

ASX/Media Release
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GO Energy Business Review

- **Capital Management – New funding secured**
- **Board and Management Changes**

GO energy Group Limited (ASX: GOE) (**GO**, the **Group**) is pleased to announce that it has completed a review of its business activities and operations and as a result will implement a number of changes.

Business review

The GO energy retail electricity and gas businesses have undergone a period of sustained growth over recent months, highlighted by a strong increase in new customer numbers and load volumes. As a result, it has been appropriate for the Board to consider the increasing operational and capital requirements required to support this growth. With this in mind, the Group will implement the following changes to ensure that after a period of consolidation, the business will be in a position to sustain and continue its growth.

- Business re-focus – the significant growth of the Group's electricity business has resulted in increasing demands on capital and operations. Further, high wholesale pool prices in the electricity markets during December and January have also placed strain on the Group's capital. It is estimated that wholesale costs in January were \$500,000 greater than forecast.

The combination of seasonality and significant growth in the Group's electricity volumes (from 15,865MWh in December to 28,522MWh in January, an increase of 80%) plus high wholesale prices in January has resulted in significant additional prudential requirements by the Australian Energy Market Operator through February. The quantum of prudential requirements increase by approximately \$2,000,000 (131%) in February.

To moderate the ongoing cash demands and manage the business's growth, the Board has decided to re-focus customer growth on smaller scale business customers. This re-focus has resulted in a number of redundancies amongst staff.

- Redback – the proposed acquisition of a shareholding in Redback Australia Pty Limited is not proceeding at this time. It has been agreed that it would be more opportune to reconsider a shareholding proposal once both companies have developed their core businesses further. The Group looks forward to continuing its working relationship with Redback on the development of products and services for the commercial energy market.

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Capital Management - New funding secured

To support the Group's growth and development, a number of funding arrangements have been put in place. The proceeds of these arrangements will be used to fund the business's customer growth and as working capital for the Group.

- \$3.6m invoice financing facility with Cash Resources Australia
An invoice financing facility of \$3.6 million (the **Facility**) has been signed with Cash Resources Australia. The Facility is secured by a first ranking security over the assets of the Group, including its invoiced and accrued receivable amounts.

The Group expects to draw down on this facility this week.

Cash Resources Australia, part of Thorn Group Limited (ASX: TGA), is an independent, non-bank financier which provides flexible debtor financing for small and medium-sized companies.

- \$5.0m converting loan with Wagi Limited
Wagi Limited (**Wagi**), an Australian based institutional investor, has agreed to provide \$5.0 million via a converting loan (**Loan**). The Loan is secured against the assets of Go energy Group Limited, ranking behind Cash Resources Australia. The three year Loan also provides Wagi the right of conversion into ordinary shares of GO at the lower of 7 cents per share or the 5 day volume weighted average market price of shares at the time of conversion.

The Group expects to meet the conditions precedent and drawdown on this facility in the week commencing Monday 29th February, with the funds used to repay a portion of the bridging facility below and to provide additional working capital.

Conversion of the Loan is subject to necessary shareholder approval. Approval will be sought by, at the latest, GO's annual general meeting for the 2016 year.

- Additional \$1.6m short term bridging loan from M & H Developments Limited
The Group has previously advised that M&H Developments Pty Limited (**M&H**), a company associated with the Company's majority shareholder, Urban Group Energy Holdings Pty Limited, has provided a total of \$2.8 million in unsecured loan funds.

As a result of delays in settling the Facility and Loan above M & H has agreed to provide up to a further \$1.6 million in short term funding to the Group in order for it to meet its obligations for additional prudential requirements. The additional \$1.6 million will be repaid by the Group upon receipt of the \$5 million Loan.

The Group is pleased to have secured this level of new funding as it pursues its growth objectives in a measured and targeted manner.

Proposed Rights Issue to further strengthen balance sheet

In addition to the implementation of the above funding measures, the Board intends to undertake a rights issue to strengthen its balance sheet and create additional capacity for growth. Details of the rights issue are still being finalised but are currently expected to be announced in a prospectus by 18 March 2016.

Board and Management changes

As part of the re-focused business activities, Mr Adam Pearse who was on personal leave has resigned from the Group. Mr Warren Kember, who is the Chief Financial Officer and has been Acting Chief Executive Officer since January will assume the role of Chief Executive Officer. Details of Mr Kember's remuneration package will be announced shortly.

As previously announced on 19 February, Mr Brian Thomas has stepped down from the Board. The Board is currently undertaking an evaluation which will include a board and management renewal process over the coming months, following the implementation of the measures from its business review.

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About GO energy

GO energy Group Limited (ASX: GOE) is an independent, ASX-listed clean tech energy retailer and financier. Holding energy retail licenses in New South Wales, Victoria and Queensland, GO energy provides business customers with an innovative approach to reduce energy costs through a combination of solar based power purchase agreements, energy efficiency products and grid energy solutions.

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