



Australia's future in bioenergy and renewables

Quarterly Activities Report for the quarter ended 30 June 2023

**Delorean Corporation Limited
ACN 638 111 127**



Q4 FY2023 Highlights

- **Snapshot:** In this quarter, the company received Notice to Proceed to move into construction on its fourth and biggest bioenergy project to date, being the \$53m **Yarra Valley Water** project, having also completed its third project (Ecogas in NZ) during the quarter. This was against a backdrop of resolving a payment to the Clean Energy Regulator (CER) in relation DEL's legacy retail business, which was materially wound down in 2022, now completed under a structure which will progressively free up an estimated \$1.74m in net refundable cash held with the CER.
- **New Agricultural Project:** The company is progressing a new agreement to undertake feasibility work for a major organisation based on grain-based feedstocks, commencing with desktop studies in support of the potential development of a bioenergy facility processing similar agricultural residues to the BLM project for energy production.
- **SA1 and VIC1 Projects:** Continued progress on Palisade Impact's due diligence to enable Palisade Impact to make a Final Investment Decision (FID) to 100% fund Delorean's two immediate projects, SA1 and VIC1 (investment circa \$50m). DEL met all Agreed Due Diligence requirements relating to the projects in May 2023 and Delorean and Palisade Impact continue to work through the wider due diligence process in relation to Palisade Impact's proposed investment. The undertaking of these projects remains subject to completion of this diligence and the FID being made to proceed.
- **Brickworks/NSW1 Project:** Ongoing co-development of NSW1 project in landmark collaboration with Brickworks Building Products, with preparation of the planning/development application fully under way.
- **Renewable Gas Demand:** Significant continued ongoing demand for Delorean's renewable gas (biomethane) product in a market where availability of renewable gas is scarce.
- **Cash Balance:** Current cash balance of \$1.0m as at 30 June 2023, with receipts of \$1.45m being received in the first week of July from the Yarra Valley Water Project.



Image 1: Ecogas Bioenergy Project



Q4 FY2023 Activities Report

Delorean Corporation Limited (ASX:DEL) is pleased to provide an overview of the June 2023 quarter (Q4 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 and driving 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. Revenue is derived from the acceptance of organic waste and agricultural residues, the generation of renewable electricity and the production of renewable natural gas. Delorean currently also constructs bioenergy projects for third parties in Australia and New Zealand and maintains licenses for the future retail of electricity and gas from bioenergy assets constructed or developed, owned and operated by Delorean.

The business comprises three interoperable divisions:





Investment Highlights

- ✓ **Unique and proven track record** of delivering award-winning, innovative and successful Australasian bioenergy projects
- ✓ **Strong pipeline of bioenergy projects** under development to capitalise on the growth of Australian bioenergy market
- ✓ **Development funding partnership** being finalised to enable full funding of DEL's current and near-term bioenergy projects (including DEL's 50% equity into the NSW1 project with Brickworks)
- ✓ **A leading force** in advancing Australia's bioenergy sector and providing unique solutions to address especially hard to abate sectors
- ✓ **Strong ESG credentials** with TCFD and global ESG standards alignment, multiple ESG certifications, and formal sustainability reporting
- ✓ **Ideally positioned** to capitalise on the national drive towards zero organic waste to landfill and decarbonisation of energy

Proven Track Record Entering Growth Phase

Delorean Corporation was established in 2013 as a pioneering bioenergy EPC provider in Australia and New Zealand. Delorean has successfully delivered 3 bioenergy projects (Jandakot WA, Blue Lake Milling SA, Ecogas NZ) and is now in construction of its fourth and biggest circa \$53m project for Yarra Valley Water.

Advancement of Delorean's development pipeline of infrastructure projects has led to Delorean transitioning into a development, own and operate business:

- **Infrastructure (core):** rollout of Delorean owned bioenergy projects through partnerships.
- **Engineering:** refocused to primarily support EPC and O&M of Delorean's own projects whilst selectively taking on third party work
- **Energy Retail (now materially inactive – pending future ramp up in support of DEL's infrastructure projects):** refocused as retailer of energy (electricity and gas) generated only from Delorean projects.

Delorean's pipeline of works in the above transition will see Delorean delivering a greater number of projects of larger scale, consistent with the growth in Australia's bioenergy sector.



Project Pipeline

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

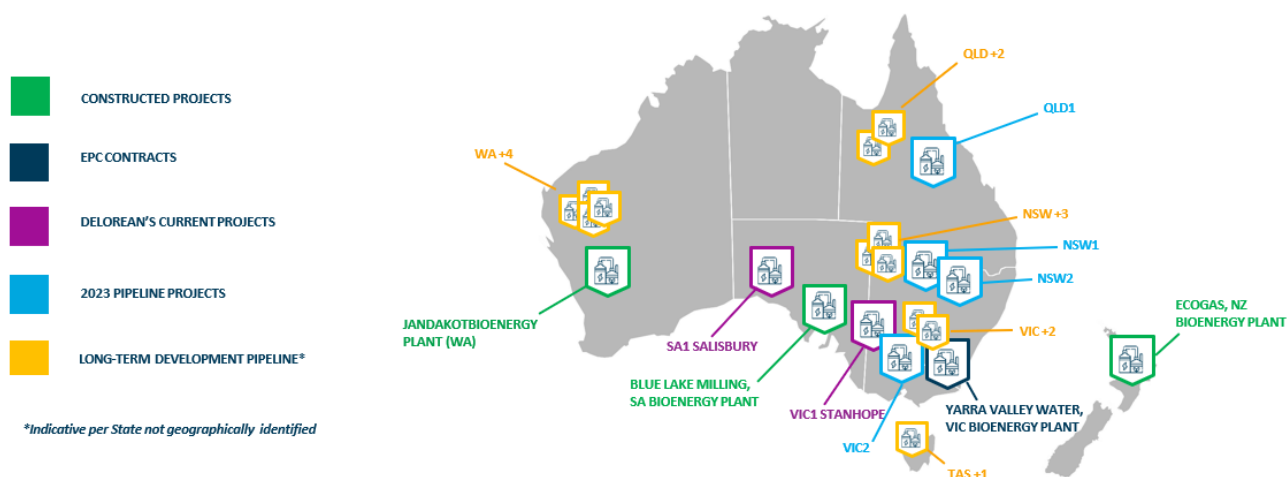


Image 2: Delorean Corporation Project Pipeline

Delorean Engineering Division

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

During the quarter, Delorean's Engineering Division was primarily focussed on:

- Completion of Detailed Design works under EPC contract for the construction of Yarra Valley Water's second bioenergy plant in Victoria (achieved in November 2022). Delorean has now received Notice to Proceed to commence onsite construction.
- Completed the construction of the Ecogas Bioenergy Project in Reparoa, New Zealand (with Substantial Completion already achieved in December 2022).
- Progressing deliverables to enable a submission for Design Authority for the Brickworks Project (NSW1)
- Desktop study and feasibility work for similar grain waste to the BLM project previously completed.
- Finalising Detailed Design elements for SA1 and VIC1



Yarra Valley Water, VIC Bioenergy Plant

Project Background

Location: Lilydale, Victoria – circa \$53m + \$6.5m O&M contract value

Project Update

Delorean Corporation’s Engineering Division was awarded Notice to Proceed under its existing contract with Yarra Valley Water. Long lead item orders are being placed and site commencement is expected in late CY2023, subject to final regulatory and planning approval.



Image 3: Yarra Valley Water Bioenergy Plant Render

Ecogas Bioenergy Project, New Zealand

Project Background

Location: Reparoa, New Zealand

Project Update

During the quarter, Delorean achieved Completion on the project, and now moves into a low-level operation and maintenance support role.



Image 4: Ecogas Bioenergy Plant



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:

- Development and due diligence activities on the Company's VIC1 and SA1 projects to enable Palisade Impact to make a Final Investment Decision under a proposed multi-project development funding partnership
- Collaborative development of Brickworks bioenergy plant in NSW
- Ongoing development of Delorean's infrastructure project pipeline

SA1 and VIC1 Project Development with Palisade Impact

During Q4 FY2023, Delorean and Palisade Impact were focused on completing the workstreams necessary for Palisade Impact's due diligence on the SA1 and VIC1 projects under a structured plan and process. DEL met all Agreed Due Diligence requirements relating to the projects in May 2023 and Delorean and Palisade Impact continue to work through the wider due diligence process in relation to Palisade Impact's proposed investment.

Brickworks Bioenergy Project Development

Project Update

In Q4 FY2023, Brickworks Building Products and Delorean continued to progress the Development Stage of the NSW1 project under a Master Services Agreement (**MSA**). 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.

Following approval to progress to submission of planning and development approvals the Company has been active in preparing documentation for full planning/development approval.

Progress on the development application activities has been in line with expectations and the development work remains materially on track.



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 SA1 and VIC1 projects, and the Brickworks Bioenergy Project, during Q4 FY2023 Delorean continued the active development of its bioenergy infrastructure project pipeline. The most advanced of these projects is the QLD1 Bioenergy Plant.

The Company is currently preparing to progress the project from feasibility stage to development approval. The project is expected to be FID-ready early in CY2024.

DEL is awaiting the outcome of a \$5m grant application from the Queensland Government to support the construction of this project.

Delorean Energy Retail Division

In October 2022, after a review of its activities, Delorean elected to confine its energy retail operations to the monetisation of energy exclusively from its own bioenergy projects (either constructed for third parties or owned by Delorean), as those projects continue to come online.

From October 2022, the Company ceased to engage new customers within the Western Australian electricity market and undertook an orderly winding down of its Western Australian energy client book. Delorean was successful in this process and by natural churn and orderly transfer of customers to other retailers, the Company had only one remaining retail customer in the WA energy market by the end of December 2022.

Delorean intends to retain its WA and National retail electricity licenses on an ongoing basis in support of the Company's national rollout of bioenergy infrastructure across Australia.

During Q4 FY2023, Delorean commenced the divestment of its last two remaining electricity retail customers, one in Western Australia and one electricity customer in Victoria, pending a future scale up of its retail operations as Delorean's Infrastructure assets come onstream.

The Energy Retail division also successfully resolved a residual payment due to the Clean Energy Regulator relating to its legacy business from 2022.





Delorean Corporate

Environment, Social and Governance

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

In Q1 FY2023, Delorean published its Environment, Social and Governance framework, its inaugural ESG Report 2022 and signed up to the UN Global Compact (UNGC).

The inaugural ESG report articulates Delorean's impact framework and prioritises Delorean's sustainability goals and focus areas. It articulates how Delorean proposes to achieve its ESG aspirations and how the Company plans to measure progress.

The 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.

Throughout the Q4 FY2023, Delorean continued progressing activities to deliver on its ESG plan ready for ESG reporting at the close of this financial year.

Planned Activity - Q1 FY2024

In Q1 FY2024, Delorean's focus is in the following key areas:

- Ordering long lead items and receiving approval to commence siteworks and construction on Delorean Engineering's Yarra Valley Water project.
- Progressing due diligence on SA1 and VIC1 with Palisade Impact
- Progressing planning and development applications for the first NSW1 project in collaboration with Brickworks.



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 - \$282k
- Ecogas - \$839k
- Yarra Valley Water - \$454k
- Brickworks - \$145k
- South Australia One and Victoria One - \$5k
- Energy Retail - \$484k
- Overheads - \$981k

Payments made to Related Parties

Payments totalling \$200k made to related parties and their associates are for director salaries and superannuation of \$188k and payments for corporate services of \$12k. 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 been 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")

30/06/2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,525	26,076
1.2 Payments for		
research and development	-	-
product manufacturing and operating costs	(893)	(26,037)
advertising and marketing	-	(9)
leased assets	(31)	(124)
staff costs	(607)	(3,115)
administration and corporate costs	(1,258)	(3,049)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	3
1.5 Interest and other costs of finance paid	(31)	(131)
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	(1,294)	(6,387)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) Entities	-	-
businesses	-	-
property, plant and equipment	(203)	(747)
investments	-	-
intellectual property	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
other non-current assets		
2.2 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	(203)	(747)

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	-	5,000
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	407	1,634
3.6 Repayment of borrowings	(447)	(1,620)
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	(40)	5,014

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,541	3,124
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,294)	(6,387)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(203)	(747)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(40)	5,014
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,004	1,004

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	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	371	1,887
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (term deposits as security for CBA bank guarantees)	633	654
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,004	2,541

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	200
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
Payments for directors' salaries and superannuation of \$188k.		
<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. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	100	1
7.3	Other (please specify)	5,000	5,000
7.4	Total financing facilities	5,100	5,001
7.5	Unused financing facilities available at quarter end		99
7.6	<p>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.</p> <ul style="list-style-type: none"> • Unsecured CBA Credit Cards (17.99% interest rate), no maturity date • Convertible note subscription of \$5,000,000 from Palisade Impact received in 2 tranches (refer ASX Announcements on 19 October 2022 and 29 December 2022) <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>No additional financing facilities have been entered into after quarter end.</p>		

8.	Estimated cash available for future operating activities	(a)	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		(1,294)
8.2	Cash and cash equivalents at quarter end (item 4.6)		1,004
8.3	Unused finance facilities available at quarter end (item 7.5)		99
8.4	Total available funding (item 8.2 + item 8.3)		1,103
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)		0.85
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
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: No. This quarter saw the completion of a loss-making EPC contract and these cash outflows will not continue at the same rate through Quarter 1 of FY24.	
	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: With Notice to Proceed having now been received on the \$53m Yarra Valley Water project, DEL expects adequate cashflow from operations to support the normal functioning of the business. Per ASX company updates, the Company is in process of securing project capital finance with Palisade Impact for internal projects.	

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: Yes, on the basis of the explanations provided in 8.6.1 and 8.6.2.

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 July 2023

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.