

ASX Release

Quarterly report for the period ending 31 March 2019

Renascor Resources Ltd
ABN 90 135 531 341

Head Office

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Australia

CONTACT

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info@renascor.com.au
www.renascor.com.au

ASX CODE

RNU

Developing Australia's Largest Graphite Deposit



Significant Events

- Letter of Interest for export credit agency (ECA) cover received from Atradius Dutch State Business (Atradius), the Government of the Netherlands official ECA, a government credit guarantee scheme
 - Up to approximately 60% of initial Siviour Graphite Project capital expenditure is expected to qualify for Dutch export credit cover
- Mineral Lease for Siviour Graphite Project granted by South Australian Minister for Energy and Mining
 - Grant follows three-years of preparation and review of all potential environmental, social, economic and technical aspects of the project
 - The terms and conditions of the Mineral Lease are consistent with Renascor's original Mineral Lease Application lodged in August 2018
- Positive Pre-Feasibility Study confirms opportunity to unlock further value from Siviour through Australia's first integrated graphite concentrate and spherical graphite operation; inclusion of spherical graphite in a combined operation with graphite concentrates results in:
 - Post-tax unleveraged NPV₁₀ of AU\$889 million and IRR of 53%
 - Operating cost for spherical graphite of AU\$1,883 per tonne (net of projected by-product credits), versus a projected spherical graphite selling price of AU\$4,800 per tonne
- Cash position of approximately \$4.1 million as of 31 March 2019



Figure 1. Siviour Graphite Project

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Siviour Graphite Project

During the recently completed quarter, Renascor's activities were focused primarily on Renascor's 100%-owned Siviour Graphite Project, located in South Australia's Eyre Peninsula.

In Principle Project Finance Support from Dutch Export Credit Agency (ECA)

On 10 April 2019, Renascor announced that, following a preliminary assessment of the Siviour Graphite Project, Atradius on behalf of the Dutch State issued a Letter of Interest (LOI) confirming in principle project finance support under the Dutch export credit guarantee scheme (ECA Cover).

Atradius is the official ECA that administers the ECA scheme for the Government of the Netherlands. In order to promote Dutch exports, Atradius offers insurance and guarantee products for projects involving the export of capital goods from the Netherlands. ECA Cover from Atradius is often used to assist Dutch exporters in winning export transactions and increasing the capacity to raise finance from banks for projects involving Dutch exports.

The Dutch ECA scheme was identified as applicable to Renascor's Siviour Graphite Project based on the sourcing of Dutch content through Renascor's Dutch strategic engineering partner, Royal IHC. See Renascor ASX announcement dated 5 November 2018.

Renascor has estimated that up to approximately 60% of project capital expenditure is expected to qualify under the Atradius ECA Cover.

Interest rates charged by lenders on debt guaranteed by ECA Cover are typically lower than commercial rates, as repayment of the debt is insured, with longer tenor also a feature of ECA supported debt.

The LOI represents the first milestone in Renascor's engagement with Atradius. The next step in obtaining ECA Cover involves further due diligence by Atradius and, assuming a satisfactory outcome, a positive decision from the relevant committees of Atradius can be secured.

It is common to work with one or more financial institutions in parallel with Atradius with the intention to fund the transaction supported by insurance from Atradius. The LOI itself does not constitute a commitment to provide ECA Cover and there is no certainty that an agreement will be reached between the parties. Renascor will assist Atradius through its required due diligence investigations.

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Siviour Mineral Lease

On 4 April 2019, Renascor announced that the South Australia Minister for Energy and Mining granted a Mineral Lease for the Siviour Graphite.

The terms and conditions of the Mineral Lease were consistent with Renascor's original Mineral Lease Application lodged in August 2018 (see Renascor ASX announcement dated 28 August 2018) and were accepted by Renascor.

The Mineral Lease, granted to Renascor's 100%-owned subsidiary company, Ausmin Development Pty Ltd, demonstrates that the Government of South Australia is satisfied that the proposed level of impact of the Siviour Graphite Project is acceptable given the anticipated economic and social benefits.

With the grant of the Mineral Lease, the terms that Renascor must follow during the construction, mining and operation phases are now established.

The Mineral Lease also details the conditions that must be addressed in a Program for Environment Protection and Rehabilitation (PEPR), which is the second step in the Government's two-stage assessment and approval process.

The PEPR, which must be approved before mining operations may commence, is intended to establish how the conditions outlined in the Mineral Lease will be met.

Prior to approval, the PEPR must be evaluated by the Department for Energy and Mining against the conditions of the Mineral Lease, as well as applicable legislation and Department regulations and guidelines.

Renascor expects to submit a PEPR to the Department later this year.

Spherical Graphite Prefeasibility Study

During the recently completed quarter, Renascor completed a Pre-Feasibility Study (the "Spherical PFS") assessing the viability of producing spherical graphite using graphite concentrates to be produced from the Siviour Graphite Project.

The project economics of the Spherical PFS highlight Siviour's potential to achieve significant economic returns through the vertically integrated development of a mine and flake graphite concentrate operation, plus downstream production of spherical graphite.

Financial Highlights of Spherical PFS

Estimated values of key parameters of the Spherical PFS are shown in table 1 (next page), in addition to key economics of an integrated large-scale operation producing both spherical graphite and graphite concentrates as contemplated in Renascor's Graphite Concentrate Prefeasibility Study (the "Concentrate PFS") (see Renascor ASX announcement dated 14 May 2018).

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Annual production of spherical graphite	29,085t	
Life of mine/project	30 years	
Capital cost of spherical operation	AU\$89.9m	US\$67.4m
Total capital (concentrate and spherical)	AU\$221.5m	US\$166.0m
NPV ₁₀ (after tax) of spherical operation	AU\$487m	US\$365m
NPV ₁₀ (after tax) of integrated operation	AU\$889m	US\$667m
IRR (after tax) of integrated operation	53%	
Average spherical graphite cash operating cost (net of by-product credit) ¹	AU\$1,883/t	US\$1,412/t
Projected spherical graphite sales price	AU\$4,800/t	US\$3,600/t

Table 1. Financial highlights

Consolidated Operation

Set out below in table 2 is a summary of the estimated economic results from the Spherical PFS on a stand-alone basis and a consolidated summary of an integrated operation that produces 117,000t per annum of graphite concentrates as contemplated in the Concentrate PFS, of which approximately 61,500t per annum are processed into spherical graphite (as per the Spherical PFS) and the balance is sold as graphite concentrates.

Parameter	Spherical PFS (stand-alone)		Consolidated findings (graphite concentrates and spherical graphite)	
	Estimated values			
Currency ²	AU\$	US\$	AU\$	US\$
NPV ₁₀ (after tax) (life of mine)	487m	365m	889m	667m
IRR (after tax) (life of mine)	69%		53%	
Start-up capital	89.9m	67.4m	221.5m	166.0m
Payback of start-up capital	2.5 years		4.0 years	
Net revenue	3,904m	2,928m	7,692m	5,768m
EBITDA	2,373m	1,779m	4,414m	3,310m
Net profit after tax	1,598m	1,198m	2,920m	2,190m

Table 2. Comparison of stand-alone spherical operation and results of consolidated findings (graphite concentrates and spherical graphite operation)

¹ Assumes sale of approximately 30,000t per annum of recarburiser by-product at sales price of AU\$733/US\$550 per tonne. Siviour graphite concentrates are assumed to be procured at production costs contemplated by the Concentrate PFS.

² The Spherical PFS and the consolidated findings adopt an exchange rate of AU\$1.00 = US\$0.75.

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Spherical Graphite Prices

Growing demand for lithium-ion batteries has resulted in recent increases in spherical graphite prices. As shown in Figure 2 below, spherical graphite prices have risen steadily over the past year.

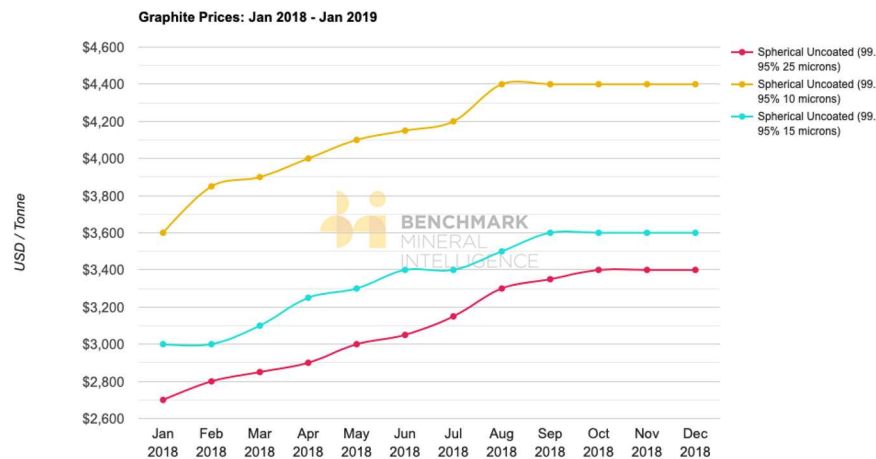


Figure 2. Price of uncoated spherical graphite (Source: Benchmark Mineral Intelligence)

Renascor considers the outlook for spherical graphite to offer strong prospects for continued growth as a result of projected increases in the use of lithium-ion batteries and limited sources of new spherical graphite capacity outside of China.

Spherical Graphite Opportunity

In addition to offering the potential to achieve more robust project economics through the increased sales margin associated with the production of spherical graphite, potential upside benefits from spherical graphite production include:

- More direct exposure to lithium-ion battery market.** Increased interest in renewable sources of energy is driving significant growth in the lithium-ion battery market. By offering a spherical graphite product for use in lithium-ion battery anodes, Renascor would gain more direct exposure to this high-growth market.
- Support graphite concentrate operation.** A spherical graphite product is considered to be a highly sought-after product which could be the subject of a robust sales contract. This would in turn underpin the mining project by securing offtake for a significant portion of the flake production.
- Comparative advantage.** The Concentrate PFS suggests that Siviour graphite concentrates might be produced at amongst the lowest cost of any new graphite development globally. As the cost of graphite concentrates is the primary cost in producing spherical graphite, Renascor might enjoy a potential comparative advantage in producing a low-cost spherical graphite product.
- Supply chain security from Australia.** Presently, nearly all uncoated spherical graphite that is used in anodes for lithium-ion batteries is sourced from Chinese locations that procure graphite concentrates from within China. Some graphite developers have proposed new spherical graphite facilities in other locations. By offering a spherical

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product mined and processed into spherical graphite in Australia, Renascor believes it may have a further comparative advantage in offering potential buyers' access to Renascor's vertically integrated processing and diversity of supply from a low sovereign risk jurisdiction.

Next Steps

Renascor's upcoming work programs in respect of spherical graphite will focus on additional testing of Siviour spherical graphite in lithium-ion battery anodes, including by potential end-users as part of customer qualification. Renascor is also undertaking programs focusing on optimising the results of the Spherical PFS that will include testing alternative milling and purification technologies.

Siviour Definitive Feasibility Study

During the recently completed quarter, Renascor continued progress on the Siviour Definitive Feasibility Study, which is assessing the viability of producing graphite concentrates from Siviour.

Activities undertaken during the quarter included work related to geotechnical, mining, hydrogeological, tailings, infrastructure and marketing studies, variability and optimisation mineral process testing and detailed process plant engineering.

Marketing and Finance

Additional work programs undertaken during the quarter included further offtake negotiations with potential purchasers of Siviour graphite concentrates and spherical graphite, as well as discussions regarding the financing of a graphite concentrate facility at Siviour.

Corporate Events

Appointment of Financial Advisor

During the recently completed quarter, Renascor announced the appointment of leading independent advisory group BurnVoir Corporate Finance (BurnVoir) as financial adviser to arrange financing for the development of the Siviour Graphite Project. BurnVoir will work with Renascor and Renascor's strategic partner Royal IHC (see ASX announcement 5 November 2018) to secure a funding package for the development of the Siviour Project that is designed to maximise value for shareholders.

BurnVoir Corporate Finance is a leading independent Australian investment and advisory house with infrastructure sectors. Details on BurnVoir can be found at www.burnvoir.com.au.

Other Corporate Events

- During the recently completed quarter, Renascor surrendered one Exploration Licence considered non-core: Lake Harris – EL5927.
- As of 31 March 2019, Renascor had approximately \$4.1m cash on hand.

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Competent Person's Statement – Metallurgical Results

The results reported herein, insofar as they relate to metallurgical test work results, are based on information provided to and reviewed by Mr Simon Hall, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy and a consultant to the Company. Mr Hall has sufficient experience relevant to the mineralogy and type of deposit under consideration and the typical beneficiation thereof. Mr Hall consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

Competent Person's Statement – Exploration Results

The results reported herein, insofar as they relate to exploration activities and exploration results, are based on information provided to and reviewed by Mr G.W. McConachy (Fellow of the Australasian Institute of Mining and Metallurgy) who is a director of the Company. Mr McConachy has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr McConachy consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

This report may contain forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. A number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward-looking statements.

For further information, please contact:

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Managing Director

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Appendix 1

Summary of tenements for quarter ended 31 March 2019

(ASX Listing Rule 5.3.3)

Project Name	Tenement	Area km ²	Registered holder/Applicant	District	Company Interest
Willouran	EL6170	349	Renascor Resources Limited (Renascor)	South Australia	100%
Callanna	EL5586	372	Renascor	South Australia	100%
Wompinie	EL6190	36	Renascor	South Australia	100%
Iron Baron	EL5822	253	Renascor	South Australia	100%
Old Wartaka	EL6191	14	Renascor	South Australia	100%
Carnding	EL5856	92	Renascor	South Australia	100%
Munglinup	E74/538	70	Sol Jar Property Pty Ltd (Sol Jar)*	Western Australia	100%*
Outalpa	EL5584	160	Astra Resources Pty Ltd (Astra)*	South Australia	100%*
Cutana	EL5585	157	Astra*	South Australia	100%*
Malbrom	EL6197	81	Ausmin Development Pty Ltd (Ausmin)*	South Australia	100%*
Lipson Cove	EL5495	329	Ausmin*	South Australia	100%*
Verran	EL5618	690	Ausmin*	South Australia	100%*
Malbrom West	EL5714	270	Ausmin*	South Australia	100%*
Dutton Bay	EL6032	31	Ausmin*	South Australia	100%*
Siviour	ML6495	16	Ausmin*	South Australia	100%*

* Each of Sol Jar, Astra and Ausmin are 100%-owned subsidiaries of Renascor.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Name of entity

RENASCOR RESOURCES LIMITED

ABN

90 135 531 341

Quarter ended ("current quarter")

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(661)	(3,191)
(b) development	-	-
(c) production	-	-
(d) staff costs	(170)	(284)
(e) administration and corporate costs	(245)	(669)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	21	79
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Joint Venture Repayments)	-	-
1.9 Net cash from / (used in) operating activities	(1,055)	(4,065)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	-	-

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	5,179	8,189
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(1,055)	(4,065)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	4,124	4,124

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,124	5,179
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,124	5,179

6. Payments to directors of the entity and their associates

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000

233

-

Transactions include directors remuneration and fees paid to related entities, and exploration services paid to Euro Exploration Services, which is a company in which a director has a beneficial interest. All transactions are on commercial terms.

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

N/A

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	(2,340)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(65)
9.5 Administration and corporate costs	(171)
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	(2,576)

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced		Refer to Appendix 1		
10.2	Interests in mining tenements and petroleum tenements acquired or increased		Refer to Appendix 1		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



30 April 2019

Sign here:
(Company secretary)

Date:

Print name:
PIERRE VAN DER MERWE

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.