



ASX Announcement

25 June 2021

ReNu Energy to Advance its Clean Energy Incubator Strategy by Acquiring a Strategic Stake in Uniflow Power

Highlights

- ReNu Energy to advance its clean energy incubator strategy by acquiring a cornerstone interest in Uniflow Power Limited, an unlisted public company **commercialising a patented micro renewable energy generator powered by biomass** – known as The Cobber.
- Presently designed for production of around 4.5kW of electrical power and 20kW thermal energy, in many applications the Cobber has the **potential to displace fossil fuels including diesel, petroleum, coal and kerosene**.
- The Cobber is **patented in Australia and across major identified international markets**, has applications in both developed and developing economies and has received expressions of interest from Southeast Asia and South America.
- **Opportunities for both heat and electricity applications** in markets already targeted by the Cobber are **expected to increase significantly over the coming decades** in order to meet emissions reduction targets, such as those outlined in the International Energy Agency's roadmap for the global energy sector to reach net zero emissions by 2050, released in May 2021.
- First investment is expected to complete in Q3 2021, subject to Uniflow shareholder approval, with **ReNu Energy to invest \$1 million to acquire a 13.3% initial stake in Uniflow. A further \$500,000 will be invested by 31 December 2021 to increase ReNu Energy's stake to 20%**. The Company will receive free attaching options which are exercisable at the same valuation, providing potential for additional investments of up to \$4.5 million to increase its shareholding to 50% on the completion of key milestones.
- The initial investment will fund Uniflow's business plan to **complete its Canberra demonstration project for the Cobber in Q3** and the construction and testing of additional units to optimise design parameters and determine the most cost-effective methods for manufacture and distribution.

Cornerstone investment in Uniflow Power

ReNu Energy Limited (**ReNu Energy**) (**ASX: RNE**) is pleased to announce that it has agreed to make a cornerstone investment in Uniflow Power Limited (**Uniflow**). ReNu Energy has agreed to invest \$1.5 million to acquire a 20% initial stake in Uniflow. The Company will receive free attaching options which are exercisable at the same valuation of this investment. Exercising the options will result in additional investment of up to \$4.5 million. If the options are fully exercised ReNu Energy's shareholding will increase to 50% on the completion of key milestones by Uniflow (**Uniflow Investment**). The Uniflow Investment is subject to satisfaction of various completion conditions precedent, including Uniflow shareholder approval.

Commenting on the Uniflow Investment, ReNu Energy Chief Executive Officer, Greg Watson, stated: "Following ReNu Energy's recent successful capital raising, the proposed cornerstone investment in Uniflow is a notable next step in advancing the Company's clean energy incubator strategy. The structure of the transaction provides ReNu Energy with an initial strategic stake and the ability to move to a 50% interest on completion of key milestones by Uniflow. With significant interest already expressed in this unique Australian renewable energy technology, we have an exciting six months ahead of us working closely with Uniflow to showcase the technology in Canberra and plan the engineering facility."

ReNu Energy Chairman, Boyd White, added: "ReNu Energy is in early stage discussions with a number of other renewable energy project and technology developers and expects to progress additional opportunities as part of its clean energy incubator strategy once the Uniflow transaction has completed".



An advanced prototype of the Cobber

Background – Uniflow opportunity

Uniflow is a Canberra based unlisted public company, commercialising a unique, micro renewable energy generator – The Cobber.

The Cobber is a small, externally fired mechanical steam driven microgenerator designed to deliver approximately 4.5kW of electrical power and 20kW thermal energy from a broad range of widely available fuels such as common firewood and pellets, forestry waste, agricultural waste such as nut shells and olive pips, and broken pallets. Much of this waste is often freely available, burned in open fires or left to rot in fields.

While biomass to generate heat is well established for both household heating and small enterprises, the uniqueness of the Cobber will be in providing an affordable, off the shelf technology for small (appliance scale) biomass fired electricity generation or combined heat and power (CHP).

The Cobber is Australian invented and owned renewable technology, is patented in Australia and across major identified international markets and has applications in both developed and developing economies. In developing economies it is highly suitable for rural situations with applications in micro economic development, poverty alleviation, remote health and community facilities. This includes addressing UN Sustainable Development Goals (SDG) across clean water and sanitation (SDG 6) and affordable clean energy (SDG 7).

Applications include:

- As a combined heat and power system producing electricity while providing hot water, space heating with dry air, or drying services, or to make steam for sterilising or distilling water.
- As a rotary flywheel to directly drive rotary equipment, such as a fan, cement mixer, compressor, lathe, drill, oil seed mill, pump and other small workshop, food processing or cooking equipment.
- As a small off grid or grid connected energy platform for microgrids and battery storage and as an enabler for complimentary small-scale systems, enterprises and community facilities.

It is expected that initial focus for the technology will be in developing economies on small scale combined heat and power, generating electricity for battery charging and direct use, heat for drying and hot water and water distillation. In many applications the Cobber will be able to directly displace fossil fuels including diesel, petroleum, coal and kerosene.

A pre-commercial prototype of the Cobber has been demonstrated in India and an advanced prototype will be operating at a dedicated demonstration site in Canberra in Q3 2021. Coincident with the demonstration, several additional units will be constructed to optimise design parameters and determine the most cost-effective way to manufacture and distribute.

The Canberra demonstration will showcase the technology to agencies responsible for overseas aid and development, while also demonstrating the system to the diplomatic community in Canberra and providing a reference site for commercialisation opportunities. The demonstration site and engineering facility being planned will test long run fuel efficiency, optimise design for manufacture and begin development of ancillary tools and systems that run off this small-scale energy platform.

Expressions of interest to purchase, manufacture, licence and distribute the Cobber from Southeast Asia and South America have been received by Uniflow some of which are currently being considered as part of the market development strategy for this unique Australian renewable energy technology.

Uniflow investment structure

ReNu Energy and Uniflow have today entered into a Subscription and Investor Rights Agreement to facilitate the Uniflow Investment (**Subscription Agreement**).

Under the Subscription Agreement, the Uniflow Investment will be staged as follows:

- **First Investment** – ReNu Energy to invest \$1 million to acquire 13.33% of the issued share capital in Uniflow on a post-money basis. The First Investment is expected to complete in Q3 2021, subject to satisfaction of various completion conditions precedent, including Uniflow shareholder approval (see below).
- **Second Investment** – ReNu Energy to invest \$500,000 to acquire a further 6.67% of the issued share capital in Uniflow on a post-money basis, increasing its shareholding to 20%. The Second Investment is expected to complete on or around 31 December 2021, subject to satisfaction of various completion conditions precedent.
- **Further Investment (Options)** – each Uniflow share subscribed for by ReNu Energy under the Uniflow Investment will have 3 attaching options to acquire further Uniflow shares with an exercise

price equal to the share issue price. The expiry date for the total number of attaching options to be issued will be as follows:

- 16.67% of the total attaching options – on 31 October 2022;
- 16.67% of the total attaching options – on 31 March 2023; and
- 66.66% of the total attaching options – on the date which is 3 years from the date of issue.

If the attaching options are fully exercised, ReNu Energy would invest a total of \$6 million to acquire 50% of Uniflow's issued share capital.

The First Investment and Second Investment are subject to a number of completion conditions precedent, including Uniflow shareholder approval (see below), conversion of existing Uniflow debts into equity, preparation and lodgement of Uniflow's audited financial statements, ReNu Energy due diligence and no material adverse change occurring in respect of Uniflow from signing until completion.

The First Investment and Second Investment will be funded from ReNu Energy's existing cash reserves.

Use of funds

The funds raised under the First Investment and Second Investment by ReNu Energy will be used by Uniflow to complete the Canberra demonstration project for the Cobber and the construction and testing of additional units to optimise design parameters and determine the most cost-effective methods for manufacture and distribution.

Uniflow shareholder approval

The Uniflow Investment is subject to Uniflow shareholder approval to be sought at a general meeting to be held in Q3 2021. Shareholder 'takeover' approval will be sought for the purpose of item 7 of section 611 of the Corporations Act for the purpose of allowing ReNu Energy to acquire up to 50% of Uniflow's issued share capital.

Investor rights and other provisions

Following completion of the First Investment, ReNu Energy will be entitled to appoint one director to the Board of Uniflow, provided that it continues to hold at least 10% of Uniflow's issued share capital. Under the Subscription Agreement, ReNu Energy has been granted a number of investor protections that are customary for a transaction of this nature, including veto rights in respect of certain Board decisions, information rights and matching and pre-emptive rights in future debt and equity raisings.

Uniflow has also agreed to pay a \$300,000 reimbursement fee to ReNu Energy to compensate it for the costs and expenses incurred in pursuing the Uniflow Investment if completion does not occur in certain circumstances, including where the Uniflow Board, prior to the shareholders meeting to approve the Uniflow Investment, recommends to Uniflow shareholders to accept a competing proposal. The reimbursement fee will not be payable to ReNu simply due to Uniflow shareholders not voting in favour of the Uniflow Investment at the shareholders meeting. The reimbursement fee will be payable in either cash or Uniflow shares at ReNu Energy's election.

ReNu Energy will also provide ongoing administrative, financial reporting and company secretarial services to Uniflow for a fee to be agreed by the parties.



This announcement has been authorised for release to ASX by the Board of ReNu Energy.

For more information please contact:

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