Ref: ENQ2020090042

16 October 2020

The Board of Directors
Reenova Investment Holding Limited
83 Clemenceau Avenue, #10-03 UE Square
Singapore 239920

Attn: Mr Chen Tong, Executive Chairman

Dear Sirs,

Questions on Reenova Investment Holding Limited's (the "**Company**" and together with its subsidiaries collectively as the "**Group**") ability to operate as a going concern and requirement for Trading Suspension pursuant to Listing Rule 1303(3)

Please provide information on the following in an announcement to be released via SGXNET by 20 October 2020. Please disclose our questions and your corresponding answers to enable investors to understand the matters raised by the Exchange.

On 10 June 2020, the Company's auditors issued a disclaimer of opinion as to the Company's ability to operate as a going concern. SGX queried the Company and drew the Company's attention to Listing Rule 1303(3) which states that the Exchange may at any time suspend trading where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so, including when the issuer is unable to reasonably assess its financial position and inform the market accordingly.

The Company responded on 25 June 2020 to SGX's queries ("**Announcement**") and in the Announcement, the Board opined that "*the Company and the Group will be able to operate as a going concern for the next 12 months and be in a position to bring the greenfield rare earth mine to commercialisation and revenue generation upon the* ***Group's successful application for a full mining licence (the application of which would be due to be submitted to the Madagascar Government by November 2021)*** *as well as* ***having sufficient capital to support the Rare Earth Project to enable the Group to operate as a going concern****." [Emphasis added]*

Trading continues based on representations made by the Board in the Announcement, which opined that *"it is premature to call for a trading suspension and it is not in the best interest of the shareholders of the Company to do so at this juncture. The Board will closely monitor the Company's progress in securing sufficient funding to enable the Group to continue operating as a going concern"*.

As mentioned in the Announcement, Listing Rule 1303(3) requires a trading suspension if the Company is unable to demonstrate to the Exchange and its shareholders that it will be able to operate as a going concern. In this regard, please provide updates on the following matters:

1. The Board represented in the Announcement that "*the Company has resumed discussions and negotiations with a third party to obtain a four-year term loan of up to US$30 million. Barring any unforeseen circumstances, the Company believes that the four-year term loan can be secured by the fourth quarter of this year.*"

   Given that we are now in the fourth quarter of this year, please provide an update on the status of the negotiations and whether any definitive agreement has been signed for the US$30 million. If no definitive agreement has been signed, please provide the expected date for the procurement of the said term loan. In your response to our query, the Board should confirm if the Company is able to procure the US$30 million funding by the fourth quarter of this year as committed by the Board as that formed their basis for the continued trading in the shares of the Company. The Company should also provide details of the potential lender with whom the Company is negotiating the term loan.

2. In the Announcement, the Company disclosed that it was also working on the feasibility of raising additional funds through either one or a combination of the following avenues: Placement of the Company's shares to acceptable placees and/or Rights issue to existing shareholders of the Company.

   To-date, we note that the Company had not proceeded with the proposed Placement announced on 26 August 2020 of 979,000,000 ordinary shares at an issue price of S$0.003 per Placement Share to raise gross proceeds of S$2.9 million. Please disclose the status of the Placement Agreement and whether the Placement Agreement has lapsed. Also disclose whether the Company is still able to raise the S$2.9 million funds from the Placement which formed the basis for the Board's opinion of the Company's ability to operate as a going concern for the next 12 months.

3. Please address the following questions regarding whether the Group has sufficient capital to support the Rare Earth Project to enable the Group to operate as a going concern:

   a. Please disclose the estimated cash burn for the next 12 months of the Company, noting that in the FY2019 Annual Report, the Company recorded employee benefits expenses of S$1.1 million, as well as cash required for at least another $1.7 million in other recurring operating expenses, which include inter alia, consultancy services expenses of $0.9 million, professional fees of $0.3 million, director's fees of $0.2 million, travel and entertainment expenses of $0.1 million and rental expenses of $0.2 million. The Company's cash balance as at 30 June 2020 amounted to only S$40,088 and the 2.0% Convertible Redeemable Bonds Due 2020 expired in September 2020. In light of these, please disclose the source of funds to pay for the Company's operational cash burn. Please quantify these funding sources to substantiate the Company's responses.

   b. Please provide a breakdown of the costs required for the development of the Company's Madagascar rare earth mine to pilot production.

c. Please disclose the cost of production required to generate the projected revenue under the pilot production and the revenue that the Company reasonably expects to generate during its pilot production. Also, disclose whether and how the Company will be able to fund the costs of production prior to the sale of output from the pilot production and the collection of the sales proceeds from its customers.

d. As set out in Practice Note 6.3, paragraph 3.1(b) of the Listing Manual, please provide the Directors' opinion, which must state without requiring a profit forecast, that in their reasonable opinion the working capital available to the applicant is sufficient for the present requirements and for at least 18 months after listing. Your response should also include the amount of financial resources currently available to the Company and elaborate on the basis as to whether and how the Company has sufficient working capital available for at least 18 months. Please quantify to support your response.

e. Also, disclose whether the Company has in place any definitive agreements for the funding required to bring the Madagascar mine to commercialisation. Please provide the basis for such an opinion.

4. In the Company's 19 August 2020 announcement, it disclosed the engagement of Ramboll Environ Africa (Pty) Ltd to assist in providing environmental impact assessment ("**EIA**") services for the pilot production area that is within the 238km concession area that hosts rare earth oxides in north-western Madagascar, Africa. In its 20 September 2020 announcements, it disclosed its entry into a pilot mining agreement with YQS ARC Limited as well as the submission of an application for the full mining licence on 18 September 2020. Please address the following:

a. Practice Note 6.3, paragraph 1.4 of the Listing Manual states that a portfolio of a mineral, oil and gas company would be considered meaningful if the quantity of reserves is of sufficient substance. The 'reserves' must be able to generate sufficient revenues through production to support the plans to proceed with development. Please disclose whether any feasibility study has been undertaken to satisfy the Board that the Madagascar greenfield rare earth mine is commercially feasible to allow the Company to operate as a going concern and if so, what the breakeven production level for the mine is.

b. Please disclose the identity and track record of the independent qualified professional who has undertaken the feasibility study to confirm that the Company's Madagascar rare earth mine is commercially feasible, taking into account development costs, mining costs and projected revenue.

c. Please substantiate with a qualified person's report that the Madagascar mine will be able to generate sufficient revenues to support the Company's plans to proceed with development of the mine to full commercialisation.

d. Please disclose the procedures outstanding for the Company to receive the full mining licence, when the approval of the full mining licence of the Company is expected and whether this will be received before the expiration of the current pilot production licence. Also, disclose how long the Board expects to operate the mine at commercial production levels taking into account the expiration date of the current concession of the mine.

e. Please provide the Board's opinion and bases as to whether the mine is commercially viable and whether the Company would be able to generate sufficient operating cash flow and profits from full commericalisation of its mine to enable the Company to operate as a going concern.

5. The Company is required to provide an update in its Listing Rule 1313(2) Quarterly Update for Q3 FY2020 to be announced no later than 13 November 2020, which must be able to demonstrate to the Exchange and to its Shareholders that the plans set out in its 25 June 2020 response to operate as a going concern has been substantially met. The Company must **substantiate its response with definitive agreements announced on SGXNet** to demonstrate that (i) it is able to operate as a going concern, (ii) it has sufficient funds to bring its Madagascar rare earth mine to commercialisation and operate as a going concern and (iii) the mining of the Madagascar rare earth mine is commercially feasible and is able to generate substantial revenue.

   You should forewarn investors that if the Company is unable to demonstrate its ability to operate as a going concern in its Q3 FY2020 Quarterly Update, it must immediately request for a trading suspension of its securities as required under Listing Rule 1303(3). The trading suspension will remain in place until the Company is able to demonstrate its ability to operate as a going concern and submits a resumption proposal in accordance with Listing Rule 1304.

Listing Compliance
Singapore Exchange Regulation