during the period. The Group has accumulated significant tax losses to date, the deferred tax asset relates to unused tax losses that can be utilised against future taxable income.

Major financing activities were:

- R13.4 million share capital raised during the period
- R10 million share capital raised after year end

The major investing activities were:

- R14 million spent on plant, machinery and equipment on Tetra4's Virginia operations
- R4 million on exploration and development of natural gas wells

Board Changes

Mr Russell Broadhead resigned as an independent non-executive director and board member on 10 October 2016.

Reginald Eddie Cooke's status as an independent non-executive director changed to executive director due to the services he renders to Tetra4 as a consultant. Mr Cooke resigned as an executive director on 07 December 2017, but continues to provide consulting services to Renergen's subsidiary, Tetra4 Proprietary Limited.

Dr Bane Maleke was appointed as an independent non-executive director with effect from 7 December 2016. Dr Maleke was also appointed as a member of the Audit and Risk Committee on 20 January 2017.

PROVISIONAL CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The statement of financial position of the Group as at 28 February 2017 are set out below:

Figures in R'000	Notes	Audited 28 February 2017	Audited 29 February 2016
Assets			
Non-Current Assets			
Property Plant and Equipment	7	21 756	7 145
Intangible Assets	6	76 555	61 504
Deferred tax asset		6 234	-
Total Non-Current Assets		**104 545**	**68 649**
Current Assets			
Investment in Joint Venture	6	-	6 503
Trade and other receivables		8 933	4 134
Cash and cash equivalents		11 299	41 721
Total Current Assets		**20 232**	**52 358**
Total Assets		**124 777**	**121 007**
Equity and Liabilities			
Equity			
Share capital*	4	137 585	124 158
Accumulated loss		(42 551)	(25 330)
Foreign Currency Translation Reserve		3 389	-
Equity attributable to Parent		**98 423**	**98 828**
Equity attributable to Non-controlling interests		(9 262)	(7 923)
Total Equity		**89 161**	**90 905**
Liabilities			
Non-Current Liabilities			
Financial Liability		27 013	23 857
Provisions		3 100	2 755
Total Non-Current Liabilities		**30 113**	**26 612**
Current Liabilities			
Trade and other payables		5 503	3 490
Total Current Liabilities		**5 503**	**3 490**
Total Liabilities		**35 616**	**30 102**

Total Equity and Liabilities	**124 777**	**121 007**
Net asset value per share (cents)	**113.71**	**117.48**
Tangible net asset value per share (cents)	**8.13**	**38.00**

PROVISIONAL CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The statement of profit or loss and other comprehensive income of the Group for the year ended 28 February 2017 are set out below:

Figures in R'000	**Notes**	**Audited 12 months ended 28 February 2017**	**Audited 14 months ended 29 February 2016**
Revenue		**1 722**	-
Cost of sales		**(2 127)**	-
Gross loss		**(405)**	-
Other income		375	61
Share based payments		-	(1 518)
Operating Expenses		(22 989)	(18 038)
Operating Loss		**(23 019)**	**(19 495)**
Interest Income		1 287	3 023
Interest expense		(8)	(81)
Fair value adjustments		(3 156)	(2 946)
Loss before tax		**(24 896)**	**(19 499)**
Taxation		6 234	
Total Loss after tax		**(18 662)**	**(19 499)**
Other comprehensive income			
Foreign currency translation reserves		3 389	-
Total comprehensive loss for the period		**(15 273)**	**(19 499)**
Loss attributable to:			
Owners of the parent		(17 221)	(18 452)
Non-controlling interest		(1 441)	(1 047)
		(18 662)	**(19 499)**
Total comprehensive loss attributable to:			
Owners of the parent		(13 832)	(18 452)
Non-controlling interest		(1 441)	(1 047)
		(15 273)	**(19 499)**
Loss per ordinary share			
Basic and diluted loss per ordinary share (cents)*		(22.19)	(36.53)

*There is no difference between basic and diluted loss

PROVISIONAL CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity of the Group for the year ended 28 February 2017 is set out below:

Figures in R'000	Share Capital	Accumulated Loss	Foreign currency translation reserve	Total Parent Equity	Non-controlling interest	Total Equity
Balance at 01 January 2015	**-***	**(13 756)**	**-**	**(13 756)**	**-**	**(13 756)**
Total comprehensive loss	-	(18 452)	-	(18 452)	(1 047)	(19 499)
Retained earnings at acquisition	-	5 502	-	5 502	-	5 502
Non-controlling interest at acquisition	-	1 376	-	1 376	(1 376)	-
Issue of shares	124 158	-	-	124 158	-	124 158
Loan from minority shareholder	-	-	-	-	(5 500)	(5 500)
Balance at 01 March 2016	**124 158**	**(25 330)**	**-**	**98 828**	**(7 923)**	**90 905**
Issue of shares	13 482	-		13 482	-	13 482
Share issue costs	(55)	-	-	(55)	-	(55)
Total loss		(17 221)	-	(17 221)	(1 441)	(18 662)
Other comprehensive income			3 389	3 389	-	3 389
Non-controlling interest at acquisition of Mega Power Renewables	-	-		-	102	102
28 February 2017	**137 585**	**(42 551)**	**3 389**	**98 423**	**(9 262)**	**89 161**
Notes	4					

*share capital is R100

PROVISIONAL CONSOLIDATED CASH FLOW STATEMENT

The statement of cash flow of the Group for the year ended 28 February 2017 are set out below:

Figures in R'000	Notes	Audited 12 months ended 28 February 2017	Audited 14 months ended 29 February 2016
Cash flows from operating activities			
Cash utilised by operations	5	(24 414)	(24 123)
Net Interest Income		1 279	2 943
Net cash outflows from operating activities		**(23 135)**	**(21 180)**
Cash flows from investing activities			
Purchase of property, plant and equipment		(16 469)	(7 054)
Profit on sale of assets		15	-
Purchase of intangible asset		(4 260)	(4 562)
Increased in Côte d'Ivoire Joint Venture		-	(2 750)
Cash inflow from business combination		-	69 184
Business combination transaction costs		-	(306)
Purchase of financial assets		-	(5 000)
Net cash (outflows)/inflows from investing activities		**(20 714)**	**49 512**
Cash flows from financing activities			
Net Proceeds on share issue		13 427	72 957
Repayment of shareholder loan		-	(60 186)
Net cash inflows from financing activities		**13 427**	**12 771**
Total cash movement for the period		**(30 422)**	**41 103**
Cash at the beginning of the period		41 721	618

Total cash at the end of the period	**11 299**	**41 721**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the historical financial information of the Company at 28 February 2017 are set out below:

1. Basis of preparation

The provisional consolidated financial statements for the year ended 28 February 2017 have been prepared and presented in accordance with the requirements of the of the JSE Limited ("JSE Listings Requirements") and the requirements of the South African Companies Act 71 of 2008, as amended. The JSE Listings Requirements require summary reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial 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 provisional consolidated financial statements are in terms of IFRS and are consistent with those applied in the preparation of the audited consolidated financial statements of Renergen (the Group) for the year ended 29 February 2016.

These provisional consolidated financial statements are extracted from audited financial statements, but are not themselves audited. The audited Group consolidated financial statements are available for inspection at the Company registered office. The directors take full responsibility for the preparation of the provisional report and the financial information has been correctly extracted from the underlying annual financial statements.

These provisional consolidated financial statements have been prepared under the supervision of Ms FH Ravele CA(SA), the Group's Chief Financial Officer.

Auditor's opinion

The provisional consolidated financial statements have been derived from the Group's audited consolidated annual financial statements which have been audited by Grant Thornton. The auditor, Grant Thornton, has issued its opinion on the Group's audited consolidated annual financial statements for the year ended 28 February 2017. The audit was conducted in accordance with International Standards on Auditing. Grant Thornton has issued an unmodified audit opinion on the Group's audited consolidated annual financial statements. This auditor's report does not necessarily report on all the information contained in this announcement. A copy of the auditor's report on the consolidated annual financial statements is available for inspection at the Company's registered office, together with the financial statements identified in the respective auditor's reports. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Company's auditor.

2. Operating Segments

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (this being the Renergen board of directors), in order to allocate resources and assess performance and for which discrete financial information is available. The operating segments are reported in a manner consistent with the Group. Renergen Limited has three operating segments;

1. Corporate Head Office

Corporate head office is a segment where all investment decisions are made. Renergen Limited the investment holding company focused on investing in prospective green projects

2. Tetra4 Proprietary Limited

Tetra4 explores, develops and sells compressed natural gas to the South African market.

3. Mega Power Renewables

Mega Power Renewables is located in Côte d'Ivoire. The segment is managing the development of the Côte d'Ivoire hydro-electric project. Its functional currency is Euros. Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at year end.

Analysis of reportable segments as at 28 February 2017 is set out below:

Figures in Rand thousands	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**5 098**	**1 722**	**-**	**6 820**	**(5 098)**	**1 722**
External	-	1 722	-	1 722	-	1 722
Inter-segment	5 098	-	-	5 098	(5 098)	-
Loss for the period	(565)	(18 097)	-	(18 662)	-	(18 662)
Total Assets	729 533	103 710	11 108	844 351	(719 574)	124 777
Total liabilities	1 621	146 035	7 508	155 164	(119 551)	35 613

COMPARATIVES

Statements of financial position as at 29 February 2016 is set out below:

Figures in Rand thousands	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating adjustments**	**Consolidated**
Revenue	**-**	**-**	**-**	**-**	**-**	**-**
External	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
Loss for the period	(7 507)	(10 474)	-	(17 981)	(1 518)	(19 499)
Total Assets	717 228	73 657	-	790 885	(669 878)	121 007
Total Liabilities	2 178	97 887	-	100 065	(69 963)	30 102

3. Acquisitions and Disposals

3.1 Mega Power Renewables Acquisition

In September 2016, Renergen gained effective control of Mega Power Renewables (disclosed as Investment in Joint Venture - Côte d'Ivoire Hydro in February 2016 financial statements. The joint venture registered a company called Mega Power Renewables during the year, through majority control and influence of the board of directors. Renergen occupies two seats on the board of directors which consist of three board members. Renergen has 62% shareholding while two other parties holds 38%.

	Audited	**Audited**
	12 months ended	**14 months ended**
Figures in R'000	**28 February 2017**	**29 February 2016**
4. Share Capital		
Authorised		
Authorised share capital was increased to 100 000 000 no par value shares during the period	100 000	100 000
Reconciliation of number of share in issue		

Opening balance	**77 376**	***-**
Ordinary no par value shares of R1 each	-	-
Share issued	1 037	7 376
Shares issued on acquisition of Tetra4 at R9.28	-	70 000
Total number of shares issued	**78 413**	**77 376**

*100 shares in issue

5. Cash used in operations

Loss before taxation	**(24 896)**	**(19 499)**
Adjustments:		
Depreciation and Amortisation	1 841	89
Impairment of assets	3	32
Interest expense	(1 287)	(3 024)
Interest income	8	81
Fair value adjustments	3 156	2 946
Share based payment on business combination	-	1 518
Profit on sale of assets	15	-
Changes in working capital:		
Trade and other receivables	(5 051)	(5 702)
Trade and other payables	1 797	(564)
Cash used in operations	**(24 414)**	**(24 123)**

6. Intangible

	2017			2016		
Figures in R'000	**Cost**	**Accumulated Amortisation**	**Carrying Value**	**Cost**	**Accumulated Amortisation**	**Carrying Value**
Exploration and Development Costs	9 051	(13)	9 038	5 270	-	5 270
Molopo Project Mineral Rights	56 579	-	56 579	56 234	-	56 243
Domain Name	41	-	41	-	-	-
Côte d'Ivoire Hydroelectric project*	10 897		10 897	-	-	-
	76 568	**(13)**	**76 555**	**61 504**	**-**	**61 504**

*Côte d'Ivoire Hydro is a hydro-electric project managed by Mega Power Renewables in Côte d'Ivoire (in the west of the African continent). The project was held as a Côte d'Ivoire joint venture in 2016; in the current year, Renergen obtained control of Mega Power Renewables, thus consolidating the intangible asset in the group. The funds expended towards the feasibility and pre-feasibility studies by Renergen have been converted to a loan that does not bear interest and repayable on demand. The MOU under which Renergen has been developing the project recently expired and the management team are confident that the extension will be issued by the Government of Cote D'Ivoire during the 2nd quarter of 2017/18 reporting period.

7. Property Plant and Equipment

	2017	2016

Figures in R'000	Cost	Accumulated Depreciation	Carrying Value	Cost	Accumulated Depreciation	Carrying Value
Computer software	95	(86)	9	94	(80)	14
Furniture and fixtures	577	(90)	487	27	(18)	9
IT equipment	163	(53)	110	77	(9)	68
Construction	506	-	506	1 238	-	1 238
Motor vehicles	2 086	(771)	1 315	1 252	(455)	797
Office equipment	134	(47)	87	209	(169)	40
Plant and machinery	20 305	(1 640)	18 665	5 308	(329)	4 979
Leasehold improvements						
Furniture and fixtures	300	(14)	286	-	-	-
Office Equipment	110	(13)	97	-	-	-
Finance Lease Motor vehicle	210	(16)	194	-	-	-
Total	**24 486**	**(2 730)**	**21 756**	**8 205**	**(1 060)**	**7 145**

8. Loss per share

Average number of shares		
Weighted average number of shares	77 611 356	53 382 652
Diluted average number of shares	77 611 356	53 382 652
Basic loss on continuing operations	(17 221)	(19 449)
Basic Earnings per share (cents)	(22.19)	(36.53)

#Headline loss reconciliation

Reconciliation of basic loss to headline loss		
Basic loss on continuing operations	(17 221)	(19 499)
Add Profit on disposal of assets	(15)	-
Impairment of fixed asset	3	-
Tax effects of disposal of fixed assets and impairments	4	-
Headline loss	**(17 229)**	**(19 499)**
Headline and diluted loss per share (cents)	**(22.20)**	**(36.53)**

9. Events after reporting period

Additional capital was raised in April 2017 with the issue of shares for cash which will facilitate the expansion of operations. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 24 May 2017, Renergen and the Industrial Development Corporation (IDC) concluded an agreement for the funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding is over an eight-year term.

The directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

10. Going Concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The directors have reviewed the Group's budget and cash flow forecast for the year to 28 February 2018. On the basis of the current financial position and the existing ability to obtain debt facilities from external parties, the directors are satisfied that the Group is a going concern and will be able to settle liabilities, contingent obligations and commitments that are incurred in the ordinary course of business.

Although the Group continues to make losses, management has been working closely with financial institutions to ensure that when the need arises, project finance will be available for the construction of critical items to roll the company's business plan. To this end, management is of the opinion that conditions precedent to the IDC funding agreement will be met and the group will continue to operate as a going concern.

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Company registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
Company registered office	First Floor 1 Bompas Road Dunkeld West 2196
Nature of the business and principal activities	Renergen Limited operates in the alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX")
Executive Directors	Stefano Marani (*Chief Executive Officer*) Fulu Ravele (*Chief Financial Officer*) Nick Mitchell *(Chief Operating Officer)*
Non-Executive Directors	Brett Kimber (*Independent Non-Executive Chairman*) Mbali Swana (*Independent Non-Executive Deputy Chairman*) Luigi Matteucci (*Independent Non-Executive Director)* Bane Maleke (*Independent Non-Executive Director)*
Company Secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Registered Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors Member firm of Grant Thornton International
Designated Adviser	Merchantec Capital

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ANNUAL **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 28 FEBRUARY 2017

GENERAL INFORMATION

Renergen Limited
(Registration number 2014/195093/06)
Financial Statements for the year ended 28 February 2017

Country of incorporation and domicile	South Africa
Company registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
Registered office	First Floor 1 Bompas Road Dunkeld West 2196
Nature of business and principal activities	Energy company, focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX")
Directors	Stefano Marani Fulu Ravele Nick Mitchell Brett Kimber Mbali Swana Luigi Matteucci Bane Maleke
Auditors	Grant Thornton Johannesburg Chartered Accountants (SA) Registered Auditors A South African member of Grant Thornton International Limited
Company secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Designated adviser	PSG Capital
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008
Preparer	The financial statements were prepared under the supervision of Fulu Ravele CA(SA) Chief Financial Officer

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and company's cash flow forecast for the year to 28 February 2018 and, in light of this review and the current financial position, they are satisfied that the group and company have or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 44 to 46.

The financial statements set out on pages 50 to 87, which have been prepared on the going concern basis and the directors' report on pages 47 to 49, were approved by the board of directors on 30 May 2017 and were signed on their behalf by:

Mbali Swana

Luigi Matteucci

GROUP SECRETARY'S CERTIFICATION

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended ("the Act"), that for the 12-month period ended 28 February 2017, the company has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Acorim

Acorim Proprietary Limited
Company Secretary

30 May 2017

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("the Audit Committee") is established as an independent statutory committee in terms of section 94(2) of the Companies Act 71 of 2008, as amended ("the Companies Act") and oversees audit and risk committee matters for Renergen and its subsidiaries, as permitted by section 94(2)(a) of the Companies Act.

The Audit Committee has adopted formal terms of reference which are updated on an annual basis. The Board is satisfied that the Audit and Risk Committee has complied with these terms, and with its legal and regulatory responsibilities as set out in the Company's Act, King III and JSE Listing Requirements.

The Audit and Risk Committee consisted of three independent non-executive directors for most of the financial year.

NAME	QUALIFICATION
Mbali Swana (chairperson)	Bas (UCT), BArch (UCT), Pr Arch (SA), MIAT (SA)
Luigi Matteucci	B.com (Wits) CTA (Wits) CA (SA)
Russell Broadhead*	Higher Diploma in Building Studies, Senior Management Development Programme
Bane Maleke**	MBA (Dalhousie University Canada), Ph.D Strategic Management (University of Bath UK)

* Russell Broadhead resigned as a member of the board and member of the Audit and Risk Committee on 10th October 2016. He attended one of the three meetings held during the one year.

** Bane Maleke was appointed member of Audit and Risk Committee on 20th January 2017.

The Board believes that the members collectively possesses the knowledge and experience to supervise Renergen's financial management, external auditors, the quality of Renergen's financial controls, the preparation and evaluation of Renergen's consolidated financial statements Renergen's financial reporting and Renergen's risks management.

The Board has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage the risks of the business and to provide reasonable assurance against the possibility of such failures

It is the duty of the Audit Committee, *inter alia,* to monitor and review:

- Findings and appointment of external auditors, reports of external auditors
- Evaluation of the performance of the CFO
- The governance of the information technology (IT) and effectiveness of the Group's information systems
- Interim and annual integrated financial reports, the consolidated annual financial statements and all other widely distributed financial documents
- Accounting policies of the group and any proposed revisions
- Compliance with applicable legislation, requirements of appropriate regulatory authorities and the Group's code of ethics
- The nature and extent of all non-audit services provided by the external auditor and approved the applicable non-audit services undertaken in terms of the audit charter
- The integrity of the annual financial report and associated reports (by ensuring that its content is reliable for recommendation to the Board for final approval) and
- Policies and procedures for preventing and detecting fraud

External auditors have unrestricted access to the Audit and Risk Committee, the Audit and Risk Committee chairman and the chairman of the Board, ensuring that the auditors are able to maintain their independence. External auditors attend the Audit Committee meetings. The Audit Committee also meets with external auditors separately. Management may attend the Audit and Risk Committee meetings by invitation.

The Audit and Risk Committee was also responsible for determining that the designated appointee had the necessary independence, experience qualification and skills and for the approval of audit and other fees.

The Audit and Risk Committee has reviewed and assessed the independence of the external auditor, and has confirmed in writing that the criteria for independence, as set out in the rules of the Independent Regulatory Board of Auditors and international bodies, have been followed. The Audit Committee is satisfied that Grant Thornton is independent to the Group.

The Audit Committee approved the annual audit plan presented by the auditors and monitored progress against the plan. The audit plan provided the Audit Committee with the necessary assurance on risk management, internal control environment and IT governance. The Audit Committee recommends that Grant Thornton is reappointed for the 2018 financial year with Jacques Barradas as the Group audit engagement partner.

The Audit Committee has satisfied itself that both Grant Thornton and Jacques Barradas are accredited in terms of the JSE Listings Requirements.

The Audit Committee is responsible for IT governance on behalf of the Board and reviews the report of management at each meeting.

The Audit Committee evaluated the expertise and performance of the CFO during 2017. It is satisfied that Fulu has the appropriate expertise and experience to carry out her duties as the CFO of the Group.

COMMITTEE STATEMENT

Based on information from, and discussed with, management and external auditors, the Audit Committee has no reason to believe that there was any material breakdown in design and operating effectiveness of internal financial controls during the year and the financial records may be relied upon as the basis for preparation of consolidated financial statements.

The Committee has considered and discussed this annual financial report and associated reports and both management and external auditors.

During this process, the Audit and Risk Committee

- Evaluated significant judgements and reporting decisions
- Determined that the going concern basis of reporting is appropriate
- Evaluated the material factors and risks that impact the annual financial reports and associated reports
- Discussed the treatment of significant and unusual transactions with management and the external auditors

The Committee considers that the annual financial report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated annual financial statements and that the consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE Listing Requirements. The Audit Committee recommended to the Board that the consolidated annual financial statements be adopted and approved by the Board.

The Committee discusses with Management the Company's policies with respect to risk assessment and risk management, including the guidelines and policies that govern Management's assessment and management of risk. The Committee is responsible for the following:

- Reviewing the effectiveness of risk management policies and strategies in place for recommendation to the Board for final approval
- Reviewing the adequacy of the risk management charter, policy and plan for recommendation to the Board for final approval
- Approval of the Company's risk identification and assessment methodologies
- Reviewing of the parameters of the Company's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward
- Ensuring that risks are quantified where practicable
- Reviewing and approval of the risks identified on a qualitative basis, according to probability and seriousness
- Reviewing of the effectiveness and efficiency of systems within the Company and being assured that material risks are identified and the appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Company policies
- Reviewing the appropriateness of resources directed towards areas of high risk
- Regularly receiving a register of the Company's key risks and potential material risk exposures. Reporting to the Board any material changes and/or divergence to the risk profile of the Company
- Reviewing the implementation of operational and corporate risk management plans
- Reviewing of the insurance and other risk transfer arrangements, and considering whether appropriate coverage is in place
- Reviewing of the business contingency planning process within the Group and being assured that material risks are identified and that appropriate contingency plans are in place
- Reviewing and where necessary recommending actions for improvement and outstanding actions on risk management plans for the Company
- Reviewing the Company's sustainability risk on a regular basis
- Annually reviewing the risk management charter for recommendation to the Board for final approval

At its three meetings during the year under review, the Committee discussed and where applicable, approved the following:

- Reviewed the terms of reference for the Committee
- Reviewed the Group Risk Register and reviewed the risk responses associated with each risk
- Reviewed the adequacy of the risk management policy, charter and plan and discussed the risk tolerance and risk appetite statements in detail. Certain recommendations were made to Management. These recommendations were adopted
- Reviewed the insurance cover in place to protect the Company's assets
- Reviewed the communication policy
- Reviewed risk on business continuity planning
- Reviewed whistleblowing policies and procedures

Mbali Swana
Chairman: Audit and Risk Committee

30 May 2017

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the consolidated financial statements of Renergen Limited and its subsidiaries (the group) as set out on pages 50 to 87, which comprise the consolidated statement of financial position as at 28 February 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 28 February 2017, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The following key audit matters relate to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements to communicate in our report.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation and impairment testing of mineral rights	
As disclosed in note 4 to the financial statements, the Group has mineral rights disclosed as intangible assets with carrying values of R65.6 million (2016: R 61.5 million). Management is required to perform an impairment test on intangible assets at least annually and identify indicators of impairment, if any. We have determined this is a key audit matter due to the judgement required by management in preparing the valuation model to satisfy the impairment test. The use of an expert is required to calculated the amount resources available as well as forecasting future cash flows and applying appropriate discount rates, inherently involves a high degree of estimation and judgement by management.	In considering the appropriateness of management's judgement used in the valuation models, we performed the following audit procedures: • Assessed appropriateness of capitalisation of costs in terms of IFRS 6 • Reviewed the recoverability of the mineral right by assessing the experts Venmyn Deloitte's value-in-use calculation • Recalculated the amortisation charge for the period based on the units of utilisation over the total estimated resource available • Verified the additions made during the period. • Obtained an analysis of estimated future expenditure included in the amortisation base • Analytically reviewed of each income stream on a month on month and year on year basis to evaluate the completeness of each revenue stream • Reviewed the work of the experts and compared to methods and assumptions of those used in the preceding period in order to ensure consistency • We furthermore considered the appropriateness and completeness of disclosure provided in this regard

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton has been the auditor of Renergen Limited for three years.

Grant Thornton

Grant Thornton

Grant Thornton

Registered Auditors
Practice Number: 903485E

J Barradas

Registered Auditor
Chartered Accountant (SA)

30 May 2017

@Grant Thornton
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the financial statements of Renergen Limited and the group for the year ended 28 February 2017.

1. NATURE OF BUSINESS
   An energy group, focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX").

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES
   The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

   The year to 28 February 2017 has been an exceptionally productive one, with the team achieving all major milestones on time and on budget. Important milestones include, inter alia:

- The construction of the pilot plant which brought South Africa's first onshore natural gas production facility into operation
- 10 Megabus buses brought into operation on natural gas supplied by Tetra4 delivering turnover of R1.7 million in the year under review
- Successful drilling at the Virginia project with the detection of additional gas
- Updating the resource statement by the international oil and gas team from Venmyn Deloitte showing a discounted cash flow value of R6.7 billion
- Finalisation and submission of the Environmental Impact Assessment for the construction of the pipeline, implying that we have completed all the major regulatory hurdles and now await a record of decision on an uncontested submission

RENERGEN AND THE IDC ANNOUNCE TERM FUNDING OF R218 MILLION FOR TETRA4 VIRGINIA PROJECT

On 24 May 2017, Renergen and the Industrial Development Corporation (IDC) announced funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment (EIA) for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding can be drawn up until 2019.

OPERATIONAL REVIEW

Tetra4

VIRGINIA

The plant has been operating at optimal capacity with positive results. Gas has been supplied to the Megabus operations for several months and not only have customers been pleased with the improvement in the quality of the commute, but the operator has begun to experience savings on the fuel cost. Further to this, significant progress has been made on the environmental impact assessment (EIA) for the pipeline, and management is pleased to report that the EIA has now been submitted to the Petroleum Agency of South Africa on time, thus achieving another major milestone for the Company.

EVANDER

We continue to enjoy good prospects on this field, and are proceeding with the necessary steps to bring this field into production.

Financial review

Total loss of the Group was R18.6 million (2016: R19.5 million) after taxation of R6.2 million (2016: Rnil). Total loss of the Company was R0.6 million (2016: R7.5 million) after taxation of R3.3 million (2016: Rnil).

A deferred tax asset of R6.2 million (2016: Rnil). The Group has accumulated significant tax losses to date, the deferred tax asset relates to unused tax losses that can be utilised against future taxable income.

Major financing activities were:

- R13.4 million share capital raised during the period
- R10 million share capital raised after year end

Major investing activities were:

- R14 million spent on plant, machinery and equipment on Tetra4's Virginia operations
- R4 million on exploration and development of natural gas wells

3. SHARE CAPITAL
   The group increased its number of shares issued to 78 412 605 from 77 375 528 shares issued in prior year.

   Refer to note 14 of the financial statements for details of the movement in authorised and issued share capital.

4. DIVIDENDS
   No dividends were declared or paid to shareholders during the year.

5. DIRECTORATE
   The directors in office at the date of this report are as follows:

DIRECTORS - EXECUTIVE	OFFICE	DESIGNATION	CHANGES
Stefano Marani	Chief Executive Officer	Executive	Appointed 20 Nov 2014
Fulu Ravele	Chief Executive Officer	Executive	Appointed 25 Nov 2015
Nick Mitchell	Chief Operating Officer	Executive	Appointed 25 Nov 2015
Brett Kimber	Chairperson	Independent non-executive	Appointed 17 Jun 2015
Mbali Swana	Deputy chairperson	Independent non-executive	Appointed 16 Feb 2015
Luigi Matteucci		Independent non-executive	Appointed 3 May 2016
Bane Maleke		Independent non-executive	Appointed 7 Dec 2016
Russell Broadhead		Independent non-executive	Resigned 10 Oct 2016
Eddie Cooke		Executive	Resigned 07 Dec 2016

Eddie Cooke changed from a non-executive director to an executive director on 1 May 2016 due to consulting services he offered to the Group. He later resigned in December 2016, but remained a consultant of the group.

6. DIRECTORS' INTERESTS IN SHARES

INTERESTS IN SHARES

DIRECTORS	DIRECT 2017 %	INDIRECT 2017 %	TOTAL %	DIRECT 2016 %	INDIRECT 2016 %	TOTAL %
EXECUTIVE						
Stefano Marani	0.33	11.09	11.42	0.33	11.41	11.74
Nick Mitchell	-	11.26	11.26	-	11.41	11.41
	0.33	**22.35**	**22.68**	**0.33**	**22.82**	**23.15**
NON-EXECUTIVE						
Russell Broadhead	-	0.16	0.16	-	0.16	0.16
	-	**0.16**	**0.16**	**-**	**0.16**	**0.16**

The register of interests of directors and others in shares of the company is available to the shareholder on request.

Stefano Marani disposed of 130 000 of his indirect shares in June 2016. This resulted in his indirect shareholding decreasing from 11.41% to 11.09%.

Nick Mitchell disposed of 230 000 of his indirect shareholding in June 2017, post year end. This resulted in his indirect shareholding being diluted from 11.26% as at 28 February 2017 to 10.83% post year end. This is based on total issued number of shares of 79 412 605 post year end. Total issued number of shares issued at 28 February 2017 was 78 412 605 refer to note 14, additional 1 000 000 ordinary shares were issued in April 2017.

The overall executive directors' indirect interest as at 28 February 2017 decreased from 22.82% to 22.35%.

There were no other changes to directors' interest between year end and the date of signature of this report, other than those mentioned above.

Russell Broadhead held 0.16% indirect shareholding up to the date of his resignations from the board. (2016: 0.16%). Russell resigned from Renergen board in October 2016.

7. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies are presented in the financial statements in note 5 and note 6. The interest of the group in the losses of its subsidiaries for the year ended 28 February 2017 are as follows:

	2017 R '000	2016 R '000
SUBSIDIARIES		
Total losses before income tax	(18 097)	(10 474)

8. EVENTS AFTER THE REPORTING PERIOD

Additional capital was raised in April 2017 with the issue of shares which will facilitate the expansion of operations. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 24 May 2017, Renergen and the Industrial Development Corporation (IDC) concluded an agreement for the funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding is over an eight-year term.

The directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

9. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The directors have reviewed the Group's budget and cash flow forecast for the year to 28 February 2018. On the basis of the current financial position and the existing ability to obtain debt facilities from external parties, the directors are satisfied that the Group is a going concern and will be able to settle liabilities, contingent obligations and commitments that are incurred in the ordinary course of business.

Although the Group continues to make losses, management has been working closely with financial institutions to ensure that when the need arises, project finance will be available for the construction of critical items to roll the company's business plan. To this end, management is of the opinion that conditions precedent to the IDC funding agreement will be met and the group will continue to operate as a going concern.

10. AUDITORS
    Grant Thornton Johannesburg partnership will continue in office as auditors in accordance with section 90 of the Companies Act 71 of 2008 of South Africa.

11. COMPANY SECRETARY
    The company secretary is Acorim Proprietary Limited.

    Business address:

    2nd Floor
    North Block, Hyde Park Office Tower
    Corner 6th Road and Jan Smuts
    Hyde Park
    2196

STATEMENT OF **FINANCIAL POSITION**

AS AT 28 FEBRUARY 2017

Figures in Rand thousands	Notes	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	21 756	7 145	1 156	4
Intangible assets	4	76 555	61 504	14	-
Deferred tax asset	7	6 234	-	2 364	-
Investments in subsidiaries	5		-	594 579	594 414
Total Non-Current Assets		**104 545**	**68 649**	**598 113**	**594 418**
CURRENT ASSETS					
Trade and other receivables	12	8 933	4 134	2 812	1
Investment in joint venture	8	-	6 503	-	6 503
Other financial assets	10	-	-	5 500	5 500
Loans to group companies	9	-	-	112 388	69 964
Cash and cash equivalents	13	11 299	41 721	10 720	40 842
Total Current Assets		**20 232**	**52 358**	**131 420**	**122 810**
TOTAL ASSETS		**124 777**	**121 007**	**729 533**	**717 228**
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	137 585	124 158	735 984	722 557
Accumulated loss		(42 551)	(25 330)	(8 072)	(7 507)
Foreign Currency Translation Reserve		3 389	-	-	-
Equity attributable to Parent		**98 423**	**98 828**	**727 912**	**715 050**
Equity attributable to Non-controlling interests		(9 262)	(7 923)	-	-
TOTAL EQUITY		**89 161**	**90 905**	**727 912**	**715 050**
LIABILITIES					
Non-current liabilities					
Other financial liabilities	15	27 013	23 857	-	-
Provisions	16	3 100	2 755	-	-
Total Non-Current Liabilities		**30 113**	**26 612**	**-**	**-**
CURRENT LIABILITIES					
Trade and other payables	18	5 503	3 490	1 621	2 178
Total Current Liabilities		**5 503**	**3 490**	**1 621**	**2 178**
TOTAL LIABILITIES		**35 616**	**30 102**	**1 621**	**2 178**
TOTAL EQUITY AND LIABILITIES		**124 777**	**121 007**	**729 533**	**717 228**
Net asset value per share (cents)		**113.71**	**117.48**	**-**	**-**
Tangible net asset value per share (cents)		**8.13**	**38.00**	**-**	**-**

STATEMENT OF **PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

AS AT 28 FEBRUARY 2017

Figures in Rand thousands	Notes	GROUP **12 months ended 28 February 2017**	GROUP 14 months ended 29 February 2016	COMPANY **12 months ended 28 February 2017**	COMPANY 12 months ended 29 February 2016
Revenue	19	1 722	-	5 098	-
Cost of sales	20	(2 127)	-	-	-
Gross loss		**(405)**	**-**	**5 098**	**-**
Other income		375	61	433	74
Share based payments		-	(1 518)	-	(1 518)
Operating Expenses		(22 989)	(18 038)	(9 736)	(9 081)
Operating loss		**(23 019)**	**(19 495)**	**(4 205)**	**(10 525)**
Interest Income	22	1 287	3 023	1 284	3 018
Interest expense	24	(8)	(81)	(8)	-
Fair value adjustments	23	(3 156)	(2 946)	-	-
Profit before tax		**(24 896)**	**(19 499)**	**(2 929)**	**(7 507)**
Taxation	25	6 234	-	2 364	-
TOTAL LOSS AFTER TAX		**(18 662)**	**(19 499)**	**(565)**	**(7 507)**
Other comprehensive income					
Foreign currency translation reserves		3 389	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(15 273)**	**(19 499)**	**(565)**	**(7 507)**
Loss attributable to:					
Owners of the parent		(17 221)	(18 452)	(565)	(7 507)
Non-controlling interest		(1 441)	(1 047)	-	-
		(18 662)	**(19 499)**	**(565)**	**(7 507)**
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the parent		(13 832)	(18 452)	(565)	(7 507)
Non-controlling interest		(1 441)	(1 047)	-	-
		(15 273)	**(19 499)**	**(565)**	**(7 507)**
Loss per ordinary share					
Basic and diluted loss per ordinary share (cents)*	27	(22.19)	(36.53)		

STATEMENT OF **CHANGES IN EQUITY**

AS AT 28 FEBRUARY 2017

Figures in Rand thousands	SHARE CAPITAL	ACCUMULATED LOSS	FOREIGN CURRENCY TRANSLATION RESERVE	TOTAL PARENT EQUITY	NON- CONTROLLING INTEREST	TOTAL EQUITY
GROUP						
Balance at 01 January 2015	**-***	**(13 756)**	**-**	**(13 756)**	**-**	**(13 756)**
Total comprehensive loss	-	(18 452)	-	(18 452)	(1 047)	(19 499)
Retained earnings at acquisition	-	5 502	-	5 502	-	5 502
Non-controlling interest at acquisition	-	1 376	-	1 376	(1 376)	-
Issue of shares	124 158	-	-	124 158	-	124 158
Loan from minority shareholder	-	-	-	-	(5 500)	(5 500)
Balance at 1 March 2016	**124 158**	**(25 330)**	**-**	**98 828**	**(7 923)**	**90 905**
Issue of shares	13 482	-	-	13 482	-	13 482
Share issue costs	(55)	-	-	(55)	-	(55
Total loss	-	(17 221)	-	(17 221)	(1 441)	(18 662)
Other Comprehensive income	-	-	3 389	3 389	-	3 389
Non-controlling interest at acquisition of Mega Power	-	-	-	-	102	102
Balance at 28 February 2017	**137 585**	**(42 551)**	**3 389**	**98 423**	**(9 262)**	**(89 161)**
Notes	14					
COMPANY						
Balance at 01 March 2015	**1**	**-**	**-**	**1**	**-**	**1**
Total comprehensive loss	-	(7 507)	-	(7 507)	-	(7 507)
Issue of shares	722 556	-	-	722 556	-	722 556
Balance at 01 March 2016	**722 557**	**(7 507)**	**-**	**715 050**	**-**	**(715 050)**
Issue of shares	13 482	-	-	13 482	-	13 482
Share issue costs	(55)	-	-	(55)	-	(55)
Total comprehensive loss	-	(565)	-	(565)	-	(565)
Balance at 28 February 2017 (Different from B/S)	**735 984**	**(8 072)**	**-**	**727 912**	**-**	**727 912**
Notes	14					

*share capital is R100

STATEMENT OF **CASH FLOWS**

AS AT 28 FEBRUARY 2017

		GROUP		COMPANY	
Figures in Rand thousands	Notes	**2017**	2016	**2017**	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash used in operations	28	(24 414)	(24 123)	(1 810)	(8 348)
Interest income		1 287	3 024	1 284	3 018
Finance costs		(8)	(81)	(8)	-
Net cash outflows from operating activities		**(23 135)**	**(21 180)**	**(534)**	**(5 330)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(16 469)	(7 054)	(1 403)	(4)
Profit on sale of assets		15	-	-	-
Increase in loans with group companies		-	-	(41 598)	(15 278)
Purchase of intangible asset		(4 260)	(4 562)	(14)	-
Côte d'Ivoire Joint Venture		-	(2 750)	-	(6 503)
Cash inflow from business combination		-	69 184	-	-
Business combination transaction costs		-	(306)	-	-
Purchase of financial assets		-	(5 000)	-	(5 000)
Net cash (outflow)/inflows from investing activities		**(20 714)**	**49 512**	**(43 015)**	**(26 785)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net proceeds on share issue		13 427	72 957	13 427	72 957
Repayment of shareholder loan		-	(60 186)	-	-
Net cash inflows from financing activities		**13 427**	**12 771**	**13 427**	**72 957**
TOTAL CASH MOVEMENT FOR THE PERIOD		**(30 422)**	**41 103**	**(30 122)**	**40 842**
Cash at the beginning of the period		41 721	618	40 842	-
TOTAL CASH AT END OF THE PERIOD		**11 299**	**41 721**	**10 720**	**40 842**

1. PRESENTATION OF FINANCIAL STATEMENTS

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

1.1 CONSOLIDATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the group and all investees which are controlled by the group.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

All intra-group transactions, balances, income and expenses are eliminated in full-on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transaction and are recognised directly in the statement of changes in equity.

Business combinations

The group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

To apply IFRS 3, the standard on business combination, the assets acquired and the liabilities assumed must constitute a business, otherwise the reporting entity accounts for the transaction or event as an asset acquisition.

Transaction with non-controlling interest

Transactions with non-controlling interests are treated as transactions with equity owners of the group. For purchases from noncontrolling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity where there is no loss of control.

Step Acquisitions

When the group, obtains control of a previously held joint venture, associate or financial instrument, the group remeasures any previously held interest at fair value and takes this amount into account in determining goodwill. Gains or losses are recognised in profit or loss or other comprehensive income.

Reverse Acquisitions

Proprietary Limited, but simply a cash shell. The acquisition of Tetra4 Proprietary Limited, therefore, does not constitute a business combination.

The consolidated financial statements have been prepared as the continuation of Tetra4 Proprietary Limited. Renergen Limited was thus reversed into Tetra4 Proprietary Limited.

Due to the transaction, not being a business combination by definition of IFRS 3, it is a share-based payment transaction. The difference in fair value of the shares deemed to have been issued by the accounting acquirer and the fair value of the accounting acquiree's identifiable net assets represents a service received by the accounting acquirer, the entire difference should be considered to be payment of a stock exchange listing of its shares and no amount is considered cost of raising capital.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

Construction assets are not depreciated as they are not ready and available for the use intended by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	3 years
Furniture and fittings	Straight line	6 years
IT equipment	Straight line	3 years
Assets under construction	Not applicable	Not applicable
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	10 years
Leasehold improvements- Furniture and fittings	Straight line	6 years
Leasehold improvements-Office equipment	Straight line	6 years
Finance - Motor vehicle	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 SITE RESTORATION AND DISMANTLING COST

The company has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- changes in the liability are added to, or deducted from, the cost of the related asset in the current period
- if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in profit or loss
- if the adjustment results in an addition to the cost of an asset, the entity considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount, and any impairment loss is recognised in profit or loss

1.4 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and receivables

The company assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a subsidiary basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the subsidiary. These annual loss ratios are applied to loan balances in the subsidiary.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors.

Reverse Acquisitions

Renergen Limited (listed entity) issued 70 million shares to Tetra4 Proprietary Limited's (non-listed entity) former shareholder (Windfall Energy Proprietary Limited) in exchange for 90% shareholding in Tetra4 Proprietary Limited. This resulted in Windfall Energy Proprietary Limited effectively holding a controlling stake of 90% in Renergen Limited. The former shareholders of the legal subsidiary obtained control of the legal parent. It is appropriate to apply by analogy in accordance with paragraph 10-12 of IAS8, guidance in paragraph B19-B27 of IFRS3 for reverse acquisitions. This results in the non-listed operating entity being identified as the accounting acquirer and listed as the accounting acquiree. The accounting acquirer (Tetra4 Proprietary Limited) is deemed to have issued shares to obtain control of the acquiree (Renergen Limited).

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction.

To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or depleting gas reserve volumes that may change the utility of certain assets.

Revenue

The determination of Compressed Natural Gas (CNG) sales revenue requires management to continuously monitor the monthly average market diesel price.

The determination of management fees revenue requires management to assess the costs incurred by head office on behalf of its subsidiaries.

1.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale
- there is an intention to complete and use or sell it
- there is an ability to use or sell it
- it will generate probable future economic benefits
- there are available technical, financial and other resources to complete the development and to use or sell the asset
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its pattern of use.

ITEM	AMORTISATION	ITEM	AMORTISATION
Exploration rights	Pattern of use (units)	Côte d'Ivoire hydroelectric project	Pattern of use (units)
Production right	Pattern of use (units)	Domain names	Indefinite useful lives

1.6 FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Loans and receivables include trade receivables, amounts owed by associates, amounts owed by joint ventures, accrued income and cash and cash equivalents.

a. Trade and receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

b. Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents includes cash in hand.

c. Other financial assets

Other financial assets held at amortised cost include a loan to minority shareholders held as current assets. The loan is held at fair value and is repayable on demand.

Financial Liabilities

Financial liabilities held at amortised cost include trade payables, accruals, other payables and borrowings.

d. Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

e. Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Other financial liabilities are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

1.7 REVENUE

Revenue is recognised to the extent that it is probable that economic benefits will flow to the group and the amount of revenue can be reliably measured.

Revenue arising from Compressed Natural Gas (CNG) sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the CNG is delivered to the customer. The price of CNG is determined by market diesel price forces.

Monthly pricing is based on the monthly average diesel price less agreed discounts in the month of settlement.

1.8 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.9 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted.

1.10 SHARE CAPITAL AND EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

1.11 PROVISIONS AND CONTINGENCIES

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

a. **Environmental Rehabilitation Provision**

Long-term environmental obligations are based on the group's environmental management plans, in compliance with applicable environmental and regulatory requirements. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure. Changes in estimates are capitalised or reversed against the relevant asset to the extent that it meets the definition of dismantling and removing the item and restoring the site on which it is located. Costs that relate to an existing condition caused by past operations and do not have a future economic benefit are recognised in profit or loss.

The group's operations are required by law to undertake rehabilitation works as part of their ongoing operations. The Company makes contributions into environmental rehabilitation obligation funds (refer to note 16) and holds guarantees to fund the estimated costs.

b. **Royalty Provision**

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty payable to the State. The royalty in respect of refined minerals is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure. A maximum royalty of 5% of mining revenue has been introduced on refined minerals.

The natural gas is compressed, scrubbed and dried in the compressor, the compressor is considered as the "refinery" and thus, the royalty is calculated based on the condition of the gas at the inlet of the compressor.

1.12 SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (Renergen Limited's Chief Executive Officer) to allocate resources and assess performance and for which discrete financial information is available.

The Group has the following reportable segments:

- **Corporate Head Office**

  Corporate head office is a segment where all investment decisions are made. Renergen Limited is investment holding company focused on investing in prospective green projects
- **Tetra4 (Pty) Ltd**

  Tetra4 explores, develops and sells compressed natural gas to the South African market
- **Mega Power Renewables**

  Mega Power Renewables is in Côte d'Ivoire. The segment is managing the development of a hydro-electric project. Its functional currency is Euros. Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at year end

1.13 FOREIGN CURRENCY TRANSLATION

Functional and Presentation Currency

All items in the financial statements of the Group's subsidiaries, joint arrangements and associates are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in South African rand, which is Renergen's functional currency and the Group's presentation currency

Transactions and balances

Foreign currency transactions are translated into the functional currency using the average exchange rates for the relevant month.

These average exchange rates approximate the spot rate at the date of the transaction. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of comprehensive income.

Foreign Operations

The results and the financial position of all Group subsidiaries, joint arrangements and associates that have a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

a) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

b) Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for the period presented; and

c) All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR).

On consolidation, exchange rate differences arising from the translation of the net investment in foreign operations are also taken to the FCTR. The Group's net investment in a foreign operation is equal to the equity investment plus all monetary items that are receivable from or payable to the foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of or sold and the Group loses control, joint control or significant influence over the foreign operation, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR are reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation. On partial disposal of a foreign subsidiary, where a change occurs in the absolute ownership percentage held by the Group and control is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. On partial disposal of a foreign joint arrangement or associate, where a change occurs in the absolute ownership percentage held by the Group and joint control or significant influence is not lost, a proportionate share of all related exchange rate differences recognised in other comprehensive income are reclassified from equity to the statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

The key exchange rates to the South Africa Rands used in preparing the consolidated financial statements were as follows:

CLOSING RATE	2017	2016
Euro	13.8108	-

2. NEW STANDARDS AND INTERPRETATIONS

2.1 NEW STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

Amendments to IAS 7 Statement of Cash Flows

The amendments require entities to disclose information about changes in financing liabilities.

Amendments to IAS 12 Income taxes

The amendments clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

NEW STANDARDS AND INTERPRETATIONS THAT NOT YET EFFECTIVE AND BUT ADOPTED EARLY IN THE CURRENT YEAR

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes extensive new disclosure requirements. The effective date of the standard is for years beginning on or after 1 January 2018. The group adopted the standard for the first time in the 2017 annual financial statements as this will not have a material impact on the results.

NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE IN THE CURRENT YEAR

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9 entities may make an irrevocable election to present subsequent changes in the fair value of an equity (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss

- Regarding the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised

The effective date of the standard is for years beginning on or after 1 January 2018.

The company and group expects to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the group's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include receipt or payment of advance consideration in foreign currency.

The effective date of the standard is for years beginning on or after 1 January 2018.

IFRS 2 Share based payments

Classification and measurements of share-based payment transactions.

The amendments clarify three main areas:

- The effects of vesting conditions on measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled

The effective date of the standard is for years beginning on or after 1 January 2018.

IFRS 16 Leases

IFRS 16 replaces the previous lease standard IAS 17 Leases and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recognised on balance sheet as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). The effective date of the standard is for years beginning on or after 1 January 2019.

The company and group expects to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the group's financial statements.

3. PROPERTY, PLANT AND EQUIPMENT

Figures in Rand thousands	2017 COST	2017 ACCUMULATED DEPRECIATION	2017 CARRYING VALUE	2016 COST	2016 ACCUMULATED DEPRECIATION	2016 CARRYING VALUE
GROUP						
Computer software	95	(86)	9	94	(80)	14
Furniture and fixtures	577	(90)	487	27	(18)	9
IT equipment	163	(53)	110	77	(9)	68
Assets under construction	506	-	506	1 238	-	1 238
Motor vehicles	2 086	(771)	1 315	1 252	(455)	797
Office equipment	134	(47)	87	209	(169)	40
Plant and machinery	20 305	(1 640)	18 665	5 308	(329)	4 979
LEASEHOLD IMPROVEMENTS						
Furniture and fixtures	300	(14)	286	-	-	-
Office Equipment	110	(13)	97	-	-	-
Finance Lease Motor vehicle	210	(16)	194	-	-	-
TOTAL	**24 486**	**(2 730)**	**21 756**	**8 205**	**(1 060)**	**7 145**

Figures in Rand thousands	2017 COST	2017 ACCUMULATED DEPRECIATION	2017 CARRYING VALUE	2016 COST	2016 ACCUMULATED DEPRECIATION	2016 CARRYING VALUE
COMPANY						
Computer software	4	(1)	3	4	-	4
Furniture and fixtures	540	(78)	462	-	-	-
IT equipment	37	(7)	30	-	-	-
Assets under construction	-	-	-	-	-	-
Motor vehicles	-	-	-	-	-	-
Office equipment	94	(10)	84	-	-	-
Plant and machinery	-	-	-	-	-	-
LEASEHOLD IMPROVEMENTS						
Furniture and fixtures	300	(14)	286	-	-	-
Office Equipment	110	(13)	97	-	-	-
Finance Lease Motor vehicle	210	(16)	194	-	-	-
TOTAL	**1 295**	**(139)**	**1 156**	**4**	**-**	**4**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS AT NET BOOK VALUE	TRANSFERS	DEPRECIATION	CLOSING BALANCE
GROUP - 2017 RECONCILIATION						
Computer software	14	1	-	-	(6)	9
Furniture and fixtures	9	569	(7)	-	(84)	487
IT equipment	68	86	-	-	(44)	110
Assets under construction	1 238	5 201	-	(5 933)	-	506
Motor vehicles	797	834	-	-	(316)	1 315
Office equipment	40	94	(23)	-	(24)	87
Plant and machinery	4 979	9 064	-	5 933	(1 311)	18 665
LEASEHOLD IMPROVEMENTS						
Furniture and fixtures	-	300	-	-	(14)	286
Office Equipment	-	110	-	-	(13)	97
Finance Lease Motor vehicle	-	210	-	-	(16)	194
TOTAL	**7 145**	**16 469**	**(30)**	**-**	**(1 828)**	**21 756**

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS AT NET BOOK VALUE	TRANSFERS	DEPRECIATION	CLOSING BALANCE
GROUP - 2016 RECONCILIATION						
Computer software	-	16	-	-	(2)	14
Furniture and fixtures	4	8	-	-	(3)	9
IT equipment	2	71	-	1	(6)	68
Assets under construction	-	1 238	-	-	-	1 238
Motor vehicles	-	800	-	-	(3)	797
Office equipment	71	1	-	(1)	(31)	40
Plant and machinery	104	4 920	-	-	(43)	4 979
LEASEHOLD IMPROVEMENTS						
Furniture and fixtures	-	-	-	-	-	-
Office Equipment	-	-	-	-	-	-
Finance Lease Motor vehicle	-	-	-	-	-	-
TOTAL	**181**	**7 054**	**-**	**-**	**(88)**	**7 145**

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS AT NET BOOK VALUE	TRANSFERS	DEPRECIATION	CLOSING BALANCE
COMPANY - 2017 RECONCILIATION						
Computer software	4	-	-	-	(1)	3
Furniture and fixtures	-	540	-	-	(78)	462
IT equipment	-	37	-	-	(7)	30
Office equipment	-	94	-	-	(10)	84
LEASEHOLD IMPROVEMENTS						
Furniture and fixtures	-	300	-	-	(14)	286
Office Equipment	-	110	-	-	(13)	97
Finance Lease Motor vehicle	-	210	-	-	(16)	194
TOTAL	**4**	**1 291**	**-**	**-**	**(139)**	**1 156**

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS AT NET BOOK VALUE	TRANSFERS	DEPRECIATION	CLOSING BALANCE
COMPANY - 2016 RECONCILIATION						
Computer software	-	4	-	-	-	4
TOTAL	**-**	**4**	**-**	**-**	**-**	**4**

4. INTANGIBLE ASSETS

Figures in Rand thousands	2017 COST	2017 ACCUMULATED AMORTISATION	2017 CARRYING VALUE	2016 COST	2016 ACCUMULATED AMORTISATION	2016 CARRYING VALUE
GROUP						
Exploration and development costs	9 051	(13)	9 038	5 270	-	5 270
Molopo Project Mineral Rights	56 579	-	56 579	56 234	-	56 234
Domain	41	-	41	-	-	-
Côte d'Ivoire Hydroelectric project	10 897	-	10 897	-	-	-
TOTAL	**76 568**	**(13)**	**76 555**	**61 504**	**-**	**61 504**

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	AMORTISATION	CLOSING BALANCE
GROUP - 2017 RECONCILIATION						
Exploration and development costs	5 270	3 781	-	-	(13)	9 038
Molopo Project Mineral Rights	56 234	345	-	-	-	56 579
Domain	-	41	-	-	-	41
Côte d'Ivoire Hydroelectric scheme project	-	10 897	-	-	-	10 897
TOTAL	**61 504**	**15 064**	**-**	**-**	**(13)**	**76 555**

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	AMORTISATION	CLOSING BALANCE
GROUP - 2016 RECONCILIATION						
Exploration and development costs	708	4 562	-	-	-	5 270
Molopo Project Mineral Rights	56 234	-	-	-	-	56 234
TOTAL	**56 942**	**4 562**	**-**	**-**	**-**	**61 504**

4. INTANGIBLE ASSETS (CONTINUED)

Côte d'Ivoire Hydroelectric project

Côte d'Ivoire Hydro is a hydroelectric project managed by Mega Power Renewables in Côte d'Ivoire (in the west of the African continent). The feasibility and pre-feasibility studies of the project are funded by shareholders of the managing company, Mega Power Renewables. Renergen has funded all costs incurred to date in the form of a loan to Mega Power Renewables that does not bear interest and does not have fixed repayment terms.

Molopo Mineral Rights

The group has production and rights, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State.

The recoverable amount of R56.2 million of the assets, Exploration and Development costs and Molopo Project Mineral Rights, will be recovered through value in use, as determined through the units of production and life of the mine. Amortisation commenced upon start of production. Intangibles mineral rights are amortised on based on the pattern of use.

Impairment Testing

Intangible assets not yet ready for use are tested for impairment annually. The recoverable amount was determined based on the value in use calculation is based on the expected cashflows from the remaining useful lives of the exploration and production rights.

Venmyn Deloitte, qualified gas reserves valuators prepared gas reserve estimates for the group signed off on 30 September 2016. Net reserve volumes of total Proved Plus Probably Reserves measured at 100.927 Mmcf. Reserve volumes have been reported on a group net basis.

Venmyn's report indicates a net present value of R6.7 billion representing P1 proven gas reserves at 10% discount and P2 probable gas reserves at 20% growth rate of 2% per annum was assumed. The recoverable amount of Tetra4's gas reserves exceed the carrying value of the Mineral rights.

4. INTANGIBLE ASSETS (CONTINUED)

Figures in Rand thousands	2017			2016		
	COST	ACCUMULATED AMORTISATION	CARRYING VALUE	COST	ACCUMULATED AMORTISATION	CARRYING VALUE
COMPANY						
Domain	14	-	14	-	-	-
TOTAL	**14**	**-**	**14**	**-**	**-**	**-**

Figures in Rand thousands	OPENING BALANCE	ADDITIONS	DISPOSALS	TRANSFERS	AMORTISATION	CLOSING BALANCE
COMPANY - 2017 RECONCILIATION						
Domain	-	14	-	-	-	14
TOTAL	**-**	**14**	**-**	**-**	**-**	**14**

5. INVESTMENTS IN SUBSIDIARIES

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Figures in Rand thousands	2017 % HOLDING	2017 CARRYING VALUE	2016 % HOLDING	2016 CARRYING VALUE
COMPANY				
Tetra4 (Pty) Ltd	90%	594 414	90%	594 414
Windfall Resources	100%	-*	100%	-*
Mega Power Renewables	62%	165**	-	-
TOTAL	**-**	**594 579**	**-**	**594 414**

A company was registered to manage the Côte d'Ivoire (Ivory Coast) Hydroelectric scheme Project, Mega Power Renewables.

In September 2016, Renergen Limited obtained effective control of Mega Power Renewables through the appointment of two thirds of directors on Mega Powers Renewables' board of directors. The board of directors constitutes three directors who each have one voting right. Renergen retained its shareholding of 62%, leaving non-controlling interest at 38%.

* Windfall Resources Limited's carrying value is R100 (2016: R100)

** Mega Power Renewables' carrying value is R165 154(2016: Rnil). Mega Power Renewables was a joint venture investment in 2016

6. ANALYSIS PER REPORTABLE SEGMENT

The operating segments are reported in a manner consistent with the Group. Renergen Limited has three operating segments;

CORPORATE HEAD OFFICE
Corporate head office is a segment where all investment decisions are made. Renergen Limited the investment holding company focused on investing in prospective green projects.

TETRA4 PROPRIETARY LIMITED
Tetra4 explores, develops and sells compressed natural gas to the South African market.

MEGA POWER RENEWABLES
Mega Power Renewables is in Côte d'Ivoire. The segment is managing the development of a hydro-electric project. Its functional currency is Euros. Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at year end.

6. ANALYSIS PER REPORTABLE SEGMENT (CONTINUED)

Analysis of reportable segments as at 28 February 2017 is set out below:

Figures in Rand thousands	CORPORATE HEAD OFFICE	TETRA4	MEGA POWER RENEWABLES	TOTAL	CONSOLIDATING ADJUSTMENTS	CONSOLIDATED
REVENUE	**5 098**	**1 722**	**-**	**6 820**	**(5 098)**	**1 722**
External	-	1 722	-	1 722	-	1 722
Inter-segment	5 098	-	-	5 098	(5 098)	-
Loss for the period	(565)	(18 097)	-	(18 662)	-	(18 662)
TOTAL ASSETS	**729 533**	**103 710**	**11 108**	**844 351**	**(719 574)**	**124 777**
TOTAL LIABILITIES	**1 621**	**146 035**	**7 508**	**155 164**	**(119 548)**	**35 616**

Statements of financial position as at 29 February 2016 is set out below:

Figures in Rand thousands	CORPORATE HEAD OFFICE	TETRA4	MEGA POWER RENEWABLES	TOTAL	CONSOLIDATING ADJUSTMENTS	CONSOLIDATED
REVENUE	**-**	**-**	**-**	**-**	**-**	**-**
External	-	-	-	-	-	-
Inter-segment	-	-	-	-	-	-
Loss for the period	(7 507)	(10 474)	-	(17 981)	(1 518)	(19 499)
TOTAL ASSETS	**717 228**	**73 657**	**-**	**790 885**	**(669 878)**	**121 007**
TOTAL LIABILITIES	**2 178**	**97 887**	**-**	**100 065**	**(69 963)**	**30 102**

7. DEFERRED TAXATION

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Unused tax losses	13 339	-	2 364	-
DEFERRED TAX ASSET	**13 339**	**-**	**2 364**	**-**
Intangibles assets	1 737	-	-	-
Plant and machinery	5 368	-	-	-
DEFERRED TAX LIABILITY	**7 105**	**-**	**-**	**-**
NET	**6 234**	**-**	**2 364**	**-**

At 28 February 2017, the group has estimated unused taxation losses of R171 million (2016: R49 million) available for offset against future profits. Deferred taxation assets of R13 million (2016: Rnil) have been recognised in respect of such losses. No deferred tax assets have been recognized in respect of the remaining balance due to the unpredictability of future profit streams. The tax losses do not expire unless the tax entity concerned ceases to operate for a period of longer than a year.

The Group performed an assessment based on the current operations and developments including future cashflow forecasts which support the recognition of deferred taxation assets.

8. INVESTMENT IN JOINT VENTURE

The following table lists the joint venture in the group:

Figures in Rand thousands	2017		2016	
	% OWNERSHIP INTEREST	**CARRYING VALUE**	**% OWNERSHIP INTEREST**	**CARRYING VALUE**
GROUP				
Côte d'Ivoire (Ivory Coast) Hydroelectric scheme project	-	-	62%	6 503

Figures in Rand thousands	2017		2016	
	% OWNERSHIP INTEREST	**CARRYING VALUE**	**% OWNERSHIP INTEREST**	**CARRYING VALUE**
COMPANY				
Côte d'Ivoire (Ivory Coast) Hydroelectric scheme project	-	-	62%	6 503

Investment in Côte d'Ivoire Hydro is a hydroelectric scheme that Renergen Limited entered jointly with two other parties in Côte d'Ivoire in the west of the African continent. The Hydro project was accounted for in accordance with IFRS 11 as a Joint Venture in 2016.

Renergen obtained control of the joint venture in the current year. The fair value of the joint venture formed part of the consideration paid in this step acquisition. Refer to note 5 investments in subsidiaries and note 29 Mega Power Renewables Acquisition. The investments are accounted for as an investment in subsidiaries in accordance with IAS 27.

9. LOANS TO GROUP COMPANIES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
COMPANIES				
Tetra4	-	-	104 880	69 964
Mega Power Renewables	-	-	7 508	-
TOTAL	**-**	**-**	**112 388**	**69 964**

Renergen invests in the development of renewable energy projects. It provides funding at zero interest and is repayable on demand. Tetra4 Proprietary Limited's and Mega Power Renewables' loans have been extended to fund the development of renewables as alternative energy projects.

On acquisition of Tetra4 a loan amount of R55 million was ceded to Renergen Limited from Windfall Energy Proprietary Limited, which is Tetra4's previous holding company. The amount ceded is unsecured, bears no interest and will be repayable on demand.

10. OTHER FINANCIAL ASSETS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
CURRENT ASSETS				
Loans and receivables	-	-	5 500	5 500
TOTAL	**-**	**-**	**5 500**	**5 500**

Loan ceded to Renergen Limited by Windfall Energy Proprietary Limited on acquisition of Tetra4 Proprietary Limited's 90% shareholding. R5.5 million loan was issued to C Sjoberg to finance the purchase of 10% shareholding in Tetra4 in June 2014 with a pledge and session of shares as security. No interest is charged on the loan. The loan is payable on demand or over 10 years by means of any of the following:

Payments of dividends from shares to the lender, payment of principal by the borrower or raising capital in Tetra4 by C Sjoberg's business relationships to the value of at least R10 million on favourable terms as accepted by Tetra4.

11. FINANCIAL ASSETS BY CATEGORY

Figures in Rand thousands	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
LOANS AND RECEIVABLES				
Cash and cash equivalents	11 299	41 721	10 720	40 842
Trade and other receivables	1 183	683	173	1
Loans to group companies	-	-	112 388	69 964
Other financial assets	-	-	5 500	5 500
TOTAL	**12 482**	**42 404**	**128 781**	**116 307**

12. TRADE AND OTHER RECEIVABLES

Figures in Rand thousands	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
TRADE AND OTHER RECEIVABLES				
Deposits	214	71	-	-
Other receivables	969	612	173	1
Prepayments	6 338	2 105	2 631	-
Vat added tax receivable	1 412	1 346	8	-
TOTAL	**8 933**	**4 134**	**2 812**	**1**

13. CASH AND CASH EQUIVALENTS

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousands	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
CASH AND CASH EQUIVALENTS				
Bank	11 299	41 172	10 720	40 842
Environmental Rehabilitation guarantee -exploration rights	-	549	-	-
TOTAL	**11 299**	**41 721**	**10 720**	**40 842**

13. CASH AND CASH EQUIVALENTS (CONTINUED)

The group has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free state). The group has had to provide for its environmental Management Programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the exploration activities. The R549 000 was previously held with ABSA in a call account. These funds have been disinvested and are now guaranteed by Lombard Insurance and included in the intangible assets. The group raised a rehabilitation provision of R3.1 million in the current year, refer to note 16.

14. STATED CAPITAL

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
AUTHORISED				
100 000 000 no par value shares	100 000	100 000	100 000	100 000
RECONCILIATION OF NUMBER OF SHARES ISSUED				
Opening balance	77 376	-	77 376	1
Share buy-back	-	-	-	(1)
Issue of shares – ordinary shares	1 037	77 376	1 037	77 376
	78 413	**77 376**	**78 413**	**77 376**
RECONCILIATION OF ISSUED STATED CAPITAL				
Opening balance	124 158	-	722 557	1
Share buy-back	-	-	-	(1)
Issue of shares – ordinary shares	13 482	-	13 482	73 755
Share issue costs	(55)	-	(55)	(798)
Issue of shares to directors – ordinary shares	-	-	-	649 600
Conversion of debentures	-	68 972	-	-
Loans exchanged for acquisition of shares	-	60 186	-	-
Cash consideration transferred for share issue	-	(5 000)	-	-
TOTAL	**137 585**	**124 158**	**735 984**	**722 557**

15. OTHER FINANCIAL LIABILITIES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
HELD AT AMORTISED COST				
Molopo Energy Limited	27 013	23 857	-	-
TOTAL	**27 013**	**23 857**	**-**	**-**

Tetra4 (Pty) Ltd entered into a R50 million loan agreement on 01 May 2013. The funds were spent on natural gas exploration and production activities. The loan agreement is for the period from inception of the loan on 1 May 2013 until 31 December 2022. During this period, the loan is unsecured and interest free. The loan can only be repaid when Tetra4 declares a dividend and 36% of distributable profits must be repaid before a dividend is declared.

The loan has been discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2 basis points which at year end is 10.50%.

In the event that by 31 December 2022 the loan is not repaid, the loan shall bear interest at prime overdraft plus 2 basis points and will have no repayment terms. Shareholders loans can only be repaid after the loans from Molopo Energy Limited has been settled.

16. PROVISIONS

RECONCILIATION	OPENING BALANCE	ADDITIONS	CLOSING BALANCE
GROUP - 2017			
Environmental rehabilitation	2 755	345	3 100
TOTAL	**2 755**	**345**	**3 100**
GROUP - 2016			
Environmental rehabilitation	2 755	-	2 755
TOTAL	**2 755**	**-**	**2 755**

Environmental Rehabilitation Provision

The Group has production and rights, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State. The company has not provisions.

The Group has had to provide R 3.1 million as part of its Environmental Management Programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the production activities.

The Group has guarantees in place to the value of R 3.1 million with PASA. The amount is allocated for:

- the rehabilitation of 4 new planned sites
- final rehabilitation of 16 well sites

16. PROVISIONS (CONTINUED)

- removal and rehabilitation of approximately 18 382m of pipeline routes
- monitoring and maintenance of such rehabilitated pipeline routes
- remediation of contaminated soil
- scarification of compacted soil

as set out in paragraph 2.2.5 of the Record of Decision for the approval of the Environmental Management Programme, dated June 2011.

Company

The company has no provisions in the current year (2016: Rnil)

17. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
HELD AT AMORTISED COST				
Other financial liabilities	27 013	23 857	-	-
Trade and other payables	5 192	3 448	1 598	2 235
TOTAL	**32 205**	**27 305**	**1 598**	**2 235**

18. TRADE AND OTHER PAYABLES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Trade payables	4 090	1 807	896	1 073
Accrues expenses	503	864	503	863
Accrued leave	311	42	23	(57)
Loans payable	599	777	199	299
TOTAL	**5 503**	**3 490**	**1 621**	**2 178**

19. REVENUE

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Sale of CNG	1 722	-	-	-
Management fees	-	-	5 089	-
TOTAL	**1 722**	**-**	**5 089**	**-**

20. COST OF SALES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Cost of CNG purchased	406	-	-	-
CNG Production costs	1 721	-	-	-
TOTAL	**2 127**	**-**	**-**	**-**

21. OPERATING LOSS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
OPERATING LEASE CHARGES				
Contractual amounts	774	302	545	103
Depreciation	1 828	88	142	-
Amortisation	13	-	-	-
TOTAL DEPRECIATION AND AMORTISATION	**1 841**	**88**	**142**	**-**
Employee costs	6 509	5 250	-	1 204
Impairment	3	32	3	-

22. INTEREST INCOME

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Bank interest income	**1 287**	3 023	**1 284**	3 018

23. FAIR VALUE ADJUSTMENTS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Financial liabilities	**(3 156)**	(2 946)	**-**	-

24. FINANCE COSTS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Interest expense	**(8)**	(81)	**(8)**	-

25. TAXATION

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
ACCOUNTING LOSS	**(24 896)**	**(19 499)**	**(2 929)**	**(7 507)**
Tax at applicable rate of 28%	6 971	5 460	820	2 102
Tax on permanent differences				
Non-deductible depreciation and amortisation	(4)		-	
Non-deductible impairment	(1)	(32)	(1)	
Current year unused loss	(6 395)	(5 428)	(838)	(2 102)
Non-deductible expenses	(903)	-	(27)	
Non-taxable income not taxable	48	-	46	
Tax on temporary difference				
Accelerated allowances	284	-	-	
Deferred tax asset recognised	6 234	-	2 364	
EFFECTIVE TAX	**6 234**	**-**	**2 364**	**-**
EFFECTIVE TAX RATE	**25.04%**	**-**	**80.71%**	**-**
MAJOR COMPONENTS OF THE TAX INCOME				
CURRENT				
DEFERRED				
Originating and reversing temporary differences on tax loss	6 234	-	2 364	-
TOTAL TAX PER THE STATEMENT OF COMPREHENSIVE INCOME	**6 234**	**-**	**2 364**	**-**

26. AUDITOR'S REMUNERATION

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Fees	**357**	441	**175**	441

27. LOSS PER SHARE

Figures in Rand thousands	2017	2016
BASIC AND DILUTED LOSS		
Loss from continuing operations attributable to equity owners of the parent	(17 221)	(19 449)
Basic and diluted loss per share (cents)	**(22.19)**	**(36.53)**
RECONCILIATION OF BASIC LOSS TO HEADLINE LOSS		
Basic and diluted loss attributable to equity owners of parent	(17 221)	(19 499)
Profit on disposal of assets	(15)	-
Impairment of fixed assets	3	-
Tax effects of disposal and impairment of fixed assets	4	-
Basic and diluted headline loss	**(17 229)**	**(19 499)**
Basic and diluted headline loss per share (cents)	**(22.20)**	**(36.53)**
Weighted average number of ordinary shares	**77 611**	**53 383**

28. CASH USED IN OPERATIONS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
Loss before tax	(24 896)	(19 499)	(2 929)	(7 507)
ADJUSTMENTS FOR:				
Depreciation	1 828	88	142	-
Amortisation	13	-	-	-
Impairment	3	32	3	-
Interest income	(1 287)	(3 024)	(1 284)	(3 018)
Finance costs	8	81	-	-
Fair value losses	3 156	2 946	-	-
Share-based payment	-	1 518	-	-
Discount on acquisition of subsidiary	-	-	-	-
Profit on sale of assets	15	-	-	-
CHANGES IN WORKING CAPITAL				
Trade and other receivables	(5 051)	(5 702)	2 812	-
Trade and other payables	1 797	(564)	(554)	2 177
	(24 414)	**(24 123)**	**(1 810)**	**(8 348)**

* Trade & other receivables and Trade and other payables include at acquisition balances of Renergen Limited company (2016 acquisition) and Mega Power Renewables (2017 acquisition).

29. MEGA POWER RENEWABLES ACQUISITION

Figures in Rand thousands	
FAIR VALUE OF ASSETS AND LIABILITIES ACQUIRED	
Trade and other receivables	266
Intangibles assets	7 343
Loan	(7 343)
NET ASSET VALUE AT ACQUISITION	**266**

Renergen Limited obtained effective control of the Ivory Coast Hydro Joint Venture in September 2016. Control was obtained through Renergen having two seats on the board of directors which constitutes three board members, no cash consideration was paid. Mega Power Renewables had no cash balance at acquisition date. The joint operation has been registered as a company named Mega Power Renewables. The funds expended towards the feasibility and pre-feasibility studies by Renergen Limited have been converted to a loan that does not bear interest and does not have fixed repayment terms.

30. COMMITMENTS

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
OPERATING LEASE				
MINIMUM LEASE PAYMENTS DUE				
Within a year	757	301	757	-
2-5 year inclusive	1 009	-	1 009	-
Later than 5 years	-	-	-	-
TOTAL	**1 766**	**301**	**1 766**	**-**

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of three years and rentals escalate at 8% per annum. No contingent rent is payable.

31. FINANCE AND OPERATING LEASES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
OPERATING LEASE LIABILITIES				
MINIMUM LEASE PAYMENTS				
Within a year	757	301	757	-
2-5 year inclusive	1 009	-	1 009	-
Later than 5 years	-	-	-	-
TOTAL	**1 766**	**301**	**1 766**	**-**
FINANCE LEASE OBLIGATIONS				
MINIMUM LEASE PAYMENTS				
Within a year	82	-	82	-
2-5 year inclusive	137	-	137	-
Later than 5 years	-	-	-	-
TOTAL	**219**	**-**	**219**	**-**
Future finance charges	(29)	-	(29)	-
PRESENT VALUE OF MINIMUM LEASE PAYMENTS	**190**	-	**190**	**-**

31. FINANCE AND OPERATING LEASES (CONTINUED)

The Group leases certain vehicles under finance lease. The average lease term is four years and the average effective borrowing rate is 10.5%, (2016: 0%).

The operating lease liabilities are not secured.

There were no breaches or defaults in contracts during the current or comparative period.

32. RELATED PARTIES

RELATIONSHIPS

Subsidiaries	Tetra4 Proprietary Limited Windfall Resources Limited Mega Power Renewables
Shareholder with significant influence	CRT Investments (PTY) LTD MATC Investment Holdings Proprietary Limited
Companies controlled by director’s	CRT Proprietary Limited MATC Investment Holdings Proprietary Limited Mega Power Renewables

32. RELATED PARTIES

Figures in Rand thousands	GROUP		COMPANY	
	2017	2016	**2017**	2016
RELATED PARTY BALANCES				
LOAN ACCOUNTS OWING BY/(TO) RELATED PARTIES				
Tetra4 (Pty) Ltd	-	-	104 880	69 964
Windfall Energy (Pty) Ltd	-	(477)	-	-
Mega Power Renewables	-	-	7 508	-
TOTAL	**-**	**(477)**	**112 388**	**69 964**
RELATED PARTY TRANSACTIONS				
RENT PAID TO RELATED PARTIES				
Tetra4 (Pty) Ltd	-	-	40	40
RENT RECEIVED FROM RELATED PARTIES				
Tetra4 (Pty) Ltd	-	-	(80)	-
MANAGEMENT FEES EARNED FROM RELATED PARTIES				
Tetra4 (Pty) Ltd	-	-	(5 098)	--
CONSULTING FEES PAID TO RELATED PARTIES				
Eddie Cooke	680	-	597	-
ADMINISTRATIVE FEES RECEIVED FROM RELATED PARTIES				
Tetra4 (Pty) Ltd	-	-	-	(57)

The group's executive directors are key management personnel.

33. DIRECTORS' EMOLUMENTS

Figures in Rand thousands	BASIC SALARY	BONUS	EXPENSES ALLOWANCES	TOTAL
EXECUTIVES - 2017				
Stefano Marani	1 999	167	-	2 166
Fulu Ravele	1 145	100	-	1 245
Nick Mitchell	1 931	160	-	2 091
Eddie Cooke	-	-	-	-
	5 075	**427**	**-**	**5 502**
EXECUTIVES - 2016				
Stefano Marani	625	-	-	625
Fulu Ravele	494	64	-	558
Nick Mitchell	600	-	-	600
Eddie Cooke*	-	-	-	-
	1 719	**64**	**-**	**1 783**

Eddie Cooke changed from an independent non-executive director to become an executive director with effect from 1 May 2016. Mr. Eddie Cooke earned consulting fees of R680 017 for the period up to 7 December 2016, Mr. Cooke did not earn a salary during his tenure as an executive director. Mr. Eddie Cooke resigned on 7 December 2016, as an executive director but has continued his involvement in the operational aspects of Tetra4 Proprietary Limited in his capacity as a consultant.

Figures in Rand thousands	DIRECTORS' FEES	COMMITTEE FEES	TOTAL
NON-EXECUTIVES - 2017			
Brett Kimber	260	99	359
Mbali Swana	180	140	320
Russell Broadhead	129	44	173
Eddie Cooke	53	13	66
Luigi Matteucci	127	188	315
Bane Maleke	18	25	43
	767	**509**	**1 276**

Eddie Cooke was an independent non-executive director for two months of the year; March 2016 and April 2016.

33. DIRECTORS' EMOLUMENTS (CONTINUED)

Figures in Rand thousands	DIRECTORS' FEES	COMMITTEE FEES	TOTAL
NON-EXECUTIVES - 2016			
Brett Kimber	173	100	273
Mbali Swana	180	-	180
Russell Broadhead	180	-	180
Eddie Cooke	180	50	230
Luigi Matteucci	-	-	-
Bane Maleke	-	-	-
	713	**150**	**863**

34. RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The company and group's objectives when managing capital are to safeguard the company and group's ability to continue as a going concern to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 9, 15 and 31 cash and cash equivalents disclosed in note 13, and equity as disclosed in the consolidated statement of financial position.

There are no externally imposed capital requirements.

FINANCIAL RISK MANAGEMENT

The company and group are exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company and group's financial performance. The principles for financial management are included in the company and group's treasury policy and cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and nonderivative financial instruments, and investment of excess liquidity.

LIQUIDITY RISK

Management manages cash flow on a group basis through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and spending is monitored for compliance with internal targets.

34. RISK MANAGEMENT (CONTINUED)

Figures in Rand thousands	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
OTHER FINANCIAL LIABILITIES				
Less than 1 year	-	-	-	-
Between 1 and 5 years	-	-	-	-
Over 5 years	27 013	23 857	-	-
PROVISION				
Less than 1 year	-	-	-	-
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	-	-	-
Over 5 years	3 100	2 755	-	-
TRADE AND OTHER PAYABLES				
Less than 1 year	2 868	3 490	1 779	2 178
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	-	-	-
Over 5 years	-	-	-	-

INTEREST RATE RISK

The company and group's operating cash flows are independent of changes in market interest rates. The company and group's interest rate risk arises from long-term debt. Debt issued at variable rates exposes the company and group to cash flow interest rate risk. The debt with variable interest rate is not repayable until December 2022. Refer to note 15. Interest bearing debt comprise 30% of the total equity, therefore deemed to be low risk.

No sensitivity analysis has been prepared as material liabilities are interest free.

CREDIT RISK

Credit risk is managed on a company and group basis as well as individual company basis. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and related party loans. The company and group only deposit cash with major banks with high-quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a prepaid expense from regular suppliers of the company and group. Risk control assesses the credit quality of the supplier by considering its financial position, experience and other factors. The maximum credit risk the company and group are exposed to is the receivable balance on the trade receivables and related party loans as disclosed in note 11 and 9 respectively.

34. RISK MANAGEMENT (CONTINUED)

FOREIGN EXCHANGE RISK

The company and group procure some operating equipment and machinery internationally and is exposed to foreign exchange risk arising primarily with respect to ZAR, EUR and USD. Foreign exchange risk arises from future commercial transactions, liabilities and net investments in foreign operations. Management is of the view that only the ZAR poses a significant foreign exchange risk given its volatility against the USD. The company and group review its foreign currency exposure, including commitments on an ongoing basis.

35. EVENTS AFTER THE REPORTING PERIOD

Additional capital was raised in April 2017 with the issue of shares which will facilitate the expansion of operations. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 24 May 2017, Renergen and the Industrial Development Corporation (IDC) concluded an agreement for the funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Project, subject to fulfilling conditions precedent, including the Environmental Impact Assessment for the construction of the pipeline in Virginia, final review of geology and injection of additional capital. The funding is over an eight-year term.

The directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

36. GOING CONCERN

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. The directors have reviewed the Group's budget and cash flow forecast for the year to 28 February 2018. On the basis of the current financial position and the existing ability to obtain debt facilities from external parties, the directors are satisfied that the Group is a going concern and will be able to settle liabilities, contingent obligations and commitments that are incurred in the ordinary course of business.

Although the Group continues to make losses, management has been working closely with financial institutions to ensure that when the need arises, project finance will be available for the construction of critical items to roll the company's business plan. To this end, management is of the opinion that conditions precedent to the IDC funding agreement will be met and the group will continue to operate as a going concern.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2018

GENERAL INFORMATION

RENERGEN LIMITED

Country of incorporation and domicile
South Africa

Company registration number
2014/195093/06

JSE Share code
REN

JSE ISIN
ZAE000202610

Registered office
First Floor, 1 Bompas Road, Dunkeld West, 2196

Nature of business and principal activities
Energy company, focused on alternative and renewable energy sectors in South Africa

The Company is listed on the JSE Alternative Exchange (AltX)

Directors
Stefano Marani
Fulu Ravele
Nick Mitchell
Brett Kimber
Mbali Swana
Luigi Matteucci
Bane Maleke

Auditors
Grant Thornton Johannesburg
Chartered Accountants (SA)
Registered Auditors
A South African member of Grant Thornton International Limited

Company secretary
Acorim Proprietary Limited

Transfer secretaries
Computershare Investor Services Proprietary Limited

Designated adviser
PSG Capital

Level of assurance
These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008

Preparer
The financial statements were prepared under the supervision of Fulu Ravele CA(SA) Chief Financial Officer

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group for the year ended 28 February 2018 and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within predetermined procedures and constraints.

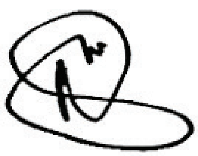
The Directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and is satisfied with the Group's ability to continue as a going concern.

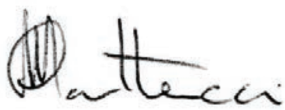
The Group intends to raise sufficient capital from both local and international investors. The Group has finalised its capital needs and has started with a formal process to raise capital from investors. Raising this capital will satisfy the major remaining Industrial Development Corporation conditions precedent which required the Group to raise R145 million to unlock the R218 million debt facility. If the Group is unsuccessful with the intended capital raise it would result in there being material uncertainty in the Group's ability to continue as a going concern, but Management is confident that the Group will be in a position to raise enough capital and draw on the IDC loan by the end of the first half of the 2019 financial year and the Group will continue to operate as a going concern.

The external auditors are responsible for independently auditing and reporting on the financial statements. The financial statements have been examined by the Group's external auditors and their report is presented on pages 72 to 75.

The financial statements set out on pages 80 to 85, which have been prepared on the going concern basis and the Directors' report on pages 76 to 79, were approved by the Board of Directors on 27 June 2018 and were signed on their behalf by:



Mbali Swana



Luigi Matteucci

AUDIT, RISK AND IT COMMITTEE REPORT

INTRODUCTION

The Audit, Risk and IT Committee (the Audit Committee) is an independent statutory Committee appointed by Renergen's shareholders. In terms of section 94) of the Companies Act 71 of 2008, as amended (the Companies Act), and the principles of good governance, shareholders annually appoint certain independent Directors as members of the Audit Committee to fulfil the statutory duties as prescribed by the Companies Act.

In addition, Renergen's Board of Directors (the Board) delegates specific duties to the Audit Committee. This report considers these statutory and delegated duties as well as the Audit Committee's responsibilities in terms of the JSE Listings Requirements and the King IV Code on Corporate Governance, 2016 (King IV).

TERMS OF REFERENCE

The Audit Committee has adopted formal terms of reference which are reviewed and updated on an annual basis as necessary by both the Committee and the Board. The Committee is satisfied that it has discharged its duties in accordance with its terms of reference.

COMPOSITION AND GOVERNANCE

During the year under review the Audit Committee comprised of the following Independent Non-executive Directors:

NAME	QUALIFICATION
Mbali Swana (chairperson)	Bas (UCT), BArch (UCT), Pr Arch (SA), MIAT (SA)
Luigi Matteucci	B.com (Wits) CTA (Wits) CA (SA)
Bane Maleke	MBA (Dalhousie University Canada), Ph. D Strategic Management (University of Bath UK)

For details of the qualifications, expertise and experience of the members of the Audit Committee, refer to page 29 of the Integrated Annual Report.

Members of the Audit Committee satisfy the requirements to serve as members of an Audit Committee, as provided for in section 94 of the Companies Act, and collectively have adequate knowledge and experience to carry out their duties.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and representatives of the external auditors are invited to attend all Audit Committee meetings. The chairperson of the Audit Committee has regular contact with Management to discuss relevant matters directly. The external auditors have direct access to the Audit Committee, including closed sessions without management, on any matter that they regard as relevant to the fulfilment of the Audit Committee's responsibilities.

Three Audit Committee meetings were held during the year under review, aligned with the key reporting and regulatory timelines. The meetings' key focus areas were:

- The financial performance and position of the Group
- The solvency and liquidity position of the Group
- Renergen's interim results for the six months to 31 August 2017 and the SENS announcements
- The external audit plan
- Financial year end results and the SENS announcements
- Significant and unusual accounting transactions
- The external auditor's report
- JSE correspondence and the Audit Committee's responses thereto
- Renergen's risk register and the responses associated with each risk
- The adequacy of the Risk Management Policy, charter and plan and the risk tolerance and risk appetite statements. Certain recommendations were made by the Audit Committee in this regard which have been adopted by Management
- The insurance cover in place to protect the Group's assets
- Risks associated with business continuity planning
- Whistleblowing policies and procedures

The chairperson of the Audit Committee reports to the Board on its activities and the matters discussed at each meeting, highlighting any key items that the

AUDIT, RISK AND IT COMMITTEE REPORT

Committee believes require action and providing recommendations for their resolution.

The performance of the Audit Committee is reviewed annually by the Board. The latest review concluded that the Audit Committee operates effectively and successfully discharged its responsibilities and duties.

ROLES AND RESPONSIBILITIES

The Audit Committee's primary objective is to assist the Board with its responsibilities for, inter alia:

- Oversight of financial and internal controls
- Oversight and review of integrity of financial reporting
- Oversight and review of the external audit process
- Oversight of any non-audit services and approval of the policy in regard thereto
- Oversight and review of Renergen's financial function
- Management of risk
- Governance of information technology and the effectiveness of Renergen's information systems
- Legislative and regulatory compliance
- Oversight of the policies and procedures for the prevention and detection of fraud

FINANCIAL AND INTERNAL CONTROLS

The Group has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage significant control deficiencies raised by Management or the external auditors and to provide reasonable assurance against the possibility of any failures.

The Audit Committee is satisfied that Renergen has optimised the assurance coverage obtained from Management and external assurance providers, in accordance with an approved combined assurance model. The Committee is also satisfied that the combined assurance model and related systems and procedures are effective in enabling an effective internal control environment and supporting the integrity of internal and external reports.

Based on its continuous review of the design, implementation and effectiveness of Renergen's systems of internal financial controls, and on reports made by the external auditors on the results of their audit and management reports, the Audit Committee is satisfied that Renergen's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. No findings have come to the attention of the Audit Committee to indicate that any material breakdown in internal controls occurred during the past financial year.

FINANCIAL REPORTING

The Audit Committee receives regular reports from the CFO regarding the financial performance of the Group, details of budgets, forecasts, long-term plans and capital expenditures, financial reporting controls and processes, and the adequacy and reliability of management information used during the financial reporting process.

During the year under review correspondence was received from the JSE in respect of its proactive monitoring of Renergen's Annual Financial Statements for the financial year ended 28 February 2017. The Audit Committee was actively involved in reviewing the queries raised by the JSE and responding thereto. Following the conclusion of this process the Audit Committee is satisfied that the JSE's queries were adequately addressed and, where necessary, appropriate steps have been taken to address the findings.

The Audit Committee reviewed the audited Annual Financial Statements for the year ended 28 February 2018 and, following an assessment, considers that the financial reporting process and controls that led to the compilation of the Annual Financial Statements is effective. No significant matters were identified by the Committee relating to the Annual Financial Statements and the Committee submits that they present a balanced view of the Group's performance for the year under review. The Audit Committee is therefore of the view that the annual financial report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated Annual Financial Statements and that the consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE Listing Requirements.

The Audit Committee recommended that the Annual Financial Statements and the financial information included in the integrated annual report be approved by the Board.

EXTERNAL AUDIT

The Audit Committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Grant Thornton.

Grant Thornton has been the Group's external auditor for four years. At the Annual General Meeting held on 29 September 2017, Grant Thornton was reappointed as the independent external auditor for the financial year ended 28 February 2018. The individual registered auditor responsible for the audit for the financial year ended 28 February 2018 was Mr. J Barradas. As Grant Thornton is required to rotate the audit partner responsible for the Group audit every five years, the current lead audit partner will be required to change from financial year 2020 onwards.

The Audit Committee is also responsible for determining the independence of the external auditor. The Audit Committee is satisfied that Grant Thornton is independent of Renergen, taking into consideration the prescripts of section 94(8) of the Companies Act and the rules of the Independent Regulatory Board for Auditors.

The Audit Committee approved the engagement letter, the audit plan and the audit fees for the financial year ended 28 February 2018, and monitored progress against the approved plan. Following the statutory audit, the auditor's report provided the Audit Committee with the necessary assurance in respect of Renergen's risk management processes, internal control environment and IT governance.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the Audit Committee.

The Audit Committee has satisfied itself that both Grant Thornton and Mr. J Barradas are accredited in terms of the JSE Listings Requirements and are independent from Renergen. As such the Audit Committee recommended to the Board that Grant Thornton be reappointed as the Group's external auditor for the financial year ending 28 February 2019, with Mr. J Barradas as the individual registered auditor.

The Audit Committee has reviewed sections 3, 8, 13, 15 and 22 and schedule 8 of the JSE Listing Requirements and confirm that based on the amended requirements for the JSE-accreditation of Auditors, effective 15 October 2017, we were satisfied that:

(i) The audit firm has met all the criteria stipulated in the requirements, including that the audit regulator has completed a firm-wide independent quality control (ISQC 1) inspection on the audit firm during its previous inspection cycle

(ii) The auditors have provided to the Audit Committee, the required IRBA inspection decision letters, findings report and the proposed remedial action to address the findings, both at the audit firm and the individual auditor levels

(iii) Both the audit firm and the individual auditor understand their roles and have the competence, expertise, experience and skills required to discharge their specific audit and financial reporting responsibilities

The Directors will propose the reappointment of Grant Thornton at the Annual General Meeting to be held on 28 September 2018. Details can be found in the notice of the Annual General Meeting that accompanies the Integrated Annual Report.

EVALUATION OF THE CFO AND THE FINANCE FUNCTION

The Audit Committee evaluated the expertise and performance of the CFO during the period ended February 2018 and is satisfied that the CFO has the appropriate expertise and experience to carry out her duties as the CFO of the Group. The expertise, experience and adequacy of the resources making up the finance function were also considered, and the Committee is satisfied that these are appropriate.

AUDIT, RISK AND IT COMMITTEE REPORT

RISK MANAGEMENT

The Audit Committee discusses with Management the Group's policies with respect to risk assessment and risk management, including the guidelines and policies that govern Management's assessment and management of risk, and is responsible for the following:

- Reviewing the effectiveness of risk management policies and strategies in place for recommendation to the Board for final approval
- Reviewing the adequacy of the risk management charter, policy and plan for recommendation to the Board for final approval
- Approving the Group's risk identification and assessment methodologies
- Reviewing the parameters of the Group's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward
- Ensuring that risks are quantified where practicable
- Reviewing and approving the risks identified on a qualitative basis, according to probability and seriousness
- Reviewing the effectiveness and efficiency of systems within the Group and receiving assurance that material risks are identified, and the appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Company policies
- Reviewing the appropriateness of resources directed towards areas of high risk
- Regularly receiving a register of the Group's key risks and potential material risk exposures
- Reporting to the Board any material changes and/or divergence to the risk profile of the Group
- Reviewing the implementation of operational and corporate risk management plans
- Reviewing the insurance and other risk transfer arrangements and considering whether appropriate coverage is in place
- Reviewing the business contingency planning process within the Group and receiving assurance that material risks are identified and that appropriate contingency plans are in place
- Where necessary recommending actions for improvement on risk management plans for the Group
- Reviewing the Group's sustainability risk on a regular basis
- Annually reviewing the risk management charter for recommendation to the Board for final approval

The Audit Committee is satisfied with the effectiveness of its oversight of the governance of risk in the Group. A detailed report on risk, as recommended in King IV, is contained on page 36 and 37.

INFORMATION AND TECHNOLOGY GOVERNANCE

The Audit Committee is responsible for IT governance on behalf of the Board and receives reports from management in this regard at each Committee meeting. During the year under review the Audit Committee considered and approved a technology and information governance framework to manage information and technology as well as to identify any associated risks.

The Audit Committee also oversaw the implementation of Isometrix during the year under review which allows for the identification, control and monitoring of risks across the Group.

COMPLIANCE GOVERNANCE

The Audit Committee is responsible for Renergen's compliance with applicable laws, rules, codes and standards. All of the laws, codes and standards applicable to Renergen have been identified the responsibility for implementing compliance has been delegated to management.

GOING CONCERN

The Audit Committee has reviewed a documented assessment, including key assumptions prepared by Management, of the going concern status of the Group. The Board's statement on the going concern status of the Group, which is supported by the Audit Committee, appears on page 79.

GROUP SECRETARY CERTIFICATION

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended (the Act), that for the 12-month period ended 28 February 2018, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Acorim Proprietary Limited
Company Secretary

27 June 2018

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the consolidated and separate financial statements of Renergen Limited (the Group and Company) set out on pages 80 to 122 which comprise the consolidated and separate statements of financial position as at 28 February 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Renergen Limited as at 28 February 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa.

The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 41 in the consolidated financial statements, which indicates that the Group incurred a net loss of R40.6 million during the year ended 28 February 2018. The Group currently does not have the cash reserves to finance its operations and business objectives for the next 12 months if the capital raise is not successful. As stated in Note 41, these events or conditions, along with other matters as set forth in Note 41, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the "Material Uncertainty Related to Going Concern" section, we have determined the matter described below to be the key audit matters to be communicated in our report. The key audit matter relates to the consolidated financial statements. We have determined that there are no key audit matters in respect of the separate financial statements.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION AND IMPAIRMENT TESTING OF MINERAL RIGHTS	
As disclosed in note 4 to the consolidated financial statements, the Group has mineral rights disclosed as intangible assets with carrying values of R65.8 million (2017: R 65.6 million). In terms of IAS 36 Impairment of Assets, management is required to perform an impairment test on intangible assets at least annually, and identify indicators of impairment, if any. We have determined this is a key audit matter due to the judgement required by management in preparing the valuation model to satisfy the impairment test. The use of an expert is required to calculate the amount of resources available as well as forecasting future cash flows and applying appropriate discount rates. This inherently involves a high degree of estimation and judgement being applied by management.	In considering the appropriateness of management's judgement used in the valuation models, we performed the following audit procedures: • Assessed appropriateness of capitalisation of costs in terms of IFRS 6 • Reviewed the recoverability of the mineral right by assessing the experts of MHA Petroleum Consultants LLC's value-in-use calculation • Recalculated the amortisation charge for the period based on the units of utilisation over the total estimated resources available • Verified the additions made during the period • Obtained an analysis of estimated future expenditure included in the amortisation base • Analytically reviewed each income stream on a month on month and year on year basis to evaluate the completeness of each revenue stream • Reviewed the work of the experts and compared to methods and assumptions of those used in the preceding period in order to ensure consistency We furthermore considered the appropriateness and completeness of disclosure provided in this regard.

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the Integrated Annual Report, which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies

INDEPENDENT AUDITOR'S REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Act of South Africa, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group and/or Company or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Grant Thornton Johannesburg Partnership has been the auditor of Renergen Limited for four years.

Grant Thornton.

Grant Thornton

Registered Auditors
Practice Number: 903485E

J Barradas
Partner
Registered Auditor
Chartered Accountant (SA)

27 June 2018

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Wanderers Office Park
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Illovo, Johannesburg
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report on the financial statements of Renergen Limited and the Group for the year ended 28 February 2018.

1. NATURE OF BUSINESS

An energy group focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange (AltX).

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The Group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

Operational Review

In another productive year, the team has yet again delivered on furthering the Virginia Gas Project with the following main achievements:

- Conclusion of the IDC debt package for the Virginia Gas Project
- Achieving an environmental authorization to commence construction
- Update of reserve report, including defined helium reserves of significant proportions
- Announcement of LNG off-take agreement
- Completion of front end engineering and design for the pipeline and liquefiers
- Improvement of the business model from CNG to LNG, thus lowering transport cost and increasing marketing footprint

RENERGEN AND THE IDC ANNOUNCE TERM FUNDING OF R218 MILLION FOR TETRA4 VIRGINIA GAS PROJECT

On 24 May 2017, Renergen and the Industrial Development Corporation (IDC) announced funding of R218 million to develop the pipeline and associated installations, compression station and the potential power and steam plant at Renergen subsidiary Tetra4's Virginia Gas Project.

VIRGINIA

The CNG plant has been operating at optimal capacity with positive results. Gas has been supplied to the Megabus operations for several months and not only have customers been pleased with the improvement in the quality of the commute, but the operator has begun to experience savings on the fuel cost.

EVANDER

We continue to enjoy good prospects on this field, and are proceeding with the necessary steps to bring this field into production.

CÔTE D'IVOIRE HYDRO

Côte d'Ivoire Hydro, a hydroelectric project managed by Mega Power Renewables (a subsidiary of Renergen) in Côte d'Ivoire (in the west of the African continent), reached a critical point where management had to take a decision on whether to continue to fund it or write off the investment to date. The studies have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm, and Renergen would benefit more from deploying that investment to developing Tetra4's Evander gas field as well as bringing a second operation online. Management has decided not to continue funding the Ivory Coast hydroelectric projects further and will concentrate exclusively on the South African natural gas market for the time being.

Financial Review

Total loss of the Group was R40.6 million (28 February 2017: R18.7 million) after taxation of R 2.4 million (28 February 2017: R6.2 million).

Major investing activities were:

- R9.6 million spent on plant, machinery and equipment on engineering of Tetra4's Virginia operating plant expansion
- R2.8 million on a financial business system as well as integrated health, safety and environmental quality software system

The feasibility and pre-feasibility studies of the hydroelectric project in Côte d'Ivoire, were funded by Renergen. Renergen has funded all costs incurred to date in the form of a loan to Mega Power Renewables. The hydroelectric project of R12.2 million has been impaired as no economic benefits are expected to be recovered.

3. STATED CAPITAL

The Group increased its number of shares issued to 81 035 123 from 78 412 605 shares issued in prior year.

Refer to note 14 of the financial statements for details of the movement in authorised and issued share capital.

4. DIVIDENDS

No dividends were declared or paid to shareholders during the year.

5. DIRECTORATE

The Directors in office at the date of this report are as follows:

DIRECTORS	OFFICE	DESIGNATION	CHANGES
Stefano Marani	Chief Executive Officer	Executive	Appointed 20 November 2014
Fulu Ravele	Chief Financial Officer	Executive	Appointed 25 November 2015
Nick Mitchell	Chief Operating Officer	Executive	Appointed 25 November 2015
Brett Kimber	Chairperson	Independent Non-executive	Appointed 17 June 2015
Mbali Swana	Deputy chairperson	Independent Non-executive	Appointed 16 February 2015
Luigi Matteucci		Independent Non-executive	Appointed 03 May 2016
Bane Maleke		Independent Non-executive	Appointed 07 December 2016

DIRECTORS' REPORT

6. DIRECTORS' INTERESTS IN SHARES

	28 February 2018 Direct %	28 February 2018 Indirect %	28 February 2018 Total %	28 February 2017 Direct %	28 February 2017 Indirect %	28 February 2017 Total %
EXECUTIVE DIRECTORS						
Stefano Marani	0.32	10.73	11.05	0.33	11.09	11.42
Nick Mitchell	-	10.61	10.61	-	11.26	11.26
	0.32	**21.34**	**21.66**	**0.33**	**22.35**	**22.68**

Non-executive Directors did not hold shares in the Group for the year ended 28 February 2018.

The register of interests of Directors and others in shares of the Group is available to the shareholder on request.

Nick Mitchell disposed of 230 000 of his indirect shareholding in June 2017. This resulted in his indirect shareholding being diluted from 11.26% at 28 February 2017 to 10.61% as at 28 February 2018.

The overall executive Directors' indirect interest as at 28 February 2018 decreased to 21.34% from 22.35%.

Fulu Ravele (executive director) was granted shares in October 2017 as part of the Bonus Share Plan approved by shareholders on 29 September 2017. The vesting period at grant date was 36 months. These shares will only vest in 33 months and have not been included in the director's interest in shares above.

There were no other changes to Directors' interest between 28 February 2018 and the date of signature of this report other than those mentioned above.

7. INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

Details of material interests in subsidiary companies are presented in the financial statements in note 5. The interest of the Group in the losses of its subsidiaries for the period ended 28 February 2018 are as follows:

Figures in Rand thousands	**28 February 2018**	28 February 2017
Tetra4 (Pty) Ltd losses after income tax	29 209	18 097
Mega Power Renewables losses before income tax	-	-

Mega Power Renewables was disposed of before year end.

8. EVENTS AFTER THE REPORTING PERIOD

Additional stated capital of R10 million was raised in March 2018. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 07 March 2018, MHA Petroleum Consultants LLC released an independent Reserve and Resources Evaluation Report on Tetra4's gas reserves. The Report indicated that Tetra4's Total Proven and probable gas reserves are valued at R8.4 billion compared to R6.6 billion in 2017.

As per the SENS announcement dated 21 May 2018 Renergen and AB-INBEV, through their respective subsidiaries Tetra4 (Pty) Ltd and The South African Breweries Proprietary Limited (SAB), concluded off-take agreements for the provision of natural gas by Tetra4 to SAB to use in displacing diesel use in trucks.

The Directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

9. GOING CONCERN

The Consolidated and Separate Financial Statements have been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and is satisfied with the Group's ability to continue as a going concern.

The Group intends to raise sufficient capital from both local and international investors. The Group has finalised its capital needs and has started with a formal process to raise capital from investors. Raising this capital will satisfy the major remaining Industrial Development Corporation conditions precedent which required the Group to raise R145 million to unlock the R218 million debt facility. If the Group is unsuccessful with the intended capital raise it would result in there being material uncertainty in the Group's ability to continue as a going concern, but Management is confident that the Group will be in a position to raise enough capital and draw on the IDC loan by the end of the first half of the 2019 financial year and the Group will continue to operate as a going concern.

10. AUDITORS

Grant Thornton Johannesburg Partnership will continue in office as auditors.

Grant Thornton

Business address:
Wanderers Office Park,
52 Corlett Drive
Illovo, Johannesburg
2196

STATEMENT OF FINANCIAL POSITION

Figures in Rand thousands	Notes	GROUP 28 February 2018	GROUP 28 February 2017	COMPANY 28 February 2018	COMPANY 28 February 2017
ASSETS					
Non-Current Assets					
Property Plant and Equipment	3	32 615	21 756	4 604	1 156
Intangible Assets	4	65 838	76 555	14	14
Deferred tax asset	7	8 671	6 234	1 447	2 364
Investments in Subsidiaries	5	-	-	594 528	594 579
Loans to Group companies	8	-	-	135 071	-
Restricted Cash	13	1 632	-	-	-
Total Non-Current Assets		**108 756**	**104 545**	**735 664**	**598 113**
Current Assets					
Other financial assets	9	-	-	5 500	5 500
Loans to Group companies	8	-	-	-	112 388
Trade and other receivables	11	2 459	8 933	548	2 812
Cash and cash equivalents	12	3 037	11 299	2 651	10 720
Total Current Assets		**5 496**	**20 232**	**8 699**	**131 420**
Total Assets		**114 252**	**124 777**	**744 363**	**729 533**
EQUITY AND LIABILITIES					
Equity					
Stated capital	14	161 065	137 585	759 464	735 984
Accumulated loss		(80 231)	(42 551)	(19 464)	(8 072)
Foreign Currency Translation Reserve	30	-	3 389	-	-
Share-Based Payment Reserve	21	114	-	114	-
Equity attributable to Parent		**80 948**	**98 423**	**740 114**	**727 912**
Equity attributable to Non-controlling interests		(12 285)	(9 262)	-	-
Total Equity		**68 663**	**89 161**	**740 114**	**727 912**
LIABILITIES					
Non-Current Liabilities					
Financial Liability	15	30 545	27 013	-	-
Finance lease obligation*	35	511	137	511	137
Provisions	16	3 100	3 100	-	-
Total Non-Current Liabilities		**34 156**	**30 250**	**511**	**137**

Figures in Rand thousands	Notes	GROUP		COMPANY	
		28 February 2018	28 February 2017	**28 February 2018**	28 February 2017
Current Liabilities					
Trade and other payables	18	11 167	5 284	3 472	1 402
Finance lease obligation*	35	266	82	266	82
Total Current Liabilities		**11 433**	**5 366**	**3 738**	**1 484**
TOTAL LIABILITIES		**45 589**	**35 616**	**4 249**	**1 621**
TOTAL EQUITY AND LIABILITIES		**114 252**	**124 777**	**744 363**	**729 533**
Net asset value per share (cents)		**84.73**	**113.71**		
Tangible net asset value per share(cents)		**3.49**	**** 8.13**		

* Finance lease of R219 was included in trade and other payables in prior year results. This has been separately disclosed.

** Refer to note 26.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		GROUP		COMPANY	
Figures in Rand thousands	Notes	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Revenue	19	2 885	1 722	8 600	5 098
Cost of sales	20	(3 483)	(2 127)	-	-
Gross loss		**(598)**	**(405)**	**8 600**	**5 098**
Other income		59	375	597	433
Share-Based payments	21	(114)	-	-	-
Impairment loss	27	(12 245)	(3)	(7 512)	-
Operating Expenses	22	(31 912)	(22 986)	(12 567)	(9 736)
Profit/(loss) on disposal of business	38	4 708	-	(30)	-
Operating Loss		**(40 102)**	**(23 019)**	**(10 912)**	**(4 205)**
Interest Income	23	632	1 287	471	1 284
Interest expense	24	(35)	(8)	(35)	(8)
Imputed interest expense	25	(3 532)	(3 156)	-	-
Loss before tax		**(43 037)**	**(24 896)**	**(10 476)**	**(2 929)**
Taxation	28	2 436	6 234	(916)	2 364
Total Loss after tax		**(40 601)**	**(18 662)**	**(11 392)**	**(565)**
OTHER COMPREHENSIVE INCOME/(LOSS) ITEMS THAT MAY BE RECLASSIFIED TO PROFIT OR LOSS					
Foreign currency translation gain	30	1 348	3 389	-	-
Foreign currency reserve realised on disposal of business- transfer to other comprehensive income	30	(4 737)	-	-	-
Other comprehensive (Loss)/Profit		**(3 389)**	**3 389**	**-**	**-**
Total comprehensive loss for the period		**(43 990)**	**(15 273)**	**(11 392)**	**(565)**
LOSS ATTRIBUTABLE TO:					
Owners of the parent		(37 680)	(17 221)	(11 392)	(565)
Non-controlling interest		(2 921)	(1 441)	-	-
		(40 601)	**(18 662)**	**(11 392)**	**(565)**
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:					
Owners of the parent		(41 069)	(13 832)	(11 392)	(565)
Non-controlling interest		(2 921)	(1 441)	-	-
		(43 990)	**(15 273)**	**(11 392)**	**(565)**
LOSS PER ORDINARY SHARE					
Basic loss per ordinary share (cents)	31	**(47.10)**	**(22.19)**		
Diluted loss per ordinary share (cents)	31	**(47.05)**	**(22.19)**		

STATEMENT OF CHANGES IN EQUITY

	GROUP						
Figures in Rand thousands	**Share Capital**	**Accumulated Loss**	**Foreign currency translation reserve**	**Share-Based payment reserve**	**Total Parent Equity**	**Non-controlling interest**	**Total Equity**
Balance at 01 March 2016	**124 158**	**(25 330)**	**-**	**-**	**98 828**	**(7 923)**	**90 905**
Issue of shares	13 482	-	-	-	13 482	-	13 482
Share issue costs	(55)	-	-	-	(55)	-	(55)
Total Loss for the period		(17 221)	-	-	(17 221)	(1 441)	(18 662)
Other Comprehensive income	-	-	3 389	-	3 389	-	3 389
Non-controlling interest at acquisition of Mega Power Renewables	-	-	-	-	-	102	102
Balance at 01 March 2017	**137 585**	**(42 551)**	**3 389**	**-**	**98 423**	**(9 262)**	**89 161**
Issue of shares	26 000	-	-	-	26 000	-	26 000
Share issue costs	(2 520)	-	-	-	(2 520)	-	(2 520)
Share-Based payment	-	-	-	114	114	-	114
Total Loss for the period	-	(37 680)	-	-	(37 680)	(2 921)	(40 601)
Other Comprehensive income	-	-	1 348	-	1 348	-	1 348
Foreign currency reserve realised on disposal of business- transfer to other comprehensive income	-	-	(4 737)	-	(4 737)	-	(4 737)
Non-controlling interest at disposal – Mega Power Renewables	-	-	-	-	-	(102)	(102)
Balance at 28 February 2018	**161 065**	**(80 231)**	**-**	**114**	**80 948**	**(12 285)**	**68 663**
Notes	14		30	21			

STATEMENT OF CHANGES IN EQUITY

	COMPANY			
Figures in Rand thousands	Share Capital	Accumulated Loss	Share-Based payment reserve	Total Parent Equity
Balance at 01 March 2016	**722 557**	**(7 507)**	**-**	**715 050**
Issue of shares	13 482	-		13 482
Share issue costs	(55)	-		(55)
Total comprehensive Loss for the period	-	(565)		(565)
Balance at 01 March 2017	**735 984**	**(8 072)**	**-**	**727 912**
Issue of shares	26 000	-	-	26 000
Share issue costs	(2 520)	-	-	(2 520)
Total comprehensive Loss for the period	-	(11 392)	-	(11 392)
Share-Based payment	-	-	114	114
Balance at 28 February 2018	**759 464**	**(19 464)**	**114**	**740 114**
Notes	14		21	

STATEMENT OF CASHFLOWS

Figures in Rand thousands	Notes	GROUP 28 February 2018	GROUP 28 February 2017	COMPANY 28 February 2018	COMPANY 28 February 2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash used in operations	32	(19 036)	(24 414)	1 506	(1 810)
Interest Income	23	632	1 287	471	1 284
Interest expense	24	(35)	(8)	(35)	(8)
Net cash (outflows)/inflows from operating activities		**(18 439)**	**(23 135)**	**1 942**	**(534)**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	3	(13 662)	(16 469)	(3 858)	(1 403)
Net proceeds on sale of assets		-	15	-	-
Purchase of intangible asset	4	(199)	(4 260)	-	(14)
Loans granted to subsidiaries	10	-	-	(30 191)	(41 598)
Net cash outflows from investing activities		**(13 861)**	**(20 714)**	**(34 049)**	**(43 015)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net Proceeds on share issue	14	23 480	13 427	23 480	13 427
Finance lease capital re-payments	33	(210)	-	(210)	-
Finance lease proceeds	33	768	-	768	-
Net cash inflows from financing activities		**24 038**	**13 427**	**24 038**	**13 427**
Total cash movement for the period		(8 262)	(30 422)	(8 069)	(30 122)
Cash at the beginning of the period		11 299	41 721	10 720	40 842
Total cash at the end of the period		**3 037**	**11 299**	**2 651**	**10 720**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The Group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

1.1 CONSOLIDATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all investees which are controlled by the Group.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The excess of the consideration transferred over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group's share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Construction assets are not depreciated as they are not ready and available for the use intended by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

The useful lives of items of property, plant and equipment have been assessed as follows:

ITEM	DEPRECIATION METHOD	AVERAGE USEFUL LIFE
Computer software	Straight line	10 years
Furniture and fittings	Straight line	6 years
IT equipment	Straight line	3 years
Assets under Construction	Not applicable	Not applicable
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	10 years
Leasehold improvements- Furniture and fittings	Straight line	6 years
Leasehold improvements-Office equipment	Straight line	6 years
Finance - Motor vehicle	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

1.3 AREAS OF SIGNIFICANT JUDGEMENTS

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and receivables

The Group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

ACCOUNTING POLICIES

The impairment for loans and receivables is calculated on a subsidiary basis, based on historical loss ratios, and other indicators present at the reporting date that correlate with defaults on the subsidiary. These annual loss ratios are applied to loan balances in the subsidiary.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or depleting gas reserve volumes that may change the utility of certain assets.

1.4 AREAS OF ESTIMATES

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.5 INTANGIBLE ASSETS

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale
- There is an intention to complete and use or sell it
- There is an ability to use or sell it
- It will generate probable future economic benefits
- There are available technical, financial and other resources to complete the development and to use or sell the asset
- The expenditure attributable to the asset during its development can be measured reliably
- Intangible assets are carried at cost less any accumulated amortisation and any impairment losses

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its pattern of use. All assets with finite useful life are assessed for impairment annually.

Item	**Amortisation**
Exploration and development costs	Pattern of use (units)
Molopo project mineral rights	Pattern of use (units)
Domain names	Indefinite useful lives

1.6 FINANCIAL INSTRUMENTS

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less provision for impairment. Loans and receivables include trade receivables, amounts owed by associates, amounts owed by joint ventures, accrued income and cash and cash equivalents.

ACCOUNTING POLICIES

a. Trade and receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

b. Cash and cash equivalents

In the consolidated statement of financial position cash and cash equivalents includes cash in hand.

c. Restricted Cash

The Group has cash deposits in call accounts that have been ring-fenced. These cash deposits are used for environmental rehabilitation. This cash is not treated as cash and cash equivalent.

d. Other financial assets

Other financial assets held at amortised cost include a loan to minority shareholders held as a current asset. The loan is held at cost and is repayable on demand.

Financial Liabilities

Financial liabilities held at amortised cost include trade payables, accruals, other payables and borrowings.

e. Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

f. Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

1.7 SHARE-BASED PAYMENTS

Long-term employee benefits – Bonus Shares

The Group operates an equity-settled compensation plan where the Governance, Ethics and Transformation, Social, Compensation Committee makes an award of forfeitable shares to the executive Directors, prescribed officers, senior management and key employees of the Group. These are referred to as Bonus Shares. The number of Bonus Shares awarded depends on the individual's annual cash bonus that has been deferred. The Bonus Shares vest after three years' service from grant date. This is the only vesting condition pertaining to the Bonus Shares. No other vesting conditions exist. The terms and conditions of the Bonus shares, after vesting are the same as those traded publicly.

The fair-value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted. Fair value is based on a 30-day volume weighted average market price of the equity-settled instruments granted. The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period, with a corresponding increase in the share-based payment reserve.

1.8 REVENUE

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue arising from Compressed Natural Gas (CNG) sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the CNG is delivered to the customer. The price of CNG is determined by market diesel price forces.

Monthly pricing is based on the monthly average diesel price less agreed discounts in the month of settlement.

The determination of management fees revenue requires management to assess the costs incurred by head office on behalf of its subsidiaries.

1.9 COST OF SALES

Cost of sales entails the costs of conversion which are costs directly related to production. These costs include plant depreciation and maintenance and salaries of plant staff.

1.10 TAX

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

ACCOUNTING POLICIES

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income
- A business combination

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.11 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease liability. This liability is not discounted but included in trade and other payables.

1.12 PROVISIONS AND CONTINGENCIES

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

a. Environmental Rehabilitation Provision

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure. Changes in estimates are capitalised or reversed against the relevant asset to the extent that it meets the definition of dismantling and removing the item and restoring the site on which it is located. Costs that relate to an existing condition caused by past operations and do not have a future economic benefit are recognised in profit or loss.

The Group's operations are required by law to undertake rehabilitation work as part of their ongoing operations. The Group makes contributions into environmental rehabilitation obligation funds (refer to note 13) and holds guarantees to fund the estimated costs.

b. Royalty Provision

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty payable to the State. The royalty in respect of refined minerals is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure.

The natural gas is compressed, scrubbed and dried in the compressor, the compressor is considered as the "refinery" and thus, the royalty is calculated based on the condition of the gas at the inlet of the compressor. The provision for royalties is included in trade and other payables

1.13 SEGMENT INFORMATION

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (Renergen Limited's Chief Executive Officer) to allocate resources and assess performance and for which discrete financial information is available. Refer to Note 5.

The Group has the following reportable segments:

Corporate Head Office

Corporate head office is a segment where all investment decisions are made. Renergen Limited is investment holding company focused on investing in prospective green projects.

Tetra4 (Pty) Ltd

Tetra4 explores, develops and sells compressed natural gas to the South African market.

Mega Power Renewables

Mega Power Renewables is in Côte d'Ivoire. The segment is managing the development of a hydroelectric project. Its functional currency is Euros. Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at year end. This entity was sold on 23 February 2018.

1.14 FOREIGN CURRENCY TRANSLATION

Functional and Presentation Currency

All items in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in South African Rand, which is Renergen's functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency income and expenses are translated into the functional currency using the spot rate on transaction date and assets and liabilities are translated at the closing rate of the relevant month. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of comprehensive income.

ACCOUNTING POLICIES

Foreign Operations

The results and the financial position of the Group subsidiary that has a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

b. Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for the period presented

c. All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR)

On consolidation, exchange rate differences arising from the translation of the net investment in foreign operations are also taken to the FCTR. The Group's net investment in a foreign operation is equal to the equity investment plus all monetary items that are receivable from or payable to the foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of or sold, and the Group loses control, joint control or significant influence over the foreign operation, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR are reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation.

Fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

The key exchange rates to the South Africa Rands used in preparing the consolidated financial statements were as follows:

	28 February 2018	28 February 2017
AVERAGE RATE		
Euro	14.3057	13.8108

2. NEW STANDARDS AND INTERPRETATIONS

2.1 NEW STANDARDS AND INTERPRETATIONS THAT BECAME EFFECTIVE AND ADOPTED IN THE CURRENT YEAR

a. Amendments to IAS 7 Statement of Cash Flows

The amendments require entities to disclose information about changes in financing liabilities. The effect of the amendments were not material to the Group.

2.2 NEW STANDARDS AND INTERPRETATIONS NOT YET EFFECTIVE IN THE CURRENT YEAR

a. IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss
- Regarding the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised

The effective date of the standard is for years beginning on or after 1 January 2018.

The Company and Group expect to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the Group’s financial statements.

b. IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 clarifies the accounting for transactions that include receipt or payment of advance consideration in foreign currency.

The effective date of the standard is for years beginning on or after 1 January 2018.

The Company and Group expect to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the Group’s financial statements.

c. IFRS 2 Share-Based payments

Classification and measurements of share-based payment transactions.

ACCOUNTING POLICIES

The amendments clarify three main areas:

- The effects of vesting conditions on measurement of a cash-settled share-based payment transaction
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations
- The accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled

The effective date of the standard is for years beginning on or after 1 January 2018.

The Company and Group expect to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the Group's financial statements.

d. IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the Construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 also includes extensive new disclosure requirements. The effective date of the standard is for years beginning on or after 1 January 2018.

The Group expects to adopt the standard for the first time during the year ended February 2019. Each contract will be reviewed to ensure that specific requirements of IFRS 15 are clearly identifiable and can be assessed on an ongoing basis to enable appropriate accounting treatment of revenue generated. A disclosure checklist has been devised based on the requirements of IFRS 15 to ensure sufficient disclosure of information.

The Group is on track to implement the standard during the year ending 28 February 2019.

The Group performed an assessment on current revenue based on the existing customer against the new standard requirements. This assisted in identifying gaps in the wording of a customer contract to ensure ease of interpretation and application of the new accounting standards. These gaps are being addressed and will be effected in new contracts with customers entered into from the 2019 financial year.

During the twelve-month period ending 28 February 2019, the Group will be reporting its revenue based on the adoption of IFRS 15.

Face to face training and guidance material has been provided by the external IFRS advisor to assist in evaluating the impact of IFRS 15 on all revenue generated by the Group.

e. IFRS 16 Leases

IFRS 16 replaces the previous lease standard IAS 17 Leases and related interpretations. IFRS 16 has one model for lessees which will result in almost all leases being recognised on balance sheet as the distinction between operating and finance leases is removed. The only exceptions are short-term and low-value leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

The effective date of the standard is for years beginning on or after 1 January 2019.

The Company and Group expects to adopt the standard for the first time in the 2019 financial statements. It is unlikely that the standard will have a material impact on the Group's financial statement.

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY PLANT AND EQUIPMENT

GROUP

Figures in Rand thousands	**28 February 2018**				28 February 2017			
	Cost	**Accumulated Depreciation**	**Accumulated Impairment**	**Carrying Value**	**Cost**	**Accumulated Depreciation**	**Accumulated Impairment**	**Carrying Value**
Computer software	2 933	(231)	(3)	2 699	95	(83)	(3)	9
Furniture and fixtures	751	(197)	-	554	577	(90)	-	487
IT equipment	248	(123)	-	125	163	(53)	-	110
Assets Under Construction	10 090	-	-	10 090	506	-	-	506
Motor vehicles	2 086	(1 098)	-	988	2 086	(771)	-	1 315
Office equipment	134	(63)	-	71	134	(47)	-	87
Plant and machinery	20 335	(3 625)	-	16 710	20 305	(1 640)	-	18 665
Leasehold improvements:								
Furniture and fixtures	567	(77)	-	490	300	(14)	-	286
Office Equipment	146	(35)	-	111	110	(13)	-	97
Finance Lease Motor vehicle	857	(80)	-	777	210	(16)	-	194
Total	**38 147**	**(5 529)**	**(3)**	**32 615**	**24 486**	**(2 727)**	**(3)**	**21 756**

GROUP

Figures in Rand thousands	**Reconciliation 28 February 2018**						
	Opening balance	**Additions**	**Transfers**	**Depreciation**	**Impairment**	**Disposals**	**Closing balance**
Computer software	9	2 839	-	(149)	-	-	2 699
Furniture and fixtures	487	173	-	(106)	-	-	554
IT equipment	110	85	-	(70)	-	-	125
Assets Under Construction	506	9 584	-	-	-	-	10 090
Motor vehicles	1 315	-	-	(327)	-	-	988
Office equipment	87	1	-	(17)	-	-	71
Plant and machinery	18 665	30	-	(1 985)	-	-	16 710
Leasehold improvements:							
Furniture and fixtures	286	268	-	(64)	-	-	490
Office Equipment	97	36	-	(22)	-	-	111
Finance Lease Motor vehicle	194	646	-	(63)	-	-	777
Total	**21 756**	**13 662**	**-**	**(2 803)**	**-**	**-**	**32 615**

GROUP

Figures in Rand thousands	Reconciliation 28 February 2017						
	Opening balance	**Additions**	**Transfers**	**Deprecia-tion**	**Impair-ment**	**Disposals**	**Closing balance**
Computer software	14	1	-	(3)	(3)	-	9
Furniture and fixtures	9	569	-	(84)	-	(7)	487
IT equipment	68	86		(44)	-		110
Assets Under Construction	1 238	5 201	(5 933)	-	-	-	506
Motor vehicles	797	834	-	(316)	-	-	1 315
Office equipment	40	94	-	(24)	-	(23)	87
Plant and machinery	4 979	9 064	5 933	(1 311)	-	-	18 665
Leasehold improvements:							
Furniture and fixtures	-	300	-	(14)	-	-	286
Office Equipment	-	110	-	(13)	-	-	97
Finance Lease Motor vehicle	-	210	-	(16)	-	-	194
Total	**7 145**	**16 469**	**-**	**(1 825)**	**(3)**	**(30)**	**21 756**

COMPANY

Figures in Rand thousands	**28 February 2018**			28 February 2017		
	Cost	**Accumulated Depreciation**	**Carrying Value**	**Cost**	**Accumulat-ed Depreci-ation**	**Carrying Value**
Computer software	2 748	(138)	2 610	4	(1)	3
Furniture and fixtures	705	(180)	525	540	(78)	462
IT equipment	38	(17)	21	37	(7)	30
Office equipment	95	(25)	70	94	(10)	84
Leasehold improvements:						
Furniture and fixtures	567	(77)	490	300	(14)	286
Office Equipment	146	(35)	111	110	(13)	97
Finance Lease Motor vehicle	857	(80)	777	210	(16)	194
Total	**5 156**	**(552)**	**4 604**	**1 295**	**(139)**	**1 156**

NOTES TO FINANCIAL STATEMENTS

COMPANY

Figures in Rand thousands	Reconciliation 28 February 2018				
	Opening balance	**Additions**	**Disposal**	**Depreciation**	**Closing balance**
Computer software	3	2 744	-	(137)	2 610
Furniture and fixtures	462	164	-	(101)	525
Office Equipment	84	-	-	(14)	70
IT equipment	30	-	-	(9)	21
Leasehold improvements:					
Furniture and fixtures	286	268	-	(64)	490
Office Equipment	97	36	-	(22)	111
Finance Lease Motor vehicle	194	646	-	(63)	777
Total	**1 156**	**3 858**	**-**	**(410)**	**4 604**

COMPANY

Figures in Rand thousands	Reconciliation 28 February 2017				
	Opening balance	**Additions**	**Disposal**	**Depreciation**	**Closing balance**
Computer software	4	-	-	(1)	3
Furniture and fixtures	-	540	-	(78)	462
Office Equipment	-	94	-	(10)	84
IT equipment	-	37	-	(7)	30
Leasehold improvements:					
Furniture and fixtures	-	300	-	(14)	286
Office Equipment	-	110	-	(13)	97
Finance Lease Motor vehicle	-	210	-	(16)	194
Total	**4**	**1 291**	**-**	**(139)**	**1 156**

4. INTANGIBLE ASSETS

GROUP

Figures in Rand thousands	28 February 2018				28 February 2017			
	Cost	Accu-mulated Amorti-sation	Accu-mulated Impair-ment	Carrying Value	Cost	Accu-mulated Amorti-sation	Accu-mulated Impair-ment	Carrying Value
Exploration and development costs	9 250	(32)	-	9 218	9 051	(13)	-	9 038
Molopo project mineral rights	56 579	-	-	56 579	56 579	-	-	56 579
Domain	41	-	-	41	41	-	-	41
Côte d'Ivoire Hydroelectric project	12 245	-	(12 245)	-	10 897	-	-	10 897
Total	**78 115**	**(32)**	**(12 245)**	**65 838**	**75 568**	**(13)**	**-**	**76 555**

GROUP

Figures in Rand thousands	Reconciliation 28 February 2018					
	Opening balance	Additions	Foreign exchange gains	Amortisation	Impairment	Closing balance
Exploration and development costs	9 038	199	-	(19)	-	9 218
Molopo project mineral rights	56 579	-	-	-	-	56 579
Domain	41	-	-	-	-	41
Côte d'Ivoire Hydroelectric project	10 897	-	1 348	-	(12 245)	-
Total	**76 555**	**199**	**1 348**	**(19)**	**(12 245)**	**65 838**

GROUP

Figures in Rand thousands	Reconciliation 28 February 2017					
	Opening balance	Additions	Foreign exchange gains	Amortisation	Impairment	Closing balance
Exploration and development costs	5 270	3 781	-	(13)	-	9 038
Molopo project mineral rights	56 234	345	-	-	-	56 579
Domain	-	41	-	-	-	41
Côte d'Ivoire Hydroelectric project	-	10 897	-	-	-	10 897
Total	**61 504**	**15 064**	**-**	**(13)**	**-**	**76 555**

NOTES TO FINANCIAL STATEMENTS

Exploration and development costs

These are costs incurred in the exploration and development of natural gas reserves. Tetra4 (Pty) Ltd explores and develops natural gas in its exploration and production rights areas. Amortisation commenced upon start of production. Intangible mineral rights are amortised based on the pattern of use.

Molopo Mineral Rights

The Group holds production and exploration rights through Tetra4 (Pty) Ltd, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State.

The carrying amount of R56.6 million of the assets, Exploration and Development costs and Molopo Project Mineral Rights, will be recovered through value in use, as determined through the units of production and life of the mine. There was minimal production done on the Molopo Project for the year ended 28 February 2018. The production levels of the gas reserves were immaterial and thus no amortisation was raised.

Domain

The Group purchased domains on which its websites are hosted.

Côte d'Ivoire Hydroelectric project

Mega Power Renewables had the right to develop a hydroelectric scheme in Côte d'Ivoire. The feasibility and pre-feasibility studies of the project are funded by shareholders of the managing company, Mega Power Renewables. Renergen has funded all costs incurred to date in the form of a loan to Mega Power Renewables. As at 30 September 2017 no economic benefits are expected to be recovered on this asset, thus the asset was fully impaired. The conditions that resulted in the impairment of the asset did not improve and as at 23 February 2018 Mega Power Renewables was disposed of.

IMPAIRMENT TESTING

Impairment - Exploration and development costs

The exploration and development costs require annual testing of impairment. The carrying value of the asset is still deemed recoverable thus there was no indication of impairment.

Impairment - Molopo Project Mineral Rights

Intangible assets not yet ready for use are tested for impairment annually. The recoverable amount was determined based on the value in use calculation based on the expected cashflows from the remaining useful lives of the exploration and production rights.

MHA Petroleum Consultants LLC prepared gas reserve estimates for the Group signed off on 7 March 2018. Net reserve volumes of total Proved Plus Probable Reserves measured at 127,34BCF. Reserve volumes have been reported on a group net basis.

MHA Petroleum Consultants LLC report indicates a net present value of R8.4 billion representing 2P proven and probable gas reserves at 15% discount. The recoverable amount of Tetra4's gas reserves exceed the carrying value of the Mineral rights.

Impairment - Domain Name

The domain has an indefinite useful life. The asset is tested for impairment annually and no impairment was required as the recoverable amount (based on value in use) is higher than the carrying amount.

Impairment - Côte d'Ivoire Hydroelectric project

The recoverable amount was determined based on expected cashflows resulting from the project. Expected cashflows were determined based on studies which have, to date, shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm. Management believed that Renergen would benefit more from deploying that investment to developing Tetra4's gas fields. For this reason, management has decided not to continue funding the Ivory Coast hydroelectric projects further. No economic benefits are expected to be recovered on this asset, thus the asset was fully impaired in the current period.

COMPANY

Figures in Rand thousands	28 February 2018				28 February 2017			
	Cost	Accumulated Amortisation	Accumulated Impairment	Carrying Value	Cost	Accumulated Amortisation	Accumulated Impairment	Carrying Value
Domain	14	-	-	14	14	-	-	14
Total	**14**	**-**	**-**	**14**	**14**	**-**	**-**	**14**

COMPANY

Figures in Rand thousands	Reconciliation 28 February 2018			Reconciliation 28 February 2017		
	Opening balance	Additions	Closing balance	Opening balance	Additions	Closing balance
Domain	14	-	14	-	14	14
Total	**14**	**-**	**14**	**-**	**14**	**14**

5. INVESTMENT IN SUBSIDIARIES

The following table lists the entities which are controlled by the Group, either directly or indirectly through subsidiaries.

COMPANY

Figures in Rand Thousands	Reconciliation 28 February 2018		Reconciliation 28 February 2017	
	% Holding	Carrying Value	% Holding	Carrying Value
Tetra4 (Pty) Ltd	90%	594 414	90%	594 414
Share-Based payments		114		-
Total Tetra4 (Pty) Ltd		594 528		594 414
Windfall Resources	-	-	100%	-*
Mega Power Renewables	-	-	62%	165**

* Windfall Resources Limited was deregistered on 12 January 2018.

** Mega Power Renewables' carrying value is Rnil (February 2017: R165 154). On 23 February 2018 Renergen sold the investment in Mega Power Renewables refer note 38 for details on the disposal.

NOTES TO FINANCIAL STATEMENTS

Tetra4 (Pty) Ltd

The year on year movement is due to share-based payments to be issued by Renergen to employees of Tetra4 (Pty) Ltd.

Mega Power Renewables

A company was registered to manage the Côte d'Ivoire (Ivory Coast) Hydroelectric scheme Project, Mega Power Renewables. In September 2016, Renergen Limited obtained effective control of Mega Power Renewables through the appointment of two thirds of Directors on Mega Powers Renewables' Board of Directors. The Board of Directors constitutes three Directors who each have one voting right. Renergen retained its shareholding of 62%, leaving non-controlling interest at 38%.

6. ANALYSIS PER REPORTABLE SEGMENT

The operating segments are reported in a manner consistent with the Group. Renergen Limited has three operating segments;

- **Corporate Head Office**

  Corporate head office is a segment where all investment decisions are made. Renergen Limited is the investment holding company focused on investing in prospective green projects

- **Tetra4 (Pty) Ltd**

  Tetra4 explores, develops and sells compressed natural gas to the South African market

- **Mega Power Renewables**

  Mega Power Renewables is in Côte d'Ivoire. This segment is managing the development of a hydroelectric project. Its functional currency is Euros. Closing balances of assets and liabilities have been translated at the closing Euro/ZAR exchange rate as at 23 February 2018. On 23 February 2018 Renergen sold their investment in Mega Power Renewables refer note 38 for details on the disposal

Analysis of reportable segments as at 28 February 2018 is set out below:

			28 February 2018			
Figures in Rand thousands	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	8 600	2 885	-	11 485	(8 600)	2 885
External		2 885	-	2 885		2 885
Inter-segment	8 600	-	-	8 600	(8 600)	-
Loss after tax	(11 392)	(29 209)	-	(40 601)	-	(40 601)
Total Assets	**744 363**	**104 993**	**266**	**849 622**	**(735 370)**	**114 252**
Total liabilities	**4 249**	**176 525**	**-**	**180 774**	**(135 185)**	**45 589**

Figures in Rand thousands	Corporate Head Office	Tetra4	Mega Power Renewables	Total	Consolidating Adjustments	Consolidated
			28 February 2017			
Revenue	5 098	1 722	-	6 820	(5 098)	1 722
External	-	1 722	-	1 722		1 722
Inter-segment	5 098	-	-	5 098	(5 098)	-
Loss for the period	(565)	(18 097)	-	(18 662)	-	(18 662)
Total Assets	**729 533**	**103 710**	**11 108**	**844 351**	**(719 574)**	**124 777**
Total liabilities	**1 621**	**146 035**	**7 508**	**155 164**	**(119 548)**	**35 616**

7. DEFERRED TAXATION

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Unused tax losses	13 350	13 339	1 447	2 364
Deferred tax asset	**13 350**	**13 339**	**1 447**	**2 364**
Intangibles assets	-	1 737	-	-
Plant and machinery	4 679	5 368	-	-
Deferred tax liability	**4 679**	**7 105**	**1 447**	**2 364**
Net deferred tax assets	**8 671**	**6 234**	**1 447**	**2 364**

Renergen and its subsidiaries operate under the same tax authority. As at 28 February 2018, the Group's estimated tax losses were R205 million (28 February 2017: R177 million), these tax losses do not expire unless the tax entity concerned ceases to operate for a period longer than a year. These are available to be offset against future taxable profits. Net deferred taxation asset of R8.7 million has been recognised due to the predictability of future profit streams. Estimated revenue growth rate of 12%, growth rates costs were estimated at CPI of at 5.81%, South African Tax rate of 28% was utilised in calculating the deferred tax assets raised on probable future taxable profits.

The Group considered Tetra4's operating cashflows over the next ten years (2019 to 2029). At present Tetra4 is in the enviable position that the current flow rates from the pilot site would enable us to increase production several times from current levels without any intervention. We have several customers in a competitive situation looking to secure this last off-take in the run-up to Liquified Natural Gas (LNG) becoming available in the 2020 financial year. It is likely that Tetra4 will generate sufficient revenue to generate a small monthly profit during the construction phase. Once the pipeline reticulating all the wells is complete, the level of production will see revenue significantly exceeding costs, and thus from 2020, Tetra4 should be in a gross profit generating position owing to our low upstream cost of production and the high cost of energy in South Africa. Being a first mover in a premium product such as LNG also means that we can command better prices that would otherwise be available to gas suppliers. Tetra4 should be in a position to generate taxable profits from the 2025 financial year.

NOTES TO FINANCIAL STATEMENTS

8. LOANS TO GROUP COMPANIES

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Tetra4	-	-	135 071	104 880
Mega Power Renewables	-	-	-	7 508
Total	**-**	**-**	**135 071**	**112 388**

Renergen invests in the development of renewable energy projects. Renergen took a decision to subordinate the loans in the current year.

Management took a decision to not continue to fund the Mega Power Renewables project. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm, for this reason it was decided to not continue with the Mega Power Renewables project. This has resulted in the Group writing off the loan.

9. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Current assets				
Loans and receivables	-	-	5 500	5 500
Total	**-**	**-**	**5 500**	**5 500**

10. FINANCIAL ASSETS BY CATEGORY

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
LOANS AND RECEIVABLES				
Cash and cash equivalents	3 037	11 299	2 651	10 720
Restricted cash	1 632	-	-	-
Trade and other receivables	719	1 183	136	173
Loans to Group companies	-	-	135 071	112 388
Other financial assets	-	-	5 500	5 500
Total	**5 388**	**12 482**	**143 358**	**128 781**

11. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Deposits	214	214	-	-
Other receivables	505	969	136	173
Prepayments	1 403	6 338	412	2 631
Vat added tax receivable	337	1 412	-	8
Total	**2 459**	**8 933**	**548**	**2 812**

12. CASH AND CASH EQUIVALENTS

The accounting policies for financial instruments have been applied to the line items below:

	GROUP		COMPANY	
	28 February 2018	28 February 2017	**28 February 2018**	28 February 2017
Bank	3 037	11 299	2 651	10 720
	3 037	**11 299**	**2 651**	**10 720**

13. RESTRICTED CASH

	GROUP		COMPANY	
	28 February 2018	28 February 2017	**28 February 2018**	28 February 2017
CASH IN DEMAND DEPOSIT ACCOUNT				
Environmental Rehabilitation guarantee cash	1 632	-	-	-
	1 632	**-**	**-**	**-**

The Group has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free state). The Group has had to provide for its environmental management programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the exploration activities. The Group has a rehabilitation provision of R3.1 million, refer to note 16. The cash portion of this guarantee is invested in a call account and has been ringfenced for the use towards environmental rehabilitation. Due to this restriction the use of the cash is restricted and it is classified as a non-current asset.

NOTES TO FINANCIAL STATEMENTS

14. STATED CAPITAL

	GROUP		COMPANY	
	28 February 2018	28 February 2017	**28 February 2018**	28 February 2017
AUTHORISED				
500 000 000 no par value shares	**500 000**	**100 000**	**500 000**	**100 000**

The shareholders approved an increase in authorised stated capital from 100 million to 500 million on 29 September 2017.

	GROUP 28 February 2018	GROUP 28 February 2017	COMPANY 28 February 2018	COMPANY 28 February 2017
RECONCILIATION OF NUMBER OF SHARES ISSUED				
Opening balance	78 413	77 376	78 413	77 376
Issue of shares – ordinary shares	2 622	1 037	2 622	1 037
	81 035	**78 413**	**81 035**	**78 413**
RECONCILIATION OF ISSUED STATED CAPITAL				-
Opening balance	137 585	124 158	735 984	722 557
Issue of shares – ordinary shares issued for cash	26 000	13 482	26 000	13 482
Share issue costs	(2 520)	(55)	(2 520)	(55)
Total issued stated capital	**161 065**	**137 585**	**759 464**	**735 984**

15. FINANCIAL LIABILITIES

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Held at amortised cost				
Molopo Energy Limited	30 545	27 013	-	-
Total	**30 545**	**27 013**	**-**	**-**

Molopo Energy Limited

Tetra4 (Pty) Ltd entered into a R50 million loan agreement on 01 May 2013. This loan was part of the conditions of the sale of shares in Tetra4 (Pty) Ltd from Molopo Energy Limited to Windfall Energy (Pty) Ltd. The loan agreement is for the period from inception of the loan on 01 May 2013 until 31 December 2022. During this period, the loan is unsecured and interest free. The loan can only be repaid when Molopo South Africa declares a dividend and 36% of distributable profits must be repaid before a dividend is declared. In the event that by 31 December 2022 the loan is not repaid, the loan shall bear interest at prime overdraft plus 2% and will have no repayment terms. Shareholders loans can only be repaid after the loans from Molopo Energy Limited have been settled.

The loan is discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2% which at 28 February 2018 is 12.25% (prime lending rate of 10.25% plus 2%). The imputed interest expense (refer note 25) is included in profit and loss. The fair value of the loan amount outstanding at 28 February 2018 amounts to R30.5 million.

16. PROVISIONS

RECONCILIATION

	28 February 2018			28 February 2017		
	Opening balance	**Additions**	**Closing balance**	**Opening balance**	**Additions**	**Closing balance**
Environmental rehabilitation	3 100	-	3 100	2 755	345	3 100
Total	**3 100**	**-**	**3 100**	**2 755**	**345**	**3 100**

Environmental Rehabilitation Provision

The Group has production and rights, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State. The Group has no provisions.

The Group has had to provide R3.1 million as part of its Environmental Management Programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the production activities.

The Group has guarantees in place to the value of R3.1 million with the Petroleum Agency of South Africa (PASA) The amount is allocated for:

- Final rehabilitation of 16 well sites
- Monitoring and maintenance of such rehabilitated pipeline routes

17. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

	GROUP		**COMPANY**	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
HELD AT AMORTISED COST				
Other financial liabilities	30 545	27 013	-	-
Finance Lease	777	-	777	-
Trade and other payables	10 261	5 192	3 166	1 598
Total	**41 583**	**32 205**	**3 943**	**1 598**

NOTES TO FINANCIAL STATEMENTS

18. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Trade payables*	9 651	4 090	2 290	896
Accrued expenses	610	503	876	503
Accrued leave	906	311	306	23
Loans payable	-	599	-	199
Total	**11 167**	**5 503***	**3 472**	**1 621***

* Finance lease obligation of R219 was included in trade and other payables for the 2017 financial year end. The prior year trade and other payables has been adjusted to exclude finance lease.

19. REVENUE

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Sale of CNG	2 885	1 722	-	-
Management fees	-	-	8 600	5 098
Total	**2 885**	**1 722**	**8 600**	**5 098**

20. COST OF SALES

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Cost of Compressed Natural Gas purchased	-	(406)	-	-
Compressed Natural Gas Production costs	(3 483)	(1 721)	-	-
Total	**(3 483)**	**(2 127)**	**-**	**-**

Production costs entails, depreciation costs of plant and equipment used in the production process, machinery maintenance costs and labor costs.

21. SHARE-BASED PAYMENTS

Renergen granted shares to senior management and executive Directors after the approval of a Bonus Share Plan by shareholders on 29 September 2017. The Bonus Share Plan, did not exist in the prior year.

The share-based payment arrangement is described below:

	BONUS SHARE PLAN	
	Number of shares	**Vesting conditions**
Grant date/Employees entitled		
SHARES GRANTED TO EXECUTIVE DIRECTORS		
Fulu Ravele	58 734	36 months of service from grant date (05 October 2017)
SHARES GRANTED TO SENIOR MANAGEMENT		
Robert Katzke	21 914	36 months of service from grant date (05 October 2017)
Total number of bonus shares granted	**80 648**	
Fair value per share at grant date	10.22	
Total fair value of shares granted (figure in Rand Thousands)	824	

The estimated fair value of the shares at grant date of R10.22 was calculated based on 30-day volume weighted average price.

	EFFECT ON FINANCIAL STATEMENTS	
Figures in Rand thousands	**28 February 2018**	28 February 2017
FINANCIAL EFFECT OF SHARE-BASED PAYMENT TRANSACTIONS ON STATEMENT OF PROFIT OR LOSS		
Share-Based payment expense included in loss	114	-
FINANCIAL EFFECT OF SHARE-BASED PAYMENT TRANSACTIONS ON STATEMENT OF FINANCIAL POSITION		
Increase in Share-Based Payment equity reserves	114	-

22. OPERATING EXPENSES

Figures in Rand thousands	**28 February 2018**	28 February 2017
Consulting and advisory fees	12 177	5 169
Depreciation*	803	1 022
Directors fees	1 339	1 276
Employee costs**	9 500	6 509
Operating lease	964	-
Other Operating costs	7 129	9 010
	31 912	**22 986**

* Depreciation of plant and machinery amounting to R2 million (28 February 2017: R0,86 million), is included in cost of sales. The operating plant became fully operational in September 2017, resulting in 5 months' worth of depreciation being included in cost of sales.

** Employee costs relating to manufacturing is included in cost of sales.

NOTES TO FINANCIAL STATEMENTS

23. INTEREST INCOME

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Bank interest Income	632	1 287	471	1 284

24. INTEREST EXPENSE

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Interest expense	35	8	35	8

25. IMPUTED INTEREST EXPENSE

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Imputed interest expense	(3 532)	(3 156)	-	-

This relates to the unwinding of the loan from Molopo Energy Limited. The loan has been discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2% which at year end is 12.25% (prime lending rate of 10.25% plus 2). Refer to note 15.

26. CORRECTION OF ERROR

The following errors were noted in the financial results for comparatives. These were not considered qualitatively material and thus comparatives were not restated.

- Intangible assets as at 28 February 2017 of R76.6 million incorrectly included a ring- fenced cash reserves of R1.1 million Molopo Mineral Rights. This amount should have been treated as restricted cash in non-current assets. The R1.1 million has been included in the restricted cash balance in 28 February 2018. Cash reserves are administered by Lombard Insurance on behalf of the Group and are invested in an-interest bearing account
- Tangible net asset value per share was incorrectly calculated at 8.13 cents per share. This should have been 16.07 cents per share
- As part of the JSE's proactive monitoring process of company financial statements, an error in the 29 February 2016 financial statements was noted. The total operating expenses of R18.3 million as recognised for the period ended 29 February 2016, incorrectly included operating expenses relating to the period prior to the "accounting" acquisition of Renergen Limited by Tetra4 (Pty) Ltd of R5.5 million. Operating expenses should have been recognised at R12.5 million and not R18.3 million as per the financial statements. The impact of the correction decreases the operating loss to R14 million from R19.5 million, further decreasing the total loss and total comprehensive loss to R14 million from

R19.5 million. The impact of the change in total loss and comprehensive loss on changes the basic and diluted loss per share to 24.26 cents from 36.53 cents and headline loss per share changes to 24.26 cents from 36.53 cents.

27. IMPAIRMENT LOSS

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Impairment of non-financial assets				
Impairment of intangible assets	12 245	-	-	-
Impairment of property, plant and equipment	-	3	-	-
Impairment of loan receivable	-	-	7 512	-
Total impairment	**12 245**	**3**	**7 512**	

Impairment of an Intangible as asset in Mega Power Renewable

During the year ended 28 February 2018, the intangible asset in Mega Power Renewables (a subsidiary of Renergen Ltd) was impaired. Management had to take a decision on whether to continue to fund it or write off the investment. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm and believe Renergen would benefit more from deploying that investment to developing Tetra4's Evander gas field as well as bringing a second operation online. For this reason, management has decided not to continue funding the Ivory Coast hydroelectric projects further and will concentrate exclusively on the South African natural gas market for the time being. The recoverable amount is nil.

Impairment of computer software in Renergen Head Office

During the year ended 28 February 2017, software in Renergen Ltd was fully impaired as a result of changes in technology.

NOTES TO FINANCIAL STATEMENTS

28. TAXATION

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Accounting loss	**(43 037)**	**(24 896)**	**(10 476)**	**(2 929)**
Tax at applicable rate of 28%	12 051	6 971	2 933	820
Adjustments				
Non-deductible permanent differences	(11 415)	(908)	(7 729)	(28)
Deductible expenses	21	-	21	-
Non-taxable income	392	48	-	46
Assessed losses carried forward	1 387	123	3 859	1 526
Taxation	2 436	6 234	(916)	2 364

The Group total unused tax losses amount to R205 million (2017:R177 million).

29. AUDITOR'S REMUNERATION

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Fees	388	357	188	175

30. FOREIGN TRANSLATION RESERVE

Other comprehensive income entails translation differences that arise from the foreign investment. Mega Power Renewables is a foreign subsidiary of Renergen Limited has Euros as its functional currency and South African Rands as reporting currency The breakdown of other comprehensive income is shown below:

	28 February 2018	28 February 2017
Foreign currency translation opening carrying value	3 389	-
Current year movement in translation	1 348	3 389
Closing balance on reserves	**4 737**	**3 389**
Transferred through profit and loss	(4 737)	-
Closing balance on reserves	**-**	**3 389**

Mega Power Renewables, a foreign investment, was disposed of in the current year. Upon disposal, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR were reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation.

31. LOSS PER SHARE

Figures in Rand thousands	**28 February 2018**	28 February 2017
BASIC LOSS		
Loss from continuing operations attributable to equity owners of the parent	(37 680)	(17 221)
Weighted average number of shares	80 002	77 611
Basic loss per share (cents)	**(47.10)**	**(22.19)**
RECONCILIATION OF DILUTED LOSS		
Basic loss	(37 680)	(17 221)
Diluted loss	**(37 680)**	**(17 221)**
Weighted average number of shares	80 002	77 611
Shares issuable on share-based payment (note 21)	81	-
Diluted weighted average number of shares	**80 083**	**77 611**
Diluted loss per share (cents)	**(47.05)**	**(22.19)**
RECONCILIATION OF BASIC LOSS TO HEADLINE LOSS		
Basic loss attributable to equity owners of parent	(37 680)	(17 221)
Profit on disposal of assets	-	(15)
Profit on disposal of business – Mega Power Renewables	(4 708)	-
Impairment of fixed assets	-	3
Impairment of intangible assets	12 245	-
Tax effects on disposal of fixed assets	-	4
Headline loss	**(30 143)**	**(17 229)**
Headline loss per share (cents)	**(37.68)**	**(22.20)**
RECONCILIATION OF BASIC HEADLINE LOSS TO DILUTED HEADLINE LOSS		
Headline loss	(30 143)	(17 229)
Diluted headline loss	**(30 143)**	**(17 229)**
Diluted weighted average number of shares	80 083	77 611
Diluted headline loss per share (cents)	**(37.64)**	**(22.20)**

NOTES TO FINANCIAL STATEMENTS

32. CASH USED IN OPERATIONS

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
Loss before tax	**(43 037)**	**(24 896)**	**(10 476)**	**(2 929)**
ADJUSTMENTS FOR:				
Depreciation	2 803	1 828	410	142
Amortisation	19	13	-	-
Impairment loss	12 245	3	7 512	3
Interest income	(632)	(1 287)	(471)	(1 284)
Interest expense	35	8	35	-
Imputed interest expense	3 532	3 156	-	-
Share-based payment	114	-	-	-
Loss on sale of assets	-	15	-	-
(Profit)/loss on sale of business – Mega Power Renewables	(4 708)	-	30	-
Allocation to restricted cash	(1 632)	-	-	-
Expected cash proceeds on disposal of Mega Power Renewables	135	-	135	-
CHANGES IN WORKING CAPITAL				
Trade and other receivables	6 473	(5 051)	2 262	2 812
Trade and other receivables on disposal of Mega Power Renewables	(266)	-	-	-
Trade and other payables	5 883	1 797	2 069	(554)
Total cash used in operations	**(19 036)**	**(24 414)**	**1 506**	**(1 810)**

33. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Figures in Rand thousands	28 February 2018					
	Opening balance	**Additions**	**Non-cash changes: Imputed interest expense**	**Interest expense**	**Finance lease capital re-payment**	**Closing balance**
Long term borrowings	27 013	-	3 532	-		30 545
Finance Lease	219*	768	-	(23)	(187)	777
Total	**27 232**	**768**	**3 532**	**(23)**	**(187)**	**31 322**

* On 28 February 2017 this amount was included in Trade and other payables.

34. COMMITMENTS

Contingent liabilities

There are no contingent liabilities in the Annual Financial Statements for 28 February 2018.

Commitments

The Group entered into a new finance lease agreement. Leases are for a term of five years and the interest payable is linked to the prime rate. Refer to note 35. Operating lease commitments are detailed below.

Operating leases

	GROUP		COMPANY	
Figures in Rand thousands	**28 February 2018**	28 February 2017	**28 February 2018**	28 February 2017
MINIMUM LEASE PAYMENTS				
Within 1 year	1 273	757	1 273	757
2-5 year inclusive	740	1 009	740	1 009
Later than 5 years	-	-	-	-
Total	**2 013**	**1 766**	**2 013**	**1 766**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years and rentals escalate at an average rate of 8% per annum. No contingent rent is payable.

35. FINANCE LEASES

	GROUP		COMPANY	
	28 February 2018	28 February 2017	**28 February 2018**	28 February 2017
FINANCE LEASE OBLIGATIONS				
Minimum lease payments				
Within 1 year	266	82	266	82
2-5 year inclusive	511	137	511	137
Later than 5 years	-	-	-	-
Total	**777**	**219**	**777**	**219**
Future finance charges	(127)	(29)	(127)	(29)
Present value of minimum lease payments	**650**	**190**	**650**	**190**

The Group leases certain motor vehicles under finance lease. At the end of the lease term, the Group will take ownership of the motor vehicles. The carrying value of these motor vehicles as at 28 February 2018 is

NOTES TO FINANCIAL STATEMENTS

R777 000. The average lease term is four years and the average effective borrowing rate is 10.5% (28 Feb 2017: 10.5%)

There were no breaches or defaults in contracts during the current or comparative period.

36. RELATED PARTIES

Relationships

Subsidiaries	Tetra4 (Pty) Ltd Windfall Resources Mega Power Renewables
Shareholder with significant influence	CRT Investments (Pty) Ltd MATC Investment Holdings (Pty) Ltd
Companies controlled by Director's	CRT (Pty) Ltd MATC Investment Holdings (Pty) Ltd Mega Power Renewables Windfall Energy (Pty) Ltd

Key Management Personnel: Executive Directors are key management personnel. Refer to the Directors report. There are no prescribed officers other than the Directors.

Figures in Rand thousands	**28 February 2018**	28 February 2017
Related party loan accounts		
Tetra4 (Pty) Ltd loan receivable	135 071	104 880
Windfall Energy (Pty) Ltd loan payable	-	(400)
	135 071	**104 480**
RELATED PARTY TRANSACTIONS		
Rent received from parties		
Tetra4 (Pty) Ltd	595	80
Rent paid to related parties		
Renergen Limited	-	(40)
Management fees received from related parties		
Tetra4 (Pty) Ltd	8 600	5 098
Consulting fees paid to related parties		
Reginald Edmond Cooke*	-	*(680)

* Reginald Edmond Cooke was an Executive Director by virtue of his consulting services to the Group's subsidiary, Tetra4. He did not earn any other remuneration or fees other than consulting fees in 28 February 2017.

37. DIRECTORS' EMOLUMENTS

EXECUTIVES

Figures in Rand thousands	28 February 2018			28 February 2017		
	Basic Salary	**Bonus**	**Total**	**Basic Salary**	**Bonus**	**Total**
Stefano Marani	2 159	180	2 339	1 999	167	2 166
Fulu Ravele*	1 344	112	1 456	1 145	100	1 245
Nick Mitchell	2 072	173	2 245	1 931	160	2 091
	5 575	**465**	**6 040**	**5 075**	**427**	**5 502**

* The Group granted Fulu Ravele 58,734 bonus shares that vest after 36 months of service from grant date (05 October 2017), the shares had a fair value of R10.22 per share. R50 021 of the share-based payment expense was recognized in operating expenses at 28 February 2018.

NON-EXECUTIVES

Figures in Rand thousands	28 February 2018		
	Directors Fees	**Committee Fees**	**Total**
Brett Kimber	216	130	346
Mbali Swana	173	151	324
Luigi Matteucci	216	194	410
Bane Maleke	173	86	259
	778	**561**	**1 339**

NON-EXECUTIVES

Figures in Rand thousands	28 February 2017		
	Directors Fees	**Committee Fees**	**Total**
Brett Kimber	260	99	359
Mbali Swana	180	140	320
Russell Broadhead	129	44	173
Reginald Edmond Cooke	53	13	66
Luigi Matteucci	127	188	315
Bane Maleke	18	25	43
	767	**509**	**1 276**

NOTES TO FINANCIAL STATEMENTS

38. SALE OF BUSINESS

In February 2018 Renergen disposed of their investment in Mega Power Renewables.

Figures in Rand thousands	GROUP	COMPANY
Trade and other receivables	266	-
Net asset value of Mega Power Renewables at disposal	**266**	**-**
Non - controlling Interest	(102)	-
Investment in Mega Power Renewables	**164**	**164**
Reclassification of Foreign Currency Translation Reserve to income	(4 737)	-
Cash proceeds from sale	(135)	(135)
Profit/(loss) on disposal of asset	**4 708**	**(30)**

There were no disposals or businesses or investments in the prior year.

39. RISK MANAGEMENT

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of financial liabilities (excluding derivative financial liabilities) disclosed in notes 15, and cash and cash equivalents disclosed in note 12, and equity as disclosed in the consolidated statement of financial position and note 14.

There are no externally imposed capital requirements.

Financial risk management

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company and Group's financial performance. The principles for financial management are included in the Group's treasury policy and cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Management manages cash flow on a group basis through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, and spending is monitored for compliance with internal targets.

Figures in Rand thousands	GROUP **28 February 2018**	GROUP 28 February 2017	COMPANY **28 February 2018**	COMPANY 28 February 2017
OTHER FINANCIAL LIABILITIES				
Less than 1 year	-	-	-	-
Between 1 and 5 years	-	-	-	-
Over 5 years	30 545	27 013	-	-
PROVISION				
Less than 1 year	-	-	-	-
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	-	-	-
Over 5 years	3 100	3 100	-	-
TRADE AND OTHER PAYABLES				
Less than 1 year	11 167	5 284	3 472	1 402
Between 1 and 2 years	-	-	-	-
Between 2 and 5 years	-	-	-	-
Over 5 years	-	-	-	-

Interest rate risk

The Company and Group's operating cash flows are independent of changes in market interest rates. The Company and Group's interest rate risk arises from long-term debt. Debt issued at variable rates exposes the Company and Group to cash flow interest rate risk. The debt with variable interest rate is not repayable until December 2022. Refer to note 15. Interest bearing debt comprise 29% of the total equity, therefore the debt is repayable after 10 years or on declaration of dividends. Interest charge on the debt is only effective in December 2022.

No sensitivity analysis has been prepared as material liabilities are interest free.

Credit risk

Credit risk is managed on a company and group basis as well as individual company basis. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and related party loans. The Company and Group only deposit cash with major banks with high-quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a prepaid expense from regular suppliers of the Company and Group. Risk control assesses the credit quality of the supplier by considering its financial position, experience and other factors. The maximum credit risk the Company and Group are exposed to is the receivable balance on the trade receivables and related party loans as disclosed in note 10 and 36 respectively.

Foreign exchange risk

The Company and Group procure some operating equipment and machinery internationally and is exposed to foreign exchange risk arising primarily with respect to ZAR, EUR and USD. Foreign exchange risk arises from future commercial transactions, liabilities and net investments in foreign operations. Management is of the view that only the ZAR poses a significant foreign exchange risk given its volatility against the USD. The Company and Group review its foreign currency exposure, including commitments on an ongoing basis.

No sensitivity analysis has been prepared as material assets were sourced locally in ZAR with no foreign currency risk.

40. EVENTS AFTER THE REPORTING PERIOD

Additional stated capital of R10 million was raised in March 2018. Management continue to raise funding to facilitate the development of renewable and alternative energy projects.

As per the SENS announcement dated 07 March 2018, MHA Petroleum Consultants LLC released an independent Reserve and Resources Evaluation Report on Tetra4's gas reserves. The Report indicated that Tetra4's Total Proven and probable gas reserves are valued at R8.4 billion compared to R6.6 billion in 2017.

As per the SENS announcement dated 21 May 2018 Renergen and AB-INBEV, through their respective subsidiaries Tetra4 (Pty) Ltd and The South African Breweries Proprietary Limited (SAB), concluded off-take agreements for the provision of natural gas by Tetra4 to SAB to use in displacing diesel use in trucks.

The Directors are not aware of any other material event which occurred after the reporting period and up to the date of this report.

41. GOING CONCERN

The Consolidated and Separate Financial Statements has been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and is satisfied with the Group's ability to continue as a going concern.

The Group intends to raise sufficient capital from both local and international investors. The Group has finalised its capital needs and has started with a formal process to raise capital from investors. Raising this capital will satisfy the major remaining Industrial Development Corporation conditions precedent which required the Group to raise R145 million to unlock the R218 million debt facility. If the Group is unsuccessful with the intended capital raise it would result in there being material uncertainty in the Group's ability to continue as a going concern, but Management is confident that the Group will be in a position to raise enough capital and draw on the IDC loan by the end of the first half of the 2019 financial year and the Group will continue to operate as a going concern.

RENERGEN LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2014/195093/06)
Share code: REN   ISIN: ZAE000202610
("Renergen" or "the Company" or "the Group")

CONDENSED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2018

Key Features

- **Holder of the first and only onshore petroleum production right in South Africa**
- **Approximately 187,000 hectares of production right area, with significant additional exploration right area**
- **Proven reserves with significant concentrations of helium**
- **New gas sales agreements in place with customers, including Anheuser-Busch InBev, KAP Industrial, and Linde Global Helium. Agreements expected to start translating into gas revenue in the 2020 financial year with CNG sales from Anheuser-Busch InBev, LNG and Helium sales to commence in 2021 financial year.**
- **Debt facility in place from Industrial Development Corporation (IDC) to construct facility**
- **Recently undertaken underwritten rights issue to raise sufficient capital to draw down IDC facility**

About Renergen

Renergen is an integrated alternative and renewable energy business that invests in early stage energy projects across Africa and emerging markets. Through our investment in Tetra4, we are the Group with the first onshore petroleum production right in South Africa, and the only one with an environmental authorisation to commence full-scale production.

COMMENTARY

The environment for this last financial period was incredibly volatile both in financial markets as well as politically. Most notably for South Africans however was the price of fuel at the pump, which strengthened the business case for using natural gas as a cheaper alternative to more expensive liquid fuels. The added pressure on corporate sustainability and more stringent climate change policies has also led to increased interest in customers moving away from traditional fossil fuels over to cleaner forms of fuel such as natural gas.

Helium markets suffered similar levels of volatility, with the US Bureau of Land Management announcing the last auction of crude helium which saw prices soar over 135% from last year's auction. Helium shortages are expected to persist for several years to come, which has placed Renergen in an ideal position to capitalise on its incredibly rich helium concentrations when the plant becomes operational.

Renergen announced its intention to raise funds from the capital markets at the end of 2017 in order to commence construction of the Liquid Natural Gas (LNG) and liquid helium plants. In light of domestic investor uncertainty owing to the fluid political situation, obtaining the funding proved challenging and took longer than expected, which will lead to delays in the main plant becoming operational. The Group however announced its underwritten rights issue for R125 million, which surpasses the remaining condition to draw down on the IDC facility and therefore to commence placing orders on equipment and suppliers.

The Group also announced its intention to look towards listing on the Australian Stock Exchange (ASX) in 2019, which the Board feels will add greatly to the liquidity in the share given the ASX investor base's familiarity with oil and gas.

Operational overview

The compressed natural gas station has now operated for over 885 injury free days, as well as having no major technical incidents causing the plant to shut down over similar period. We estimate that the buses running on natural gas at the Megabus operation have saved in excess of 2.1 million kgs of carbon-dioxide emissions, proving the case for sustainability and value for money for the operator.

Email investor queries to investorrelations@renergen.co.za.

Financial review

- Headline loss per share improved from 21.15 cents to 19.43 cents
- Revenue increased by 22.7% to R1.8 million (August 2017: R1.4 million). The increase is as a result of a higher diesel price following a weaker Rand and higher oil prices.
- Cost of sales has decreased by 12.6% to R1.6 million (August 2017: R1.9 million) as a result of improved cost efficiencies.
- 82.7% more cash was utilised in operations compared to August 2017. This is mostly attributable to getting ready for the planned pipeline construction.
- R4.8 million spent on plant, machinery and equipment on engineering of Tetra4's Virginia operating plant expansion
- R1.9 million spent on gas exploration

Changes to the Board of Directors

The Board welcomes Francois Olivier to the Board as a Non-Executive Director

Francois Olivier is a portfolio manager at Mazi Capital. He has 18 years of investment research and portfolio management experience, six years of which were spent in the USA. He is a Chartered Accountant and CFA Charter holder.

We believe this appointment adds a new dimension to our Board and will aid the Executive team in developing the Group strategy in order to unlock returns for all of our shareholders.

Other than the change mentioned above, there are no other changes to the board of directors.

Condensed Consolidated Statement of financial position

The statement of financial position of the Group as at 31 August 2018 are set out below:

Figures in R'000	Notes	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Assets				
Non - Current Assets				
Property Plant and Equipment		35 853	32 732	32 615
Intangible Assets	7	67 765	76 595	65 838
Deferred tax asset		10 824	6 350	8 671
Restricted cash	10	1 875	-	1 632
Total non-current assets		**116 317**	**115 677**	**108 756**
Current Assets				
Trade and other receivables	11	3 084	3 928	2 459
Cash and cash equivalents	9	6 259	4 139	3 037
Total current assets		**9 343**	**8 067**	**5 496**
Total Assets		**125 660**	**123 744**	**114 252**
Equity and Liabilities				
Equity				
Stated capital		182 601	147 531	161 065
Accumulated loss		(96 239)	(59 286)	(80 231)
Foreign currency translation reserve		-	4 707	-
Share based payment reserve	13	268	-	114
Equity attributable to parent		**86 630**	**92 952**	**80 948**
Non-controlling interest		(13 744)	(11 029)	(12 285)
Total Equity		**72 886**	**81 923**	**68 663**
Liabilities				
Non-Current Liabilities				
Other financial liabilities	15	32 476	28 753	30 545
Finance lease obligation		313	-	511
Provisions		3 100	3 100	3 100
Total non-current liabilities		**35 889**	**31 853**	**34 156**

Current Liabilities				
Trade and other payables	**14**	16 503	9 968	11 167
Finance lease obligation		382	-	266
Total Current Liabilities		**16 885**	**9 968**	**11 433**
Total Liabilities		**52 774**	**41 821**	**45 589**
Total Equity and Liabilities		**125 660**	**123 744**	**114 252**
Net asset value per share (cents)		**87.32**	**103.16**	**84.73**
Tangible net asset value per share (cents)		**6.14**	**6.71**	**3.49**

Condensed Consolidated Statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	Notes	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Revenue	**5**	1 753	1 429	2 885
Cost of sales	**6**	(1 623)	(1 857)	(3 483)
Gross profit / (loss)		**130**	**(428)**	**(598)**
Other income		691	23	59
Share - based payments	**13**	(154)	-	(114)
Impairment loss		-	-	(12 245)
Operating expenses	**8**	(18 441)	(16 694)	(31 912)
Profit on disposal of business		-	-	4 708
Operating loss		**(17 774)**	**(17 099)**	**(40 102)**
Interest Income		124	222	632
Imputed interest expense		(1 931)	(1 740)	(3 532)
Interest expense		(39)	-	(35)
Total loss before tax		**(19 620)**	**(18 617)**	**(43 037)**
Taxation		2 153	115	2 436
Total loss after tax		**(17 467)**	**(18 502)**	**(40 601)**
Other comprehensive income/ expenditure - Items that may be reclassified to profit or loss				
Foreign currency translation gain		-	1 318	1 348
Foreign currency reserve realised on disposal of business – transfer to other comprehensive income		-	-	(4 737)
Total Comprehensive loss for the period		**(17 467)**	**(17 184)**	**(43 990)**

Total loss attributable to:			
Owners of the parent	(16 008)	(16 735)	(37 680)
Non-controlling interest	(1 459)	(1 767)	(2 921)
	(17 467)	**(18 502)**	**(40 601)**
Total comprehensive loss attributable to:			
Owners of the parent	(16 008)	(15 417)	(41 069)
Non- controlling interest	(1 459)	(1 767)	(2 921)
	(17 467)	**(17 184)**	**(43 990)**
Loss per share			
Basic loss per share (cents)	**(19.43)**	**(21.15)**	**(47.10)**
Diluted loss per ordinary share (cents)	**(19.43)**	**(21.15)**	**(47.05)**
Weighted average number of shares (‘000)	**82 372**	**79 135**	**80 002**
Number of shares in issue (‘000)	**83 469**	**79 413**	**81 035**
Headline loss per share			
Basic headline loss per share (cents)	**(19.43)**	**(21.15)**	**(37.68)**
Diluted headline loss per share (cents)	**(19.43)**	**(21.15)**	**(37.64)**
Weighted average number of shares (‘000)	**82 372**	**79 135**	**80 002**
Number of shares in issue (‘000)	**83 469**	**79 413**	**81 035**

Condensed Consolidated Statement of Changes in Equity

The statement of changes in equity of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	**Stated Capital**	**Accumulated Loss**	**Foreign Currency Translation Reserve**	**Share based payment reserve**	**Equity Attributable to parent**	**Non-Controlling interest**	**Total Equity**
Balance at 01 March 2017	**137 585**	**(42 551)**	**3 389**	**-**	**98 423**	**(9 262)**	**89 161**
Share issue	10 000	**-**	-	-	10 000	**-**	10 000
Share issue costs	(54)	**-**	**-**	-	(54)	**-**	(54)
Other comprehensive income	-	-	1 318	-	1 318	-	1 318
Total loss for the period	-	(16 735)	-	-	(16 735)	(1 767)	(18 502)
Balance at 31 August 2017	**147 531**	**(59 286)**	**4 707**		**92 952**	**(11 029)**	**81 923**
Share issue	16 000	-	-	-	16 000	-	16 000
Share issue costs	(2 466)	-	-	-	(2 466)	-	(2 466)
Share based payment reserve	**-**	**-**	**-**	114	114	**-**	114
Total loss for the period	**-**	(20 945)	**-**	**-**	(20 945)	(1 154)	(22 099)
Foreign currency reserve realised on disposal of business-recycled to profit or loss	**-**	**-**	(4 707)	**-**	(4 707)	**-**	(4 707)
Non- controlling interest at disposal - Mega Power Renewables	**-**	**-**	**-**	**-**	**-**	(102)	(102)
Balance at 28 February 2018	**161 065**	**(80 231)**	-	**114**	**80 948**	**(12 285)**	**68 663**
Share issue	21 760	-	-	-	21 760	-	21 760
Share issue costs	(224)	-	-	-	(224)	-	(224)

Share based payment reserve	-	-	-	154	154	-	154
Total loss for the period	-	(16 008)	-	-	(16 008)	(1 459)	(17 467)
Balance at 31 August 2018	**182 601**	**(96 239)**	**-**	**268**	**86 630**	**(13 744)**	**72 886**

Condensed Consolidated Statement of Cash Flows

The statement of cash flow of the Group for the reviewed six- month period ended 31 August 2018 are set out below:

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Cash flows from operating activities			
Cash used in operations	(11 566)	(6 330)	(19 036)
Interest Income	124	222	632
Interest expense	(39)	-	(35)
Net cash outflow from operating activities	**(11 481)**	**(6 108)**	**(18 439)**
Acquisition of property, plant and equipment	(4 823)	(12 292)	(13 662)
Acquisition of intangible assets	(1 927)	(72)	(199)
Net cash outflow from investing activities	**(6 750)**	**(12 364)**	**(13 861)**
Net proceeds on share issue	21 536	9 946	23 480
Finance lease capital re-payments	(83)	-	(210)
Finance lease proceeds	**-**	-	768
Increase of environmental rehabilitation guarantee	**-**	264	-
Net cash inflow from financing activities	**21 453**	**10 210**	**24 038**
Total cash movement for the period	3 222	(8 262)	(8 262)
Cash at the beginning of the period	3 037	12 401	11 299
Total cash at the end of the period	**6 259**	**4 139**	**3 037**

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial information as at 31 August 2018 are set out below:

1. Basis of preparation

The reviewed condensed interim financial statements are prepared in accordance with the Listings Requirements of JSE Limited ("Listings Requirements") for interim reports, and the requirements of the Companies Act (Act 71 of 2008 as amended) applicable to condensed financial statements. The Listings Requirements require interim reports to be prepared in accordance with International Financial Reporting Standards, IAS 34 Interim Financial Reporting and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. The board of directors of Renergen Limited ("the Board") takes full responsibility for the preparation of this interim report. The condensed financial statements comprise the condensed statement of financial position as at 31 August 2018 and the condensed statements of comprehensive income, changes in equity and cash flows for the period ended 31 August 2018. This is the first set of the Group's financial statements where IFRS 15 and IFRS 9 have been applied. Changes to significant accounting policies are described in note 4.
These condensed interim financial statements have been reviewed by the Company's auditors and were prepared under the supervision of the Chief Financial Officer, Miss F Ravele CA(SA).

AUDITOR'S REPORT

Grant Thornton Johannesburg Partnership, the group's independent auditor, has reviewed the Condensed Consolidated Interim Results for the period ended 31 August 2018 and have expressed an unmodified review conclusion thereon. A copy of the auditor's review report is available for inspection at the company's registered office together with the financial information identified in the auditor's report. The auditor's review report does not necessarily report on all the information contained in these financial results. 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 registered office.

The directors take full responsibility for the preparation of these financial results.

2. Accounting policies

All accounting policies applied in these interim financial statements are in terms of IFRS and are consistent with those applied by the Group in its consolidated financial statements for the year ended 28 February 2018, except for new standards related to the application of IFRS 15 and IFRS 9, which are described in note 4.

3. Significant Accounting Policies

3.1. Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all investees which are controlled by the Group.

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The excess of the consideration transferred over the fair value of the Group’s share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group’s share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

3.2. Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company. Construction assets are not depreciated as they are not ready and available for the use intended by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	10 years
Furniture and fittings	Straight line	6 years
IT equipment	Straight line	3 years
Assets under Construction	Not applicable	Not applicable
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	10 years
Leasehold improvements- Furniture and fittings	Straight line	6 years
Leasehold improvements-Office equipment	Straight line	6 years
Finance - Motor vehicle	Straight line	5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

3.3. Areas of Significant Judgements

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Loans and receivables

The company assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for loans and receivables is calculated on a subsidiary basis, based on historical loss ratios, and other indicators present at the reporting date that correlate with defaults on the subsidiary. These annual loss ratios are applied to loan balances in the subsidiary.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The company reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives and residual values of depreciable assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or depleting gas reserve volumes that may change the utility of certain assets.

3.4. Areas of Estimates

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The company recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The company recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

3.5. Areas of significant judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the annual financial statements for year ended 28 February 2018, except for new significant judgements and key sources of estimation uncertainty related to the application of IFRS 15 and IFRS 9, which are described in note 4.

3.6. Intangible assets

Intangible assets are initially recognised at cost.
Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its pattern of use. All assets with finite useful life are assessed for impairment annually.

Item	**Amortisation**
Exploration and development costs	Pattern of use (units)
Molopo project mineral rights	Pattern of use (units)
Domain names	Indefinite useful lives

3.7. Financial instruments

3.7.1. Financial Assets

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.
The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.
Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.
For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

a. Trade and receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

b. Cash and cash equivalents

In the consolidated statement of financial position cash and cash equivalents includes cash in hand.

c. Restricted Cash

The company has cash deposits in call accounts that have been ring-fenced. These cash deposits are used for environmental rehabilitation. This cash is not treated as cash and cash equivalent.

d. Other financial assets

Other financial assets held at amortised cost include a loan to minority shareholders held as a current asset. The loan is held at cost and is repayable on demand.

3.7.2. Financial Liabilities

Financial liabilities held at amortised cost include trade payables, accruals, other payables and borrowings.

a. Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

b. Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

4. Changes in accounting policies

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 28 February 2018. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 28 February 2018, except for the adoption of new standards effective as of 1 January 2018.

4.1. IFRS 9 (Financial Instruments)

IFRS 9 was effective for the current period. As permitted by IFRS 9, Renergen Group has not restated comparative information for 2018 for financial instruments in the scope of IFRS 9. Therefore, the comparative information for 2017 is reported under IAS 39 and is comparable to the information presented for 2018. There is, however, no material impact from IFRS 9 on the Interim Condensed Consolidated Financial Statements as there were no expected impairments from trade and other receivables.

4.2. 4.2 IFRS 15 (Revenue from Contracts with Customers)

Application of the standard is mandatory for reporting periods beginning on or after 1 January, 2018. This standard provides a single, principles-based five-step model for the determination and recognition of revenue to be applied to all contracts with customers. It replaces in particular IAS 18 (Revenue) and has no material effect on the prior year and current year presentation of Renergen Group results of consolidated statement of comprehensive income and financial position, however it will lead to additional disclosure in the accounting policies and notes. Renergen Group currently services one customer in South Africa and does not export any CNG.

IFRS 15 – Disaggregation

The impact of adopting IFRS 15, does not result in any further disaggregation of revenue as compared to the segmental report of the financial statements as the Group only has one source of revenue from one South African customer.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

5. Revenue

Revenue was generated from the sale of Compressed Natural Gas (''CNG'').
CNG is produced and sold directly to one South African customer at present, as a result disaggregation of revenue has not been disclosed.

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Sale of CNG	1 753	1 429	2 885
Total	**1 753**	**1 429**	**2 885**

6. Cost of sales

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Employee costs	(525)	(470)	(980)
Plant Depreciation	(1 001)	(986)	(1 985)
CNG purchased	-	(166)	(166)
Repairs and Maintenance	(97)	(235)	(352)
Total	**(1 623)**	**(1 857)**	**(3 483)**

7. Intangible assets

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Reviewed 31 August 2018			
Exploration and development costs	11 177	(32)	11 145
Molopo project mineral rights	56 579	-	56 579
Domain	41	-	41
Total	**67 797**	**(32)**	**67 765**

Comparatives

Figures in R'000	Cost	Accumulated Amortisation	Carrying Value
Unaudited 31 August 2017			
Exploration and development costs	12 223	(26)	12 197
Molopo project mineral rights	52 112	-	52 112
Domain	41	-	41
Côte d'Ivoire Hydroelectric project	12 245	-	12 245
Total	**76 621**	**(26)**	**76 595**

Figures in R'000	Cost	Accumulated Amortisation	Accumulated Impairment	Carrying Value
Audited 28 February 2018				
Exploration and development costs	9 250	(32)	-	9 218
Molopo project mineral rights	56 579	-	-	56 579
Domain	41	-	-	41
Côte d'Ivoire Hydroelectric project	12 245	-	(12 245)	-
Total	**78 115**	**(32)**	**(12 245)**	**65 838**

8. Operating Expenses

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Consulting and advisory fees	(5 875)	(2 644)	(12 177)
Depreciation*	(586)	(316)	(803)
Non-Executive Directors fees	(656)	(648)	(1 339)
Executive Directors Fees***	(2 787)	(2 787)	(6 040)
Employee costs**	(4 247)	(2 365)	(3 460)
Operating lease	(538)	-	(964)
Other Operating costs	(3 752)	(7 934)	(7 129)
	(18 441)	**(16 694)**	**(31 912)**

*Depreciation of plant and machinery amounting to R1 million (31 August 2017: R0,86 million), is included in cost of sales. The operating plant became fully operational in September 2017, resulting in 5 months' worth of depreciation being included in cost of sales and 7 months' worth is included in operating expenses for the period ended 28 February 2018.

**Employee costs relating to manufacturing is included in cost of sales

*** The Remuneration Committee and the Board of Directors reviewed PWC's report on salary for Executive Directors after August 2018, therefore executives' salary structure remained unchanged for the first six months of the year.

9. Cash and cash equivalents

The accounting policies for financial instruments have been applied to the line items below:

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Bank	6 259	4 139	3 037
Total	**6 259**	**4 139**	**3 037**

10. Restricted cash

Figures in R'000	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Environmental rehabilitation guarantee cash	1 875	-	1 632
Total	**1 875**	**-**	**1 632**

The Group has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free state). The Group has had to provide for its environmental management programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the exploration activities. The Group has a rehabilitation provision of R3.1 million. The cash portion of this guarantee is invested in a call account and has been ringfenced for the use towards environmental rehabilitation. Due to this ring-fencing the use of the cash is restricted, and it is classified as a non-current asset.

11. Trade and other receivables

Figures in Rand thousands

Trade and other receivables	Reviewed 31 August 2018	Unaudited 31 August 2017	Audited 28 February 2018
Deposits	214	214	214
Other receivables*	684	705	505
Prepayments	1 429	1 085	1 403
Value added tax receivable	757	1 924	337
Total	**3 084**	**3 928**	**2 459**

*Other receivables include R0.380 million (31 August 2017: R0.529 million), receivable from revenue sold on 30 days payment terms.

12. Segments analysis

The operating segments are reported in a manner consistent with the annual financial statements as at 28 February 2018.

Renergen Limited has two operating segments, Renergen sold its investment in Mega Power Renewables on 23 February 2018, thus reducing the segments from three to two.

• **Corporate Head Office**

Corporate head office is a segment where all investment decisions are made. Renergen Limited is the investment holding company focused on investing in prospective green projects

• **Tetra4 (Pty) Ltd**

Tetra4 explores, develops and sells compressed natural gas to the South African market

Figures in R'000 Reviewed 31 August 2018	**Corporate Head Office**	**Tetra4**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**5 550**	**1 753**	**7 303**	**(5 550)**	**1 753**
External	-	1 753	1 753	-	1 753
Inter-segment	5 550	-	5 550	(5 550)	-
Loss for the period	(2 872)	(14 595)	(17 467)	-	(17 467)
Total Assets	**764 280**	**111 926**	**876 206**	**(750 546)**	**125 660**
Total liabilities	**5 347**	**198 054**	**203 401**	**(150 627)**	**52 774**

Comparatives

Figures in R'000 Unaudited 31 August 2017	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**5 000**	**1 429**	**-**	**6 429**	**(5 000)**	**1 429**
External	-	1 429	-	1 429	-	1 429
Inter-segment	5 000	-	-	5 000	(5 000)	-
Loss for the period	(831)	(17 671)	-	(18 502)	-	(18 502)
Total Assets	**738 650**	**102 439**	**12 481**	**853 570**	**(729 826)**	**123 744**
Total liabilities	**1 678**	**162 381**	**7 508**	**171 567**	**(129 746)**	**41 821**

Figures in R'000 Unaudited 28 February 2018	**Corporate Head Office**	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	**8 600**	**2 885**	**-**	**11 485**	**(8 600)**	**2 885**

External	-	2 885	-	2 885	-	2 885
Inter-segment	8 600	-	-	8 600	(8 600)	-
Loss for the period	(11 392)	(29 209)	-	(40 601)	-	(40 601)
Total Assets	**744 363**	**104 993**	**266**	**849 622**	**(735 370)**	**114 252**
Total liabilities	**4 249**	**176 525**	**-**	**180 774**	**(135 185)**	**45 589**

13. Share based payment

Renergen granted shares to senior management and an executive director after the approval of a Bonus Share Scheme by shareholders on 29 September 2017. Further shares were granted to senior management and general employees on 6 July 2018. All shares vest after 36 months of employment with the company. Renergen had no share-based payments in the six- month comparative period ended 31 August 2017.

	Reviewed 31 August 2018			**Audited 28 February 2018**		
	Number of shares awarded (‘000)	**Fair value per share at grant date**	**Value of Shares (R'000)**	**Number of shares awarded (‘000)**	**Fair value per share at grant date**	**Value of Shares (R'000)**
EXECUTIVES						
Opening balance						
F Ravele (granted 5 October 2017)	59	10.22	600	-	-	-
Allocation for the period						
F Ravele (granted 5 October 2017)	-	-	-	59	10.22	600
Closing shares award	**59**		**600**	**59**		**600**
SENIOR MANAGEMENT						
Opening balance						
R Katzke (granted 5 October 2017)	22	10.22	224	-	-	-
Allocation for the period						**-**
K Patel (granted 6 July 2018)	10	9.9	99	-	-	-

M Stuart (granted 6 July 2018)	7	9.9	69			
R Katzke (granted 6 July 2018)	8	9.9	79	22	10.22	224
Closing shares awarded	**47**		**471**	**22**		**224**

GENERAL EMPLOYEE

Opening	-	-	-	-	-	-
Allocation for the period (granted 6 July 2018)	4	9.9	40	-	-	-
Closing awarded	**4**		**40**	**-**	**-**	**-**
Total shares awarded to date	**110**		**1 111**	**81**		**824**

IMPACT ON FINANCIAL STATEMENTS	**Reviewed 31 August 2018**		**Audited 28 February 2018**	
Figures in R'000	**Statement of profit and loss**	**Statement of financial position- shares based payments reserves**	**Statement of profit and loss**	**Statement of financial position- shares based payments reserves**
Opening Balance	**114**	**114**		
EXECUTIVES	83	83	-	-
SENIOR MANAGEMENT	31	31	-	-
GENERAL EMPLOYEE	-		-	-
Movement	**40**	**154**	**114**	**114**
EXECUTIVES – allocation of prior year awarded shares	17	100	83	83
SENIOR MANAGEMENT – allocation of prior year awarded shares	6	37	31	31

SENIOR MANAGEMENT – allocation of current year awarded shares	15	15	-	-
GENERAL EMPLOYEES – allocation of current year awarded shares	2	2	-	-
Closing balance	**154**	**268**	**114**	**114**

14. Trade and other payables

Figures in Rand thousands	**Reviewed 31 August 2018**	**Unaudited 31 August 2017**	**Audited 28 February 2018**
Trade payables	13 090	7 891	9 651
Accrued expenses	2 279	1 430	610
Accrued leave	1 134	647	906
Total	**16 503**	**9 968**	**11 167**

15. Other financial liabilities

Figures in Rand thousands	**Reviewed 31 August 2018**	**Unaudited 31 August 2017**	**Audited 28 February 2018**
Held at amortised cost			
Molopo Energy Limited	32 476	28 753	30 545
Total	**32 476**	**28 753**	**30 545**

Molopo Energy Limited

Tetra4 (Pty) Ltd entered into a R50 million loan agreement on 01 May 2013. This loan was part of the conditions of the sale of shares in Tetra4 (Pty) Ltd from Molopo Energy Limited to Windfall Energy (Pty) Ltd. The loan agreement is for the period from inception of the loan on 1 May 2013 until 31 December 2022. During this period, the loan is unsecured and interest free. The loan can only be repaid when Molopo South Africa declares a dividend and 36% of distributable profits must be repaid before a dividend is declared. In the event that by 31 December 2022 the loan is not repaid, the loan shall bear interest at prime overdraft plus 2 percent and will have no repayment terms. Shareholders loans can only be repaid after the loans from Molopo Energy Limited have been settled.

The loan is discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2 percent which at 31 August 2018 is 12% (prime lending rate of 10% plus 2%). The imputed interest expense is included in profit and loss. The fair value of the loan amount outstanding at 31 August 2018 amounts to ZAR30.5 million.

16. Contingent liabilities and commitments

16.1. Contingent liabilities

There are no contingent liabilities in the reviewed condensed interim financial statements for 31 August 2018.

16.2. Commitments

The were no material changes to the commitments as disclosed in the annual financial statements for 28 February 2018.

17. Events after the reporting period

On 26 October 2018 Renergen released an announcement on SENS, wherein it was further disclosed that the Group intends listing on the Australian Stock Exchange (ASX) in the first half of 2019. Renergen has undertaken a fully underwritten rights issue on the JSE for R125 million. The funds raised through the Rights Offer combined with the funds to be raised on the listing on the ASX, will be used to commence the proposed expansion of the Virginia Gas Project, which is to be undertaken in stages. Stage one involves connecting 12 gas wells to a new gas pipeline and constructing a new plant for helium and LNG with an anticipated maximum daily production capacity of 350 kg of liquid helium and 50 tons of LNG (“New Plant”).

18. Going concern

The unaudited, reviewed condensed interim financial statements been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future.

A condition of the Industrial Development Corporation (IDC) debt funding announced on 27 May 2017, is the Group’s ability to raise its own capital of R145 million which will be fulfilled on completion of the rights offers announced on 26 October 2018. Tetra4’s access to the R218 million facility from the IDC to and Renergen’s secondary listing on the Australian Securities Exchange in 2019 will finance the expansion of the Virginia Gas Project will result in unlocking of gas volumes which see the Group generating profits on the sale of LNG and Helium. Management is confident that the business will be able to continue as a going concern.

CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Company and registration number	2014/195093/06
JSE Share code	REN
JSE ISIN	ZAE000202610
Registered office	First Floor 1 Bompas Road Dunkeld West 2196
Nature of the business and principal activities	Energy company focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange (“AltX”)
Directors	Stefano Marani Fulu Ravele Nick Mitchell Brett Kimber Mbali Swana Luigi Matteucci Bane Maleke Francois Olivier
Auditors	Grant Thornton Johannesburg Partnership Chartered Accountants (SA) Registered Auditors A South African member of Grant Thornton International Limited
Company Secretary	Acorim Proprietary Limited
Transfer secretaries	Computershare Investor Services Proprietary Limited
Designated adviser	PSG Capital

Renergen Limited
(Registration number 2014/195093/06)
Financial statements
for the year ended 28 February 2019

RENERGEN
FUTURE ENERGY, TODAY

Renergen Limited
(Registration number 2014/195093/06)
Financial Statements for the year ended 28 February 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Energy company, focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange ("AltX") and in the process of a secondary listing on the Australian Stock Exchange
Directors	Stefano Marani Fulu Ravele Nick Mitchell Brett Kimber Mbali Swana LuigiMatteucci Bane Maleke Francois Olivier
Registered office	First Floor 1 Bompas Road Dunkeld West 2196
Auditors	BDO South Africa Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	Acorim Proprietary Limited
Company registration number	2014/195093/06
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Transfer secretaries	Computershare Investor Services Proprietary Limited
Designated adviser	PSG Capital
JSE Share code	REN
JSE ISIN	ZAE000202610
Preparer	The financial statements were prepared under the supervision of Fulu Ravele CA(SA) Chief Financial Officer

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Directors' responsibilities and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Group’s ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group’s forecasts for the next twelve months and are satisfied with the Group’s ability to continue as a going concern.

The external auditors are responsible for independently auditing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on pages 9 to 11.

The financial statements set out on pages 15 to 64, which have been prepared on the going concern basis and the directors report on pages 12 to 14, were approved by the board of directors on 31 May 2019 and were signed on their behalf by:

Fulu Ravele	**Luigi Matteucci**

Audit, risk and IT committee report

Introduction

The Audit, Risk and IT Committee ("the Audit Committee") is an independent statutory committee appointed by Renergen's shareholders. In terms of section 94 of the Companies Act 71 of 2008, as amended ("the Companies Act"), and the principles of good governance, shareholders annually appoint certain independent directors as members of the Audit Committee to fulfil the statutory duties as prescribed by the Companies Act.

In addition, Renergen's board of directors (the Board) delegates specific duties to the Audit Committee. This report considers these statutory and delegated duties as well as the Audit Committee's responsibilities in terms of the JSE Listings Requirements and the King IV Code on Corporate Governance, 2016 ("King IV").

Terms of reference

The Audit Committee has adopted formal terms of reference which are reviewed and updated on an annual basis, or as necessary, by both the Committee and the Board. The Committee is satisfied that it has discharged its duties in accordance with its terms of reference.

Composition and governance

During the year under review the Audit Committee comprised of the following independent non-executive directors:

Name	Qualification	Designation
Luigi Matteucci	B.com (Wits) CTA (Wits) CA (SA)	Independent member. Member of committee since May 2016 and appointed at Chairperson in February 2019
Mbali Swana (chairperson)	Bas (UCT), BArch (UCT), Pr Arch (SA), MIAT (SA)	Chairperson and Independent member since February 2015. Stepped down as Chairperson of the committee in February 2019 but remained a member of the committee.
Bane Maleke	MBA (Dalhousie University Canada), Ph.D Strategic Management (University of Bath UK)	Member of the committee since December 2016

For details of the qualifications, expertise and experience of the members of the Audit Committee, refer to page 4 of the integrated annual report.

Members of the Audit Committee satisfy the requirements to serve as members of an audit committee, as provided for in section 94 of the Companies Act, and collectively have adequate knowledge and experience to carry out their duties.

The Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Operating Officer (COO) and representatives of the appointed external auditor are invited to attend all Audit Committee meetings. The chairperson of the Audit Committee has regular contact with Management to discuss relevant matters directly. The external auditors have direct access to the Audit Committee, including closed sessions without Management, on any matter that they regard as relevant to the fulfilment of the Audit Committee's responsibilities.

Eight Audit Committee meetings were held during the year under review, aligned with the key reporting and regulatory timelines. The meetings' key focus areas were:

- the financial performance and position of the Group;
- the solvency and liquidity position of the Group;
- Renergen's interim results for the six months to 31 August 2018 and the accompanying SENS announcement;
- the external audit plan;
- Renergen's financial year end results and the accompanying SENS announcement;
- significant and unusual accounting transactions;
- the external auditor's report;
- JSE correspondence and the Committee's responses thereto;
- Renergen's risk register and the responses associated with each risk;
- the adequacy of the risk management policy, charter and plan, as well as the risk tolerance and risk appetite statements. Certain recommendations were made by the Audit Committee in this regard which have been adopted by Management;
- the insurance cover in place to protect the Group's assets;
- risks associated with business continuity planning;
- whistleblowing policies and procedures; and
- the appropriateness of the external auditor and the individual registered auditor.

The chairperson of the Audit Committee reports to the Board on its activities and the matters discussed at each meeting, highlighting any key items that the Audit Committee believes require action and providing recommendations for the Board's resolution.

The performance of the Audit Committee is reviewed annually by the Board. The latest review concluded that the Audit Committee operates effectively and successfully discharged its responsibilities and duties in line with its approved terms of reference.

Roles and responsibilities

The Audit Committee's primary objective is to assist the Board with its responsibilities for, *inter alia*:

- oversight of financial and internal controls;
- oversight and review of the integrity of financial reporting;
- oversight and review of the external audit process;
- oversight of any non-audit services and approval of the policy in regard thereto;
- oversight and review of Renergen's financial function;
- management of risk;
- governance of information technology and the effectiveness of Renergen's information systems;
- legislative and regulatory compliance; and
- oversight of the policies and procedures for the prevention and detection of fraud.

Financial and internal controls

The Group has established and maintains internal controls and procedures, which are reviewed on a regular basis. These are designed to manage significant control deficiencies raised by Management or the external auditors and to provide reasonable assurance against the possibility of any failures.

The Audit committee is satisfied that Renergen has optimised the assurance coverage obtained from Management and external assurance providers, in accordance with an approved combined assurance model. The Audit Committee is also satisfied that the combined assurance model and related systems and procedures are effective in enabling an effective internal control environment and supporting the integrity of internal and external reports.

Based on its continuous review of the design, implementation and effectiveness of Renergen's systems of internal financial controls, and on reports made by the external auditors on the results of their audit and management reports, the Audit Committee is satisfied that Renergen's system of internal financial controls is effective and forms a basis for the preparation of reliable financial statements. No findings have come to the attention of the Audit Committee to indicate that any material breakdown in internal controls occurred during the past financial year.

Financial reporting

The Audit Committee receives regular reports from the CFO regarding the financial performance of the Group, details of budgets, forecasts, long-term plans and capital expenditures, financial reporting controls and processes, and the adequacy and reliability of management information used during the financial reporting process.

The Audit Committee reviewed the audited annual financial statements for the year ended 28 February 2019 and, following an assessment, considered the financial reporting process and controls that led to the compilation of the annual financial statements to be effective. No significant matters were identified by the Audit Committee relating to the annual financial statements and the Audit Committee submits that they present a balanced view of the Group's performance for the year under review. The Audit Committee is therefore of the view that the annual financial report complies in all material respects with the statutory requirements of the various regulations governing disclosure and reporting of the consolidated annual financial statements and that the consolidated financial statements comply in all material respects with IFRS, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements issued by the Financial Reporting Standards Council, as well as the requirements of the Companies Act and the JSE Listing Requirements.

The Audit Committee recommended that the annual financial statements and the financial information included in the integrated annual report be approved by the Board.

External audit

The Audit Committee is responsible for the appointment, compensation and oversight of the external auditors for the Group, namely Grant Thornton.

On the recommendation of the Board, shareholders reappointed Grant Thornton Johannesburg ("GT") as Renergen's independent external auditor for the financial year ended 28 February 2019 at the annual general meeting held on 28 September 2018, . The individual registered auditor responsible for the audit was Mr. J Barradas. Following its reappointment, GT informed the Audit Committee that it was in advanced negotiations to join BDO South Africa ("BDO").

Following the merger of GT and BDO, as well as the Audit Committee's review of BDO's latest Independent Regulatory Board for Auditors ("IRBA") inspection findings in accordance with paragraph 22.15(h) of the JSE Listings Requirements, the Audit Committee appointed BDO as Renergen's independent external auditor on 3 December 2018. Although the individual registered auditor remained unchanged the Audit Committee assessed the independence and effectiveness of BDO as the Renergen's independent external auditor. Having conducted a thorough assessment the Audit Committee is satisfied that BDO is independent of Renergen, taking into consideration the prescripts of section 94(8) of the Companies Act as well as IRBAs' rules. The Audit Committee is further satisfied that both BDO and Mr. J Barradas are accredited in terms of the JSE Listings Requirements.

Prior to the commencement of the statutory audit for the financial year ended 28 February 2019, the Audit Committee reviewed and approved the auditor's engagement letter, the audit plan and the audit fees. The Audit Committee further monitored the external auditor's progress against the approved audit plan. Following the statutory audit, the auditor's report provided the Audit Committee with the necessary assurance in respect of Renergen's risk management processes, internal control environment and IT governance.

A formal procedure has been adopted to govern the process whereby the external auditor may be considered for non-audit services and the extent of these services is closely monitored by the Audit Committee.

Mr. J Barradas completed his 5-year tenure as Renergen's individual registered auditor during the statutory audit for the financial year ended 28 February 2019. Given Renergen's policy of rotating its audit partner every 5 years a formal tender process was initiated for the identification and appointment of a new independent external auditor. The Audit Committee is of the view that the periodical rotation of external auditor complies with the principles of good corporate governance and will enhance the independence of the appointed external auditor.

Accordingly, following the Board, with the assistance of the Audit Committee, are engaged in a tender process and is reviewing a number of candidate audit firms, for the appointment of Renergen's independent external auditor for the financial year ending 29 February 2020.

The directors will, therefore, propose the appointment of an independent external auditor at the annual general meeting to be held on 27 September 2019. Details can be found in the notice of annual general meeting that accompanies the integrated annual report.

Evaluation of the CFO and the finance function

The Audit Committee evaluated the expertise and performance of Ms. F Ravele during the financial year ended 28 February 2019 and is satisfied that she has the appropriate expertise and experience to carry out her duties as the CFO of the Group. The expertise, experience and adequacy of the resources making up the finance function were also considered, and the Audit Committee is satisfied that these are appropriate.

Risk management

The Audit Committee discusses with Management the Group's policies with respect to risk assessment and risk management, including the guidelines and policies that govern Management's assessment and management of risk, and is responsible for the following:

- Reviewing the effectiveness of risk management policies and strategies in place for recommendation to the Board for final approval;
- Reviewing the adequacy of the risk management charter, policy and plan for recommendation to the Board for final approval;
- Approving the Group's risk identification and assessment methodologies;
- Reviewing the parameters of the Group's risk/reward strategy, in terms of the risk appetite and tolerance relative to reward;
- Ensuring that risks are quantified where practicable;
- Reviewing and approving the risks identified on a qualitative basis, according to probability and seriousness;
- Reviewing the effectiveness and efficiency of systems within the Group and receiving assurance that material risks are identified, and the appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies;
- Reviewing the appropriateness of resources directed towards areas of high risk;
- Regularly receiving a register of the Group's key risks and potential material risk exposures. Reporting to the Board any material changes and/or divergence to the risk profile of the Group;
- Reviewing the implementation of operational and corporate risk management plans;
- Reviewing the insurance and other risk transfer arrangements and considering whether appropriate coverage is in place;
- Reviewing the business contingency planning process within the Group and receiving assurance that material risks are identified and that appropriate contingency plans are in place;
- Where necessary recommending actions for improvement on risk management plans for the Group;
- Reviewing the Group's sustainability risk on a regular basis; and
- Annually reviewing the risk management charter for recommendation to the Board for final approval.

The Audit Committee is satisfied with the effectiveness of its oversight of the governance of risk in the Group. A detailed report on risk, as recommended in King IV, is contained in the integrated annual report.

Information and technology governance

The Audit Committee is responsible for IT governance on behalf of the Board and receives reports from management in this regard at each Committee meeting. During the year under review the Audit Committee considered and approved a technology and information governance framework to manage information and technology as well as to identify any associated risks.

Compliance governance

The Committee is responsible for Renergen's compliance with applicable laws, rules, codes and standards. All of the laws, codes and standards applicable to Renergen have been identified and the responsibility for implementing compliance has been delegated to Management.

Going concern

The Audit Committee has reviewed a documented assessment, including key assumptions prepared by Management, of the going concern status of the Group. The Board's statement on the going concern status of the Group, which is supported by the Audit Committee, appears on page 4.

Group Company Certification

In our capacity as Company Secretary, we hereby confirm, in terms of section 88(2)(e) of the Companies Act, 2008 (Act No.71 of 2008), as amended (the Act), that for the 12-month period ended 28 February 2019, the Group has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Acorim

Acorim Proprietary Limited
Company secretary

31 May 2019

Independent Auditor's Report

Report on the audit of the consolidated and separate financial statements

Opinion
We have audited the consolidated and separate financial statements of Renergen Limited (the group and company) set out on pages 15 to 64, which comprise the consolidated and separate statements of financial position as at 28 February 2019, and the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Renergen Limited as at 28 February 2019, and its consolidated and separate statements of financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group and company in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters in respect of the separate financial statement.

The following key audit matters relate to the consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Valuation and impairment testing of mineral rights At 28 February 2019, the Group has mineral rights disclosed as intangible assets with a carrying value of R66.5 million (2018: R 62.7 million). Management is required to perform an impairment test on intangible assets at least annually and identify indicators of impairment, if any. We have determined this to be a key audit matter due to the judgement required by management in preparing the valuation model to satisfy the impairment test. An expert (MHA Petroleum Consultants) is used to calculate the amount of resources available as well as forecasting future cash flows and applying appropriate discount rates and this inherently involves a high degree of estimation and judgement by management. During the period under review there was no impairment accounted for relating to the intangible asset for Tetra4.	In considering the appropriateness of management's judgement used in the valuation models, we performed the following audit procedures: • Assessed appropriateness of capitalisation of costs in terms of IFRS 6 *Exploration for and Evaluation of Mineral Resources.* • Evaluated the capabilities, competency and objectivity of management's expert (MHA Petroleum Consultants). This included verifying professional qualifications and registrations and making an assessment of the independence and appropriateness of the expert used; • Obtained an understanding of the work performed by the expert; • Reviewed the recoverability of the mineral right by assessing the expert's value-in-use calculation. • Recalculated the amortisation charge for the period based on the u utilisation over the total estimated resource available. • Verified the additions made during the period. • Obtained an analysis of estimated future expenditure included in the amortisation base • Analytically reviewed each income stream on a month on month and year on year basis to evaluate the completeness of each revenue stream. • Reviewed the work of the experts and compared to the methods and assumptions used in the prior year in order to ensure consistency and appropriateness. We furthermore considered the appropriateness and completeness of disclosure provided in this regard in terms of International Financial Reporting Standards.

Other information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate **financial statements**
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and / or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate **financial statements**
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and / or the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Inc.has been the auditor of Renergen Limited for five years.

BDO South Africa Inc

BDO South Africa Incorporated
Registered Auditors

J Barradas
Director
Registered Auditor

31 May 2019

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Renergen Limited and the group for the year ended 28 February 2019.

1. Nature of business

An energy group focused on alternative and renewable energy sectors in South Africa and sub-Saharan Africa. The Company is listed on the JSE Alternative Exchange (AltX) and is in the process of a secondary listing on the Australian Stock Exchange (ASX).

2. Review of financial results and activities

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The Group adopted new accounting standards during the current year which were not in effect in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

Operational Review

The Group performed well, despite the macro-economic climate prevalent in South Africa which presented adverse operating conditions. Nationally the economy has faced significant head-winds ahead of the national elections, with many investors opting to delay any investment decisions until after the elections. A volatile Rand and Brent Crude Oil price has seen local fuel prices add to consumers' woes. Tensions between the US and China had further consequences in that foreign investors were reluctant to invest in Emerging Markets generally, all of which lead to difficult operating conditions.

The New Plant Project did however benefit from two major developments in its favour. Firstly, the Bureau of Land Management in the United States, a strategic helium reserve in Texas supplying a significant portion of the world's helium, announced earlier in 2018 that under the Helium Stewardship Act of 2013 that its helium reserves had dropped to a level which meant it would host a final auction in August 2018, and thereafter would cease commercial supply. The US Department of Interior on the 18th of May 2018 also then declared helium as one of the most critical elements to US National Security, which then saw crude helium prices soar over 135% from the previous year and resulted in significant international interest in Renergen's New Plant Project which enjoys concentrations of helium far above other helium producers. The second development was higher crude oil prices, which lead to an increase in margin on the pilot plant which ultimately resulted in the Company showing its first gross profit for a semi-annual period, ending August 2018.

The most significant milestone achieved this year was the funding package from the United States government through its investment arm, the Overseas Private Investment Corporation (or OPIC) for US$ 40 million. The funding was hinged primarily on the need to bring new helium sources online, which has benefited the Company greatly.

The Group concluded its capital raise by undertaking an Initial Public Offering on the Australian Stock Exchange in May 2019. The Company will list on the Australian Stock Exchange in June 2019, an offering which was met with great enthusiasm, being more than two times oversubscribed, amongst investors interested in gaining exposure to helium as a commodity. This development will increase the Company's investor pool and provide additional sources of capital.

The Group signed new offtake agreements for liquefied natural gas with customers and has proven the viability of the New Plant, with the project commencing full operations by the end of March 2021. The Directors are highly enthusiastic on the Group's prospects going into the new financial year, with strong financial support and good prospects moving forward.

Virginia

The plant has been operating at optimal capacity with positive results. Gas has been supplied to the Megabus operations for several months and not only have customers been pleased with the improvement in the quality of the commute, but the operator is experiencing savings on the fuel cost. A new CNG dispenser and additional CNG trailer have been imported to commence dispensing CNG to an additional site in Johannesburg to 15 trucks on dual fuel, which should materially increase current revenues. It is anticipated the new CNG dispensing operation will commence by the third quarter of the February 2020 financial year.

Evander

We continue to enjoy good prospects on this field and are proceeding with the necessary steps to bring this field into production.

Financial Review

- Revenue increased by 3% to R2.99 million (February 2018: R2.89 million). The increase is as a result of a higher diesel price following a weaker Rand and higher oil prices.
- Cost of sales has decreased by 9% to R3.2million (February 2018: R3.5million) as a result of improved cost efficiencies.
- Capital raised in preparation of the planned pipeline construction, this resulted in an increase in the cash balance from 28 February 2018.
- R9.5 million spent on plant, machinery and equipment on engineering of Tetra4's Virginia operating plant expansion.
- R3.8 million spent on gas exploration.

- A provision of R5.8 million has been raised for commitment and administration fees incurred on the IDC funding agreement.
- 500 convertible notes at AUD 1000 per note were issued with an 18-month term.

Changes to the Board of Directors

Following the successful rights issue, the Board welcomes Francois Olivier to the Board as a non-executive director. Francois has 16 years of investment research and portfolio management experience, six years of which were spent in the USA. Francois is a Chartered Accountant and CFA Charter holder.

In anticipation of the ASX listing, the Board decided it was necessary to also appoint Dr David King to the Board as a non-executive director, effective 4 June 2019. David was a founder and director of Sapex Ltd, Gas2Grid Ltd and Eastern Star Gas Ltd. He holds an MSc in Geophysics from Imperial College, London, and a PhD in Seismology from the Australian National University, Canberra. He has substantial natural resource related experience.

These appointments add new dimension to our Board and will aid the Executive team in developing the company strategy in order to unlock returns for all of our shareholders.

3. Stated capital

The Group increased its number of shares issued to 100 135 752 from 81 035 123 shares issued in prior year.

Refer to note 13 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

4. Dividends

No dividends were declared or paid to shareholders during the year.

5. Directorate

The directors in office at the date of this report are as follows:

Executive Directors	Office	Designation	Appointment date
Stefano Marani	Chief Executive Officer	Executive	20 November 2014
Fulu Ravele	Chief Financial Officer	Executive	25 November 2015
Nick Mitchell	Chief Operating Officer	Executive	25 November 2015
Brett Kimber	Chairperson	Non-executive Independent	17 June 2015
Mbali Swana	Deputy Chairperson	Non-Executive Independent	16 February 2015
Luigi Matteucci		Non-executive Independent	03 May 2016
Bane Maleke		Non-executive Independent	07 December 2016
Francois Olivier		Non-executive	19 November 2018

6. Directors' interests in shares

	2019	2019	2019	2018	2018	2018
Executive Directors	Direct %	Indirect %	**Total %**	Direct %	Indirect %	**Total %**
Stefano Marani	0.26%	8.69%	**8.95%**	0.32%	10.73%	**11.05%**
Nick Mitchell	0.00%	8.59%	**8.59%**	0.00%	10.61%	**10.61%**
Total executive directors' interest	**0.26%**	**17.28%**	**17.54%**	**0.32%**	**21.34%**	**21.66%**

	2019	2019	2019	2018	2018	2018
Non-executive directors	Direct %	Indirect %	**Total %**	Direct %	Indirect %	**Total %**
Francois Olivier	0.00%	0.01%	**0.01%**	0.00%	0.00%	**0.00%**
Total non-executive directors' interest	**0.00%**	**0.01%**	**0.01%**	**0.00%**	**0.00%**	**0.00%**

One non-executive director Francois Olivier held 0.01% of the shareholding indirectly.

The register of interests of Directors and others in shares of the Group is available to the shareholder on request.

The overall executive Directors' indirect interest as at 28 February 2019 decreased to 17.28% from 21.34%.

Fulu Ravele (executive director) was granted shares in October 2017 as part of the Bonus Share Plan approved by shareholders on 29 September 2017. The vesting period at grant date was 36 months. These shares will only vest in 19 months and have not been included in the director's interest in shares above.

There were no other changes to Directors' interest between 28 February 2019 and the date of signature of this report other than those mentioned above.

7. Interests in subsidiary

Details of material interests in subsidiary companies are presented in the consolidated financial statements in notes 5.

The interest of the group in the total net losses of its subsidiaries for the year ended 28 February 2019 are as follows:

	2019 R '000	2018 R '000
Subsidiaries		
Tetra4 (Pty) Ltd losses after income tax	41 159	29 209

8. Events after the reporting period

Renergen released a SENS announcement on its latest independent reserve review on 24 April 2019, compiled by MHA Petroleum Consultants LLC ("MHA") from the United States of America in respect of the New Plant Project held by Tetra4 indicating an increase in proven methane and helium reserves of 12.2% and 16.1% respectively since March 2018. Economic valuation was up 16.4% to R9.8 billion using a discount of 15% for proven and probable reserves (2P). Ongoing work relating to shallow conventional "White Sandstone" discovered helium concentration are up 11%.

On 9 May 2019, the company released a SENS announcement, wherein it disclosed that it released the prospectus for the Initial Public Offering (The Offer) on the Australian Stock Exchange on 8 May 2019. The Offer opened on 9 May 2019 to the Australian public and was available only to Australian and New Zealand residents accessing the website within Australia or New Zealand.

On 29 May 2019, Renergen announced the completion of The Offer which raised A$10million with oversubscriptions through the issue of 12.5million CHESS Depository Interests at a subscription price of A$0.80. Renergen also announced the appointment of a new non-executive director, Dr David King, effective 4 June 2019.

The directors are not aware of any material events that occurred after the reporting period and up to the date of this report.

9. Going concern

The Consolidated and Separate Financial Statements have been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and settlement of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and are satisfied with the Group's ability to continue as a going concern.

The Group has received a funding commitment of $40million from Overseas Private Investment Corporation to spend towards the New Plant Project and has successfully completed a rights issue raising R125 million, as well as a secondary listing on the Australian Stock Exchange wherein the Group raised an additional A$10 million. The construction of the New Plant commences in the financial year 2020. Sales of Liquified Natural Gas (LNG) and Helium (He) is expected to commence in financial year 2021. The Group has entered into off take agreements for the sale of both LNG and He.

10. Auditors

BDO South Africa Incorporated were appointed as auditors for the company and its subsidiaries for 2019.

Consolidated Statement of Financial Position

		Group		Company	
Figures in Rand thousand	Notes	2019	2018	2019	2018
Assets					
Non-Current Assets					
Property, plant and equipment	3	37 757	32 615	2 646	4 604
Intangible assets	4	70 494	65 838	14	14
Investments in subsidiaries	5	-	-	594 848	594 528
Loans to group companies	7	-	-	184 453	135 071
Deferred tax	8	12 243	8 671	1 753	1 447
Restricted cash	9	2 178	1 632	-	-
		122 672	**108 756**	**783 714**	**735 664**
Current Assets					
Trade and other receivables	10	4 482	2 459	311	548
Other financial assets	11	-	-	5 500	5 500
Cash and cash equivalents	12	97 956	3 037	95 646	2 651
		102 438	**5 496**	**101 457**	**8 699**
Total Assets		**225 110**	**114 252**	**885 171**	**744 363**
Equity and Liabilities					
Equity					
Stated capital	13	301 277	161 065	899 676	759 464
Share-based payment reserve	14	448	114	448	114
Accumulated loss		(121 091)	(80 231)	(23 280)	(19 464)
Equity Attributable to Parent		180 634	80 948	876 444	740 114
Non-controlling interest		(16 401)	(12 285)	-	-
		164 233	**68 663**	**876 844**	**740 114**
Liabilities					
Non-Current Liabilities					
Financial liabilities	15	39 647	30 545	5 149	-
Finance lease obligation	16	208	511	208	511
Provisions	17	9 829	3 100	-	-
		49 684	**34 156**	**5 357**	**511**
Current Liabilities					
Trade and other payables	18	10 855	11 167	2 632	3 472
Finance lease obligation	16	338	266	338	266
		11 193	**11 433**	**2 970**	**3 738**
Total Liabilities		**60 877**	**45 589**	**8 327**	**4 249**
Total Equity and Liabilities		**225 110**	**114 252**	**885 171**	**744 363**
Net asset value per share (cents)		**164.01**	**84.73**		
Tangible net asset value per share(cents)		**93.61**	**3.49**		

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Rand thousand	Notes	2019	2018	2019	2018
Revenue	19	2 987	2 885	16 487	8 600
Cost of sales	20	(3 197)	(3 483)	-	-
Gross (loss) profit		**(210)**	**(598)**	**16 487**	**8 600**
Other operating income	21	851	59	1 267	597
Share based payment	14	(334)	(114)	(11)	-
Impairment loss	23	(1 295)	(12 245)	-	(7 512)
Profit (loss) on disposal of business	31	-	4 708	-	(30)
Other operating expenses		(45 026)	(31 912)	(23 164)	(12 567)
Operating loss	24	**(46 014)**	**(40 102)**	**(5 421)**	**(10 912)**
Interest income	25	1 604	632	1 484	471
Interest expense and imputed interest	26	(4 138)	(3 567)	(185)	(35)
Loss before taxation		**(48 548)**	**(43 037)**	**(4 122)**	**(10 476)**
Taxation	27	3 572	2 436	306	(916)
Loss for the year		**(44 976)**	**(40 601)**	**(3 816)**	**(11 392)**
Other comprehensive income (loss):					
Items that may be reclassified to profit or loss:					
Foreign currency reserve realised on disposal of business-transfer to profit or loss	28	-	(4 737)	-	-
Foreign currency reserve	28	-	1 348	-	-
Total items that may be reclassified to profit or loss		**-**	**(3 389)**	**-**	**-**
Other comprehensive income for the year net of taxation		**-**	**(3 389)**	**-**	**-**
Total comprehensive loss for the year		**(44 976)**	**(43 990)**	**(3 816)**	**(11 392)**
Loss attributable to:					
Owners of the parent		(40 860)	(37 680)	(3 816)	(11 392)
Non-controlling interest		(4 116)	(2 921)	-	-
		(44 976)	**(40 601)**	**(3 816)**	**(11 392)**
Total comprehensive loss attributable to:					
Owners of the parent		(40 860)	(41 069)	(3 816)	(11 392)
Non-controlling interest		(4 116)	(2 921)	-	-
		(44 976)	**(43 990)**	**(3 816)**	**(11 392)**
Loss per ordinary share					
Basic loss per ordinary share (cents)	38	**47.03**	**47.10**		
Diluted loss per ordinary share (cents)	38	**47.03**	**47.05**		

Statement of Changes in Equity

Figures in Rand thousand	Share capital	Foreign currency translation reserve	Share based payment reserve	Accumulated loss	Total attributable to parent	Non-controlling interest	Total Equity
Group							
Balance at 01 March 2017	**137 585**	**3 389**	**-**	**(42 551)**	**98 423**	**(9 262)**	**89 161**
Loss after tax	-	-	-	(37 680)	(37 680)	-	(37 680)
Other comprehensive income	-	1 348	-	-	1 348	(2 921)	(1 573)
Foreign currency reserve realised on disposal of business- transfer to profit and loss	-	(4 737)	-	-	(4 737)	-	(4 737)
Issue of shares	26 000	-	-	-	26 000	-	26 000
Share issue costs	(2 520)	-	-	-	(2 520)	-	(2 520)
Share-based payment	-	-	114	-	114	-	114
Non-controlling interest at disposal - Mega Power Renewables	-	-	-	-	-	(102)	(102)
Balance at 01 March 2018	**161 065**	**-**	**114**	**(80 231)**	**80 948**	**(12 285)**	**68 663**
Adjustment on initial application of IFRS 9 and IFRS 15	-	-	-	-	-	-	-
Restated balance as at 01 March 2018	**161 065**	**-**	**114**	**(80 231)**	**80 948**	**(12 285)**	**68 663**
Loss after tax	-	-	-	(40 860)	(40 860)	(4 116)	(44 976))
Issue of shares	146 760	-	-	-	146 760	-	146 760
Share issue cost	(6 548)		-	-	(6 548)	-	(6 548)
Share-based payment	-	-	334	-	334	-	334
Balance at 28 February 2019	**301 277**	**-**	**448**	**(121 091)**	**180 634**	**(16 401)**	**164 233**
Note(s)	13	28	14				

Figures in Rand thousand	Share capital	Share based payment reserve	Accumulated loss	Total equity
Company				
Balance at 01 March 2017	**735 984**	**-**	**(8 072)**	**727 912**
Loss after tax	-	-	(11 392)	(11 392)
Other comprehensive income	-	-	-	-
Issue of shares	26 000	-	-	26 000
Share issue costs	(2 520)	-	-	(2 520)
Share-based payment	-	114	-	114
Balance at 01 March 2018	**759 464**	**114**	**(19 464)**	**740 114**
Adjustment on initial application of IFRS 9 and IFRS 15	-	-	-	-
Restated balance as at 01 March 2018	**759 464**	**114**	**(19 464)**	**740 114**
Loss after tax	-	-	(3 816)	(3 816)
Issue of shares	146 760	-	-	146 760
Share issue costs	(6 548)	-	-	(6 548)
Share-based payment	-	334	-	334
Balance at 28 February 2019	**899 676**	**448**	**(23 280)**	**876 844**
Note(s)	13	14		

Consolidated Statement of Cash Flows

		Group		Company	
Figures in Rand thousand	Note(s)	2019	2018	2019	2018
Cash flows from operating activities					
Cash used in operations	29	(38 287)	(19 036)	(4 003)	1 506
Interest income	25	1 604	632	1 484	471
Interest expense	26	(185)	(35)	(185)	(35)
Net cash from operating activities		**(36 868)**	**(18 439)**	**(2 704)**	**1 942**
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(9 587)	(13 662)	(49)	(3 858)
Purchase of intangible assets	4	(3 756)	(199)	-	-
Loans granted to subsidiaries	8	-	-	(49 382)	(30 191)
Net cash from investing activities		**(13 343)**	**(13 861)**	**(49 431)**	**(34 049)**
Cash flows from financing activities					
Proceeds on share issue	13	146 760	26 000	146 760	26 000
Share issue cost	13	(6 548)	(2 520)	(6 548)	(2 520)
Increase in borrowings	15	5 149	-	5 149	-
Finance lease proceeds	30	-	768	-	768
Finance lease capital re-payment	30	(231)	(210)	(231)	(210)
Net cash from financing activities		**145 130**	**24 038**	**145 130**	**24 038**
Total cash movement for the year		**94 919**	**(8 262)**	**92 995**	**(8 069)**
Cash at the beginning of the year		3 037	11 299	2 651	10 720
Total cash at end of the year	12	**97 956**	**3 037**	**95 646**	**2 651**

Accounting Policies

1. Presentation of financial statements

The separate and consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 as amended, the JSE Listings Requirements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the financial reporting pronouncements as issued by the Financial Reporting Standards Council. The Group adopted new accounting standards during the current year which were not in effected in the prior year, refer to accounting policy note 2. Other than the accounting policies mentioned above, all other policies have been applied consistently compared to the prior year.

1.1 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all investees which are controlled by the Group.

Consolidation of subsidiaries

The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal.

Subsidiaries are fully consolidated from the date on which control is transferred to the group (acquisition date) and are deconsolidated from the date that control ceases (disposal date). The group controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

All intercompany transactions and balances between group companies are eliminated on consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to align any difference in accounting policies with those of the group.

The company accounts for investments in subsidiaries at cost, less accumulated impairment losses.

The group’s subsidiary as at 28 February 2019 is set out below. The share capital consists solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business	Ownership interest held by the group	Ownership interest held by non-controlling interest	Principal activities
Tetra4 Propriety Limited	South Africa	90% (2018: 90%)	10% (2018: 10%)	Explores, develops and sells compressed natural gas to the South African market

Non-controlling interest

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed, and equity instruments issued. Costs directly attributable to the business combination are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity. The excess of the consideration transferred over the fair value of the Group’s share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the consideration transferred is less than the Group’s share of the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. All intergroup transactions, balances and unrealised gains and losses on transactions between entities of the Group have been eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

1.2 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

1.2 Significant judgements and sources of estimation uncertainty (continued)

Control of subsidiaries

Judgement is required to determine when Renergen has control over a subsidiary. Renergen as an investor considers the following to determine whether it has control over an investee:

- Power over the investee, which occurs when Renergen has existing rights that give it the current ability to direct activities that significantly affect the investee's returns such as selling and purchasing of goods and services; appointing, remunerating and terminating the key management personnel or service providers of the of the operations; selecting, acquiring, and disposing of assets; researching and developing new products and processes and determining a funding structure or obtaining funding.
- Exposure, or rights, to variable returns from its involvement with the investee such as management fees and dividends.
- It's ability to use its power over the investee to affect the amount of the investor's returns.

Financial assets

At the end of each reporting period the Group determines a loss allowance for expected credit losses on financial assets. The expected credit losses are estimated with reference to current observable data and forward-looking information.

The group recognises a loss allowance for a financial asset at an amount equal to 12-months expected credit losses where the credit risk on the financial asset has not increased significantly since initial recognition. The group recognises lifetime expected credit losses when there has been a significant increase in the credit risk since initial recognition. The loss allowance for financial assets is calculated on a subsidiary basis.

Determining an increase in significant credit risk is a significant judgement and determining expected credit losses results in estimation uncertainty.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by several factors.

Useful lives of property, plant and equipment

Management reviews its estimate of the useful lives and residual values of depreciable assets and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence or depleting gas reserve volumes that may change the utility of certain assets.

Provision for environmental rehabilitation

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared.

As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Group recognises the net future tax benefit related to deferred tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

1.3 Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Construction assets are not depreciated as they are not ready and available for the use intended by management. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Depreciation method**	**Average useful life**
Computer software	Straight line	10 years
Furniture and fittings	Straight line	6 years
IT equipment	Straight line	3 years
Assets under construction	Not applicable	Not applicable
Motor vehicles	Straight line	5 years
Office equipment	Straight line	6 years
Plant and machinery	Straight line	10 years
Leasehold improvements - Furniture and fittings	Straight line	6 years
Leasehold improvements - Office equipment	Straight line	6 years
Finance - motor vehicle	Straight line	5 years

1.3 Property, plant and equipment (continued)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal.

1.4 Intangible assets

Intangible assets are initially recognised at cost, less any accumulated amortisation and all impairment losses. Expenditure

on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. An intangible

asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.
- Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed every reporting period.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its pattern of use. All assets with finite useful life are assessed for impairment annually.

Item	**Amortisation method**
Exploration and development costs	Pattern of use (units)
Molopo project mineral rights	Pattern of use (units)
Domain names	Indefinite useful lives

1.5 Financial instruments

Adoption of IFRS 9

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset.
- Financial liabilities are measured at amortised cost.

Application of IAS 39 for comparative information

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets. For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs.

Financial liabilities are initially recognised at fair value of consideration received net of transaction costs as appropriate.

1.5 Financial instruments (continued)

Subsequent measurement

Trade receivables, loans and other receivables are carried at amortised cost adjusted for any loss allowance. Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

Application of IAS 39 for comparative information

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated with reference to past default experience, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

Application of IAS 39 for comparative information

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the financial asset is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses.

1.5 Financial instruments (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities of greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are initially recognised at fair value including originating fees and transaction costs, and subsequently measured at amortised cost using the effective interest method less any loss allowance. A loss allowance for expected credit losses is determined at the end of each reporting period. Loans and receivables include amounts owed by associates, amounts owed by joint ventures, accrued income and cash and cash equivalents.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. A loss allowance for expected credit losses is determined at the end of each reporting period.

The carrying amount of the asset is reduced through the use of a loss allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

In the consolidated statement of financial position cash and cash equivalents includes cash in hand. Cash and cash equivalents are measured at amortised cost.

Restricted cash

The Group has cash deposits in call accounts that have been ring-fenced. These cash deposits are used for environmental rehabilitation. This cash is not treated as cash and cash equivalent.

1.5 Financial instruments (continued)

Other financial assets

Other financial assets held at amortised cost include a loan to minority shareholders held as a current asset. The loan is held at cost and is repayable on demand. A loss allowance for expected credit losses is determined at the end of each reporting period.

Convertible debt instruments

The Group classifies a financial instrument as either a financial liability or an equity instrument according to the substance of the contract and not it's legal form. Convertible notes meet the definition of a financial liability as the Group has a contractual obligation to delivery cash to the note holder, furthermore the Group does not have an unconditional right to avoid delivering cash to settle the contractual obligation.

Conversion option

There is a conversion option attached to the Notes, granting the holder the right to convert the Notes into a variable number of ordinary shares. The conversion option meets the definition of a financial liability as such, making the Notes a hybrid financial instrument. The conversion option is closely related to the Notes and is therefore, not accounted for separately from the Notes.

On initial recognition, the Notes are measured at fair and any premium or discount on issue is written off over the redemption period using the effective interest rate method. Issue costs are charged directly to the liability on the date of issue

Convertible Notes are subsequently measured at amortised cost.

Other financial liabilities

Other financial liabilities are recognised initially at fair value, net of transaction costs, and are subsequently stated at amortised cost and include accrued interest and prepaid interest. Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months from the balance sheet date.

Derecognition of financial assets and liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss.

1.6 Share-based payments

Long-term employee benefits – Bonus Shares

The Group operates an equity-settled compensation plan where the Governance, Ethics and Transformation, Social, Compensation Committee makes an award of forfeitable shares to the executive Directors, prescribed officers, senior management and key employees of the Group. These are referred to as Bonus Shares. The number of Bonus Shares awarded depends on the individual's annual cash bonus that has been deferred. The Bonus Shares vest after three years' service from grant date. This is the only vesting condition pertaining to the Bonus Shares. No other vesting conditions exist. The terms and conditions of the Bonus shares, after vesting are the same as those traded publicly.

The fair-value of the equity-settled instruments is measured by reference to the fair value of the equity instrument granted. Fair value is based on a 30-day volume weighted average market price of the equity-settled instruments granted. The grant date fair value of the equity-settled instruments is recognised as an employee benefit expense over the vesting period, with a corresponding increase in the share-based payment reserve.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and is not part of a business combination or the initial recognition of goodwill.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss) and is not part of a business combination.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.9 Provisions and contingencies

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Provisions are not recognised for future operating losses.

a. Environmental Rehabilitation Provision

Long-term environmental obligations are based on the Group's environmental management plans, in compliance with applicable environmental and regulatory requirements. The estimated costs of rehabilitation are reviewed annually and adjusted as appropriate for changes in legislation, technology or other circumstances. Cost estimates are not reduced by the potential proceeds from the sale of assets or from plant clean up at closure. Changes in estimates are capitalised or reversed against the relevant asset to the extent that it meets the definition of dismantling and removing the item and restoring the site on which it is located. Costs that relate to an existing condition caused by past operations and do not have a future economic benefit are recognised in profit or loss.

The Group's operations are required by law to undertake rehabilitation work as part of their ongoing operations. The Group makes contributions into environmental rehabilitation obligation funds (refer to note 16) and holds guarantees to fund the estimated costs.

b. Royalty Provision

The Mineral and Petroleum Resource Royalty Act 2008 (Royalty Act) imposes a royalty on refined mineral resources that have undergone a comprehensive level of beneficiation such as smelting and refining as defined in Schedule 1 of the Royalty payable to the State. The royalty in respect of refined minerals is calculated by dividing earnings before interest and taxes (EBIT) by the product of 12.5 times gross revenue calculated as a percentage, plus an additional 0.5%. EBIT refers to taxable mining income (with certain exceptions such as no deduction for interest payable and foreign exchange losses) before assessed losses but after capital expenditure.

The natural gas is compressed, scrubbed and dried in the compressor, the compressor is considered as the "refinery" and thus, the royalty is calculated based on the condition of the gas at the inlet of the compressor. The provision for royalties is included in trade and other payables.

1.10 Revenue from contracts with customers

Adoption of IFRS 15

Disaggregation of revenue from contracts with customers

The group derives revenue from the sale of compressed natural gas (CNG) in the Free State province of South Africa to one customer on delivery of CNG.

Inter-company revenue relates to management fees earned by the holding company from its subsidiary Tetra4.

Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from the group to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties.

The main categories of revenue and the basis of recognition is as follows:

Sales of compressed natural gas (CNG)

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. The consideration received is allocated to the goods based on their selling price.

Management fees earned by the holding company

Intercompany revenue relating to the management fees paid to the holding company is recognised as these services are provided. The management fees are paid monthly by the subsidiary company. The consideration is allocated based on the management fees as per the contract.

Disaggregation of assets from contracts with customers

Current assets relating to contracts with customers (receivables), no allowances
Non-current assets relating to contracts with customers (receivables), no allowances.

The group offers customers 30 days from the date of the statement to make payment.

Application of IAS 18 for comparative information

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the amount of revenue can be reliably measured.

Revenue arising from Compressed Natural Gas (CNG) sales is recognised at the fair value of the consideration received or receivable, once the significant risks and rewards of ownership have passed to the buyer. These criteria are typically met when the CNG is delivered to the customer. The price of CNG is determined by market diesel price forces.

Monthly pricing is based on the monthly average diesel price less agreed discounts in the month of settlement.

The determination of management fees revenue requires management to assess the costs incurred by head office on behalf of its subsidiaries.

1.11 Cost of sales

Cost of sales entails the costs of conversion which are costs directly related to production. These costs include plant depreciation and maintenance and salaries of plant staff.

1.12 Translation of foreign currencies

Functional and presentation currency

All items in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Group's consolidated financial statements are presented in South African Rand, which is Renergen's functional currency and the Group's presentation currency.

Transactions and balances

Foreign currency income and expenses are translated into the functional currency using the spot rate on transaction date and assets and liabilities are translated at the closing rate of the relevant month. Gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at closing rates, are recognised in the statement of comprehensive income.

1.12 Translation of foreign currencies (continued)

Foreign Operations

The results and the financial position of the Group subsidiary that has a functional currency that is different from the presentation currency of the Group are translated into the presentation currency as follows:

a. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

b. Income and expenses for each statement of comprehensive income presented are translated at the average exchange rates for the period presented

c. All resulting translation differences are recognised in other comprehensive income and presented as a separate component of equity in the foreign currency translation reserve (FCTR)

On consolidation, exchange rate differences arising from the translation of the net investment in foreign operations are also taken to the FCTR. The Group's net investment in a foreign operation is equal to the equity investment plus all monetary items that are receivable from or payable to the foreign operation, for which settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of or sold, and the Group loses control, joint control or significant influence over the foreign operation, all related exchange rate differences recognised in other comprehensive income and accumulated in equity in the FCTR are reclassified from equity to the statement of comprehensive income as part of the profit or loss on the sale of the operation.

Fair value adjustments arising on the acquisition of a foreign subsidiary are treated as assets and liabilities of the foreign subsidiary and are translated at the closing rate.

The key exchange rates to the South Africa Rands used in preparing the consolidated financial statements were as follows:

1.12 Translation of foreign currencies (continued)

Average rate	28 February 2018
Euro	14.3057

1.13 Segment information

An operating segment is a component of the Group that engages in business activities which may earn revenues and incur expenses and whose operating results are regularly reviewed by the Group's chief operating decision maker (Renergen Limited's Chief Executive Officer) to allocate resources and assess performance and for which discrete financial information is available. Refer to Note 6.

The Group has the following reportable segments:

Corporate Head Office

Corporate head office is a segment where all investment decisions are made. Renergen Limited is investment holding company focused on investing in prospective green projects.

Tetra4 (Pty) Ltd

Tetra4 explores, develops and sells compressed natural gas to the South African market.

Mega Power Renewables

Mega Power Renewables is in Côte d'Ivoire. This segment is managing the development of a hydroelectric project. Its functional currency is Euros. Mega Power Renewables was disposed of as at 28 February 2018.

1.14 Investment in subsidiaries

Subsidiaries are entities over which Renergen has power to govern the financial and operating policies and has an accompanying shareholding of more than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition.

Subsequently the investment in subsidiaries is increased by the allocation of shares to employees within the Scheme annually.

2 New Standards and Interpretations

2.1 standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

An entity recognises revenue in accordance with that core principle by applying the following steps:
- 2.1.1Identify the contract(s) with a customer
- 2.1.2Identify the performance obligations in the contract
- 2.1.3Determine the transaction price
- 2.1.4Allocate the transaction price to the performance obligations in the contract
- 2.1.5Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has assessed the impact of the of the new standard based on a review of contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15.

The Group's revenue is derived from commodity sales, for which the point of recognition is dependent upon contract sales term, the transfer of risks and rewards as defined by IAS 18 and the transfer of control as defined by IFRS 15 generally coincides with the fulfilment of performance obligations under the contract. As such, the adoption of IFRS 15 has had no material impact in respect of timing and amount of revenue recognised by the Group and accordingly prior period amounts were not restated and no transition adjustments have been made to the opening retained earnings as at the date of initial application. The practical expedient has not been applied as the group only has one contract with one customer.

The effective date of the standard is for years beginning on or after 01 January 2018. The group has adopted the standard for the first time in the 2019 financial statements.

IFRS 9 Financial Instruments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities, reflecting the business model in which assets are managed and their cash flow characteristics. Financial liabilities continue to be measured at either fair value through profit and loss or amortised cost. In addition, IFRS 9 introduced an expected credit loss ("ECL") impairment model, which means that anticipated as opposed to incurred credit losses are recognised resulting in earlier recognition of impairments.

The effective date of the standard is for years beginning on or after 01 January 2018.

Changes in accounting policies resulting from IFRS 9 have been applied as at 1 March 2018, with no restatement of comparative information for the prior year. There is no difference in classification and measurement between IAS 39 and IFRS 9 and thus no transition adjustments have been made to the opening retained earnings as at the date of initial application. All financial assets were previously and are still carried at amortised cost.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2019 or later periods:

IFRS 16 Leases

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance.

Under the new standard, a lessee is required to recognise the present value of the unavoidable lease payments as a lease liability on the statement of financial position (including those currently classified as operating leases) with a corresponding right of use asset. The unwind of the financial charge on the lease liability and amortisation of the leased asset are recognised in the statement of income based on the implied interest rate and contract term respectively. The Group's recognised assets and liabilities will increase and affect the presentation and timing of related depreciation and interest charges in the consolidated statement of profit or loss and other comprehensive Income. Upon adoption of IFRS 16, the most significant impact will be the present value of the operating lease commitments (see note 32) being shown as a liability on the statement of financial position together with an asset representing the right of use, which are unwound and amortised to profit or loss over time.

The Group will apply the modified retrospective approach. Under this approach, the Group will not restate amounts previously reported and will apply the practical expedient to retain the classification of existing contracts as leases under current accounting standards (i.e. IAS 17) instead of reassessing whether existing contracts are/or contain a lease at the date of initial application provided these contracts are ending within 12 months of the date of initial application.

As at 28 February 2019, the group did not have any non-cancellable operating lease commitments.

The group leases two office premises on an operating lease arrangement, one of which is a short-term lease which expires within the first half of the new financial year (February 2020) with no intentions to renew. The expense will be recognized on a straight-line basis in profit and loss. Management intends to renew its head office lease for an additional three years in July 2019 the impact of the lease is approximately R 95 354 on profit or loss and the group will recognize a right-of-use asset and a corresponding lease liability of approximately R 270 509.

The group leases vehicles on a finance lease basis, the new standard will have no material impact on these lease arrangements.

The group will adopt the standard from the reporting period beginning 01 March 2019. The right of use for property leases will be measured at the amount of lease liability on adoption (adjusted for prepaid or accrued lease expenses) and any adjustment from the reversal of a straight-lining liability will be credited against the opening retained earnings balance.

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

3 Property, plant and equipment

Group	2019			2018		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
Assets under construction	19 491	-	19 491	10 090	-	10 090
Plant and machinery	20 335	(5 610)	14 725	20 335	(3 625)	16 710
Furniture and fixtures	783	(322)	461	751	(197)	554
Motor vehicles	2 086	(1 425)	661	2 086	(1 098)	988
Office equipment	144	(80)	64	134	(63)	71
IT equipment	366	(219)	147	248	(123)	125
Computer software	1 434	(319)	1 115	2 933	(234)	2 699
Finance lease motor vehicle	857	(252)	605	857	(80)	777
Leasehold improvements						
- Office equipment	152	(59)	93	146	(35)	111
- Furniture and fixtures	567	(172)	395	567	(77)	490
Total	**46 215**	**(8 458)**	**37 757**	**38 147**	**(5 532)**	**32 615**

Company	2019			2018		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	728	(297)	431	706	(180)	526
Office equipment	95	(41)	54	95	(25)	70
IT equipment	38	(29)	9	38	(17)	21
Computer software	1 248	(189)	1 059	2 747	(138)	2 609
Finance lease motor vehicle	857	(252)	605	857	(80)	777
Leasehold improvements						
- Office equipment	152	(59)	93	146	(35)	111
- Furniture and fixtures	567	(172)	395	567	(77)	490
Total	**3 685**	**(1 039)**	**2 646**	**5 156**	**(552)**	**4 604**

Reconciliation of property, plant and equipment - Group - 2019

	Opening balance	Additions	Depreciation	Impairment loss	Total
Assets under construction	10 090	9 401	-	-	19 491
Plant and machinery	16 710	-	(1 985)	-	14 725
Furniture and fixtures	554	32	(125)	-	461
Motor vehicles	988	-	(327)	-	661
Office equipment	71	10	(17)	-	64
IT equipment	125	117	(95)	-	147
Computer software	2 699	21	(310)	(1 295)	1 115
Finance lease motor vehicle	777	-	(172)	-	605
Leasehold improvements				-	
- Office equipment	111	6	(24)	-	93
- Furniture and fixtures	490	-	(95)	-	395
	32 615	**9 587**	**(3 150)**	**(1 295)**	**37 757**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2018

	Opening balance	Additions	Depreciation	Total
Assets under construction	506	9 584	-	10 090
Plant and machinery	18 665	30	(1 985)	16 710
Furniture and fixtures	487	173	(106)	554
Motor vehicles	1 315	-	(327)	988
Office equipment	87	1	(17)	71
IT equipment	110	85	(70)	125
Computer software	9	2 839	(149)	2 699
Finance lease motor vehicle	194	646	(63)	777
Leasehold improvements				
- Office equipment	97	36	(22)	111
- Furniture and fixtures	286	268	(64)	490
	21 756	**13 662**	**(2 803)**	**32 615**

Reconciliation of property, plant and equipment - Company - 2019

	Opening balance	Additions	Depreciation	Impairment loss	Total
Furniture and fixtures	525	24	(118)	-	431
Office equipment	70	-	(16)	-	54
IT equipment	21	-	(12)	-	9
Computer software	2 610	21	(277)	(1 295)	1 059
Finance lease motor vehicle	777	-	(172)	-	605
Leasehold improvements					
- Office equipment	111	6	(24)	-	93
- Furniture and fixtures	490	-	(95)	-	395
	4 604	**51**	**(714)**	**(1 295)**	**2 646**

Reconciliation of property, plant and equipment - Company - 2018

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	462	164	(101)	525
Office equipment	84	-	(14)	70
IT equipment	30	-	(9)	21
Computer software	3	2 744	(137)	2 610
Finance lease motor vehicle	194	646	(63)	777
Leasehold improvements				
Office equipment	97	36	(22)	111
Furniture and fixtures	286	268	(64)	490
	1 156	**3 858**	**(410)**	**4 604**

Computer software is classified as property, plant and equipment as it is a significant component and not separable from the computer. During the year computer software to the value of R1.3 million was written off as a result of the software not facilitating a suitable integrated risk management solution to Renergen and its subsidiary.

4 Intangible assets

Group	2019			2018		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
Côte d'Ivoire Hydroelectric project	-	-	-	12 245	(12 245)	-
Exploration and development costs	13 006	(32)	12 974	9 250	(32)	9 218
Molopo project mineral rights	57 479	-	57 479	56 579	-	56 579
Domain	41	-	41	41	-	41
Total	**70 526**	**(32)**	**70 494**	**78 115**	**(12 277)**	**65 838**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

4. Intangible assets (continued)

Company	2019			2018		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Domain	14	-	14	14	-	14

Reconciliation of intangible assets - Group - 2019

	Opening balance	Additions	Total
Exploration and development costs	9 218	3 756	12 974
Molopo project mineral rights*	56 579	900	57 479
Domain	41	-	41
	65 838	**4 656**	**70 494**

*Additions in mineral project rights pertain to increase in the environmental rehabilitation guarantee issued to Tetra4 by Lombard Insurance.

Reconciliation of intangible assets - Group - 2018

	Opening balance	Additions	Foreign exchange movements	Amortisation	Impairment loss	Total
Côte d'Ivoire Hydroelectric project	10 897	-	1 348	-	(12 245)	-
Exploration and development costs	9 038	199	-	(19)	-	9 218
Molopo project mineral rights	56 579	-	-	-	-	56 579
Domain	41	-	-	-	-	41
	76 555	**199**	**1 348**	**(19)**	**(12 245)**	**65 838**

Reconciliation of intangible assets - Company - 2019

	Opening balance	Total
Domain	14	14

Reconciliation of intangible assets - Company - 2018

	Opening balance	Total
Domain	14	14

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

4. Intangible assets (continued)

Exploration and development costs

These are costs incurred in the exploration and development of natural gas reserves. Tetra4 (Pty) Ltd explores and develops natural gas in its exploration and production rights areas. Amortisation commenced upon start of production. Intangible mineral rights are amortised based on the pattern of use.

No amortization was recognized in the current financial year as the balance of the gas reserves increased by significantly higher than the rate of gas produced. Production increased from 55 216 GJ to 138 million GJ of Methane reserves in the current year.

Impairment of exploration and development costs:

The costs are tested for impairment annually. The carrying value of the developed reserves is deemed recoverable as the company continues to perform exploratory drilling activities, it has proven the existence and commercial value of more gas reserves.

Molopo Mineral Rights

The Group holds production and exploration rights through Tetra4 (Pty) Ltd, bearing reference 12/4/07 over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State.

The carrying amount of the assets is R 57.5 million, Exploration and Development costs and Molopo Project Mineral Rights will be recovered through value in use as determined through the units of production and life of the mine. There was minimal production done on the Molopo Project for the year ended 28 February 2019. The production levels of the gas reserves were immaterial and thus no amortisation was raised.

Impairment of Mineral Rights:

Intangible assets not yet ready for use are tested for impairment annually. The recoverable amount was determined based on the value in use calculation based on the expected cashflows from the remaining useful lives of the exploration and production rights.

MHA Petroleum Consultants LLC prepared gas reserve estimates for the group signed off on 1 March 2019. Net reserve volumes of total Proved Plus Probable Helium and Methane Reserves measured at 142,4BCF. Reserve volumes have been reported on a Group net basis.

MHA Petroleum Consultants report indicates a net present value of R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The recoverable amount of Tetra4's gas reserves exceed the carrying value of the Mineral rights.

MHA report indicates a net present value of R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The net present value of R9.8 billion represents the recoverable amount of Tetra4's gas reserves, which exceeds the carrying value of the Mineral rights.

MHA from the United States of America has conducted an independent assessment of the unconventional methane and helium reserves and resources in the Tetra4 Virginia Gas Field. This evaluation is primarily an economic update based on analysis methodology that MHA has conducted using the technical and economic data supplied by Tetra4. This evaluation includes estimates of recoverable methane and helium volumes from Proved Developed Non-Producing wells, Proved Undeveloped locations, total proved, probable and possible reserves. The resource and reserve estimates and associated economics contained in the report are prepared in accordance with the Society of Petroleum Engineers, Petroleum Resources Management which provides guidance and provides a Technical Value. The estimates are also in accordance with the Australian Stock Exchange rules. The report is also supplemented by MHA's corporate awareness of the current South African industry costa and best practices. The assessment is based on a 30-year period.

Domain

The Group purchased domains on which its websites are hosted. The domain as an indefinite useful life. Impairment testing on the domains is performed annually.

Impairment – Mineral right Domain Name:

The domain has an indefinite useful life. The asset is tested for impairment annually and was not considered impaired as the recoverable amount (based on value in use) is higher than the carrying amount.

Côte d'Ivoire Hydroelectric project

Côte d'Ivoire Hydro is a hydroelectric project managed by Mega Power Renewables in Côte d'Ivoire (in the west of the African continent). The feasibility and pre-feasibility studies of the project were funded by shareholders of the managing company, Mega Power Renewables. As at 30 September 2017 no economic benefits were expected to be recovered on this asset, thus the asset was fully impaired and subsequently sold on 23 February 2018.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

5. Investment in subsidiary

The following table lists the entities which are controlled by the group, either directly or indirectly through subsidiaries.

Company

Name of company	% holding 2019	% holding 2018	Carrying amount 2019	Carrying amount 2018
Tetra4 (Pty) Ltd	90.00 %	90.00 %	594 528	594 414
Share-Based payments			320	114
			594 848	594 528

Renergen Limited has a 90% shareholding in Tetra4. This was the only subsidiary of the group during the year.

Shareholders of Renergen approved a group bonus share scheme, where employees and executive directors of the group will participate in scheme. The shares awarded to employees and executive in the scheme are Renergen shares. The investment in subsidiaries is increased by the allocation of shares to employees within the scheme annually.

Impairment testing of subsidiary:

Tetra4's value lies in the gas reserves of the company. MHA Petroleum Consultants LLC prepared gas reserve estimates signed off on 1 March 2019. MHA Petroleum Consultants report indicates a net present value of Helium and Methane Reserves R9.8 billion representing 2P proven and probable gas reserves at 15% discount. The recoverable amount of Tetra4's gas reserves exceeds the carrying value of the investment held by Renergen in Tetra 4.

The subsidiary has not been impaired in the current year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

6. Analysis per reportable segment

The operating segments are reported in a manner consistent with the Group. Renergen Limited has two operating segments;

- **Corporate Head Office**
  Corporate head office is a segment where all investment decisions are made. Renergen Limited is the investment holding company focused on investing in prospective green projects
- **Tetra4 (Pty) Ltd**
  Tetra4 explores, develops and sells compressed natural gas to the South African market
- **Mega Power Renewables**
  Mega Power Renewables is in Côte d'Ivoire. This segment is managing the development of a hydroelectric project. Its functional currency is Euros. Mega Power Renewables was disposed of on 23 February 2018.

Analysis of reportable segments as at 28 February 2019 is set out below:

	Corporate Head office	**Tetra4**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	16 487	2 987	19 473	(16 487)	2 987
External	-	2 987	2 987	-	2 987
Inter-segmental	16 487	-	16 487	(16 487)	-
Depreciation* and amortization	(714)	(2 436)	(3 150)	-	(3 150)
Interest income	1 484	120	1 604	-	1 604
Imputed interest	-	(3 953)	(3 953)	-	(3 953)
Interest expense	(185)	-	(185)	-	(185)
Taxation	306	3 266	3 572	-	3 572
Loss after tax	(3 817)	(41 159)	(44 976)	-	(44 976)
Total assets	**885 172**	**124 740**	**1 009 912**	**(784 802)**	**225 110**
Total liabilities	**8 330**	**237 432**	**245 762**	**(184 885)**	**60 877**

Revenues from transactions with the Group's major customer amount to more than 10% of the Group's revenue for the current and prior period. Revenue from this major customer amounted to R3 million (28 February 2018: R2,9 million) which is reported under the Tetra4 operating segment.
*Depreciation on plant and equipment of R1.9million is included cost of sales.

Analysis of reportable segments as at 28 February 2018 is set out below:

	Corporate Head office	**Tetra4**	**Mega Power Renewables**	**Total**	**Consolidating Adjustments**	**Consolidated**
Revenue	8 600	2 885	-	11 485	(8 600)	2 885
External	-	2 885	-	2 885	-	2 885
Inter-segment	8 600	-	-	8 600	(8 600)	-
Loss after tax	(11 392)	(29 209)	-	(40 601)	-	(40 601)
Total assets	**744 363**	**104 993**	**266**	**849 622**	**(735 370)**	**114 252**
Total liabilities	**4 249**	**176 525**	**-**	**180 774**	**(135 185)**	**45 589**

7. Loans to group companies

Subsidiaries

Tetra4	-	-	184 453	135 071

Renergen invests in the development of renewable energy projects. Loans to subsidiaries are subordinated.

The intercompany loan between Renergen and Tetra 4 bears interest at 0% and is payable upon request of repayment by Renergen.

The Group determines the expected credit loss on loans to group companies and other loans based on different scenarios of probability of default and expected loss applicable to each material underlying balances. An assessment was made for excepted credit losses at period end and the impact on loans to group companies is not material.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

8. Deferred tax

Deferred tax liability

Property plant and equipment	(4 433)	(4 679)	1 753	-
Intangible	(1 740)	-	-	-
Total deferred tax liability	**(6 173)**	**(4 679)**	**1 753**	**-**

Deferred tax asset

Unused tax losses	18 416	13 350	-	1 447
Deferred tax liability	(6 173)	(4 679)	1 753	-
Deferred tax asset	18 416	13 350	-	1 447
Total net deferred tax asset	**12 243**	**8 671**	**1 753**	**1 447**

As at 28 February 2019, the Group's estimated tax losses were R217 million (28 February 2018: R205 million), these tax losses do not expire unless the tax entity concerned ceases to operate for a period longer than a year. These are available to be offset against future taxable profits. Net deferred taxation asset of R12.2 million has been recognized due to the predictability of future profit streams. Estimated revenue growth rate of 30% in February 2020 from LNG and CNG sales, and 3% from Feb 2022 from the sale of Helium and LNG, growth rates costs were estimated at CPI of at 5.81%, South African Tax rate of 28% was utilized in calculating the deferred tax assets raised on probable future taxable profits.

The company considered Tetra4's operating cashflows over the next ten years (2020 to 2030). At present Tetra4 is in the enviable position that the current flow rates from the pilot site would enable an increase production several times from current levels without any intervention. Tetra4 has several customers in a competitive situation looking to off-take agreements in the run-up to Liquified Natural Gas (LNG) becoming available in the February 2021 financial year. It is likely that Tetra4 will generate sufficient revenue to generate a small monthly profit during the construction phase. Once the pipeline reticulating all the wells is complete, the level of production will see revenue significantly exceeding costs, and thus from February 2022, Tetra4 should be in a gross profit generating position owing to our low upstream cost of production and the high cost of energy in South Africa. Being a first mover in a premium product such as LNG also means that we can command better prices that would otherwise be available to gas suppliers.

9. Restricted cash

Restricted cash				
Environmental Rehabilitation guarantee cash	2 178	1 632	-	-

The Group has exploration rights over land in Evander (Mpumalanga) and in Virginia (Free state). The Group has had to provide for its environmental management programme associated with the exploration activities for the rehabilitation and management of negative environmental impacts associated with the exploration activities. The Group has a rehabilitation provision of R4 million, refer to note 17. The cash portion of this guarantee is invested in a call account and has been ringfenced for the use towards environmental rehabilitation. The interest earned on the call account is capitalised to this balance. Due to this restriction the use of the cash is restricted, and it is classified as a non-current asset.

10. Trade and other receivables

Financial instruments:				
Deposits	214	214	-	-
Other receivable	240	505	-	136
Non-financial instruments:				
VAT	708	337	-	-
Prepayments	3 320	1 403	311	412
Total trade and other receivables	**4 482**	**2 459**	**311**	**548**

Other receivables consist of bursaries payable and outstanding debtors balances at period end.

Prepayments relate to prepaid costs for goods or services to be received in the next financial year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

10. Trade and other receivables (continued)

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	454	719	-	136
Non-financial instruments	4 028	1 740	311	412
	4 482	**2 459**	**311**	**548**

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data.

An assessment was made for expected credit losses at period end and the impact on trade and other receivables is not material.

11. Other financial assets

Loans and receivables	-	-	5 500	5 500

The loan shall be repaid over a term of ten years by means any dividends paid from the shares held by Cheryl Sjoberg (a director in Tetra4) in Tetra4. The loan bears no interest.

An assessment was made for expected credit losses at period end and the impact on loans and receivables is not material.

12. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5	-	-	-
Bank balances	97 951	3 037	95 646	2 651
	97 956	**3 037**	**95 646**	**2 651**

13. Stated capital

Authorised				
500 000 000 no par value shares	500 000	500 000	500 000	500 000
Reconciliation of number of shares issued:				
Opening balance	81 035	78 413	81 035	78 413
Issue of shares - ordinary shares	19 100	2 622	19 100	2 622
	100 135	**81 035**	**100 135**	**81 035**
RECONCILIATION OF ISSUED STATED CAPITAL				
Opening balance	161 065	137 585	759 464	735 984
Issue of shares – ordinary shares issued for cash	146 760	26 000	146 760	26 000
Share issue costs	(6 548)	(2 520)	(6 548)	(2 520)
	301 277	**161 065**	**899 676**	**759 464**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

14. Equity settled share base payment

Renergen granted shares to senior management and an executive director after the approval of a Bonus Share Scheme by shareholders on 29 September 2017. Further shares were granted to senior management and general employees on 6 July 2018. All shares vest after 36 months of employment with the company, there are no other vesting conditions.

	28 February 2019			28 February 2018		
	Number of shares awarded ('000)	**Fair value per share at grant date**	**Value of Shares (R'000)**	**Number of shares awarded ('000)**	**Fair value per share at grant date**	**Value of Shares (R'000)**
GROUP						
EXECUTIVES						
Opening balance Executive directors (granted 5 October 2017)	59	10.22	600	-	-	-
Allocation for the period Executive directors (granted 5 October 2017)	-	-	-	59	10.22	600
Closing shares award	**59**		**600**	**59**		**600**
SENIOR MANAGEMENT						
Opening balance Senior management (granted 5 October 2017)	22	10.22	224	22	10.22	224
Allocation for the period						**-**
Senior management (granted 6 July 2018)	25	9.9	248	-	-	-
Closing shares awarded	**47**		**472**	**22**		**224**
GENERAL EMPLOYEE						
Opening	-	-	-	-	-	-
Allocation for the period (granted 6 July 2018)	4	9.9	40	-	-	-
Lapsed shares	(2)	9.9	(17)			
Closing awarded	**2**		**23**	**-**	**-**	**-**
Total shares awarded to date	**108**		**1 095**	**81**		**824**

14. Equity settled share base payment (Continued)

	28 February 2019		
	Number of shares ('000)	**Fair value per share**	**Value of Shares (R'000)**
COMPANY*			
SENIOR MANAGEMENT			
New shares granted			
Senior Management	7	9.9	69
Closing balance			
Total shares granted	**7**		**69**

*The company did not grant any shares during the 28 February 2018 financial year

Impact of share-based payment on financial statements is detailed below:

GROUP

	Statement of profit and loss 28 February 2019	28 February 2018		Statement of financial position 28 February 2019	28 February 2018
			Total opening balance Share base payment reserve	114	-
			Current year movement		-
Executives	200	83	Executives	200	83
Senior Management	129	31	Senior Management	129	31
General Employees	5	0	General Employees	5	0
Current year Share base payment expense	**334**	**114**	**Total opening balance Share base payment reserve**	**448**	**114**

14. Equity settled share base payment (C o n t i n u e d)

COMPANY

Impact on financial statements	**Statement of profit and loss** 28 February 2019	28 February 2018		**Statement of financial position** 28 February 2019	28 February 2018
			Opening balance Share base payment reserve	-	-
Executives	-	-	Executives	-	-
Senior Management	-	-	Senior Management	-	-
General Employees	-	-	General Employees	-	-
Current year Share base payment expense			**Current year movement**		
Executives			Executives		
Senior Management: (granted 6 July 2018)	11	-	Senior Management: (granted 6 July 2018)	11	-
General Employees	-	-	General Employees	-	-
Current year Share base payment expense	11	-	**Total opening balance Share base payment reserve**	**11**	**-**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

15. Financial liabilities

Held at amortised cost				
Molopo Energy Limited	34 498	30 545	-	-
Convertible Notes	5 149	-	5 149	-
	39 647	**30 545**	**5 149**	**-**

Molopo Energy Limited

Tetra4 (Pty) Ltd entered into a R50 million loan agreement on 01 May 2013. This loan was part of the conditions of the sale of shares in Tetra4 (Pty) Ltd from Molopo Energy Limited to Windfall Energy (Pty) Ltd. The loan agreement is for the period from inception of the loan on 1 May 2013 until 31 December 2022. During this period, the loan is unsecured and interest free. The loan can only be repaid when Tetra4 (Pty) Ltd declares a dividend and 36% of distributable profits must be repaid before a dividend is declared. In the event that by 31 December 2022 the loan is not repaid, the loan shall bear interest at prime overdraft plus 2% and will have no repayment terms. Shareholders loans can only be repaid after the loans from Molopo Energy Limited have been settled.

The loan is discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2% which at 28 February 2019 is 12.25% (prime lending rate of 10.25% plus 2%). The imputed interest expense (refer note 26) is included in profit and loss. The fair value of the loan amount outstanding at 28 February 2019 amounts to R34.5 million.

Convertible notes instrument

Renergen issued 500 convertible notes at AUD1000 per note on 13 December 2018 with an 18-month term. The convertible notes carry a coupon rate of 15% per annum. 5% of the coupon rate is payable in cash quarterly from issue date and 10% of the coupon rate is capitalized on the outstanding principal amount. A note may be transferred by a Noteholder subject to providing 5 Business Days prior written notice to the Company.

A Noteholder may at any time elect to convert its Notes into Underlying Securities at a calculated conversion price by written notice to the Company specifying the Conversion Date.

Conversion - automatic conversion on Listing Date

If the Listing Date has occurred prior to the day of redemption and the Listing Price is greater than or equal to AUD $1.25 then each Note will automatically convert into Underlying Securities by reference to the Outstanding Amount of each Note based on the price calculated per below with the Conversion Date being the Listing Date.

Conversion price

If a conversion occurs on Noteholder's election or automatically on ASX listing, each Note (subject to any adjustments to the Outstanding Amount of each Note in accordance with the AUD: ZAR exchange rates) will convert into Underlying Securities on the basis that the price of each Underlying Security is equivalent to the lesser of:

- ZAR 7.50; or
- the ZAR price per Underlying Security in respect of any capital raising of the Company subsequent to 1 October 2018 (including any IPO on the ASX).

Extension of Maturity Date

If the Listing Date occurs and at that time the Listing Price is less than AUD $1.25, the Maturity Date will automatically be extended by 24 months from the Listing Date.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

16. Finance lease obligation

Minimum lease payments due				
- within one year	365	266	365	266
- in second to fifth year inclusive	240	511	240	511
	605	777	605	777
less: future finance charges	(59)	(127)	(59)	(127)
Present value of minimum lease payments	**546**	**650**	**546**	**650**
Non-current liabilities	208	511	208	511
Current liabilities	338	266	338	266
	546	**777**	**546**	**777**

The Group leases certain motor vehicles under finance lease. At the end of the lease term, the Group will take ownership of the motor vehicles. The carrying value of these motor vehicles as at 28 February 2019 is R 546 000 (28 February 2018 is R777 000). The average lease term is four years and the average effective borrowing rate is 10.5% (28 Feb 2018: 10.5%)

There were no breaches or defaults in contracts during the current or comparative period.

17. Provisions

Reconciliation of provisions - Group - 2019

	Opening balance	Additions	Total
Environmental rehabilitation	3 100	900	4 000
IDC	-	5 829	5 829
	3 100	**6 730**	**9 829**

Reconciliation of provisions - Group - 2018

	Opening balance	Total
Environmental rehabilitation	3 100	3 100

Environmental Rehabilitation Provision

The Group has one production right and five exploration rights over land in the magisterial districts of Ventersburg, Welkom and Odendaalrus in the province of the Free State. Provision for rehabilitation is provided by Lombard Insurance and amounts to R 4 million allocated toward rehabilitation of land impacted on by Tetra4 activity. The current amount of R 4 million rand is allocated for:

- The rehabilitation and closure of 16 existing wells;
- The rehabilitation and closure of 4 new/planned wells;
- The rehabilitation of 18 383 m of disturbance from pipeline placement; and
- Monitoring and maintenance of rehabilitation along pipelines.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

17. Provisions (continued)

IDC Provision

The Group entered into a loan agreement with the IDC on 31 March 2017 for an amount equal to R218 million to fund the acquisition and/or construction of the pipeline and associated installation costs, compression stations and the power steam and plant in Virginia in the Free State province. The advance of this loan is subject to certain conditions precedent in the agreement being fulfilled. The conditions precedent to the loan are yet to be fulfilled. A provision of R5,8 million has been raised by the Group for commitment and administration fees incurred during the year on the IDC funding agreement. These estimated costs incurred are payable on the earlier of a date specified by the IDC, drawdown date, effective date or cancellation date; the timing and amount of the outflows relating to this obligation is uncertain.

18. Trade and other payables

	Group 2019	Group 2018	Company 2019	Company 2018
Financial instruments:				
Trade payables	8 239	9 651	1 245	2 290
Accrued bonus	423	-	71	-
Accrued expense	758	610	758	876
Non-financial instruments:				
Accrued leave pay	1 369	906	493	306
VAT	66	-	65	-
	10 855	**11 167**	**2 632**	**3 472**

19. Revenue

	Group 2019	Group 2018	Company 2019	Company 2018
Revenue from contracts with customers				
Sale of CNG	2 987	2 885	-	-
Management fees	-	-	16 487	8 600
	2 987	**2 885**	**16 487**	**8 600**

Revenue is derived principally from the sale of commodities, recognised once the control of the goods has transferred from the group to the buyer. Intercompany revenue from management fees is recognized when the service is provided. Revenue is measured based on consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

19. Revenue (continued)

Disaggregation of revenue from contracts with customers

The group disaggregates revenue from customers as follows:

Sale of goods				
Sale of CNG	2 987	2 885	-	-
Other revenue				
Management fees	-	-	16 487	8 600
Total revenue from contracts with customers	**2 987**	**2 885**	**16 487**	**8 600**

Revenue is derived principally from the sale of commodities, recognised once the control of the goods has transferred from the group to the buyer. Revenue is measured based on consideration specified in the contract with the customer and excludes amounts collected on behalf of third parties.

20. Cost of sales

Employee costs	1 057	980	-	-
Plant and Depreciation	1 985	1 985		-
-				
CNG purchased	-	166	-	-
Repairs and maintenance	155	352	-	-
	3 197	3 483	-	-

21. Other operating income

Other rental income	-	-	1 123	597
Other income	851	59	144	-
	851	**59**	**1 267**	**597**

Other income consists mainly of reimbursement income from Sibanye Gold for the design work performed by Tetra4 to make their locomotive to run on CNG.

22. Other operating gains (losses)

Foreign exchange losses				
Net foreign exchange loss	(69)	(5)	(69)	(5)
Total other operating gains (losses)	**(69)**	**(5)**	**(69)**	**(5)**

23. Impairment loss

Intangible assets	-	12 245	-	-
Property, plant and equipment	1 295	-	-	-
Loan receivable	-	-	-	7 512
	1 295	12 245	-	7 512

Impairment of an Intangible as asset in Mega Power Renewable

During the year ended 28 February 2018, the intangible asset in Mega Power Renewables (a subsidiary of Renergen Ltd) was impaired. Management had to take a decision on whether to continue to fund it or write off the investment. The studies to date have shown that the tariff required to deliver reasonable investment returns to Renergen are above the norm and believe Renergen would benefit more from deploying that investment to developing Tetra4's Evander gas field as well as bringing a second operation online. For this reason, management has decided not to continue funding the Ivory Coast hydroelectric projects further and will concentrate exclusively on the South African natural gas market for the time being. The recoverable amount is nil.

Impairment of computer software in Renergen Head office

During the year ended 29 February 2019, software in Renergen Limited to the value of R 1.3 million was written off as a result of the software not facilitating a suitable integrated risk management solution to Renergen and its subsidiary.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

24. Operating profit (loss)

Operating loss for the year is stated after charging (crediting) the following, amongst others:

Expenses by nature

	Group 2019	Group 2018	Company 2019	Company 2018
Consulting and advisory fees			18 573	12 177
Employee costs**			3 073	3 460
Operating lease charges			983	964
Depreciation*, amortisation and impairment			1 165	803
Other operating costs			11 743	7 129
Directors fees - Non Executives			1 470	1 339
Directors fees - Executives			8 019	6 040
			45 026	**31 912**

* Depreciation of plant and machinery amounting to R2 million (28 February 2018: R2 million), is included in cost of sales.
** Employee costs relating to manufacturing of gas sold is included in cost of sales.

25. Interest income

	Group 2019	Group 2018	Company 2019	Company 2018
Interest income				
Investments in financial assets:				
Bank interest	1 604	632	1 484	471

26. Interest expense and imputed interest

	Group 2019	Group 2018	Company 2019	Company 2018
Interest expense	185	35	185	35
Imputed interest expense	3 953	3 532	-	-
	4 138	**3 567**	**185**	**35**

This relates to the unwinding of the loan from Molopo Energy Limited. The loan has been discounted to present value for the period that it is interest free at a discount rate which is equal to the prime lending rate plus 2% which at year end is 12.25% (prime lending rate of 10.25% plus 2). Refer to note 15.

27. Taxation

Major components of the tax income

	Group 2019	Group 2018	Company 2019	Company 2018
Deferred				
Originating and reversing temporary differences	(3 572)	(2 436)	(306)	916

Reconciliation of the tax expense

Reconciliation between accounting loss and tax expense.

	Group 2019	Group 2018	Company 2019	Company 2018
Accounting loss	(48 548)	(43 037)	(4 178)	(10 476)
Tax at the applicable tax rate of 28% (2018: 28%)	13 593	12 051	1 170	2 933
Tax effect of adjustments on taxable income				
Non-deductible expenses	**(1 822)**	**(4 655)**	**(482)**	**(2 229)**
Share based payment expense	(93)	(32)	(3)	-
Social labour plan costs	(63)	(38)	-	-
SARS interest and penalties	(24)	-	(24)	-
Donations	(5)	-	(2)	-
Impairment loss on fixed assets	(401)	(3 429)	(401)	(2 150)
Imputed interest on loan	(1 107)	(989)	-	-
Annual leave	(129)	(167)	(52)	(79)

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018
27. Taxation (continued)				
Non-deductible expenses of capital nature	**(1 833)**	**(6 760)**	**(1 830)**	(5 500)
Capital raising expenses	(1 764)	(6 318)	(1 764)	(5 457)
Leasehold improvements	(32)	(442)	(32)	(43)
Transaction costs on sale of investment	(34)	-	(34)	-
Deductible expenses	**1 128**	**21**	**108**	**21**
Oil and Gas Tenth schedule allowances	1 020	-	-	-
Operating lease expense	90		90	
Finance lease expense	18	21	18	21
Non-taxable income	**-**	**392**	**1 767**	**-**
Capital raising fee	-	-	1 767	-
Lombard Insurance reclassification	-	**392**	-	-
Recoupment of computer software disposed	(63)	-	(63)	-
Assessed losses carried forward	(7 431)	1 387	(364)	3 859
	3 572	**2 436**	**306**	**(916)**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

28. Foreign currency translation reserve

Other comprehensive income entails translation differences that arise from the foreign investment. Mega Power Renewables is a foreign subsidiary of Renergen Limited has Euros as its functional currency and South African Rands as reporting currency. The breakdown of other comprehensive income is shown below:

Foreign currency translation opening carrying value	-	3 389	-	-
Current year movement in translation	-	1 348	-	-
Closing balance on reserves	-	4 737	-	-
Transferred through profit and loss	-	(4 737)	-	-
Closing balance on reserves	**-**	**-**	**-**	**-**

29. Cash (used in) generated from operations

Loss before taxation	(48 548)	(43 037)	(4 122)	(10 476)
Adjustments for:				
Depreciation	3 150	2 803	714	410
Amortisation	-	19	-	-
Interest income	(1 604)	(632)	(1 484)	(471)
Finance costs	185	35	185	35
Imputed interest expense	3 953	3 532	-	-
Impairment loss	1 295	12 245	1 295	7 512
Share based payment expense	334	114	11	-
Allocation to restricted cash	(555)	(1 632)	-	-
Provision for IDC	5 829	-	-	-
Profit on sale of business – Mega Power Renewables	-	(4 708)	-	30
Expected cash proceeds on disposal of Mega Power	-	135	-	135
Changes in working capital:				
Trade and other receivables	(2 015)	6 473	237	2 262
Trade and other receivables on disposal of Mega Power Renewables	-	(266)	-	-
Trade and other payables	(312)	5 883	(839)	2 069
	(38 287)	**(19 036)**	**(4 003)**	**1 506**

30. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group - 2019

	Opening Balance	Other non-cash movements	Cash Flows	Closing Balance
Financial Liabilities	30 545	3 953	5 149	39 647
Finance Lease	777	-	(231)	546
	31 322	**3 953**	**4 918**	**40 193**
Total liabilities from financing activities	**31 322**	**3 953**	**4 918**	**40 193**

Reconciliation of liabilities arising from financing activities - Group - 2018

	Opening Balance	Additions	Interest Expense	Finance lease capital re-payment	Non-cash movements: Imputed interest expense	Closing balance
Financial Liabilities	23 857	-	-	-	6 688	30 545
Finance Lease Liabilities	219	768	(23)	(187)	-	777
	24 076	**768**	**(23)**	**(187)**	**6 688**	**31 322**
Total Liabilities from financing activities	**24 076**	**768**	**(23)**	**(187)**	**6 688**	**31 322**

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

30. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities - Company - 2019

	Opening balance	Cash flows	Closing balance
Financial liabilities	-	5 149	5 149
Finance lease liabilities	777	(231)	546
	777	**4 918**	**5 695**
Total liabilities from financing activities	**777**	**4 918**	**5 695**

Reconciliation of liabilities arising from financing activities - Company - 2018

	Opening balance	Additions	Interest expense	Finance lease capital re-payment	Closing balance
Finance lease liabilities	219	768	(23)	(187)	777
	219	**768**	**(23)**	**(187)**	**777**
Total liabilities from financing activities	**219**	**768**	**(23)**	**(187)**	**777**

31. Sale of businesses

In the prior year Renergen disposed of their investment in Mega Power Renewables.

Trade and other receivables	-	266	-	-
Net asset value of Mega Power Renewables at disposal	-	266	-	-
Non-controlling interest	-	(102)	-	-
Investment in Mega Power Renewables	-	**164**	-	**165**
Reclassification of Foreign Currency Translation Reserve to income	-	(4 737)	-	-
Cash proceeds from sale	-	(135)	-	(135)
Profit/(loss) on disposal of asset	**-**	**4 708**	**-**	**(30)**

There were no disposals or businesses or investments in the current year.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

32. Commitments

Contingent liabilities

On 8 May 2019, the company released a prospectus for the Initial Public Offering (IPO) on the Australian Stock Exchange The company entered into various IPO listing costs agreements with various suppliers. The range that the company plans on raising at IPO is between a minimum of AUD$ 5million and an oversubscription of AUD$ 10million.

Costs to be paid at prospectus date contingent upon successful listing by the company range from R14million to R18million.

There are no contingent liabilities in the Annual Financial Statements for 28 February 2019.

Lease commitments

The Group entered into a new finance lease agreement. Leases are for a term of five years and the interest payable is linked to the prime rate. Refer to note 16. Operating lease commitments are detailed below.

Operating leases – as lessee (expense)

	Group 2019	Group 2018	Company 2019	Company 2018
Minimum lease payments due				
- within one year	987	1 273	942	1 273
- in second to fifth year inclusive	322	740	322	740
	1 309	**2 013**	**1 264**	**2 013**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years and rentals escalate at an average rate of 8% per annum. No contingent rent is payable.

Capital Commitments

The group is in the process of acquiring a CNG Daughter station in Virginia in the Free State province with a value of R3,9 million. At the end of the reporting period, 90% of the value has been settled. Management expects that the station will be ready for use in July 2019.

The board approved a capital spend of R512million to spend on the New Plant and drilling. The Group is yet to enter into contractual agreements with suppliers for this capital spend.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

33. Related parties

Relationships	
Subsidiary	Renergen has one subsidiary in which it holds 90%, Tetra4 (Pty) Ltd refer to Investment in subsidiary note 5
Shareholder with significant influence	CRT Investments (Pty) Ltd MATC Investment Holdings (Pty) Ltd
Companies controlled by Directors	CRT (Pty) Ltd MATC Investment Holdings (Pty) Ltd Luhuhi Investments (Pty) Ltd There were no transactions with companies controlled by directors in the current year.

Key Management Personnel: Executive and Non-executive Directors are key management personnel. Refer to the Directors report. There are no prescribed officers other than the Directors.

Related party balances

	Group 2019	Group 2018	Company 2019	Company 2018
Loans from parent company to subsidiary				
Beginning of the year	-	-	135 071	104 880
Loans advanced	-	-	49 382	30 191
Balance at year end	-	-	**184 453**	**135 071**
Loans from key management				
Beginning of the year	-	-	-	-
Loans advanced	500	-	-	-
Interest charged	6	-	-	-
Loan repayments	(506)	-	-	-
Balance at year end	**-**	**-**	**-**	-

Related party transactions

	Group 2019	Group 2018	Company 2019	Company 2018
Costs charged to subsidiary by parent company				
Rental costs	-	-	907	595
Management fees	-	-	16 487	8 600
Total costs	-	**-**	**17 934**	**9 165**

Management fees are paid monthly by Tetra4 to Renergen for consulting services performed.

	Group 2019	Group 2018	Company 2019	Company 2018
Compensation to directors and other key management				
Short-term employee benefits	11 157	5 575	-	-
Share-based payment	334	114	-	-
	11 491	**5 689**	**-**	**-**

Details of director’s remuneration are disclosed in note 34

34. Directors' emoluments

Executive

2019

	Basic salary	Bonus	Total
Stefano Marani	2 931	366	3 297
Fulu Ravele	2 157	269	2 426
Nick Mitchell	2 931	366	3 297
	8 019	**1 001**	**9 020**

2018

	Basic salary	Bonus	Total
Stefano Marani	2 159	180	2 339
Fulu Ravele *	1 344	112	1 456
Nick Mitchell	2 072	173	2 245
	5 575	**465**	**6 040**

* The Group granted Fulu Ravele 58,734 bonus shares that vest after 36 months of service from grant date (05 October 2017), the shares had a fair value of R10.22 per share. R 200 000 of the share-based payment expense was recognized in operating expenses at 28 February 2019.

Non-executive

2019

	Directors' fees	Committees fees	Total
Brett Kimber	238	112	350
Mbali Swana	216	99	315
Luigi Matteucci	216	210	426
Bane Maleke	216	163	379
	886	**584**	**1 470**

Francois Olivier, appointed as a non- executive directors in November 2018 to represent Mazi Capital (one of Renergen’s shareholders) does not earn directors fees.

2018

	Directors' fees	Committees fees	Total
Brett Kimber	216	130	346
Mbali Swana	173	151	324
Luigi Matteucci	216	194	410
Bane Maleke	173	86	259
	778	**561**	**1 339**

Notes to the Financial Statements

35. Financial instruments and risk management

Categories of financial instruments

Categories of financial assets

Group - 2019

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	10	454	454	454
Cash and cash equivalents	12	97 956	97 956	97 656
Restricted cash	9	2 178	2 178	2 178
		100 588	**100 588**	**100 558**

Group - 2018

	Note(s)	Amortised cost	Total	Fair value
Trade and other receivables	10	719	719	719
Cash and cash equivalents	12	3 037	3 037	3 037
Restricted cash	9	1 632	1 632	1 632
		5 388	**5 388**	**5 388**

Company - 2019

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	184 453	184 453	184 453
Cash and cash equivalents	12	95 646	95 646	95 646
Other financial assets		5 500	5 500	5 500
		285 599	**285 599**	**285 599**

Company - 2018

	Note(s)	Amortised cost	Total	Fair value
Loans to group companies	7	135 071	135 071	135 071
Cash and cash equivalents	12	2 651	2 651	2 651
Other financial assets		5 500	5 500	5 500
		143 222	**143 222**	**143 222**

Notes to the Financial Statements

35. Financial instruments and risk management (continued)

Categories of financial liabilities

Group - 2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	9 419	-	9 419	9 419
Financial liabilities	15	39 647	-	39 647	39 647
Finance lease obligations	16	-	546	546	546
		46 066	**546**	**49 612**	**49 612**

Group - 2018

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	10 261	-	10 261	10 261
Financial liabilities	15	30 545	-	30 545	30 545
Finance lease obligations	16	-	777	777	777
		40 806	**777**	**41 583**	**41 583**

Company - 2019

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	2 074	-	2 074	2 074
Financial liabilities	15	5 149	-	5 149	5 149
Finance lease obligations	16	-	546	546	546
		7 223	**546**	**7 769**	**7 769**

Company - 2018

	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other payables	18	3 166	-	3 166	3 166
Finance lease obligations	16	-	777	777	777
		3 166	**777**	**3 943**	**3 943**

35. Financial instruments and risk management (continued)

Pre tax gains and losses on financial instruments

Gains and losses on financial assets

Group - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	1 604	1 604

Group - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	632	632

Company - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	1 484	1 484

Company - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest income	25	471	471

35. Financial instruments and risk management (continued)

Gains and losses on financial liabilities

Group - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(185)	(185)
Gains (losses) on foreign exchange	22	(69)	(69)
Gains (losses) on valuation adjustments	22	(3 953)	(3 953)
Net gains (losses)		**(4 207)**	**(4 207)**

Group - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(35)	(35)
Gains (losses) on foreign exchange	22	(5)	(5)
Gains (losses) on valuation adjustments	22	(3 532)	(3 532)
Net gains (losses)		**(3 572)**	**(3 572)**

Company - 2019

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(185)	(185)

Company - 2018

	Note(s)	Amortised cost	Total
Recognised in profit or loss:			
Interest Expense	26	(35)	(35)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of financial liabilities (excluding derivative financial liabilities) disclosed in notes 15, and cash and cash equivalents disclosed in note 12, and equity as disclosed in the consolidated statement of financial position and note 13.

There are no externally imposed capital requirements.

Financial risk management

Overview

The Group is exposed to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company and Group's financial performance. The principles for financial management are included in the Group's treasury policy and cover specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

34. Financial instruments and risk management (continued)

Credit risk

Credit risk is managed on a group basis as well as individual company basis. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and related party loans. The Company and Group only deposit cash with major banks with high-quality credit standing and limits exposure to any one counterparty. Trade receivables comprise a prepaid expense from regular suppliers of the Company and Group. Risk control assesses the credit quality of the supplier by considering its financial position, experience and other factors. The maximum credit risk the Company and Group are exposed to is the receivable balance on the trade receivables and related party loans as disclosed in note 10 and 33 respectively.

Group		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Trade and other receivables	10	454	-	454	719	-	719
Cash and cash equivalents	12	97 956	-	97 956	3 037	-	3 037
		98 410	**-**	**98 410**	**3 756**	**-**	**3 756**

Ageing of 28 February 2018 accounts receivable balances as per IAS39

	Current	30 days	60 days	90 days	120 days or more
Accounts receivable	288	-	-	-	-

Company		2019			2018		
		Gross carrying amount	Credit loss allowance	Amortised cost / fair value	Gross carrying amount	Credit loss allowance	Amortised cost / fair value
Loans to group companies	7	184 453	-	184 453	135 071	-	135 071
Cash and cash equivalents	12	95 646	-	95 646	2 651	-	2 651
		280 099	**-**	**280 099**	**137 722**	**-**	**137 722**

Ageing of 28 February 2018 accounts receivable balances as per IAS39

	Current	30 days	60 days	90 days	120 days or more
Accounts receivable	-	-	-	-	-

Liquidity risk

Management manages cash flow on a group basis through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, and spending is monitored for compliance with internal targets.

Group - 2019

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Financial liability	15	-	39 647	39 647	39 647
Finance lease liabilities	16	-	208	208	208
Current liabilities					
Trade and other payables	18	9 419	-	9 419	9 419
Finance lease liabilities	16	338	-	338	338
		9 757	**39 721**	**49 478**	**49 478**

Notes to the Financial Statements

35. Financial instruments and risk management (continued)

Group - 2018

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Financial liability	15	-	-	30 545	30 545	30 545
Finance lease liabilities	16	-	511	-	511	511
Current liabilities						
Trade and other payables	18	10 261	-	-	10 261	11 130
Finance lease liabilities	16	266	-	-	266	266
		10 527	**511**	**30 545**	**41 583**	**42 452**

Company - 2019

		Less than 1 year	2 to 5 years	Over 5 years	Total	Carrying amount
Non-current liabilities						
Financial liability	15	-	5 149	-	5 149	5 149
Finance lease liabilities	16	-	208	-	208	208
Current liabilities						
Trade and other payables	18	2 074		-	2 074	2 074
Finance lease liabilities	16	338		-	338	338
		2 412	**5 357**	**-**	**7 769**	**7 769**

Company - 2018

		Less than 1 year	2 to 5 years	Total	Carrying amount
Non-current liabilities					
Finance lease liabilities	16	-	511	511	511
Current liabilities					
Trade and other payables	18	3 166	-	3 166	3 166
Finance lease liabilities	16	266	-	266	266
		3 432	**511**	**3 943**	**3 943**

Foreign currency risk

The Company and Group procure some operating equipment and machinery internationally and is exposed to foreign exchange risk arising primarily with respect to ZAR, EUR and USD. Foreign exchange risk arises from future commercial transactions, liabilities and net investments in foreign operations. Management is of the view that only the ZAR poses a significant foreign exchange risk given its volatility against the USD. The Company and Group review its foreign currency exposure, including commitments on an ongoing basis.

No sensitivity analysis has been prepared as material assets were sourced locally in ZAR with no foreign currency risk and there was no year end exposure.

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

35. Financial instruments and risk management (continued)

Interest rate risk

The Company and Group's operating cash flows are independent of changes in market interest rates. The Company and Group's interest rate risk arises from long-term debt. Debt issued at variable rates exposes the Company and Group to cash flow interest rate risk. The debt with variable interest rate is not repayable until December 2022. Refer to note 15. Interest bearing debt comprise 29% of the total equity, therefore the debt is repayable after 10 years or on declaration of dividends. Interest charge on the debt is only effective in December 2022.

No sensitivity analysis has been prepared as material liabilities are interest free.

36. Going concern

The Consolidated and Separate Financial Statements have been prepared assuming the Group will continue as a going concern, which contemplates the realisation of assets and satisfaction of liabilities in the normal course of business for the foreseeable future. The Group's ability to achieve profitability is dependent on the capital spend of proceeds raised from the currently underway capital raise. The Directors have reviewed the Group's forecasts for the next twelve months and are satisfied with the Group's ability to continue as a going concern.

The Group has received a funding commitment of $40million from Overseas Private Investment Corporation to spend towards the New Plant Project and has successfully completed a rights issue raising R125 million, as well as a secondary listing on the Australian Stock Exchange wherein The Group raised an additional A$10 million. The construction of the New Plant commences in the financial year 2020. Sale of Liquified Natural Gas (LNG) and Helium (He) is expected to commence in financial year 2021. The Group has entered into off take agreements for the sale of both LNG and He.

37. Events after the reporting period

Renergen released a SENS announcement on its latest independent reserve review on 24 April 2019, compiled by MHA Petroleum Consultants LLC ("MHA") from the United States of America in respect of the New Plant Project held by Tetra4 indicating an increase in proven methane and helium reserves of 12.2% and 16.1% respectively since March 2018. Economic valuation was up 16.4% to R9.8 billion using a discount of 15% for proven and probable reserves (2P). Ongoing work relating to shallow conventional "White Sandstone" discovered helium concentration are up 11%.

On 9 May 2019, the company released a SENS announcement, wherein it disclosed that it released the prospectus for the Initial Public Offering (The Offer) on the Australian Stock Exchange on 8 May 2019. The Offer opened on 9 May 2019 to the Australian public and was available only to Australian and New Zealand residents accessing the website within Australia or New Zealand.

On 29 May 2019, Renergen announced the completion of The Offer which raised A$10million with oversubscriptions through the issue of 12.5million CHESS Depository Interests at a subscription price of A$0.80. Renergen also announced the appointment of a new non-executive director, Dr David King, effective 4 June 2019.

The directors are not aware of any material events that occurred after the reporting period and up to the date of this report.

38. Loss per share

Basic loss				
Loss from continuing operations attributable to equity owners of the parent	(40 860)	(37 680)	-	-
Weighted average number of shares	86 889	80 002	-	-
Basic loss per share (cents)	**(47.03)**	**(47.10)**	**-**	**-**

Notes to the Financial Statements

	Group		Company	
Figures in Rand thousand	2019	2018	2019	2018

38. Loss per share (continued)

Reconciliation of diluted loss				
Basic loss	(40 860)	(37 680)	-	-
Weighted average number of shares	86 889	80 002	-	-
Diluted Loss per share	**(47.03)**	**(47.05)**	-	-
Reconciliation of basic loss to headline loss				
Basic loss attributable to equity owners of parent	(40 860)	(37 680)	-	-
Profit on disposal of business – Mega Power Renewables	-	(4 708)	-	-
Impairment loss	1 295	12 245		
Tax effects of disposal and impairment	(363)	-		
Headline loss	(39 928)	(30 143)	**-**	**-**
Headline loss per share (cents)	**(47.03)**	**(37.68)**	-	-
Reconciliation of basic headline loss to diluted headline loss				
Headline loss	(39 928)	(30 143)	-	-
Adjustments	-	-	-	-
Diluted headline loss	(39 928)	(30 143)	-	-
			-	-
Diluted weighted average number of shares	86 997	80 083	-	-
	(47.03)	**(37.64)**	**-**	**-**
Number of shares in issue ('000)	**100 135**	**81 035**		

The basic loss per share is limited to the diluted loss per share as the convertible shares are antidilutive. This limitation was not applied in the prior period, the impact was assessed to not be material and therefore prior period figures have not been adjusted.