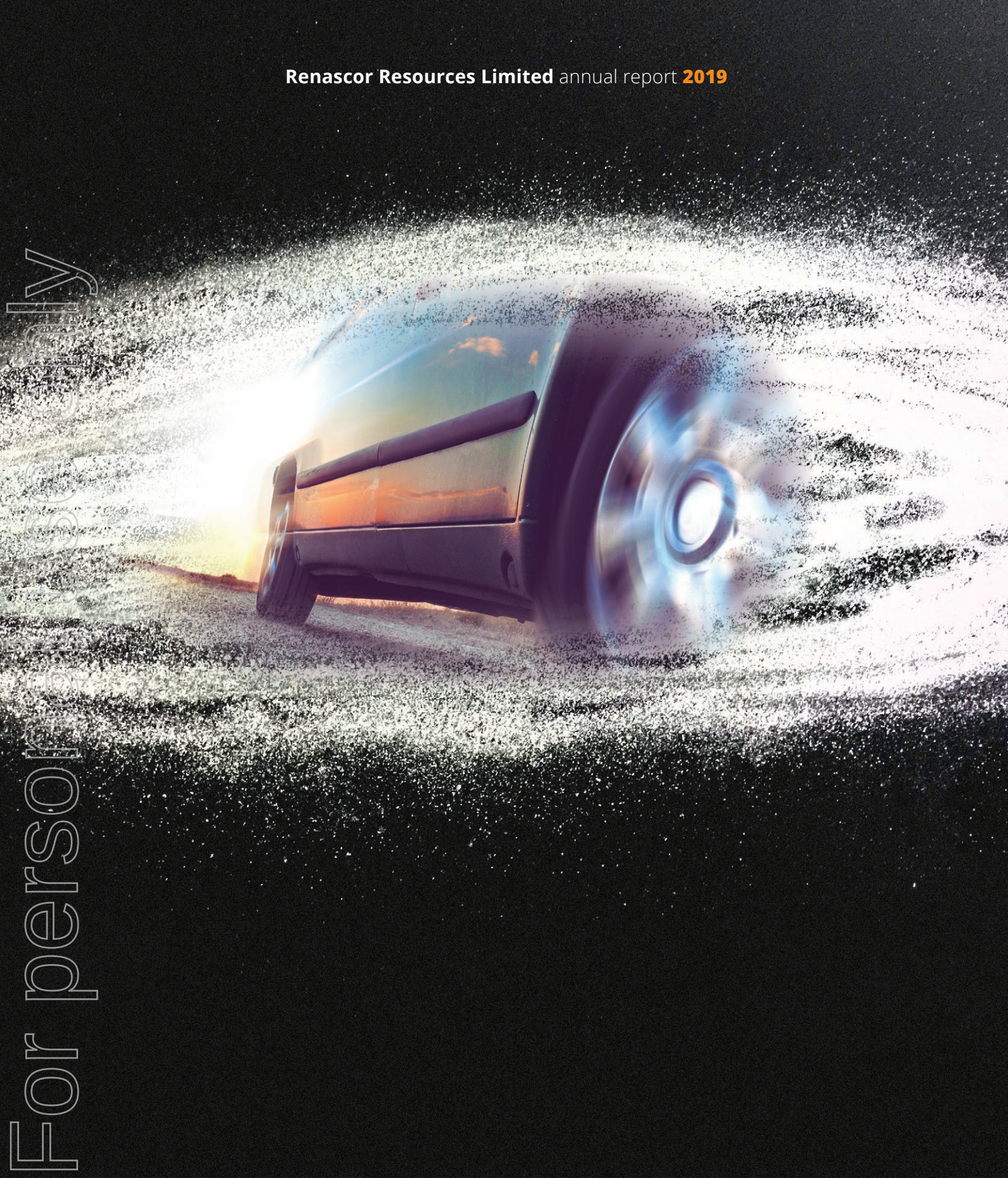
Renascor Resources Limited annual report **2019**



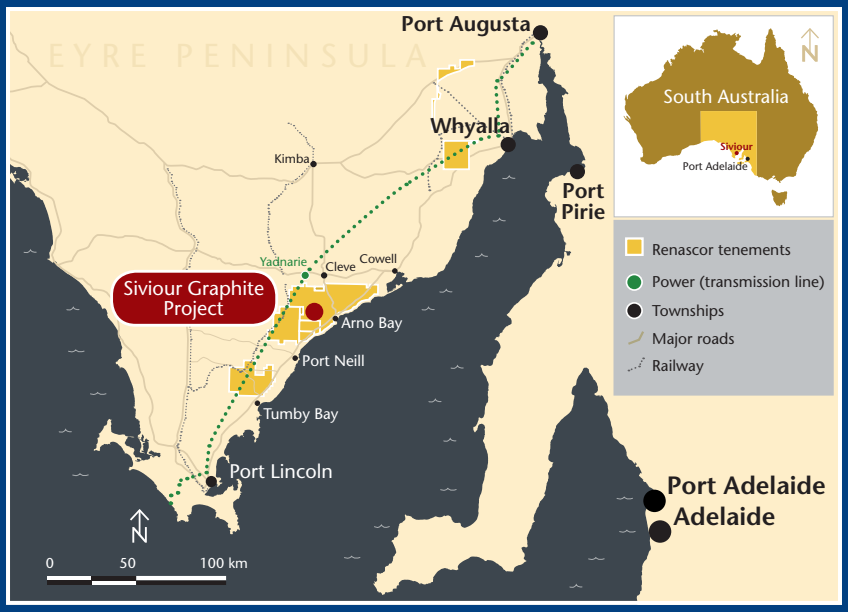
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RENASCOR
RESOURCES

Contents

Chairman's letter	3
Operating Activities Review	6
Directors' Report	14
Auditor's Independence Declaration	25
Financial Statements	26
Directors' Declaration	56
Independent Auditor's Report	57
Shareholder's information	61
Corporate directory	*inside back cover*

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Competent Persons Statement

Exploration Results

The information in this document that relates to exploration activities and exploration results is based on information compiled and reviewed by Mr G.W. McConachy who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr McConachy is a director of the Company. Mr McConachy has sufficient experience relevant to the style of mineralisation and type of deposits being considered to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition). Mr McConachy consents to the inclusion in the report of the matters based on the reviewed information in the form and context in which it appears.

Mineral Resource

The information in this document that relates to Mineral Resources is based upon information compiled by Mrs Christine Standing who is a Member of the Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mrs Standing is an employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation, the type of deposit under consideration and to the activity undertaken to qualify as a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Ore Reserve

The information in this document that relates to Ore Reserves is based on information complied and reviewed by Mr Ben Brown, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Brown is an employee of Optima Consulting and Contracting Pty Ltd and a consultant to the Company. Mr Brown has sufficient experience relevant to the type of deposit under consideration to qualify as a Competent Person as defined by the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2012 Edition).

This report may contain forward-looking statements. Any forward-looking statements reflect management's current beliefs based on information currently available to management and are based on what management believes to be reasonable assumptions. It should be noted that a number of factors could cause actual results, or expectations to differ materially from the results expressed or implied in the forward-looking statements.

Chairman's letter

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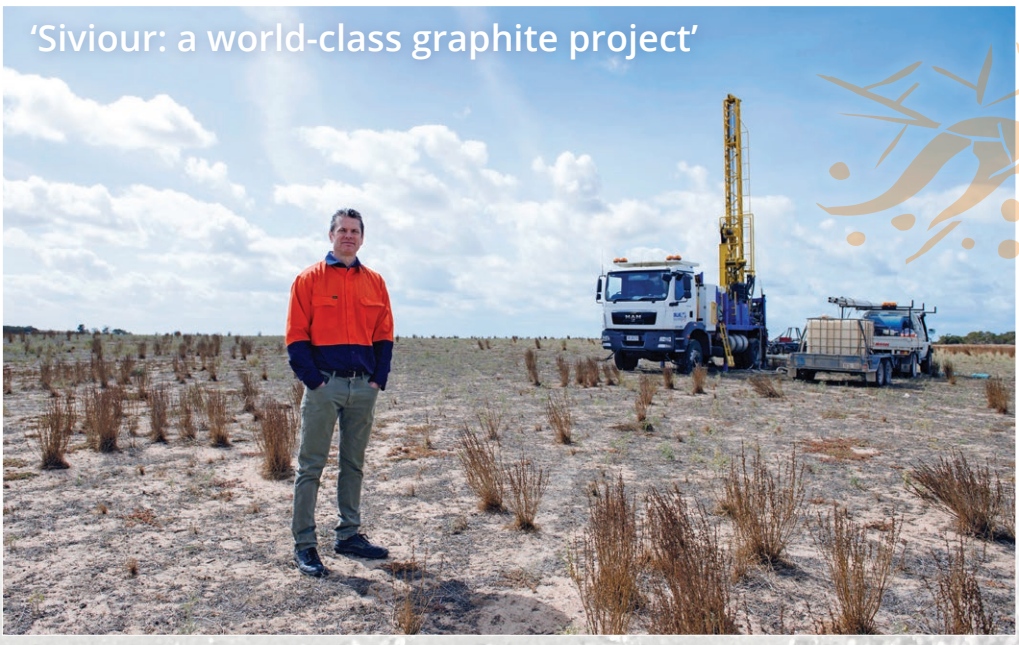
Dear Shareholder,

I am very pleased to present Renascor's annual report for the 12 month period ending 30 June 2019.

While the past year has been challenging for ASX-listed graphite companies, Renascor strongly believes that the high quality of the Siviour Graphite Project, together with an increasing projected demand for new graphite projects, offers shareholders significant opportunity for value up lift in the near-term.

Our work over the past year has highlighted some of the key advantages of Siviour as a world-class graphite project. These advantages include:

- *High quality ore body*
  The scale, grade and near-surface, flat-lying orientation of the Siviour orebody highlights the potential to produce high quality graphite products at a low cost over a long-term mine life. We are confident that the comparative quality of the Siviour deposit will be a key determining factor in advancing Siviour through development and financing into production.
- *Established infrastructure*
  Siviour's prime location in coastal South Australia, near established infrastructure and population centres, offers capital cost savings and reduces project delivery risk, while taking advantage of Australia's skilled mining work force.
- *Low sovereign risk and security of supply*
  In the context of the global supply chain for graphite, which is dominated by historical supply from China and emerging production from East Africa, Siviour's location in Australia, a first-world mining jurisdiction with low sovereign risk, offers a further important advantage.


'Siviour: a world-class graphite project'

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We plan to exploit these real and comparative advantages to become a reliable producer of high quality graphite products, at a competitive low cost to market, unfettered by country risk.

Our location will give Renascor many benefits, including being able to employ a skilled local labour force with ready access to contract specialists trades people and engineers for the smooth commissioning and operation of our proposed mine and process plant.

The large scale of the Siviour graphite deposit offers flexibility for future production rates backed by a long-term mine life in excess of thirty years. This will also allow us to consider long-term downstream processing, such as spherical graphite, to take further advantage of the growing renewable energy sector.

Our engineering and financial advisors who have partnered with Renascor recongise these advantages and are keen to assist us in transitioning Siviour from a promising graphite development to a first tier mining operation.



During the recently completed financial year, Renascor has achieved several breakthroughs in the development of Siviour, including:

- ***Siviour Definitive Feasibility Study (DFS)***
  Much of our work during the year has focused on the Siviour DFS, with key work programs including completing a detailed infill drill program, undertaking extensive metallurgical test work and pilot plant production of graphite concentrates and moving into final engineering phases. We are nearing the completion of the Siviour DFS, with results expected imminently.
- ***Optimised Development Plan***
  As part of our DFS work programs, we also completed an optimised development plan for Siviour that increases the production profile of our planned stage-one production by four times, while still maintaining low operating and capital costs. This optimised plan forms the basis for the Siviour DFS and has been used in connection with finance and offtake discussions.
- ***In Principle Financial Support***
  We achieved an important financial milestone in receiving a Letter of Interest for export credit agency (ECA) cover received from Atradius Dutch State Business (Atradius), the Government of the Netherlands official ECA. We expect that up to approximately 60% of initial Siviour capital expenditure may qualify for Dutch export credit cover.

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- ***Strategic Partnership with Royal IHC***
  We entered into a Strategic Partnership Agreement with international Engineering, Procurement and Construction (EPC) contractor, Royal IHC Australia (Royal IHC). As part of this agreement, Royal IHC committed $1 million to undertake early project works and to lead an integrated team in delivering the Siviour DFS and to provide an EPC proposal upon the completion of the DFS.
- ***Spherical Graphite Prefeasibility Study (PFS)***
  We completed a PFS that confirms the opportunity to unlock further value from Siviour through Australia's first integrated graphite concentrate and spherical graphite operation. The spherical PFS suggests Siviour is uniquely advantaged in its potential to produce high quality spherical graphite product for the growing market for lithium-ion battery anodes.
- ***Mineral Lease***
  The Mineral Lease for Siviour Graphite Project was granted by the South Australian Minister for Energy and Mining. The grant of the Mineral Lease followed an extensive three-year period of preparation and review of all potential environmental, social, economic and technical aspects of the Siviour Project.

The steady progress Renascor achieved during the past year puts Renascor in an excellent position to take the project through the DFS and final regulatory approvals and into offtake, finance and final investment decision (FID).

We are particularly grateful of the support offered by shareholders during the year, notwithstanding difficult market conditions and subdued equity prices.

With the work undertaken last year, together with this year's work programs and favourable graphite market dynamics, we believe there is strong potential for a re-rating of Renascor by the equity markets.

On behalf of the Board and my fellow shareholders, I thank our Managing Director David Christensen and the entire Renascor team for their dedicated work during an exciting year. I also offer my sincere thanks to you, our shareholders, for your continued support.

Your sincerely,

Dick Keevers
Chairman

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Company overview

Renascor Resources Limited (Renascor) is an ASX-listed, Australian-based company focused on the development of economically viable deposits containing graphite and other minerals.

Siviour Graphite Project

Renascor's principal activity during the financial year was exploration and evaluation of the Siviour Graphite Project near Arno Bay, South Australia.

Siviour Definitive Feasibility Study

During the year, Renascor worked extensively on advancing the Siviour DFS toward completion.

Key work programs completed during the year included:

- *Optimised Development Plan*
  Renascor completed an optimised development plan for Siviour that significantly expands upon the production profile of the stage-one processing capacity described in the Siviour Prefeasibility Study by approximately four times. It also provides for the construction of a similar-sized processing plant in stage-two. This optimised plan forms the basis for the Siviour DFS and has been used in connection with finance and offtake discussions.
- *Drilling*
  Renascor completed an infill drilling program primarily designed to increase the confidence in the Indicated Resource for the DFS. The program consisted of 99 reverse circulation and air core drill holes for 4,631 metres and 15 diamond holes drilled for 837 metres.
- *Pilot plant production*
  Renascor completed a bulk sample production program on composite diamond drill core to assess flow sheet parameters and provide additional concentrate for evaluation by potential offtake partners and further metallurgical testing. The program was under undertaken by SGS Lakefield in Canada.



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- *Metallurgical test programs*
  Renascor completed extensive metallurgical test work designed to assess the process design parameters for the DFS. Test programs included six-cycle continuous circuit and variability and optimisation mineral process test work.
- *Environment*
  Renascor completed key DFS environmental and site test studies, including hydrogeology, geotechnical site evaluations (with respect to plant construction and tailings storage), flora and fauna, socio-economic, noise, dust, traffic and visual amenity.
- *Infrastructure*
  Renascor completed early works engineering, approvals and construction planning for desalinisation water supply, power line and grid connection, roads and communications infrastructure.
- *Mining*
  Renascor completed a detailed geo-metallurgical model and incorporated the model into the DFS mining schedule.
- *Engineering*
  Renascor finalised the plant flowsheet and plant layout and commenced the front-end engineering design.



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Strategic Partnership with Royal IHC

In November 2018, Renascor entered into a Strategic Partnership Agreement with international Engineering, Procurement and Construction (EPC) contractor, Royal IHC.

As part of this agreement, Royal IHC committed $1 million for early project works, including metallurgical testing and detailed engineering and design work.

Royal IHC agreed to lead an integrated team in delivering the Siviour DFS and, upon completion of the DFS, to present Renascor with an EPC proposal.

This Strategic Partnership Agreement with Royal IHC is the first step in what is planned to be a long and mutually beneficial relationship for both Renascor and Royal IHC, leading to project financing and completion of the Siviour project under an EPC contract.



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Spherical Graphite Prefeasibility Study (PFS)

In February 2019, Renascor completed a Pre-Feasibility Study (the "Spherical PFS") assessing the viability of producing spherical graphite using graphite concentrates to be produced from the Siviour Graphite Project.

The project economics of the Spherical PFS highlight Siviour's potential to achieve significant economic returns through the vertically integrated development of a mine and flake graphite concentrate operation, plus downstream production of spherical graphite.

Estimated values of key parameters of the Spherical PFS are shown in table 1, in addition to key economics of an integrated large-scale operation producing both spherical graphite and graphite concentrates as contemplated in Renascor's Graphite Concentrate Prefeasibility Study (the "Concentrate PFS") (see Renascor ASX announcement dated 14 May 2018).

Annual production of spherical graphite	29,085t
Life of mine/project	30 years
Capital cost of spherical operation	AU$89.9m US$67.4m
Total capital (concentrate and spherical)	AU$221.5m US$166.0m
NPV10 (after tax) of spherical operation	AU$487m US$365m
NPV10 (after tax) of integrated operation	AU$889m US$667m
IRR (after tax) of integrated operation	53%
Average spherical graphite cash operating cost (net of by-product credit)[1]	AU$1,883/t US$1,412/t
Projected spherical graphite sales price	AU$4,800/t US$3,600/t

Table 1: Financial highlights

[1] Assumes sale of approximately 30,000t per annum of recarburiser by-product at sales price of AU$733/US$550 per tonne. Siviour graphite concentrates are assumed to be procured at production costs contemplated by the Concentrate PFS.

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In addition to offering the potential to achieve more robust project economics through the increased sales margin associated with the production of spherical graphite, potential upside benefits from spherical graphite production include:

- ***More direct exposure to lithium-ion battery market***
  Increased interest in renewable energy is driving significant growth in the lithium-ion battery market. By offering a spherical graphite product for use in lithium-ion battery anodes, Renascor would gain more direct exposure to this high-growth market.

- ***Support graphite concentrate operation***
  A spherical graphite product is considered to be a highly sought-after product which could be the subject of a robust sales contract. This would in turn underpin the mining project by securing offtake for a significant portion of the flake production.

- ***Comparative advantage***
  The Concentrate PFS suggests that Siviour graphite concentrates might be produced at amongst the lowest cost of any new graphite development globally. As the cost of graphite concentrates is one of the primary costs in producing spherical graphite, Renascor might enjoy a potential comparative advantage in producing a low-cost spherical graphite product.

- ***Supply chain security from Australia***
  Presently, nearly all uncoated spherical graphite that is used in anodes for lithium-ion batteries is sourced from China. By offering a spherical product mined and processed into spherical graphite in Australia, Renascor believes it may have a further comparative advantage in offering potential buyers' access to Renascor's vertically integrated processing operation and diversity of supply from a low sovereign risk jurisdiction.



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Upgraded Mineral Resource

In April 2019, Renascor upgraded the JORC Mineral Resource estimate for the Siviour Graphite Project to:

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

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

Note: Cut-off grade of 2.3% total graphitic carbon
Table 1: Siviour Mineral Resource estimate as of 29 April 2019

In Principle Financial Support

In April 2019, Renascor received a Letter of Interest (LOI) for export credit agency (ECA) cover received from Atradius Dutch State Business (Atradius), the Government of the Netherlands official ECA.

Atradius is the official ECA that administers the ECA scheme for the Government of the Netherlands. In order to promote Dutch exports, Atradius offers insurance and guarantee products for projects involving the export of capital goods from the Netherlands. ECA Cover from Atradius is often used to assist Dutch exporters in winning export transactions and increasing the capacity to raise finance from banks for projects involving Dutch exports.

The Dutch ECA scheme was identified as applicable to Renascor's Siviour Graphite Project based on the sourcing of Dutch content through Renascor's Dutch strategic engineering partner, Royal IHC.

Renascor has estimated that up to approximately 60% of project capital expenditure is expected to qualify under the Atradius ECA Cover.

Interest rates charged by lenders on debt guaranteed by ECA Cover are typically lower than commercial rates, as repayment of the debt is insured, with longer tenor also a feature of ECA supported debt.

The LOI represents the first milestone in Renascor's engagement with Atradius. The next step in obtaining ECA Cover involves further due diligence by Atradius and, assuming a satisfactory outcome, a decision from the relevant committees of Atradius.

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Mineral Lease

In April 2019, the Mineral Lease for Siviour Graphite Project was granted by the South Australian Minister for Energy and Mining. The grant of the Mineral Lease followed an extensive three-year period of preparation and review of all potential environmental, social, economic and technical aspects of the Siviour Project.

The Mineral Lease, granted to Renascor's 100%-owned subsidiary company, Ausmin Development Pty Ltd, demonstrates that the Government of South Australia is satisfied that the proposed level of impact of the Siviour Graphite Project is acceptable given the anticipated economic and social benefits.

With the grant of the Mineral Lease, the terms that Renascor must follow during the construction, mining and operation phases are now established.

The Mineral Lease also details the conditions that that must be addressed in a Program for Environment Protection and Rehabilitation (PEPR), which is the second step in the Government's two-stage assessment and approval process.

The PEPR, which must be approved before mining operations may commence, is intended to establish how the conditions outlined in the Mineral Lease will be met. Prior to approval, the PEPR must be evaluated by the Department for Energy and Mining (Department) against the conditions of the Mineral Lease, as well as applicable legislation and Department regulations and guidelines.

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



Directors' Report

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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 2019.

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 2019, the loss for the Group after providing for income tax amounted to $1,321,558 (2018: $3,434,543). This included an impairment write down of capitalised exploration and evaluation expenditure of $387,751 (2018: $2,305,666).

On 22 November 2018, the Company announced that it had completed the 100% acquisition of Ausmin Development Pty Ltd (Ausmin), which holds the rights to the Siviour Graphite Project. Previously, at a shareholder meeting on 3 September 2018, Renascor's shareholders had granted approval for the Company to acquire all of the shares in Ausmin in exchange for approximately 189.6 million shares in Renascor. The shares were issued on 22 November 2018.

In April 2019, Renascor received a LOI for export credit agency (ECA) cover received from Atradius Dutch State Business (Atradius), the Government of the Netherlands official ECA. ECA Cover from Atradius is often used to assist Dutch exporters in winning export transactions and increasing the capacity to raise finance from banks for projects involving Dutch exports. The LOI represents the first milestone in Renascor's engagement with Atradius. The next step in obtaining ECA Cover involves further due diligence by Atradius and, assuming a satisfactory outcome, a decision from the relevant committees of Atradius.

Operations

Renascor's activities and events 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:

- Work programs associated with the Saviour DFS including the completion of the optimised Development Plan, infill drilling, pilot plant production, metallurgical testing, environment assessments and mining, engineering and infrastructure studies.
- In November 2018, Renascor entered into a Strategic Partnership Agreement with international Engineering, Procurement and Construction (EPC) contractor, Royal IHC. This Strategic Partnership Agreement with Royal IHC is the first step in what is planned to be a long and mutually beneficial relationship for both Renascor and Royal IHC, leading to project financing and completion of the Siviour project under an EPC contract.
- In April 2019, the Mineral Lease for Siviour Graphite Project was granted by the South Australian Minister for Energy and Mining. The Mineral Lease, granted to Renascor's 100%-owned subsidiary company, Ausmin Development Pty Ltd, demonstrates that the Government of South Australia is satisfied that the proposed level of impact of the Siviour Graphite Project is acceptable given the anticipated economic and social benefits.

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

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

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 material applicable environmental regulations.

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Information on directors

David Christensen, *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 trading and marketing, and having served as President of Nuclear Fuels Corporation. 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: 16,064,637

Interests in options: 150,000

Richard (Dick) Keevers, *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 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: 46,265,810

Interests in options: 7,834,399

Stephen Bizzell, *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, Strike Energy Limited

Former directorships (last 3 years): Diversa Limited, UIL Energy Limited

Interests in shares: 28,122,982

Interests in options: 6,250,000

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Geoffrey McConachy, *Non-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

Chris Anderson, *Non-Executive Director* - Resigned 12 October 2018

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: 9,753,240

Interests in options: 588,235

Other current directorships' (quoted previously) 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 secretary

Pierre van der Merwe is a Chartered Accountant of more than 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.

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2019, and the number of meetings attended by each director were:

	Full Board		Audit & Risk Committee	
	Attended	*Held*	*Attended*	*Held*
Richard Keevers	6	6	2	2
David Christensen	6	6	2	2
Geoffrey McConachy	6	6	2	2
Chris Anderson	2	2	-	-
Stephen Bizzell	6	6	2	2

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

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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; and
- 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 longterm 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 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.

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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;
- 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 29 November 2018 Annual General Meeting ('AGM')

At the 29 November 2018 AGM, 99.8% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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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*		
2019	Cash salary and fees $	Non-monetary $	Superannuation $	Long service leave $	Performance Rights $	**Total $**
Non-Executive Directors:						
Chris Anderson	19,058	-	-	-	-	19,058
Stephen Bizzell	40,000	-	-	-	-	40,000
Richard Keevers	54,795	-	5,205	-	-	60,000
Geoffrey McConachy*	202,022	-	11,190	47,841	-	261,053
Executive Directors:						
David Christensen**	273,600	9,663	20,531	-	177,675	481,469
Other Key Management Personnel:						
Pierre van der Merwe	118,009	-	-	-	-	118,009
	707,484	**9,663**	**36,926**	**47,841**	**177,675**	**979,589**

* *Mr McConachy became a non-executive director on the 5th of January 2019. Short term benefits paid to Mr McConachy includes $42,310 in annual leave entitlements paid during the year.*

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

	Short-term benefits		*Post-employment benefits*	*Long-term benefits*	*Share-based payments*	
2018	Cash salary and fees $	Non-monetary $	Superannuation $	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 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.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
	2019	2018	2019	2018	2019	2018
Non-Executive Directors:						
Chris Anderson	100%	100%	-	-	-	-
Stephen Bizzell	100%	100%	-	-	-	-
Richard Keevers	100%	100%	-	-	-	-
Geoffrey McConachy *	100%	100%	-	-	-	-
Executive Directors:						
David Christensen**	63%	100%	-	-	37%	-
Other Key Management Personnel:						
Pierre van der Merwe	100%	100%	-	-	-	-

* Mr McConachy became a non-executive director on the 5th of January 2019

** During the year ended 30 June 2019 shareholders granted approval for the issue of performance rights to Mr David Christensen. Further information pertaining to the Performance Rights can be found in Note 31 "Share Based Payments". The total value of performance-related bonuses paid to key management personnel and executives during the year was $177,675 (2018: $Nil).

Key management personnel and executives were not paid cash bonuses during the years ended 30 June 2019 and 2018.

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements.

Details of these agreements are as follows:

David Christensen, *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.

Geoffrey McConachy, *Exploration Director*

Term of agreement: The agreement was terminated in January 2019 when Mr McConachy transitioned to Non-Executive Director role.

Details: Per annum rate of $239,200, exclusive of superannuation

Pierre van der Merwe,
Chief Financial Officer and Company Secretary

Term of agreement: The agreement is with HLB Mann Judd SA and may be terminated by either party on one months' notice.

Details: Services are provided at a rate of $10,000 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

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2019.

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 2019.

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Performance rights

The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

	Grant date	*Expiry date*	*Share price hurdle for vesting*	*Fair value per right at grant date*
Tranche A	22 November 2018	22 November 2022	$0.00	$0.020
Tranche B	22 November 2018	22 November 2022	$0.00	$0.020
Tranche C	22 November 2018	22 November 2022	$0.06	$0.008

Performance rights granted carry no dividend or voting rights.

Details of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2019 are set out below:

Name	*Grant date*	*Number of rights granted*	*Number of rights vested* $	*Value of rights granted* $	*Value of rights in the period* $	*Number of rights expensed lapsed*	*Value of rights lapsed*
David Christensen	22 November 2018	18,000,000	-	261,600	177,675	-	-

Further information regarding the Performance Rights can be found in Note 31 "Share Based Payments".

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 2019 are summarised below:

	2019 $	*2018 $*	*2017 $*	*2016 $*	*2015 $*
(Loss) for the year attributable to owners ($)	**(1,321,558)**	(3,434,543)	(1,085,492)	(890,079)	(4,932,426)
Increase/(decrease) in share price (%)	**5%**	25%	(25%)	-	(46%)

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

	2019	*2018*	*2017*	*2016*	*2015*
Share price at financial year end (cents)	**2.1**	2.0	1.6	2.0	2.0
Basic earnings per share (cents per share)	**(0.1)**	(0.5)	(0.2)	(0.4)	(3.5)

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*	15,753,240	-	-	(6,000,000)	9,753,240
Stephen Bizzell	26,946,512	-	1,176,470	-	28,122,982
David Christensen	15,770,519	-	294,118	-	16,064,637
Richard Keevers	43,799,340	-	2,466,470	-	46,265,810
Geoffrey McConachy	9,249,699	-	-	-	9,249,699
	111,519,310	-	3,937,058	(6,000,000)	109,456,368

* *Mr Anderson resigned as director on 12 October 2018. At the time of his resignation he had an interest in 15,753,240 ordinary shares.*

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Additional disclosures relating to key management personnel continued

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
	15,057,928	-	-	-	15,057,928

* Mr Anderson resigned as director on 12 October 2018. At the time of his resignation he had an interest in 588,235 options.

All options are vested at 30 June 2019 and are exercisable at any time until they reach their expiry dates.

Performance rights holding

The number of performance rights 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	*Granted*	*Vested*	*Expired/ forfeited/ other*	*Balance at the end of the year*
Performance rights over ordinary shares					
David Christensen	-	18,000,000	-	-	18,000,000
	-	18,000,000	-	-	18,000,000

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 $203,768 (2018: $44,351) from Euro. An amount of $7,384 (2018: $8,353) was owing to Euro at 30 June 2019.

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 $7,700 (2018: 73,300) from CGAA. An amount of $Nil (2018: $15,730) was owing to CGAA at 30 June 2019.

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 $Nil (2018: $168,515) from BCP. An amount of $3,667 (2018: $23,207) was owing to BCP at 30 June 2019.

This concludes the remuneration report, which has been audited.

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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

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 rights*
22 November 2018	22 November 2022	$0.00	18,000,000

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

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 2019 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 2019 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.

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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 22 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 22 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

27 September 2019

Auditor's Independence Declaration

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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 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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, 27 September 2019

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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General information

The financial statements cover Renascor Resources Limited as a Group consisting of Renascor Resources Limited and the entities it controlled at the end of, or during, the 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

Email: info@renascor.com.au

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 27 September 2019.

The directors have the power to amend and reissue the financial statement

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Statement of profit or loss and other comprehensive income For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Revenue			
Interest revenue		94,818	36,902
Other revenue		-	4,036
Expenses			
Administration and consulting		(287,837)	(341,058)
Depreciation and amortisation expense		(2,236)	(2,130)
Employee benefits expense	4	(435,483)	(276,955)
Office accommodation	5	(30,596)	(30,596)
Impairment of exploration expenditure	6	(387,751)	(2,305,666)
Legal fees		(26,996)	(21,705)
Other expenses	7	(245,477)	(497,371)
Loss before income tax expense		**(1,321,558)**	**(3,434,543)**
Income tax expense	8	-	-
Loss after income tax expense for the year attributable to the owners of Renascor Resources Limited	18	(1,321,558)	(3,434,543)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Renascor Resources Limited		**(1,321,558)**	**(3,434,543)**
		Cents	Cents
Basic earnings per share	30	(0.1)	(0.5)
Diluted earnings per share	30	(0.1)	(0.5)

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

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Statement of financial position As at 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Assets			
Current assets			
Cash and cash equivalents	9	2,877,843	8,188,830
Other receivables	10	32,598	288,551
Other	11	28,655	8,850
Total current assets		2,939,096	8,486,231
Non-current assets			
Receivables		20,000	20,000
Property, plant and equipment	12	4,662	4,751
Exploration and evaluation	13	15,034,092	7,369,924
Total non-current assets		15,058,754	7,394,675
Total assets		**17,997,850**	**15,880,906**
Liabilities			
Current liabilities			
Trade and other payables	14	516,450	603,176
Provisions	15	112,595	222,792
Total current liabilities		629,045	825,968
Total liabilities		**629,045**	**825,968**
Net assets		**17,368,805**	**15,054,938**
Equity			
Issued capital	16	32,210,012	28,752,262
Reserves	17	407,903	230,228
Accumulated losses	18	(15,249,110)	(13,927,552)
Total equity		**17,368,805**	**15,054,938**

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

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Statement of changes in equity For the year ended 30 June 2019

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 17)	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

Consolidated	$	$	$	$	$	$
Balance at 1 July 2018	28,752,262	1,648,018	(1,417,790)	(13,927,552)	-	15,054,938
Loss after income tax expense for the year	-	-	-	(1,321,558)	-	(1,447,043)
Other comprehensive income for the year, net of tax	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(1,321,558)	-	(1,447,043)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	3,457,750	-	-	-	-	3,457,750
Share-based payments (note 31)	-	177,675	-	-	-	177,675
Balance at 30 June 2019	32,210,012	1,825,693	(1,417,790)	(15,249,110)	-	17,368,805

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

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Statement of cash flows For the year ended 30 June 2019

	Note	Consolidated 2019 $	Consolidated 2018 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,452,201)	(741,657)
Receipts from Goods & Services Tax paid		498,735	205,170
Interest received		94,818	36,902
Research & Development tax concession		212,358	-
Other revenue		-	4,036
Net cash used in operating activities	29	(646,290)	(495,549)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,145)	(2,594)
Payments for exploration and evaluation	13	(4,662,552)	(2,531,539)
Net cash used in investing activities		(4,664,697)	(2,534,133)
Cash flows from financing activities			
Proceeds from issue of shares	16	-	10,790,584
Share issue transaction costs		-	(802,285)
Net cash from financing activities		-	9,988,299
Net increase/(decrease) in cash and cash equivalents		(5,310,987)	6,958,617
Cash and cash equivalents at the beginning of the financial year		8,188,830	1,230,213
Cash and cash equivalents at the end of the financial year	9	**2,877,843**	**8,188,830**

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

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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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

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

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income (OCI). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

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1. **Significant accounting policies** *continued*

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 $1,321,558 (2018: $3,434,543) and net operating cash outflow of $646,290 (2018: $495,549). At 30 June 2019, the Group had net current assets of $2,310,051 (30 June 2018: $7,660,263).

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 26.

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 2019 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.

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.

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1. **Significant accounting policies** *continued*

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 noncontrolling 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.

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.

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1. **Significant accounting policies** *continued*

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 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out following.

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

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1. **Significant accounting policies** *continued*

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 Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) 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 2019 but the impact of its adoption is not considered to be material.

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 31.

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 13.

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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.

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4. Employee benefits expense

	Consolidated	
	2019 $	2018 $
Employee benefits expense	216,007	234,382
Employee share-based payment expense	177,675	-
Defined contribution superannuation expense	41,801	42,573
	435,483	276,955

Employee share-based payment expense comprises of Performance Rights granted to Mr David Christensen. Further information pertaining to the Performance Rights can be found in Note 31 "Share Based Payments".

5. Office accommodation

	Consolidated	
	2019 $	2018 $
Minimum office lease payments	30,596	30,596

6. Impairment of exploration expenditure

	Consolidated	
	2019 $	2018 $
Impairment of exploration expenditure	387,751	2,305,666

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7. Other expenses

	Consolidated	
	2019 $	2018 $
Business development & marketing	108,853	257,500
Investor and public relations	66,998	131,356
Travel	48,392	72,033
Other expenses	21,234	36,482
	245,477	497,371

8. Income tax expense

	Consolidated	
	2019 $	2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(1,321,558)	(3,434,543)
Tax at the statutory tax rate of 27.5%	(363,428)	(944,499)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	-	323
Share-based payments	61,236	63,938
Research and development tax concession	-	(51,968)
	(302,192)	(932,206)
Current year temporary differences not recognised	302,192	932,206
Income tax expense	**-**	**-**

The Group has tax losses arising in Australia of $21,044,733 (2018: $15,377,990) 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 2019 (2018: Nil).

No deferred tax liability has been recognised for expenditure pertaining to exploration and evaluation. The amount of $3,195,869 is fully offset by the Company's deferred tax assets (2018: $1,692,662).

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.

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9. Current assets - cash and cash equivalents

	Consolidated	
	2019 $	2018 $
Cash on hand	100	100
Cash at bank	2,877,743	8,188,730
	2,877,843	**8,188,830**

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.

10. Current assets - Other receivables

	Consolidated	
	2019 $	2018 $
GST refundable	23,874	99,277
Sundry receivables	8,724	300
Research and development tax concession	-	188,974
	32,598	**288,551**

Allowance for expected credit losses

The Group has recognised a loss of $0 (2018: $0) in profit or loss in respect of the expected credit losses for the year ended 2019.

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2019 %	2018 %	2019 $	2018 $	2019 $	2018 $
Not overdue	-	-	32,598	288,551	-	-

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

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11. Current assets - other

	Consolidated	
	2019 $	2018 $
Prepayments	**28,655**	**8,850**

12. Non-current assets - property, plant and equipment

	Consolidated	
	2019 $	2018 $
Computer equipment - at cost	41,570	39,424
Less: Accumulated depreciation	(37,248)	(35,137)
	4,322	4,287
Office equipment - at cost	4,444	4,444
Less: Accumulated depreciation	(4,104)	(3,980)
	340	464
	4,662	**4,751**

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.

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.

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13. 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	Total $
Balance at 1 July 2017	7,333,025
Expenditure during the year	2,531,539
Impairment losses	(2,305,666)
R & D tax refund offset against capitalised exploration and evaluation #	(188,974)
Balance at 30 June 2018	7,369,924
Expenditure during the year	4,662,553
Acquisition of Ausmin Development Pty Ltd	3,412,750
Impairment losses	(387,751)
R & D tax refund offset against capitalised exploration and evaluation #	(23,384)
Balance at 30 June 2019	**15,034,092**

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 and wages expenditure associated with each area of interest. During the financial year the Group has allocated $352,267 of internal personnel costs (2018: $418,121) which form part of the exploration expenditure for the year.

14. Current liabilities - trade and other payables

	Consolidated	
	2019 $	2018 $
Trade and other payables	462,331	530,949
Sundry creditor and accrued expenses	54,119	72,227
	516,450	**603,176**

Refer to note 20 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.

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15. Current liabilities - provisions

	Consolidated	
	2019 $	2018 $
Annual leave	45,376	113,391
Long service leave	67,219	109,401
	112,595	**222,792**

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.

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

16. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	**2019 $**	2018 $
Ordinary shares - fully paid	**1,153,424,340**	961,327,113	**32,210,012**	28,752,262

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16. Equity - issued capital *continued*

Movements in ordinary share capital				
Details	Date	Shares	Issue price	$
Balance	1 July 2017	482,793,861		18,628,616
Conditional placement to professional and 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 and 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 and 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 and 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
Issue of Ordinary Shares as consideration for marketing services provided	22 November 2018	2,500,000	$0.02	45,000
Issue of Ordinary Shares as consideration for the acquisition of Ausmin Development Pty Ltd	22 November 2018	189,597,227	$0.02	3,412,750
Balance	**30 June 2019**	**1,153,424,340**		**32,210,012**

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.

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16. **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 2018 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.

17. Equity - reserves

	Consolidated	
	2019 $	2018 $
Options reserve	1,579,734	1,579,734
Performance rights reserve	245,959	68,284
Business combination reserve	(1,417,790)	(1,417,790)
	407,903	**230,228**

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.

18. Equity - accumulated losses

	Consolidated	
	2019 $	2018 $
Accumulated losses at the beginning of the financial year	(13,927,552)	(10,493,009)
Loss after income tax expense for the year	(1,321,558)	(3,434,543)
Accumulated losses at the end of the financial year	**(15,249,110)**	**(13,927,552)**

19. Equity - dividends

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

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20. 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	
	2019 $	2018 $
Financial assets at amortised cost		
Cash and cash equivalents	2,877,843	8,188,830
Other receivables	32,598	288,551
Total financial assets	2,910,441	8,477,381
Financial liabilities at amortised cost		
Trade and other payables	462,331	530,949
Sundry creditors and accrued expenses	54,119	72,227
Total financial liabilities at amortised cost	516,450	603,176

Market risk

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

As at 30 June 2019 and 30 June 2018, 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% (2018: +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.

Consolidated 2019	Basis points increase			Basis points decrease		
	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	40,944	40,944	(50)	(40,944)	(40,944)
Consolidated 2018						
Cash and cash equivalents	50	6,151	6,151	(50)	(6,151)	(6,151)

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20. 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.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group does not hold any collateral to mitigate this risk.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forwardlooking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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	
	2019 $	2018 $
Cash and cash equivalents		
Minimum rating of A	**2,877,843**	**8,188,830**

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 $2,877,843 (2018: $8,188,830) 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.

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20. Financial instruments *continued*

Consolidated 2019	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	462,331	-	-	-	462,331
Other payables	-	54,119	-	-	-	54,119
Total non-derivatives	-	516,450	-	-	-	516,450

Consolidated 2018	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	530,949	-	-	-	530,949
Other payables	-	72,227	-	-	-	72,227
Total non-derivatives		603,176	-	-	-	603,176

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.

21. 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	
	2019 $	2018 $
Short-term employee benefits	717,147	702,112
Post-employment benefits	36,926	45,786
Long-term benefits	47,841	14,844
Share-based payments	-	63,195
Performance rights	177,675	-
	979,589	**825,937**

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.

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21. Key management personnel disclosures *continued*

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 $203,768 (2018: $44,351) from Euro. An amount of $7,384 (2018: $8,353) was owing to Euro at 30 June 2019.

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 $7,700 (2018: $73,300) from CGAA. No amount was owing to CGAA at 30 June 2019 (2018: $15,730).

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 did not incur any non-director's fees costs from BCP (2018: $168,515). An amount of $3,667 of director's fees was owing to BCP at 30 June 2019 (2018: $23,207).

22. 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	
	2019 $	2018 $
Audit services - BDO Audit (SA) Pty Ltd		
Audit or review of the financial statements	36,543	33,594
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	4,591	4,735
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
	4,591	7,185
	41,134	**40,779**

23. Contingent liabilities

Renascor has entered into an agreement with a Royal IHC to contribute $1 million of services towards the definitive feasibility study on the basis that they will subsequently be awarded the engineering, procurement and construction contract for the Siviour project. Renascor may be liable to reimburse this contribution in either cash or equity if the contract is not awarded to this party. As at the date of this report this contribution has been received.

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24. 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	
	2019 $	2018 $
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	1,792,500	1,356,827
One to five years	-	345,000
	1,792,500	**1,701,827**

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

Pursuant to an Asset Sale Agreement with Hiltaba Gold Pty Ltd for EL5856, the Group has granted a 1% net smelter return royalty to Hiltaba Gold Pty Ltd. Pursuant to a Royalty Deed with Barossa Vintage Ltd in respect of EL5495, EL5618 and EL6197, the Group has granted a 1% gross royalty to the Milton Park Trust. 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.

25. Related party transactions

Parent entity

Renascor Resources Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 27.

Key management personnel

Disclosures relating to key management personnel are set out in note 21 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 21.

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 21.

Loans to/from related parties

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

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26. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2019 $	2018 $
Loss after income tax	(3,280,494)	(5,391,426)
Total comprehensive income	(3,280,494)	(5,391,426)

Statement of financial position

	Parent	
	2019 $	2018 $
Total current assets	2,938,998	8,486,231
Total assets	17,997,850	15,880,906
Total current liabilities	629,045	825,968
Total liabilities	629,045	825,968
Equity		
Issued capital	32,210,012	28,751,962
Options reserve	1,579,734	1,579,734
Performance rights reserve	245,959	68,284
Accumulated losses	(16,666,900)	(15,345,042)
Total equity	**17,368,805**	**15,054,938**

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 2019.

Contingent liabilities

In the year ended 30 June 2017 the Parent Entity had entered into Asset Sale Agreements with Hiltaba Gold Pty Ltd for EL5856. Under this 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 2019.

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; and
- 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.

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27. 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:

		Ownership interest	
	Principal place of business Country of incorporation	**2019 %**	2018 %
Kulripa Uranium Pty Ltd	Australia	100.00%	100.00%
Astra Resources Pty Ltd	Australia	100.00%	100.00%
Sol Jar Property Pty Ltd	Australia	100.00%	100.00%
Eyre Peninsula Minerals Pty Ltd	Australia	100.00%	100.00%
Ausmin Development Pty Ltd	Australia	100.00%	-

The Company completed a transaction to acquire 100% of Ausmin Development Pty Ltd (Ausmin), which holds the rights to the Siviour Graphite Project. As consideration, the Company issued 189,597,227 ordinary shares. For accounting purposes the Company has treated the acquisition as an asset acquisition.

28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2019 $	2018 $
Loss after income tax expense for the year	(1,321,558)	(3,434,543)
Adjustments for:		
Depreciation and amortisation	2,236	2,130
Share-based payments	222,675	282,944
Write off exploration/inventories	387,751	2,494,640
Change in operating assets and liabilities:		
Increase/(decrease) in provisions	(110,197)	87,691
Increase/(decrease) in trade and other payables	(94,392)	318,951
(Increase)/decrease in other receivables	284,856	(249,475)
(Increase)/decrease in other operating assets	(17,661)	2,113
Net cash used in operating activities	**(646,290)**	**(495,549)**
Non-cash financing and investing activities		
Shares issued to non-executive directors in lieu of 50% of cash director fees	-	(150,237)
Options issued to lead managers for no cash consideration for capital raising services	-	(247,389)
Shares issued to vendors of Ausmin Development Pty Ltd for no cash consideration in respect of the acquisition of Ausmin Development Pty Ltd	(3,412,750)	-
	(3,412,750)	**(397,626)**

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30. Earnings per share

	Consolidated	
	2019 $	2018 $
Loss after income tax attributable to the owners of Renascor Resources Limited	(1,321,558)	(3,434,543)
	Cents	Cents
Basic earnings per share	(0.1)	(0.5)
Diluted earnings per share	(0.1)	(0.5)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,077,638,036	642,520,257
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,077,638,036	642,520,257

Options and performance rights are considered anti-dilutive as the Group is loss making. At 30 June 2019 there were 129,761,096 anti-dilutive options (2018: 129,761,096) and 18,000,000 performance rights (2018: Nil).

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.

31. Share-based payments

Directors and executives share based payments

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

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

During the year the amount of the equity settled share-based payment recognised in the current period in respect of options granted to consultants was $Nil (2018: $247,389). These options were issued as consideration for capital raising services provided.

Exploration and evaluation share based payments

During the period the Company issued 189,597,227 shares to acquire 100% of the shares of Ausmin Development Pty Ltd which owns the rights to the Siviour Graphite Project.

The amount of the equity settled share-based payment recognised in the current period in respect of the ordinary shares issued is $3,412,750 (2018: $Nil). Amounts previously recognised have been included as exploration and evaluation expenditure within the non-current assets in the statement of financial position.

There were no options granted during the year in respect of exploration and evaluation activities (2018: $Nil).

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31. Share-based payments *continued*

Share based payments to consultants

During the period the amount of the equity settled share-based payment recognised in the current period in respect of shares issued to consultants was $45,000 (2018: $232,500). These shares were issued as consideration for marketing services provided. The consultants received 2,500,000 ordinary shares (2018: 7,500,000).

During the year there were no equity settled share-based payments recognised in the current period in respect of options granted to consultants (2018: $247,389).

Set out below are summaries of the granted options:

2019							
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
			40,000,000	-	-	-	40,000,000
Weighted average exercise price			$0.04	$0.00	$0.00	$0.00	$0.04
2018							
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

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

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

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.3 years (2018: 1.4 years).

Performance rights granted to directors and senior management

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

Tranche A Performance Rights. *6,000,000 Performance Rights will vest upon the completion of a positive Definite Feasibility Study in respect of the production of graphite concentrates.*

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

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

The Performance Rights are expensed over the expected vesting period. The total value of Performance Rights recognised in the current period is $177,675 (2018: $0)

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31. Share-based payments *continued*

The performance rights were valued as outlined below:

2019	Total value at grant date $	Expensed during the year $
Tranche A	108,000	108,000
Tranche B	108,000	55,290
Tranche C	45,600	14,385
Total	**261,600**	**177,675**

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

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

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

2019							
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
22/11/2018	22/11/2022	$0.00	-	6,000,000	-	-	6,000,000
22/11/2018	22/11/2022	$0.00	-	6,000,000	-	-	6,000,000
22/11/2018	22/11/2022	$0.00	-	6,000,000	-	-	6,000,000
			-	18,000,000	-	-	18,000,000

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

Grant date	Expiry date	2019 Number	2018 Number
22/11/2018	22/11/2022	6,000,000	-
22/11/2018	22/11/2022	6,000,000	-
22/11/2018	22/11/2022	6,000,000	-
		18,000,000	-

The weighted average remaining contractual life of performance rights outstanding at the end of the financial year was 3.4 years (2018: 0 years).

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31. Share-based payments *continued*

Fair value of performance rights granted:

The assessed fair value at grant date of performance rights 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 nontradable 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.

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.

For the performance rights 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
22/11/2018	22/11/2022	$0.02	$0.00	94.66%	-	2.30%	$0.020
22/11/2018	22/11/2022	$0.02	$0.00	94.66%	-	2.30%	$0.020
22/11/2018	22/11/2022	$0.02	$0.00	94.66%	-	2.30%	$0.008

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.

Directors' Declaration

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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 2019 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*
27 September 2019

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the 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 2019 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.

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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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

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 $15,034,092 as at 30 June 2019 as disclosed in note 13 to the financial statements. 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. This assessment involves significant judgement applied by management and was considered key to the audit.	Our procedures, amongst others, included: ▶ 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. ▶ Verifying a sample of current tenement licences to determine whether the group has the rights to tenure and maintain the tenements in good standing. ▶ Obtaining the exploration budget for the 2020 financial year to assess whether there is reasonable forecasted expenditure to confirm continued exploration spend for the projects. ▶ Reviewing ASX announcements and Board meeting minutes for the year and subsequent to year end for exploration activity to identify any indicators of impairment. ▶ 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 in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

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 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, 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.

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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_responsibilities/ar1.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 17 to 22 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Renascor Resources Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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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 Audit (SA) Pty Ltd

Andrew Tickle
Director

Adelaide, 27 September 2019

Shareholder Information

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The shareholder information set out below was applicable as at 16 September 2019.

Distribution of equitable securities

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

Holding	*Ordinary Shares*	*Listed Options over ordinary Shares*	*Unlisted Options over ordinary Shares*
1 – 1000	45	2	–
1,001 – 5,000	18	–	–
5,001 – 10,000	65	1	–
10,001 – 100,000	837	10	–
100,001 and over	966	85	11
	1,931	**98**	**11**
Holding less than a marketable parcel	434	47	–

Equity security holders

The names of the twenty largest security holders of quoted ordinary shares are listed below:

		Ordinary Shares	
	Name	*Number held*	*% of total shares issued*
1	Kabininge Nominees Pty Ltd	134,014,646	11.62
2	Mr Richard Edward Keevers	40,855,328	3.54
3	Mr David Vigolo	40,000,000	3.47
4	BNP Paribas Nominees Pty Ltd	37,386,984	3.24
5	Rookharp Capital Pty Ltd	26,500,000	2.30
6	Dr Leon Eugene Pretorius	16,000,000	1.39
7	Pontifex Wines Pty Ltd	14,736,111	1.28
8	Mr Douglas Young	14,482,148	1.26
9	JP Morgan Nominees Australia	12,948,172	1.12
10	Mr Malcolm John Mcclure	12,110,287	1.05
11	Mrs Tracey Ann Mezzino	12,000,000	1.04
12	CPS Control Systems Pty Ltd	11,291,112	0.98
13	Mr Gregory Michael Josephson & Mrs Mary Margaret Josephson	10,000,000	0.87
14	Bizzell Capital Partners Pty Ltd	9,833,334	0.85
15	David Christensen	9,761,241	0.85
16	Casalamada Pty Ltd	9,753,240	0.85
17	Citicorp Nominees Pty Ltd	9,188,285	0.80
18	Cannc Consulting Pty Ltd	8,916,666	0.77
19	Maja Nominees Pty Ltd	8,000,000	0.69
20	Mr Sarang Narahari Padey	7,945,353	0.69
		445,722,907	**38.66**

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Equity security holders *continued*

The names of the twenty largest security holders of listed options are listed below:

		Listed options over ordinary shares	
	Name	*Number held*	*% of total listed options issued*
1	Rookharp Investments Pty Limited	9,249,667	8.06
2	First Investment Partners Pty Ltd	8,791,500	7.66
3	Mr Andrew Charles Alexander Mackenzie	7,233,340	6.30
4	Mr Neal Brent Birchall	6,867,009	5.98
5	Maja Nominees Pty Ltd	5,500,000	4.79
6	Mr Luke Jones	5,487,798	4.78
7	Slasn Pty Ltd	5,000,000	4.36
8	Bizzell Nominees Pty Ltd	5,000,000	4.36
9	Zenix Nominees Pty Ltd	4,000,000	3.49
10	Mastermines (Malaysia) Limited	3,499,429	3.05
11	IQ Global Asset Partners Pty Ltd	3,400,000	2.96
12	M & K Korkidas Pty Ltd	2,996,000	2.61
13	Mr Martin Music	2,125,500	1.85
14	Mr Seong Yun Kang	1,900,000	1.66
15	Mr Adam David Stone	1,837,752	1.60
16	Stanley Park Investments Pty Ltd	1,600,000	1.39
17	CPS Group Investments Pty Ltd	1,544,118	1.35
18	Mr Gunther Pollheim	1,532,505	1.34
19	Mr Farzad Alavi Moghadam	1,500,000	1.31
20	Mr Steven Vigolo	1,500,000	1.31
		80,564,618	**70.20**

	Performance rights over ordinary shares	
Name	*Number held*	*% of total issued*
David Christensen	18,000,000	100

Unquoted equity securities

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

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary Shares	
Name	*Number held*	*% of total shares issued*
Kabininge Nominees Pty Ltd	134,014,646	11.62

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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 16 September 2019.

There are no other classes of equity securities.

Interests in tenements at 16 September 2019

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
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
Witchelina	ELA 2019/00068	100.00
Siviour Project	ML 6495	100.00

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Notes

Corporate directory

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Directors

Richard Keevers, *Non-Executive Chairman*

David Christensen, *Managing Director*

Geoffrey McConachy, *Non-Executive Director*

Stephen Bizzell, *Non-Executive Director*

Chris Anderson, *Non-Executive Director*
(resigned 12 October 2018)

Company secretary, Pierre van der Merwe

Registered office & principal place of business

36 North Terrace
Kent Town SA 5069

Telephone : + 61 8 363 6989
Email: info@renascor.com.au
Website: www.renascor.com.au

Share register

Link Market Services Limited
ANZ Building
Level 15, 324 Queen Street
Brisbane QLD 4000

Phone: + 61 2 8280 7454
Fax: + 61 2 9287 0303

Auditor BDO Audit (SA) Pty Ltd

Stock exchange listing

Renascor Resources Limited shares are listed on the Australian Securities Exchange (ASX code: RNU)

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.

The Company's Corporate Governance Statement is available on the Company's website.

www.renascor.com.au/corporate-governance

ASX code: RNU

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