

ASX Announcement

14 July 2021

ReNu Energy restructures investment in Uniflow Power Limited

Highlights

- ReNu Energy restructures its investment in Uniflow Power Limited.
- Under the original terms, ReNu Energy had an obligation to invest \$1.5 million equity in two tranches subject principally to Uniflow shareholder approval to acquire more than 20% of Uniflow.
- Under the restructured terms, the investment will now occur in three tranches (with the second and third tranche at ReNu Energy's discretion) comprising:
 - Immediate \$0.25 million working capital loan by convertible note;
 - At ReNu Energy's election, equity investments of \$0.75 million and \$0.50 million on or before 1 October 2021 (which can be extended) and 1 March 2022 respectively; and
 - 3 free attaching options for every share acquired by ReNu Energy at an option exercise price equal to the share issue price and expiring at various dates.
- The revised investment structure:
 - Recognises the importance of the Canberra demonstration project and provides ReNu Energy a further assessment milestone before committing additional equity;
 - Provides Uniflow the funding to showcase the technology, including 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; and
 - Provides ReNu Energy with flexibility to pursue additional opportunities in the renewable energy sector, whilst preserving the ability to continue to invest in Uniflow following the Canberra demonstration.
- Along with the Uniflow investment, ReNu Energy is currently in discussions with several parties, across a broad range of renewable and clean energy opportunities.

ReNu Energy Limited (**ReNu Energy**) (**ASX: RNE**) has restructured its investment in Uniflow Power Limited (**Uniflow**) that was announced on 25 June 2021.

Revised Uniflow investment terms

Under the original terms, ReNu Energy had an obligation to invest \$1.5 million equity in two tranches subject principally to Uniflow shareholder approval to acquire more than 20% of Uniflow.

Under the restructured terms, the investment will now occur in three tranches, with the second and third tranche at ReNu Energy's discretion:

- **Tranche 1 – working capital loan** – ReNu Energy will provide a \$250,000 interest free working capital loan to Uniflow, by way of convertible note maturing on 30 June 2022. This will be used to complete the fit out of the Canberra site and installation and demonstration of the Cobber. The note principal is convertible at ReNu's election into 3.33% of Uniflow equity (on a post money basis).
- **Tranche 2 – first equity tranche** – ReNu Energy can, on or before 1 October 2021, elect to acquire 10% of Uniflow equity (on a post money basis) for \$750,000. The election date is intended to occur after successful operation of the Canberra demonstration site. ReNu has the option to extend the election date until 1 December 2021, conditional on providing a further working capital loan of \$50,000 per month extended on the same convertible terms as the working capital loan.
- **Tranche 3 – second equity tranche** – ReNu Energy can, on or before 1 March 2022, elect to acquire 6.67 % of Uniflow equity (on a post money basis) for \$500,000.
- **Attaching options** – ReNu Energy will receive 3 free attaching options for every share acquired by ReNu at an option exercise price equal to the share issue price. These options expire at various dates.

Investment rationale

ReNu Energy and Uniflow Power have restructured the investment to recognise the importance of completing the Canberra demonstration project. ReNu Energy will provide essential funding to complete the Canberra demonstration. This will then provide another assessment milestone that may influence the scope and timing of future equity commitments, subject to ReNu Energy being satisfied at the time with the investment rationale and business case.

Until a decision is made to make the further equity commitments, it also conserves ReNu Energy's cash reserves.

The revised investment terms will:

- Allow Uniflow to showcase the technology, including 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.
- Allow Uniflow to build upon the expressions of interest received to purchase, manufacture, licence and distribute the Cobber, some of which are currently being considered as part of the market development strategy.
- Provide optionality for ReNu Energy to enter into additional transactions in the highly active renewable and clean energy sectors.



Further details

To facilitate the revised Uniflow Investment, ReNu Energy and Uniflow have today entered into a Convertible Note Subscription Agreement (**Convertible Note Agreement**) and Deed of Amendment and Restatement of the Subscription and Investor Rights Agreement (**Subscription Agreement**). The key terms of the Convertible Note Agreement and Subscription Agreement are set out in the Schedule.

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

For more information please contact:

Greg Watson
Chief Executive Officer
+ 61 7 3721 7500

Schedule – key terms of the Uniflow investment

Item	Summary
Working capital loan	
Convertible Note	ReNu Energy to subscribe for an interest free Convertible Note with a face value of \$250,000 and maturity date of 30 June 2022, unless converted into Uniflow shares by ReNu Energy prior to that date. The Convertible Note debt will be funded from ReNu Energy's existing cash reserves.
Use of funds	The funds raised under the Convertible Note Agreement must be used by Uniflow to complete the fit out at the Canberra demonstration site and installation and demonstration of The Cobber.
Conversion	The Convertible Note is convertible into 3.33% of the issued share capital in Uniflow (on a post-money basis). If ReNu Energy has not converted the Convertible Note before 30 June 2022, Uniflow may elect to either repay the principal amount owing or convert the Convertible note into Uniflow shares.
Required actions	<p>Uniflow is required to complete a number of corporate actions prior to the First Investment, including obtaining Uniflow Shareholder approval, converting all existing Uniflow debts into equity and preparation and lodgement of Uniflow's audited financial statements.</p> <p>Uniflow will convene a general meeting to be held in Q3 2021 to seek shareholder approval pursuant to 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.</p>
Other provisions	The Convertible Note Agreement otherwise contains undertakings, representations and warranties and events of default which are commonly found in financings of this size and type.
Equity tranches	
Conditions precedent	The First Investment and Second Investment are subject to a number of completion conditions precedent, including ReNu Energy electing to provide a signed subscription application, no material adverse change occurring in respect of Uniflow from signing until completion and no default events occurring under the Convertible Note Agreement.
First Investment	<p>ReNu Energy has the option (in its discretion) to invest \$750,000 to acquire 10% of the issued share capital in Uniflow on a post-money basis.</p> <p>If ReNu Energy exercises its option to proceed on or before 1 October 2021, the First Investment will complete 30 days after the election is made, subject to satisfaction of various completion conditions precedent (see below).</p> <p>ReNu Energy has the option to extend the election date by up to two months to 1 December 2021, on the condition that it provides Uniflow with an additional \$50,000 of working capital funding per month on the same terms as the Convertible Note Agreement. The First Investment will be reduced by the amount of any working capital funds provided by ReNu Energy.</p>

Item	Summary
Second Investment	<p>ReNu Energy has the option (in its discretion) to invest \$500,000 to acquire a further 6.67% of the issued share capital in Uniflow on a post-money basis.</p> <p>If ReNu Energy exercises its option to proceed on or before 1 March 2022, the Second Investment will complete 30 days after the election is made, subject to satisfaction of various completion conditions precedent.</p>
Attaching options	<p>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.</p> <p>The expiry date for the attaching options to be issued will be as follows:</p> <ul style="list-style-type: none"> • 16.67% of the total attaching options – on 31 March 2023; • 16.67% of the total attaching options – on 30 June 2023; and • 66.66% of the total attaching options – on the date which is 39 months from the date of issue.
Size of total investment	<p>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 (assuming the Convertible Note is converted into Uniflow shares).</p>
Investor rights and other provisions	<p>The Subscription Agreement otherwise contains the same investor rights and other provisions as described in ReNu Energy's announcement dated 25 June 2021, including in respect of Board representation, veto rights in relation to certain Board decisions, information rights and matching and pre-emptive rights in future debt and equity raisings and a \$300,000 reimbursement fee.</p> <p>ReNu Energy will also provide ongoing administrative, financial reporting and company secretarial services to Uniflow under a separate services agreement.</p>