



REENOVA INVESTMENT HOLDING LIMITED

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

Website: www.reenovagroup.com

SGX Stock Code: 5EC

RESPONSE TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS PRIOR TO THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2021

The Board of Directors (the “**Board**”) of Reenova Investment Holding Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to:

- (1) the notice of annual general meeting (“**AGM**”) dated 13 April 2021, and
- (2) the accompanying announcement released on 13 April 2021 setting out, *inter alia*, the alternative arrangements relating to the AGM by way of electronic means.

The Board wishes to thank shareholders for submitting their questions in advance of the Company's AGM to be held on Wednesday, 28 April 2021 at 3.00 p.m. by way of electronic means.

The Company wishes to inform shareholders that the responses to all substantial and relevant questions submitted by shareholders are published in this announcement.

1. Questions related to the current situation of the Company and the steps ahead.

Company's Response:

As stated in the annual report, the Rare Earth Project is one of the few known ionic clay mines with rare earth elements in the world, and the Company requires service providers who are familiar with ionic clay mines and hence, the selection process for professional teams took longer.

Notwithstanding that the Covid-19 pandemic continues to threaten the resumption of normalcy, the Company is in the midst of making the necessary preparations to commence pilot production. The Company has been interacting with the respective overseas professional teams covering Environmental Impact Assessment, Mining Operator, and Pre-Feasibility Study, for preparations that could be done virtually across borders since their appointments in the third quarter of 2020 and first quarter of 2021.

As stated on pages 4 to 5 of the annual report, the respective professional teams engaged by the Company are currently on standby and ready to commence pilot production work at the mine site once they are permitted to travel to Madagascar.

2. And when would you expect to have the first sample from your pilot production?

Company's Response:

The Company is monitoring the Covid-19 situation closely and looking forward for the respective professional teams to travel to Madagascar to commence pilot production as soon as possible. The Company will update shareholders on the developments once the Group is able to commence pilot production.

3. When is the full mining license expected to be granted?

Company's Response:

The Group submitted a formal application for a full mining licence to the Madagascar Mining Cadastral Office on 18 September 2020. It is to be noted that the issuance of the full mining licence remains the prerogative of the Madagascar Government. Whilst the ongoing Covid-19 pandemic slowed down activities, the Group continues to actively engage the Mining Ministry of Madagascar on a regular basis to follow up on the progress of the Group's application. The Company will update shareholders on the progress as and when it arises.

4. With your continued delay of pilot production, would the previously identified offtake party, deemed the buyer of rare earth oxides, still be interested to provide financing of up to US\$25 million?

Company's Response:

Please refer to the Company's announcement entitled "Entry into Offtake Agreement" made on 26 November 2020. The management continues to keep the identified offtake party updated with the developments.

According to the report by Research and Markets, "*amid the COVID-19 crisis, the global market for Rare Earth Metals estimated at US\$4 Billion in the year 2020, is projected to reach a revised size of US\$6.6 Billion by 2027, growing at a CAGR of 7.3% over the analysis period 2020-2027.*"

(source: <https://www.globenewswire.com/news-release/2021/01/06/2153947/0/en/Global-Rare-Earth-Metals-Industry-2020-to-2027-Market-Trajectory-Analytics.html>)

The Board believes that financing would likely be resolved once pilot production generates rare earth oxide samples to potential offtake buyers, riding on the global demand for rare earth oxides.

5. Questions related to the trading suspension and the steps to take to lift suspension.

Company's Response:

The Company is monitoring the Covid-19 situation closely and looking forward for the respective professional teams to travel to Madagascar to commence pilot production as soon as possible. At the same time, the Group is also actively engaging in discussion with various parties to secure additional funding to further develop the Rare Earth Project to bring it to commercialisation.

The funds raised from the equity placement completed in November 2020 allowed the Company to push forward to the current phase – the preparatory works for pilot production and the application for the full mining licence.

The Company will work towards lifting trading suspension by achieving these milestones: (i) the Company is able to operate as a going concern, (ii) the Company has sufficient funds to bring the Rare Earth Project to commercialisation and operate as a going concern, and (iii) the mining of the Rare Earth Project is commercially feasible and is able to generate substantial revenue.

6. Questions related to the use of placement proceeds.

Company's Response:

Please refer to the Company's announcements on 3 March 2021, 14 March 2021 and 27 April 2021 for the detailed disclosure on the use of placement proceeds. As disclosed in the Company's announcement on 3 March 2021, 14 March 2021 and 27 April 2021, as a result of further negotiations with some of the existing creditors (including the consultant/project manager in Madagascar), the Group paid out more monies than initially allocated to those creditors in order to avoid disruptions to the continued provision of services by such creditors.

7. From what I gather from the AR, the company's ownership of the mine is 470 tonnes. Can we assume that the Company's asset value is simply 470 tonnes multiply by market price (at time of sales / contract? EG: 470 tonnes X USD 40,000 per tonne = USD 18.8 billion

Company's Response:

It is inappropriate to assume the Company's asset value based on the above computation.

The valuation of the Rare Earth Project was carried out based on The Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets (the "**VALMIN Code**").

8. Regards to Resolution 8, why is the company still issuing performance shares when there have been no progress.

Company's Response:

The performance shares were granted based on the Company's scoring/evaluation process that took into account the length of service, work performance since FY2016 and responsibilities of the eligible employees and independent directors notwithstanding that there was no revenue generated in FY2020. The performance shares were granted to incentivise and recognise the past performance and loyalty of the employees and more importantly, to retain such employees with the Company.

The Board wishes to advise shareholders and potential investors to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take, should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers before trading in or making any investment decision regarding the Company's securities.

By Order of the Board

REENOVA INVESTMENT HOLDING LIMITED

Chen Tong
Executive Chairman

27 April 2021