



# ASX Announcement

31 July 2020

## ReNu Energy signs agreement to sell its 30% interest in the Goulburn and Beaudesert bioenergy projects

### June 2020 quarterly activities report

#### Highlights

- ReNu Energy Limited (**ReNu Energy**) (**ASX: RNE**) has entered into a Securities and Asset Sale and Purchase Agreement (**SPA**) with Resonance Water Finance UK Limited (**Resonance**) for the sale of its 30% interest in the Goulburn and Beaudesert bioenergy projects for \$500,000.
- Cooper Basin preferred method of abandonment for the two remaining geothermal wells determined with proposed activities to be discussed with the South Australian Department for Energy and Mining.
- Cash holdings at 30 June 2020 of \$2.45m to be boosted by approximately \$0.78m following completion of the sale of the 30% interest in the bioenergy projects to Resonance and receipt of payments due to ReNu Energy for the second generator project at the Beaudesert facility, interest distributions and other services.
- Appointment of KPMG Corporate Finance as advisor to assist ReNu Energy with the identification of potential merger or acquisition opportunities financed with ReNu Energy scrip and/or external capital.

Coinciding with the release of its June 2020 quarterly cash flow report, ReNu Energy is pleased to provide an update on its recent activities.



## **Sale of ReNu Energy's 30% interest in bioenergy projects to Alliance partner**

ReNu Energy announces that it has entered into a SPA with Resonance for it to acquire ReNu Energy's 30% interest in the Goulburn and Beaudesert bioenergy projects for \$500,000.

During the last 12 months, due to external factors at each site, the bioenergy projects have underperformed, experiencing reduced operating and processing hours. A combination of drought, bushfires, processing plant infrastructure damage and more recently the effect of COVID 19 has resulted in lower electrical demand and effluent levels for processing. This has led to reduced biogas production and electrical generation, and reduced revenue for the Alliance. These conditions are expected to continue for the foreseeable future. A capital contribution is also needed to meet ongoing operational requirements.

As a result, ReNu Energy entered into discussions with Resonance for the sale of its 30% interest in the projects and has accepted an offer for \$500,000. The SPA is not subject to any conditions precedent and is expected to complete in early August.

ReNu Energy Chairman, Boyd White said: "In reaching our decision to enter into an agreement with Resonance, the Board and Management have explored and considered a number of alternatives, including retaining our interest and making the agreed capital contribution, offering to purchase Resonance's interest and divesting part of the interest to a 3<sup>rd</sup> party. Having assessed these alternatives and taking into account ReNu Energy's available cash, our focus on closing out the Cooper Basin remediation activities and actively seeking out new project opportunities, the Board and I believe that this transaction represents the best option to advance the interests of our shareholders".

ReNu Energy CEO, Greg Watson said: "As a minority partner in the bioenergy Alliance, the transaction represents the best opportunity for ReNu Energy to offset the requirement for a cash call and add to its current cash holdings. The consideration for the sale represents a multiple on FY2020 EBITDA for the bioenergy projects of more than 8 times and places ReNu Energy in a good financial position to close out its remediation obligations and pursue M&A activity. The terms of the sale also encapsulate payments due to ReNu Energy for the second generator project at the Beaudesert facility, interest and other services of approximately \$283,000. In total this will add \$783,000 to ReNu Energy's cash holdings before transaction costs".

The Board considers the transaction to be in the best interests of ReNu Energy shareholders.

## **Cooper Basin remediation**

Progress is continuing toward the abandonment of the two remaining geothermal wells and surrender of the GRL3 geothermal tenement located in the South Australian Cooper Basin. Following engagement of Wellsafe Pty Ltd in late February, pre-abandonment field work to gather additional information from the wells was conducted in late April/early May. Combining this data with the historical information has enabled the remediation team to determine the preferred method of abandonment for both wells. A meeting with the South Australian Department for Energy and Mining (Regulator) to discuss the proposed activities has been scheduled. Following this meeting the agreed well programs will be prepared and costs finalised.

Pending the availability of contractors, abandonment of the wells is planned for late Q3/early Q4 2020. To date, COVID-19 has not impacted the remediation works and is not forecast to affect future activities unless conditions change.



## **Corporate**

ReNu Energy has \$2.45m in cash reserves at 30 June 2020, which is to be boosted by approximately \$0.78m under the terms of the SPA with Resonance.

ReNu Energy also announces the appointment of KPMG Corporate Finance as financial advisor to assist the Company with the identification of potential merger or acquisition opportunities financed with ReNu Energy scrip and/or external capital.

ReNu Energy CEO, Greg Watson said: "Following completion of the strategic review in February 2020, ReNu Energy has successfully reset its cost base. Taking into account the increase in available cash from the agreement with Resonance, ReNu Energy is well positioned to complete the works to allow the surrender of GRL3 in the Cooper Basin and actively seek new merger or acquisition opportunities".

This market announcement has been authorised for release to the ASX by the Board of Directors.

For more information please contact:

**Greg Watson**  
Chief Executive Officer  
+ 61 7 3721 7500

## Appendix 4C

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

**Name of entity**

ReNu Energy Limited

**ABN**

55 095 006 090

**Quarter ended ("current quarter")**

30 June 2020

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	132	892
1.2 Payments for		
(a) research and development	(210)	(369)
(b) product manufacturing and operating costs	(48)	(395)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(160)	(1,798)
(f) administration and corporate costs	(140)	(894)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	30	119
1.5 Interest and other costs of finance paid	-	(48)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)		
(a) expenditure on biogas EPC project	(87)	(791)
(b) business development	-	(21)
(c) GST received/(paid)	10	(6)
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(474)</b>	<b>(3,311)</b>
<i>Note: the prepayment of annual insurance premiums impacted cash used in operating activities during the quarter</i>		

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	(21)
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	5,775
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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)		
	(a) release of security deposits to cash	10	277
	(b) R&D tax incentives	-	57
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>10</b>	<b>6,088</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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	-	(5)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	(1,433)
3.7	Transaction costs related to loans and borrowings	-	(316)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>(1,754)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	2,912	1,425
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(474)	(3,311)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10	6,088
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(1,754)
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,449</b>	<b>2,449</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	2,449	2,912
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,449</b>	<b>2,912</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	105
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<p><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></p> <p>Remuneration paid to directors and their associates</p>		

7. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	-	-
7.5 <b>Unused financing facilities available at quarter end</b>		-
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.		
N/A		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(474)
8.2 Cash and cash equivalents at quarter end (item 4.6)	2,449
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	2,449
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	5.2
<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: Not applicable	
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: Not applicable	
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: Not applicable	
<i>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.</i>	

## 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 2020

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

## 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.