

RENERGEN LIMITED

Incorporated in the Republic of South Africa

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A2X Share code: REN

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Australian Business Number (ABN): 93 998 352 675

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("Reenergen" or the "Company")



PHASE 2 GUIDANCE NOTE

Reenergen is pleased to provide shareholders with an overview of the Phase 2 project as referenced in the announcement released on SENS on 31 January 2023. As announced on 23 January 2023, the Company has now successfully produced both liquefied natural gas (**LNG**) and liquid helium from the Phase 1 pilot plant in the Virginia Gas Project (**VGP**). The main project, referred to as Phase 2 of the VGP, will be a significantly larger plant. Given the potential production capacity of both Phase 1 and Phase 2, current favourable high energy prices, the current demand environment, weaker rand relative to the US dollar, and other current macro-economic indicators it is the objective of Reenergen to deliver estimated EBITDA of between R5.7bn and R6.2bn per annum, once the plants are in full production, which we expect to occur in the financial year after construction has been completed but not anticipated to be before FY2027.

Upon completion, the Company expects that VGP will deliver a substantial amount of energy to the South African economy and also transform South Africa into one of the world's large helium exporting countries.

The above estimated EBITDA target is based on assumptions around currency, interest rates and energy prices at the time Phase 2 of VGP goes into production, and the actual EBITDA may be higher or lower than the target range provided. In addition, this target relies on the assumptions that (i) Phase 2 is fully funded and successfully constructed, (ii) ZAR/USD long-term depreciation is in line with the respective jurisdictional interest rate differentials, (iii) the liquid helium long-term spot price is approximately US\$600 per MCF, and (iv) long-term base LNG price of approximately ZAR250 per gigajoule. Furthermore, such assumptions do not take into account the costs of distribution, storage and dispensing.

The Phase 1 pilot plant at VGP is designed to produce a maximum of 2,700 gigajoules of LNG and around 350 kg of liquid helium per day. It is currently anticipated that Phase 2 at VGP will produce approximately 34,400 gigajoules of LNG and around 4,200 kg of liquid helium per day in its first full financial year of production.

In line with previous announcements, the Company intends to reach financial close on several sources of funding, which may include each, or any, of the following:

- An aggregate debt package of US\$ 750 million
- 10% sale of Tetra4 Proprietary Limited ("**Tetra4**") to the Central Energy Fund for ZAR 1 billion
- A potential international IPO, subject to market and other conditions, the proceeds of which are intended to comprise a portion of the equity funding for Phase 2 construction.
- It is anticipated that additional equity capital will be needed prior to completion of the construction for the balance of the construction costs.

Please note that the information in this announcement, including the estimated EBITDA target, has not been reviewed or reported on by Renergen's auditors or by an independent reporting accountant, nor is the same guaranteed. The Company makes certain forward-looking statements herein that are subject to risks and uncertainties, most of which are difficult to predict and many of which are beyond the Company's control, incident to the exploration for and development and production of natural gas and helium. All statements, other than statements of historical fact, regarding possible or assumed future results of the Company's business, strategy, prospects, plans and objectives are forward-looking statements. For example, the estimated EBITDA target, as a forward-looking statement, inherently involves known and unknown risks and uncertainties that may cause actual results to be materially greater or less than estimated. These factors may include but are not limited to changes in LNG prices, foreign exchange rate fluctuations, general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and product development, changes to the regulatory framework in which the Company operates, geotechnical events, environmental matters, our anticipated operational, administrative and management costs, the timing for all relevant consents, approvals and licenses required for Phase 2, and recruitment and retention of key personnel, among other factors. The forward-looking statements are based on the Company's beliefs, assumptions and expectations of future performance, taking into account the information currently available. These statements are only predictions based upon current expectations and projections about future events. There are important factors that could cause actual results, levels of activity, performance or achievements to differ materially from the results, levels of activity, performance or achievements expressed or implied by the forward-looking statements.

No Offer Or Solicitation

This announcement is not intended to and does not constitute an offer to sell or the solicitation of an offer to buy securities, and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction. Any offers, solicitations or offers to buy, or any sales of securities will be made in accordance with the registration requirements of the Securities Act of 1933, as amended.

Business Overview

Renergien is South Africa's leading onshore natural gas explorer and the first integrated producer of both liquid helium and LNG, both of which are produced from the natural gas found in the Company's vast proven reserves that underpin the VGP, which includes (i) the liquefaction of natural gas into LNG, (ii) the separation of helium from natural gas and (iii) the further liquefaction of helium into 99.999% pure liquid helium. This liquefaction and separation takes place at the VGP. Based on the drilled and flow-tested wells, our average helium concentration exceeds 3.0%, which is well above typical conventional natural gas reservoirs containing helium in small concentrations (less than 0.5%). Renegen's principal asset is its 100% equity ownership in Tetra4, which holds the Production Right and is the entity developing the VGP. Phase 1 has commenced commercial LNG and liquid helium operations. The development of Phase 2 is ongoing and expected to reach Final Investment Decision ("FID") in the second half of 2023. Shortly after reaching FID, Phase 2 is expected to achieve debt financing approval of up to \$500 million from the United States International Development Finance Corporation and up to \$250 million from a mandated global bank, the anticipated point at which the lenders are fully committed to financing the debt.

The origin of the Company's primary asset dates back two billion years when an asteroid 10-15 kilometres in diameter struck the earth near where the town of Vredefort stands today, creating the Vredefort Crater. The VGP is situated in the Vredefort Crater. The conditions of this interstellar impact resulted in a cap rock dome that sealed ultra-rich deposits of uranium and thorium (the source of our

helium) and an adaptive deep-seated colony of underground bacteria (the source of our natural gas). The uranium and thorium have been decaying over 1.8 billion years, producing alpha particles that then have become helium. The bacteria adapted to using the radioactive energy and the carbon from the surrounding environment as their sustenance, much like chlorophyll uses the radioactive energy from the sun. That bacterial colony continues to thrive today, actively producing high purity natural gas as its waste product. This unique resource of high purity, biogenic natural gas with a high concentration of helium two billion years in the making has now entered the production phase for the benefit of South Africa and the world, at a time when global helium and energy supplies are constrained due to geopolitical conditions and supply chain challenges.

Helium is a vital and irreplaceable element in many modern industries because it is both chemically and electrically inert and, when in liquid form, is the coldest substance known to man at 3 degrees Kelvin. For these reasons, it can be used to purge laboratory or manufacturing environments, act as a fuel propellant for other cryogenic fuels, and/or provide deep cryogenic cooling. It is commonly used in space exploration and rocketry, high-level physics experiments (particle accelerators, quantum mechanics), medical science within MRI devices, fibre optic cable production, commercial diving gas, specialized welding, coolant for nuclear power stations, lifting balloons and the manufacture of semiconductors.

We believe we are perfectly positioned to capitalize on our South African first mover advantage on LNG and our globally significant proven helium reserves.

Johannesburg
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