# Renascor Resources Limited

**ABN 90135531341**

# Financial Report - 30 June 2018

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|---|---|
| Directors | Richard Keevers (Non-Executive Chairman)<br>David Christensen (Managing Director)<br>Geoffrey McConachy (Executive Director)<br>Chris Anderson (Non-Executive Director)<br>Stephen Bizzell (Non-Executive Director)<br>Andrew Martin (Non-Executive Director - resigned 20 November 2017) |
| Company secretary | Pierre van der Merwe (Appointed 4 June 2018)<br>Angelo Gaudio (Resigned 4 June 2018) |
| Registered office & principal place of business | 36 North Terrace<br>Kent Town SA 5069<br>Phone : + 61 8 363 6989 Fax: +61 8 363 4989 |
| Share register | Link Market Services Limited<br>ANZ Building<br>Level 15, 324 Queen Street<br>Brisbane QLD 4000<br>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 and Western 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. |
| 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, 3rd Edition" to the extent considered appropriate for the size of the Company and its scale of its operations.<br><br>The Company's Corporate Governance Statement is available on the Company's website.<br>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 year ended 30 June 2018.

## Dividends

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

## Review of operations

*Corporate and financial*

For the year ended 30 June 2018, the loss for the Group after providing for income tax amounted to $3,434,543 (2017: $1,085,492). This included an impairment write down of capitalised exploration and evaluation expenditure of $2,305,666 (2017: $374,343).

To support the Group's exploration activities and developing the Siviour Graphite Project, the Company raised $9,988,299 (after capital raising costs) via placements to professional and sophisticated investors and a Share Purchase Plan (“SPP”) during the year.

On 23 April 2018, Renascor entered in a new Option Agreement to acquire Ausmin Development Pty Ltd (Ausmin), which owns the rights to the Siviour Graphite Project. This new agreement secures Renascor’s rights to acquire 100% ownership of the Siviour Graphite Project in exchange for approximately 189.6 million shares in Renascor. The agreement simplifies the conditionality of the previous option structure by removing the minimum expenditure requirement as a precondition to acquisition and instead requiring shareholder approval to be secured before the option can be exercised. Renascor shareholders approved the issuance of the shares under the new Option Agreement at a general meeting held on 3 September 2018.

*Operations*

Renascor’s activities during the past financial year were primarily directed at developing the Siviour Graphite Project.

Significant activities undertaken on the Siviour Graphite Project during the year included:

- Completing a Pre-Feasibility Study (PFS) that considers the viability of producing natural flake graphite from the Siviour Graphite Project. The Siviour PFS considered two development options: immediate large-scale production and low start-up capital or a two staged development approach, with a small-scale operation, before transitioning to larger-scale production.
- Declaring the Maiden JORC-compliant Ore Reserve for Siviour of 45.2Mt @ 7.9% TGC for 3.6 million tonnes of contained graphite.
- Completing a Spherical Scoping Study that considers the potential for value uplift through vertically integrated development of mine and flake graphite concentrate operation, plus downstream production of spherical graphite.
- Concluding the first offtake agreement for the Siviour Graphite Project with Qingdao Chenyang Graphite.
- Confirming through independent testing that Siviour graphite meets or exceeds industry specifications for key end use applications, with results including producing 99.99% spherical graphite suitable for use in lithium ion battery anodes, producing lithium ion battery anode material from Siviour spherical graphite and confirming the suitability of Siviour concentrates for expandable graphite and a range of high-value and traditional markets.

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 year.

## Matters subsequent to the end of the financial year

On the 5th of July 2018, the Company announced its intention, subject to shareholder approval, to exercise its option to acquire a 100% interest in the Siviour Graphite Project by the issue of approximately 189.6 million shares in Renascor. Shareholder approval for this transaction was obtained in the Extraordinary General Meeting on the 3rd of September 2018.

On the 22nd of August 2018, an agreement was entered into by the Company with the owners of the property that hosts the Siviour Graphite Project. The agreement provides the Company with access rights to the property to undertake drilling, collect bulk sample material and carry out other work programs. The agreement further grants the Company the right to acquire an option to purchase the land, with the price to be determined following an independent appraisal.

On the 28th of August 2018, the Company lodged a Mining Lease Application for Siviour Graphite Project with the South Australia Department for Energy and Mining.

On the 10th of September 2018, infill drilling was commenced at the Company's Siviour Graphite Project. The drill program will focus on close-spaced drilling within the Siviour Indicated Resource to permit detailed mine planning for the Siviour Definitive Feasibility Study.

No other matter or circumstance has arisen since 30 June 2018 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.

**Likely developments and expected results of operations**
The Company will continue activities in the exploration, evaluation, development and acquisition of viable projects with the objective of establishing a significant production business.

**Environmental regulation and performance**
The directors have put in place strategies and procedures to ensure that the Group manages its compliance with environmental regulations. The directors are not aware of any breaches of any applicable environmental regulations

**Information on directors**

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|---|---|
| Name: | David Christensen |
| Title: | Managing Director |
| Experience and expertise: | David Christensen is an experienced mining executive, with successful experience managing and developing mining operations. Prior to founding the Company, David served as Chief Executive Officer of Adelaide based companies, Heathgate Resources Pty Ltd and Quasar Resource Pty Ltd, where he oversaw the operation of the Beverley uranium mine and the development of the Four Mile uranium deposit. David's experience also includes serving as President of Nuclear Fuels Corporation, a trading and marketing company. David commenced his career as an attorney in California and London offices of international law firm Latham & Watkins, where he advised on corporate finance and mergers and acquisitions. David was educated at Cornell University (BA, Economics and Classical Civilizations), the University of California, Los Angeles (JD) and the Universitá di Bologna (Fulbright Fellow). |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | 15,770,519 |
| Interests in options: | 150,000 |

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|---|---|
| Name: | Richard (Dick) Keevers |
| Title: | Non-Executive Chairman |
| Experience and expertise: | Dick Keevers has over 40 years of experience in the resource sector, having previously held senior executive positions with Broken Hill South Limited and Newmont Mining Corporation. Dick's experience includes advancing multiple producing mines from discovery phase through development, including the Telfer gold and copper mine, the Phosphate Hill phosphate mine and the Baal Gammon copper mine. Dick also was a substantial shareholder of and served as an executive director for Pembroke Josephson Wright Limited, an Australian share brokerage firm. Dick has served on boards of several ASX-listed resource companies, and he is currently a non-executive director of Santana Minerals Limited. Dick also serves as chairman of unlisted Eyre Peninsula Minerals Proprietary Limited. Dick is a graduate of the University of New England, NSW (BSc, Geology), and is a fellow of Australasian Institute of Mining and Metallurgy. |
| Other current directorships: | Santana Minerals Limited |
| Former directorships (last 3 years): | None |
| Interests in shares: | 43,799,340 |
| Interests in options: | 7,834,399 |

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|---|---|
| Name: | Stephen Bizzell |
| Title: | Non-Executive Director |
| Experience and expertise: | Stephen is Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners. He is highly experienced in the fields of corporate restructuring, debt and equity financing, mergers and acquisitions and has over 20 years corporate finance and public company management experience in the resources sector in Australia and Canada. Stephen was previously an Executive Director of Arrow Energy from 1999 to until its acquisition in 2010 by Royal Dutch Shell and PetroChina for $3.5 billion. Stephen was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. Stephen spent his early career in the corporate finance division of Ernst & Young and the tax division of Coopers & Lybrand and qualified as a Chartered Accountant. He is also a former director of Queensland Treasury Corporation. |
| Other current directorships: | Armour Energy Limited, Laneway Resources Limited, Stanmore Coal Limited, UIL Energy Limited |
| Former directorships (last 3 years): | Diversa Limited, Aumake International Limited (formally Titan Energy Services Limited), Hot Rock Limited |
| Interests in shares: | 26,946,512 |
| Interests in options: | 6,250,000 |

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| Name: | Geoffrey McConachy |
| Title: | Executive Director |
| Experience and expertise: | Geoffrey McConachy is an accomplished geologist with over thirty years of Australian and international experience in the mining industry assessing a wide range of commodities. Prior to joining the Company, Geoffrey worked for Heathgate Resources Pty Ltd and Quasar Resources Pty Ltd, where his roles included Managing Director, Exploration. While at Heathgate and Quasar, Geoffrey led the exploration and development team in the discovery, definition and evaluation of four uranium deposits including the Four Mile deposit, for which he was co-honoured with the Prospector of the Year award from the Australian Association of Mining & Exploration Companies. His experience includes instrumental roles in the discovery of the Fosterville gold deposit in Victoria and the Potosi base metal deposit in New South Wales. Geoffrey is a fellow of the Australasian Institute of Mining and Metallurgy and a former Director of the Uranium Information Centre. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | 9,249,699 |
| Interests in options: | 235,294 |

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|---|---|
| Name: | Chris Anderson |
| Title: | Non-Executive Director |
| Experience and expertise: | Chris Anderson is an experienced geophysicist with over 40 years in mineral exploration in Australia and abroad. His experience includes an instrumental role in the 2005 discovery of the Carrapateena copper-gold mine in South Australia. His earlier experience includes acting as Placer Pacific's Exploration Manager for Eastern Australia, where he was instrumental in the discovery of the Kalkaroo copper-gold-molybdenum deposit in South Australia. Chris' significant international experience includes geophysical interpretation in Zambia for Equinox Resources Ltd, and in Tanzania for North Mara Gold Mines, where he contributed to the discovery of the one million ounce Gokona gold deposit. From 2005 to 2010 Chris served as executive director of ASX listed Stellar Resources Ltd, with exploration interests in South Australia, New South Wales, Victoria and Tasmania. Chris is a graduate of Adelaide University (BSc, Geology and Geophysics) (Hons), and is a fellow of Australasian Institute of Mining and Metallurgy. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | 15,753,240 |
| Interests in options: | 588,235 |

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| Name: | Andrew Martin |
| Title: | Non-Executive Director (resigned 20 November 2017) |
| Experience and expertise: | Andrew Martin is Head of Infrastructure and Utilities, ANZ at Deutsche Bank. Andrew has worked in a banking or advisory capacity for over 15 years, generally within the infrastructure, utilities and natural resources sectors advising on transactions within these sectors. Andrew has a Bachelor of Economics (Hons) from the University of Sydney and is a founder of ASX listed Stanmore Coal Limited (having been a Director from 2009 to 2014) and unlisted St Lucia Resources International Pty Limited. |
| Other current directorships: | None |
| Former directorships (last 3 years): | None |
| Interests in shares: | |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

**Company secretaries**
Pierre van der Merwe (appointed 4 June 2018) is a Chartered Accountant of 30 years experience with extensive knowledge in the provision of corporate secretarial and accounting services to ASX listed companies. He also has experience as CFO and was a Partner from 2004 to 2016 in HLB Mann Judd (SA), an Australasian and International accountancy and business advisory group. During this time he headed the Corporate Team in Adelaide which provides corporate secretarial and accounting services to a host of ASX listed companies in various industries, specialising in exploration and mining entities.

Angelo Gaudio resigned from the position of Chief Financial Officer and Company Secretary 4 June 2018.

**Meetings of directors**
The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

| | Full Board | | Audit and Risk Committee | |
|---|---|---|---|---|
| | Attended | Held | Attended | Held |
| Richard Keevers | 6 | 6 | 1 | 1 |
| David Christensen | 6 | 6 | 2 | 2 |
| Geoffrey McConachy | 5 | 6 | 2 | 2 |
| Chris Anderson | 6 | 6 | - | - |
| Stephen Bizzell | 6 | 6 | 2 | 2 |
| Andrew Martin | 3 | 3 | 1 | 1 |

Held: represents the number of meetings held during the time the director held office.

**Remuneration report (audited)**
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board carried out the functions of the Nomination and Remuneration Committee and is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board is responsible for managing:
- non-executive director fees;
- executive remuneration (directors and other executives); and
- the over-arching executive remuneration framework and incentive plan policies.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

Relationship between remuneration and Group performance:
During the financial year, the Group has generated losses as its principal activity was exploration for graphite, copper, gold and other minerals within South Australia. As the Group is still in the exploration and evaluation stage, the link between remuneration, Group performance and shareholder wealth is sometimes tenuous. Share prices are subject to the influence of metals prices, market sentiment towards the sector and the global economy and as such increases or decreases may occur quite independent of executive performance or remuneration.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

*Non-executive directors remuneration*
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed periodically by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive any performance-based pay.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 5 August 2010, where the shareholders approved a maximum annual aggregate remuneration of $350,000.

*Retirement allowances for non-executive directors*
In line with guidance from the ASX Corporate Governance Council on non-executive director's remuneration, no retirement allowances are provided for non-executive directors. Superannuation contributions required under the Australian superannuation guarantee legislation continue to be made as required and are deducted from the directors' overall fee entitlements.

*Executive remuneration*
The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation;
- transparency; and
- capital management.

The Group has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the organisation.
Alignment to shareholders' interests:
- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price;
- delivering constant return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interests:
- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and long-term incentives.

The Board carried out the functions of the Remuneration and Nominations Committees and is responsible for reviewing and negotiating compensation arrangements of senior executives. It assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The board manages remuneration and incentive policies and practices and remuneration packages and other terms of employment for executive directors, other senior executives and non-executive directors.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- base pay and benefits, including superannuation;
- short-term performance incentives through a cash bonus may be determined by the Board; and
- long-term incentives through the issue of share options and performance rights.

The combination of these comprises the executive's total remuneration.

**Base pay and benefits**
Base pay and benefits are structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits, at the executive's discretion and subject to board approval.
Executives are offered a competitive base pay that comprises the fixed component of pay and rewards to ensure base pay is set to reflect the market for a comparable role. Base pay for executives is reviewed periodically to ensure the executive's pay is competitive with the market.
There is no guaranteed base pay increase included in any of the executives' contracts.

*Consolidated entity performance and link to remuneration*
Remuneration for certain individuals is directly linked to the performance of the Group. A portion of any cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the "additional information" section below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

*Voting and comments made at the Company's 20 November 2017 Annual General Meeting ('AGM')*
At the 20 November 2017 AGM, 99.9% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2017. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

***Details of remuneration***

*Amounts of remuneration*
Details of the remuneration of key management personnel of the Group are set out in the following tables.

| | Short-term benefits | | | Post-employment benefits | Long-term benefits | Share-based payments | |
|---|---|---|---|---|---|---|---|
| **2018** | Cash salary and fees $ | Cash bonus $ | Non-monetary $ | Super-annuation $ | Long service leave $ | NEDSP shares $ | Total $ |
| *Non-Executive Directors:* | | | | | | | |
| Chris Anderson | 19,250 | - | - | - | - | 13,750 | 33,000 |
| Stephen Bizzell | 23,333 | - | - | - | - | 16,667 | 40,000 |
| Richard Keevers | 28,905 | - | - | 4,338 | - | 25,000 | 58,243 |
| Andrew Martin | 6,428 | - | - | 1,350 | - | 7,778 | 15,556 |
| *Executive Directors:* | | | | | | | |
| David Christensen | 273,600 | - | 9,950 | 20,049 | 8,545 | - | 312,144 |
| Geoffrey McConachy | 239,200 | - | - | 20,049 | 6,299 | - | 265,548 |
| *Other Key Management Personnel:* | | | | | | | |
| Angelo Gaudio | 93,113 | - | - | - | - | - | 93,113 |
| Pierre van der Merwe | 8,333 | - | - | - | - | - | 8,333 |
| | 692,162 | - | 9,950 | 45,786 | 14,844 | 63,195 | 825,937 |

At the AGM held on 27 November 2014, shareholders approved the Non-Executive Directors Share Plan (NEDSP) for non-executive directors to receive up to 50% of their compensation in shares in the Company. Commencing on 1 October 2014 non-executive directors have received payment for 50% of their director fees. On 1 May 2018 the NEDSP agreement was suspended with the option of reintroducing it in the future if required.

At 30 June 2018, NEDSP shares for the period 1 March 2018 to 30 April 2018 had not been issued and were settled by a cash payment in September 2018.

Short term benefits paid to Mr Christensen includes $24,000 in entitlements paid during the year.

| 2017 | Short-term benefits: Cash salary and fees $ | Short-term benefits: Cash bonus $ | Short-term benefits: Non-monetary $ | Post-employment benefits: Super-annuation $ | Long-term benefits: Long service leave $ | Share-based payments: NEDSP shares $ | Total $ |
|---|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | | |
| Chris Anderson | 16,500 | - | - | - | - | 16,500 | 33,000 |
| Stephen Bizzell | 25,000 | - | - | - | - | 25,000 | 50,000 |
| Richard Keevers | 23,600 | - | - | 4,142 | - | 20,000 | 47,742 |
| Andrew Martin | 16,530 | - | - | 3,470 | - | 20,000 | 40,000 |
| *Executive Directors:* | | | | | | | |
| David Christensen | 273,600 | - | 18,815 | 19,616 | 13,957 | - | 325,988 |
| Geoffrey McConachy | 239,200 | - | - | 19,616 | 13,376 | - | 272,192 |
| *Other Key Management Personnel:* | | | | | | | |
| Angelo Gaudio | 100,000 | - | - | - | - | - | 100,000 |
| | 694,430 | - | 18,815 | 46,844 | 27,333 | 81,500 | 868,922 |

At the AGM held on 27 November 2014, shareholders approved the Non-Executive Directors Share Plan (NEDSP) for non-executive directors to receive up to 50% of their compensation in shares in the Company. Commencing on 1 October 2014 non-executive directors have received payment for 50% of their director fees. During the year ended 30 June 2017, 50% of non-executive director fees were withheld by the Company pursuant to the NEDSP and as at 30 June 2017 the NEDSP shares relating to the period 1 April 2016 to 30 June 2017 remain to be issued. Richard Keevers joined this scheme in October 2016, before this his full fee was paid as salary.

On 15 April 2016, Mr Gaudio terminated his employment agreement with the Company. On 15 April 2016, the Company entered into a consulting agreement with Angelo Gaudio and his company to provide services as Company Secretary and Chief Financial Officer.

Short term benefits paid to Mr Christensen includes $24,000 in entitlements paid during the year.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| Name | Fixed remuneration 2018 | Fixed remuneration 2017 | At risk - STI 2018 | At risk - STI 2017 | At risk - LTI 2018 | At risk - LTI 2017 |
|---|---|---|---|---|---|---|
| *Non-Executive Directors:* | | | | | | |
| Chris Anderson | 100% | 100% | - | - | - | - |
| Stephen Bizzell | 100% | 100% | - | - | - | - |
| Richard Keevers | 100% | 100% | - | - | - | - |
| Andrew Martin | 100% | 100% | - | - | - | - |
| *Executive Directors:* | | | | | | |
| David Christensen | 100% | 100% | - | - | - | - |
| Geoffrey McConachy | 100% | 100% | - | - | - | - |
| *Other Key Management Personnel:* | | | | | | |
| Angelo Gaudio | 100% | 100% | - | - | - | - |
| Pierre van der Merwe | 100% | 100% | - | - | - | - |

Key management personnel and executives were not paid cash bonuses or performance-related bonuses during the years ended 30 June 2018 and 2017.

***Service agreements***
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

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|---|---|
| Name: | David Christensen |
| Title: | Managing Director |
| Term of agreement: | Indefinite term, subject to six-month's notice or a termination payment of six months. |
| Details: | Per annum rate of $249,600, exclusive of superannuation. In addition, David is also entitled to private health insurance. |

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| Name: | Geoffrey McConachy |
| Title: | Exploration Director |
| Term of agreement: | Indefinite term, subject to three-month's notice or a termination payment of three months |
| Details: | Per annum rate of $239,200, exclusive of superannuation. |

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| Name: | Angelo Gaudio |
| Title: | Chief Financial Officer and Company Secretary |
| Term of agreement: | The agreement was terminated in June 2018. |
| Details: | Services are provided at a rate of $8,333 per month plus GST plus expenses |

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|---|---|
| Name: | Pierre van der Merwe |
| Title: | Chief Financial Officer and Company Secretary |
| Term of agreement: | The agreement may be terminated by either party on one months' notice. |
| Details: | Services are provided at a rate of $8,333 per month plus GST plus expenses |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

***Share-based compensation***

*Issue of shares*
Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

| Name | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Andrew Martin | 3 October 2017 | 595,238 | $0.02 | 13,085 |
| Andrew Martin | 28 February 2018 | 487,443 | $0.04 | 19,693 |
| Christopher Anderson | 3 October 2017 | 491,071 | $0.02 | 10,280 |
| Christopher Anderson | 28 February 2018 | 515,586 | $0.04 | 20,830 |
| Richard Keevers | 3 October 2017 | 595,238 | $0.02 | 13,085 |
| Richard Keevers | 28 February 2018 | 666,207 | $0.04 | 26,915 |
| Stephen Bizzell | 3 October 2017 | 892,587 | $0.02 | 19,627 |
| Stephen Bizzell | 28 February 2018 | 648,653 | $0.04 | 26,206 |

The shares issued during the year under the Non-Executive Directors Share Plan (NEDSP) pertained to the period 1 April 2016 to 28 February 2018. At 30 June 2018 NEDSP shares for the period 1 March 2018 to 30 April 2018 were unissued and were settled by a cash payment in September 2018.

*Options*
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

*Performance rights*
There were no performance rights over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2018.

***Additional information***
Refer to the sections below for details of the earnings and total shareholders return for the last five years:

The earnings of the Group for the five years to 30 June 2018 are summarised below:

| | 2018<br>$ | 2017<br>$ | 2016<br>$ | 2015<br>$ | 2014<br>$ |
|---|---|---|---|---|---|
| (Loss) for the year attributable to owners ($) | (3,434,543) | (1,085,492) | (890,079) | (4,932,426) | (1,513,910) |
| Increase/(decrease) in share price (%) | 25% | (25%) | - | (46%) | 6% |
| Total KMP incentives as a percentage of profit/(loss) for the year (%) | - | - | - | - | (2%) |

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

| | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Share price at financial year end (cents) | 2.0 | 1.6 | 2.0 | 2.0 | 3.7 |
| Basic earnings per share (cents per share) | (0.5) | (0.2) | (0.4) | (3.5) | (1.3) |

***Additional disclosures relating to key management personnel***

*Shareholding*
The number of shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Received as part of remuneration | Additions | Other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Ordinary shares* | | | | | |
| Chris Anderson | 13,570,113 | 1,006,657 | 1,176,470 | - | 15,753,240 |
| Stephen Bizzell | 20,919,002 | 1,541,510 | 4,500,000 | (14,000) | 26,946,512 |
| David Christensen | 15,285,334 | - | 485,185 | - | 15,770,519 |
| Richard Keevers | 42,167,525 | 1,261,445 | 370,370 | - | 43,799,340 |
| Geoffrey McConachy | 8,501,334 | - | 748,365 | - | 9,249,699 |
| Andrew Martin* | 24,626,655 | - | - | (24,626,655) | - |
| Angelo Gaudio** | 8,736,667 | - | 300,000 | (9,036,667) | - |
| | 133,806,630 | 3,809,612 | 7,580,390 | (33,677,322) | 111,519,310 |

* Mr Martin resigned as a director on 20 November 2017. At the time of his resignation he had an interest in 24,626,655 ordinary shares.

** Mr Gaudio resigned as company secretary on 4 June 2018. At the time of his resignation he had an interest in 9,036,667 ordinary shares.

*Option holding*
The number of options over ordinary shares in the Company held during the financial year by each director and other members of key management personnel of the Group, including their personally related parties, is set out below:

| | Balance at the start of the year | Acquired | Exercised | Other | Balance at the end of the year |
|---|---|---|---|---|---|
| *Options over ordinary shares* | | | | | |
| Chris Anderson | - | 588,235 | - | - | 588,235 |
| Stephen Bizzell | - | 6,250,000 | - | - | 6,250,000 |
| David Christensen | - | 150,000 | - | - | 150,000 |
| Richard Keevers | 7,834,399 | - | - | - | 7,834,399 |
| Geoffrey McConachy | - | 235,294 | - | - | 235,294 |
| Angelo Gaudio * | - | 150,000 | - | (150,000) | - |
| | 7,834,399 | 7,373,529 | - | (150,000) | 15,057,928 |

* Mr Gaudio resigned as company secretary on 4 June 2018. At the time of his resignation he had an interest in 150,000 options.

All options are vested at 30 June 2018 and are exercisable at any time until they reach their expiry dates.

*Other transactions with key management personnel and their related parties*
Mr G W McConachy and Mr C Anderson are directors of Euro Exploration Services Pty Ltd (Euro). Euro has provided the company with exploration services, geochemical sampling services as well as the provision of geological personnel services during the year. The services provided are based on normal commercial terms and conditions. During the financial year the Company incurred costs of $44,351 (2017: $133,900) from Euro. An amount of $8,353 (2017: $1,846) was owing to Euro at 30 June 2018.

Mr C Anderson is a director of Pondray Pty Ltd trading as CG Anderson & Associates (CGAA). CGAA has provided geophysical services to the company. During the financial year the Company incurred costs of $73,300 (2017: $69,850) from CGAA. An amount of $15,730 (2017: $4,235) was owing to CGAA at 30 June 2018.

Mr S Bizzell is a director of Bizzell Capital Partners Pty Ltd (BCP). BCP has provided corporate advisory and underwriting services to the company in relation to its capital raising. The services provided are based on normal commercial terms and conditions. During the financial year the Company incurred costs of $168,515 (2017: $170,687) from BCP. An amount of $23,207 (2017: $Nil) was owing to BCP at 30 June 2018.

Mr D Christensen has an equity interest in Arion Legal. Arion Legal has provided legal services to the company. During the financial year the Company incurred costs of $Nil (2017: $5,100) from Arion Legal of which $Nil (2017: $5,100) was included as a legal expense during the financial year. No amount was owing to Arion Legal at 30 June 2018 (2017: $Nil).

Mr R Keevers was a director and also had an equity interest in Eyre Peninsula Minerals Pty Ltd (EPM) during the acquisition of EPM by the Company. As part of the acquisition of EPM the Company had an agreement with EPM and EPM's shareholders to acquire up to 100% of EPM in exchange for exploration expenditure and shares and options in Renascor. Following approval given by its shareholders at the Annual General Meeting held on 25 November 2016, the Company completed the acquisition of EPM on the 5th December 2016. Mr Keevers received a total of 42,167,525 shares and 7,834,399 options exercisable at $0.05 expiring on 5 December 2019 in connection with acquisition securities issued to EPM shareholders.

***This concludes the remuneration report, which has been audited.***

**Shares under option**
Unissued ordinary shares of Renascor Resources Limited under option at the date of this report are as follows:

| Grant date | Expiry date | Exercise price | Number under option |
|---|---|---|---|
| 05/12/2016 | 05/12/2019 | $0.05 | 15,000,000 |
| 28/11/2017 | 31/10/2019 | $0.03 | 114,761,096 |
| | | | 129,761,096 |

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

**Shares under performance rights**
There were no unissued ordinary shares of Renascor Resources Limited under performance rights outstanding at the date of this report.

**Shares issued on the exercise of options**
There were no ordinary shares of Renascor Resources Limited issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

**Shares issued on the exercise of performance rights**
There were no ordinary shares of Renascor Resources Limited issued on the exercise of performance rights during the year ended 30 June 2018 and up to the date of this report.

**Indemnity and insurance of officers**
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**Proceedings on behalf of the Company**
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Non-audit services**
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 24 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 24 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

**Officers of the Company who are former partners of BDO Audit (SA) Pty Ltd**
There are no officers of the Company who are former partners of BDO Audit (SA) Pty Ltd.

**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.

**Auditor**
BDO Audit (SA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

David Christensen
Director

28 September 2018

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Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

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

As lead auditor of Renascor Resources Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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, 28 September 2018

## 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 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 8 363 6989
Fax: +61 8 8363 4989
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 28 September 2018. The directors have the power to amend and reissue the financial statements.

**Renascor Resources Limited**
**Statement of profit or loss and other comprehensive income**
**For the year ended 30 June 2018**

| | Note | Consolidated 2018 $ | 2017 $ |
|---|---|---|---|
| **Revenue** | 4 | 40,938 | 40,898 |
| **Expenses** | | | |
| Administration and consulting | | (341,058) | (269,020) |
| Depreciation and amortisation expense | | (2,130) | (3,000) |
| Employee benefits expense | 5 | (276,955) | (341,146) |
| Office accommodation | 6 | (30,596) | (30,596) |
| Impairment of exploration expenditure | 7 | (2,305,666) | (374,343) |
| Legal fees | | (21,705) | (15,706) |
| Other expenses | 8 | (497,371) | (92,579) |
| **Loss before income tax expense** | | (3,434,543) | (1,085,492) |
| Income tax expense | 9 | - | - |
| **Loss after income tax expense for the year attributable to the owners of Renascor Resources Limited** | 20 | (3,434,543) | (1,085,492) |
| Other comprehensive income for the year, net of tax | | - | - |
| **Total comprehensive income for the year attributable to the owners of Renascor Resources Limited** | | (3,434,543) | (1,085,492) |
| | | **Cents** | **Cents** |
| Basic earnings per share | 31 | (0.5) | (0.2) |
| Diluted earnings per share | 31 | (0.5) | (0.2) |

*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 30 June 2018**

| | Note | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 8,188,830 | 1,230,213 |
| Other receivables | 11 | 288,551 | 39,076 |
| Other | 12 | 8,850 | 10,963 |
| Total current assets | | 8,486,231 | 1,280,252 |
| **Non-current assets** | | | |
| Receivables | | 20,000 | 20,000 |
| Property, plant and equipment | 13 | 4,751 | 4,287 |
| Exploration and evaluation | 14 | 7,369,924 | 7,333,025 |
| Total non-current assets | | 7,394,675 | 7,357,312 |
| **Total assets** | | 15,880,906 | 8,637,564 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 15 | 603,176 | 284,225 |
| Provisions | 16 | 222,792 | 136,811 |
| Total current liabilities | | 825,968 | 421,036 |
| **Non-current liabilities** | | | |
| Provisions | 17 | - | 98,082 |
| Total non-current liabilities | | - | 98,082 |
| **Total liabilities** | | 825,968 | 519,118 |
| **Net assets** | | 15,054,938 | 8,118,446 |
| **Equity** | | | |
| Issued capital | 18 | 28,752,262 | 18,628,616 |
| Reserves | 19 | 230,228 | (17,161) |
| Accumulated losses | 20 | (13,927,552) | (10,493,009) |
| **Total equity** | | 15,054,938 | 8,118,446 |

*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 year ended 30 June 2018**

| Consolidated | Contributed Equity $ | Share-based Payments Reserve $ | Business Combination Reserve $ | Accumulated Losses $ | Non-controlling interest $ | Total equity $ |
|---|---|---|---|---|---|---|
| Balance at 1 July 2016 | 13,235,479 | 1,041,506 | - | (9,407,517) | 1,600,000 | 6,469,468 |
| Loss after income tax expense for the year | - | - | - | (1,085,492) | - | (1,085,492) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (1,085,492) | - | (1,085,492) |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Contributions of equity, net of transaction costs (note 18) | 2,734,470 | - | - | - | - | 2,734,470 |
| Acquisition of non-controlling interest of Eyre Peninsula Minerals Pty Ltd | 2,658,667 | 359,123 | (1,417,790) | - | (1,600,000) | - |
| Balance at 30 June 2017 | 18,628,616 | 1,400,629 | (1,417,790) | (10,493,009) | - | 8,118,446 |

| Consolidated | Contributed equity $ | Share-based Payments Reserve $ | Business Combination Reserve $ | Accumulated Losses $ | Non-controlling interest $ | Total equity $ |
|---|---|---|---|---|---|---|
| Balance at 1 July 2017 | 18,628,616 | 1,400,629 | (1,417,790) | (10,493,009) | - | 8,118,446 |
| Loss after income tax expense for the year | - | - | - | (3,434,543) | - | (3,434,543) |
| Other comprehensive income for the year, net of tax | - | - | - | - | - | - |
| Total comprehensive income for the year | - | - | - | (3,434,543) | - | (3,434,543) |
| *Transactions with owners in their capacity as owners:* | | | | | | |
| Contributions of equity, net of transaction costs (note 18) | 9,742,748 | - | - | - | - | 9,742,748 |
| Share-based payments (note 32) | 380,898 | 247,389 | - | - | - | 628,287 |
| Balance at 30 June 2018 | 28,752,262 | 1,648,018 | (1,417,790) | (13,927,552) | - | 15,054,938 |

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

| | Note | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees (inclusive of GST) | | (741,657) | (925,116) |
| Receipts from Goods & Services Tax paid | | 205,170 | 162,721 |
| Interest received | | 36,902 | 41,027 |
| Research & Development tax concession | | - | 147,985 |
| Other revenue | | 4,036 | - |
| Net cash used in operating activities | 30 | (495,549) | (573,383) |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | 13 | (2,594) | (1,849) |
| Payments for exploration and evaluation | 14 | (2,531,539) | (1,771,513) |
| Tenement security bond payment | | - | (20,000) |
| Net cash used in investing activities | | (2,534,133) | (1,793,362) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | 18 | 10,790,584 | 2,920,760 |
| Share issue transaction costs | | (802,285) | (186,290) |
| Net cash from financing activities | | 9,988,299 | 2,734,470 |
| Net increase in cash and cash equivalents | | 6,958,617 | 367,725 |
| Cash and cash equivalents at the beginning of the financial year | | 1,230,213 | 862,488 |
| Cash and cash equivalents at the end of the financial year | 10 | 8,188,830 | 1,230,213 |

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

## Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, 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.

**Basis of preparation**
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

*Historical cost convention*
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and equipment and derivative financial instruments.

*Critical accounting estimates*
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

*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 year of $3,434,543 (2017: $1,085,493) and net operating cash outflow of $495,549 (2017: $573,383). At 30 June 2018, the Group had net current assets of $7,660,263 (30 June 2017: $859,216).

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. 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

**Parent entity information**
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 27.

**Principles of consolidation**
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Renascor Resources Limited ('Company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Renascor Resources Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

## Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

The financial statements are presented in Australian dollars, which is Renascor Resources Limited's functional and presentation currency.

### Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

### R & D Tax Incentives

R&D tax incentives are considered more akin to government grants because they are not conditional upon earning taxable income and the group accounts for any R&D Tax incentives received as government grants under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance.

### Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

## Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Impairment of non-financial assets**
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Goods and Services Tax ('GST') and other similar taxes**
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

**Provisions**
Provisions for legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

The Group has obligations to restore and rehabilitate certain areas where drilling has occurred on exploration tenements. These obligations are currently being met as the drilling is completed and as such no provision has been recognised.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2018. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

## Note 1. Significant accounting policies (continued)

*AASB 9 Financial Instruments*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Group will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the Group.

*AASB 15 Revenue from Contracts with Customers*
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2019, the adoption of this standard is not expected to have a material impact on the transactions and balances recognised in the financial statements.

*AASB 16 Leases*
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is not considered to be material.

## 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.

*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 32.

*Exploration and evaluation costs*
Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made. Details of capitalised exploration and evaluation costs are presented in Note 14.

## Note 3. 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. 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.

*Accounting policy for operating segments*
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

## Note 4. Revenue

| | Consolidated | |
|---|---|---|
| | **2018** | **2017** |
| | **$** | **$** |
| Interest | 36,902 | 40,898 |
| Other revenue | 4,036 | - |
| Revenue | 40,938 | 40,898 |

## Note 4. Revenue (continued)

*Accounting policy for revenue recognition*
Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Interest*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*
Other revenue is recognised when it is received or when the right to receive payment is established.

## Note 5. Employee benefits expense

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Employee benefits expense | 234,382 | 293,641 |
| Defined contribution superannuation expense | 42,573 | 47,505 |
| | 276,955 | 341,146 |

## Note 6. Office accommodation

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Minimum office lease payments | 30,596 | 30,596 |

## Note 7. Impairment of exploration expenditure

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Impairment of exploration expenditure | 2,305,666 | 374,343 |

## Note 8. Other expenses

| | Consolidated | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Business development & marketing | 257,500 | 805 |
| Investor and public relations | 131,356 | 29,725 |
| Travel | 72,033 | 26,535 |
| Other expenses | 36,482 | 35,514 |
| | 497,371 | 92,579 |

## Note 9. Income tax expense

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| *Numerical reconciliation of income tax expense and tax at the statutory rate* | | |
| Loss before income tax expense | (3,434,543) | (1,085,492) |
| Tax at the statutory tax rate of 27.5% | (944,499) | (298,510) |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: | | |
| Entertainment expenses | 323 | 112 |
| Share-based payments | 63,938 | - |
| Research and development tax concession | (51,968) | (7,323) |
| | (932,206) | (305,721) |
| Current year temporary differences not recognised | 932,206 | 305,721 |
| Income tax expense | - | - |

The Group has tax losses arising in Australia of $15,377,990 (2017: $11,924,997) that may be available and may be offset against future taxable profits. In addition, these tax losses can only be utilised in the future if the continuity of ownership test is passed, or if failing that, the same business test is passed.

The Group had nil franking credits in its franking account at 30 June 2018 (2017: Nil).

No deferred tax liability has been recognised for expenditure pertaining to exploration and evaluation. The amount of $1,693,662 is fully offset by the Company's deferred tax assets (2017: $1,509,917).

No deferred tax asset has been recognised because it is not likely future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.

## Note 10. Current assets - cash and cash equivalents

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Cash on hand | 100 | 100 |
| Cash at bank | 8,188,730 | 1,230,113 |
| | 8,188,830 | 1,230,213 |

Cash at bank accounts are interest bearing attracting normal market interest rates.

As funds are held with AA/AA1 to A/A1 credit rated financial institutions (as per S&P/Moody's ratings) there is minimal counterparty credit risk of funds held.

*Accounting policy for cash and cash equivalents*
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

The carrying amount for cash and cash equivalents equals the fair value.

## Note 11. Current assets - Other receivables

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| GST refundable | 99,277 | 38,776 |
| Sundry receivables | 300 | 300 |
| Research and development tax concession | 188,974 | - |
| | 288,551 | 39,076 |

*Accounting policy for trade and other receivables*
Trade and other receivables are recognised initially at cost less any impairment losses. Trade and other receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Due to the short-term nature of current receivables, their carrying amount is assessed to approximate their fair value.

## Note 12. Current assets - other

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Prepayments | 8,850 | 10,963 |

## Note 13. Non-current assets - property, plant and equipment

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Computer equipment - at cost | 39,424 | 36,830 |
| Less: Accumulated depreciation | (35,137) | (33,188) |
| | 4,287 | 3,642 |
| Office equipment - at cost | 4,444 | 4,444 |
| Less: Accumulated depreciation | (3,980) | (3,799) |
| | 464 | 645 |
| | 4,751 | 4,287 |

*Accounting policy for property, plant and equipment*
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The cost of an item of plant and equipment also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

## Note 13. Non-current assets - property, plant and equipment (continued)

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

| | |
|---|---|
| Plant and equipment | 3-10 years |

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

## Note 14. Non-current assets - exploration and evaluation

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

| **Consolidated** | $ |
|---|---|
| Balance at 1 July 2016 | 5,977,605 |
| Expenditure during the year | 1,756,391 |
| Impairment of assets | (374,343 |
| R & D tax refund offset against capitalised exploration and evaluation # | (26,628 |
| Balance at 30 June 2017 | 7,333,025 |
| Expenditure during the year | 2,531,539 |
| Impairment of assets | (2,305,666 |
| R & D tax refund offset against capitalised exploration and evaluation # | (188,974 |
| Balance at 30 June 2018 | 7,369,924 |

# Note: Refundable tax incentives (Research and development tax concession) are accounted for as government grants under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance and offset against capitalised exploration and evaluation expenditure.

*Accounting policy for exploration and evaluation assets*
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Exploration and evaluation expenditure comprises of net direct costs and includes an appropriate portion of related salaries & wages expenditure associated with each area of interest. During the financial year the Group has allocated $418,121 of internal personnel costs (2017: $432,100) and management fees for joint venture tenements of $0 (2017: $62,439) which form part of the exploration expenditure for the year.

## Note 15. Current liabilities - trade and other payables

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Trade and other payables | 530,949 | 109,237 |
| Sundry creditor and accrued expenses | 72,227 | 174,988 |
| | 603,176 | 284,225 |

Refer to note 22 for further information on financial instruments.

*Accounting policy for trade and other payables*
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## Note 16. Current liabilities - provisions

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Annual leave | 113,391 | 136,811 |
| Long service leave | 109,401 | - |
| | 222,792 | 136,811 |

*Accounting policy for employee benefits*

*Short-term employee benefits*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

## Note 17. Non-current liabilities - provisions

| | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|
| Long service leave | - | 98,082 |

*Accounting policy for other long-term employee benefits*
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## Note 18. Equity - issued capital

| | Consolidated 2018 Shares | Consolidated 2017 Shares | Consolidated 2018 $ | Consolidated 2017 $ |
|---|---|---|---|---|
| Ordinary shares - fully paid | 961,327,113 | 482,793,861 | 28,752,262 | 18,628,616 |

## Note 18. Equity - issued capital (continued)

*Movements in ordinary share capital*

| Details | Date | Shares | Issue price | $ |
|---|---|---|---|---|
| Balance | 1 July 2016 | 284,466,527 | | 13,235,479 |
| Part consideration on acquisition of EPM | 11 July 2016 | 38,666,667 | $0.01 | 618,667 |
| Conditional placement to directors and professional & sophisticated investors. | 11 July 2016 | 39,266,668 | $0.02 | 589,000 |
| Exercise of Performance Rights | 11 July 2016 | 600,001 | $0.00 | - |
| Exercise of Listed Options | 25 August 2016 | 32,500 | $0.03 | 975 |
| Exercise of Listed Options | 6 October 2016 | 46,487,767 | $0.03 | 1,394,633 |
| Underwriter's shortfall re exercise of Listed Options | 10 October 2016 | 17,871,714 | $0.03 | 536,152 |
| Underwriter's optional placement to sophisticated investors | 21 October 2016 | 10,733,333 | $0.03 | 322,000 |
| Underwriter's optional placement Bizzell Capital Partners | 5 December 2016 | 2,600,000 | $0.03 | 78,000 |
| Consideration on completion acquisition of EPM | 5 December 2016 | 42,068,684 | $0.05 | 2,040,000 |
| Less: Transaction costs arising on share issues, net of tax | | - | $0.00 | (186,290) |
| Balance | 30 June 2017 | 482,793,861 | | 18,628,616 |
| Conditional placement to professional & sophisticated investors. | 27 September 2017 | 120,698,060 | $0.02 | 2,051,867 |
| Issue of Ordinary Shares as part of Non-Executive Director's Share Plan. | 3 October 2017 | 2,574,404 | $0.02 | 56,593 |
| Conditional placement to professional & sophisticated investors | 24 November 2017 | 58,824,140 | $0.02 | 1,000,010 |
| Issue of Ordinary Shares as consideration for marketing services provided | 22 December 2017 | 2,500,000 | $0.03 | 80,000 |
| Issue of Ordinary Shares as consideration for marketing services provided | 28 February 2018 | 2,500,000 | $0.03 | 85,000 |
| Issue of Ordinary Shares as part of Non-Executive Director's Share Plan. | 28 February 2018 | 2,317,889 | $0.04 | 93,644 |
| Conditional placement to professional & sophisticated investors. | 8 May 2018 | 159,302,080 | $0.03 | 4,301,156 |
| Issue of Ordinary Shares pursuant to Share Purchase Plan | 1 June 2018 | 45,877,699 | $0.03 | 1,238,698 |
| Issue of Ordinary Shares as consideration for marketing services provided | 1 June 2018 | 2,500,000 | $0.03 | 67,500 |
| Conditional placement to professional & sophisticated investors | 29 June 2018 | 81,438,980 | $0.03 | 2,198,852 |
| Less: Transaction costs arising on share issues, net of tax | | - | $0.00 | (1,049,674) |
| Balance | 30 June 2018 | 961,327,113 | | 28,752,262 |

*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 18. Equity - issued capital (continued)

*Capital risk management*
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2017 Annual Report.

*Accounting policy for issued capital*
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Note 19. Equity - reserves

| | Consolidated | |
|---|---|---|
| | **2018** | **2017** |
| | **$** | **$** |
| Options reserve | 1,579,734 | 1,332,345 |
| Performance rights reserve | 68,284 | 68,284 |
| Business combination reserve | (1,417,790) | (1,417,790) |
| | 230,228 | (17,161) |

*Share-based payments reserve*
The reserve is 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.

## Note 20. Equity - accumulated losses

| | Consolidated | |
|---|---|---|
| | **2018** | **2017** |
| | **$** | **$** |
| Accumulated losses at the beginning of the financial year | (10,493,009) | (9,407,517) |
| Loss after income tax expense for the year | (3,434,543) | (1,085,492) |
| Accumulated losses at the end of the financial year | (13,927,552) | (10,493,009) |

## Note 21. Equity - dividends

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

## Note 22. Financial instruments

***Financial risk management objectives***
The Group's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The board is responsible for managing the Group's finance facilities. The Group does not currently undertake hedging of any kind and is not directly exposed to currency risk.

The Group holds the following financial instruments:

| | Consolidated | |
|---|---|---|
| | 2018 | 2017 |
| | $ | $ |
| **Financial assets** | | |
| Cash and cash equivalents | 8,188,830 | 1,230,213 |
| Other receivables | 288,551 | 39,076 |
| Total financial assets | 8,477,381 | 1,269,289 |
| | | |
| **Financial liabilities at amortised cost** | | |
| Trade and other payables | 530,949 | 109,237 |
| Sundry creditors & accrued expenses | 72,227 | 174,988 |
| Total financial liabilities at amortised cost | 603,176 | 284,225 |

***Market risk***

*Price risk*
The Group is not exposed to any significant price risk.

*Interest rate risk*
As at 30 June 2018 and 30 June 2017, the Group had no borrowings. As such the group is not exposed to any significant interest rate risk.

At the reporting date, the Company is exposed to changes in market interest rates through its bank deposits, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +0.50% and -0.05% (2017: +0.05%/-0.05%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on the cash and cash equivalents held at the beginning of each reporting period. All other variables are held constant.

| | Basis points increase | | | Basis points decrease | | |
|---|---|---|---|---|---|---|
| **Consolidated - 2018** | Basis points change | Effect on profit before tax | Effect on equity | Basis points change | Effect on profit before tax | Effect on equity |
| Cash and cash equivalents | 50 | 6,151 | 6,151 | (50) | (6,151) | (6,151) |

| | Basis points increase | | | Basis points decrease | | |
|---|---|---|---|---|---|---|
| **Consolidated - 2017** | Basis points change | Effect on profit before tax | Effect on equity | Basis points change | Effect on profit before tax | Effect on equity |
| Cash and cash equivalents | 50 | 4,312 | 4,312 | (50) | (4,312) | (4,312) |

## Note 22. Financial instruments (continued)

***Credit risk***
Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. The majority of cash and cash equivalents is held with a single financial institution.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

| | Consolidated | |
|---|---|---|
| | **2018** | **2017** |
| | **$** | **$** |
| **Cash and cash equivalents** | | |
| Minimum rating of A | 8,188,830 | 1,230,213 |

***Liquidity risk***
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and close out market positions. At the end of each reporting period the Group held deposits at call of $8,188,830 (2017: $1,230,213) that are expected to readily generate cash inflows for managing liquidity risk. The Group has sufficient funds to finance its operations and exploration activities and to allow for reasonable contingencies.

*Remaining contractual maturities*
The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

| **Consolidated - 2018** | Weighted average interest rate<br>% | 1 year or less<br>$ | Between 1 and 2 years<br>$ | Between 2 and 5 years<br>$ | Over 5 years<br>$ | Remaining contractual maturities<br>$ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 603,176 | - | - | - | 603,176 |
| Total non-derivatives | | 603,176 | - | - | - | 603,176 |

| **Consolidated - 2017** | Weighted average interest rate<br>% | 1 year or less<br>$ | Between 1 and 2 years<br>$ | Between 2 and 5 years<br>$ | Over 5 years<br>$ | Remaining contractual maturities<br>$ |
|---|---|---|---|---|---|---|
| **Non-derivatives** | | | | | | |
| *Non-interest bearing* | | | | | | |
| Trade payables | - | 284,225 | - | - | - | 284,225 |
| Total non-derivatives | | 284,225 | - | - | - | 284,225 |

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

***Fair value of financial instruments***
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

## Note 23. Key management personnel disclosures

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

| | Consolidated | |
|---|---|---|
| | 2018 | 2017 |
| | $ | $ |
| Short-term employee benefits | 702,112 | 713,245 |
| Post-employment benefits | 45,786 | 46,844 |
| Long-term benefits | 14,844 | 27,333 |
| Share-based payments | 63,195 | 81,500 |
| | 825,937 | 868,922 |

Details of the remuneration of each director of the Company and each of the other key management personnel of the Group, including their personally related entities, are set out in the remuneration report.

*Other transactions with key management personnel*

Mr G W McConachy and Mr C Anderson are directors of Euro Exploration Services Pty Ltd (Euro). Euro has provided the company with exploration services, geochemical sampling services as well as the provision of geological personnel services during the year. The services provided are based on normal commercial terms and conditions. During the financial year the Company incurred costs of $44,351 (2017: $133,900) from Euro. An amount of $8,353 (2017: $1,846) was owing to Euro at 30 June 2018.

Mr C Anderson is a director of Pondray Pty Ltd trading as CG Anderson & Associates (CGAA). CGAA has provided geophysical services to the company. During the financial year the Company incurred costs of $73,300 (2017: $69,850) from CGAA. An amount of $15,730 (2017: $4,235) was owing to CGAA at 30 June 2018.

Mr S Bizzell is a director of Bizzell Capital Partners Pty Ltd (BCP). BCP has provided corporate advisory and underwriting services to the company in relation to its capital raising. The services provided are based on normal commercial terms and conditions. During the financial year the Company incurred costs of $168,515 (2017: $170,687) from BCP. An amount of $23,207 (2017: $Nil) was owing to BCP at 30 June 2018.

Mr D Christensen has an equity interest in Arion Legal. Arion Legal has provided legal services to the company. During the financial year the Company incurred costs of $Nil (2017: $5,100) from Arion Legal of which $Nil (2017: $5,100) was included as a legal expense during the financial year. No amount was owing to Arion Legal at 30 June 2018 (2017: $Nil).

Mr R Keevers was a director and also had an equity interest in Eyre Peninsula Minerals Pty Ltd (EPM) during the acquisition of EPM by the Company. As part of the acquisition of EPM the Company had an agreement with EPM and EPM's shareholders to acquire up to 100% of EPM in exchange for exploration expenditure and shares and options in Renascor. Following approval given by its shareholders at the Annual General Meeting held on 25 November 2016, the Company completed the acquisition of EPM on the 5th December 2016. Mr Keevers received a total of 42,167,525 shares and 7,834,399 options exercisable at $0.05 expiring on 5 December 2019 in connection with acquisition securities issued to EPM shareholders.

## Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit (SA) Pty Ltd, the auditor of the Company:

| | Consolidated 2018 $ | 2017 $ |
|---|---|---|
| *Audit services - BDO Audit (SA) Pty Ltd* | | |
| Audit or review of the financial statements | 33,594 | 30,593 |
| *Other services* | | |
| Amounts paid/payable to a related practice of the auditor for tax compliance and advisory services for the entity or any entity in the Group | 4,735 | 4,526 |
| Amounts paid/payable to a related practice of the auditor for expert and valuation services in relation to the acquisition of Eyre Peninsula Minerals Pty Ltd | 2,450 | 24,000 |
| | 7,185 | 28,526 |
| | 40,779 | 59,119 |

## Note 25. Commitments

In order to maintain current rights to tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various State governments. These amounts are subject to renegotiation when application for a mining lease is made and at other times. These amounts, which are not provided for in the financial report and are expected to be capitalised as incurred but not recognised as liabilities, are as follows:

| | Consolidated 2018 $ | 2017 $ |
|---|---|---|
| *Exploration and mining lease commitments* | | |
| Commitments in relation to exploration and mining leases held at the end of each reporting period but not recognised as liabilities, payable: | | |
| Within one year | 1,356,827 | 1,185,195 |
| One to five years | 345,000 | 477,500 |
| | 1,701,827 | 1,662,695 |

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Company has the option to negotiate new terms or relinquish the tenements. The Company also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

Exploration and mining lease contingent liabilities
The Group has previously entered into Asset Sale Agreements with Hillment Pty Ltd to acquire tenement EL 4570 and a similar agreement with Hiltaba Gold Pty Ltd for EL4707. Under each agreement, the company has granted a 1% royalty of the Net Smelter Return. The timing and amount of any financial effect relating to these agreements are dependent on the successful exploration and subsequent exploitation of the associated tenements.

Operating Lease Commitments
The office lease expired on 30 November 2013. The company continues to occupy the office with rent payable monthly in advance on a month to month basis.

## Note 26. Related party transactions

*Parent entity*
Renascor Resources Limited is the parent entity.

*Subsidiaries*
Interests in subsidiaries are set out in note 28.

*Key management personnel*
Disclosures relating to key management personnel are set out in note 23 and the remuneration report included in the directors' report.

*Transactions with related parties*
There were no transactions with related parties during the current and previous financial year, aside from those set out in note 23.

*Receivable from and payable to related parties*
There were no trade receivables from or trade payables to related parties at the current and previous reporting date, aside from those set out in note 23.

*Loans to/from related parties*
There were no loans to or from related parties at the current and previous reporting date.

## Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

| | Parent 2018 $ | Parent 2017 $ |
|---|---|---|
| Loss after income tax | (5,391,426) | (820,378) |
| Total comprehensive income | (5,391,426) | (820,378) |

*Statement of financial position*

| | Parent 2018 $ | Parent 2017 $ |
|---|---|---|
| Total current assets | 8,486,231 | 1,280,151 |
| Total assets | 15,880,906 | 10,594,447 |
| Total current liabilities | 825,968 | 421,036 |
| Total liabilities | 825,968 | 519,118 |
| Equity | | |
| Issued capital | 28,751,962 | 18,628,316 |
| Options reserve | 1,579,734 | 1,332,345 |
| Performance rights reserve | 68,284 | 68,284 |
| Accumulated losses | (15,345,042) | (9,953,616) |
| Total equity | 15,054,938 | 10,075,329 |

## Note 27. Parent entity information (continued)

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018.

*Contingent liabilities*
In the year ended 30 June 2017 the Parent Entity had entered into Asset Sale Agreements with Hillment Pty Ltd to acquire tenement EL4570 and a similar agreement with Hiltaba Gold Pty Ltd for EL4707. Under each agreement, the company has granted a 1% royalty of the Net Smelter Return.

*Capital commitments - Property, plant and equipment*
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2018.

*Significant accounting policies*
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

## Note 28. 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 2018 % | 2017 % |
|---|---|---|---|
| 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% |

## Note 29. Events after the reporting period

On the 5th of July 2018, the Company announced its intention, subject to shareholder approval, to exercise its option to acquire a 100% interest in the Siviour Graphite Project by the issue of approximately 189.6 million shares in Renascor. Shareholder approval for this transaction was obtained in the Extraordinary General Meeting on the 3rd of September 2018.

On the 22nd of August 2018, an agreement was entered into by the Company with the owners of the property that hosts the Siviour Graphite Project. The agreement provides the Company with access rights to the property to undertake drilling, collect bulk sample material and carry out other work programs. The agreement further grants the Company the right to acquire an option to purchase the land, with the price to be determined following an independent appraisal.

On the 28th of August 2018, the Company lodged a Mining Lease Application for Siviour Graphite Project with the South Australia Department for Energy and Mining.

On the 10th of September 2018, infill drilling was commenced at the Company's Siviour Graphite Project. The drill program will focus on close-spaced drilling within the Siviour Indicated Resource to permit detailed mine planning for the Siviour Definitive Feasibility Study.

No other matter or circumstance has arisen since 30 June 2018 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 30. Reconciliation of loss after income tax to net cash used in operating activities

| | Consolidated | |
|---|---|---|
| | 2018 | 2017 |
| | $ | $ |
| Loss after income tax expense for the year | (3,434,543) | (1,085,492) |
| | | |
| Adjustments for: | | |
| Depreciation and amortisation | 2,130 | 3,000 |
| Share-based payments | 282,944 | - |
| Research & Development claim received | - | 26,628 |
| Write off exploration/inventories | 2,494,640 | 374,343 |
| | | |
| Change in operating assets and liabilities: | | |
| Decrease in other operating assets | 2,113 | 4,925 |
| Increase/(decrease) in provisions | 87,691 | 32,137 |
| Increase/(decrease) in trade and other payables | 318,951 | (44,567) |
| (Increase)/decrease in other receivables | (249,475) | 115,643 |
| | | |
| Net cash used in operating activities | (495,549) | (573,383) |

| | Consolidated | |
|---|---|---|
| | 2018 | 2017 |
| | $ | $ |
| **Non-cash financing and investing activities** | | |
| Shares issued to non-executive directors in lieu of 50% of cash director fees | (150,237) | - |
| Shares issued to consultants for no cash consideration for marketing services | (232,500) | - |
| Options issued to lead managers for no cash consideration for capital raising services | (247,389) | - |
| Shares and options issued to vendors of EPM for no cash consideration in respect of the acquisition of EPM | - | (2,658,667) |
| | (630,126) | (2,658,667) |

## Note 31. Earnings per share

| | Consolidated | |
|---|---|---|
| | 2018 | 2017 |
| | $ | $ |
| Loss after income tax attributable to the owners of Renascor Resources Limited | (3,434,543) | (1,085,492) |
| | **Cents** | **Cents** |
| Basic earnings per share | (0.5) | (0.2) |
| Diluted earnings per share | (0.5) | (0.2) |
| | **Number** | **Number** |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 642,520,257 | 440,830,590 |
| Weighted average number of ordinary shares used in calculating diluted earnings per share | 642,520,257 | 440,830,590 |

Options and performance rights are considered anti-dilutive as the Group is loss making. At 30 June 2018 there were 129,761,096 anti-dilutive options (2017: 15,000,000)

## Note 31. Earnings per share (continued)

*Accounting policy for earnings per share*

*Basic earnings per share*
Basic earnings per share is calculated by dividing the profit attributable to the owners of Renascor Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## Note 32. Share-based payments

***Share based payments to directors and executives***

During the year ended 30 June 2018, 50% of non-executive director fees were withheld by the Company pursuant to the NEDSP. Shares to the value of $150,237 were issued during the year under the NEDSP. However, $98,125 of the shares issued related to the period 1 April 2016 to 30 June 2017.

As at 30 June 2018 the NEDSP shares pertaining to the period 1 March 2018 to 30 April 2018 had not been issued and were settled by a cash payment in September 2018.

There are no options that have been granted to directors and senior management as part of their remuneration (2017: 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 (2017: $Nil).

***Share based payments to consultants***

During the year the amount of the equity settled share-based payment recognised in the current period in respect of shares issued to consultants was $232,500 (2017: $Nil). These shares were issued as consideration for marketing services provided. The consultants received 7,500,000 ordinary shares (2017: Nil)

The amount of equity settled share-based payment recognised in the current period in respect of capital raising activities was $247,389 (2017: $Nil). 25,000,000 listed options granted during the year were issued to the Lead Mangers as consideration for capital raising services provided (2017:Nil).

There were no options granted during the year in respect of exploration and evaluation activities (2017: 15,000,000). The amount of equity settled share-based payment recognised in the current period in respect of exploration and evaluation activities was $Nil (2017: $359,123).

Set out below are summaries of the granted options:

2018

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 05/12/2016 | 05/12/2019 | $0.05 | 15,000,000 | - | - | - | 15,000,000 |
| 28/11/2017 | 31/10/2019 | $0.03 | - | 25,000,000 | - | - | 25,000,000 |
| | | | 15,000,000 | 25,000,000 | - | - | 40,000,000 |
| Weighted average exercise price | | | $0.05 | $0.03 | $0.00 | $0.00 | $0.04 |

**Note 32. Share-based payments (continued)**

2017

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 05/12/2016 | 05/12/2019 | $0.05 | 15,000,000 | - | - | - | 15,000,000 |
| | | | 15,000,000 | - | - | - | 15,000,000 |
| Weighted average exercise price | | | $0.05 | $0.00 | $0.00 | $0.00 | $0.05 |

Set out below are the options exercisable at the end of the financial year:

| Grant date | Expiry date | 2018 Number | 2017 Number |
|---|---|---|---|
| 05/12/2016 | 05/12/2019 | 15,000,000 | 15,000,000 |
| 28/11/2017 | 31/10/2019 | 114,761,096 | - |
| | | 129,761,096 | 15,000,000 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.4 years (2017: 2.5 years).

***Performance rights granted to directors and senior management***

There was no equity settled share-based payment expense recognised in the current period in respect of the performance rights granted above to directors and executives (2017: $Nil).

Set out below are summaries of performance rights granted to directors and senior management:

2017

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|---|---|
| 28/02/2014 | 28/02/2021 | $0.00 | 105,001 | - | (105,001) | - | - |
| 30/11/2012 | 30/11/2019 | $0.00 | 495,000 | - | (495,000) | - | - |
| | | | 600,001 | - | (600,001) | - | - |

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 0 years (2017: 0 years).

*Fair value of options granted:*
The assessed fair value at grant date of options is allotted equally over the period from grant date to vesting date. The fair value was independently determined using a Black Scholes option pricing model. that takes into account the exercise price, the term of the option, the vesting and performance criteria (if applicable), the impact of dilution, the non-tradable nature of the option (if applicable), the share price at grant date, expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

| Grant date | Expiry date | Share price at grant date | Exercise price | Expected volatility | Dividend yield | Risk-free interest rate | Fair value at grant date |
|---|---|---|---|---|---|---|---|
| 28/11/2017 | 31/10/2019 | $0.03 | $0.03 | 96.14% | - | 1.98% | $0.010 |

## Note 32. Share-based payments (continued)

Historical volatility of a group of comparable companies has been the basis of determining expected share price volatility, as it is assumed that this is indicative of future movements. No adjustment has been made to the life of the option based on no past history regarding expected exercise or any variation of the expiry date. Accordingly, the expected life of the options has been taken to the full period of time from grant date to expiry date, which may fail to eventuate in the future.

*Accounting policy for share-based payments*
Share-based compensation benefits are provided to directors, executives and consultants through the granting of share options and performance rights.

Options and performance rights are granted for no cash consideration. When these share options and performance rights are granted, the fair value of the options and performance rights issued are recognised as an employee benefits expense with a corresponding increase in equity. The amount recognised as an expense is adjusted to reflect the number of share options and performance rights for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options and performance rights that meet the related service and non-market performance conditions at the vesting date.

The fair value of share options and performance rights are measured using an appropriate pricing model. Measurement inputs include the share price on measurement date, exercise price of the instrument, expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option and performance rights. Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Upon the exercise of options and performance rights, the balance of the share-based payments reserve relating to those options and performance rights is transferred to share capital.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2018 and of its performance for the financial 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.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

David Christensen
Director

28 September 2018

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

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Renascor Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Material uncertainty related 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 opinion is not modified in respect of this matter.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

***Recoverability of exploration and evaluation assets*.**

| Key Audit Matter | How the matter was addressed in our audit |
|---|---|
| The Group carries significant exploration and evaluation assets of $7,369,924 as at 30 June 2018 as disclosed in note 14 to the financial statements.<br><br>The carrying value of exploration and evaluation assets represents a significant asset of the group and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of this asset may exceed its recoverable amount.<br><br>This assessment involves significant judgement applied by management and was considered key to the audit. | Our procedures, amongst others, included:<br>• Evaluating management's assessment of whether impairment indicators in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* have been identified across the group's exploration projects.<br>• Verifying a sample of current tenement licences to determine whether the group has the rights to tenure and maintain the tenements in good standing.<br>• Obtaining the exploration budget for the 2019 financial year to assess whether there is reasonable forecasted expenditure to confirm continued exploration spend for the projects.<br>• Reviewing ASX announcements and Board meeting minutes for the year and subsequent to year end for exploration activity to identify any indicators of impairment.<br>• For each area of interest where impairment indicators existed, we considered the completeness and accuracy of amounts impaired. |

**Other information**

The directors are responsible for the other information. The other information comprises the information contained in the Directors' report for the year ended 30 June 2018 and the shareholder information, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the highlights and achievements, Chairman's letter to shareholders and review of operations, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the highlights and achievements, Chairman's letter to shareholders and review of operations, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

**Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

**Opinion on the Remuneration Report**

We have audited the Remuneration Report included in pages 5 to 12 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Renascor Resources Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

**Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO

**BDO Audit (SA) Pty Ltd**

Andrew Tickle

Director

Adelaide, 28 September 2018

The shareholder information set out below was applicable as at 21 September 2018.

## Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

| | Ordinary shares | Listed options over ordinary shares | Unlisted options over ordinary shares |
|---|---|---|---|
| 1 to 1,000 | 45 | 2 | - |
| 1,001 to 5,000 | 18 | 1 | - |
| 5,001 to 10,000 | 65 | - | - |
| 10,001 to 100,000 | 795 | 22 | - |
| 100,001 and over | 913 | 88 | 11 |
| | 1,836 | 113 | 11 |
| Holding less than a marketable parcel | 362 | 5 | - |

## Equity security holders

*Twenty largest quoted equity security holders:*
The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | Number held | % of total shares issued |
| MR RICHARD EDWARD KEEVERS | 39,678,858 | 4.13 |
| CITICORP NOMINEES PTY LIMITED | 28,742,513 | 2.99 |
| MR DAVID VIGOLO | 27,000,000 | 2.81 |
| ROOKHARP INVESTMENTS PTY LIMITED | 26,500,000 | 2.76 |
| MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG | 19,555,555 | 2.03 |
| AVANTEOS INVESTMENTS LIMITED | 18,500,000 | 1.92 |
| DR LEON EUGENE PRETORIUS | 16,000,000 | 1.66 |
| CASALAMADA PTY LTD | 15,753,240 | 1.64 |
| MR DOUGLAS YOUNG | 14,482,148 | 1.51 |
| MRS TRACEY ANN MEZZINO | 11,500,000 | 1.20 |
| CPS CONTROL SYSTEMS PTY LIMITED | 11,291,112 | 1.17 |
| Z INTERNATIONAL (HKG) LTD | 11,000,000 | 1.14 |
| MR BRIAN LAURENCE EIBISCH | 10,900,000 | 1.13 |
| DAVID CHRISTENSEN | 9,952,941 | 1.04 |
| BIZZELL CAPITAL PARTNERS PTY LTD | 9,833,334 | 1.02 |
| MR GREGORY MICHAEL JOSEPHSON & MRS MARY MARGARET JOSEPHSON | 9,601,010 | 1.00 |
| CANNC CONSULTING PTY LTD | 8,916,666 | 0.93 |
| GEOFFREY WILLIAM MCCONACHY | 7,668,000 | 0.80 |
| FINN AIR HOLDINGS PTY LTD | 7,400,000 | 0.77 |
| BIZZELL NOMINEES PTY LTD | 7,258,333 | 0.76 |
| | 311,533,710 | 32.41 |

| | Listed Options over ordinary shares | |
|---|---|---|
| | Number held | % of total listed options issued |
| JEKOR PTY LTD | 15,345,000 | 13.37 |
| ROOKHARP INVESTMENTS PTY LIMITED | 8,249,667 | 7.19 |
| ZENIX NOMINEES PTY LTD | 8,000,000 | 6.97 |
| Z INTERNATIONAL (HKG) LTD | 7,375,000 | 6.43 |
| KOJEN PTY LTD | 5,925,000 | 5.16 |
| MR BASIL ANDRE SEAN PEREIRA | 5,539,914 | 4.83 |
| MR BRENDAN JAMES BORG & MRS ERIN BELINDA BORG | 5,500,000 | 4.79 |
| MR NEAL BRENT BIRCHALL | 5,488,093 | 4.78 |
| BIZZELL NOMINEES PTY LTD | 5,000,000 | 4.36 |
| MR TZE HAO TEO | 3,499,429 | 3.05 |
| MR ANDREW CHARLES ALEXANDER MACKENZIE | 2,500,000 | 2.18 |
| MR LUKE JONES | 2,400,000 | 2.09 |
| MASTERMINES (AUSTRALIA) PTY LTD | 1,900,000 | 1.66 |
| CPS GROUP INVESTMENTS PTY LTD | 1,544,118 | 1.35 |
| GILLAM SUPER INVESTMENTS PTY LTD | 1,453,000 | 1.27 |
| M & K KORKIDAS PTY LTD | 1,250,000 | 1.09 |
| BIZZELL CAPITAL PARTNERS PTY LTD | 1,250,000 | 1.09 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,205,500 | 1.05 |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 1,176,475 | 1.03 |
| PCAS (AUSTRALIA) PTY LTD | 1,000,000 | 0.87 |
| | 85,601,196 | 74.61 |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Options over ordinary shares issued | 15,000,000 | 11 |

**Substantial holders**
There are no substantial holders in the Company.

**Voting rights**
The voting rights attached to ordinary shares are set out below:

*Ordinary shares*
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.

*Restricted Securities*
No restricted securities were on issue at 21 September 2018.

There are no other classes of equity securities.

## Interests in tenements at 21 September 2018

| Description | Tenement number | Interest owned % |
|---|---|---|
| Malbrom | EL 6197 | 100.00 |
| Lipson Cove | EL 5495 | 100.00 |
| Verran | EL 5618 | 100.00 |
| Malbrom West | EL 5714 | 100.00 |
| Dutton Bay | EL 6032 | 100.00 |
| Willouran | EL 6170 | 100.00 |
| Callanna | EL 5586 | 100.00 |
| Wompinie | EL 6190 | 100.00 |
| Outalpa | EL 5584 | 100.00 |
| Cutana | EL 5585 | 100.00 |
| Iron Baron | EL 5822 | 100.00 |
| Old Wartaka | EL 6191 | 100.00 |
| Carnding | EL 5856 | 100.00 |
| Lake Harris | EL 5927 | 100.00 |
| Munglinup | E 74/538 | 100.00 |
| Kokatha* | ELA 2018/113 | - |

* Tenement under review