REENOVA INVESTMENT HOLDING LIMITED

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

Website: **www.reenovagroup.com**

SGX Stock Code: **5EC**

QUARTERLY UPDATE PURSUANT TO RULE 1313(2) OF THE LISTING MANUAL

The Board of Directors (the "**Board**") of Reenova Investment Holding Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements:

(1) dated 4 December 2019 in relation to the Company being placed on the Financial Entry Criteria Watch-list under Listing Rule 1311 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") with effect from 4 December 2019;

(2) dated 13 November 2020 in relation to the Group's unaudited financial statements for the third quarter of 2020 and nine-month financial period ended 30 September 2020 ("**Q3 Quarterly Update**"); and

(3) dated 16 October 2020 in relation to SGX-ST's queries in relation to the Company's ability to operate as a going concern (the "**16 October Letter**").

Pursuant to Rule 1313(2) of the Listing Manual of SGX-ST, the Board wishes to provide an update in respect of the quarter ended 30 September 2020 (**"Q3 FY2020"**) as follows:

(1) The Company had on 6 November 2020 completed the placement of new shares to raise net proceeds of approximately S$2,560,000, where the bulk of the proceeds is earmarked for the pilot production at the Group's rare earth concession located in north-western of Madagascar, Africa (the "**Rare Earth Project**"). Since the placement exercise, the Group has begun to make preparations to commence the initial pilot production phase.

As part of its commitment to develop the Rare Earth Project, the Company continues to engage in active discussions with potential lenders as well as potential buyers in relation to the offtake of rare earth oxides from the Rare Earth Project. Some rare earth oxides samples generated from the initial pilot production phase will be provided to potential buyers for their testing, so that the Group may enter into negotiations with them, with a view to eventually enter into offtake agreements and obtain upfront payment deposits to further finance the Group's operations and continue further pilot production. This will allow the Group to produce more rare earth oxides from the Rare Earth Project

for the buyers in consideration of the payment deposits received, thereby improving the Group's financial position.

(2) The Board will continue to monitor the Group's developments and prospects, as well as its financial position, and review the options available to the Group for the satisfaction of the exit criteria of the SGX-ST watch list and options that will best serve the interests of the Company's shareholders.

Please refer to the unaudited financial statements of the Group for the financial period ended 30 September 2020 (**"Q3 FY2020"**) announced on the SGXNet on 13 November 2020 for a detailed update on the Group's financial position. As of 30 September 2020, the Group had a net asset value of approximately S$25,300,000.

(3) The Group's next quarterly update pursuant to Rule 1313(2) of the Listing Manual will be announced by 1 March 2021.

Update on Future Direction and Other Material Developments

In this financial year to date, the Group had overcome adversities to move forward with its plans to commence pilot production. On 19 August 2020, the Group entered into an agreement to engage Ramboll Environ Africa (Pty) Ltd to assist in providing environmental impact assessment services for the pilot production area within the Rare Earth Project. Subsequently on 20 September 2020, the Group appointed a mining servicer provider, YQS ARC Limited, to set up and operate the pilot production of the Rare Earth Project. On the same date, the Group made a formal application to the Madagascar Mining Cadastral Office (*Bureau du Cadastre Minier de Madagascar*) to apply for the full mining licence (*Permis de Exploitation*) in relation to the Rare Earth Project.

As announced on 19 October 2020, the Group can continue with the pilot production phase until it receives an official response to its application for the full mining licence. Hence, the Group does not need to cease operations upon the expiration of its current exploration licence in November 2021.

The Group is working towards commencing pilot production while continuing its negotiations to secure offtake agreements with potential buyers.

Internally, the Company is in the process of interviewing candidates to join the Board as an independent director and member of the audit committee.

Notwithstanding the above, and despite the Company's best efforts, the Company has not been able to finalise and enter into definitive agreements by the date of this Quarterly Update to secure financing arrangements with potential lenders and potential buyers in relation to the offtake of rare earth oxides from the Rare Earth Project as required by SGX RegCo in the 16 October Letter. As such, pursuant to Paragraph 5 of the 16 October Letter, the Company will be requesting for a trading suspension of its securities under Rule 1303(3) of the Listing Manual of the SGX-ST. The Company will continue its efforts to negotiate and secure offtake agreements with potential buyers that the Company is already in discussions with locally and abroad (when travel is permissible).

The Company will make further announcements on material developments to update shareholders as and when they arise.

On Behalf of the Board
REENOVA INVESTMENT HOLDING LIMITED

Chen Tong
Executive Chairman

13 November 2020