



Australia's future in bioenergy and renewables

Quarterly Activities Report for the quarter ended 30 September 2022

**Delorean Corporation Limited
ACN 638 111 127**



Q1 FY2023 Highlights

- Progress in finalisation of Infrastructure Project Investment towards a binding agreement to form a multi-project development funding partnership with funds managed by Palisade Impact (signed in October 2022).
- Blue Lake Milling project achieved practical completion with nameplate generation capacity over 23MWh per day.
- Ecogas construction progressing toward substantial completion and close out Q2 FY2023.
- Development stage reached in landmark collaboration with Brickworks Building Products
- Initial Phase works completed on \$45M Yarra Valley Water waste to energy project and moving into detailed design phase.
- Energy Retail Division price reset events to protect margin and strategic decision to confine Energy Retail activities to Delorean's renewable generation assets to de-risking market exposure
- Delorean's SA1 project pre-approved for inclusion in pilot for Australia's first renewable natural gas certification scheme
- Delorean a top 5 finalist in Australian Financial Review Sustainability Awards 2022 (Resources, Energy and Utilities category)
- Delorean a signatory to UN Global Compact and publication of ESG Framework and ESG Report 2022



Image 1: Blue Lake Milling Bioenergy Project



Q1 FY2023 Activities Report

Delorean Corporation Limited (ASX:DEL) is pleased to provide an overview of the September 2022 quarter (Q1 FY2023) activities and the associated cash flows and cash position in the Appendix 4C (attached).

Business Overview

Delorean Corporation is a vertically integrated business operating in two high growth investment sectors – renewable energy and waste management. Delorean is pioneering the Australian market with bioenergy towards commercial production of mains-grade renewable gas. Delorean has the inhouse capability to deliver bioenergy projects across the full lifecycle, from project conception to completion; processing organic waste and generating and monetising renewable electricity, heat and gas.

The core focus of the business is to develop, construct, own and operate bioenergy infrastructure in Australia deriving revenues from acceptance of organic waste and agricultural residues, generation of renewable electricity and production of renewable natural gas.

Delorean currently also constructs bioenergy projects for third parties in Australia and New Zealand and retails electricity for business customers in the Western Australian electricity market.

The following graphic sets out an overview of Delorean projects, completed, under construction, under development and in the pipeline.

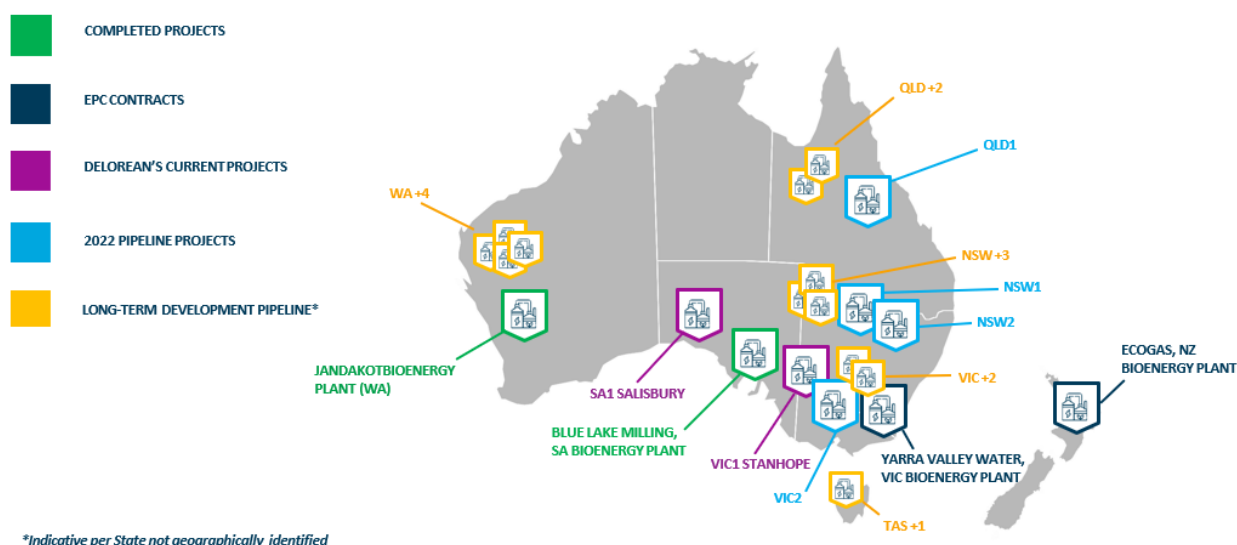


Image 2: Delorean Corporation Project Pipeline



The business comprises three interoperable divisions:



Delorean Infrastructure Division

Delorean's Infrastructure Division is responsible for development, ownership and operation of commercial-scale anaerobic digestion bioenergy facilities in Australia.

During the quarter, Delorean's Infrastructure Division was predominantly focussed on:

- Finalising a multi-project development funding partnership with impact infrastructure investor Palisade Impact (signed in October 2022)
- Final development and due diligence activities on its Vic 1 and SA 1 projects ready for Financial Investment Decision with Palisade Impact
- Collaborative development of Brickworks bioenergy plant in NSW
- Ongoing development of Delorean's infrastructure project pipeline

Palisade Impact – Multi Project Development Funding Partnership

During the quarter, Delorean continued to progress the commercial arrangements to secure conditional investment to fund its infrastructure project pipeline, led by energy project finance specialist Planum Partners. A further update on these arrangements is set out in the Q2 outlook below and in recent announcements to the ASX.



Delorean's SA1 Project Admitted For GreenPower Renewable Gas Certification Pilot

In September 2022, Delorean entered into a legally binding term sheet with the National GreenPower Accreditation Program (**GreenPower**), represented by The State of New South Wales. The program is administered by NSW, however it operates nationally across all Australian jurisdictions. The term sheet confirms preliminary satisfaction of Delorean's SA1 Project in meeting the eligibility criteria and participation requirements for accreditation under GreenPower's Renewable Gas Certification Pilot.

GreenPower is a renewable energy certification that has been operating since 1997. It independently accredits and audits electricity generators and retail products to ensure the right amount of renewable energy is fed into the grid on a customer's behalf.

GreenPower is now establishing the Pilot Program for renewable gases. Certification under the Pilot Program will enable gas producers to get independent verification of renewable gas production in the form of Renewable Gas Certificates (RGCs). Gas producers will be able to sell these certificates, and this will potentially provide extra margins for companies that are generating renewable gas.

In addition, the Pilot Program will help customers directly support renewable gas projects, similar to the Clean Energy Regulator's registry for Large-scale Generation Certificates (LGCs).

Pre-approval was granted for Delorean's SA1 Project. This pre-approval ensures the SA1 Project can formally join the certification Pilot Project once it is launched.

Brickworks Bioenergy Project Development

Project Update

Brickworks Building Products and Delorean have completed the Concept Stage of their Master Services Agreement (**MSA**) and formally progressed to the Development Stage. The MSA is derived from the Memorandum of Understanding (**MOU**) between the two companies in a collaboration to build and operate bioenergy plants. The completed project(s) will convert organic waste to green gas and electricity for use in Brickworks' NSW brick manufacturing operations.

The Concept Stage included project development services relating to facility designs, desktop environmental and planning assessments, feedstock discussions and commercial feasibility assessments for NSW sites.

The companies are currently executing the Development Stage of the collaboration. This stage includes Brickworks retaining Delorean to undertake the feasibility study for the initial NSW plant(s).

The feasibility study will address the key prerequisites for developing a model for commercially viable and sustainably driven bioenergy facilities. The results of this study will inform the next stage of FID.



Image 5: NSW1 Bioenergy Plant Render

Delorean Infrastructure Project Pipeline Development

In addition to progressing FID in the proposed partnership with Palisade Impact in relation to the Immediate Projects, and the Brickworks Bioenergy Project, during Q1 Delorean continued the active development of its bioenergy infrastructure project pipeline. The most advanced of these projects is the QLD1 Bioenergy Plant.

The project is currently reviewing the approvals process to better understand the most viable option for energy generation (green gas vs. electricity) and is consulting with AGIG regarding any potential mains injection limits.

The project is expected to be FID-ready in CY2023.



Delorean Engineering Division

Delorean's Engineering Division delivers engineering design, construction and operation/maintenance services for third parties under contract, and for Delorean Infrastructure Divisions build/own/operate projects.

During the quarter, Delorean's Infrastructure Division was predominantly focused on:

- Practical completion of the Blue Lake Milling Project in Bordertown, South Australia under EPC contract.
- Construction of the Ecogas Bioenergy Project in Reparoa, New Zealand
- Initial Phase Works under EPC contract for the construction of Yarra Valley Water's second bioenergy plant in Victoria

Blue Lake Milling, SA Bioenergy Plant

Project Background

Location: Bordertown, South Australia - \$7.8M contract value

Project Update

The AD facility for Blue Lake Milling achieved practical completion on 29 September 2022, and is powering Blue Lake Millings site with surplus electricity exported to the grid. To date the facility has produced over 3000MWh of green electricity. The site is also producing biofertiliser, with potential markets for this high demand product being investigated.

Technical expert Dr Ralf Cordruwisch* was engaged by Delorean to formally assess the project and has provided the following analysis: *"The fundamental performance of this bioenergy plant has substantially exceeded widely accepted knowledge on bio-methanation of oat husks and similar cellulosic agricultural wastes. It is demonstrating significantly higher gas yields than expected from published results, and at shorter treatment times than existing processes. The system also shows promise to convert to other cellulose wastes such as wheat straw, rice straw, corn waste and so on."*

**Dr. Ralf Cordruwisch is a Water and Bio-processing Scientist and Consultant, the Director of Biofilmtech Pty Ltd, and a broadly published scholar in microbiology and environmental engineering*



Image 6: Blue Lake Milling bioenergy facility



Ecogas, NZ Bioenergy Plant

Project Background

Location: Reparoa, New Zealand - \$10.1M contract value

Project Update

The Ecogas facility has started to process waste and is now generating biogas, the first anaerobic digester has been completed and passed the externally assessed hydro test. Hydrotesting has also been completed on the second digester. The biofilters have been installed, and control systems and piping are now being installed. Although COVID has caused further impacts to staffing and shipping, work has continued to move forward. The project is scheduled for completion in late November/early December 2022.



Image 7: Ecogas bioenergy plant construction team

Yarra Valley Water, VIC Bioenergy Plant

Project Background

Location: Lilydale, Victoria – circa \$45M contract value

Project Update

Work has commenced with the client on pre-construction development and planning. Initial phase works have been completed to re-risk the overall project budget. Subject to completion of planning, regulatory and Ministerial approvals the project will proceed with full construction expected to begin on site in Q1 2023. Further design to detailed design stage is expected to commence in November 2022.

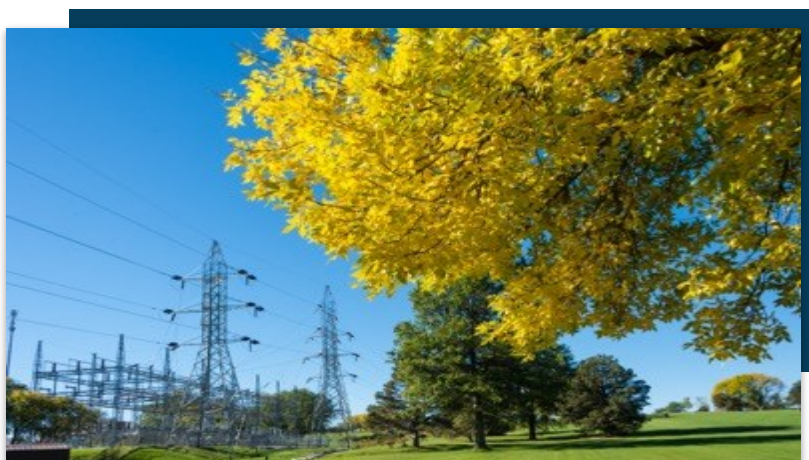


Delorean Energy Retail Division

During the September quarter, Delorean Corporation's Energy Retail Division consolidated its participation in the WA electricity market.

While energy pricing in the WA electricity market is less volatile than the National Energy Market, and Delorean maintains hedge protections against wholesale energy price increases in the form of bilateral wholesale contracts and other positions, during the quarter the WA market experienced abnormal uplifts in energy and Large Scale Generation Certificate prices.

In July 2022, Delorean undertook allowable Material Adverse Event pricing resets under its WA customer contracts to protect electricity retail margins. This resulted in an approximate 10% reduction in its customer book by volume of electricity sold.



Delorean Corporate

Environment, Social and Governance

Delorean is proud to be advancing its commitment to sustainability and ESG principles through the formal development of its ESG Strategy.

During the September quarter, Delorean published its Environment, Social and Governance framework and its inaugural ESG Report 2022 and signed up to the UN Global Compact (UNGC).

This inaugural ESG report articulates Delorean's impact framework and prioritises Delorean's sustainability goals and focus areas. It explains how Delorean is going to achieve its ESG aspirations and how it plans to measure progress.

This report also includes formal alignment to the Task Force on Climate Related Financial Disclosures (TCFD) and our first Communication on Progress report to the UNGC.

With the adoption of Delorean's first ESG strategy in 2022, Delorean fully embraces recognised ESG principles on its journey to Shaping a Cleaner Future.

Also during the September quarter, Delorean was named as a top 5 finalist in the inaugural Australian Financial Review Sustainability Awards 2022 (Resources, Energy and Utilities category)



Image 8: BLM Bioenergy Plant in SA

Planned Activity – Q2 FY2023

Delorean has achieved several major milestones in the first quarter FY2023 and is well positioned to carry this momentum into the balance of the financial year.

Palisade Impact Multi Project Funding Partnership

Continuing on from negotiations with Palisade Impact, in October 2022, Delorean Corporation entered into a binding agreement to form a multi-project development funding partnership with funds managed by Palisade Impact. Key terms of this arrangement as follows:

- Subject to completion of final due diligence required for each project's Final Investment Decision, Palisade Impact will enter into a preferred funding agreement in relation to Delorean's SA1 and VIC1 bioenergy projects (**Immediate Projects**) pursuant to which it will fund 100% of the project costs (including Delorean's development costs) to deliver the Immediate Projects, with a right of first offer to fund a further three of Delorean's bioenergy projects.
- Palisade Impact will invest \$5m in Delorean by way of Convertible Notes in two tranches of \$2.4m (immediate) and \$2.6m (on satisfaction of certain conditions precedent). The first \$2.4m tranche was settled in October 2022 (refer to Delorean's recent announcements to market for further information).
- Delorean will enter into agreements to design, construct and commission the Immediate Projects on commercial margins whilst maintaining and underlying 50% residual share in the Immediate Projects after preferred equity (and minority interests in the case of VIC1)
- From practical completion, Delorean will enter into agreements pursuant to which it will undertake Operation and Maintenance of the projects on commercial margins for a term of 25 years and provide day-to-day management services to each project.

Members should also refer to recent Delorean announcements relating to the Palisade Impact arrangements.



Energy Retail Strategic Review

Under Delorean's vertically integrated business model, Delorean retains the capability to develop and build bioenergy projects, as well as licenses to retail electricity and gas including (inter alia) electricity retail licenses in the National Electricity Market and Western Australian Wholesale Electricity Market.

Within this model, Delorean's core strategy is to develop and build out bioenergy infrastructure for the generation of renewable electricity and supply of renewable natural gas. This strategy is reaffirmed by Delorean's multi-project development funding partnership with Palisade Impact referenced above.

Delorean's historical and current energy retail division activities are confined (except for one customer) entirely to business customers in the Western Australian electricity retail market. The aggregate electricity demand to service this customer book presently outstrips the available sources of electricity supply from bioenergy in WA, requiring Delorean to 'top up' its electricity requirements via bilateral contracts with energy wholesalers and from the wholesale electricity market.

In October 2022, Delorean undertook a strategic review of its Western Australian energy retail operations in the current market and has formed the view that to align with its infrastructure roll-out strategy, Delorean should confine its retail operations as far as possible to the monetisation of energy only from its own bioenergy projects, as those projects continue to come online.

This move will see Delorean ceasing to engage new customers within the Western Australian electricity market and looking to undertake the orderly winding down of its Western Australian energy client book for the foreseeable future. Delorean will also consider the divestment of that Western Australian energy retail customer book, but notes that any such divestment would require consultation with ASX prior to any completion.

Delorean continues to manage its WA customer portfolio to address rising energy and Large Scale Generation Certificate pricing, including the use of bilateral wholesale supply contracts to hedge its positions, and allowable pricing resets under customer contracts to protect electricity retail margins.

Delorean issued notices for a second pricing reset in late October 2022.

Ceasing to provide Western Australian energy retail services at this time and in the current circumstances is expected to be both earnings and cashflow positive for Delorean, freeing up cash-backed prudential and contract securities and reducing Delorean's exposure to risk in the WA electricity market.

Delorean intends to retain its WA electricity retail license on an ongoing basis for the purposes of servicing future customers from its evolving bioenergy infrastructure pipeline.

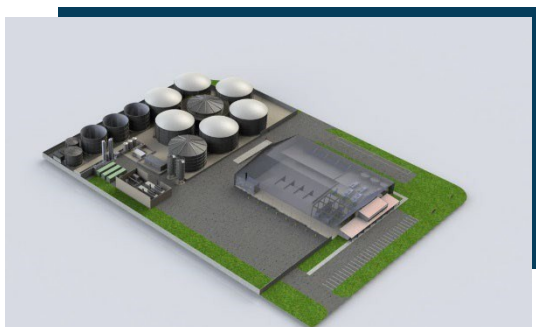


Image 3: SA1 Salisbury Bioenergy Plant Render



Image 4: VIC1 Stanhope Bioenergy Plant Render



Other Key Activities in Q2 FY2023

In addition to the key update relating to Palisade Impact, in Q2 FY2023, Delorean's focus is in the following key areas:

- Substantial completion and close out of Delorean Engineering's Ecogas project in New Zealand. The opening ceremony for the Ecogas plant took place in October 2022.
- Completion of conditions precedent to settle the second \$2.6m tranche of Palisade Impact's investment by way of convertible note (noting the first convertible note for \$2.4m was issued on 26 October 2022).
- Advance the final due diligence with Palisade Impact towards FID on Delorean SA1 and VIC 1 projects.
- Advance Delorean Engineering's detailed design of the Yarra Valley Water project
- Fast-track the orderly wind down of Delorean Energy Retails WA customer book.



Additional Appendix 4C Disclosures

The following information is provided as required under ASX Listing Rule 4.7C that has not been disclosed in the body of the quarterly activities report.

Summary of Expenditure incurred on Projects

A summary of expenditure incurred in AUD excluding GST (accruals basis) for the quarter on our key projects and cost centres is as follows:

- Blue Lake Milling - \$261K
- Ecogas - \$1.26M
- Yarra Valley Water - \$8K
- Brickworks - \$Nil
- South Australia One and Victoria One - \$20K
- Energy Retail - \$9.45M
- Overheads - \$1.42M

Payments made to Related Parties

Payments totalling \$184K made to related parties and their associates are for director salaries and superannuation of \$178K and payments for corporate services of \$6K. All payments were on normal commercial terms.

Disclaimer

This report has been prepared by Delorean Corporation Limited (**Delorean**). The material contained in this report is for information purposes only. This release is not an offer or invitation for subscription or purchase of, or a recommendation in relation to, securities in Delorean and neither this release nor anything contained in it shall form the basis of any contract or commitment.

This report may contain forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Delorean business plans, intentions, opportunities, expectations, capabilities, and other statements that are not historical facts. Forward-looking statements include those containing such words as could, plan, target, estimate, forecast, anticipate, indicate, expect, intend, may, potential, should or similar expressions. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions, and other important factors, many of which are beyond the control of Delorean, and which could cause actual results to differ from those expressed in this report. Because actual results might differ materially to the information in this report, Delorean does not make, and this report should not be relied upon as, any representation or warranty as to the accuracy, or reasonableness, of the underlying assumptions and uncertainties. Investors are cautioned to view all forward-looking statements with caution and to not place undue reliance on such statements.

The report has been prepared by Delorean based on information available to it, including information from third parties, and has not independently verified. No representation or warranty, express or implied, is made to the fairness, accuracy or completeness of the information or opinions contained in this report.



About Delorean Corporation Ltd (ASX:DEL)

Shares in Delorean Corporation Limited (ASX: DEL) are traded on the Australian Securities Exchange (ASX). For more information, please visit our website: www.deloreancorporation.com.au

Appendix 4C

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

Name of entity

Delorean Corporation Limited

ABN

62 638 111 127

Quarter ended ("current quarter")

30/09/2022

Consolidated statement of cash flows	(a) Current quarter \$A'000	(b) Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,888	11,888
1.2 Payments for		
research and development		
product manufacturing and operating costs	(10,118)	(10,118)
advertising and marketing	(9)	(9)
leased assets	(31)	(31)
staff costs	(884)	(884)
administration and corporate costs	(151)	(151)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid	(45)	(45)
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	650	650
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
businesses		
property, plant and equipment	(169)	(169)
investments		
intellectual property		

Consolidated statement of cash flows		(a) Current quarter \$A'000	(b) Year to date (3 months) \$A'000
2.2	other non-current assets Proceeds from disposal of: (a) entities businesses property, plant and equipment investments intellectual property other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(169)	(169)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(101)	(101)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(101)	(101)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3,124	3,124
4.2	Net cash from / (used in) operating activities (item 1.9 above)	650	650
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(169)	(169)

Consolidated statement of cash flows		(a) Current quarter \$A'000	(b) Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(101)	(101)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,504	3,504

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	(c) Current quarter \$A'000	(d) Previous quarter \$A'000
5.1 Bank balances	1,534	1,534
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (term deposits as security for CBA bank guarantees)	1,971	1,971
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,504	3,504

6. Payments to related parties of the entity and their associates	(e) Current quarter \$A'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	184
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
Payments for directors' salaries and superannuation of \$184k.	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	(f) Total facility amount at quarter end \$A'000	(g) Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	104	32
7.3	Other (please specify)	-	-
7.4	Total financing facilities	104	32
7.5	Unused financing facilities available at quarter end		32
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	<div style="border: 1px solid black; padding: 10px;"> <ul style="list-style-type: none"> Unsecured CBA Credit Cards (17.99% interest rate), no maturity date Unsecured ASB Credit Card Facilities (20.95% interest rate), no maturity date <p>Not included in the above balances are equipment finance, insurance premium funding finance and bank guarantee facilities as they are not available to draw for working capital requirements.</p> <p>The following financing facilities have been entered into after quarter end:</p> <ol style="list-style-type: none"> Convertible note facility for \$5,000,000 from Palisade Impact receivable in 2 tranches (refer ASX Announcement on 19 October 2022) Short term intra-project Line of Credit facility (Biogass NZ Pty Ltd) for NZ\$1,344,000 with Pioneer Energy NZ, repayable by 31 March 2023 (12% interest rate on drawn balance) </div>		

8.	Estimated cash available for future operating activities	(h) \$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	650
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,504
8.3	Unused finance facilities available at quarter end (item 7.5)	32
8.4	Total available funding (item 8.2 + item 8.3)	4,186
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	N/A
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: By the Board

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.