

24 December 2024

Sale of Legacy Geothermal Assets

Highlights

- Sale of legacy geothermal assets to green lithium explorer Hydro Lit for \$700,000
- Consideration payable in tranches in cash and Hydro Lit convertible notes

ReNu Energy Limited (**ASX: RNE**) ("**ReNu Energy**" or the "**Company**") is pleased to advise that it has entered into an Asset Sale and Purchase Agreement (**Agreement**) with Hydro Lit Pty Ltd (**Hydro Lit**) to sell its legacy geothermal assets (**Geothermal Assets**) for a headline consideration of \$700,000. The consideration is payable in tranches in cash and by the issue of convertible notes in Hydro Lit (as described further below).

Geothermal Assets

The legacy geothermal assets relate to the Company's historic geothermal activities in the Cooper Basin, South Australia and comprise data and samples. The Agreement also provides for the transfer to Hydro Lit of Geothermal Retention Licence 3 (**GRL 3**) and minor infrastructure remaining on the licence. The transfer of the GRL is subject to the consent of the South Australian Minister for Energy and Mining. The assets have previously been fully written down in the Company's accounts.

External interest in the legacy geothermal assets has arisen, in part, due to the potential to recover lithium from the fluid contained in the granite underlying this part of the Cooper Basin. It is this granite that was the target for the historic geothermal activities.

About Hydro Lit

Hydro Lit is a privately owned and funded company focused on exploring the lithium potential of South Australia's Innamincka region and becoming the world's lowest-cost and most ethical producer of 'green lithium'. Hydro Lit has established Australia's largest lithium JORC Resource, which stands at 25.2mt of lithium carbonate equivalent (LCE).

ReNu Energy Managing Director Greg Watson said: *We are pleased to be able to create value from the Company's legacy geothermal assets and to ensure that the data and insights gained can be put to good use by Hydro Lit. The way in which the transaction has been structured provides ReNu Energy exposure to upside in Hydro Lit's value as Hydro Lit moves forward with its lithium opportunity.*

ReNu Energy Limited

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Hydro Lit Managing Director Daniel Fraser said: *The data and insights we've acquired from ReNu Energy, gathered over more than a decade of geothermal exploration, mark a significant step towards achieving our vision. Leveraging the geothermal energy potential of this region, we're positioned to rapidly advance our goal of producing lithium carbonate or lithium hydroxide with net-zero carbon emissions. This acquisition accelerates our momentum to launch Australia's first green lithium project onto the global stage*

Material terms of the Agreement

The material terms of the Agreement are the sale of the Company's Geothermal Assets to Hydro Lit for a headline consideration of \$700,000 which will be paid by way of cash and the issue of convertible notes in Hydro Lit as follows.

Tranche	Consideration and timing	Conversion event and price
1	200,000 convertible notes to be issued upon ReNu Energy delivering the Company's geothermal data and samples.	The convertible notes will have a face value of \$1.00 and may be converted by the Company into ordinary shares of Hydro Lit before or on the first anniversary of their issue.
2	100,000 convertible notes to be issued upon assignment of GRL3 to Hydro Lit.	Hydro Lit may elect to convert earlier than the anniversary date upon Hydro Lit successfully conducting an equity raising (of at least \$1.0 million).
3	200,000 convertible notes to be issued upon the earlier of 30 June 2025 and Hydro Lit completing capital raisings of not less than a cumulative A\$3 million.	The conversion price is the aggregate face value of the relevant convertible notes divided by the price for the relevant equity raising (of at least \$1.0 million).
4	A\$200,000 in cash upon the earlier of 31 December 2025 and Hydro Lit completing capital raisings of not less than a cumulative \$6.0 million.	N/A.

By way of example, if a conversion notice is issued in respect of 200,000 convertible notes (with an aggregate face value of \$200,000) and Hydro Lit has successfully conducted a relevant equity raising at a price of \$0.50 per share, ReNu Energy will be issued shares at an issue price of \$0.50 (400,000 shares).

Whilst ReNu Energy's interest in Hydro Lit will be subject to several factors, including the quantum and price of Hydro Lit equity raisings, ReNu Energy expects its ownership in Hydro Lit will remain below 10% upon conversion of the convertible notes.

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

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