

RENERGEN LIMITED

Incorporated in the Republic of South Africa

(Registration number: 2014/195093/06)

JSE Share code: REN

A2X Share code: REN

ISIN: ZAE000202610

LEI: 378900B1512179F35A69

Australian Business Number (ABN): 93 998 352 675

ASX Share code: RLT

("Renergen" or "the Company")



RENERGEN PROGRESSES FUNDING FOR PHASE 2 HELIUM/LNG DEVELOPMENT WITH INITIAL PLACEMENT AND COMPLEMENTARY STRATEGIC PARTNERSHIP WITH IVANHOE MINES

- **Ivanhoe Mines Limited becomes 4.35% shareholder in Renergen through the initial placement of 5,631,787 shares at R35.625 per share (equivalent to US\$2.37, AUD3.24) equal to a 5% discount to 30-day VWAP**
- **Strategic investment agreement establishes a pathway for Ivanhoe to increase its shareholding in Renergen up to a 25% shareholding through a market-related (10% discount to 30-day VWAP) Second Subscription, following completion of 120-day due diligence period (commencing immediately)**
- **Following completion of the Second Subscription, Ivanhoe thereafter has the option to increase its shareholding in Renergen up to 55%, by electing to provide equity funding of up to US\$250,000,000 at a market-related price (10% discount to 30-day VWAP) for further development and up-scaling of the Virginia Gas Project**
- **Strategic investment by Ivanhoe comes at a time when the current global LNG and helium markets are in a shortfall**
- **Investment by Ivanhoe highlights the excellent growth of Renergen and significant and exciting opportunity for the Virginia Gas Project to become a globally significant LNG and helium producer**
- **Transaction paves the way for Renergen to access significant capital towards Phase 2 development, diversifies its investor base into North America, and minimizes potential dilution to existing shareholders as further investments from Ivanhoe linked to the prevailing share price at the time of subsequent investments**

Natural gas and helium producer, Renergen Limited, is pleased to announce a significant investment in the Company by Ivanhoe Mines Limited ("**Ivanhoe**") through the placement of 5,631,787 shares at R35.625 per share, a discount of 5% to the 30 day VWAP, raising an equivalent of ZAR200.6 million (equivalent to US\$13.3, AUD18.3 million). The placement is within the Company's existing pre-approved placement capacity, but importantly Ivanhoe will acquire an initial strategic shareholding in the Company and, subject to its evaluation of the Company and scalability of operations, may thereafter become a strategic partner and major shareholder in Renergen. The conditional option provides for funding of up to US\$250 million (or greater at

Ivanhoe's election) towards up-scaling of the Virginia Gas Project ("**Virginia Gas Project**") following the imminent commissioning and commencement of Phase 1 commercial production.

Ivanhoe is a Canadian-listed, African-focused natural resources development company, led by its founder, Executive Co-Chairman, Mr Robert Friedland. Mr Friedland has an unparalleled track record in the discovery and development of major natural resource projects around the globe, including the current major development in South Africa at Platreef.

The strategic investment in Renergen highlights the excellent growth of the Company over the last two years and the potential of the Virginia Gas Project to become a globally significant LNG and Helium operation.

Commenting on the major agreement between Renergen and Ivanhoe, Dr David King, Chairman of Renergen, said *"Ivanhoe is an ideal partner to stand alongside Renergen in the development of its world-class helium reserves at Virginia. The strategic partnership with Ivanhoe is testament to the great progress that Renergen has made in its transition from explorer to developer of an internationally significant resources project."*

CEO Stefano Marani added: *"This major transaction is a landmark deal for Renergen and one that recognizes strong synergies with our new partners, Ivanhoe. Robert Friedland is a leader in terms of finding and developing disruptive, world-class resources across a broad range of commodities and jurisdictions, and to secure his potential backing of the Virginia Gas Project is a testament not only to the work done to date but also to the incredible opportunity to establish a South African-based globally significant LNG and helium production operation. I am very proud to welcome Ivanhoe as a shareholder in Renergen."*

Aside from the teams collaborating really well, Ivanhoe already has extensive mining operations in South Africa and as the transaction goes through the motions of implementation, new exciting areas of collaboration are being uncovered every day. The future for Renergen is very exciting and I look forward to progressing our Virginia Gas Project and working side-by-side with Robert and Ivanhoe to deliver further value to all our stakeholders".

Robert Friedland, Ivanhoe Mines' Executive Co-Chair, commented: "In Ivanhoe Mines' journey toward net-zero carbon emissions, liquefied natural gas is a compelling transition fuel to provide base-load power for our Tier-One Platreef palladium, rhodium, nickel, platinum, copper and gold mine. Renergen's Virginia Gas Project has the potential to provide clean, reliable electricity to augment our own solar-generated power for a 24-hour-a-day alternative to the coal-fired national electrical grid."

Transaction Details

1. Transaction Rationale

Ivanhoe is mining and developing in Africa the strategic minerals necessary for the electric revolution, among them, copper, nickel and platinum group metals. Helium is another strategic element, the importance of which remains largely unpublicized. It is therefore a synergistic fit for Ivanhoe and Renergen to collaborate on the development of helium in South Africa given its strategic significance and the complementary nature of adding helium to Ivanhoe's mix of strategic commodities.

Furthermore, with regard to concerns on energy security in South Africa, Renergen's development of the country's first commercial LNG facility and proposed gas-to-power operations at the Virginia Gas Project through Phase 2 development will impact favourably on national

energy security, as well as Ivanhoe having the ability to source the power it will need for its Platreef Project. Moreover, power production at the Virginia Gas Project will have significantly lower greenhouse gas emissions than the country's existing predominantly coal-generated power supplies.

While the primary driver for Renergen entering into this transaction is to secure funding for the further development of the Virginia Gas Project, not all the cash available from Ivanhoe is required immediately. The parties have therefore agreed that as part of the strategic co-operation between them, Ivanhoe will have the option to settle the Second Subscription by issuing the INV Shares, which further enhances the co-operation between the parties.

2. Initial Issue of Shares for Cash

- 2.1. Renergen and Ivanhoe have concluded a written initial subscription agreement ("**Initial Subscription Agreement**"), in terms of which, Renergen shall issue 5,631,787 Renergen ordinary shares ("**Shares**") to Ivanhoe (or its nominee), at a price equal to 95% of Renergen's 30-day VWAP on 10 March 2022, being a subscription price of R35.625 ("**Initial Subscription**"). The Initial Subscription shall be implemented under the general authority to issue shares for cash granted to Renergen by its shareholders at the Company's annual general meeting held on 30 July 2021.
- 2.2. The Initial Subscription is anticipated to be implemented on Wednesday, 16 March 2022, and once completed, will result in Ivanhoe being a 4.35% shareholder of Renergen.

3. Strategic Investment and Co-operation Agreement

- 3.1. Renergen and Ivanhoe have concluded, concurrently with the Initial Subscription Agreement, a strategic investment and co-operation agreement ("**Strategic Agreement**") in terms of which, *inter alia*, Ivanhoe will be entitled to subscribe for such number of Shares as will, after their issue, result in Ivanhoe in aggregate holding 25% of the total issued share capital of Renergen on a fully diluted basis ("**Second Subscription**"). The Second Subscription is subject to the fulfilment of various conditions, including, *inter alia*, the successful completion of the Due Diligence and the issue by Ivanhoe of the DD Notice (as such terms are defined below) and the regulatory and shareholder approvals described below.
- 3.2. The issue price of the Shares under the Second Subscription will be equal to 90% of the VWAP for the 30-day period immediately prior to Ivanhoe issuing the DD Notice, less an amount equal to 5% of the Initial Subscription Price multiplied by the Shares issued in terms of the Initial Subscription, divided by the number of shares to be issued in terms of the Second Subscription ("**Second Subscription Price**").
- 3.3. The Second Subscription will be settled by Ivanhoe, at its election, in either or a combination of:
 - 3.3.1. cash and/or
 - 3.3.2. issuing such number of Class A Ivanhoe common shares, being the class of shares listed on the Toronto Stock Exchange ("**IVN Shares**"), as is equal to the Second Subscription Price (or the relevant portion thereof not settled in cash). The IVN Shares shall be issued at a price equal to the 5-day VWAP of the IVN Shares, measured over the 5 trading days prior to Ivanhoe issuing the DD Notice.

4. Scalability Due Diligence

- 4.1. In terms of the Strategic Agreement, Ivanhoe will conduct a due diligence investigation in respect of Renergen for a period of 120 days commencing immediately upon the Initial Subscription ("**DD Period**") to, *inter alia*, assess the financial condition, assets, liabilities and prospects of Renergen and its business, and (or such longer period as Renergen and Ivanhoe may agree in writing) ("**DD Period**") to determine the extent and the scalability of the Company's helium natural gas projects, including the Virginia Gas Project ("**Due Diligence**").
- 4.2. On or before the termination of the DD Period, Ivanhoe will notify Renergen in writing that it is satisfied with the outcome of the Due Diligence ("**DD Notice**"), in the absence of which the Strategic Agreement will lapse and not be implemented.

5. Project Development Equity Funding

- 5.1. Provided that Ivanhoe is the holder, directly or indirectly, of at least 25% of the Shares, Ivanhoe shall be entitled (but not obliged) on notice given to the Company, to increase its holding of Shares to not more than 55% of the Shares, on a fully diluted basis through an additional Share subscription, the purpose of which would be to provide equity funding for the further development of the Virginia Gas Project ("**Project Equity Funding Right**").
- 5.2. To the extent that Ivanhoe exercises the Project Equity Funding Right:
 - 5.2.1. Ivanhoe shall be entitled (but shall not be obliged) to purchase through a new Share subscription, such number of Shares as will, after their issue, result in Ivanhoe being the holder (directly or indirectly) of not more than 55% of the Shares on a fully diluted basis;
 - 5.2.2. Ivanhoe shall subscribe for the Shares at a price equal to 90% of the 30-day VWAP of the Shares immediately prior to the date that Ivanhoe gives notice to the Company that it is exercising the Project Equity Funding Right;
 - 5.2.3. Ivanhoe shall not be required to spend more than US\$250,000,000 as a consequence of exercising the Project Equity Funding Right, but may do so in its sole and absolute discretion, and Ivanhoe's ultimate holding in Renergen will be determined by the price paid for the Shares as set out in 5.2.2 ("**the Project Equity Funding**").xx there is no 4.2.2

6. Conditions Precedent

- 6.1. The Second Subscription and the Project Equity Funding are subject to the various regulatory and shareholder approvals, including:
 - 6.1.1. Renergen shareholder approval for the Second Subscription and the Project Equity Funding;
 - 6.1.2. all regulatory approvals including, *inter alia*, the approval of the Johannesburg Stock Exchange, Australian Securities Exchange, the South African competition authorities and/or the Financial Surveillance Department of the South African Reserve Bank, to the extent required;
 - 6.1.3. to the extent that any issue of Shares by Renergen to Ivanhoe would result in a requirement for Ivanhoe to make a mandatory offer in terms of section 123 of the Companies Act 71 of 2008, as amended ("**Companies Act**"), approval by the Company's shareholders of a waiver to make such mandatory offer, as

contemplated in terms of regulation 86(4) of the Companies Regulations 2011;
and

6.1.4. should Ivanhoe elect to settle the Second Subscription in IVN Shares in whole or in part, approval of the Toronto Stock Exchange to issue such IVN Shares.

7. Other Material Terms

7.1. Anti-dilution Right

7.1.1. For so long as Ivanhoe holds directly or indirectly at least the Initial Subscription Shares, Ivanhoe will have anti-dilution rights such that if Renergen issues further Shares or securities convertible into, or exchangeable for, Shares, Ivanhoe shall be entitled to maintain its then *pro-rata* shareholding in the Company, or if its shareholding in the Company is below 55% at the relevant time, to increase its shareholding position to not more than 55% as a result of the exercise of this right ("**Anti-Dilution Right**"). The Shares to be issued in terms of the Anti-Dilution Right will be at a price equal to 90% of the 30-day VWAP prior to the date that Ivanhoe was provided notice that its Anti-Dilution Right has been triggered.

7.1.2. The additional shares which may be issued to Ivanhoe in respect of the Anti-Dilution Right shall be subject to approval by Renergen shareholders at the next occurring annual general meeting of the Company.

7.2. Exclusive Off-Take Negotiation Right

With effect from the Initial Subscription, Renergen grants Ivanplats Proprietary Limited, a subsidiary of Ivanhoe and owner of the Platreef Project, the sole and exclusive right to negotiate to be the off-taker for power generated by the gas and solar hybrid power facility anticipated during Phase II of the Virginia Gas Project, the terms and conditions of which offtake agreement are required to be on market related terms.

8. Board of Directors ("the Board")

8.1. From the date of the Initial Subscription, Ivanhoe shall be entitled to nominate one member to the Renergen Board.

8.2. From the time that Ivanhoe is the holder of more than 20% of the Shares, it shall be entitled to nominate such number of persons to the Renergen Board as is equal to one-third of the total number of members of the Board, subject to compliance with the applicable non-executive and independence requirements as set out in the JSE Listings Requirements, Companies Act and King IV Code on Corporate Governance ("**King IV Code**").

8.3. From the time that Ivanhoe is the holder of more than 50% of the Shares, it shall be entitled to nominate such number of persons as is equal to the majority of the total number of members of the Board, subject to compliance with the applicable non-executive and independence requirements as set out in the JSE Listings Requirements, Companies Act and King IV Code.

9. Information on Ivanhoe

9.1. Ivanhoe is a Canadian mining company, listed on the Toronto Stock Exchange, focused on advancing its three principal projects in Southern Africa: the development of major new, mechanized, underground mines at the Kamoakakula copper discoveries in the Democratic Republic of Congo and the Platreef palladium-rhodium-platinum-nickel-

copper-gold discovery in South Africa; and the extensive redevelopment and upgrading of the historic Kipushi zinc-copper-germanium-silver mine, also in the Democratic Republic of Congo.

10. Effective Date

- 10.1. The effective date of the Initial Subscription will be Wednesday, 16 March 2022.
- 10.2. The effective date of the Second Subscription shall be the 5th Business Day after the date on which the Investment Approvals necessary to undertake the Second Subscription have been obtained or granted;
- 10.3. The effective date of the Project Equity Funding is still to be determined. If all the relevant Investment Approvals are not obtained within 1 year of notice of exercise by Ivanhoe of the Project Equity Funding Right (or such longer period as shall be agreed in writing between the Parties), the Project Equity Funding Right shall then terminate at such date.

11. Representations and Warranties

- 11.1. The Initial Subscription Agreement and the Strategic Agreement each contain representations and warranties by Renergen in favour of Ivanhoe which are standard for a transaction of this nature.

12. Financial information

- 12.1. The Ivanhoe market capitalisation as of 11 March 2022 was c. CAD13 billion. Ivanhoe reported a profit for the year ended 31 December 2021 of \$48.2 million, with net assets of US\$ 2.37 billion.
- 12.2. The Financial Information has been extracted from the Group's unaudited results for the year ended 29 February 2020, was prepared in terms of IFRS, is the responsibility of the Board and has not been reported on or reviewed by a reporting accountant.

13. Categorisation

- 13.1. The Second Subscription shall be classified as a specific issue of shares for cash, to the extent that it is settled in cash, requiring approval by Renergen shareholders at a general meeting.
- 13.2. To the extent that Ivanhoe elects to settle the Second Subscription with IVN Shares, the Second Subscription will constitute an acquisition and may require categorisation in terms of section 9 of the JSE Listings Requirements. The Company is in discussions with the JSE on this matter and will advise shareholders in due course as to the outcome thereof.
- 13.3. The Project Equity Funding shall be classified as a specific issue of shares for cash requiring approval by Renergen shareholders in a general meeting.

14. Circular

- 14.1. A circular containing the full details of the Second Subscription and the Project Equity Funding, incorporating a notice convening the required general meeting of the shareholders of Renergen, will be distributed to shareholders in due course, including the date of the general meeting, and will be announced on SENS

Johannesburg
15 March 2022

Authorised by: Stefano Marani
Chief Executive Officer

Designated Advisor and corporate advisor
PSG Capital



PSG CAPITAL

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Falcon & Hume Inc Attorneys

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