

Quarterly Report

30 June 2019

ASX Release

Quarterly report for the period ending 30 June 2019

Renascor Resources Ltd
ABN 90 135 531 341

Head Office

36 North Terrace
Kent Town, SA 5067
Australia

CONTACT

T: +61 8 8363 6989
info@renascor.com.au
www.renascor.com.au

ASX CODE

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Developing Australia's Largest Graphite Deposit



Significant Events

- Mineral Lease for Siviour Graphite Project granted by South Australian Minister for Energy and Mining.
- 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.
- Siviour stage-one processing capacity expanded by approximately four times, with the completion of the Siviour Optimised Development Plan.
- The Siviour Definitive Feasibility Study (**DFS**), which is based on the Optimised Development Plan, advances to commencement of the front end engineering design, with results now expected in September 2019.
- JORC Mineral Resource Estimate for the Siviour Graphite Project upgraded to:
 - Measured Resource Estimate of 15.8Mt at 8.8% TGC for approximately 1.4Mt of contained graphite.
 - Total Mineral Resource Estimate (Measured, Indicated and Inferred) of 87.4Mt at 7.5% TGC for approximately 6.6Mt of contained graphite (with 64% classified as Measured or Indicated).
- Cash position of approximately \$2.9 million as of 30 June 2019



Figure 1. Siviour Graphite Project

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Siviour Graphite Project

Renascor's recent activities have been focused primarily on its 100%-owned Siviour Graphite Project, located in South Australia's Eyre Peninsula.

Siviour Mineral Lease

During the recently completed quarter, the South Australia Minister for Energy and Mining granted a Mineral Lease for the Siviour Graphite Project.

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 (**Department**) against the conditions of the Mineral Lease, as well as applicable legislation and Department regulations and guidelines.

Renascor is currently preparing the PEPR, which it expects to lodge with the Department later this year.

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.

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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.

The Optimised Development Plan

During the recently completed quarter, Renascor completed an optimised development plan (**Optimised Development Plan**) that significantly expands upon the production profile of the stage-one processing capacity described in the Siviour Prefeasibility Study (**PFS**) by approximately four times. See Renascor ASX announcement 14 March 2018. It also provides for the construction of a similar-sized processing plant in stage-two.

This two-staged approach, which underpins Renascor's project finance strategy, minimises upfront capital requirements by funding the stage-two plant through projected cashflow from stage-one, while still maintaining low projected operating costs.

Up to approximately 60% of projected capital expenditure for stage-one of the Optimised Development Plan is expected to qualify for Dutch ECA cover.

The development scenario of the Optimised Development Plan was adopted after considering multiple mine option plans for Siviour. Based on discussions regarding potential project financing and market requirements, Renascor determined that the revised two-stage production considered in the Optimised Development Plan offered a financeable production scenario by reducing the up-front capital requirement, while still maintaining a low projected operating cost.

A summary of the key results of the Optimised Development Plan is described in Table 1 (next page).

To the extent that the Optimised Development Plan differs from the production cases presented in the PFS, the economic and engineering parameters of the Optimised Development Plan have been assessed to Scoping Study level standards at an accuracy level of +/-35% in accordance with the Australian Institute of Mining and Metallurgy (**AusIMM**) guidelines¹.

¹ Auslmm 2012. Cost Estimation Handbook. 2nd Edition, Monograph 27. The Australian Institute of Mining and Metallurgy.

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Parameter	Stage-one		Stage-two	
	years 1 to 3		years 4 to 40	
	AU\$	US\$	AU\$	US\$
Annual production (graphite concentrate)	83,400t		145,000t (years 4 -10)	
	110,300t (LOM)			
Plant throughput (run of mine ore)	825,000		1,650,000	
Average feed grade (of run of mine ore) (TGC)	11.0%		9.1% (years 4 -10)	
	7.4% (LOM)			
Cash cost per tonne (graphite concentrate)	AU\$477	US\$344	AU\$511 (years 4-10)	US\$367 (years 4-10)
	AU\$526 or US\$379			
Basket sales price	AU\$1,366	US\$984	AU\$1,366	US\$984
Life of mine	40 Years			
Development capital	AU\$108m	US\$78m	AU\$77m	US\$56
Payback period	3.7 years ²		Not applicable	
NPV ₁₀ (after tax)	AU\$435m or US\$313m			
IRR (after tax)	40%			

Table 1. Summary of key results of Optimised Development Plan

The operating parameters of the Optimised Development Plan are being incorporated into the Siviour DFS.

The Siviour Definitive Feasibility Study

During the recently completed quarter, Renascor achieved strong progress in advancing the Siviour DFS with achievements including:

- Finalisation of plant flowsheet and plant layout;
- Completion of key DFS environmental and site test studies, including hydrogeology, geotechnical site evaluations (with respect to plant construction and tailings storage), flora and fauna, socio-economic, noise, dust, traffic and visual amenity;
- Commencement of early works engineering, approvals and construction planning for desalination water supply, power line and grid connection, roads and communications infrastructure;

² Reflects period of time to payback development capital for stage-one as calculated from first production, assuming cashflow from stage-one is not used to pay stage-two development capital.

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- Completion of variability and optimisation mineral process test work, including a revised detailed lithological model;
- Completion of logistic construction requirements for ports, the transport of modules and final product transport and shipping;
- Completion of upgraded geo-metallurgical modelling and incorporation into detailed mining schedule; and
- Completion of DFS mining study mine optimisation, design and scheduling, with final study outputs, including capital and operating costs, in final review.

Renascor, in consultation with its strategic engineering partner Royal IHC, has extended the DFS schedule, with completion now expected in September 2019.

The adjusted DFS schedule will permit Royal IHC to commence the front end engineer design (FEED).

Royal IHC has informed Renascor that the commencement of the FEED will permit Royal IHC to provide an engineering, procurement and construction proposal to Renascor soon after the completion of the Siviour DFS.

Upgraded Mineral Resource

During the recently completed quarter, Renascor upgraded the JORC Mineral Resource estimate for the Siviour Graphite Project upgraded to:

- Measured Resource Estimate of 15.8Mt at 8.8% TGC for approximately 1.4Mt of contained graphite.
- Total Mineral Resource Estimate (Measured, Indicated and Inferred) of 87.4Mt at 7.5% TGC for approximately 6.6Mt of contained graphite (with 64% classified as Measured or Indicated).

Resource Category	Tonnes of mineralisation (Mt)	Total Graphitic Carbon (TGC)	Tonnes of contained graphite (Mt)
Measured	15.8	8.8%	1.4
Indicated	39.5	7.2%	2.8
Inferred	32.1	7.2%	2.3
Total³	87.4	7.5%	6.6

Note: Cut-off grade of 2.3% total graphitic carbon

Table 1. Siviour Mineral Resource estimate as of 29 April 2019

The upgraded Mineral Resource Estimate provides sufficient confidence in the size and quality of the Siviour resource to complete the Siviour DFS.

³ Differences may occur due to rounding errors.

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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

- During the recently completed quarter, Renascor surrendered one Exploration Licence considered non-core: Wompinie – EL6190.
- As of 30 June 2019, Renascor had approximately \$2.9m cash on hand.

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:

David Christensen
Managing Director

+61 8 8363 6989
info@renascor.com.au

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Appendix 1

Summary of tenements for quarter ended 30 June 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	283 [#]	Renascor	South Australia	100%
Iron Baron	EL5822	253	Renascor	South Australia	100%
Old Wartaka	EL6191	14	Renascor	South Australia	100%
Carnding	EL5856	68 [#]	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.

[#]Partial surrender of EL5586 reduced the area covered from 372km² to 283km².

[#]Partial surrender of EL5856 reduced the area covered from 92km² to 68km².