

ASX Announcement

17 April 2018

ReNu Energy executes Head of Terms with international investment fund to develop \$100m bioenergy business

ReNu Energy Limited (**ASX: RNE**) is pleased to announce that it has agreed Heads of Terms with Resonance Asset Management Limited ("**Resonance**") for the sale for cash of a 70% majority equity stake in ReNu Energy's existing bioenergy assets (the "**Proposed Transaction**"). Resonance advises the specialised international infrastructure investment fund, Resonance Industrial Water Infrastructure Fund Limited ("**RIWIF**"), which intends to make the investment.

Under the terms of the Proposed Transaction, Resonance will also have a First Right of Refusal to make further investments to support the development and growth of a combined bioenergy business portfolio with ReNu Energy of up to A\$100m in Australia and New Zealand.

The completion of the Proposed Transaction, and further investments are subject to the satisfactory completion of due diligence and the subsequent approval by both ReNu Energy and RIWIF Boards.

Highlights of the Proposed Transaction

- RIWIF to have First Right of Refusal to fund 70% of the capital investment in each new bioenergy project initiated by ReNu Energy up to an aggregate portfolio value of A\$100 million.
- RIWIF's initial investment under the Proposed Transaction is anticipated to be up to A\$6.0 million to:
 - acquire a 70% interest from ReNu Energy of its existing bioenergy assets; and
 - fund 70% of the proposed AJ Bush bioenergy "G4" expansion project.
- ReNu Energy to:
 - retain a 30% interest in the existing and future bioenergy assets developed with RIWIF; and
 - provide construction, asset management and operation and maintenance services under commercial agreements for all existing and future bioenergy assets jointly owned by RIWIF and ReNu Energy.

In the Proposed Transaction, RIWIF intends to invest up to A\$6.0 million to acquire a 70% equity interest in ReNu Energy's existing bioenergy assets and fund its 70% share of the development of the AJ Bush bioenergy "G4" expansion project.

ReNu Energy's two existing operational bioenergy projects are the Goulburn Bioenergy Project located at the Southern Meats Pty Ltd abattoir and the AJ Bush Bioenergy Project located at the A.J. Bush and Sons (Manufacturers) Pty Ltd rendering plant. The proposed AJ Bush bioenergy "G4" expansion project was previously announced on 5 March 2018.

The investment in the Proposed Transaction by RIWIF will be staged as the conditions precedent for acquisition of each of the existing bioenergy assets are met. ReNu Energy will retain a 30% equity interest in the bioenergy asset portfolio and will operate the bioenergy business under a long term operation and maintenance agreement and will enter an engineering, procurement and construction contract for the AJ Bush bioenergy "G4" expansion project and subsequent projects.

Under the terms of the Proposed Transaction, ReNu Energy will continue business development activities to grow the portfolio of bioenergy assets, with RIWIF retaining the first right of refusal to fund 70% of the capital investment in bioenergy projects initiated by ReNu Energy up to an aggregate portfolio value of \$100 million.

Execution of binding agreements is subject to completion of due diligence by both parties, the approval of both ReNu Energy and RIWIF's Boards and necessary regulatory and third-party approvals.

ReNu Energy's CEO Mr Craig Ricato said: "This proposed investment by Resonance Industrial Water Infrastructure Fund in our existing bioenergy assets and their ongoing commitment to significantly grow the portfolio with us is an outstanding result for ReNu Energy. It validates the strong potential and value which we see in the Australian and New Zealand bioenergy market. The proposed transaction enables ReNu Energy to retain and capitalise on our expertise to further develop, construct, manage, operate and maintain bioenergy projects, whilst freeing up capital for investment in our growing portfolio of renewable energy projects. We believe that the net result will be a more resilient business.

"The installed capacity of bioenergy facilities in Australia and New Zealand trails that of Europe and the USA, and we believe that there is opportunity for over 100 new bioenergy projects in Australia alone using these established technologies. RIWIF's financial backing will enable ReNu Energy to more vigorously pursue opportunities to provide clean, affordable energy to the agricultural and food-processing industries", said Mr Ricato.

Nick Wood, CEO of Resonance Asset Management said: "RIWIF invest in long term income generating Industrial Water Assets, providing sustainable improvements to the environment. We are delighted to be partnering with ReNu Energy as they build out their Bioenergy portfolio across Australia and New Zealand and we look forward to a long-term relationship with them."

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Forward-looking Statements: This ASX-announcement contains forward-looking statements. These statements are based on an assessment of present economic, market and operating conditions, and on a number of assumptions regarding future events and actions that are expected to take place that are subject to risks and uncertainties. Forward-looking statements are not a guarantees of future performance actual results, performance or achievements of ReNu Energy may be materially different from the statements in this announcement. ReNu Energy does not undertake to update or revise forward-looking statements.

About ReNu Energy

ReNu Energy Limited (ASX: RNE) is an independent power producer which delivers clean energy products and services generally using a build, own, operate and maintain model. The Company provides its customers with renewable energy, at a lower price, with no upfront cost.

About RIWIF

RIWIF is an investment fund managed by UK based Resonance Asset Management Limited, which is focused on investment in outsourced industrial water treatment, waste to energy and resource recovery infrastructure projects in Europe, Australia, China and South East Asia. RIWIF acts as a financial partner offering equity investments on an industry standard Build-Own-Operate-Transfer model.

Bioenergy Assets

Goulburn Bioenergy Project

Size: 1.6MW AC

Location: Goulburn, NSW

Status: In operation

ReNu Energy achieved practical completion and commenced commercial operations of the \$6 million Goulburn Bioenergy Project in February 2018.

The project included the construction and commissioning of an anaerobic digester, gas treatment equipment, electrical generation and electrical interconnections to the facility.

The project supplies power to the abattoir at peak times of the daily billing cycle to reduce the operation's overall power bill. To meet the peak demand periods, the engines are operated on dual fuel, blending biogas with natural gas. Dual fuel blending is an innovative application in the field of bioenergy. It enables projects to better meet the demand cycles of customers and enhances project viability through the addition of natural gas.



AJ Bush Bioenergy Project

Size: 1.1MW AC

Location: Beaudesert, Queensland

Status: In operation

The AJ Bush Bioenergy Project was built and commissioned in 2011 and was acquired by ReNu Energy in 2015. ReNu Energy owns, operates and maintains the project and completed an upgrade of the generation equipment in early 2017. The installed nameplate capacity of the project is 1.1MWe. The anaerobic digestion ponds at the AJ Bush rendering plant produce sufficient biogas for in excess of 3.4GWh pa of electricity production. The project also produces approximately 3,400 Large-scale Generation Certificates (LGC) per annum.

