

ASX Release

September 29, 2020

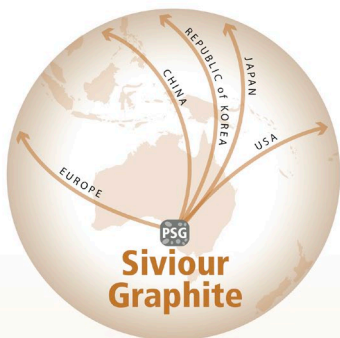
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MOU with One of China's Largest Battery Material Supplier Groups

Non-Binding Memorandum of Understanding to Supply
Purified Spherical Graphite

Highlights

- Renascor enters into non-binding Memorandum of Understanding (**MOU**) with Chinese anode company Shanxi Minguang New Material Technology Co. Ltd. (**Minguang New Material**), a subsidiary of Fujian Metallurgical Holding Co. Ltd. (**Fujian Metallurgical**).
- Fujian Metallurgical is a large, Chinese state-owned enterprise with 142 subsidiaries (including 3 listed companies), more than 38,000 employees and total assets of approximately A\$17 billion¹.
- Fujian Metallurgical's holdings include a controlling ownership interest in XTC New Energy Materials Co. Ltd., China's largest battery cathode producer, and Minguang New Material, which is developing a 40,000 tonnes per annum (**tpa**) battery anode manufacturing facility in China's Shanxi Province.
- The MOU covers the purchase of up to 10,000tpa of Purified Spherical Graphite (**PSG**) over a ten year term, which represents approximately one-third of the projected initial PSG production capacity of Renascor's planned Battery Anode Material operation in South Australia.
- Under the terms of the MOU, Minguang New Material and Renascor have agreed to work together to undertake additional product validation tests prior to concluding a formal binding agreement.
- China continues to be the dominant market for PSG. Chinese anode production capacity currently represents around 85% of global capacity, and over 90% of capacity under construction².
- Renascor is concurrently discussing additional potential PSG offtake agreements and undertaking PSG validation with other anode companies in China and elsewhere in Northeast Asia and battery manufacturers in Northeast Asia and Europe, with a view to securing binding commitments for its planned 28,000tpa PSG operation.

Renascor Resources Limited (ASX: RNU) (**Renascor**) is pleased to announce that it has signed its first MOU for production from its planned Battery Anode Material operation in South Australia.

The non-binding MOU provides for the supply of up to 10,000tpa of Purified Spherical Graphite (PSG) over a period of ten years to Minguang New Material, a subsidiary of Fujian Metallurgical Holding Corporation.

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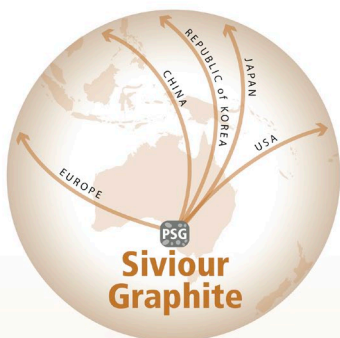
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Commenting on the agreement, Renascor Managing Director David Christensen stated:

"Our MOU with Minguang New Material is a significant step in Renascor's plans to become a globally competitive Australian producer of battery anode material."

We are particularly pleased to have secured our first PSG offtake agreement with an anode material company affiliated with one of China's largest lithium-ion battery material suppliers, as this represents a strong endorsement of the technical work we have undertaken in proving up the ability to produce battery-quality PSG from our Siviour project."

Notwithstanding uncertainties created by COVID-19, the demand for electric vehicle batteries continues to underpin growing demand for PSG, with the market opportunity particularly strong in China. We are seeing increasing interest from anode makers for our Siviour PSG, and we expect this to assist in securing additional offtake commitments in line with our financing and development strategy."

Discussion

Earlier this quarter, Renascor released the results of its Battery Anode Material Study³, which proposes a vertically integrated battery anode material operation in South Australia that combines a mining operation at Renascor's 100%-owned Siviour Graphite Project with a downstream processing operation to produce PSG for use in lithium-ion battery anodes (Figure 1).

Renascor's Integrated Battery Anode Material Manufacturing Operation

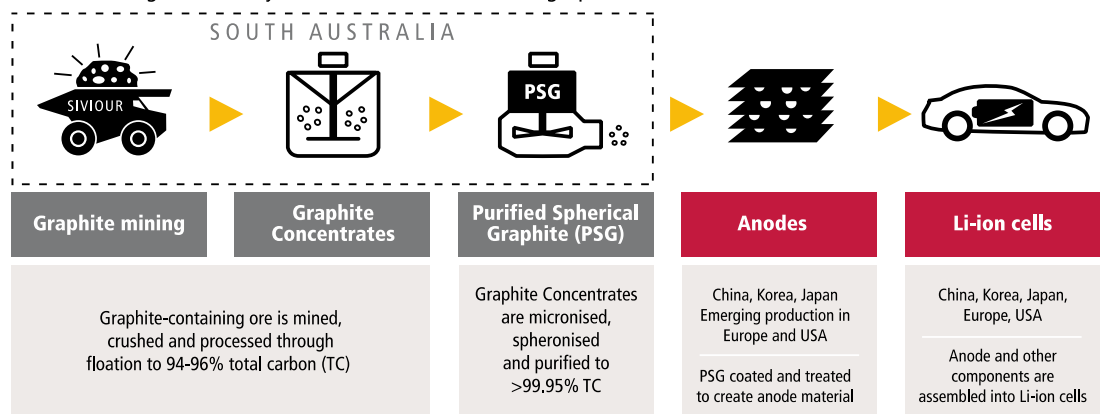


Figure 1. Graphite to anode supply chain, showing activities included in Renascor's proposed integrated Battery Anode Material manufacturing operation

The primary product to be produced at Renascor's planned battery anode material operation will be PSG⁴, a refined form of graphite that is the main raw material required by anode manufacturers to produce lithium-ion battery anodes.

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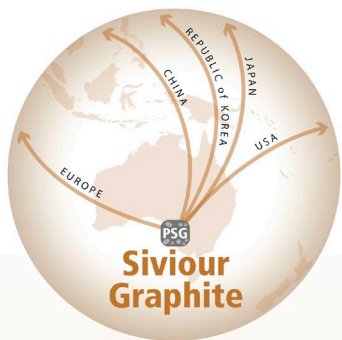
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As a result of growth in the electric vehicle and lithium-ion battery markets, the demand for lithium-ion battery anodes is also experiencing significant expansion. This has resulted in increased demand for PSG by anode manufacturers, with annual growth rates of up to 29% predicted through to 2030, leading to an increase in the market from approximately 200,000 tonnes in 2019 to 2.4 million tonnes by 2029⁵ (Figure 2).

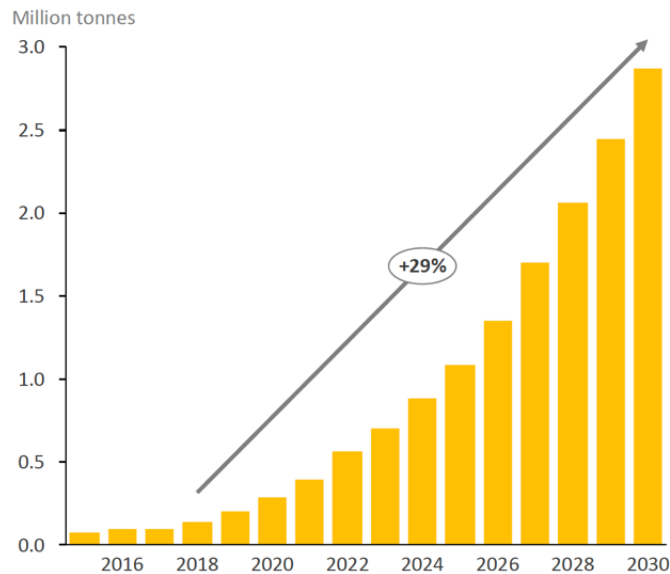


Figure 2. PSG demand forecast (Source: Benchmark Mineral Intelligence)

The production of lithium-ion battery anodes is largely concentrated in China, which accounts for approximately 85% (600,000 tonnes per annum) of current lithium-ion battery anode capacity. The remaining 15% of lithium-ion battery anode capacity is centered in South Korea and Japan, with emerging anode production sources being developed in Europe and North America. China is also the highest growth market for lithium-ion battery anodes, with over 90% (560,000 tonnes per year) of new capacity currently under construction⁶. See Figure 3.

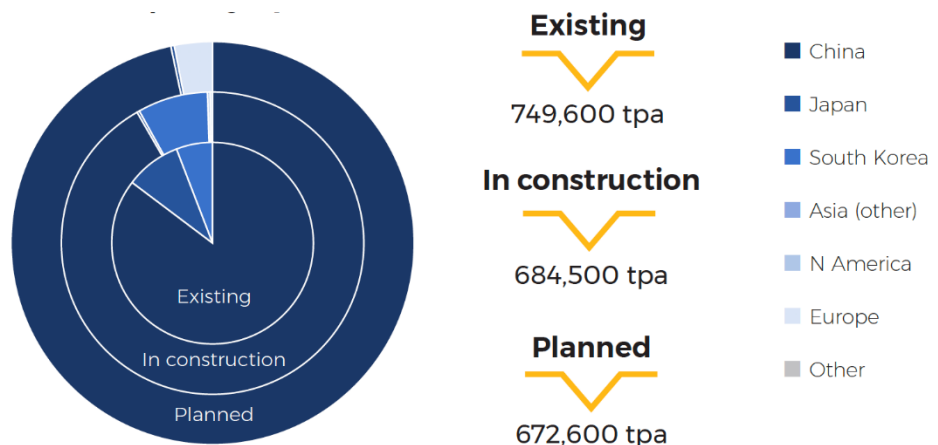


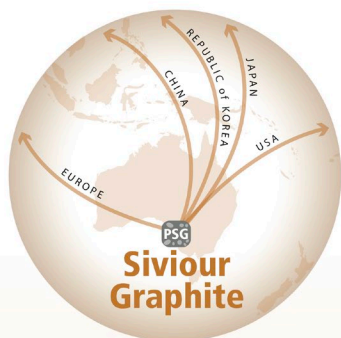
Figure 3. Global anode capacity (Source: Benchmark Mineral Intelligence)

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RNU**Critical minerals for
a secure future****MOU with Minguang New Material**

Renascor's MOU with Minguang New Material is Renascor's first PSG offtake agreement and covers up to 10,000tpa of PSG over a ten year period. This represents approximately one-third of Renascor's planned PSG production capacity of 28,000tpa.

Minguang New Material is an anode manufacturing company developing a ¥5 billion (A\$1 billion), 40,000tpa lithium-ion battery anode manufacturing facility in China's Shanxi Province.

Minguang New Material is a subsidiary of Fujian Metallurgical, an investment company owned by the Fujian Provincial Government. Fujian Metallurgical has diversified holdings in steel production, metal refining and battery materials, including a controlling interest in Xiamen Tungsten (XTC) Co. Ltd., a Shanghai-listed company that owns XTC New Material Xiamen Co., Ltd., China's largest cathode producer in 2019⁷, and Fujian Sangang (Group) Co. Ltd., a Shenzhen-listed steel producer and one of the largest 500 companies in China⁸.

The MOU with Minguang New Material is non-binding and is intended to provide the initial framework for further negotiations in relation to price, product quality and other offtake parameters following completion of additional product validation tests.

Progress on additional PSG offtake

In addition to concluding the MOU with Minguang New Material, Renascor is concurrently advancing offtake negotiations for the balance of its planned PSG production capacity, including with anode manufacturers and lithium-ion battery companies headquartered in Northeast Asia and Europe.

While COVID-19 has caused some delays by preventing site visits and in-person meetings, Renascor continues to make progress in relation to PSG offtake, with current activities largely focused on undertaking PSG validation tests, responding to due diligence enquiries and negotiating potential offtake terms.

Bibliography

Renascor ASX announcement dated 1 July 2020, "Battery Anode Material Study".

Renascor confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Renascor confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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. It should be noted that a number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward-looking statements.

This ASX announcement has been approved by Renascor's Board of Directors and authorised for release by Renascor's Managing Director David Christensen.

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¹ Source: Fujian Metallurgical (Holding) Co. Ltd website: <http://www.fjyjkg.com>.

² Source: Benchmark Mineral Intelligence (2020).

³ See Renascor ASX announcement dated 1 July 2020.

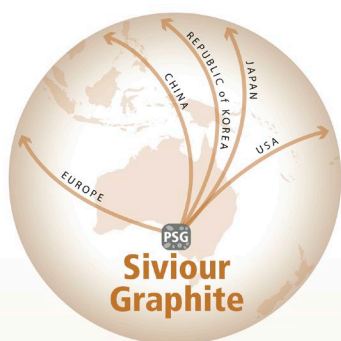
⁴ Renascor's vertically integrated operation also contemplates the sale of graphite concentrates produced in a flotation plant at the Siviour mine site and a fine flake graphite by-product generated from a secondary processing step required to convert graphite concentrates to PSG. See Renascor ASX announcement dated 1 July 2020, p. 17.

⁵ Source: Benchmark Mineral Intelligence (2019).

⁶ Source: Benchmark Mineral Intelligence (2020).

⁷ Source: Benchmark Mineral Intelligence (2020).

⁸ Source: Fujian Sangang (Group) Co. Ltd website: <http://www.fjsg.com.cn>.



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