

RENERGEN LIMITED

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(“**Reenergy**” or “**the Company**”)



DRILLING UPDATE

Emerging domestic natural gas and helium producer Reenergy is pleased to update investors on the progress of its current drilling operations at its Virginia Gas Project.

Since the announcement on 17 December 2019 of strong gas flows with high (up to 12%) helium, drilling and other technical issues have necessitated significant changes from the original horizontal well design. The sections penetrated by several side-tracks have provided valuable encouraging data for future development drilling. The key learnings from the drilling are as follows:

- The gas is migrating up through two major fault structures, named 2089 and 2057, which have a combined known strike length of approximately 31 kilometres
- The gas emanating from the faults contains helium of up to 12%, and not the anticipated lower concentration (~3%). It was previously postulated that high helium (11%) in an earlier well at this site was a result of helium dissociation in the overlying sandstone reservoir
- The sandstone is stratified with siltstone, and some coal, such that the zones of high porosity and permeability cannot be accessed efficiently with horizontal drilling
- A more efficient and cost-effective program going forward will rely on inclined drilling through the sandstone sequence to intersect the underlying faults in the underlying lavas

The horizontal well has taken significantly longer than anticipated due, amongst other things to the water ingress (possibly from the coals intersected) and isolating the water required some design optimisation. Controlling the water influx is critical to enable unimpeded gas flow, and current operations are concentrated on isolating and containing the water influx.

The implications of findings above have radically improved the Company’s drilling plan going forward, which will now see inclined wells targeting fault intersections at approximately 300 metre intervals along strike length. The inclined wells will allow us to drill rapidly and if necessary, case the zone(s) of water influx and access the fault structures below unimpeded. The section of the well passing through the sandstone to intersect the fault may also produce meaningful gas.

The Company has recently completed an 18 month exercise of mapping a large number of gas-bearing structures within the Virginia Gas Project’s tenement, based on a very large data base from previous gold/coal/diamond exploration in the area, and will now begin working with our

external consultants to update the Reserves and Resources portfolio, which is anticipated in the second quarter of this year.

Johannesburg
10 March 2020

Designated Advisor
PSG Capital



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