

Renascor Resources Limited

ABN 90135531341

Financial Report - 31 December 2020

Renascor Resources Limited
Corporate directory
For the half-year ended 31 December 2020



| | |
|---|---|
| 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 mineral deposits. 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, development and evaluation. |
| Corporate Governance Statement | 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, 4th Edition" to the extent considered appropriate for the size of the Company and its scale of its operations. The Company's Corporate Governance Statement is available on the Company's website. www.renascor.com.au/corporate-governance |

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 2020.

Review of operations

Corporate and financial

For the half-year ended 31 December 2020, the loss for the Group after providing for income tax amounted to \$400,598 (2019: \$775,830). There was no impairment write down of capitalised exploration and evaluation expenditure recognised during the period (2019: \$274,109).

To support the Group's exploration activities and developing the Siviour Graphite Project, the Company raised \$3,217,683 (after capital raising costs) via placements to professional and sophisticated investors during the period. The placement securities included one free attaching listed option with every two shares purchased. The options have a two year expiry period and an exercise price of \$0.02 per share.

Operations

Renascor's activities during the period ended 31 December 2020 were primarily directed at developing the Siviour Graphite and Battery Anode Material Project (Siviour).

Significant activities undertaken on the Siviour project during the half-year included:

- In July 2020 the results of a study undertaken to assess an integrated battery anode material operation to produce Purified Spherical Graphite (PSG) for lithium-ion battery anodes were announced. The study confirmed the integration of a PSG processing operation would create significant added value and aligns Renascor with end-users of PSG seeking supply chain security.
- Independent purification tests confirmed the ability to process Siviour graphite into high-value PSG through the more environmentally friendly caustic roast purification method that avoids the use of hydrofluoric (HF) acid.
- An updated Mineral Ore Reserve estimate announced in July confirmed Siviour as the largest reported total Ore Reserve outside of Africa, and the second largest reported Proven Reserve of graphite in the world.
- In August 2020 tests undertaken by a German graphite specialist demonstrated that Siviour PSG meets strict anode specifications for physical and chemical properties, including particle size, surface area, tap density and impurities. The test results validated Renascor's plan to be a low-cost supplier of PSG in the first integrated in-country mine and battery anode materials operation outside of China.
- A non-binding Memorandum of Understanding (MOU) was entered into with Chinese anode company Shanxi Minguang New Material Technology Co. Ltd a subsidiary of Fujian Metallurgical Holding Co. Ltd. The MOU covers the purchase of up to 10,000tpa of PSG over a ten year term, which represents approximately one-third of the projected initial PSG production capital of the planned Battery Anode Material operation.
- Preliminary test results released in November 2020 confirmed the suitability of the Siviour PSG for use in silicon-composite anodes. The initial tests showed that silicon-composite anodes produced with Siviour's PSG met or exceeded the performance of all reference natural graphite previously tested. This result is attributed to the favourable crystallinity, uniformity and surface area of Renascor's Siviour PSG.
- In December 2020, Renascor was accepted as a member of the European Raw Materials Alliance (ERMA), a group created by the European Commission to foster collaboration and provide European countries with strategic access to the critical raw materials supply chain. This membership provides the Company the opportunity to collaborate with European end-users seeking reliable, secure and sustainable access to Graphite Concentrates and PSG as part of Europe's increasing investment in the lithium-ion battery supply chain.

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.

Significant activities undertaken on other projects during the half-year included:

- In August 2020 the Carnding Gold Project in the Central Gawler Craton was expanded with the approval of an exploration licence application (ELA) that includes the area immediately north of the Soyuz prospect. The Company considers this area to be prospective for Proterozoic granite-associated, near-surface, high-grade gold deposits that are common in the Central Gawler Craton.
- In August 2020 an IP survey confirmed multiple untested, shallow gold targets along-strike from the Soyuz prospect. The company is seeking approvals to commence drilling at Soyuz with planned projects expected to include drill testing of the existing gold zone at Soyuz, the IP anomaly and any additional targets that may be identified.
- In September 2020 the Company entered into a binding agreement with Rio Tinto Exploration regarding EL 5586, part of Renascor's Marree Project in South Australia's Adelaide Fold Belt. Rio Tinto may earn up to an 80% interest in EL 5586 through payments of \$200,000 to Renascor and sole funding exploration expenditure of \$3 million. The Company will retain 100% interest in the remaining Marree Project exploration licences.
- In December 2020 the Company recommenced exploration activities at the Carnding Gold Project after receiving approval for the Program for Environment Protection and Rehabilitation from the South Australian Department of mining and energy. A soil sampling program and Induced Polarization (IP) survey were completed and a drill program has been scheduled to occur in the March 2021 quarter.

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 the 12th of January 2021 the Company announced that it achieved the first stage product qualification of Siviour PSG after recent product quality testing by MOU partner Minguang New Material. The successful product validation results enable Renascor and Minguang New Material to enter into negotiations regarding binding PSG offtake and complete product qualification testing.

On the 15th of January 2021 the Company issued 3,032,178 shares at \$0.01088 per share as consideration for advisory services provided.

On the 19th of January 2021 the Company announced that an IP survey confirmed a large, shallow chargeability anomaly at its Soyuz prospect. This IP anomaly is considered by the Company to be a high priority drill target for primary gold mineralisation.

On the 27th of January 2021 the Company entered into a non-binding MOU with Jiangxi Zhengtuo New Energy Technology (Zeto). The MOU with Zeto covers the purchase of up to 10,000tpa of PSG over a 10-year term. Under the terms of the MOU, Zeto and Renascor have agreed to work together to undertake additional product validation tests prior to concluding a formal binding agreement.

On the 1st of February 2021 the Company announced the commencement of a reverse circulation drill program of up to 2,000m on the shallow primary gold targets at Renascor's Soyuz prospect. The drill program tested for high-grade extensions at shallow depth and along-strike from the previous high-grade intersections at Soyuz. This drilling program was completed on the 19th of February. The drill samples have been dispatched for assaying, however the results have not been received as yet. The company expects to receive the results by April 2021.

On the 11th of February 2021 the Company announced that it achieved the first stage of product qualification under its offtake MOU with Zeto.

On the 15th of February 2021 the Company announced that it has received confirmation that the Siviour Graphite Project has been classified as a 'New Mine' for the purposes of State royalty calculations. The successful attainment of the New Mine status means that the project will incur a reduced royalty rate of 2% of the net value of the minerals recovered from the Siviour Mine through 30 June 2026, representing a reduction from 3.5% over the initial years of production.

On the 22nd of February 2021 the Company announced that its eco-friendly HF-free purification process has been independently validated in advanced mineral processing trials undertaken by leading German independent battery mineral consultancy group Dorfner Anzplan. The trials confirm suitability of Renascor's eco-friendly HF acid free technology to purify graphite to battery anode grade, with results up to 99.98% Carbon (versus anode industry standard of 99.95% Carbon).

Renascor Resources Limited
Directors' report
For the half-year ended 31 December 2020



On the 24th of February 2021 the Company announced that it had been accepted into the European Battery Alliance (EBA). Membership to the EBA provides the company with the opportunity to collaborate with key European stakeholders and end users seeking reliable, secure and sustainable access to PSG as part of Europe's increasing investment in the lithium-ion battery supply chain.

No other matter or circumstance has arisen since 31 December 2020 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.

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 black ink, appearing to read "MECH", written over a horizontal line.

David Christensen
Director

9th of March 2021

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 2020, 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, 9 March 2021

Renascor Resources Limited
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For the half-year ended 31 December 2020



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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 9th of March 2021.

Renascor Resources Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2020



| | | Consolidated | |
|---|-------------|---------------------|--------------------|
| | Note | 31 Dec 2020 | 31 Dec 2019 |
| | | \$ | \$ |
| Revenue | | | |
| Other income | 5 | 9,387 | 15,596 |
| Total revenue | | <u>9,387</u> | <u>15,596</u> |
| Expenses | | | |
| Administration and consulting | | (208,458) | (223,460) |
| Depreciation and amortisation expense | | (510) | (864) |
| Employee benefits expense | 6 | (151,270) | (226,502) |
| Office accommodation | | (15,298) | (15,090) |
| Impairment of exploration expenditure | | - | (274,109) |
| Legal fees | | (6,720) | (6,048) |
| Other expenses | 7 | (27,729) | (45,353) |
| Total expenses | | <u>(409,985)</u> | <u>(791,426)</u> |
| Loss before income tax expense | | (400,598) | (775,830) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year attributable to the owners of Renascor Resources Limited | | (400,598) | (775,830) |
| 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 | | <u>(400,598)</u> | <u>(775,830)</u> |
| | | Cents | Cents |
| Basic earnings per share | | (0.03) | (0.07) |
| Diluted earnings per share | | (0.03) | (0.07) |

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 2020



| | | Consolidated | 30 Jun 2020 |
|-------------------------------|-------------|---------------------|---------------------|
| | Note | 31 Dec 2020 | (Restated) |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 4,559,268 | 1,855,784 |
| Other receivables | | 78,355 | 206,675 |
| Prepayments | | 39,334 | 13,566 |
| Total current assets | | <u>4,676,957</u> | <u>2,076,025</u> |
| Non-current assets | | | |
| Receivables | | 45,000 | 30,000 |
| Property, plant and equipment | | 3,169 | 3,679 |
| Exploration and evaluation | 8 | 1,374,312 | 1,250,654 |
| Development asset | 9 | 15,467,172 | 15,134,752 |
| Total non-current assets | | <u>16,889,653</u> | <u>16,419,085</u> |
| Total assets | | <u>21,566,610</u> | <u>18,495,110</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 271,167 | 231,476 |
| Provisions | | 96,880 | 100,677 |
| Total current liabilities | | <u>368,047</u> | <u>332,153</u> |
| Total liabilities | | <u>368,047</u> | <u>332,153</u> |
| Net assets | | <u>21,198,563</u> | <u>18,162,957</u> |
| Equity | | | |
| Issued capital | 10 | 37,402,521 | 34,114,480 |
| Reserves | 11 | (1,129,693) | (1,277,856) |
| Accumulated losses | | <u>(15,074,265)</u> | <u>(14,673,667)</u> |
| Total equity | | <u>21,198,563</u> | <u>18,162,957</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 2020



| Consolidated | Contributed equity \$ | Performance Rights Reserve \$ | Business Combination Reserve \$ | Share Option 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) | - | - | - | - |
| Transfer of historical performance rights | - | (68,284) | - | - | 68,284 | - |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Contributions of equity, net of transaction costs | 1,177,471 | - | - | - | - | 1,177,471 |
| Share-based payments (note 17) | - | 42,734 | - | - | - | 42,734 |
| Balance at 31 December 2019 | <u>33,495,483</u> | <u>112,409</u> | <u>(1,417,790)</u> | <u>-</u> | <u>(14,376,922)</u> | <u>17,813,180</u> |

| Consolidated | Contributed equity \$ | Performance Rights Reserve \$ | Business Combination Reserve \$ | Share Option Reserve \$ | Accumulated Losses \$ | Total equity \$ |
|--|----------------------------------|--|--|------------------------------------|----------------------------------|----------------------------|
| Balance at 1 July 2020 | 34,114,480 | 139,934 | (1,417,790) | - | (14,673,667) | 18,162,957 |
| Loss after income tax expense for the half-year | - | - | - | - | (400,598) | (400,598) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | - | - | (400,598) | (400,598) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | |
| Contributions of equity, net of transaction costs (note 10) | 3,217,683 | - | - | - | - | 3,217,683 |
| Share-based payments (note 17) | 70,358 | 8,823 | - | 139,340 | - | 218,521 |
| Balance at 31 December 2020 | <u>37,402,521</u> | <u>148,757</u> | <u>(1,417,790)</u> | <u>139,340</u> | <u>(15,074,265)</u> | <u>21,198,563</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 2020



| | Consolidated | |
|---|-------------------------|-------------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Payments to suppliers and employees (inclusive of GST) | (487,960) | (639,052) |
| Receipts from Goods & Services Tax paid | 53,809 | 129,393 |
| Interest received | 1,387 | 15,596 |
| Research & Development tax concession | 151,468 | - |
| Other revenue | 8,000 | - |
| | <u>(273,296)</u> | <u>(494,063)</u> |
| Net cash used in operating activities | | |
| Cash flows from investing activities | | |
| Payments for property, plant and equipment | - | (1,923) |
| Payments for exploration and evaluation | (108,410) | (308,870) |
| Payments for development assets | (362,220) | (1,321,363) |
| | <u>(470,630)</u> | <u>(1,632,156)</u> |
| Net cash used in investing activities | | |
| Cash flows from financing activities | | |
| Proceeds from issue of shares | 3,643,358 | 1,246,000 |
| Share issue transaction costs | (195,948) | (68,529) |
| | <u>3,447,410</u> | <u>1,177,471</u> |
| Net cash from financing activities | | |
| Net increase/(decrease) in cash and cash equivalents | 2,703,484 | (948,748) |
| Cash and cash equivalents at the beginning of the financial half-year | <u>1,855,784</u> | <u>2,877,843</u> |
| Cash and cash equivalents at the end of the financial half-year | <u><u>4,559,268</u></u> | <u><u>1,929,095</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 2020 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 2020 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.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Details of share based payment transactions are presented in note 17.

Note 3. Restatement of comparatives

Correction of error

During the year ended 30 June 2020, the Siviour project cost was reclassified from exploration and evaluation assets into development assets, as a definitive feasibility study indicated commercial viability of the project. On review of the costs transferred across, it was noted that not all of the relevant costs had been reclassified to development assets.

A retrospective restatement of the amounts at 30 June 2020 has no impact on total or net assets, does not change calculations of recoverable amount for development assets completed for the year ended 30 June 2020, and has no impact on earnings per share previously reported.

Note 3. Restatement of comparatives (continued)

The additional amount to be reclassified from exploration and evaluation assets to development assets at 30 June 2020 is \$1,600,000.

Statement of financial position at the beginning of the earliest comparative period

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 July 2019. However, as there were no adjustments made as at 1 July 2019, the Group has elected not to show the 1 July 2019 statement of financial position.

Restated amounts for 30 June 2020 are as follows:

| Line items affected: | Reported \$ | Restated \$ | Change \$ |
|-----------------------------------|----------------|----------------|--------------|
| Exploration and evaluation assets | 2,850,654 | 1,250,654 | (1,600,000) |
| Development assets | 13,534,752 | 15,134,752 | 1,600,000 |
| Non-current assets | 16,419,085 | 16,419,085 | - |
| Total assets | 18,495,110 | 18,495,110 | - |
| Net assets | 18,162,957 | 18,162,957 | - |

Note 4. Operating segments

The Group has identified its operating segments based on the internal reports that reviewed and used by the Managing Director (Chief Operating Decision Maker 'CODM') and the board of directors 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 5. Other income

| | Consolidated | |
|-----------------|---------------------|--------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Interest income | 1,387 | 15,596 |
| Other income | 8,000 | - |
| Other income | <u>9,387</u> | <u>15,596</u> |

Note 6. Employee benefits expense

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Employee benefits expense | 125,893 | 168,075 |
| Employee share-based payment expense | 8,823 | 42,734 |
| Defined contribution superannuation expense | <u>16,554</u> | <u>15,693</u> |
| | <u>151,270</u> | <u>226,502</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 17 "Share Based Payments".

Note 6. Employee benefits expense (continued)

Not included in the totals above is the employee benefits expenditure that has been capitalised as part of Exploration and Evaluation assets (note 8) and Development assets (note 9). The total amount of employee benefits expenditure capitalised in the half year ended 31 December 2020 is \$111,207 (2019: \$101,476). The total amount remunerated to employees during the half year is \$262,477 (2019: \$327,978).

Note 7. Other expenses

| | Consolidated | Consolidated |
|----------------------------------|---------------------|---------------------|
| | 31 Dec 2020 | 31 Dec 2019 |
| | \$ | \$ |
| Business development & marketing | 4,747 | 950 |
| Investor and public relations | 19,230 | 32,839 |
| Travel | 569 | 6,052 |
| Other expenses | 3,183 | 5,512 |
| | <u>27,729</u> | <u>45,353</u> |

Note 8. Non-current assets - Exploration and evaluation

| | Consolidated | Consolidated |
|----------------------------|---------------------|---------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | (Restated) \$ |
| Exploration and evaluation | <u>1,374,312</u> | <u>1,250,654</u> |

Reconciliations

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

| Consolidated | Exploration and evaluation assets \$ | Total \$ |
|-----------------------------------|---|---------------------|
| Balance at 1 July 2020 | 1,250,654 | 1,250,654 |
| Expenditure during the half-year | 173,658 | 173,658 |
| Receipts from farm-in arrangement | (50,000) | (50,000) |
| Balance at 31 December 2020 | <u>1,374,312</u> | <u>1,374,312</u> |

Note 9. Non-current assets - Development asset

| | Consolidated | Consolidated |
|--------------------------|---------------------|---------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | (Restated) \$ |
| Sivour Project - at cost | <u>15,467,172</u> | <u>15,134,752</u> |

Note 9. Non-current assets - Development asset (continued)

Reconciliations

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

| | Siviour Project \$ | Total \$ |
|----------------------------------|--------------------------|-------------------|
| Consolidated | | |
| Balance at 1 July 2020 | 15,134,752 | 15,134,752 |
| Expenditure during the half-year | 332,420 | 332,420 |
| Balance at 31 December 2020 | <u>15,467,172</u> | <u>15,467,172</u> |

Note 10. Equity - Issued capital

| | 31 Dec 2020 Shares | Consolidated 30 Jun 2020 (Restated) Shares | 31 Dec 2020 \$ | 30 Jun 2020 \$ |
|------------------------------|-----------------------|---|-------------------|-------------------|
| Ordinary shares - fully paid | <u>1,662,677,656</u> | <u>1,330,606,165</u> | <u>37,402,521</u> | <u>34,114,480</u> |

Movements in ordinary share capital

| Details | Date | Shares | Issue price | \$ |
|---|-------------------|----------------------|-------------|-------------------|
| Balance | 1 July 2020 | 1,330,606,165 | | 34,114,480 |
| Issue of securities as consideration for advisory services provided | 15 July 2020 | 4,091,228 | \$0.01 | 33,000 |
| Share placement | 25 September 2020 | 312,681,819 | \$0.01 | 3,439,500 |
| Issue of shares to directors in lieu of fees and in accordance with NEDSP | 15 December 2020 | 3,162,080 | \$0.01 | 37,358 |
| Share placement to directors | 16 December 2020 | 12,136,364 | \$0.01 | 133,500 |
| Less: Transaction costs arising on share issues, net of tax* | | - | | (355,317) |
| Balance | 31 December 2020 | <u>1,662,677,656</u> | | <u>37,402,521</u> |

* Transaction costs arising on share issues includes \$139,340 which is the fair value of listed options that were issued to the Lead Managers as consideration for capital raising services provided as disclosed in note 17.

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 11. Equity - Reserves

| | Consolidated | |
|------------------------------|---------------------|--------------------|
| | 31 Dec 2020 | 30 Jun 2020 |
| | \$ | \$ |
| Options reserve | 139,340 | - |
| Performance rights reserve | 148,757 | 139,934 |
| Business combination reserve | (1,417,790) | (1,417,790) |
| | <u>(1,129,693)</u> | <u>(1,277,856)</u> |

Options and performance rights reserves

The reserves are used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Business combination

The reserve is used to recognise the difference between the value of consideration paid to acquire the non-controlling interests and value of the non-controlling interest.

Movements in reserves

Movements in each class of reserve during the current financial half-year are set out below:

| Consolidated | Performance rights | Business combination | Options | Total |
|---|---------------------------|-----------------------------|----------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at 1 July 2020 | 139,934 | (1,417,790) | - | (1,277,856) |
| Performance rights expensed over vesting period (note 17) | 8,823 | - | - | 8,823 |
| Options granted (note 17) | - | - | 139,340 | 139,340 |
| Balance at 31 December 2020 | <u>148,757</u> | <u>(1,417,790)</u> | <u>139,340</u> | <u>(1,129,693)</u> |

Note 12. Equity - Dividends

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

Note 13. 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 in a contract with this service provider to provide services in relation to the Siviour Definitive Feasibility Study (DFS), with the parties agreeing that the \$1 million early project works commitment would apply towards the DFS. In performing work in the DFS, the service provider incurred costs exceeding the \$1 million contribution amount. Renascor may be liable to reimburse, in cash or equity, amounts due to the service provider pursuant to the agreement relating to the DFS.

Note 14. Related party transactions

Key management personnel were remunerated on the same basis as in the latest annual report. This was a combination of cash fees and share based payments.

Note 14. Related party transactions (continued)

Transactions with key management personnel, other than remuneration, are shown below:

| | Transactions in the period \$ | Amounts owing at the end of the period \$ |
|--|-------------------------------------|---|
| G.W. McConachy (director) and related entities: | | |
| Exploration services, sampling services and sample storage | 31,813 | 16,914 |
| Exploration consultancy services | 16,500 | 3,300 |
| | <u>48,313</u> | <u>20,214</u> |

There were no other related party transactions in the period.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 15. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|---------------------------------|---|--------------------|------------------|
| | | 31 Dec 2020 % | 30 Jun 2020 % |
| Kulipa 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 16. Events after the reporting period

On the 12th of January 2021 the Company announced that it achieved the first stage product qualification of Siviour PSG after recent product quality testing by MOU partner Minguang New Material. The successful product validation results enable Renascor and Minguang New Material to enter into negotiations regarding binding PSG offtake and complete product qualification testing.

On the 15th of January 2021 the Company issued 3,032,178 shares at \$0.01088 per share as consideration for advisory services provided.

On the 19th of January 2021 the Company announced that an IP survey confirmed a large, shallow chargeability anomaly at its Soyuz prospect. This IP anomaly is considered by the Company to be a high priority drill target for primary gold mineralisation.

On the 27th of January 2021 the Company entered into a non-binding MOU with Jiangxi Zhengtuo New Energy Technology (Zeto). The MOU with Zeto covers the purchase of up to 10,000tpa of PSG over a 10-year term. Under the terms of the MOU, Zeto and Renascor have agreed to work together to undertake additional product validation tests prior to concluding a formal binding agreement.

On the 1st of February 2021 the Company announced the commencement of a reverse circulation drill program of up to 2,000m on the shallow primary gold targets at Renascor's Soyuz prospect. The drill program tested for high-grade extensions at shallow depth and along-strike from the previous high-grade intersections at Soyuz. This drilling program was completed on the 19th of February. The drill samples have been dispatched for assaying, however the results have not been received as yet. The company expects to receive the results by April 2021.

On the 11th of February 2021 the Company announced that it achieved the first stage of product qualification under its offtake MOU with Zeto.

Note 16. Events after the reporting period (continued)

On the 15th of February 2021 the Company announced that it has received confirmation that the Siviour Graphite Project has been classified as a 'New Mine' for the purposes of State royalty calculations. The successful attainment of the New Mine status means that the project will incur a reduced royalty rate of 2% of the net value of the minerals recovered from the Siviour Mine through 30 June 2026, representing a reduction from 3.5% over the initial years of production.

On the 22nd of February 2021 the Company announced that its eco-friendly HF-free purification process has been independently validated in advanced mineral processing trials undertaken by leading German independent battery mineral consultancy group Dorfner Anzaplan. The trials confirm suitability of Renascor's eco-friendly HF acid free technology to purify graphite to battery anode grade, with results up to 99.98% Carbon (versus anode industry standard of 99.95% Carbon).

On the 24th of February 2021 the Company announced that it had been accepted into the European Battery Alliance (EBA). Membership to the EBA provides the company with the opportunity to collaborate with key European stakeholders and end users seeking reliable, secure and sustainable access to PSG as part of Europe's increasing investment in the lithium-ion battery supply chain.

No other matter or circumstance has arisen since 31 December 2020 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 17. Share-based payments

Share based payments to directors and executives

On 15 December 2020, 2,349,511 shares (2019: Nil) were issued by the Company to non-executive directors pursuant to the Non-Executive Director Share Plan ("NEDSP"). The issue of shares pertained to the 50% of non-executive director fees totalling \$13,479 that were withheld during the period 1 April 2020 to 30 June 2020 and 50% of non-executive director fees totalling \$14,279 that were withheld during the period 1 July 2020 to 30 September 2020 (2019: Nil).

As at 31 December 2020 there were no unissued NEDSP shares (2019: Nil).

On 15 December 2020, 812,570 shares (2019: Nil) were issued by the Company to executive directors pursuant to the Shareholder approval that was received on 26 November 2020. The issue of shares pertained to the 50% of executive director fees totalling \$3,840 that were withheld during the period 1 April 2020 to 30 June 2020 and 50% of executive director fees totalling \$5,760 that were withheld during the period 1 July 2020 to 30 September 2020 (2019: Nil).

As at 31 December 2020 the shares pertaining to 50% of executive director fees totalling \$5,760 for to the period 1 October 2020 to 31 December 2020 had not yet been issued. These shares will be listed at a later date when Shareholder approval is obtained.

There were no options that were granted to directors and senior management as part of their remuneration (2019: 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 (2019: \$Nil).

Share based payments to consultants

During the period there was an amount of \$33,000 (4,091,228 ordinary shares) in equity settled share-based payment recognised in the current period in respect of shares issued to consultants (2019: Nil).

During the period 20,000,000 listed options with a fair value of \$139,340 were issued to the Lead Managers as consideration for capital raising services provided (2019:Nil). The options are exercisable at \$0.02, expiring on 31 December 2022. The fair value of options issued was debited directly to issued capital, and no expense was recognised in the period.

Note 17. Share-based payments (continued)

31 Dec 2020

| Grant date | Expiry date | Exercise price | Balance at the start of the half-year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the half-year |
|---------------------------------|-------------|----------------|---------------------------------------|------------|-----------|---------------------------|-------------------------------------|
| 29/12/2020 | 31/12/2022 | \$0.02 | - | 20,000,000 | - | - | 20,000,000 |
| | | | - | 20,000,000 | - | - | 20,000,000 |
| Weighted average exercise price | | | \$0.00 | \$0.02 | \$0.00 | \$0.00 | \$0.02 |

Performance rights granted to directors and senior management

31 Dec 2020

| 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 |
| | | | 12,000,000 | - | - | 12,000,000 |

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 vested in November 2019 upon the completion of a positive Definitive Feasibility Study (DFS) in respect of the production of graphite concentrates.

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.

The Performance Rights are expensed over the expected vesting period. The total value of Performance Rights recognised in the current period is \$8,823 (2019: \$42,734).

The performance rights were valued as outlined below:

| | Total value at grant date \$ | Expensed in the period \$ |
|-----------|---------------------------------|------------------------------|
| Tranche A | 108,000 | - |
| Tranche B | 108,000 | - |
| Tranche C | 45,600 | 8,823 |
| Total | 261,600 | 8,823 |

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 financial year was 2 years (2019: 3 years).

Renascor Resources Limited
Directors' declaration
For the half-year ended 31 December 2020



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 2020 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 dark ink, appearing to read "D Christensen", written over a horizontal line.

David Christensen
Director

9th of March 2021

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 2020, 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 ended on that date, a summary of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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.

A stylized, handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

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

Andrew Tickle
Director

Adelaide, 9 March 2021