



# ASX Announcement

10 November 2021

## ReNu Energy to Acquire 100% of Countrywide Renewable Hydrogen Limited

### Highlights

- Share Purchase Agreement signed to **acquire 100% of Countrywide Renewable Hydrogen (CRH)** through the issue of 134,659,520 fully paid ordinary shares at \$0.0688 each.
- CRH is an Australian company that originates **Green Hydrogen projects** to develop them in collaboration with project partners and governments.
- Transaction provides access to the **growing Green Hydrogen industry** through **three Australian onshore Green Hydrogen opportunities** under initiation with state governments and large partners.
- CRH also has a pipeline of opportunities in **Canada** and the **USA**.
- CRH **targets domestic supply** with a view to **expand projects for future export demand**.
- Business model is to **retain equity through project development and into revenue generation**.
- **100% scrip acquisition** preserves ReNu Energy's cash. CRH will be **debt free** at completion with **capital on hand** to progress its opportunities.
- Acquisition includes proposed appointment of CRH's Managing Director, Mr Geoffrey Drucker and Non-executive Chair, Ms Susan Oliver AM to ReNu Energy's Board of Directors.

ReNu Energy Limited (**ReNu Energy**) (**ASX: RNE**) is pleased to advise that it has entered into a Share Purchase Agreement to acquire 100% of the issued capital of Australian green hydrogen business, Countrywide Renewable Hydrogen Limited (<https://crh2.com.au/>) (**CRH**).

ReNu Energy will acquire CRH through the issue of 134,659,520 fully paid ordinary shares at \$0.0688 per share. Pricing represents ReNu Energy's 10-day volume weighted average price (VWAP) prior to entering into the Share Purchase Agreement. The acquisition of CRH is targeted to complete in December 2021 subject to satisfaction of various completion conditions precedent, including approval by ReNu Energy shareholders. CRH founders have agreed to escrow terms, which are described below.

### CRH opportunity and investment rationale

CRH originates green hydrogen projects with a view to developing them in collaboration with project partners and governments, initially targeting domestic requirements and where viable, expanding the projects to meet future export demand. CRH's business model is to retain equity in each project as it moves through development, into production and revenue generation.

The transaction:

- Provides access to the growing green hydrogen industry through three Australian onshore green hydrogen opportunities under initiation with state governments and large partners, and a pipeline of early-stage opportunities in Canada and the USA.
- Recognises that the time invested and extent of the relationships the CRH founders have developed in each of the three Australian onshore green hydrogen opportunities over several years cannot be easily replicated by new entrants.
- Provides a point of differentiation with the initial focus being on domestic supply.
- Comes with no debt and positive working capital to progress the green hydrogen opportunities in the short term.

The current Australian pipeline of CRH opportunities is:

- Green hydrogen in northwest Tasmania incorporating a 10MW pilot project targeting production of 4.5 tonnes per day of hydrogen for domestic use.
- Green hydrogen production and vehicle refuelling in Melbourne's northern suburbs (Melbourne Hydrogen Hub) with injection into the natural gas network.
- Green hydrogen at Portland in Victoria's southwest, stage 1 of which is a proposed 10MW electrolyser supplying hydrogen to the local mobility and gas markets.

To progress these opportunities CRH has collaboration agreements in place with several large companies (including ASX 100 listed entities) interested in providing renewable energy, land and taking green hydrogen produced by the projects for use in mobility (such as in trucks and buses), power generation, natural gas decarbonisation and materials handling. These collaboration agreements are non-binding, strategic framework documents which are intended to be converted into definitive arrangements as proposed project opportunities progress commercially. CRH is also building a pipeline of offshore opportunities in Atlantic Canada and Pacific northwest USA.

### **Board appointments**

On completion of the acquisition, ReNu Energy will appoint two members to the ReNu Energy Board of Directors nominated by CRH. CRH proposes to nominate current Managing Director Mr Geoffrey Drucker as an Executive Director and CRH's Non-executive Chair Ms Susan Oliver AM as a Non-executive Director.

Mr Drucker has extensive expertise in the renewable sector including renewable project initiation experience. He commenced his energy career with State Electricity Commission of Victoria and has held roles with PwC and several private consultancies. Ms Oliver AM has extensive Board and governance experience with ASX-listed companies and also serves on the Investment Committee for IFM investors, was the Founding Chair of Scale Investors, and now chairs the Alice Anderson Fund investment committee for the Victorian Government. She was awarded an Order of Australia for services to business and women.

### **Management commentary**

**ReNu Energy Chairman Boyd White said:** *"This agreement with Countrywide Renewable Hydrogen is the third investment in ReNu Energy's renewable and clean energy incubator/accelerator strategy. The transaction will provide the Company with access to a compelling market opportunity in green hydrogen. CRH has a strong leadership team and we will be excited to welcome both Geoff and Susan to the ReNu Energy Board of Directors. ReNu Energy will also gain considerable expertise of other key CRH personnel, and we look forward to working together to progress the opportunities and create value for our collective shareholder base."*



**ReNu Energy CEO Greg Watson said:** *“We are particularly attracted to the company’s origination expertise, existing portfolio of opportunities, as well as CRH’s overseas pipeline of opportunities. The acquisition is 100% scrip, conserving ReNu Energy’s cash. CRH will be debt free at completion and comes with positive working capital to progress the opportunities in the short term.”*

**Countrywide Renewable Hydrogen Managing Director, Geoffrey Drucker said:** *“Our goal is to progress the pipeline of green hydrogen opportunities that we have originated and are ready to take to the next stage. The opportunity afforded by this transaction with ReNu Energy not only accelerates delivery of that outcome, but also gives us access to a quality team that will add value to our strategic planning and project delivery to the ultimate benefit of shareholders in both companies.”*

### **Transaction – commercial terms**

ReNu Energy has entered into a Share Purchase Agreement with the three existing shareholders and founders (**CRH Founders**) to acquire 100% of the shares in CRH in consideration for the issue of 134,659,520 shares in ReNu Energy at an issue price \$0.0688 per share (**Consideration Shares**).

At completion, the CRH Founders and the holders of CRH convertible notes who will convert into CRH shares immediately before global completion (CRH Noteholders) will receive the Consideration Shares. The issue price of the Consideration Shares represents ReNu Energy’s 10-day VWAP prior to entering into the Share Purchase Agreement.

Completion of the acquisition is subject to satisfaction of various conditions precedent, including:

- ASX confirmation that it does not require ReNu Energy to re-comply with Chapters 1 and 2 of the Listing Rules.
- Agreement by the CRH Noteholders to sell their shares in CRH to ReNu Energy on conversion of their CRH convertible notes.
- ReNu Energy shareholder approval under item 7 of section 611 of the *Corporations Act 2001* (Cth) for various aspects of the acquisition where CRH Founders will acquire a relevant interest in over 20% of ReNu Energy’s shares on issue.

The CRH Founders have agreed to a voluntary escrow of 100% of their Consideration Shares for 12 months from the issue date, 75% of their Consideration Shares for 18 months from the issue date, and 50% of their Consideration Shares for 24 months from the issue date. It is also a term of issue of the Consideration Shares that, if there is an agreed warranty or tax claim post completion, the shares may, at ReNu’s Energy’s election, be forfeited or compulsorily divested.

The acquisition is otherwise on terms and conditions which are customary for transactions of comparable size, nature and type including provisions as to purchase price adjustments for working capital and net debt, seller representations and warranties and qualifications, limitations and exclusions for warranty liability, tax indemnities, and restrictions on the sellers competing with the business sold for up to two years from completion.

A notice of general meeting containing information relating to the acquisition and details of the general meeting will be sent to shareholders in due course.

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

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