

**REENOVA INVESTMENT HOLDING LIMITED**

(Incorporated in the Republic of Singapore | Company Reg. No.: 200104762G)

Website: [www.reenovagroup.com](http://www.reenovagroup.com)

SGX Stock Code: **5EC**

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**ENTRY INTO OFFTAKE AGREEMENT**

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**1. INTRODUCTION**

The Board of Directors (the “**Board**”) of Reenova Investment Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is pleased to announce that, the Company's wholly-owned subsidiary, Reenova Global Pte. Ltd. (“**Reenova Global**”), has on 26 November 2020 entered into an offtake agreement (“**OTA**”) with Sinosteel Epoch (Beijing) International Trading Co., Ltd. (中钢新元 (北京) 国际贸易有限公司) (the “**Buyer**”, and with Reenova Global collectively, the “**Parties**”).

**2. KEY TERMS OF THE OTA**

**2.1 Committed Quantity**

Subject to the terms and conditions of the OTA, the Buyer shall purchase from Reenova Global the lesser of 800 tonnes or 20% of rare earth oxides extracted from the 238km<sup>2</sup> rare earth concession located in north-western Madagascar, Africa (the “**Mineral Products**”) held by Reenova Rare Earth (Malagasy) S.A.R.L.U. (the “**Rare Earth Project**”) for each calendar year (the “**Committed Quantity**”), for a term of three (3) years (the “**Term**”).

**2.2 Pricing**

The Mineral Products will be priced on an ongoing basis. Reenova Global will prepare a pricing list with reference to the specifications of the relevant batch of Mineral Products and the range of the People's Republic of China (“**PRC**”) domestic prices of all the individually valued REO which can be processed by general rare earth separation techniques. Parties will review the list of individually valued rare earth oxides every calendar year.

**2.3 Conditions Precedent**

The obligation of the Buyer to purchase the Committed Quantity shall be subject to the fulfilment (or waiver) of the following conditions:

- (a) the delivery of 10 samples weighing 20 kilograms (kg) in total from Reenova Global to the Buyer (the “**Samples**”); and
- (b) the results of a chemical analysis exercise over the chemical composition of the Samples:
  - (i) being deemed by an independent surveyor to have met the quality requirements for the PRC market based on the standards set out in GB/T 20169-2015 Mixed Rare Earth Oxide of Ion-Absorbed Type Rare Earth Ore (jointly issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC and the Standardisation Administration of the PRC); and
  - (ii) as approved by the Buyer's end customer or user.

(collectively, the “**Conditions**”).

## 2.4 Financing

- (a) Subject to fulfilment of the Conditions, the Buyer shall inform Reenova Global in writing whether it wishes to provide financing of up to USD 25,000,000 to Reenova Global, within 30 days from the date of fulfilment of the Conditions (the "**Buyer's Confirmation**"). In the event the Buyer decides to provide such financing to Reenova Global, the Parties shall complete the respective documentation such that Reenova Global can use the funds within thirty 30 days from date of the Buyer's Confirmation.
- (b) If the Buyer does not provide any financing within one (1) year from the commencement of the OTA, Reenova Global shall have the right to terminate the OTA.
- (c) The disbursement of any financing amounts under the OTA (the "**Financing Amount**") shall be subject to the Regulation of the People's Republic of China on Foreign Exchange Administration as amended from time to time. Parties shall discuss and agree on the specific details for the disbursement of the Financing Amount.
- (d) In relation to Reenova Global's repayment of the Financing Amount:
  - (i) Reenova Global may repay the Financing Amount by delivering Mineral Products to the Buyer until the Financing Amount is fully repaid. Any such delivery of Mineral Products to repay the Financing Amount will count towards the Committed Quantity.
  - (ii) Reenova Global reserves the right to repay the Financing Amount in full or in part anytime during the duration of the financing.
  - (iii) Parties shall separately agree on the interest rate as well as all the other terms for the financing not set forth in the OTA, provided that those terms are in accordance with the timelines set forth in in the table at (a) above.
  - (iv) The Financing Amount shall be provided by the Buyer or a third party arranged by the Buyer and who is reasonably acceptable to Reenova Global.

## 3. ENTRY INTO ANCILLARY SALE AND PURCHASE AGREEMENT

The Parties have, concurrently with the entry into the OTA, entered into a sale and purchase agreement which is ancillary and attached as a schedule to the OTA. The sale and purchase agreement regulates the specific conditions under which the Buyer shall purchase the Mineral Products from the Seller.

## 4. BUYER

The Buyer is an independent and unrelated third party to the Group, the Company's directors and its controlling shareholders.

The Buyer is a company incorporated in the PRC and having its registered office address at No.8 Haidian Road, Tower A, #20-2005, Beijing, China (北京市海淀区大街 8 号 A 座 20 层 2005 房间). The Buyer is an entity that is primarily involved in the trading and sales of various resources including ferrous and non-ferrous metal ore, metal materials, coal, fuel oil, chemical products, machinery and equipment and rare earth mineral products. It is a wholly-owned subsidiary of Sinosteel Epoch Co., Ltd. (中钢新元矿业发展有限公司), which is in turn 35% owned by Sinosteel Group Corporation Limited, a PRC state-owned enterprise.

## **5. RATIONALE FOR ENTRY INTO THE OTA**

The Group requires to raise funds from the sale of Mineral Products (rare earth oxides) from the Rare Earth Project and from attaining the Financing Amount, so as to have the Rare Earth Project progress beyond the initial pilot production phase. The entry into the OTA is complementary to the Group's business, and is indicative of the Group's commitment to realise the potential of the Rare Earth Project. This OTA also encourages Parties to negotiate potential further cooperation between Reenova Global and the Buyer beyond the Term.

## **6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the OTA or the Buyer, save for their respective shareholdings in the Company (if any).

## **7. FURTHER ANNOUNCEMENT(S)**

The Company will make further announcement(s) to keep shareholders informed, as and when there are material updates or developments in connection with the OTA (if any).

In addition, the Company is in discussions with other buyers to purchase the Mineral Products from the Rare Earth Project, and will make further announcement(s) to keep shareholders updated on the outcomes of such discussions.

## **8. CAUTIONARY STATEMENT**

Shareholders and potential investors are advised to exercise caution in trading the shares of the Company as there is no certainty or assurance as at the date of this announcement that the initial pilot production phase will yield favourable enough results for the Rare Earth Project to progress into the commercial mining stage at all.

Shareholders are advised to read this announcement and any further announcements by the Company carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

On Behalf of the Board  
**REENOVA INVESTMENT HOLDING LIMITED**

Chen Tong  
Executive Chairman

26 November 2020