

Renascor Resources Limited

ABN 90135531341

Financial Report - 31 December 2019

Renascor Resources Limited
Corporate directory
For the half-year ended 31 December 2019



Directors	Richard Keevers (Non-Executive Chairman) David Christensen (Managing Director) Geoffrey McConachy (Non-Executive Director) Stephen Bizzell (Non-Executive Director)
Company secretary	Pierre van der Merwe
Registered office & principal place of business	36 North Terrace Kent Town SA 5069 Phone : + 61 8 8363 6989
Share register	Link Market Services Limited ANZ Building Level 15, 324 Queen Street Brisbane QLD 4000 Phone: + 61 2 8280 7454 Fax: + 61 2 9287 0303
Auditor	BDO Audit (SA) Pty Ltd
Stock exchange listing	Renascor Resources Limited shares are listed on the Australian Securities Exchange (ASX code: RNU)
Website	www.renascor.com.au
Business objectives	Renascor Resources is an Australian-based company focused on the development of economically viable deposits containing graphite and other minerals. Renascor has an extensive tenement portfolio, holding interests in key mineral provinces of South Australia. Its projects include the Siviour graphite project near Arno Bay, South Australia. The principal activity of the Group during the financial year was mineral exploration and evaluation and the development of the Siviour Graphite Project.
Corporate Governance Statement	<p>The board of directors of the Company ("Board") is responsible for the corporate governance of the Company. The board guides and monitors the business affairs of the Company on behalf of its shareholders by whom they are elected and to whom they are accountable. The Company believes that good corporate governance enhances investor confidence and adds value to stakeholders. The Board continually monitors and reviews its policies, procedures and charters with a view to ensure its compliance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 3rd Edition" to the extent considered appropriate for the size of the Company and its scale of its operations.</p> <p>The Company's Corporate Governance Statement is available on the Company's website. www.renascor.com.au/corporate-governance</p>

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Renascor Resources Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Review of operations

Corporate and financial

For the half-year ended 31 December 2019, the loss for the Group after providing for income tax amounted to \$775,830 (2018: \$812,309). This included an impairment write down of capitalised exploration and evaluation expenditure of \$274,109 (2018: \$365,041).

To support the Group's exploration activities and developing the Siviour Graphite Project, the Company raised \$1,177,471 (after capital raising costs) via placements to professional and sophisticated investors during the period.

The Company also invited shareholders to participate in a Share Purchase Plan in December 2019 to fund the group's activities. The Share Purchase Plan closed 3 January 2020 and was fully subscribed raising \$500,000.

Operations

Renascor's activities during the period ended 31 December 2019 were primarily directed at developing the Siviour Graphite Project.

Significant activities undertaken during the half-year included:

- Rapid advancement of Siviour Graphite Project continued, with the Siviour Definitive Feasibility Study (DFS) completed in November 2019.
- The DFS confirmed Siviour's potential as a low-cost, long life graphite project that can achieve consistently attractive profit margins even in the current lower graphite price environment.
- Approval was granted by the South Australia Department for Energy and Mining in December 2019 for a 60 tonne bulk sample from the Siviour Graphite Project. Ore extracted from bulk sample will be used in a pilot plant production trial in China.
- The Company entered into a non-binding memorandum of understanding with Sicona Battery Technologies (Sicona) to jointly develop battery anode material. In the first phase of the agreement the Company will provide to Sicona samples of purified spherical graphite from Siviour which Sicona will test in both high performance standard-energy graphite anodes, as well as next generation silicon-composite anode materials using Sicona's proprietary technologies.

In addition to its activities at the Siviour Graphite Project, Renascor has maintained a strong exploration portfolio, identifying and maintaining a strong pipeline of targets for development of copper, gold, nickel, cobalt and other mineral assets. To limit non-essential expenditure, Renascor has also relinquished tenements considered less prospective.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

On 13 January 2020 the company allotted 45,454,552 shares as part of its Share Purchase Plan, raising a total of \$500,000.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Renascor Resources Limited
Directors' report
For the half-year ended 31 December 2019



This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in dark ink, appearing to read "M. Christensen", written over a horizontal line.

David Christensen
Director

3 March 2020

**DECLARATION OF INDEPENDENCE
BY ANDREW TICKLE
TO THE DIRECTORS OF RENASCOR RESOURCES LIMITED**

As lead auditor for the review of Renascor Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Renascor Resources Limited and the entities it controlled during the period.



Andrew Tickle
Director

BDO Audit (SA) Pty Ltd

Adelaide, 3 March 2020

Renascor Resources Limited
Contents
For the half-year ended 31 December 2019



Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10
Directors' declaration	16
Independent auditor's review report to the members of Renascor Resources Limited	17

General information

The financial statements cover Renascor Resources Limited as a Group consisting of Renascor Resources Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Renascor Resources Limited's functional and presentation currency.

Renascor Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

36 North Terrace
Kent Town SA 5067
Phone: + 61 8 8363 6989
Website: www.renascor.com.au

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 March 2020.

Renascor Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019



		Consolidated	
	Note	31 Dec 2019	31 Dec 2018
		\$	\$
Revenue			
Interest revenue		15,596	57,594
Expenses			
Administration and consulting		(223,460)	(158,797)
Depreciation and amortisation expense		(864)	(1,022)
Employee benefits expense	3	(226,502)	(235,535)
Office accommodation		(15,090)	(15,298)
Impairment of exploration expenditure		(274,109)	(365,041)
Legal fees		(6,048)	(13,675)
Other expenses	4	(45,353)	(80,535)
Loss before income tax expense		(775,830)	(812,309)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Renascor Resources Limited		(775,830)	(812,309)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Renascor Resources Limited		(775,830)	(812,309)
		Cents	Cents
Basic earnings per share		(0.07)	(0.08)
Diluted earnings per share		(0.07)	(0.08)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Renascor Resources Limited
Statement of financial position
As at 31 December 2019



		Consolidated	
	Note	31 Dec 2019	30 Jun 2019
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		1,929,094	2,877,843
Other receivables		35,827	32,598
Other		31,907	28,655
Total current assets		<u>1,996,828</u>	<u>2,939,096</u>
Non-current assets			
Receivables		30,000	20,000
Property, plant and equipment		5,719	4,662
Exploration and evaluation	5	2,834,097	15,034,092
Development asset	6	13,266,737	-
Total non-current assets		<u>16,136,553</u>	<u>15,058,754</u>
Total assets		<u>18,133,381</u>	<u>17,997,850</u>
Liabilities			
Current liabilities			
Trade and other payables		199,434	516,450
Provisions		120,767	112,595
Total current liabilities		<u>320,201</u>	<u>629,045</u>
Total liabilities		<u>320,201</u>	<u>629,045</u>
Net assets		<u>17,813,180</u>	<u>17,368,805</u>
Equity			
Issued capital	7	33,495,483	32,210,012
Reserves		(1,305,381)	407,903
Accumulated losses		(14,376,922)	(15,249,110)
Total equity		<u>17,813,180</u>	<u>17,368,805</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Renascor Resources Limited
Statement of changes in equity
For the half-year ended 31 December 2019



Consolidated	Contributed equity \$	Share-based Payments Reserve \$	Business Combination Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2018	28,752,262	1,648,018	(1,417,790)	(13,927,552)	15,054,938
Loss after income tax expense for the half-year	-	-	-	(812,309)	(812,309)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(812,309)	(812,309)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 12)	3,457,750	85,792	-	-	3,543,542
Balance at 31 December 2018	<u>32,210,012</u>	<u>1,733,810</u>	<u>(1,417,790)</u>	<u>(14,739,861)</u>	<u>17,786,171</u>

Consolidated	Contributed equity \$	Share-based Payments Reserve \$	Business Combination Reserve \$	Accumulated Losses \$	Total equity \$
Balance at 1 July 2019	32,210,012	1,825,693	(1,417,790)	(15,249,110)	17,368,805
Loss after income tax expense for the half-year	-	-	-	(775,830)	(775,830)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(775,830)	(775,830)
Lapse of options	-	(1,579,734)	-	1,579,734	-
Performance rights vested	108,000	(108,000)	-	-	-
Performance rights lapsed	-	(68,284)	-	68,284	-
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 7)	1,177,471	-	-	-	1,177,471
Share-based payments (note 12)	-	42,734	-	-	42,734
Balance at 31 December 2019	<u>33,495,483</u>	<u>112,409</u>	<u>(1,417,790)</u>	<u>(14,376,922)</u>	<u>17,813,180</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Renascor Resources Limited
Statement of cash flows
For the half-year ended 31 December 2019



	Consolidated	
Note	31 Dec 2019	31 Dec 2018
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(639,052)	(898,148)
Receipts from Goods & Services Tax paid	129,393	238,701
Interest received	15,596	57,594
Research & Development tax concession	-	188,974
Net cash used in operating activities	<u>(494,063)</u>	<u>(412,879)</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(1,923)	-
Payments for exploration and evaluation	<u>(1,630,234)</u>	<u>(2,596,615)</u>
Net cash used in investing activities	<u>(1,632,157)</u>	<u>(2,596,615)</u>
Cash flows from financing activities		
Proceeds from issue of shares	7 1,246,000	-
Share issue transaction costs	7 <u>(68,529)</u>	<u>-</u>
Net cash from financing activities	<u>1,177,471</u>	<u>-</u>
Net decrease in cash and cash equivalents	(948,749)	(3,009,494)
Cash and cash equivalents at the beginning of the financial half-year	<u>2,877,843</u>	<u>8,188,830</u>
Cash and cash equivalents at the end of the financial half-year	<u><u>1,929,094</u></u>	<u><u>5,179,336</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following Accounting Standards and Interpretations are most relevant to the Group:

AASB 16 Leases

The Group has adopted AASB 16 Leases from 1 July 2019. The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

The application of this new standard has had no material impact on the disclosures or amounts recognised in the consolidated financial statements.

Going concern

The Directors believe it is appropriate to prepare the consolidated financial report on a going concern basis, which contemplates realisation of assets and settlement of liabilities in the normal course of business. As disclosed in the financial report, the group has incurred a loss after tax for the period of \$775,830 (2018: \$812,309) and net operating cash outflow of \$494,063 (2018: \$412,879). At 31 December 2019, the Group had net current assets of \$1,676,627 (30 June 2019: \$2,310,051).

The consolidated entity's ability to continue as a going concern is contingent on raising additional capital and/or the successful exploration and subsequent exploitation of its areas of interest through sale or development. The matters set out above indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that may be necessary if the consolidated entity is unable to continue as a going concern.

Note 2. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director and the board of directors (Chief Operating Decision Makers 'CODM') in assessing performance determining the allocation of resources. The Group is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the board which is at the consolidated level. The Group does not have any products or services it derives revenue from.

Accordingly, management currently identifies the Group as having only one reportable segment, being the exploration for graphite, copper, gold, uranium and other minerals in Australia and the development of the Siviour Graphite Project. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

Note 3. Employee benefits expense

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Employee benefits expense	168,075	123,888
Employee share-based payment expense	42,734	85,792
Defined contribution superannuation expense	15,693	25,855
	<u>226,502</u>	<u>235,535</u>

Employee share-based payment expense comprises of Performance Rights granted to Mr David Christensen. Further information pertaining to the Performance Rights can be found in Note 12 "Share Based Payments".

Note 4. Other expenses

	Consolidated	
	31 Dec 2019	31 Dec 2018
	\$	\$
Business development & marketing	950	14,777
Investor and public relations	32,839	38,396
Travel	6,052	23,001
Other expenses	5,512	4,361
	<u>45,353</u>	<u>80,535</u>

Note 5. Non-current assets - Exploration and evaluation

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Other Tenements	Sivour Project	Total
	\$	\$	\$
Balance at 1 July 2019	3,066,444	11,967,648	15,034,092
Payment for option to purchase land	-	225,000	225,000
Expenditure during the half-year	41,762	1,074,089	1,115,851
Impairment of assets	(274,109)	-	(274,109)
Reclassification to development asset	-	(13,266,737)	(13,266,737)
Balance at 31 December 2019	<u>2,834,097</u>	<u>-</u>	<u>2,834,097</u>

Movements in exploration and evaluation assets:

	31 December 2019	31 December 2018
	\$	\$
Cost brought forward at 1 July	15,034,092	7,369,924
Expenditure during the period	1,115,851	2,596,615
Payment for option to purchase land	225,000	-
Acquisition of Ausmin Development Pty Ltd	-	3,412,750
Impairment losses	(274,109)	(365,041)
Sivour Mine Project reclassification to development asset	(13,266,737)	-
	<u>2,834,097</u>	<u>13,014,248</u>

Note 6. Non-current assets - development asset

	Consolidated	
	31 Dec 2019	30 Jun 2019
	\$	\$
Siviour Project - at cost	<u>13,266,737</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Siviour Project
	\$
Balance at 1 July 2019	-
Reclassification from exploration and evaluation (see note 5)	<u>13,266,737</u>
Balance at 31 December 2019	<u>13,266,737</u>

- * In November 2019 the Company received the results from the Definitive Feasibility Study (DFS) for its Siviour Graphite Project. The DFS confirms Siviour's potential as a low cost, long life graphite project. The asset has been reclassified as a development asset to appropriately reflect the positive likelihood of future development.

Accounting policy for development asset

Expenditure is transferred from 'Exploration and evaluation assets' to 'Development asset' once the work completed to date supports the future development of the property and such development receives appropriate approvals.

After transfer of the exploration and evaluation assets, all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalised in 'development asset'. Development expenditure is net of proceeds from the sale of ore extracted during the development phase to the extent that it is considered integral to the development of the asset.

Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Where these proceeds exceed the cost of testing, any excess is recognised in the statement of profit or loss and other comprehensive income.

After production starts, all assets included in 'Development asset' are then transferred to 'Producing mine'.

Note 7. Equity - Issued capital

	Consolidated			
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>1,272,697,068</u>	<u>1,153,424,340</u>	<u>33,495,483</u>	<u>32,210,012</u>

Note 7. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	1,153,424,340		32,210,012
Tranche A of Performance Shares Vested	8 November 2019	6,000,000	\$0.02	108,000
Share Placement	12 December 2019	110,454,528	\$0.01	1,215,000
Share Placement	19 December 2019	2,818,200	\$0.01	31,000
Less: Transaction costs arising on share issues, net of tax		-	\$0.00	(68,529)
Balance	31 December 2019	<u>1,272,697,068</u>		<u>33,495,483</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 8. Equity - Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 9. Contingent liabilities

Renascor has entered into an agreement with a service provider under which the service provider agreed to contribute \$1 million of services towards early project works on the basis that they may subsequently be awarded the engineering procurement and construction contract for the Siviour project. Renascor subsequently entered into a contract with this service provider to provide services in relation to the Siviour definitive feasibility study, with the parties agreeing that the \$1 million early project works commitment would apply towards the definitive feasibility study. Renascor may be liable to reimburse, in cash or equity, amounts due to this service provider pursuant to the agreement relating to the definitive feasibility study.

Note 10. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		31 Dec 2019	30 Jun 2019
		%	%
Kulripa Uranium Pty Ltd	Australia	100.00%	100.00%
Astra Resources Pty Ltd	Australia	100.00%	100.00%
Sol Jar Property Pty Ltd	Australia	100.00%	100.00%
Eyre Peninsula Minerals Pty Ltd	Australia	100.00%	100.00%
Ausmin Development Pty Ltd	Australia	100.00%	100.00%

Note 11. Events after the reporting period

On 13 January 2020 the company allotted 45,454,552 shares as part of its Share Purchase Plan, raising a total of \$500,000.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Note 12. Share-based payments

Share based payments to directors and executives

There are no options that have been granted to directors and senior management as part of their remuneration (2018: Nil).

There was no amount of the equity settled share-based payment recognised in the current period in respect of options granted to directors and executives (2018: \$Nil).

Exploration and evaluation share based payments

There is no amount of the equity settled share-based payment recognised in the current period in respect of the ordinary shares issued (2018: \$3,412,750). Amounts previously recognised have been included as exploration and evaluation expenditure and development asset expenditure within the non-current assets in the statement of financial position.

Share based payments to consultants

During the period there was no amount of equity settled share-based payment recognised in the current period in respect of shares issued to consultants (2018: \$45,000; 2,500,000 ordinary shares).

Performance rights granted to directors and senior management

31 Dec 2019

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Vested	Balance at the end of the half-year
22/11/2018	22/11/2022	\$0.00	6,000,000	-	(6,000,000)	-
22/11/2018	22/11/2022	\$0.00	6,000,000	-	-	6,000,000
22/11/2018	22/11/2022	\$0.00	6,000,000	-	-	6,000,000
			<u>18,000,000</u>	<u>-</u>	<u>(6,000,000)</u>	<u>12,000,000</u>

At the Extraordinary General Meeting held on 3 September 2018 Shareholders of the Company granted approval for the issue of performance rights to Mr David Christensen. Details of the performance rights are in the Notice of Extraordinary General Meeting dated 1 August 2018. However the vesting conditions are outlined below:

Tranche A Performance Rights. 6,000,000 Performance Rights will vest upon the completion of a positive Definitive Feasibility Study (DFS) in respect of the production of graphite concentrates. Tranche A subsequently vested in November 2019 when the positive DFS was received.

Tranche B Performance Rights. 6,000,000 Performance Rights will vest upon the commencement of construction of a commercial graphite concentrate production facility.

Tranche C Performance Rights. 6,000,000 Performance Rights will vest upon (i) the share price of Renascor ordinary shares having achieved a closing price of in excess of \$0.055 for five consecutive days after the issue date of such Performance Rights, and (ii) the date that is two and one-half years after the issue date of such Performance Rights.

Note 12. Share-based payments (continued)

The Performance Rights are expensed over the expected vesting period. The total value of Performance Rights recognised in the current period is \$42,734 (2018: \$85,792).

The performance rights were valued as outlined below:

	Total value at grant date \$	Expensed in the period \$
Tranche A	108,000	0
Tranche B	108,000	33,911
Tranche C	45,600	8,823
Total	261,600	42,734

The tranches were valued using the Black Scholes pricing model that takes into account the term of the Performance Rights, the vesting and performance criteria (if applicable), the non-tradable nature of the rights (if applicable), the share price at grant date, expected price volatility of the underlying share, the expected dividend yield, the probability that the Performance Rights will issue and the risk free interest rate for the term of the Performance Right.

The probability that the Tranche C rights will vest (38%) was determined using the Monte Carlo simulation. This model takes into account the randomness of the share price movements and the volatility of the underlying share.

The weighted average remaining contractual life of performance rights outstanding at the end of the half-year was 3 years (2018: 4 years).

Renascor Resources Limited
Directors' declaration
For the half-year ended 31 December 2019



In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "MCCME", written over a horizontal line.

David Christensen
Director

3 March 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF RENASCOR RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Renascor Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

A handwritten signature in blue ink, appearing to read 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 4 March 2020