



ASX Announcement

29 October 2021

September 2021 Quarterly Activities Report

Highlights

- **Advancing as a renewable and clean energy incubator/accelerator** – ReNu Energy has a defined strategy and key investment criteria to drive growth.
- **First investment** completed in July 2021, with **Second** announced in September 2021.
- Advanced discussions for a **Third strategic investment in the Green Hydrogen sector** are progressing favourably.
- ReNu Energy continues to pursue **additional investments**, including opportunities in the **battery technology** sector.
- \$250,000 first tranche investment in Enosi Australia Pty Ltd (**Enosi**) completed, providing exposure to a new class of **Energy-as-a-Service** (EaaS) technology.
- Enosi's share register includes Mirvac Ventures, who propose to deploy Enosi's **Powertracer** product on renewable energy projects over the coming months.
- Enosi's CEO invited to attend the **COP26 meeting** by the Co-chair of the UN-Energy Committee, as a member of the **UN Compact for 24/7 Carbon Free Energy**.
- 24/7 CFE compact recognises that carbon offsets and renewable certificate schemes cannot lead to full decarbonisation of electricity grids unless **traceability and time-matched energy sourcing as delivered by Powertracer is adopted**.
- **Greenhouse emissions balance testing** for Uniflow Power Limited's (**Uniflow**) Cobber highlights the Cobber has a CO₂ emissions intensity ~90% less than a small diesel generator and ~95% less than a small petrol generator, per kWh of electricity produced.
- Uniflow has agreed a **collaboration** terms sheet for a field trial with Argentina's Instituto Tecnologica Nazionale Industrie, a government industry, standards and research organisation.
- Cash holdings at 30 September 2021 were \$1.12 million with R&D tax incentive receivable for the 2021 financial year of \$634,000 expected to be received in November 2021.

ReNu Energy Limited (**ReNu Energy or Company**) (**ASX: RNE**) is pleased to provide the following update on its recent activities for the three-month period ended 30 September 2021 (the **quarter**).

Advancing a Renewable and Clean Energy Incubator/Accelerator Strategy

During the quarter, ReNu Energy significantly advanced its strategy to become an ASX listed renewable and clean energy incubator/accelerator (refer ASX announcement: 2 June 2021).

The Company completed its first investment in July 2021 and announced a second investment in September 2021. Discussions to progress a third strategic investment in the Green Hydrogen sector are well advanced. Whilst negotiations remain confidential and incomplete and there is no certainty that any agreement will be reached, the Company advises that discussions remain favourable.

There are strong tail winds in the renewable and clean energy sector. In addition to the focus on emissions reduction and the pathway to net zero, over \$18.6Bn was invested in large scale renewable energy projects in Australia during CY2020¹ and record equity was raised by clean energy companies in the first half of CY2021². Despite this, there is limited exposure for ASX investors to emerging renewable and clean energy projects and technologies, many of which are privately held or publicly unlisted.

ReNu Energy's strategy gives shareholders exposure to projects and technologies that are privately held or publicly unlisted and to spread risk across multiple opportunities. Shareholders can benefit through several mechanisms including:

- Asset revaluation as the investments move to commercialisation and generate earnings.
- ReNu Energy taking or moving to a controlling interest and consolidating revenue.
- ReNu Energy supporting investee companies through to IPO.
- ReNu Energy selling down or exiting via trade sale.

The Company's Board and management have considerable sector experience to realise this strategy and have implemented a set of key investment criteria, investing in companies with:

- Access to a large addressable market.
- A pre-money valuation that allows ReNu Energy to take a meaningful initial stake (>5%) within its financial capacity.
- The option for ReNu Energy to increase participation after the investee company achieves certain milestones.
- An identified value creation pathway such as IPO, consolidated revenue, exit via trade sale and net tangible asset revaluation.
- An experienced Board and management team with the ability for ReNu Energy to fill gaps.
- Intellectual Property protected where relevant.

¹ Clean Energy Council's Clean Energy Australia Report 2021 (<https://assets.cleanenergycouncil.org.au/documents/resources/reports/clean-energy-australia/clean-energy-australia-report-2021.pdf>)

² Bloomberg NEF Renewable Energy Investment Tracker 1H 2021 (https://assets.bbhub.io/professional/sites/24/BNEF-Renewable-Energy-Investment-Tracker-1H-2021_FINAL_abridged.pdf)

- Investment occurring at a significant discount to NPV and/or where the investee companies have potential to achieve multiples on invested capital.

First Investment – Uniflow Power Limited

The first tranche of ReNu Energy's investment in Uniflow completed on 16 July 2021 by way of a \$250,000 convertible note. The funds will be used for a demonstration of Uniflow's technology, the Cobber, in Canberra commencing in November 2021.

Uniflow has engaged an international expert³ to calculate a greenhouse emissions balance for the Cobber. The study used globally recognised greenhouse emissions benchmarks for all fuels modelled and included all greenhouse emissions from biomass fuels, such as NOx and methane, as well as CO₂. The study concluded that, in electricity only mode and using firewood as a fuel, the Cobber is expected to have a CO₂ emissions intensity approximately 90% less than a small diesel generator and more than 95% less than a small petrol generator, per kWh of electricity produced.

In addition to fielding a wide range of enquiries from potential buyers in Australia and overseas, Uniflow has agreed a collaboration terms sheet with Argentina's Instituto Tecnológico Nacional de Industrias (INTI) (<https://www.argentina.gob.ar/inti>), a government industry, standards and research organisation. The discussions follow a visit from a senior INTI engineer in 2019 to study the Cobber as part of INTI's modern steam program for rural and agricultural applications. Plans to provide a Cobber to INTI during 2020 were delayed by the COVID-19 pandemic and INTI is now seeking to secure a Cobber prototype for a field trial and assessment as part of its modern steam program. The parties are currently working on a formal agreement.

Installation and commissioning has commenced on an advanced prototype of the Cobber at the Mugga Mugga Renewable Energy Demonstration Site in Canberra. Scheduled to be operational in November 2021, the demonstration will enable engagement with potential partners, grant funders and interested investors, including the Australian Renewable Energy Agency which has a program specifically established to support demonstration of new renewable energy technologies in micro-grids.

Future equity commitments from ReNu Energy are subject to Uniflow hitting certain milestones and ReNu Energy being satisfied at that time with the investment rationale and business case. During the quarter, ReNu Energy and Uniflow agreed to extend the date by which ReNu Energy can elect to further invest. There was no cost to ReNu Energy in doing so. A decision on a next equity investment, which can be set at \$50,000 and is at ReNu Energy's election, is due on 1 December 2021.

³ Mr Graham Anderson holds a Masters degree in Environmental Science and Climate Change from the Australian National University and is a qualified and experienced energy sector review expert for the UNFCCC.

Second Investment – Enosi Australia Pty Ltd

ReNu Energy advised during the quarter it will invest \$500,000 in Enosi, an Australian company that has developed Powertracer, a leading grid-scale renewable energy trading and tracing solution. The first \$250,000 tranche of the investment completed on 14 October 2021. The second equal tranche is expected to occur on 30 November 2021, after which ReNu Energy will hold approximately 5.8% of Enosi on a post-money basis.

Powertracer allows organisations and individuals to trace their renewable energy mix by providing full traceability so consumers can see exactly where their energy is generated. Through this investment, ReNu Energy gains exposure to a company at the forefront of developing a new class of Energy as a Service (EaaS) technology at a time of increasing global awareness of the need for grid-scale traceability. The technology has broad applicability, including in the global green hydrogen market to verify that the hydrogen is produced using 100% renewable energy.

ReNu Energy's investment was part of a larger funding round undertaken by Enosi, which raised \$1.48m. The capital raise was very well supported and Enosi's investors now include Mirvac Ventures, large cleantech advisory firm Energy Estate and the Artesian Clean Energy Seed Fund, whose cornerstone commitment is from the Federal Government's Green Bank, the Clean Energy Finance Corporation. Mirvac Ventures has also proposed to deploy the Powertracer product on renewable energy projects over the coming months.

Enosi's CEO Steve Hoy has been invited to attend the COP26 meeting in Glasgow by the Co-chair of the UN-Energy Committee, as a member of the newly established UN Compact for 24/7 Carbon Free Energy.

24/7 Carbon-free Energy (**CFE**) means that every kilowatt-hour of electricity consumption is met with carbon-free electricity sources, every hour of every day, everywhere. It is both the end state of a fully decarbonised electricity system, and a transformative approach to energy procurement, supply, and policy design that is critical to accelerating its arrival. The 24/7 CFE compact recognises that carbon offsets and renewable certificate schemes cannot lead to full decarbonisation of electricity grids unless key principles are adopted such as traceability and time-matched energy sourcing, similar to that delivered by Enosi's Powertracer solution. Other members of the UN Compact include Google, AES, and EnergyTag. For further information see <https://www.un.org/en/energy-compacts/page/compact-247-carbon-free-energy>.

Corporate

ReNu Energy retained \$1.12m in cash and cash equivalents at 30 September 2021. Amounts received in the March quarter were expended during the quarter to complete payment obligations for the geothermal well abandonment program, which was finalised in April 2021. The Company's R&D tax incentive receivable for the 2021 financial year in respect of the geothermal well abandonment program is \$634,000. This is expected to be received in November 2021. The Company will provide additional updates as this is secured.



Outlook

ReNu Energy is accelerating the acquisition of a compelling portfolio of renewable and clean energy assets to add value for shareholders. The Company continues to pursue additional investments and is currently in discussions with several parties, across a broad range of renewable energy opportunities, including in the green hydrogen and battery technology sectors. While discussions remain confidential and incomplete, and shareholders should note there is no certainty that any agreement will be reached, management is confident it will be in a position to provide further updates in the coming weeks.

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 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	(520)	(520)
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(192)	(192)
(f) administration and corporate costs	(229)	(229)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(1)	(1)
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	-	-
(b) business development	-	-
(c) GST received/(paid)	(91)	(91)
1.9 Net cash from / (used in) operating activities	(1,031)	(1,031)
<i>Note: the prepayment of annual insurance premiums impacted cash used in operating activities during the quarter</i>		

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	(250)	(250)
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(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) Transaction costs	(37)	(37)
	(b) R&D tax incentives	-	-
2.6	Net cash from / (used in) investing activities	(287)	(287)

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	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(15)	(15)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(15)	(15)
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	(30)	(30)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,468	2,468
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,031)	(1,031)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(287)	(287)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(30)	(30)
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,120	1,120

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	1,120	2,468
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,120	2,468

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	95
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. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,031)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,120
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,120
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	1.09
<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. The most significant item of expenditure in net cash used in operating activities for the quarter was in respect of the Habanero 3 and 4 well abandonments (payments for research and development). Amounts received in the March quarter were expended during the September quarter to complete payment obligations for the geothermal well abandonment program, which was finalised in April 2021. With the well abandonments now complete, less cash will be used in operating activities in future quarters.	
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: Yes. The Company's R&D tax incentive receivable for the 2021 financial year in respect of the geothermal well abandonment program of \$634,000 million is expected to be received in November 2021.	

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. For the reason noted above, the level of cash used in operating activities will be substantially lower in coming quarters.

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: 29 October 2021

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.