



**RENU ENERGY LIMITED**

ABN 55 095 006 090

**ANNUAL REPORT 2017**



VISION

generate  
change.

MISSION

deliver innovative clean energy  
products and services, creating  
sustainable value for our  
customers and shareholders.



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# Strategic FY18

## Establish the brand

- Establish ReNu Energy as a “first choice” independent power producer in our target markets
- Demonstrate the customer value proposition by securing and delivering additional projects
- Successful completion of the first four solar PV embedded network projects and the Goulburn Bioenergy project

## Develop the pipeline

- Acquire new projects from VivoPower and build on the Alliance Agreement
- Develop additional solar PV embedded network projects
- Leverage strong market conditions and develop new paths to market



# Objectives

As we move further into FY18, ReNu Energy is on track to create sustainable value for customers and shareholders by delivering the following strategic objectives.

## Build the organisation

- Develop a team that embraces a culture of innovation, stretch performance, accountability and zero harm
- Embed efficient corporate and organisational structures to support business growth
- Identify further opportunities and partners to build scale

## Create shareholder value

- Secure assets and funding to support business growth
- Maximise value to shareholders of circa \$250 million of carry forward tax losses
- Achieve positive EBITDA on a run rate basis in calendar year 2018





# FY17 – Laying the Foundations for GROWTH

At the 2016 Annual General Meeting, the Board outlined ReNu Energy's key objectives for FY17. While the targets were ambitious, they were achieved. The Company also raised capital, attracted new shareholders supportive of the strategy and appointed Steve McLean and Anton Rohner to the Board as Non-Executive Directors, joining Chris Murray as Managing Director and Richard Brimblecombe as Non-Executive Director.

Supported by our new brand, a strong team and a clear focus, ReNu Energy moves into FY18 with a solid foundation for growth.



Stated objective	Key achievements
<b>Strengthen the Company's position as a diversified clean energy company</b>	✓ Re-launched the Company as ReNu Energy
	✓ Expanded into solar PV, battery storage and hybrid energy solutions
	✓ Acquisition of 600 kW Amaroo Solar PV project
<b>Secure a transformational opportunity</b>	✓ Alliance Agreement with VivoPower Pty Ltd and conditional acquisition of Amaroo Solar PV project
	✓ Solar PV and embedded network agreement with SCA Property Group Limited
<b>Secure and strengthen the balance sheet</b>	✓ Surface remediation of Cooper Basin geothermal facilities materially complete and final well remediation well progressed
	✓ Completed \$1.42 million capital raise
	✓ Identified reduction in overheads and improvement in efficiency to deliver 10% reduction in costs
<b>Establish ReNu Energy as the brand of choice for energy generation in the agricultural sector</b>	✓ Upgraded the AJ Bush Bioenergy generation project
	✓ Secured \$2.1 million ARENA Grant Funding for 1.6 MW Goulburn Bioenergy project
	✓ Developed opportunities for additional projects



# About ReNu Energy

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

The Company is building a portfolio of projects which utilise proven technologies such as solar PV, typically operating under long term contracts generating sustainable cash flows and creating shareholder value. The projects either generate electricity at our customer's premises and deliver directly to the customer behind the meter, or export electricity under long term power purchase agreements, feed in tariffs or for sale to the National Electricity Market. ReNu Energy also provides solar PV and embedded networks to multi tenanted properties such as shopping centres, allowing property owners and tenants to receive the benefits of lower cost renewable energy.

ReNu Energy has recently acquired the Amaroo Solar PV project, a 600 kW solar PV project in the ACT, and is developing 2.4 MW of solar PV embedded network projects across four regional shopping centres. The Company owns and operates a 1.1 MW bioenergy project in Queensland, is constructing a 1.6 MW bioenergy project in NSW and has a pipeline of project opportunities across the National Electricity Market.

Headquartered in Brisbane, Queensland, ReNu Energy's team has strong experience and capability in the renewable energy, utility and infrastructure sectors.

ReNu Energy listed as Geodynamics Limited on the Australian Securities Exchange (ASX) in September 2002. In October 2016, the Company announced it would rebrand to ReNu Energy, and the new name was approved by shareholders at the AGM on 25 November 2016.



# Chairman's Letter



## Dear Shareholder

It is a great pleasure to open the 2017 Annual Report in my first year as Chairman of ReNu Energy, at what is a time of tremendous opportunity for the Company and the renewables sector more broadly.

Having watched the development of the solar industry in the US over recent years I am very pleased to see a level of traction and awareness within Australia that appears both unprecedented

and irrevocable. I believe the sector will continue to present attractive commercial and investment opportunities for the foreseeable future.

The recent increased levels of public discussion regarding energy costs are unlikely to abate and we look forward to ongoing government support for renewables. In June this year, Australia's Chief Scientist Dr Alan Finkel presented the final report of the *Independent Review into the Future Security of the National Electricity Market* which reviewed the way Australia, with the world's longest connected grid network, must modify its approach to energy generation and consumption to serve the needs of today and rise to the challenges of tomorrow.

As burgeoning populations require more energy, innovative solutions to our energy requirements must be developed. ReNu Energy generally supports the recommendations of the Finkel report which fall into line with our vision to generate change through the provision of low cost, renewable energy to our customers.

The transition of ReNu Energy to an independent power producer is well on track. We are delighted with the commercial arrangements we have secured with VivoPower and SCA Property Group and look forward to a long and mutually beneficial relationship with both parties. These arrangements reflect the capacity for ReNu Energy to tailor solar solutions in today's market place; however we are totally committed to establishing a business framework that is suitable to a rapidly evolving renewables landscape.

“Our electricity system is entering an era where it must deal with changing priorities and evolving technologies. If the world around us is changing, we have to change with it. More of the same is not an option, we need to aim higher.”

Dr Alan Finkel, Final Report of the *Independent Review into the Future Security of the National Electricity Market*

Alongside our operational achievements, significant corporate events in the period included Board repositioning and a well-supported capital raise. The capital raise, conducted via a placement and an entitlement offer, raised \$1.42 million before costs and resulted in the entry of new investors supportive of our strategic direction.

Alongside Managing Director, Chris Murray, I am joined on the Board by Mr Richard Brimblecombe who commenced in 2015 and by Mr Anton Rohner who commenced with me in March 2017, I thank them for their support. Mr Keith Spence, who was Chairman for 6 years retired at our Annual General Meeting in November 2016. We also announced the retirement of Mr Jack Hamilton and Mr George Miltenyi from the Board at the time of the capital raising. On behalf of ReNu Energy I extend our sincere appreciation to Keith, Jack and George for their long-standing service to the Company and its shareholders.

Our greatest asset continues to be the dedicated and talented employees of ReNu Energy who have displayed outstanding commitment during what has been a dynamic and exciting period for the Company. On behalf of the Board, I'd like to thank the team, led by Chris Murray for their efforts.

As a board we are committed to delivering value to our long standing and many new shareholders. I look forward to meeting those shareholders who can attend our 2017 Annual General Meeting and further sharing our plans to sustainably deliver upon our vision to generate change.

A handwritten signature in black ink, appearing to read 'Steve McLean'. The signature is stylized and somewhat cursive, with a long horizontal line extending to the right.

STEVE MCLEAN  
Chairman

# Managing Director's Letter



## Dear Shareholder

In this, my second annual report since being appointed Managing Director, I am very pleased to report the progress that ReNu Energy has made over the past 12 months. We really have lived our vision – to generate change!

The most obvious example of change is the Company's rebranding to ReNu Energy Limited, which was strongly supported by shareholders at the 2016 Annual General Meeting. We believe

that ReNu Energy is a brand that is aligned with the needs and objectives of our customers and with our own corporate objectives. Feedback on the new brand has been positive and while it remains relatively new, it is being well adopted and recognised in our target markets.

## Delivering on our milestones

Twelve months ago, the Company set itself a number of strategic objectives for FY17 and I am pleased to confirm we delivered on those targets.

The agreements announced in May 2017 with VivoPower Pty Ltd (VivoPower) and in June 2017 with SCA Property Group Limited have been transformational.

These agreements establish ReNu Energy as an owner of solar PV and embedded network projects. They also set the Company on a path to developing and owning a portfolio of renewable energy projects that will deliver stable long term returns.

Our customer proposition to meet this demand is simple – we provide renewable energy, at a lower price, with no upfront cost.

## Macro factors support adoption of ReNu Energy's solutions

The energy sector in Australia is facing many challenges - reliability of supply, increasing electricity and gas costs and the growing community desire for renewable energy. These challenges, coupled with the ongoing technology advancements and price reductions in solar PV and energy storage have created significant demand from energy consumers who want to take charge of their energy costs and emissions. Our customer proposition to meet this demand is simple – we provide renewable energy, at a lower price, with no upfront cost. While we are at an early stage with selling ReNu Energy's solutions to customers, we are buoyed by the customer feedback to date that our proposition is compelling. We are targeting strong customer growth through the FY18 period.

ReNu Energy strongly supports the four key outcomes outlined in the *Independent Review into the Future Security of the National Electricity Market*; Increased Security; Future Reliability; Reward Consumers; and Lower Emissions.

Our Solar PV, embedded network and bioenergy projects already reward our customers with lower energy costs and lower emissions, and the bioenergy projects provide base load renewable electricity, supporting the reliability of the system. As the recommendations of the review are adopted we will ensure that we adapt to meet the requirements and look to deploy technologies and systems such as battery storage and demand side management to add further value to our customers.

## Safety remains key as we deliver across multiple projects

At ReNu Energy nothing is so important that it cannot be done safely. The Company is pleased to report that for the twelve months to June 2017, it has recorded zero lost time injuries and zero medical treatment injuries. This is a great achievement and testament to the diligence of our staff and contractors.

The following is an overview of the progress achieved across our key business areas during FY17.



## Solar PV

In May 2017 we announced a strategic alignment with VivoPower under which ReNu Energy would have first right of refusal to acquire solar projects up to 5 MW in size sourced by VivoPower in Australia.

As part of the VivoPower agreement, ReNu agreed to the acquisition of the 600 kW Amaroo solar PV project. In August 2017, ReNu Energy completed confirmatory due diligence and executed the sale and purchase agreement for the project.

The Amaroo solar PV project is the largest solar PV rooftop project in the Australian Capital Territory. It is operational and is underpinned by a 20 year ACT Government Feed-in Tariff scheme, which made it an ideal project with which to launch ReNu Energy's solar PV business. It will deliver an estimated average annual contracted 20 year cash yield of 12% per annum, delivering positive cash flow to ReNu Energy.

Since entering the alliance, VivoPower has delivered a number of proposals for ReNu Energy to evaluate and we are very pleased with the project pipeline.

Following the announcement in June 2017 of our agreement to provide embedded network and solar PV solutions to ASX listed SCA Property Group Limited, construction of the first of the embedded network projects, at Griffin Plaza in Griffith NSW began and the project is expected to commence commercial operation in 2017. The next three projects are expected to commence construction in coming months. We are thrilled to be working with SCA Property Group and to have the opportunity, subject to satisfactory performance on the first four projects, to install solar PV and embedded networks in another seven shopping centres in regional Australia.

The agreements with VivoPower and SCA Property Group are the cornerstone of ReNu Energy's solar PV business. From this base we plan to own a portfolio of projects based on long-dated power purchase or embedded network agreements with good counterparties. Our first priority is behind the meter projects, where the renewable generation is installed, and the electricity produced is utilised on the premises of our customers. We are also considering utility projects which may be supported by long term power purchase agreements or the sale of electricity on a merchant basis.

## Bioenergy

Following a disappointing result in FY17, the bioenergy business is now operating well.

The upgrade of the generators at the AJ Bush project in Beaudesert, Queensland has been completed, resulting in higher and more reliable generation for our customer and increased revenue for ReNu Energy.

ReNu Energy and the Australian Renewable Energy Agency finalised the funding agreement for the 1.6 MW Goulburn Bioenergy project in May 2017. Project construction is underway and commercial operation of the project is scheduled for early 2018.

The opportunities for bioenergy projects continue to expand as agricultural facilities are faced with increasing energy costs and environmental requirements.

## Geothermal

The Company has exited all geothermal activities with the exception of the final remediation of the Cooper Basin facilities. Geothermal Retention Licences covering areas that have had no work programme or where the works have been completed were surrendered in FY17, and in some cases converted to Geothermal Exploration Licences.

The monitoring of Habanero 3 and Habanero 4 wells continued during the period and ReNu Energy is currently working with the Government of South Australia Department of Premier and Cabinet (DPC) in conjunction with the DPC's independent expert to finalise the procedure for final plug and abandonment of these wells. Based on the work to date it is forecast that the cost of abandonment will be higher than previously envisaged. As a result the Company has increased its provision for the works from \$0.77 million to \$1.1 million net of the contribution from Origin Energy. Based on this provision, ReNu Energy's cost after receipt of the R&D tax rebate will be \$0.6 million.

## Financial Results

The Company reported a closing cash balance of \$10.89 million for the year ending 30 June 2017. The cash balance was boosted by a placement and an entitlement offer which raised \$1.42 million before costs. The value of property, plant and equipment increased by \$2.79 million as a result of the upgrade on the AJ Bush Bioenergy project and the work in progress of the Goulburn Bioenergy project.

The Company received an R&D tax incentive payment of \$3.79 million during the year with respect to FY16 Cooper Basin expenditure. A claim of \$0.31 million has been lodged with respect to research and development expenditure on the biogas business in FY16 and is expected to be received prior to the end of this calendar year.

## Managing Director's Letter continued...

The Company recorded a loss of \$6.7 million, down from \$10.56 million for the prior year. Key expenditure included employee expenses, bioenergy rectification costs and other project costs which were all significantly down year on year when compared to FY16. General administrative expenses included a number of one off costs such as legal and advisor fees. Management has identified and is implementing further reductions in overheads which will result in savings to the corporate business overheads of approximately 10% on a run rate basis.

ReNu Energy has carry forward tax losses of circa \$250 million. The tax losses are able to be used to offset taxable income, subject to compliance with relevant legislation, thus increasing the equity returns for ReNu Energy shareholders.

A key objective for the Company is to achieve positive Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) on a run rate basis, in calendar year 2018.

### Funding

The Company has adequate cash reserves to complete the Goulburn Bioenergy project, as well as the first four SCA Property Group projects and fund the equity portion of the Amaroo project acquisition. At the time of writing we are seeking debt funding for the portfolio, ideally based on a facility that will allow capital release on the commencement of commercial operation of projects.

To support the growth of the portfolio beyond those projects already announced, the Company may seek further debt and equity funding and may need to establish working capital facilities to support project construction.

### Outlook and strategic objectives for FY18

We move into FY18 with a solid footing and an exciting outlook, ready for growth in a dynamic sector.

Through our agreements with SCA Property Group and VivoPower, the completion of the AJ Bush upgrade and the pending completion of the Goulburn Bioenergy project we are on the path towards positive EBITDA and further profitable growth. We have a strong pipeline of earnings and value accretive projects to evaluate and are receiving strong feedback from customers on our solar PV value proposition.

We have set four strategic objectives for FY18 which are further detailed in this report:


- *Establish the brand*
- *Develop the pipeline*
- *Build the organisation*
- *Create shareholder value*

We begin the financial year with a promising start on each of our four objectives and are excited by what the future holds for ReNu Energy and its shareholders.

### Thank you

I would like to close by sincerely thanking all of our shareholders, customers and employees who have supported ReNu Energy throughout this year. It is their efforts and dedication that have positioned the Company so well.

It has been a pleasure to welcome a number of new shareholders onto the register and to meet and talk with a number of our longer term shareholders during the year. I thank you for your support of the Company and look forward to continuing to share the growth of ReNu Energy with you.



CHRIS MURRAY  
Managing Director



# Operations Review

## Rebrand to ReNu Energy

The 2016 Annual General Meeting marked a significant point in the Company's operating history with shareholders approving the rebrand to ReNu Energy. We believe that ReNu Energy is a brand that is aligned with the needs and objectives of our customers and with our own corporate objectives.

With the new brand came a new focus and the execution of two transformational opportunities: the Alliance Agreement with VivoPower and a solar PV embedded network agreement with SCA Property Group Limited. These agreements provide a strong platform from which to grow the solar PV business, and enable the accelerated development of our portfolio of renewable energy projects.

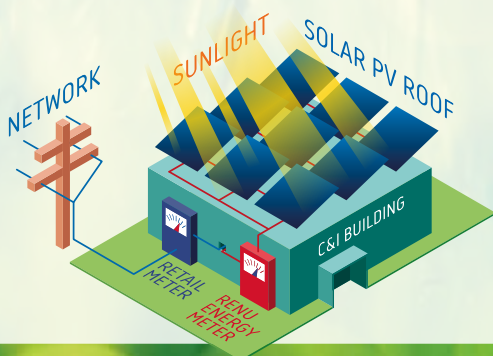
The projects will utilise proven technologies such as solar PV, typically operating under long term contracts generating sustainable cash flows and creating shareholder value. The projects either generate electricity at our customers' premises and deliver directly to the customer behind the meter, or export electricity under long term power purchase agreements, feed in tariffs or for sale to the National Electricity Market. ReNu Energy also provides solar PV and embedded networks to multi tenanted properties such as shopping centres allowing property owners and tenants to receive the benefits of lower cost renewable energy.

## Solar Solutions

### Solar PV Power Purchase Agreements

ReNu Energy's Solar PV Power Purchase Agreement (PPA) product, **ReNu Solar PPA**, provides customers with renewable energy at a lower price with no capital outlay or ongoing maintenance costs.

- With **ReNu Solar PPA**, we supply and install a solar PV system on our customers' premises at zero cost to the customer. We own, operate, and maintain the solar system for the term of the agreement. We simply sell the electricity which is generated from the solar system back to the customer, at lower rates than ordinary retail electricity.
- **ReNu Solar PPA** is a competitive alternative to current retail prices. Customers benefit from:
  - Tailored solution
  - Seamless delivery
  - Quick and easy installation
  - No upfront costs
  - Savings from day one of system generation
  - Locked in prices for length of the term
  - Reduced carbon emissions
  - Increased green credentials
  - Ongoing remote monitoring and maintenance at no cost
  - Maintenance program designed to safeguard and optimise solar assets

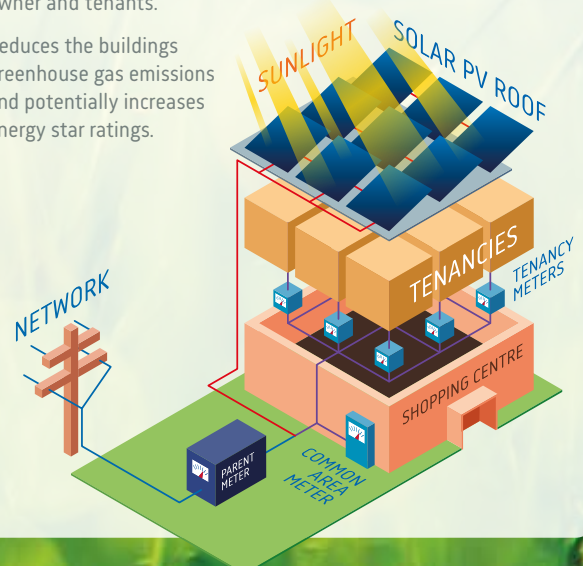


### Solar PV Embedded Networks

ReNu Energy provides solar PV and embedded networks to multi-tenanted properties such as shopping centres, allowing property owners and tenants to receive the benefits of lower cost renewable energy, with no capital outlay or ongoing maintenance costs.

ReNu Energy's solar PV embedded networks, are the ideal solution for properties containing a number of tenants, either business or residential, who wish to take advantage of solar energy.

- We install, own and operate a solar PV system on the property's roof and also establish an embedded network within the building, metering tenants and managing all the billing.
- By aggregating electricity consumption through a single parent meter, ReNu Energy is able to negotiate better retail electricity tariffs than individual tenants would be able to access. These rates are made available to embedded network customers through our **ReNu Solar Connect** product.
- With the addition of solar power to the building during the day, overall energy consumption and cost is reduced for the property owner and tenants.
- Reduces the buildings greenhouse gas emissions and potentially increases energy star ratings.



## Operations Review continued...

### VivoPower Alliance Agreement

In May 2017, ReNu Energy announced an Alliance Agreement with global solar power company, VivoPower Pty Ltd, a wholly owned subsidiary of NASDAQ listed VivoPower International PLC. The agreement, which is for a period of 5 years, will see VivoPower originate new projects, complete design and costing, secure relevant project agreements and approvals and secure power purchase agreements, before offering these to ReNu Energy on a first right of refusal basis. If acquired, ReNu Energy will assume responsibility for the construction and commissioning of each project.

ReNu Energy will pay an upfront origination fee for each new project acquired together with an alliance fee for a period of five years. ReNu Energy will also enter into a long-term power services agreement with VivoPower for the operation and maintenance of the projects.

The Agreement covers new behind the meter solar PV projects operating under PPAs and utility scale solar PV projects up to 5 MW in Australia. VivoPower may also offer existing projects on a first right of refusal basis and, if acquired, ReNu Energy will pay a purchase price for each existing project. Under this arrangement ReNu Energy has acquired the 600 kW Amaroo solar PV project.

### Acquisition of Amaroo Solar PV Project

ReNu Energy has acquired its first solar asset, the Amaroo solar PV project. Following the announcement of the signing of a binding term sheet for the project in May 2017, a sale and purchase agreement was executed in September. Novation of the project agreements to ReNu Energy is a condition subsequent to the sale and purchase agreement.

Operating since 2015, the project receives a long term premium rate for electricity under an ACT Government Feed-in Tariff scheme, and is expected to deliver an average annual cash yield of approximately 12% per annum, delivering positive cash flow to ReNu Energy.

ReNu Energy will pay \$2.38 million to VivoPower for the project which will initially be funded from cash reserves. A project debt facility for the project is being sought. The ongoing operations and maintenance of the Amaroo project will continue to be provided through VivoPower.

*Image: The Amaroo solar PV project is the largest rooftop solar PV system in the ACT.*





## SCA Property Group Embedded Network Agreement

In June 2017, ReNu Energy announced that it would supply solar PV and embedded network systems to shopping centres in the portfolio of SCA Property Group Limited. This agreement was a significant milestone in the development of the solar business, and marked ReNu Energy's first solar PV embedded network.

The initial stage of the agreement between ReNu Energy and SCA will see the delivery of four solar PV and embedded network systems to shopping centres in rural and regional areas. The first four systems located in Griffith NSW, Mt Gambier SA, Murray Bridge SA and Lismore NSW, will range in size from 180 kW to 1,000 kW totalling approximately 2 MW.

ReNu Energy will install, own and operate the solar PV and embedded network systems within each centre for an initial period of 10 years, after which ReNu Energy has an additional three, five year options (potentially up to 25 years in aggregate). The agreement also provides ReNu Energy with the first right of refusal, subject to due diligence and satisfactory performance, to evaluate delivery of a further seven projects to centres owned by SCA Property Group.

Under the agreement, ReNu Energy will execute cornerstone electricity supply contracts with centre management in each individual shopping centre, enabling ReNu Energy to build a pathway to long term contracted revenue streams from a high quality counterparty. Shopping centre tenants will also have the option to use ReNu Energy's electricity supply contract which may provide them with a reduction in their electricity costs.

The construction of the first four projects is forecast to cost \$4.45 million which will be funded from existing cash reserves, with debt funding expected to be secured, post completion. The projects are forecast to generate approximately \$725,000 EBITDA in their first full year of operation.

These agreements provide a strong platform from which to grow the solar PV business, and enable the accelerated development of our portfolio of renewable energy projects.





## Operations Review continued...

### Bioenergy

Over the course of FY17, the focus for the bioenergy business has been the delivery of the Goulburn Bioenergy project and the upgrade of the AJ Bush Bioenergy generation facility. With ever rising energy prices increasing the cost of production for the agricultural sector, and increasing environmental controls, the bioenergy business has continued to see strong interest from a range of potential customers. Bioenergy projects are able to access several revenue streams including behind the meter electricity sales under long term power purchase agreements, Large Scale Generation Certificates and Australian Carbon Credit Units.

We continue to believe that these projects present good opportunities for investment.

With ever rising energy prices increasing the cost of production for the agricultural sector, and increasing environmental controls, the bioenergy business has continued to see strong interest from a range of potential customers.

### Goulburn Bioenergy Project

In November 2016, ReNu Energy announced that the Australian Renewable Energy Agency (ARENA) Board had confirmed it would negotiate and finalise terms of a funding agreement for the Goulburn Bioenergy project. The project is located at the Southern Meats abattoir, one of Australia's leading sheep meat exporters. Under the long term power purchase agreement with Southern Meats, ReNu Energy will supply approximately 4,000 MWh of energy annually, representing over 50% of the abattoir's power consumption.

The funding agreement for \$2.1 million in grant funding for the construction of a covered anaerobic lagoon, biogas processing and power generation facility was finalised in May this year. Construction on the project commenced in June with the excavation and creation of the anaerobic lagoon. The project will operate under a Build Own Operate Maintain (BOOM) model whereby ReNu Energy will own the digester, gas conditioning and generation equipment, with the Southern Meats abattoir obtaining on-site renewable energy under a power purchase agreement with no upfront costs and without the need to operate and maintain the plant and equipment.

The project which has a dual fuel generation capacity of approximately 1.6 MW has a capital cost of \$5.75 million. Following ARENA grant funding of \$2.1 million and project spend to date, ReNu Energy has a remaining project cost of \$1.5 million for the 2018 financial year. Commissioning of the generators and integration of the facility into the Southern Meats' operation is scheduled for completion in January 2018.

ReNu Energy acknowledges the critical role ARENA plays in assisting businesses to successfully demonstrate and commercialise emerging renewable energy technologies.



## AJ Bush Bioenergy Project

The AJ Bush rendering facility at Beaudesert in QLD hosts the Company's first BOOM project, commissioned in 2011. The project, which has a power purchase agreement in place until 2021, underwent an upgrade to replace one of the two existing generators and improve gas conditioning. The upgrade will ensure increased reliability and performance of the generators with a nameplate capacity of 1.1 MW, to the site for the remaining term of the power purchase agreement. The covered anaerobic lagoons produce sufficient biogas for in excess of 4,000 MWh of electricity annually. The project will continue to create revenue for ReNu Energy through electricity sales and the generation of Large Scale Generation Certificates.

The Company successfully bid at the April Emissions Reduction Fund Auction to deliver 180,000 Australian Carbon Credit Units from a proposed additional digester at the AJ Bush facility and is in discussions with AJ Bush regarding the potential delivery of the project.

## Geothermal Remediation

The Company has exited all geothermal activities with the exception of the final remediation of the Cooper Basin facilities. Geothermal Retention Licences covering areas that have had no work programme or where the works have been completed were surrendered in FY17, and in some cases converted to Geothermal Exploration Licences.

The monitoring of Habanero 3 and Habanero 4 wells continued during the period and ReNu Energy is currently working with the Government of South Australia Department of Premier and Cabinet (DPC) in conjunction with the DPC's independent expert to finalise the procedure for final plug and abandonment of these wells. Based on the work to date it is forecast that the cost of abandonment will be higher than previously envisaged. As a result the Company has increased its provision for the works from \$0.77 million to \$1.1 million net of the contribution from Origin Energy. ReNu Energy's cost after receipt of the R&D tax rebate is forecast to be \$0.6 million.

Image: Griffin Plaza, Griffith N.S.W, Solar PV panel installation.



# Health, Safety and Environment

Nothing is so important,  
that it cannot be done safely.

ReNu Energy is pleased to report that for the twelve months to June 2017, it recorded zero lost time injuries and zero medical treatment injuries. This is a great achievement and testament to the diligence of our staff and contractors.

As the Company's operations are developing, construction and operations activities will be primarily conducted by specialist contractors. ReNu Energy will continue to maintain and improve its own safety systems and will select contractors that have appropriate health and safety systems in place and are in alignment with our strong safety focus.

## Environment

As a renewable energy generator, environmental sustainability is at the heart of every activity ReNu Energy undertakes.

The projects that ReNu Energy is currently operating, developing and acquiring will generate approximately 10,000 MWh of renewable energy per annum and abate 30,000 tonnes of CO<sub>2</sub>e, the equivalent of taking 12,000 cars off the road.

The Company will continue to meet its obligations for the final remediation of the Cooper Basin facility and is committed to minimising the impact of activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards.







# RENU ENERGY LIMITED

# Financial Report

# 2017

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# Appendix 4E

PRELIMINARY FINAL REPORT  
 FINANCIAL YEAR ENDED 30 JUNE 2017  
 RENU ENERGY LIMITED ABN 55 095 006 090

## Results for announcement to the market

RESULTS	FY17 \$'000	FY16 \$'000	CHANGE \$'000	% CHANGE
Loss from ordinary activities after tax attributable to members	(6,707)	(10,562)	3,855	36%
Net loss for the period attributable to members	(6,703)	(10,559)	3,856	37%

### DIVIDENDS

The Directors do not propose to recommend the payment of a dividend in respect of the period.

### BRIEF EXPLANATION OF ANY OF THE FIGURES REPORTED ABOVE:

The loss from ordinary activities represents administrative overheads, a net loss from the Bioenergy business associated with the rectification works and cost associated with securing transformational opportunities, offset by interest income received. In addition to this the Directors have also decided to recognise an impairment expense to goodwill of \$1,000,000 as detailed in Note 8 to the accounts.

Please refer to the attached Directors Report for a full commentary on the results for the period and refer to the 2017 Financial Report for the detailed financial statements and explanatory notes to the accounts

NTA BACKING	FY17	FY16
Net tangible asset backing per ordinary security	\$0.016	\$0.029

### COMPLIANCE STATEMENT

This report is based on accounts which have been audited.



**TIM PRITCHARD**  
 Company Secretary  
 31 August 2017



# Directors' Report

## Director Profiles

Your Directors submit their report for the period ended 30 June 2017. The names and details of the Directors of ReNu Energy Limited in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAME & QUALIFICATIONS	EXPERIENCE
<b>STEVE MCLEAN</b> B.Economics  <i>Non-executive Chairman</i> (Appointed 14 March 2017)	<p>Steve McLean has over twenty years' experience in investment banking and equity capital markets. He commenced his career with Ernst &amp; Young Corporate Finance, before working with J.P. Morgan in Australia and Europe. He has led equity transactions which have raised over \$50 billion. Mr McLean is also a Non-Executive Director of ASX Listed Litigation Capital Management Ltd since November 2015.</p> <p>Mr McLean is the Chair of the Company's Remuneration and Nominations Committee.</p>
<b>CHRISTOPHER MURRAY</b> BE (Hons), MEAust, GAICD, AMP  <i>Managing Director &amp; CEO</i>	<p>Mr Christopher Murray was appointed Chief Executive Officer and Managing Director of the Company in December 2015 and officially commenced in the role on 11 January 2016. Most recently he was the Chief Executive Officer of Solar Systems Pty Ltd, a renewable energy technology developer. Prior to Solar Systems Mr Murray spent eleven years as a senior executive with Energy Developments Limited in roles including Executive General Manager Australia, Executive General Manager Remote Energy, Project Director West Kimberley Power Project and Group General Manager Technical Services.</p> <p>With over 30 years' experience, Mr Murray's expertise includes strategy, business development, research, finance and operations. He holds an honours degree in Mechanical Engineering from the University of New South Wales, is a graduate member of the Australian Institute of Company Directors, a graduate of the Harvard Business School, a member of Engineers Australia and a member of the Board of the Leukaemia Foundation of Australia.</p>
<b>RICHARD BRIMBLECOMBE</b> MBA & MAICD  <i>Non-executive Director</i>	<p>Mr Brimblecombe is an experienced executive in the agri-business and finance sectors, with a deep industry knowledge of agribusiness, renewable energy and financial services. Mr Brimblecombe has experience in operation of agri-business gained through senior leadership roles at Namoi Cotton, Australia's leading cotton processing and marketing organisation, and as General Manager for Qld / NT for Landmark Services, a leading rural services business.</p> <p>Mr Brimblecombe has also served in senior executive roles in the finance industry, specialising in lending to the rural sector, including as Head of Specialised Agribusiness Solutions (Qld/NT) for Commonwealth Bank of Australia and currently as Chief Executive Officer of StockCo (Australia) Pty Ltd, Australia's and New Zealand's largest specialist livestock financier.</p> <p>Mr Brimblecombe's experience in the renewable energy sectors has been developed through roles as Managing Director and subsequently Executive Chairman of Quantum Power Limited. Mr Brimblecombe holds an Executive MBA from Bond University and is a Member of the Australian Institute of Company Directors.</p> <p>Mr Brimblecombe is a member of the Company's Remuneration and Nominations Committee and Audit and Risk Management Committee and has been a director of the Company since 1 September 2015.</p> <p>The Company notes that, due to his previous role as Managing Director of Quantum Power, Mr Richard Brimblecombe is not considered by the ASX Corporate Governance Principles to be independent.</p>
<b>ANTON ROHNER</b> B.Bus, CPA  <i>Non-executive Director</i> (Appointed 14 March 2017)	<p>Mr Rohner currently holds the position of Chief Executive Officer for UPC Renewables Australia, and has over twenty years' experience in management, development and finance in the renewable energy and resources sectors. For over five years, he held CFO roles for ASX200 listed companies.</p> <p>Mr Rohner was Managing Director for Renewable Energy and Utilities at Macquarie Bank in Hong Kong where he was responsible for advising and securing developments in renewable energy and utilities across Asia and Africa. He was also Managing Director, Asia, for Roaring 40s, a partnership between China Light &amp; Power and Hydro Tasmania, to develop and operate sources of renewable energy throughout Asia and Australia. This partnership developed and financially closed over 2000MW of wind projects in Asia and Australia.</p> <p>Mr Rohner is the Chair of the Company's Audit and Risk Management Committee.</p>

## Directors' Report continued...

### NAME & QUALIFICATIONS

#### JACK HAMILTON

B.Eng. (Chem), Ph.D, FAICD

**Non-executive Director**  
(Resigned 31 March 2017)

### EXPERIENCE

Dr Hamilton was until February 2012, Chief Executive Officer of Exergen Pty Ltd, a low emission coal resource development company and formerly, Director of NWS Ventures with Woodside Energy. Dr Hamilton is also a Non-executive Director of Calix Ltd. Dr Hamilton was until May 15 a Non-executive Director of DUET Group Ltd and a previous Non-Executive Director of Federation Training. Dr Hamilton graduated from Melbourne University with a Bachelor of Chemical Engineering and Doctorate of Philosophy in 1981.

He has over 28 years' experience both locally and internationally in operations management, in refining, petrochemicals and gas production, marketing, strategy and LNG project management.

#### GEORGE MILTENYI

LLB, BSW, FAICD

**Non-executive Director**  
(Resigned 14 March 2017)

Mr Miltenyi has been owner, investor and director in a wide range of commercial ventures including companies engaged in organisational development, marketing, immigration, education, life insurance, water distillation technology, recruitment and geothermal energy. Since 1989, Mr Miltenyi has been the Managing Director of an organisation development and strategy company, EMD Workforce Development which consults to some of Australia's largest corporations.

Mr Miltenyi was instrumental in building one of Australia's largest English language educational companies (ACL). Recently, he was a director of Australian Life Insurance Pty Ltd, a unique company specialising in the provision of life and home contents insurance through mortgage brokers. Mr Miltenyi was involved in floating a recruitment firm (Rubicor), which aggregated 19 separate recruitment companies.

He founded and managed such business as Multicultural Marketing and Management, Immigration Australia and Clean Water Technology. Mr Miltenyi has a passion for commercialising renewable energy and low carbon emission power ventures. He was a founding director of Kuth Energy, he served on the Board till the sale to Geodynamics. Mr Miltenyi holds a Bachelor of Law and Bachelor of Social Work from the University of New South Wales and is a fellow of the Australian Institute of Company Directors.

#### KEITH SPENCE

B.Sc (Hons), FAIM

**Non-executive Chairman**  
(Resigned 25 November 2016)

Mr Spence has over 30 years' experience in the oil and gas industry, including 18 years with Shell and has a broad knowledge of the resources sector. He retired from Woodside in 2008 after a 14 year tenure in top executive positions in that company. Mr Spence held many roles during his period with Woodside, including Chief Operating Officer and Acting Chief Executive Officer.

Mr Spence is a Non-executive Director of Oil Search, Murray and Roberts Holdings Ltd and Independence Group. He is Chairman of Base Resources Limited and the Industry Advisory Board of the Australian Centre for Energy and Process Training.

## Company Secretary

#### TIM PRITCHARD

B.Bus, MCom, MIT, CPA, GIA (Cert)

Mr Tim Pritchard joined ReNu Energy in 2010 as Financial Controller and became Chief Financial Officer in May 2011 responsible for managing all financial activities of the Company as well as leading the information technology team. He was appointed Company Secretary in March 2012.

Mr Pritchard has over 20 years management experience in finance, accounting, consulting, project management and information technology. In addition to extensive accounting experience, he has led a number of successful business transformation and system implementation assignments that have resulted in significantly improved financial processes and business systems.

Before joining ReNu Energy, Mr Pritchard was most recently engaged by leading institutional investment company, QIC as Head of Management Information.

Post the period in review the Company announced that Mr Pritchard was leaving the company and that Mr Damian Galvin had been appointed as Chief Financial Officer and Company Secretary effective 4 September 2017.

## Corporate Structure

ReNu Energy Limited is a company limited by shares, incorporated and domiciled in Australia. It listed as Geodynamics Limited on the Australian Securities Exchange (ASX) in September 2002. In October 2016, the Company announced it would rebrand to ReNu Energy Limited, and the new name was approved by shareholders at the Annual General Meeting (AGM) on 25 November 2016.

Its registered office and principal place of business is Level 1, 9 Gardner Close, Milton QLD 4064.

The Directors present this financial report on ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group) for the financial year ended 30 June 2017.



## Principal Activities

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

The Company is building a portfolio of projects which utilise proven technologies such as solar PV, typically operating under long term contracts generating sustainable cash flows and creating shareholder value. The projects either generate electricity at our customer's premises and deliver directly to the customer behind the meter, or export electricity under long term power purchase agreements, feed in tariffs or for sale to the National Electricity Market. ReNu Energy also provides solar PV and embedded networks to multi tenanted properties such as shopping centres, allowing property owners and tenants to receive the benefits of lower cost renewable energy.

ReNu Energy is completing the acquisition of the Amaroo solar PV project, a 600 kW solar PV project in the ACT, and is developing 2.2 MW of solar PV embedded network projects across four regional shopping centres. The Company owns and operates a 1.1 MW bioenergy project in Queensland, is constructing a 1.6 MW bioenergy project in NSW and has a pipeline of project opportunities across the National Electricity Market.

The Company has continued to progress activities required for the remediation of its geothermal tenements in the Cooper Basin in accordance with the relevant state regulations and environmental requirements.

## Highlights of FY17

### STATED OBJECTIVE

**Strengthen the Company's position as a diversified clean energy company**

### KEY ACHIEVEMENT

- ✓ Re-launched the Company as ReNu Energy
- ✓ Expanded into solar PV, battery storage and hybrid energy solutions
- ✓ Appointed two new Board members with significant corporate finance and renewable energy experience
- ✓ Conditional acquisition of 600 kW Amaroo solar PV project

**Secure a transformational opportunity**

- ✓ Alliance Agreement with VivoPower Pty Ltd and conditional acquisition of Amaroo Solar PV project
- ✓ Solar PV and embedded network agreement with SCA Property Group Limited

**Secure and strengthen the balance sheet**

- ✓ Surface remediation of Cooper Basin geothermal facilities materially complete and final well remediation plans are well progressed
- ✓ Completed \$1.42 million capital raise
- ✓ Identified reduction in overheads and improvement in efficiency to deliver 10% reduction in costs

**Establish ReNu Energy as the brand of choice for energy generation in the agricultural sector**

- ✓ Upgraded the AJ Bush Bioenergy generation project
- ✓ Secured \$2.1 million ARENA Grant Funding for 1.6 MW Goulburn Bioenergy project
- ✓ Developed opportunities for additional projects

The agreements with VivoPower and SCA Property Group are the cornerstone of ReNu Energy's solar PV business. From this base we plan to own a portfolio of projects based on long-dated power purchase or embedded network agreements with good counterparties. Our first priority is behind the meter projects, where the renewable generation is installed, and the electricity produced is utilised on the premises of our customers. We are also considering utility projects which may be supported by long term power purchase agreements or the sale of electricity on a merchant basis.

## Review and Results of Operations

The Company realised a loss before tax for the financial period as set out below:

	FY17 \$	FY16 \$
Loss before income tax expense	(6,706,608)	(10,843,606)
Net loss attributable to members of ReNu Energy Limited	(6,702,608)	(10,559,086)
<b>EARNINGS PER SHARE</b>	<b>(CENTS)</b>	<b>(CENTS)</b>
Basic and diluted loss per share	(1.12)	(1.98)

Supported by our new brand, a strong team and a clear focus, ReNu Energy moves into FY18 with a solid foundation for growth

## Directors' Report continued...

### Dividend

No dividends were declared or paid during the year ending 30 June 2017.

The Directors do not propose to recommend the payment of a dividend in respect of the period ended 30 June 2017.

### Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of the Directors in the shares of ReNu Energy Limited were:

DIRECTOR	FULLY PAID ORDINARY SHARES	SHARE APPRECIATION RIGHTS
S. McLean	-	-
C. Murray	4,736,996	20,000,000
R. Brimblecombe	28,192,979	-
A. Rohner	-	-

### Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Company during the financial period were as follows:

- Re-launched the Company as ReNu Energy Limited and expanded offering to solar PV, battery storage and hybrid energy solutions.
- Alliance Agreement with VivoPower Pty Ltd and conditional acquisition of Amaroo solar PV project.
- Solar PV and embedded network agreement with SCA Property Group Limited.
- The review of the projects on foot for the Bioenergy business and the likely role out of new projects resulted in a pre tax impairment charge of \$1 million to goodwill.

There were no other significant changes in the state of affairs of the Company during the financial period.

### Significant Events After the Balance Date

There has not arisen between 30 June 2017 and the date of this report any item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations

### Likely Developments and Expected Results

ReNu Energy moves into FY18 with a solid footing and an exciting outlook, ready for growth in a dynamic sector.

Through the Company's agreements with SCA Property Group Limited and VivoPower Pty Ltd, the completion of the AJ Bush upgrade and the pending completion of the Goulburn Bioenergy project it is on a path towards positive EBITDA and further profitable growth. The Company has a strong pipeline of additional revenue generative projects to evaluate and is receiving strong feedback from customers on its solar PV value proposition.

ReNu Energy has set four strategic objectives for FY18:

- ESTABLISH THE BRAND
- DEVELOP THE PIPELINE
- BUILD THE ORGANISATION
- CREATE SHAREHOLDER VALUE

### Environmental Regulations and Performance

As a renewable energy generator, environmental sustainability is at the heart of every activity ReNu Energy undertakes.

The Group is required to carry out its activities in accordance with the relevant laws and regulations. The Group will continue to meet its obligations for the final remediation of the Cooper Basin facility and is committed to minimising the impact of its activities on the natural landscape, waterways, flora and fauna in a manner consistent with environmental best practice standards.

### Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid premiums in respect of contracts insuring directors, secretaries, and executive officers of the Group and related entities against liabilities incurred as director, secretary or executive officer to the extent permitted by the Corporations Act 2001, subject to the terms, conditions, limitations and exclusions of the policy. Under the terms of the policy, the Group is precluded from disclosing details of premiums paid.

The Company has entered into deeds of indemnity, insurance and access with each person who is, or has been, a director of the Company. To the extent permitted by law and subject to the restrictions in s199A of the Corporations Act 2001, the Company must continually indemnify each director against liability (including liability for costs and expenses) for an act or omission in the capacity as director, subject to certain exclusions. No payment has been made to indemnify a director during or since the end of the financial year.



## INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

## Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which the Class Order applies.

## Directors' Meetings

During the period, there were thirteen directors' meetings held. The number of directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial period are as follows:

	DIRECTORS' MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE MEETINGS		REMUNERATION & NOMINATIONS COMMITTEE MEETINGS	
	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED	NUMBER HELD WHILST IN OFFICE	NUMBER ATTENDED
S. McLean	4	4	-	-	2	2
C. Murray	13	13	-	-	-	-
R. Brimblecombe	13	13	3	3	2	2
A. Rohner	4	4	1	1	-	-
K. Spence	5	4	-	-	1	1
J. Hamilton	11	11	2	2	1	1
G. Miltenyi	9	9	2	2	1	1

The Company had two committees during the year. Committee memberships as at 30 June 2017 and as at the date of this report are:

**Audit & Risk Management Committee** – Membership comprises two Non-executive Directors being Messrs Rohner (Chair) and Brimblecombe.

**Remuneration & Nominations Committee** – Membership comprises two Non-executive Directors being Messrs McLean (Chair) and Brimblecombe.

## Share Options

### UNISSUED SHARES UNDER OPTION

As at the date of this report, there are no unissued ordinary shares or interests of the Company under option (2016 – NIL).

### SHARES ISSUED ON EXERCISE OF OPTIONS

There were no ordinary shares of the Company issued during or since the end of the financial year ended 30 June 2017 on the exercise of options granted over unissued shares or interests (2016 – Nil).

### SHARE APPRECIATION RIGHTS

As at 30 June 2017 and as at signing this report, there are 20,000,000 share appreciation rights on issue which were granted to the Managing Director during the reporting period. No ordinary shares of the Company have been issued during or since the end of the financial year ended 30 June 2017 on the exercise of share appreciation rights.

## Directors' Report continued...

### Auditor Independence

In accordance with section 307C of the Corporations Act 2001, the Directors received a declaration of independence from the auditor of ReNu Energy Limited which is listed immediately after this report and forms part of this Directors' report and can be found on page 31.

### Non-Audit Services

There were no non-audit services provided by the Company's auditor, Ernst & Young, during the financial year ended 30 June 2017.

### Proceedings on behalf of the Company

As far as the Directors are aware, no proceedings have been brought or intervened in on behalf of the Company with the leave of the Court, nor has any application for leave been made in respect of the Company, under section 237 of the Corporations Act 2001.

### Corporate Governance

The Directors recognise the need for the highest standards of corporate behaviour and accountability and therefore support and have adhered to the principles of Corporate Governance. The Company's Corporate Governance Statement is printed immediately following this Directors' Report on page 32.

### Remuneration Report (Audited)

This remuneration report for the year ended 30 June 2017 outlines the remuneration arrangements in place for Directors and Executives of ReNu Energy Limited in accordance with the requirements of the Corporations Act 2001 and its Regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
  - A. Remuneration principles and strategy
  - B. Approach to setting remuneration
  - C. Detail of Incentive Plans
4. Executive remuneration outcomes for FY17 (including link to performance)
5. Executive contracts
6. Non-executive Director remuneration (including statutory remuneration disclosures)
7. Additional statutory disclosures

### 1. INTRODUCTION

The remuneration report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company directly or indirectly including any Director.

For the purposes of this report, the term 'executive' encompasses the Managing Director and the executive management team of the Company. The KMP covered in this report are set out in the table below.

#### NON-EXECUTIVE DIRECTORS (NEDS)

S. McLean (appointed 14 March 2017)	Chairman
R. Brimblecombe	Director
A. Rohner (appointed 14 March 2017)	Director
K. Spence (resigned 25 November 2016)	Chairman
J. Hamilton (resigned 31 March 2017)	Director
G. Miltenyi (resigned 14 March 2017)	Director

#### EXECUTIVE DIRECTORS

C. Murray	Managing Director and CEO
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#### OTHER EXECUTIVES

T. Pritchard	Chief Financial Officer & Company Secretary
A. Mills (ceased employment 5 August 2016)	Project Engineering Team Leader

### 2. REMUNERATION GOVERNANCE

#### Remuneration Committee

The Remuneration & Nominations Committee comprises two Non-executive Directors (NEDs). The Remuneration and Nominations Committee has the primary objective of assisting the Board in developing and assessing the remuneration policy and practices of the Directors, Chief Executive Officer (CEO) and Senior Executives who report directly to the CEO.

Specifically, the Board approves the remuneration arrangements of the CEO, the aggregate annual fixed remuneration salary review, the level of the short-term incentive (STI) pool and the methodology for awards made under the long-term incentive (LTI) plan, following recommendations from the Remuneration & Nominations Committee. The Board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval, and NED fee levels.

Committee assessments incorporate the development of remuneration policies and practices which will enable the Group to attract and retain executives who will create value for shareholders. Executives will be fairly and responsibly rewarded having regard to the performance of the Group, the performance of the executive and the general market environment. The Committee also assists the Board in its own self-evaluation by annually reviewing the process for self-evaluation. This considers attributes such as the qualitative and quantitative nature of the review, and the mix between total Board review and individual Director review.



The Remuneration & Nominations Committee meets regularly through the year. The CEO attends remuneration committee meetings by invitation, where management input is required. The CEO is not present during any discussions related to his own remuneration arrangements.

Further information on the Remuneration & Nomination Committee's role, responsibilities and membership can be found on the Company's web site at [www.renuenergy.com.au](http://www.renuenergy.com.au).

#### **Use of Remuneration Consultants**

The Company did not appoint remuneration consultants for remuneration recommendations during the financial year.

#### **Remuneration Report approval at FY16 AGM**

The FY16 remuneration report received positive shareholder support at the FY16 AGM with a vote of 85.2% in favour.

### **3. EXECUTIVE REMUNERATION ARRANGEMENTS**

#### **3A. Remuneration principles and strategy**

ReNu Energy's executive remuneration strategy is designed to attract, motivate and retain highly skilled executives and align the interests of executives and shareholders.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive salaries to attract high calibre executives;
- Link executive performance rewards to medium and longer-term shareholder value creation through the KPI linked Short Term Incentive Plan (STIP), and;
- Establish appropriate share price performance hurdles under its long-term incentive plan to align executive reward with shareholder value creation, the achievement of which will depend on the Group achieving key corporate milestones that are integral to the Group's successful completion of its business plan.

The Group aims to reward its Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- Reward Executives for Group, business division and individual performance against targets set by reference to appropriate benchmarks;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

#### **3B. Approach to setting remuneration**

The Managing Director's and key executives' emoluments are structured to retain and motivate Executives by offering a competitive base salary, a short term annual cash-based performance related component together with longer term performance incentives through the ReNu Energy Limited Share Appreciation Rights Plan which allow executives to align with the success of ReNu Energy Limited.

For the year ended 30 June 2017, remuneration consists of the following key elements:

- Fixed Remuneration – base salary and superannuation;
- Variable Remuneration under the ReNu Energy STIP – payable in cash at the end of the financial year; and
- Variable Remuneration under the ReNu Energy Limited Share Appreciation Rights Plan payable in Shares or equivalent cash payment subject to satisfaction of performance conditions in accordance with the Plan.

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration of the Managing Director is reviewed annually by the Remuneration and Nominations Committee and approved by the Board. Factors considered include the Group and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice. The Remuneration and Nominations Committee has access to external advice independent of management.

Senior Executives receive their fixed (primary) remuneration in cash. The fixed remuneration component of senior executives who are KMP is detailed in Table 1 of this report.

#### **3C. Details of Incentive Plans**

##### **Short Term Incentive Plan**

The objectives of the ReNu Energy STIP are to:

- Reward employees for their contribution in ensuring that ReNu Energy achieves the corporate key deliverables;
- Encourage team work;
- Enhance ReNu Energy attracting and retaining high calibre and high performing employees; and
- Link remuneration directly to the achievement of key annual organisational objectives.

The Company has in place an annual STIP that establishes a pool of funds adjusted in size according to the achievement of key company business plan milestones in a year.

The distribution of the pool is to be determined by team achievement in delivering the team business plan milestones.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid from the pool of funds.

##### **ReNu Energy Share Appreciation Rights Plan**

The ReNu Energy Share Appreciation Rights (SARs) Plan was approved by the Board in October 2013. The first issue of SARs under the approved plan rules was approved by shareholders at the November 2013 AGM.

A Share Appreciation Right is a right to receive shares in the Company or an equivalent cash payment based on the increase in the ReNu Energy Limited share price over a specified period, subject to satisfying certain conditions (including a performance condition).

## Directors' Report continued...

The objective of the ReNu Energy SARs Plan is to:

- Align the interests of eligible employees with those of shareholders;
- Provide incentives to attract, retain and/or motivate eligible employees in the interests of the company; and
- Provide eligible employees with the opportunity to acquire Share Appreciation Rights, and ultimately Shares, in accordance with the plan rules.

The Board may, at its discretion, grant to an eligible employee or may invite an eligible employee to apply for a grant of SARs. The vesting of SARs is subject to conditions determined at the time of each issue.

### **Loan Share Plan**

Following the end of the 2017 financial year, the Board adopted a Loan Share Plan (Plan) to retain, motivate and attract executives and to better align the interests of employees with those of the Group and its shareholders by providing an opportunity for employees to acquire shares subject to the terms and conditions of the Plan (Plan Shares).

The Plan Shares will be issued or transferred to the participants in the Plan at market value, determined by the Board in its absolute discretion. The Group may provide a limited recourse loan to eligible employees who are invited to participate in the Plan to assist them to purchase Plan Shares (Loan).

The Plan Shares will vest on the satisfaction of any applicable performance condition, service requirement or other conditions specified at the time of issue.

The Company intends to seek shareholder approval for the Plan and the issue of Plan Shares to the Managing Director at the 2017 Annual General Meeting.

The Board intends to issue Plan Shares to the Group's incoming Chief Financial Officer, Mr Damian Galvin, as part of his remuneration package.

### **Hedging of shares and options risk**

Currently no Director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited.

## **4. EXECUTIVE REMUNERATION OUTCOMES FOR FY17**

### **Company performance and its link to the Company's remuneration principles and strategy**

Under the Company's STIP, executives are rewarded for the achievement of certain milestones that are both measurable and outcomes based. These milestones are set by the Board as they represent key drivers for the creating short term shareholder value.

During the year, a cash bonus of \$67,000 including superannuation was paid to the Managing Director for achievement of his STI performance criteria of securing transformational opportunities that would build on the bioenergy business and deliver shareholder value.

The Company's SARs plan has vesting conditions that are designed to align the interests of the executives and shareholder through the delivery of increased shareholder value, through the Company's share price.

During FY17, the Group had limited earnings and negative earnings per share, due to FY17 being a year where the Group completed its transformation into a clean energy company and foundations were laid for future growth. Consequently, the Group considers that its performance cannot be gauged by reference to financial measures. Instead, the Directors consider the Group's performance should be based on the achievement of strategic objectives during the year. During the year, the Group achieved its stated objectives of:

- strengthening the Group's position as a diversified clean energy company;
- securing a transformational opportunity;
- securing and strengthening the balance sheet; and
- establishing the Group as the brand of choice for energy generation in the agricultural sector.

The loss per share from continuing operations for the last five years was as follows: 2012/13 - \$0.26, 2013/14 - \$0.03, 2014/15 - \$0.03, 2015/16 - \$0.02, 2016/17 - \$0.01.

The closing share price for the last five years was as follows: 2012/13 - \$0.086, 2013/14 - \$0.047, 2014/15 - \$0.036, 2015/16 - \$0.023, 2016/17 - \$0.016



**Table 1 – Remuneration of senior executives of the Group for the year ended 30 June 2017**

	SHORT-TERM		POST EMPLOYMENT	SHARE BASED PAYMENT <sup>2</sup>		TOTAL	PERFORMANCE RELATED
	SALARY	CASH BONUS – SHORT TERM INCENTIVE <sup>3</sup>	SUPERANNUATION	SHARES (AMORTISED COST)	SARS (AMORTISED COST)		
C. Murray	317,246	61,187	40,813	-	47,842	467,088	14%
T. Pritchard	259,085	-	24,605	-	-	283,690	0%
A. Mills <sup>1</sup>	102,170	-	2,583	-	-	104,753	0%
<b>Totals</b>	<b>678,501</b>	<b>61,187</b>	<b>68,001</b>	<b>-</b>	<b>47,842</b>	<b>855,531</b>	

1 A. Mills ceased employment on 5 August 2016.

2 The share and SARs amortised cost relate to those shares and SARs issued to the CEO as approved by shareholders at the November 2016 Annual General Meeting.

3 \$67,000 STI paid to C. Murray of which \$5,813 was superannuation.

**Table 2 – Remuneration of senior executives of the Group for the year ended 30 June 2016**

	SHORT-TERM		POST EMPLOYMENT	SHARE BASED PAYMENT		TOTAL	PERFORMANCE RELATED
	SALARY	CASH BONUS – SHORT TERM INCENTIVE	SUPERANNUATION	SHARES (AMORTISED COST)	SARS (AMORTISED COST)		
G. Ward <sup>1</sup>	233,970	-	17,500	-	-	251,470	0%
C. Murray <sup>2</sup>	144,507	-	13,728	-	-	158,235	0%
T. Pritchard	259,115	-	24,605	-	-	283,720	0%
A. Mills	252,442	-	23,982	-	-	276,424	0%
<b>Totals</b>	<b>890,034</b>	<b>-</b>	<b>79,815</b>	<b>-</b>	<b>-</b>	<b>969,849</b>	

1 G. Ward ceased employment on 31 January 2016 and forfeited all SARs. Share based payment expenses of \$131,825, previously recognised under AASB 2, have been reversed.

2 C. Murray was appointed on 11 January 2016.

## 5. SUMMARY OF EXECUTIVE CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts agreements are provided below.

### Managing Director and Chief Executive Officer

Mr Christopher Murray was appointed Managing Director on 11 January 2016. Mr Murray's remuneration package is formalised in an open ended executive service agreement, the details of which were disclosed to the ASX in an announcement on 11 January 2016. The key terms of Mr Murray's contract are as follows:

- He currently receives a base remuneration including superannuation of \$335,000 per annum;
- Short Term Incentive – Up to \$67,000 including superannuation per annum which is only payable on the achievement of certain performance milestones. The Managing Director's key performance indicators are aligned to the corporate objectives set out on page 21. The Board considered the Managing Director's performance against the objectives for FY17 and determined that the maximum STI would be paid.
- Long term incentive (Share Appreciation Rights) –the Company granted the Managing Director a total of 20 million Share Appreciation Rights (SARs) on 16 December 2016 (as approved by shareholder at the 2016 AGM). All SARs granted under this LTI will have a performance condition threshold of ReNu Energy Limited achieving a minimum share price of \$0.05 per share. This performance condition was selected as it provides strong alignment with shareholders' interests. The Board will assess whether the performance condition has been satisfied having regard to the closing share prices on the ASX, this method has been chosen due to its transparency. No SARs will vest if the growth in the ReNu Energy share price is below threshold. The SARs will be initially tested against the performance condition on the earliest vesting date applicable (on 11 January 2018 being 2 years from the date Mr Murray commenced employment).

## Directors' Report continued...

The CEO's termination provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	6 months	6 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	14 days	None	Unvested awards forfeited	Unvested awards forfeited
Termination in cases of long term illness, disablement, or notice without cause	6 months	6 months	Maybe prorated for time and performance subject to Board discretion	Maybe prorated for time and performance subject to Board discretion
Change of strategic direction	14 days	6 months	Prorated for time and performance	Prorated for time and performance

### Other Key Management Personnel

All other KMP have rolling contracts.

Other standard KMP provisions are as follows:

	NOTICE PERIOD	PAYMENT IN LIEU OF NOTICE	TREATMENT OF STI ON TERMINATION	TREATMENT OF LTI ON TERMINATION
Resignation	3 months	3 months	Unvested awards forfeited	Unvested awards forfeited
Termination for cause	None	None	Unvested awards forfeited	Unvested awards forfeited
Termination in cases of death, disablement, or notice without cause	3 months	3 months	Maybe prorated for time and performance subject to board discretion	Maybe prorated for time and performance subject to board discretion

## 6. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

### Remuneration Policy

The Board seeks to set aggregate remuneration at a level which provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process. The amounts are set at a level that compensates the Directors for their significant time commitment in overseeing the progression of the Company's business plan.

The Constitution of ReNu Energy and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 28 November 2007 when shareholders approved an aggregate remuneration of \$700,000 per year.

At this stage the Board will not seek any increase for the NED fee pool at the 2017 Annual General Meeting.

### Structure

Each Non-executive Director receives a fee for being a Director of the Company. The current fee structure is to pay Non-executive Directors a gross annual remuneration of \$50,000 p.a. with the Chairman paid \$65,000 p.a. There are no additional fees paid for committee memberships. There are no retirement benefits offered to Non-executive Directors. In accordance with good corporate governance practice, the Non-executive Directors do not participate in share and share option based remuneration plans of the Company.

The remuneration of Non-executive Directors for the year ending 30 June 2017 is detailed in Table 3 of this report and the remuneration for the comparative year ending 30 June 2016 is detailed in Table 4 of this report.

**Table 3 – Non-executive Directors’ Remuneration for the year ended 30 June 2017**

	DIRECTORS FEES	SUPERANNUATION	TOTAL
S. McLean <sup>1</sup>	17,156	1,630	18,786
R. Brimblecombe	50,000	-	50,000
A. Rohner <sup>1</sup>	15,036	-	15,036
J. Hamilton <sup>2</sup>	42,500	-	42,500
G. Miltenyi <sup>3</sup>	34,247	3,253	37,500
K. Spence <sup>4</sup>	24,140	2,293	26,433
<b>Totals</b>	<b>178,741</b>	<b>11,514</b>	<b>190,255</b>

1 Appointed 14 March 2017

2 Resigned 31 March 2017

3 Resigned 14 March 2017

4 Resigned 25 November 2016

**Table 4 – Non-Executive Directors’ Remuneration for the year ended 30 June 2016**

	DIRECTORS FEES	SUPERANNUATION	TOTAL
K. Spence	59,302	5,634	64,936
R. Davies <sup>1</sup>	6,719	638	7,357
J. Hamilton	47,552	-	47,552
M. Marier <sup>1</sup>	5,375	511	5,886
A. Stock <sup>1</sup>	6,719	638	7,357
G. Miltenyi	43,427	4,126	47,553
R. Brimblecombe <sup>2</sup>	42,941	2,530	45,471
<b>Totals</b>	<b>212,035</b>	<b>14,077</b>	<b>226,112</b>

1 Resigned 31 August 2015

2 Appointed 1 September 2015

## 7. ADDITIONAL STATUTORY DISCLOSURES

### Shares granted to executives as part of remuneration for the year ended 30 June 2017

During the financial year, no shares were granted to executives.

**Table 5 – Share appreciation rights over equity instruments granted to Key Management Personnel**

Table 5 shows the movements of the share appreciation rights, held directly, indirectly or beneficially by each key management personnel member, including their related parties during the financial year ended 30 June 2017.

	BALANCE AT BEGINNING OF PERIOD	RIGHTS GRANTED DURING THE REPORTING PERIOD	FAIR VALUE OF RIGHTS GRANTED DURING THE YEAR	GRANT DATE	RIGHTS EXERCISED DURING THE REPORTING PERIOD	RIGHTS VESTED/ LAPSED DURING THE REPORTING PERIOD	BALANCE AS AT THE END OF THE REPORTING PERIOD
<b>KMP</b>							
C. Murray	-	20,000,000	80,500	16/12/2016	-	-	20,000,000
<b>Total</b>	<b>-</b>	<b>20,000,000</b>	<b>80,500</b>		<b>-</b>	<b>-</b>	<b>20,000,000</b>

The SARs have been issued in two tranches. The first tranche totalled 10,000,000 SARs with a fair value of \$0.00347 per share and with the earliest vesting date being 11 January 2018. The second tranche totalled 10,000,000 SARs with a fair value of \$0.00458 and with the earliest vesting date being 11 January 2019. The performance conditions are based on growth in the Company’s share price.

### Related party transactions with Directors

The Group has engaged FinClear Execution Limited to provide services in relation to corporate finance advisory services. The key resource from FinClear is S. McLean (Non-executive Chairman). The mandate is for a period of four months commencing 1 May 2017 at \$25,000 per month. At 30 June 2017 three payments totalling \$75,000 remained to be made.



## Directors' Report continued...

**Table 6 - Shareholdings of Key Management Personnel**

Table 6 shows the movements of the Company's ordinary shares, held directly, indirectly or beneficially by each key management personnel member, including their related parties during the financial year ended 30 June 2017.

	BALANCE AT BEGINNING OF PERIOD 01/07/16	PURCHASED ON MARKET	ACQUIRED UNDER THE RIGHTS ISSUE <sup>1</sup>	OTHER MOVEMENTS <sup>2</sup>	BALANCE AT END OF PERIOD 30/06/17
<b>DIRECTORS</b>					
S. McLean	-	-	-	-	-
C. Murray	-	4,436,996	300,000	-	4,736,996
A. Rohner	-	-	-	-	-
R. Brimblecombe	23,494,149	-	4,698,830	-	28,192,979
J. Hamilton	856,708	-	-	(856,708)	-
K. Spence	212,413	-	-	(212,413)	-
G. Miltenyi	2,648,152	-	-	(2,648,152)	-
<b>EXECUTIVES</b>					
T. Pritchard	284,685	-	56,937	-	341,622
A. Mills	301,136	-	-	(301,136)	-
<b>Total</b>	<b>27,797,243</b>	<b>4,436,996</b>	<b>5,055,767</b>	<b>(4,018,409)</b>	<b>33,271,597</b>

<sup>1</sup> Shares taken up under the rights issue on 26 April 2017 open to all existing shareholders

<sup>2</sup> Ceased being key management personnel

Signed in accordance with a resolution of the Directors.



**S. MCLEAN**

Chairman

Brisbane, 31 August 2017



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## Auditor's Independence Declaration to the Directors of ReNu Energy Limited

As lead auditor for the audit of ReNu Energy Limited for the financial year ended 30 June 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ReNu Energy Limited and the entities it controlled during the financial year.

**ERNST & YOUNG**

**MIKE REID**

Partner  
Brisbane

31 August 2017

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# Corporate Governance Statement

The Board of Directors of ReNu Energy Limited is responsible for the corporate governance of the Company and is committed to achieving and demonstrating the highest standards of corporate governance.

The ReNu Energy Limited Corporate Governance Statement is structured with reference to the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition the Principles of which are as follows:

- Principle 1. Lay solid foundations for management and oversight
- Principle 2. Structure the Board to add value
- Principle 3. Promote ethical and responsible decision making
- Principle 4. Safeguard integrity in financial reporting
- Principle 5. Make timely and balanced disclosure
- Principle 6. Respect the rights of shareholders
- Principle 7. Recognise and manage risk
- Principle 8. Remunerate fairly and responsibly

This Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

ReNu Energy Limited's corporate governance practices were in place throughout the year ended 30 June 2017 and were fully compliant with the Council's recommendations except for the following:

Recommendation 1.5(a) - Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all interested in working at ReNu Energy. As the Company has a relatively small work-force with many requiring specific skills that may not be widely available, the Company has not deemed it appropriate to set specific numeric targets as these could be inappropriately skewed by the small sample size. ReNu Energy currently has participation from a diverse workforce.

Recommendation 1.5(a)(1) - Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. The Company has adopted a Diversity Policy that encourages the participation and provision of opportunity to all interested in working at ReNu Energy. As the Company has a relatively small work-force with many requiring specific skills that may not be widely available, the Company has not deemed it appropriate to publish specific employment numbers as Company does not believe this information adds any meaningful value due to its small workforce.

Recommendation 2.4 – A majority of the Board should be independent. The Company does not satisfy this condition, as 50% of its directors are not independent. However, it believes that it is currently structured to act in the best interest of the shareholders and its composition is appropriate at the current time.

Recommendations 4.1 and 7.1 – The Board of a listed entity should have an audit and risk committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors. The Company does not satisfy this recommendation as its audit and risk committee has two members both of whom are non-executive directors and one of which is an independent director. The Company considers that given the size and composition of the Board, the current members of the committee are sufficient to exercise independent judgement in relation to the Company's corporate reporting processes to satisfy its responsibilities.

Recommendation 8.1 - The Board of a listed entity should have a remuneration committee which has at least three members, all of whom are non-executive directors and a majority of whom are independent directors. The Company does not satisfy this recommendation as its remuneration and nomination committee has two members both of whom are non-executive directors and one of which is an independent director. The Company considers that given the size and composition of the Board, the current members of the committee are sufficient to exercise independent judgement in order to satisfy its responsibilities.

For further information on corporate policies adopted by ReNu Energy Limited, please refer to "Governance" under the Our Company tab on our website located at [www.renuenergy.com.au](http://www.renuenergy.com.au).

For 2017, the Company's reporting against the Principles is as follows:

## 1. Lay Solid Foundations for Management and Oversight

*Companies should establish and disclose the respective roles and responsibilities of Board and management.*

The Board operates in accordance with the following principles and guidelines.

- The Chairperson is an independent Director.
- The Board does comprise Directors with an appropriate range of qualifications and expertise.
- The terms and conditions of the appointment of Non-executive Directors are set out in a letter of appointment. The appointment letter covers the following matters:
  - the level of remuneration;
  - the tenure of appointment;
  - the expectation of the Board in relation to attendance and preparation for all Board meetings;
  - the Directors code of conduct;
  - the procedures dealing with conflicts of interest; and
  - the availability of independent advice - The Board has agreed a procedure for Directors to take independent professional advice at the expense of the Company. Prior approval of the Chairman is required, but this will not be unreasonably withheld.
- The Board meets as often as required to attend to the affairs of the Company and follow meeting guidelines set down to ensure all Directors are made aware of, and have available to them all necessary information enabling them to participate in an informed discussion of all agenda items.
- The Chairman of the Board meets regularly with the Managing Director.



The Board is responsible for the direction and supervision of the Company's business on behalf of the shareholders, by whom they are elected and to whom they are accountable. This includes ensuring that internal controls and reporting procedures are adequate and effective. The Directors recognise the need to maintain the highest standards of behaviour, ethics and accountability. The primary functions of the Board include responsibility for:

- Approving objectives, goals and strategic direction for management;
- Monitoring financial performance including adopting annual budgets and approving the Company's financial statements;
- Ensuring that adequate systems of internal control exist and are appropriately monitored for compliance;
- Selecting, appointing and reviewing the performance of the Managing Director and Chief Executive Officer and reviewing the performance of senior operational management;
- Ensuring significant business risks are identified and appropriately managed; and
- Reporting to shareholders on performance.

To assist the Board with carrying out its responsibility and functions, certain powers have been delegated to management, including the authority to undertake transactions and incur expenditure on behalf of the Company up to specified thresholds.

Management is specifically responsible for:

- Implementing the strategic objectives and operating within the parameters set by the Board and for all other aspects of the day to day running of the Company; and
- Providing the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

The Company Secretary is accountable directly to the Board, through the Chair. Each director is able to communicate directly with the Company Secretary and vice versa.

The Company's Managing Director's performance and remuneration is reviewed annually by the Non-executive Directors. The performance criteria against which executives are assessed is aligned with the financial and non-financial objectives of ReNu Energy Limited. Further details of the process for evaluating performance are set out in the Remuneration Report. The Managing Director's performance was evaluated during the year ended 30 June 2017.

The Board may determine from time to time to establish specific purpose sub-committees to deal with specific issues. All matters determined by committees are submitted to the full Board as recommendations for Board decision. Minutes of committee meetings are tabled at the immediate subsequent Board meeting.

## 2. Structure the Board to Add Value

*Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.*

### SKILLS, EXPERIENCE AND EXPERTISE OF DIRECTORS

The Directors in office at the date of this statement are:

NAME	POSITION	INDEPENDENT	TERM IN OFFICE	EXPERTISE
Steve McLean	Non-executive Chairman	Yes	0.5 years	Investment banking and equity capital markets
Christopher Murray	Managing Director	No	1.6 years	Energy, renewables, risk management and project delivery
Anton Rohner	Non-executive Director	Yes	0.5 years	Finance, investment banking and renewables
Richard Brimblecombe	Non-executive Director	No	2 years	Agribusiness, renewables and finance

### INDEPENDENT DIRECTORS

Directors of ReNu Energy Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgement.

In the context of director independence, 'materiality' is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty.

In accordance with the definition of independence above, and the materiality thresholds set, the Directors as marked in the previous table are considered to be independent. Therefore, there are three Non-executive Directors, two of whom are deemed independent, and one Executive Director. One Non-executive Director who is not deemed independent was an Officer of Quantum Power Limited purchased by ReNu Energy in September 2015.

Further details of the members of the Board including their experience and expertise are set out in the Directors' Report.

## Corporate Governance Statement continued...

### NON-EXECUTIVE DIRECTORS

The three Non-executive Directors periodically meet for a period of time, without the presence of management, to discuss the operation of the Board and a range of other matters including those relating to Remuneration and Directors' Nominations. Relevant matters arising from these meetings are shared with the full Board.

### TERM OF OFFICE

The Company's constitution specifies that all Directors (with the exception of the Managing Director) must retire from office no later than the third Annual General Meeting following their last election. Where eligible, a Director may stand for re-election. When candidates are submitted to shareholders for election or re-election, the Company includes in the notice of meeting all information in its possession that is material to the decision whether to elect or re-elect the candidate.

### NOMINATIONS

The Company has established a combined Remuneration and Nominations Committee. Membership and composition of the Committee is discussed at the end of this Corporate Governance Statement. With regard to the Nominations charter of the Committee, the main functions of the Committee are to:

- Devise criteria (necessary and desirable competencies) for Board membership for approval by the full Board;
- Identify specific individuals for nomination;
- Make recommendations to the Board for new Directors and membership of committees being always mindful that any recommendation should ensure there is a complementary mix of necessary skills;
- Annually, assist the Chairman of the Company in advising Directors about their performance and tenure;
- Oversee management succession plans, including the Managing Director and Chief Executive Officer and first line managers;
- Review of the Board succession plan; and
- Critically examine the Committee's performance and recommend any changes to the responsibilities to the Board.

In devising criteria for Board membership, the Company uses a Board skills matrix to identify any gaps in the skills and experience of the Directors on the Board. In addition, the Company uses a combination of professional intermediaries to identify and assess candidates as well as the network of contacts within the Board itself.

Appropriate recruitment processes, enquiries and reference checks are carried out to satisfy the Board that the candidate is of sound character and has the relevant attributes required by the Board to be a director of the Company.

### PERFORMANCE

In order to ensure that the Board continues to discharge its responsibilities in an appropriate manner, the practice of the Board is as follows:

- The performance of all Non-executive Directors is reviewed periodically by the Chairman;

- All Directors periodically complete a structured self-evaluation questionnaire that aims to evaluate the performance of the Board as a whole. These responses are collated and subsequently discussed by the Board to improve the functional operations of the Board;
- The Chairman meets privately with each Director as appropriate to discuss their individual performance; and
- The Chairman's performance is reviewed by the Board.

During the year ended 30 June 2017, two new Board members (including a new Chairman) with significant corporate finance and renewable energy experience were appointed and three Board members retired. As a result, the usual Board evaluation process outlined above was not carried out. The Board intends to recommence its performance evaluation process in FY18.

### INDUCTION AND CONTINUING EDUCATION

Directors are expected to maintain knowledge and skills required to discharge their duties and obligations.

All new directors participate in an induction process co-ordinated by the Company Secretary, which assists in providing a smooth transition for new Board members.

## 3. Promote Ethical and Responsible Decision-Making

*Companies should actively promote ethical and responsible decision-making*

The Company supports and has adopted the Code of Conduct published by The Australian Institute of Company Directors in 2005. This code recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics and its commitment to ensuring compliance with the insider trading laws.

The Company has established a policy regarding Diversity that is underpinned by four key principles:

- **Fairness:** Every person will have the opportunity to work and succeed at ReNu Energy - regardless of their gender, nationality, background, age, physical ability or sexual orientation.
- **Support:** The Company will support the varying needs of its diverse workforce by providing flexible working conditions and ensuring programs are in place to enable every ReNu Energy employee to reach their career potential.
- **Respect:** Every ReNu Energy employee will be treated with dignity and respect, recognising that success depends upon the commitment, capabilities and diversity of the Company's employees.
- **Leadership:** The Board and senior leaders will be ultimately responsible for instilling a culture that embraces and values diversity amongst the workforce.

At least once every 12 months, the Remuneration and Nominations Committee will review the Diversity Policy including a review of the diversity objectives and initiatives to ensure they remain current and appropriate and a review of progress on the achievement of diversity objectives over the preceding year.

## 4. Safeguard Integrity of Financial Reporting

*Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.*

The Board has adopted an Audit & Risk Committee Charter to ensure the truthful and factual presentation of the Company's financial position and to review and advise on the company's risk management processes.

Audit & Risk Committee meetings will be held periodically throughout the year. It is the policy of the Board that the members of the committee shall be a minimum of two Non-executive Directors. The Audit & Risk Committee will be chaired by a Non-executive Director.

The Chief Executive Officer and Chief Financial Officer may attend the committee meetings by invitation.

The main functions of the committee are to:

- Assess the appropriateness of accounting policies, practices and disclosures and whether the quality of financial reporting is adequate;
- Review the scope and results of internal, external and compliance audits;
- Maintain open lines of communication between the Board and external auditors and the Company's compliance officers;
- Review and report to the Board on the annual report, the half-year financial report and all other financial information published by the Company or released to the market;
- Assess the adequacy of the Company's internal controls and make informed decisions regarding compliance policies, practices and disclosures;
- Ensure effective deployment of risk management processes;
- Nominate the external auditors and review the terms of their engagement, the scope and quality of the audit and the auditor's independence; and
- Review the level of non-audit services provided by the external auditors and ensure that it does not adversely impact on auditor independence.

It is the Company's policy for the lead audit engagement partner to be present at the AGM to answer questions about the conduct of the audit and the preparation and content of the Auditors' Report. These policies are consistent with the Corporations Act. Shareholders attending the AGM are made aware they can ask questions of the auditor concerning the conduct of the audit.

The Chairman of the Audit & Risk Management Committee reviews the performance of the Committee with members and reports annually to the Board.

The Company's Audit and Risk Committee Charter can be found at <http://renueenergy.com.au/our-company/governance/>.

The members of the Audit & Risk Committee during the year were:

Anton Rohner (Chairman from 14 March 2017)  
Richard Brimblecombe  
Jack Hamilton (Chairman until resignation on 31 March 2017)  
George Miltenyi (until resignation on 14 March 2017)

For details on the qualifications of the audit & risk committee members, the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report on page 19.

## 5. Make Timely and Balanced Disclosure

*Companies should promote timely and balanced disclosure of all material matters concerning the company.*

The Board has adopted a Listing Rule 3.1 Compliance Policy, which has been designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The Company's continuous disclosure policy can be found at <http://renueenergy.com.au/our-company/governance/>.

The Company Secretary has been nominated as the person responsible for communications with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

The Company rigorously polices its continuous disclosure responsibilities to ensure a fully informed market at all times.

## 6. Respect the Rights of Shareholders

*Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.*

The Board of Directors aims to ensure that the shareholders, on behalf of whom they act, are provided with all information necessary to assess the performance of the Company. Information is communicated to the shareholders through:

- The Annual Report, which will be distributed to all shareholders (unless shareholders specifically indicate otherwise);
- The Annual General Meeting, and other meetings called to obtain approval for Board action as appropriate; and
- The Company's Corporate Internet site at [www.renuenergy.com.au](http://www.renuenergy.com.au). This web site is actively maintained and includes all market announcements, research reports from analysts, briefings to shareholders, full texts of notices of meeting and explanatory material and compliance reports such as the quarterly cash flow report and annual report.

Shareholders are actively encouraged to become 'online shareholders' by registering electronically with the Company to receive an email notification of announcements as they are made. The Company endeavours to respond to all shareholder queries on a prompt and courteous basis.

The Company encourages shareholders to attend and participate in AGMs to discuss relevant issues of interest by scheduling the AGM at an appropriate time and CBD location. If shareholders are unable to attend the AGM personally, they are encouraged to participate through the appointment of a proxy or proxies. Notices of meeting are accompanied by explanatory notes to provide shareholders with information to enable them to decide whether or not to attend and how to vote upon the business of the meeting.

All information disclosed to the ASX is posted on the Company's website as soon as it is disclosed to the ASX.



## Corporate Governance Statement continued...

### 7. Recognise and Manage Risk

*Companies should establish a sound system of risk oversight, management and internal control.*

The Company is committed to having a culture of risk management and has established a risk management system that supports a pro-active approach to managing risk and to exploiting opportunity at all levels.

A risk review process is conducted for each component phase of the Company's business plan and these will continue to be conducted for subsequent stages to highlight major risk areas and plan the treatment to manage those risks. In addition, a formal risk management plan is included as part of every major capital acquisition or procurement decision and key risk/opportunity areas and their drivers are included in the Management/Board reporting system.

Management, through the Managing Director and Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. Management reports to the Audit and Risk Committee and the full Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a six-monthly basis or more frequently as required by the Board or Committee.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control. It reviews strategic, operational and technical risks in conjunction with, and as a key input to an annual corporate strategy workshop attended by senior management. This workshop reviews the Company's strategic direction in detail and includes specific focus on the identification of business risks which could prevent the Company from achieving its objectives. Management are required to ensure that appropriate controls and mitigation strategies are in place to effectively manage those risks. Compliance and reporting risks are reviewed on an ongoing basis and independently audited from time to time. The Audit and Risk Committee oversees the adequacy and comprehensiveness of risk reporting from management.

The Company does not have an internal audit function. Given the Company's current size and nature of its operations, the Board considers it appropriate to engage external advisers (independent of the external auditor) as appropriate from time to time to undertake various tasks that an internal audit function would perform. No external advisers were engaged during the current reporting period to undertake activities that would normally be undertaken by an internal audit function.

The Board receives a written assurance from the Chief Executive Officer and the Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Chief Executive Officer and Chief Financial Officer can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

The Company considers economic, environmental and social sustainability factors as part of its consideration of both strategic and operational risk. Each year, the Company undertakes an assessment to determine those risks and opportunities that are most important to its business and stakeholders. Following its annual assessment, the Company has determined that it does not, at this time, have a material exposure to environmental or social sustainability risks.

#### ECONOMIC RISKS

Information in respect of the Company's assessment of the principal economic risks that could have a material impact on the Company, and the Company's mitigation strategies for those risks is set out below.

- **Project development risk** - The Company's business model includes involvement in power generation projects in various capacities, including as an EPC contractor, in a builder, owner and operator capacity and in a BOOM capacity (build, own, operate and maintain). Accordingly, the following project risks apply to the Company:
  - **Design and Engineering** – the Company outsources the majority of its design and engineering services. If a design is ultimately defective, this may have a material adverse effect on the Company's reputation, operations and financial performance. It may also make it difficult for the Company to meet its obligations under its respective agreements.
  - **Procurement risk** – the Company may procure the construction and installation of its various projects. The quality of these supplied products may not comply with specified requirements or be acceptable or suitable for its intended use.
  - **Project construction risk** – the projects have levels of project construction risk comparable to projects of similar size and type, these risks include the project not being completed on time and within budget or to the agreed specifications. Accordingly, delays in completion of a project and the resultant increase in funding costs and delays in commencement of cash flows, increases in capital required to complete construction and the insolvency of the head contractor, a major sub-contractor and/or a key equipment supplier, can all potentially have an adverse impact on the Company.
  - **Counterparty risk** – the Company enters into long term contracts with customers and is exposed to loss of revenue and stranded assets if a counterparty has financial difficulties or becomes insolvent. The Company mitigates this risk by conducting due diligence on its counterparties and entering into contracts that provide the Company with an appropriate level of protection.
- **Warranty and defects liability** – the Company is required to rectify defects during the defects liability period on projects it has constructed on an EPC basis and provide a warranty period. These rectifications may result in cost to the Company. The Company mitigates these risks by conducting due diligence on its counterparties and entering into contracts that provide an adequate level of protection and obtaining insurance where available.
- **Business development risk** – the success of the Company is heavily reliant on its reputation and branding. There is a risk that the Company may not be able to establish and maintain its brand which is critical to attracting and growing a user base and creating technology acceptance. The Company aims to address this risk by closely monitoring the sector in which it operates and fostering strong relationships with key stakeholders.

- **Intellectual property** – there is a risk that other individuals or companies may claim to have an interest in intellectual property used by the business. The Company may also acquire trade secrets and other intellectual property rights that are important assets. The Company mitigates this risk by relying on a combination of confidentiality and license agreements with its consultants and third parties with whom it has relationships, as well as domain name, trade secret, copyright and patent laws, to protect its brand and other intellectual property rights.
- **Government policy and regulation may change** – the Company operates in the energy industry which is subject to extensive laws and regulations relating to, among other things, the conduct of generation operations, participation in the National Electricity Market, use of distribution systems and supply of energy to customers. The Company receives revenue from mechanisms in the Renewable Energy Target legislation and the Emissions Reduction Fund legislation. Future changes in such policies or laws are beyond the control of the Company. Changes in law or regulatory policy could adversely affect the Company's business. The adoption of recommendations in the report of the *Independent Review into the Future Security of the National Electricity Market* which was chaired Australia's Chief Scientist Dr Alan Finkel could adversely affect the Company's business. The Company mitigates these risks by: monitoring potential changes and adjusting business models to suit; and by liaising with regulators and legislators to garner and retain support for the industry.

## 8. Remunerate Fairly and Responsibly

*Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.*

### REMUNERATION

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high-quality Board and executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. The Managing Director's and key executives' emoluments are structured to retain and motivate executives by offering a competitive base salary together with short and long-term performance incentives through cash, shares and options which allow executives to share in the success of ReNu Energy Limited. The Board will assess the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit.

The Company currently has three Non-executive Directors and a Managing Director. The Company's Managing Director does not receive Directors' fees and his remuneration package is formalised in a service agreement. The Non-executive Directors' maximum aggregate remuneration as approved by shareholders is currently \$700,000 and is set at a level that compensates the directors for their significant time commitment in overseeing the progression of the Company's business plan.

There are no retirement benefits offered to Non-executive Directors other than statutory superannuation. For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and Executives in the current period, please refer to the Remuneration Report which is contained within the Directors' Report.

The Company has an equity based remuneration scheme for the Managing Director and other senior executives. Currently no Director or officer uses hedging instruments to limit their exposure to risk on either shares or options in the Company. The Company's policy is that the use of such hedging instruments is prohibited.

### REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee operates under a charter approved by the Board. Remuneration and Nomination Committee meetings are held at least semi-annually and otherwise as required throughout the year. It is the policy of the Board that the members of the Committee shall be a minimum of two Non-executive Directors. The Remuneration and Nominations Committee will be chaired by an independent Non-executive Director.

With regard to the Remuneration charter of the Committee, the main functions of the Committee are to:

- Set the terms and conditions of employment for the Chief Executive Officer;
- Set policies for Senior Executive remuneration including the Chief Executive Officer and other Executive Directors (if any) and review from time to time as appropriate;
- Set policies for Non-executive Director remuneration and review and recommend the level of remuneration with the assistance of external consultants as appropriate;
- Make recommendations to the Board on remuneration for the Chief Executive Officer and Executive Director(s);
- Review and approve the recommendations of the Chief Executive Officer on the remuneration of Senior Executives;
- Review all equity based plans and make recommendations to the Board for approval;
- Review and approve the design of Executive Incentive Plans ensuring appropriate performance hurdles are in place;
- Review transactions between the group and the Directors, or any interest associated with the Directors, to ensure the structure and the terms of the transaction are in compliance with the Corporations Act 2001 and are appropriately disclosed; and
- Review and approve the annual Remuneration Report contained within the Directors' Report.

The Company's Remuneration and Nomination Committee Charter can be found at: <http://renuenergy.com.au/our-company/governance/>.

The members of the Remuneration and Nominations Committee during the year were:

Steve McLean (Chairman from 14 March 2017)

Richard Brimblecombe (from 31 March 2017)

Keith Spence (Chairman until resignation on 25 November 2016)

Jack Hamilton (until resignation on 31 March 2017)

George Miltenyi (until resignation on 14 March 2017)

For details on the number of meetings of the Remuneration and Nominations Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

# Consolidated Statement of Comprehensive Income

FINANCIAL YEAR ENDED 30 JUNE 2017	NOTE	FY17 \$'000	FY16 \$'000
Site Income		354	165
Project Income		222	225
<b>Total Revenue</b>		<b>576</b>	<b>390</b>
Interest Income		290	646
Other Income	3A	320	3,224
Impairment of Assets Held for Sale		-	(1,594)
Impairment of Goodwill		(1,000)	(3,096)
Personnel Expenses	3B	(2,566)	(3,191)
General & Administrative Expenses	3C	(3,685)	(2,313)
Other Operating Expenses	3D	(642)	(4,644)
Share of Loss in Associate			(266)
<b>Total Expenses</b>		<b>(7,283)</b>	<b>(11,234)</b>
<b>Loss before Income Tax Expense</b>		<b>(6,707)</b>	<b>(10,844)</b>
Income Tax Benefit	4	-	282
<b>Loss after Income Tax Expense</b>		<b>(6,707)</b>	<b>(10,562)</b>
Other Comprehensive Income			
Items that may be reclassified subsequently to profit and loss			
Exchange differences on translation of foreign operations	13	4	3
Other Comprehensive Income for the period		4	3
<b>Total Comprehensive Loss for the period</b>		<b>(6,703)</b>	<b>(10,559)</b>
Attributable to:			
Equity holders of the Parent		(6,703)	(10,559)
<b>Earnings Per Share</b>			
Basic and Diluted Loss per share (cents per share)	16	(1.12)	(1.98)
Basic and Diluted Loss per share attributable to the equity holders of the entity (cents per share)	16	(1.12)	(1.98)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes



# Consolidated Statement of Financial Position

AS AT 30 JUNE 2017	NOTE	FY17 \$'000	FY16 \$'000
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	21(A)	10,890	14,406
Inventories	5	30	1,229
Trade and Other Receivables	6	1,146	5,048
Assets Held for Sale		-	250
<b>Total Current Assets</b>		<b>12,066</b>	<b>20,933</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	7	2,821	28
Intangible Assets	8	-	1,000
<b>Total Non-Current Assets</b>		<b>2,821</b>	<b>1,028</b>
<b>Total Assets</b>		<b>14,887</b>	<b>21,961</b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	9	1,752	3,016
Provisions	10	1,162	1,516
<b>Total Current Liabilities</b>		<b>2,914</b>	<b>4,532</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	10	269	291
<b>Total Non-Current Liabilities</b>		<b>269</b>	<b>291</b>
<b>Total Liabilities</b>		<b>3,183</b>	<b>4,823</b>
<b>Net Assets</b>		<b>11,704</b>	<b>17,138</b>
<b>EQUITY</b>			
Issued Capital	12	353,129	351,908
Other Reserves	13	60	8
Accumulated Losses		(341,485)	(334,778)
<b>Total Equity</b>		<b>11,704</b>	<b>17,138</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

# Consolidated Cash Flow Statement

FINANCIAL YEAR ENDED 30 JUNE 2017	NOTE	FY17 \$'000	FY16 \$'000
<b>Operating Activities</b>			
Customer Receipts		526	454
Net Goods and Services Tax Received		677	889
Payments to Suppliers and Employees		(6,080)	(4,816)
Net Interest Received		286	664
Net cash flows used in Operating Activities	21(B)	<b>(4,591)</b>	<b>(2,809)</b>
<b>Investing Activities</b>			
Proceeds from Government Grants		-	350
Proceeds from R&D Tax Incentive		3,791	2,381
Purchase of Property, Plant & Equipment		(1,830)	(735)
Payments for Rehabilitation expenditure		(1,450)	(7,724)
Payments for Quantum Projects and Rectification Costs		(883)	(4,148)
Payments for Quantum Acquisition (including working capital)		-	(1,527)
Proceeds from Sale of Property, Plant & Equipment		226	211
Cash Acquired from Business Acquisition		-	407
Net cash flow used in investing activities		(146)	(10,785)
<b>Financing Activities</b>			
Proceeds from issue of shares		1,221	-
Net cash flow provided by financing activities		1,221	-
Net decrease in cash and cash equivalents		(3,516)	(13,594)
Add: Opening cash and cash equivalents at 1 July		14,406	28,000
<b>Cash and Cash Equivalents at 30 June</b>	<b>21(A)</b>	<b>10,890</b>	<b>14,406</b>

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

	ISSUED CAPITAL	OTHER CAPITAL RESERVE (NOTE 13)	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 13)	ACCUMULATED LOSSES	TOTAL EQUITY
FINANCIAL YEAR ENDED 30 JUNE 2017	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 1 July 2016</b>	<b>351,908</b>	<b>-</b>	<b>8</b>	<b>(334,778)</b>	<b>17,138</b>
Loss for the period	-	-	-	(6,707)	(6,707)
Other comprehensive income	-	-	4	-	4
Total loss for the period	-	-	4	(6,707)	(6,703)
<b>Equity Transactions:</b>					
Shares issued	1,426	-	-	-	1,426
Transaction Cost on Share Issue	(205)	-	-	-	(205)
Share Based Payment	-	48	-	-	48
<b>At 30 June 2017</b>	<b>353,129</b>	<b>48</b>	<b>12</b>	<b>(341,485)</b>	<b>11,704</b>

## FINANCIAL YEAR ENDED 30 JUNE 2016

<b>At 1 July 2015</b>	<b>348,338</b>	<b>11,230</b>	<b>5</b>	<b>(335,314)</b>	<b>24,259</b>
Loss for the period	-	-	-	(10,562)	(10,562)
Other comprehensive income	-	-	3	-	3
Total loss for the period	-	-	3	(10,562)	(10,559)
<b>Equity Transactions:</b>					
Shares Issued	3,570	-	-	-	3,570
Share Based Payments	-	(132)	-	-	(132)
Employee Equity Benefits Reserve transferred to Retained Earnings		(11,098)	-	11,098	-
<b>At 30 June 2016</b>	<b>351,908</b>	<b>-</b>	<b>8</b>	<b>(334,778)</b>	<b>17,138</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

## Note 1 – Corporate Information

The financial report of ReNu Energy Limited (formerly Geodynamics Limited) and its subsidiaries (collectively the Group) for the year ended 30 June 2017 was authorised in accordance with a resolution of the Directors on 29 August 2017.

ReNu Energy Limited is a for profit Company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Company are described in the Directors' Report.

## Note 2 – Summary of Significant Accounting Policies

### A. BASIS OF PREPARATION

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated. The Directors have adopted the going concern assumption in preparing the financial report.

### B. COMPLIANCE WITH IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

### C. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain Australian Accounting Standards and interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 30 June 2017.

The new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2016 are:

- AASB 2014-4 *Clarification of Acceptable Methods of Depreciation and Amortisation* (effective 1 July 2016);
- AASB 2015-1 *Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards* (effective 1 July 2016); and
- AASB 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* (effective 1 July 2016).

None of these amendments to standards affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. The following new accounting standards and interpretations are not likely to affect future periods:

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses* (effective 1 July 2017);
- AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative* (effective 1 July 2017);
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle* (effective 1 July 2018);
- AASB 15 *Revenue from Contracts with Customers* (effective 1 July 2018);

AASB 15 provides a single, principles-based five-step model to be applied to all contracts with customers. Guidance is provided on topics such as the point at which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures regarding revenue are also introduced.

A detailed and complete impact assessment has not yet been finalised and will be completed during the course of the next financial year;

- AASB 16 *Leases* (effective 1 July 2019);

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. AASB 16 contains disclosure requirements for lessees.

A detailed and complete impact assessment has not yet been finalised and will be completed during the course of the next financial year;

- AASB 9 *Financial Instruments* (effective 1 July 2018);

AASB 9 as issued replaces AASB 139 and includes a logical model for classification, measurement and derecognition of financial assets, a single, forward-looking "expected loss" impairment model and a substantially reformed approach to hedge accounting.

A detailed and complete impact assessment has not yet been finalised and will be completed during the course of the next financial year.

The following are yet to be assessed:

- AASB 2016-5 *Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions* (effective 1 July 2018).

#### D. GOING CONCERN

Due to the formative nature of the biogas and solar businesses in the group, the ability of the group to continue as a going concern is uncertain and dependent on its ability to secure appropriate projects and related funding for project investment, and to manage cash resources effectively. In the event that appropriate projects and funding is not secured, the entity may not be able to realise the value of its assets and extinguish its liabilities in the ordinary course of business as a going concern.

A major focus of the Board and management is on ongoing cash flow management to ensure that the Group always has sufficient funds to cover its planned activities and any ongoing obligations. At 30 June 2017, the Directors are satisfied the Group has sufficient funds to extinguish creditors and liabilities in the ordinary course of business for at least the next 12 months from the date of signing this report which is further supported by the ReNu Energy net asset position. The group has identified a pipeline of projects and is actively progressing their evaluation and planning. As such the directors believe that the combination of the expertise of management and progress to date will result in the group securing and completing lucrative projects and accordingly have applied the going concern basis of accounting in preparing the financial statements. No adjustment has been made to recorded assets and liability amounts and classifications should the group not continue as a going concern.

ReNu Energy continues to actively monitor developments in clean energy markets and technologies to assess opportunities to acquire interests in projects or companies complimentary to its current projects where it is able to utilise its skills and capacity to develop further clean energy products and services that provide an acceptable return for shareholders.

#### E. BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Group as at 30 June 2017. Subsidiaries are all entities which the Group controls. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

## Notes to the Financial Statements continued...

### Controlled entity/subsidiaries

The consolidated financial statements include the financial statements of the ultimate parent company, ReNu Energy Limited, and its controlled entities listed in the following table:

NAME	COUNTRY OF INCORPORATION	EQUITY INTEREST %	
		FY17	FY16
<b>PARENT ENTITY</b>			
ReNu Energy Limited	Australia	100	100
<b>DIRECTLY CONTROLLED BY RENU ENERGY LIMITED</b>			
Geodynamics (Savo Island) Pty Ltd	Australia	100	100
Geodynamics Share Plans Pty Ltd	Australia	100	100
KUTh Energy Limited	Australia	100	100
Quantum Power Limited	Australia	100	100
GDY Solar Pty Ltd	Australia	100	100
RE Holding Company One Pty Ltd	Australia	100	-
RE Holding Company Two Pty Ltd	Australia	100	-
RE Holding Company Three Pty Ltd	Australia	100	-
SP Project Company Pty Ltd	Australia	100	-
EN Project Company One Pty Ltd	Australia	100	-
SP Project Company One Pty Ltd	Australia	100	-
SP Project Company Two Pty Ltd	Australia	100	-
<b>DIRECTLY CONTROLLED BY KUTH ENERGY LIMITED</b>			
KUTh Exploration Pty Ltd	Australia	100	100
KUTh Pacific Ltd	Australia	100	100
<b>DIRECTLY CONTROLLED BY KUTH PACIFIC LTD</b>			
KUTh Exploration (Fiji) Limited	Fiji	100	100
KUTh Energy (PNG) Ltd <sup>1</sup>	PNG	50.2	50.2
KUTh Energy (Vanuatu) Ltd	Vanuatu	100	100
<b>DIRECTLY CONTROLLED BY QUANTUM POWER LIMITED</b>			
BioEnergy Projects	Australia	100	100
Quantum Gas Energy	Australia	100	100
Quantum Investment Holdings	Australia	100	100
Quantum Engine Power	Australia	100	100
Quantum Power (Africa)	South Africa	100	100

1 At 30 June 2016 KUTh Energy (PNG) Ltd is substantially dormant. Ongoing administrative costs are incurred by ReNu Energy Limited (ultimate parent entity). At 30 June 2017 the non-controlling interest amount is \$nil (2016 - \$nil).

### F. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are often determined based on judgement, estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

#### Provision for site rehabilitation

The Company reviews rehabilitation requirements for its geothermal exploration tenements on a six-monthly basis by undertaking an in-house analysis of the costs to rehabilitate the sites including the plugging and abandoning of wells as appropriate. The costs include obligations relating to abandonment of remaining wells and remediation of surface works.

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses. When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests) and any previous interest held over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

#### Non-current assets held for sale.

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

At 30 June 2016 the assets held for sale represent certain surplus geothermal assets. The assets were held at the Group's best estimate of their fair value less cost to sell. These assets were fully disposed of during the period ended 30 June 2017.



## G. FOREIGN CURRENCY TRANSLATION

Both the functional and presentation currency of ReNu Energy is Australian dollars (\$A). Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

Differences arising on the settlement or translation of monetary items are recognised in the profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the translation of financial statements of foreign subsidiaries are taken to the foreign currency translation reserve at the balance date.

## H. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight line basis on all property, plant and equipment. All classes are depreciated over periods ranging from 3 to 15 years (comparable to prior periods). The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

### **Impairment**

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment exists when the carrying value exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the statement of comprehensive income in the year the loss is recognised.

### **Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

## I. INTANGIBLES

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Indefinite intangibles are assessed for impairment annually.

At 30 June 2017 all finite life intangibles are fully amortised.

## J. IMPAIRMENT OF ASSETS

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for a cash-generating unit (CGU). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

## K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents on the statement of financial position comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks and short term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

## L. INVENTORIES

Inventories include spare parts and consumable items used in operations and are valued at the lower of cost and net realisable value.

## M. CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

## Notes to the Financial Statements continued...

### N. TRADE AND OTHER PAYABLES

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

### O. PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### P. EMPLOYEE BENEFITS

#### (i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

#### (ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### Q. SHARE-BASED PAYMENT TRANSACTIONS

The Group provides benefits to employees (including executive directors) in the form of share-based payment transactions, whereby employees render services in exchange for rights over shares ('equity-settled transactions'). Employees (including senior executive) of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration of equity instruments ('equity-settled transactions').

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award provided the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. When the award is cancelled by the entity or by the counterparty any remaining element of the fair value of the award is expensed immediately through the profit and loss.

## R. REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

### *Interest income*

Interest income is recorded as the interest accrues, using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

### *Site Income*

Site income relates to electricity sales and renewable energy credits from the government. Revenue from the sale of electricity is recognised on delivery of the product. Renewable energy credits income is recognised when earned.

### *Project Income*

Project Income relate to income earned for the construction and delivery of biogas energy systems to customers. Revenue is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at the time of completion of the contract and billing to the customer. Stage of completion is measured by reference to project costs incurred to date as a percentage of total estimated costs for each contract which is determined by a set quotation with the customer.

## S. GOVERNMENT GRANTS

Government Grants (including R&D tax incentives) are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants relating to rehabilitation costs are recorded as an offset against expenditure. To the extent the government grant is greater than the associated expenditure the residual amount is recorded as other income.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset or liability, the fair value is credited to a deferred income account until such time as all conditions associated with the grant are met. Once these conditions are achieved the credit is allocated to the relevant asset or liability. The amount of the grant is then released to net income over the expected useful life (by way of reduced depreciation or amortisation) of the relevant asset.

## T. EARNINGS PER SHARE

Basic earnings per share is determined by dividing the profit/(loss) after tax by the weighted average number of ordinary shares outstanding during the financial period. Diluted earnings per share is determined by dividing the profit/(loss) after tax adjusted for the effect of earnings on potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) outstanding during the financial period.

## U. INCOME TAX

### *Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and or
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.



## Notes to the Financial Statements continued...

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

### V. OTHER TAXES

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Cash Flow Statement on a net basis and the GST component arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

### W. SEGMENT REPORTING

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors in order to allocate resources to the segment and assess its performance.

### X. JOINT ARRANGEMENTS

In prior years the Company was a party to a joint operation with Kentor Energy Pty Ltd (Kentor). The joint operation assets comprised the Savo Island prospecting license and all property plant and equipment for use on Savo Island. The joint operation was named the Savo Island Geothermal Joint Venture.

As at 30 June 2017 the Savo Island Geothermal Joint Venture has been dissolved.

In prior years the Company was also a party to two joint operations named the Innamincka 'Deeps' Joint Venture and the Innamincka 'Shallows' Joint Venture. Although named 'Joint Venture' the arrangements are accounted for as Joint Operations. The joint operations with Origin Energy Limited were formed to explore and evaluate enhanced geothermal systems in the Cooper/Eromanga basin in South Australia. Under the Joint Venture agreement, Origin Energy remain liable for their share of rehabilitation expenditure until rehabilitation has been completed to the satisfaction of the South Australian Government.

### Y. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, ReNu Energy, included in Note 25, has been prepared on the same basis as the consolidated financial statements.

### Z. COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures are adjusted to conform to changes in presentation for the current financial year. Certain comparative financial information presented in the Statement of Comprehensive Income, and Statement of Cash Flows have been reclassified in this financial report to improve the presentation of information. The reclassification results in no net change to loss or cash flows for the comparative period.

<b>Note 3a – Other Income</b>	<b>FY17 \$'000</b>	<b>FY16 \$'000</b>
Origin recovery (share of rehabilitation costs)	-	3,214
R&D tax incentive received (bioenergy) *	311	-
Other	9	10
	<b>320</b>	<b>3,224</b>

\* Total R&D incentive received or receivable at 30 June 2017 is \$3,896,000 (2016: \$4,949,000) in relation to rehabilitation costs and \$311,000 (2016: nil) in relation to bioenergy costs. R&D incentive in respect of rehabilitation costs is recognised as a contra to the rehabilitation expenditure in the profit and loss to the extent it reduces the expense to nil. To the extent the R&D incentive exceeds the rehabilitation costs, the residual amount is classified as other income. For the year ended 30 June 2017 no R&D incentive in respect of rehabilitation costs is included in other income (2016: \$3,713,000).

<b>Note 3b – Personnel Expenses</b>	<b>FY17 \$'000</b>	<b>FY16 \$'000</b>
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Share based Payments	48	(132)
Short Term Incentives	107	-
Employee Expenses	2,411	3,323
	<b>2,566</b>	<b>3,191</b>

<b>Note 3c – Other Expenses and Losses/(Gains)</b>	<b>FY17 \$'000</b>	<b>FY16 \$'000</b>
General and administrative expenses have been determined after charging/(crediting) the following specific items:		
Depreciation of office equipment	6	17
Interest expense	5	4
Gain/(Loss) on disposal of plant & equipment	47	88
Inventory write-downs	161	34
Operating lease rentals paid	127	151
Foreign exchange loss/(gain)	1	5

<b>Note 3d – Other Operating Expenses</b>	<b>FY17 \$'000</b>	<b>FY16 \$'000</b>
Loss before income tax has been determined after charging/(crediting) the following specific items:		
Amortisation of Intangibles	-	1,000
Depreciation of plant and equipment	96	462
Project Rectification Costs	286	2,194
Other Project Costs	260	988
	<b>642</b>	<b>4,644</b>

## Notes to the Financial Statements continued...

	FY17 \$'000	FY16 \$'000
<b>Note 4 – Income Tax</b>		
<b>Income tax expense</b>		
The prima facie tax benefit on loss of 27.5% (2016 - 30%) differs from the income tax provided in the financial statements as follows:		
Prima facie tax benefit on loss	1,844	3,253
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
R&D Tax Incentive Receivable	(213)	(3,471)
Change in R&D Incentive for the prior year *	(320)	(1,478)
Impairment of Goodwill	(275)	(929)
Other income/(expenses)	(16)	38
Income tax benefit/(expense)	1,020	(2,587)
Deferred tax assets for tax losses and other temporary differences utilised	-	2,869
Deferred tax assets for tax losses and other temporary differences not recognised	(1,020)	-
Income tax benefit attributable to operating loss	-	282

\* Change on R&D incentive represents amounts received in excess of carrying receivable balances

### DEFERRED INCOME TAX

Deferred income tax at 30 June relates to the following:

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	FY17 \$'000	FY16 \$'000	FY17 \$'000	FY16 \$'000
<b>Deferred tax liabilities</b>				
Other deferred tax liability	(24)	(70)	-	-
<b>Deferred tax assets</b>				
Losses available for offset against future taxable income			-	-
Company <sup>2</sup>	75,475	73,744		
Subsidiary <sup>3</sup>	3,257	1,631		
Other deferred tax asset	468	566	-	-
Net deferred tax assets	79,176	75,871		
Deferred tax asset for tax losses not recognised <sup>1</sup>	(79,176)	(75,871)		
Gross deferred income tax assets	-	-		
Deferred tax income/(expense)	-	-	-	-

1 Deferred tax assets arising from tax losses and temporary differences are only brought to account to the extent that it offsets the Group's deferred tax liabilities arising from temporary differences. As the Group does not have a history of taxable profits and is not revenue generating, the deferred tax assets associated with tax losses and temporary differences, in excess of the Group's deferred tax liabilities arising from temporary differences, is not yet regarded as probable of recovery at 30 June 2017.

2 The Company's tax losses for the 2016 financial year (reported above) have been adjusted to reflect the income tax return lodged during the 2017 financial year.

3 The subsidiary tax losses were acquired as part of the acquisition of KUTh Energy Limited and Quantum Power Limited. No fair value was allocated to the tax losses as part of the business combination accounting as the tax losses are not considered probable of recovery. Given the change in ownership of KUTh Energy Limited and Quantum Power Limited and their controlled entities, the recovery of the tax losses is likely to be subject to the same business test.

## Note 5 – Inventories (Current)

	FY17 \$'000	FY16 \$'000
Gensets	-	1,123
Spares	30	106
	<b>30</b>	<b>1,229</b>

Reduction in inventory is due to capitalisation of engines held in inventory to Property, Plant and Equipment during the period.

## Note 6 – Receivables (Current)

	FY17 \$'000	FY16 \$'000
GST Receivable	97	375
Interest Receivable	47	47
R&D Tax Incentive Receivable	420	3,471
Other Receivables	582	1,155
	<b>1,146</b>	<b>5,048</b>

Accounts receivable, GST receivable, interest receivable and sundry receivables are non-interest bearing.

### ALLOWANCE FOR IMPAIRMENT LOSS.

No allowance has been made for impairment loss and there are no past due nor impaired amounts. A provision for impairment loss is only recognised when there is objective evidence that an individual receivable is impaired. None of the balances within receivables contain impaired assets.

## Note 7 – Property, Plant & Equipment

	FY17 \$'000	FY16 \$'000
Plant and Equipment at cost	25,948	23,053
Less: accumulated depreciation and impairment	(23,127)	(23,025)
<b>Total Property, Plant and Equipment</b>	<b>2,821</b>	<b>28</b>
<b>Reconciliation of Plant &amp; Equipment</b>		
Carrying amount at beginning	28	1,364
Additions <sup>1</sup>	2,895	7
Acquisitions <sup>2</sup>	-	483
Disposals	-	(342)
Reclassification to Assets Held for Sale	-	(1,082)
Depreciation/Amortisation Expense	(102)	(489)
Depreciation written back on disposal of assets	-	87
<b>Carrying amount at the end</b>	<b>2,821</b>	<b>28</b>

1 Additions relate to construction of solar PV and bioenergy projects and an upgrade to the operating bioenergy project.

2 These assets were acquired as part of the purchase of Quantum Power during the prior year.



## Notes to the Financial Statements continued...

<b>Note 8 – Intangibles</b>	<b>FY17</b>	<b>FY16</b>
	<b>\$'000</b>	<b>\$'000</b>
Intangibles (including goodwill) at cost	5,096	5,096
Less: accumulated amortisation and impairment	(5,096)	(4,096)
<b>Total Intangibles</b>	<b>-</b>	<b>1,000</b>
<b>Reconciliation of Intangibles (including goodwill)</b>		
Carrying amount at beginning	1,000	-
Acquisitions – Customer Contracts	-	1,000
Acquisitions – Goodwill	-	4,096
Impairment	(1,000)	(3,096)
Amortisation of Customer Contracts		(1,000)
<b>Carrying amount of goodwill at 30 June</b>	<b>-</b>	<b>1,000</b>

The carrying amount of intangibles reflects goodwill within the Biogas segment. The goodwill relates to Quantum Power Business acquisition in the FY16 period.

The Group considers the relationship between its capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 30 June 2017, the market capitalisation of the group was below the book value of its equity, indicating a potential impairment of goodwill and impairment of the assets of the operating segment. In addition, the delays in conversion and execution of Biogas Energy projects has resulted in impairment indicators.

Consistent with prior periods, the fair value less cost of disposal ("FVLCD") method has been used to assess the recoverable amounts of the Biogas Energy CGU's. FVLCD has been used to measure the recoverable amount because generating cash flows requires significant expansionary capital to generate sustainable revenue and profit.

The Group has measured FVLCD using a discounted cash flow model which assumes the Biogas Energy CGUs develops a portfolio of Build, Own, Operate and Maintain ("BOOM") projects in the future. The forecast cash flows are discounted using a post-tax, equity rate of return of 12.5% for active projects and 15% for prospective projects (30 June 2016: 20%). The recoverable amount is classified as a level 3 fair value measurement under the fair value hierarchy.

The forecast cash flows include a number of judgmental assumptions including:

- Capital cost of the BOOM facilities;
- Availability of debt and/or equity finance to fund the expansionary capital;
- Power Purchase Agreement revenues;
- Timing and number of BOOM projects identified and executed by the Group;
- Cash flows for the term of the projects; and
- Discount rate.

The results of the impairment testing indicated that the carrying value of each of the Biogas Energy CGUs' property, plant and equipment is supportable. However the carrying value of the goodwill at 30 June 2017 is not supportable, resulting in the recognition of an impairment charge of \$1,000,000 against the full goodwill balance.

The calculated FVLCD is highly sensitive to the above assumptions and any movement may result in a further impairment to the property, plant and equipment held by the Biogas Energy CGUs. To illustrate the level of this sensitivity, any change in the discount rate utilised on the active projects results in an impairment of the property, plant and equipment of the CGUs.

<b>Note 9 – Accounts Payable</b>	<b>FY17</b>	<b>FY16</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade Creditors	502	2,285
Accrued Liabilities	1,250	731
<b>Trade creditors and accruals</b>	<b>1,752</b>	<b>3,016</b>

### TERMS AND CONDITIONS

Accounts payable and accrued liabilities are non-interest bearing. Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company. All amounts are normally settled within 30 days, and discounts for early payment are normally taken where it is considered advantageous for the Company to do so. Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 10 – Provisions	EMPLOYEE ENTITLEMENTS \$'000	REHABILITATION PROVISION \$'000	RECTIFICATION PROVISION \$'000	OTHER PROVISIONS \$'000	TOTAL PROVISIONS \$'000
At 1 July 2016	262	770	655	120	1,807
Arising during the year	207	732	286	-	1,225
Utilised	(277)	(377)	(827)	(120)	(1,601)
At 30 June 2017	192	1,125	114	-	1,431
Current 2017	123	925	114	-	1,162
Non current 2017	69	200	-	-	269
	192	1,125	114	-	1,431
Current 2016	171	570	655	120	1,516
Non current 2016	91	200	-	-	291
At 30 June 2016	262	770	655	120	1,807

The rehabilitation provision relates to the remaining rehabilitation of the Cooper Basin site including the wells and surface rehabilitation.

The rectification provision relates to the remaining rectification of the Quantum Power projects.

Bank guarantees totalling \$240,000 are held to cover South Australian and Tasmanian government's tenement rehabilitation obligations.

The components of the provision for employee entitlements is detailed in note 15.

The rehabilitation provision as at 30 June 2017 is net of recoveries from Origin but not net of future R&D tax incentive receipts.

The Group plans to complete the abandonment of Habanero 4 during FY18 and will continue to monitor Habanero 3.

## Note 11 – Financial Instruments

The Group's principal financial instruments comprise of cash and cash equivalents, receivables and payables.

All financial assets are recognised initially at fair value plus transaction costs, and financial liabilities are recognised initially at fair value. Subsequent measurement of financial assets and liabilities depends on their classification, summarised in the table below.

	FY17 \$'000	FY16 \$'000
	AMORTISED COST	AMORTISED COST
<b>Financial Assets</b>		
Cash and Cash Equivalents	10,890	14,406
Receivables	1,146	5,049
	<b>12,036</b>	<b>19,455</b>
<b>Financial Liabilities</b>		
Payables	1,752	3,016
	<b>1,752</b>	<b>3,016</b>

Financial assets and liabilities carried at amortised cost are measured by taking into account any discount or premium on acquisition, and fees or costs associated with the asset or liability. Due to the short-term nature of these assets and liabilities, their carrying value is assumed to approximate their fair value.

AASB7 *Financial Instruments: Disclosures* requires disclosures of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 – the fair value if calculated using quoted market prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

## Notes to the Financial Statements continued...

<b>Note 12 – Issued Capital</b>	<b>FY17</b> \$'000	<b>FY16</b> \$'000
<b>Authorised Shares</b>		
717,074,558 (2016 – 563,368,990) fully paid ordinary shares	353,129	351,908

<b>MOVEMENT IN ORDINARY SHARE CAPITAL:</b>		<b>NUMBER OF SHARES</b>	<b>ISSUE PRICE \$ PER SHARE</b>	<b>\$'000</b>
<b>30/06/16</b>	<b>Balance end of financial year</b>	<b>563,368,993</b>		<b>351,908</b>
20/03/17	Shares issued pursuant to share placement	84,505,348	0.0095	803
26/04/17	Shares issued pursuant to rights issue	69,200,220	0.0090	623
	Share issue costs			(205)
<b>30/06/17</b>	<b>Balance end of financial year</b>	<b>717,074,558</b>		<b>353,129</b>

### TERMS AND CONDITIONS OF CONTRIBUTED EQUITY

Ordinary Shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

### CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the entity continues as a going concern and to maintain a structure that ensures the lowest cost of capital available to the entity. As the entity is not in position to be debt funded until it advances its projects to a completed feasibility phase which has the support of financiers, it must rely totally on shareholders and government grants for its funding requirements.

### UNISSUED SHARES – SHAREHOLDER OPTIONS

At 30 June 2017, there were no unissued ordinary shares under shareholder options (2016 – Nil). Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate. There were no shareholder options granted during the financial year ended 30 June 2017 (2016 – Nil).

<b>Note 13 – Reserves</b>	<b>FY17</b> \$'000	<b>FY16</b> \$'000
Share Based Payment Reserve	48	-
Foreign Currency Translation Reserve	12	8
	<b>60</b>	<b>8</b>
<b>Reconciliation of Reserves</b>		
Carrying amount at beginning	8	11,235
Recognition of SARs Expense	48	(132)
Recognition of Foreign Currency Translation Reserve	4	3
Transfer of Reserves to Retained Earnings	-	(11,098)
	<b>60</b>	<b>8</b>

### NATURE AND PURPOSE OF RESERVES

#### **Share Based Payment Reserve**

The employee share based payment reserve is used to record the value of share appreciation rights granted to employees, including key management personnel, as part of their remuneration. Refer to Note 15 for further details.

#### **Foreign currency translation reserve**

This reserve records the differences arising as a result of translating the financial statements of subsidiaries recorded in foreign currencies to the presentational currency.

## Note 14 – Expenditure Commitments

### ENGINEERED GEOTHERMAL SYSTEMS (EGS) TENEMENT COMMITMENTS

In order to maintain current rights of its EGS tenements, the Company is required to outlay annual rentals and to meet certain expenditure requirements of the department of State Development, South Australia. These obligations are subject to renegotiation upon expiry of the tenements. The obligations are not provided for in the financial report and are payable as follows:

	FY17 \$'000	FY16 \$'000
Payable not later than one year	50	127
<b>OPERATING LEASES (NON-CANCELLABLE)</b>		
Payable not later than one year	42	48
Other Commitments (Open Purchase Orders)		
Capital	2,757	-

## Note 15 - Employee Benefits and Superannuation Commitments

	FY17 \$'000	FY16 \$'000
<b>Employee Benefits</b>		
The aggregate employee benefit liability is comprised of:		
Provision for Annual Leave (current)	122	171
Provision for Long Service Leave (non-current)	69	91
	<b>191</b>	<b>262</b>

### SUPERANNUATION COMMITMENTS

The Company contributes to external accumulation funds for its employees which provide benefits for employees and their dependants on retirement, disability or death. These funds provide benefits on a defined contribution basis. Contributions are enforceable to the extent of the contribution required by the Superannuation Guarantee Levy.

Employer contributions paid or payable to the plans	226	311
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### SHARE APPRECIATION RIGHTS (SARS) PLAN

The ReNu Energy Share Appreciation Rights (SARs) Plan was approved by the Board in October 2013.

A Share Appreciation Right is a right to receive shares in the Company or an equivalent cash payment based on the increase in the ReNu Energy share price over a specified period, subject to satisfying certain conditions (including a performance condition).

The objective of the ReNu Energy SARs is to:

- Align the interests of eligible employees with those of shareholders;
- Provide incentives to attract, retain and/or motivate eligible employees in the interests of the company; and
- Provide eligible employees with the opportunity to acquire Share Appreciation Rights, and ultimately Shares, in accordance with the plan rules.

The Board may, at its discretion, grant to an eligible employee or may invite an eligible employee to apply for a grant of SARs. The vesting of SARs is subject to conditions determined at the time of each issue.

At the Annual General Meeting on 25 November 2016, the shareholders approved the Company to grant Mr Murray a total of 20 million Share Appreciation Rights with a fair value of \$80,500 at the grant date. Performance conditions for the vesting of the SARs at the testing dates are based on growth in the ReNu Energy share price.



## Notes to the Financial Statements continued...

<b>Note 16 - Earnings Per Share</b>	<b>FY17</b> \$'000	<b>FY16</b> \$'000
Basic and diluted earnings/(loss) per share attributable to the equity holders (cents per share)	(1.12)	(1.98)
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Net loss attributable to equity shareholders (\$'000)	(6,707)	(10,559)
Weighted average number of ordinary shares used in calculation of basic earnings per share	599,307,510	534,606,783

### Note 17 - Segment Information

The Company operates in three segments, being geothermal energy exploration and evaluation, biogas energy and solar energy.

Operating segments are identified on the basis of internal reports that are regularly reviewed and used by the Managing Director and Board of Directors (chief operating decision makers) in order to allocate resources to the segment and assess its performance. The financial information presented in the Statements of Comprehensive Income and Financial Position is the same as that presented to the chief operating decision maker.

Unless otherwise stated, all amounts reported to the Managing Director and Board of Directors as the chief operating decision makers are in accordance with the entity's accounting policies.

For the year ended 30 June 2016 ReNu Energy operated in two segments. With the business expansion into solar energy the company now has 3 operating segments identified on the basis of internal reports that are regularly reviewed and used by the Board of Directors and key operating decision makers for the purpose of making decisions about resource allocation and performance assessment.

No operating segments have been aggregated to form the reportable segments below.

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column.

#### SEGMENT INFORMATION

The following table represents revenue and profit information for the Group's operating segments for the year ended 30 June 2017.

<b>YEAR ENDED</b> <b>30 JUNE 2017</b>	<b>GEOTHERMAL</b> \$'000	<b>BIOGAS ENERGY</b> \$'000	<b>SOLAR ENERGY</b> \$'000	<b>CORPORATE</b> <b>OVERHEADS</b> \$'000	<b>ADJUSTMENTS</b> <b>AND</b> <b>ELIMINATIONS</b> \$'000	<b>CONSOLIDATED</b> \$'000
<b>Results</b>						
Revenue	-	576	-	-	-	576
Expense	(418)	(3,161)	(106)	(3,598)	-	(7,283)
Segment Profit/(Loss)	(418)	(2,585)	(106)	(3,598)	-	(6,707)
Assets	259	3,368	40	11,883	(663)	14,887
Liabilities	1,545	1,692	18	591	(663)	3,183

YEAR ENDED 30 JUNE 2016	GEOTHERMAL \$'000	BIOGAS ENERGY \$'000	SOLAR ENERGY \$'000	CORPORATE OVERHEADS \$'000	ADJUSTMENTS AND ELIMINATIONS \$'000	CONSOLIDATED \$'000
<b>Results</b>						
Revenue	-	391	-	-	-	391
Expense	1,372	(10,220)	-	(2,105)	-	(10,953)
Segment Profit/ (Loss)	1,372	(9,829)	-	(2,105)	-	(10,562)
Assets	5,115	8,169	-	14,517	(5,885)	21,916
Liabilities	2,919	7,160	-	629	(5,885)	4,823

Note 18 – Remuneration of Auditors	FY17 \$	FY16 \$
Amounts received or due and receivable by Ernst & Young Australia for:		
An audit or review of the financial report of the entity	126,205	131,450
Other assurance services	20,632	4,600
	<b>146,837</b>	<b>136,050</b>

Note 19 – Key Management Personnel	FY17 \$	FY16 \$
<b>COMPENSATION OF KEY MANAGEMENT PERSONNEL</b>		
Short-term employee benefits	918,429	1,102,069
Post-employment benefits	79,515	93,892
Share based payment	47,842	-
	<b>1,045,786</b>	<b>1,195,961</b>

Further information on remuneration of Key Management Personnel is shown in the Remuneration Report contained within the Directors' Report.

## Note 20 – Related Party Disclosures

### TRANSACTIONS WITH ASSOCIATES

#### Quantum RCM

As part of the Quantum Power Limited business acquisition in the prior year the Group acquired a 50% interest in Quantum RCM (a 50/50 incorporated joint venture). At 30 June 2017 Quantum RCM has been fully consolidated as part of the Group as the agreement with RCM Digesters has been terminated.

### TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

#### FinClear

The Group has engaged FinClear Execution Limited to provide services in relation to corporate finance advisory services. The key resource from FinClear is S. McLean (Non-executive Chairman). The mandate is for a period of four months commencing 1 May 2017 at \$25,000 per month. At 30 June 2017 three payments totalling \$75,000 remained to be made.

## Notes to the Financial Statements continued...

Note 21 - Notes to the Cash Flow Statement	FY17 \$'000	FY16 \$'000
<b>A. Reconciliation of Cash</b>		
Cash is defined in Note 2K to this financial report. Cash balance comprises:		
Cash at Bank	1,523	600
Cash and Cash Equivalents <sup>1</sup>	9,367	13,806
<b>Total Cash</b>	<b>10,890</b>	<b>14,406</b>
<b>B. Reconciliation of the operating loss after tax with the net cash flows used in operations</b>		
Loss after income tax	(6,707)	(10,562)
Depreciation and amortisation	102	1,479
Net (profit)/loss on disposal of property, plant & equipment	(1)	88
SARs issued	48	(132)
Exploration and Evaluation Cost treated as an investing activity	1,332	7,921
Impairment of Goodwill	1,000	3,096
Impairment of Assets Held for Sale	-	1,594
Share of Loss in Associate	-	266
<b>Changes in Assets &amp; Liabilities</b>		
(Increase)/decrease in receivables and prepayments	83	(2,674)
Increase/(decrease) in other creditors and accruals	(260)	2,400
(Increase)/decrease in inventories	188	(278)
Increase/(decrease) in general provisions	(376)	(6,007)
<b>Net Cash Flow used in Operating Activities</b>	<b>(4,591)</b>	<b>(2,809)</b>

<sup>1</sup> The Group has pledged \$288k of its short term deposits to fulfil bank guarantee requirements. This amount has been excluded from the calculation of cash and cash equivalent balance at 30 June 2017 shown on the balance sheet and statement of cash flows.

### Note 22 – Contingent Liabilities

ReNu Energy Limited has been advised that the South Australian Geothermal Exploration Licences and Geothermal Retention Licences have been granted by the Department of Primary Industries and Resources South Australia on the basis that the grant of a GEL or GRL is not an act which creates a 'right to mine' and therefore 'the right to negotiate' process in the relevant native title legislation does not apply and the grant of the GELs and GRLs are valid for native title purposes. The Company's legal advice is that this is a sustainable position although it would be open to a Court to reach a different conclusion. Any substantiated claim may have a financial ramification for the Company.

The Company has also been advised that none of the New South Wales tenements are invalid for native title purposes or attract the relevant right to negotiate provisions in the applicable native title legislation.

Bank guarantees totalling \$240,000 are held to cover South Australian and New South Wales governments' tenement rehabilitation obligations. A bank guarantee totalling \$37,597 is held by the landlord for the lease of the Brisbane office premises. A bank guarantee totalling \$10,000 is held by Shopping Centres Australasia Property Group RE Limited for the lease of rooftop solar installation areas.

### Note 23 – Subsequent Events

There has not arisen between 30 June 2017 and the date of this report any other item, transaction or event of a relevant and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company.

## Note 24 – Financial Risk Management Objectives and Policies

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to manage the finances for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Primary responsibility for identification and control of financial risks rests with the board of directors, however the day-to-day management of these risks is under the control of the Managing Director and Chief Financial Officer. The Board agrees the strategy for managing future cash flow requirements and projections.

### (A) CREDIT RISK

The Company's maximum exposures to credit risk at balance date in relation to financial assets, is the carrying amount of those assets as recognised on the statement of financial position. There are no derivative financial instruments currently being used by the Company to offset its credit exposure.

The Company trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables.

### (B) LIQUIDITY RISK

The Company's objective is to maintain sufficient funds to finance its current operations with additional funds to ensure its long-term survival in the event of a business downturn. The Company's policy is that it is dependent on shareholder funds until such time as it commences generating revenue from operations. It has no finance facilities in place and no borrowings. The contractual maturity of the Company's financial liabilities are:

	FY17 \$'000	FY16 \$'000
6 months or less	1,752	3,016

## Note 25 – Information Relating to ReNu Energy Limited (The Parent)

	FY17 \$'000	FY16 \$'000
Current Assets	13,811	20,765
Total Assets	14,710	20,781
Current Liabilities	2,717	3,351
Total Liabilities	3,006	3,642
Contributed Equity	353,129	351,908
Accumulated Losses	(341,485)	(334,777)
Other Reserves	60	8
	<b>11,704</b>	<b>17,139</b>
Profit or loss of the Parent entity	(6,708)	(11,214)
Total comprehensive income of the Parent entity	(6,708)	(11,214)

SM Project Company Pty Ltd is the Recipient to the Advancing Renewables Programme Funding Agreement number G00892 with the Australian Renewable Energy Agency (ARENA), whereby ARENA is contributing funding to the Goulburn Bioenergy Project. ReNu Energy Limited is Guarantor under the Funding Agreement, guaranteeing the due and punctual payment of funds and any other money which the Recipient (whether alone or not) is or at any time may become actually or contingently liable to pay to or for the account of ARENA (whether alone or not) for any reason whatever under or in connection with the Funding Agreement.

The Parent has no contingent liabilities nor any contractual obligations on behalf of its subsidiaries at 30 June 2017.



# Directors' Declaration

In accordance with a resolution of the Directors of ReNu Energy Limited, I state that:

1. In the opinion of the Directors:

The financial statements, notes and additional disclosures included in the Directors' Report designated as audited of the Company are in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 30 June 2017 and of their performance for the period ended on that date;
- (b) complying with Accounting Standards and *Corporations Regulations 2001*;
- (c) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2; and
- (d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial period ended 30 June 2017.

On behalf of the Board.



**S. MCLEAN**

Chairman

Brisbane 31 August 2017



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# Independent Auditor's Report to the Members of ReNu Energy Limited

## Report on the Audit of the Financial Report

### OPINION

We have audited the financial report of ReNu Energy Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' Declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2017 and of its consolidated financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### BASIS FOR OPINION

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia; and we have fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. This matter was addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

## Independent Auditor's Report to the Members of ReNu Energy Limited continued...

### Goodwill Impairment Assessment

#### WHY SIGNIFICANT

*Related disclosures in the Financial Report are included in Note 8.*

As at 30 June 2017, the goodwill carrying value was \$1m before impairment charges (nil after impairment charges) and represented approximately 20% of total assets excluding cash (\$10.9m) which was the largest asset on ReNu's consolidated statement of financial position. The goodwill arose from the Group's acquisition of Quantum Power Limited in the 2016 financial year.

This is a key audit matter due to the size of the goodwill balance, the complexity of the impairment assessment process, and the subjective nature of estimates used in the impairment calculations given this is a new cash generating unit for the Group.

Fair value less costs of disposal ("FVLCD") was used to measure recoverable amount. The Group measured FVLCD using a discounted cash flow model. The forecast cash flows included a number of judgmental assumptions including the capital cost of future projects, availability of future funding, power purchase agreement revenues, timing and the number of projects identified and executed by the Group, and discount rates. The calculated FVLCD was sensitive to these key assumptions.

#### HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

We involved our valuation specialists to assess the discounted cash flow impairment model and key assumptions used by the Group, in particular the forecast cash flows and discount rate.

We evaluated the Group's board approved cash flow forecasts and the process by which they were developed, including checking the mathematical accuracy of the underlying calculations. We performed a sensitivity analysis using a range of discount rates that reflect the risk of investing in companies in an early stage of development and the inherent subjectivity of forecasting future cash flows in a start-up business.

We assessed the adequacy of the financial report disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive.



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#### INFORMATION OTHER THAN THE FINANCIAL REPORT AND AUDITOR'S REPORT

The Directors are responsible for the other information. The other information comprises the information in the Company's Annual Report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon. We obtained the Directors' Report and the Corporate Governance Statement that are to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based upon the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL REPORT

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or cease operations, or have no realistic alternative but to do so.





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## Independent Auditor's Report to the Members of ReNu Energy Limited continued...

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting in the preparation of the financial report. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events and conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the disclosures in the financial report about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the Directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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## Report on the Remuneration Report

### OPINION ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 24 to 30 of the Directors' Report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of ReNu Energy Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

### RESPONSIBILITIES

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

ERNST & YOUNG

MIKE REID

Partner  
Brisbane

31 August 2017

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# Shareholder Information

## Distribution of Fully Paid Ordinary Shares

Analysis of number of equity security holders by size and holding as at 15 September 2017

RANGE	RANGE	NO. OF HOLDERS
100,001 and Over	584,605,294	740
50,001 to 100,000	41,334,812	575
10,001 to 50,000	64,685,277	2,816
5,001 to 10,000	14,073,562	1,890
1,001 to 5,000	11,102,775	4,005
1 to 1,000	1,272,838	2,231
<b>TOTAL</b>	<b>717,074,558</b>	<b>12,257</b>
Unmarketable Parcels	62,183,181	10,195

## Twenty Largest Holders - Ordinary Fully Paid Shares

1	Borneo Capital Pty Ltd	32,944,943	4.59%
2	Tata Power International Pte Limited	29,400,000	4.10%
3	Investor View Pty Ltd	21,340,000	2.98%
4	Stockton Capital Management Pty Ltd	19,819,824	2.76%
5	North Western Surveys Pty Ltd	18,910,486	2.64%
6	Jasmiin Enterprises Pty Ltd	18,480,000	2.58%
7	Mymoney Pty Ltd	18,180,000	2.54%
8	Indevco Group Holdings Pty Limited	15,660,001	2.18%
9	Ruminator Pty Limited	13,289,203	1.85%
10	Hirlgrove Pty Ltd	11,615,468	1.62%
11	Johan A Le Roux	10,376,311	1.45%
12	Jetosea Pty Ltd	9,935,266	1.39%
13	Anthony Australia Pty Ltd	9,000,000	1.26%
14	Trinity Management Pty Ltd	8,373,155	1.17%
15	J P Morgan Nominees Australia Limited	8,299,697	1.16%
16	Bennanon Capital Pty Ltd	6,846,418	0.95%
17	Taos Pty Ltd	5,051,460	0.70%
18	Mr Mark Andrew Linney	5,000,000	0.70%
19	Hirlgrove Pty Ltd	4,914,966	0.69%
20	Invia Custodian Pty Limited	4,736,996	0.66%
<b>TOTAL</b>		<b>272,174,194</b>	<b>37.96%</b>

## Substantial Shareholders

As at the 15 September 2017 ReNu Energy had no substantial shareholders in accordance with section 671B of the Corporations Act 2001.

## VOTING RIGHTS

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares:

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options:

No voting rights.

## SECURITIES EXCHANGE LISTING

The shares of the Company are listed under the symbol RNE on the Australian Securities Exchange Limited. The Company's home branch is Sydney.

## SHAREHOLDER ENQUIRIES

Shareholders with queries about their shareholdings should contact the Company's Share Registry as follows:

### Link Market Services

Locked Bag A14  
Sydney South NSW 1235

Telephone Australia: 1300 554 474  
Telephone International: +61 1300 554 474  
Fax: +61 2 9287 0303

Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

## CHANGE OF ADDRESS

Issuer sponsored shareholders should notify the share registry immediately upon any change in their address quoting their Securityholder Reference Number (SRN). This can be done by phoning the share registry, by writing to them, or through their web portal at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au). Changes in addresses for broker sponsored holders should be directed to the sponsoring brokers with the appropriate Holder Identification Number (HIN).

## ANNUAL REPORT

The Company's Annual Report is posted on its web site immediately upon release to ASX. Shareholders will not be mailed a copy of the Annual Report unless they have specifically opted in to request one.

## NOTICE OF MEETING AND PROXY VOTING

The Company offers online voting and shareholders may elect to receive the Company's notice of meeting and proxy form via email. The Company encourages this form of electronic communication. Voting can be undertaken online, by logging in to the Link website using the holding details as shown on the proxy form. Shareholders who do not register for online access will continue to receive these documents by post. Shareholder who would like to opt in to receive these documents by email should register their communication preferences at the share registry's web portal at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)

## CONSOLIDATION OF MULTIPLE SHAREHOLDINGS

If you have multiple shareholding accounts that you wish to consolidate into a single account, please advise the Share Registry in writing. If your holdings are broker sponsored, please contact the sponsoring broker directly.

## REGISTER FOR EMAIL ALERTS

Please note, that as a shareholder you can register through the 'Email Alerts' section of our web site to receive electronic communications from the Company. To do so, you should select the 'Investor Centre' tab on our web site at [www.renuenergy.com.au](http://www.renuenergy.com.au). Registration will provide you with an email advice with a link to [www.renuenergy.com.au](http://www.renuenergy.com.au) each time a relevant announcement is made by the company and posted on this site.

At [www.renuenergy.com.au](http://www.renuenergy.com.au) shareholders can view:

- Annual and half-year Reports
- Securities Exchange Announcements
- Renu Energy Share Price Information
- General Shareholder Information



# Corporate Directory

## Board of Directors

Mr Steve McLean (Non-executive Chairman)  
Mr Christopher Murray (Managing Director and CEO)  
Mr Richard Brimblecombe (Non-executive Director)  
Mr Anton Rohner (Non-executive Director)

## Company Secretary

Mr Damian Galvin

## Principal and Registered Office

Level 1, 9 Gardner Close, MILTON QLD 4064  
Telephone: +61 7 3721 7500  
Facsimile: +61 7 3721 7599

## Postal Address

PO Box 2046, MILTON QLD 4064

## Internet

[www.renuenergy.com.au](http://www.renuenergy.com.au)

## Email

[info@renuenergy.com.au](mailto:info@renuenergy.com.au)

## ABN

55 095 006 090

## Banker

Westpac Banking Corporation

## Auditor

Ernst & Young

## Solicitor

Thomson Geer Lawyers

## Share Registry

Link Market Services Limited  
Phone: +61 1300 554 474  
Fax: 02 9287 0303  
Postal address: Locked Bag A14, Sydney South NSW 1235  
Website: [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au)  
Email: [registrars@linkmarketservices.com.au](mailto:registrars@linkmarketservices.com.au)

## Securities Exchange Listing

ReNu Energy Limited shares are listed on the ASX. Ticker: RNE









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