

# Quarterly Report

FOR THE PERIOD ENDING 31 DECEMBER 2015

## Significant Events

- Agreement entered to secure option over the Arno Graphite Project, a major, advanced graphite project in the proven graphite region of South Australia's Eyre Peninsula
- Arno Project offers **large tonnage, high quality graphite** potential from **high-grade, coarse-flake graphite** intersections in all eight holes previously drilled, with these historical results including:
  - 19m @ 11.14% TGC within 37m @ 7.24% TGC (from 37m) (Siv004), and
  - 20m @ 10.78% TGC within 36m @ 8.48% TGC (from 36m) (Siv005)
- Preliminary metallurgical test work and petrology indicates a large proportion of flake-size graphite, with 93% total carbon (TGC) concentrates produced using simple flotation and gravity methods
- Electromagnetic (EM) data over advanced Siviour prospect outlines a flat-lying, shallow conductive zone extending over 1,200m west of the existing high-grade drill section, with high potential to quickly define a large-tonnage graphite resource from next-stage drilling
- Planned program of up to 3,000m of reverse circulation and diamond core drilling commenced at Arno Project in mid-January 2016
- As of 31 December 2015, Renascor had approximately \$869,000 cash on hand

## Exploration

### ARNO GRAPHITE PROJECT

During the recently completed quarter, Renascor entered into a binding agreement that grants Renascor an option to acquire 100% of the issued capital of Eyre Peninsula Minerals Pty Ltd (EPM), an unlisted company that has an option to acquire the Arno Graphite Project and other exploration licences located in South Australia's Eyre Peninsula. The project offers large tonnage, high quality graphite potential, with high-grade, coarse-flake graphite intersections in all eight holes previously drilled within



Figure 1. Extra large coarse flakes (>>600µm) from diamond core hole (CRD090) at Siviour prospect



the targeted prospects. All eight of the historical holes show a strong correlation with the extensive, well-defined conductivity zones outlined in airborne electromagnetic (EM) data extending over a strike-length of 5km. The EM-defined target zone at the advanced Siviour prospect outlines a flat-lying, shallow (<50m) conductive zone and extends at least 1,200m west of the existing high-grade drill section, suggesting high potential to define a large economic resource from next-stage drilling at Siviour.

**Project location**

The project tenements consist of three granted exploration licences, ELs 5618, 5204 and 5496 and one application, ELA 2015/107, covering 1,372km<sup>2</sup> in the Eyre Peninsula, a proven, graphite-producing region of South Australia located approximately 500km driving distance from Adelaide. The Uley graphite mine, owned by Valence Industries Limited (ASX: VXL), is located approximately 140km to the south, and the immediate area hosts several additional graphite deposits including Waddikee and Campoona graphite deposits currently being developed by Archer Exploration Limited (ASX: AXE), the Kookaburra Gully graphite deposit being developed by Lincoln Minerals Limited (ASX: LML) and the Oakdale graphite deposit being developed by Oakdale Resources Limited (ASX: OAR). See Figure 2.



**Figure 2. Renascor’s newly secured Arno Graphite Project, showing location and significant nearby graphite deposits**

The area also benefits from significant infrastructure advantages, including established workforces in the nearby port cities of Whyalla (population 23,000), Port Lincoln (population 15,000) and Port Augusta (13,000), as well as established population centres of Arno Bay, Cleve, Cowell and Tumbly Bay. The licences are located within 10km of a major highway and within 20km of an operating railway servicing Port Lincoln. The project area is connected to South Australia’s main power grid and is serviced by ports at Port Lincoln and Whyalla.

### Arno Graphite Project

The Arno Graphite Project currently consists of several well-defined electromagnetic (EM) conductor anomalies upon which historical drilling has intersected high-grade, coarse-flake graphite intersections in all eight holes drilled within the targeted anomalies. See Figures 3 and 7. Drilling has demonstrated broad, near-surface zones of +50m graphitic mineralisation, including intervals of up to 20m of high-grade +10% total graphitic carbon (TGC). Preliminary metallurgical test work and petrology suggests a large proportion of flake-size graphite, with favourable graphite recoveries and purity of concentrates from these holes. Importantly, all eight holes previously drilled within the targeted prospects show a strong correlation between the presence of high-grade, coarse-flake graphite and conductivity zones. In Renascor's review, additional drilling within the high conductive zones (shown in white and red in Figure 7) offers significant potential to define a large-scale, commercially competitive graphite resource.

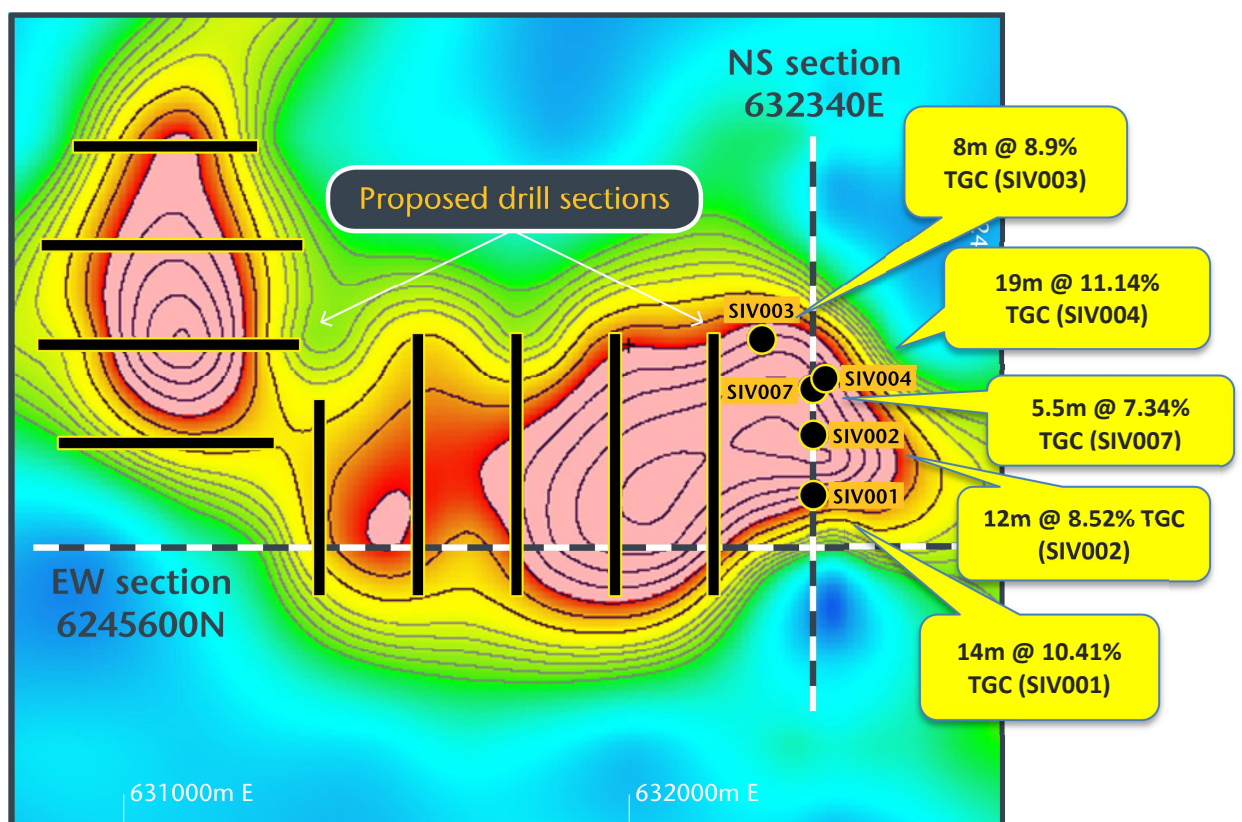


Figure 3. Electromagnetic image (Ch15 Zcomponent) of Siviour prospect within Arno Graphite Project, showing previous drill intersections, conductivity sections and proposed drill sections (black lines)





## Siviour prospect

The Siviour prospect is the largest and most advanced prospect that has been defined to date and lies centrally within the project area. Five holes have previously been drilled on a north-south oriented section (Section 632340E) within the eastern portion of the Siviour EM anomaly, with all holes intersecting significant intervals of high-grade, coarse-flake graphite (see Figure 1). As shown in Figure 4, Renascor's interpretation of the historical drilling results and conductivity interpreted from the EM data suggests a flat-lying, shallow conductive zone extending approximately 400m north-south. Broad graphite intersections across the section show an excellent correlation with the interpreted conductivity anomaly.

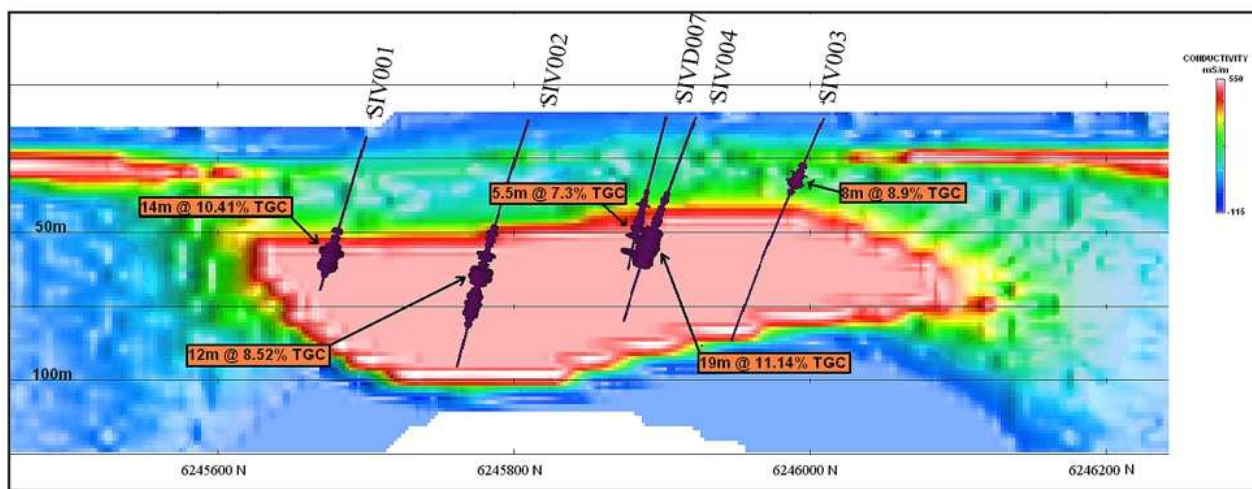


Figure 4. Siviour prospect: EM conductivity depth image for north-south Section 632340E

Drilling to date, however, has not yet included testing to the west of the existing drill section where the high conductivity zone appears to extend for +1,200m, at a comparable thickness and shallower depth (see Section 6245600N, Figure 5). Renascor considers the extensive western portion of the Siviour prospect as an immediate high priority target area. The current drill program being undertaken by Renascor has been planned to include several holes targeting extensions to the west of previously drilling (Section 632340E).

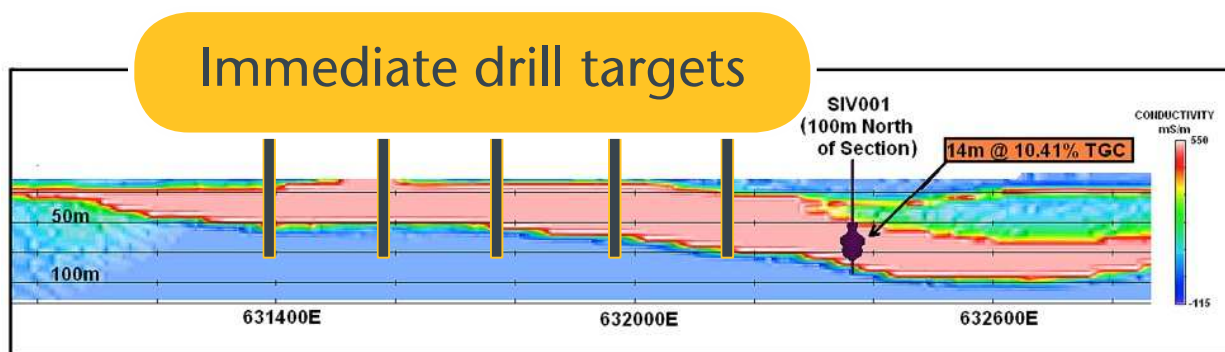


Figure 5. Siviour prospect: EM conductivity depth image for east-west Section 6245600N



### Current drill program

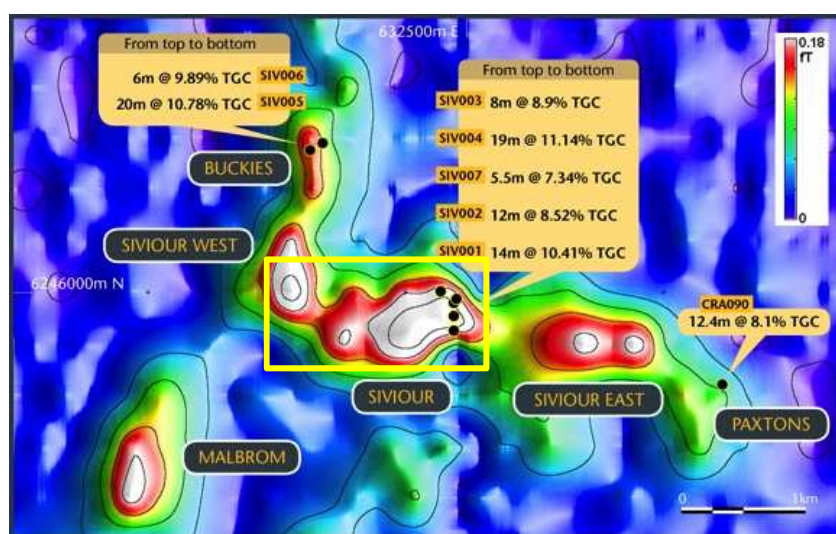
In mid-January, Renascor commenced a program of up to 3,000m of reverse circulation and diamond core drilling. The program commenced with reverse circulation drilling at the Siviour prospect, targeting extensions to the existing high-grade intersections over the existing north-south drill section. Further drilling planned for the first quarter is expected to include additional reverse circulation drilling to establish potential quantity and grade and diamond core drilling to supplement metallurgical test work.

**Figure 6 (right). Diamond core drill sample showing graphitic intersection at Siviour prospect (SIVD007, 52.6m to 53.5m @ 9.3% TCG)**



### Other prospects

In addition to the Siviour prospect, additional nearby conductors offer similar potential to define high-tonnage, coarse-flake graphite resources. As shown in the EM image in Figure 7, there is significant potential for continuity and extension of existing high-grade graphite drill intersections within the Paxtons and Buckies prospects. The apparently excellent correlation between the EM data and these drill intercepts suggests a high probability for further graphite development at Paxtons and Buckies and also in the Siviour East, Siviour West and Malbrom prospect areas, where strong conductive zones have been outlined. The first quarter drill programs will include additional drill holes targeting interpreted shallower conductors at the Siviour West, Buckies, Malbrom and Paxtons prospects.



**Figure 7. Airborne EM image (Ch15, Z component) over Arno Graphite Project, showing drill results within targeted graphite prospects and location of Figure 3 (yellow outline)**



### ***Metallurgical and petrology tests***

Preliminary metallurgical test work and petrology suggests a large proportion of flake-size graphite within the Arno project area, with favourable graphite recoveries and purity of concentrates. Flotation and gravity tests were performed in 2014 on samples from a historical core hole (CRA090) drilled on the eastern margin of the Paxtons prospect EM conductive zone. The hole, which was drilled to test for uranium and not originally assayed for graphite, intersected 24m of graphitic mineralisation, which subsequent assaying has shown included 12.4m @ 8.34% TGC from 67.7m. ALS Metallurgy performed bench flotation and gravity tests over a 2.5kg core sample from CRA090, obtaining carbon (graphite) recovery of 87% and producing 93% purity of concentrates. Flake size from metallurgical sighter testing returned favourable particle size distribution, with over 40% of the concentrate producing +150µm large flake graphite and 70% producing +75µm flake graphite. See Figure 1.

Petrological testing over samples from drill holes in the wider project area have returned significantly higher proportion of large and jumbo flake graphite. Chip samples of high-grade TGC intervals obtained from the Siviour prospect (SIV003 and SIV004) and the Buckies prospect (SIV005) returned flake size of up to 1,600µm, with average lengths in the jumbo to super jumbo categories, ranging from 400µm to 800µm. While this preliminary petrological testing is not definitive, Renascor considers it to suggest that the higher-grade TGC intersections, which are prevalent in the eight drill holes within the high conductivity zones, likely contain material proportions of more valuable, higher-sized flake graphite.

### ***EPM option to acquire Ausmin***

Renascor has entered into an option agreement to acquire EPM, which in turn has an option to acquire Ausmin Development Pty Ltd (Ausmin), the owner of the Arno graphite project. Ausmin is an unlisted company owned by parties related to South Australian geologist and mining entrepreneur, David Clarke. Pursuant to the agreement between EPM and Ausmin, EPM has an option to acquire 100% of the issued capital of Ausmin. The option can be exercised at any time prior to 30 September 2018, and can be extended to December 2019 and to December 2020 by payment of \$150,000 and \$250,000, respectively. To exercise the option, EPM must complete a bankable feasibility study in relation to the commercial development of graphite on the project tenements and issue to the owners of Ausmin a 22% equity interest in a listed vehicle holding the project. After exercise of the option, the Ausmin shareholders are also entitled to an overriding 1% gross royalty on minerals produced from the project tenements. During the option period, EPM has the exclusive right to explore for and develop graphite in the project area, with Ausmin retaining rights to iron ore.

### ***Renascor option to acquire EPM***

Renascor has entered into a binding agreement with EPM and EPM's shareholders pursuant to which Renascor may acquire up to 100% of EPM in exchange for exploration expenditure and shares and options in Renascor. As part of this agreement, Renascor has committed to completing \$400,000 in exploration expenditure within six months in exchange for which EPM will issue shares to Renascor representing 20% of the outstanding share capital of EPM. The agreement further grants Renascor two options to acquire the remaining share capital of EPM from EPM's shareholders, exercisable as follows:

- The first option permits Renascor to acquire an additional 29% of the outstanding share capital of EPM (thereby taking Renascor's total interest in EPM to 49%) by issuing 38,666,667 ordinary shares in Renascor. The option is exercisable at any time within 6 months of Renascor being granted regulatory approval to commence drilling.





- A second option grants Renascor the right to acquire the remaining 51% of the outstanding share capital of EPM (thereby taking Renascor's total interest in EPM to 100%) by issuing (i) shares in Renascor to the value of \$2,040,000 as determined by the 20-day volume-weighted average price of Renascor shares at the time of exercise, and (ii) 15,000,000 options exercisable at \$0.05 per option and expiring three years from the date of grant. The option is exercisable at any time within 12 months of Renascor being granted regulatory approval to commence drilling.

The agreement with EPM and its shareholders further provides that Renascor will serve as the project manager during the option periods.

## MUNGLINUP PROJECT

At the Munglinup Project in the Albany-Fraser Range province of Western Australia, Renascor completed review of high priority graphite targets. In particular, from a recently completed electromagnetic (VTEM) survey, Renascor has identified several prospective conductive targets that Renascor considers high priority targets for graphite deposits similar in style to the adjacent Halbert's graphite deposit (1.9Mt @ 19.2% total contained graphite), currently being developed by unlisted Gold Terrace Pty Ltd. See Figure 8. Renascor considers the Shiraz and Pinot prospects as high priority targets for next-stage drilling.

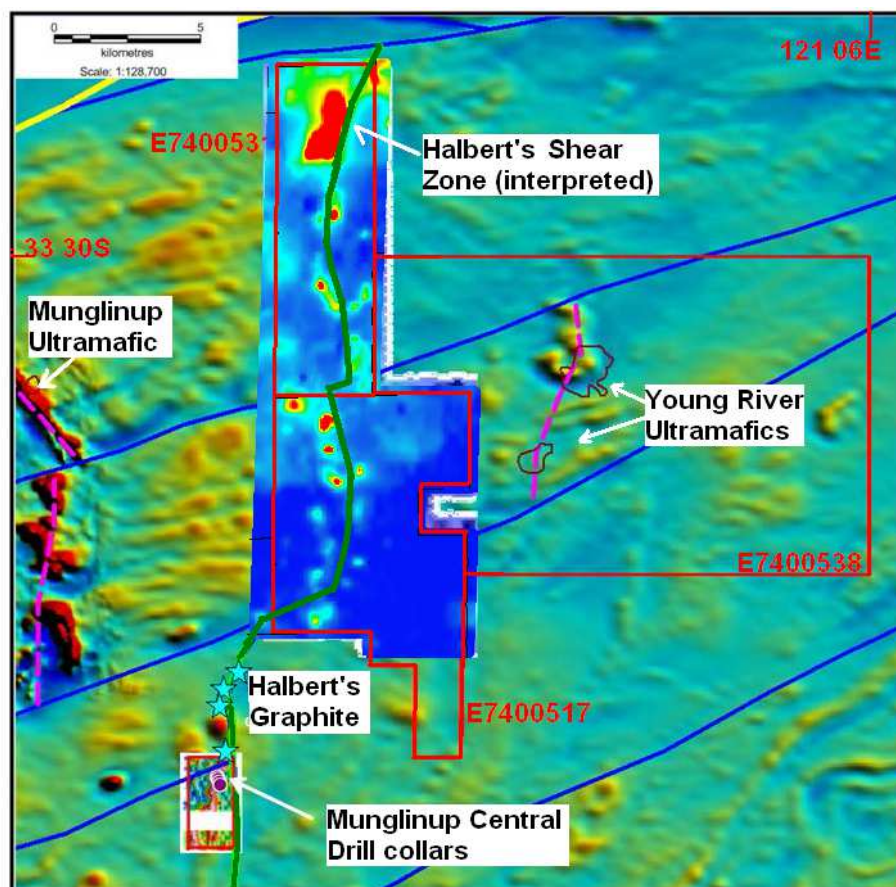
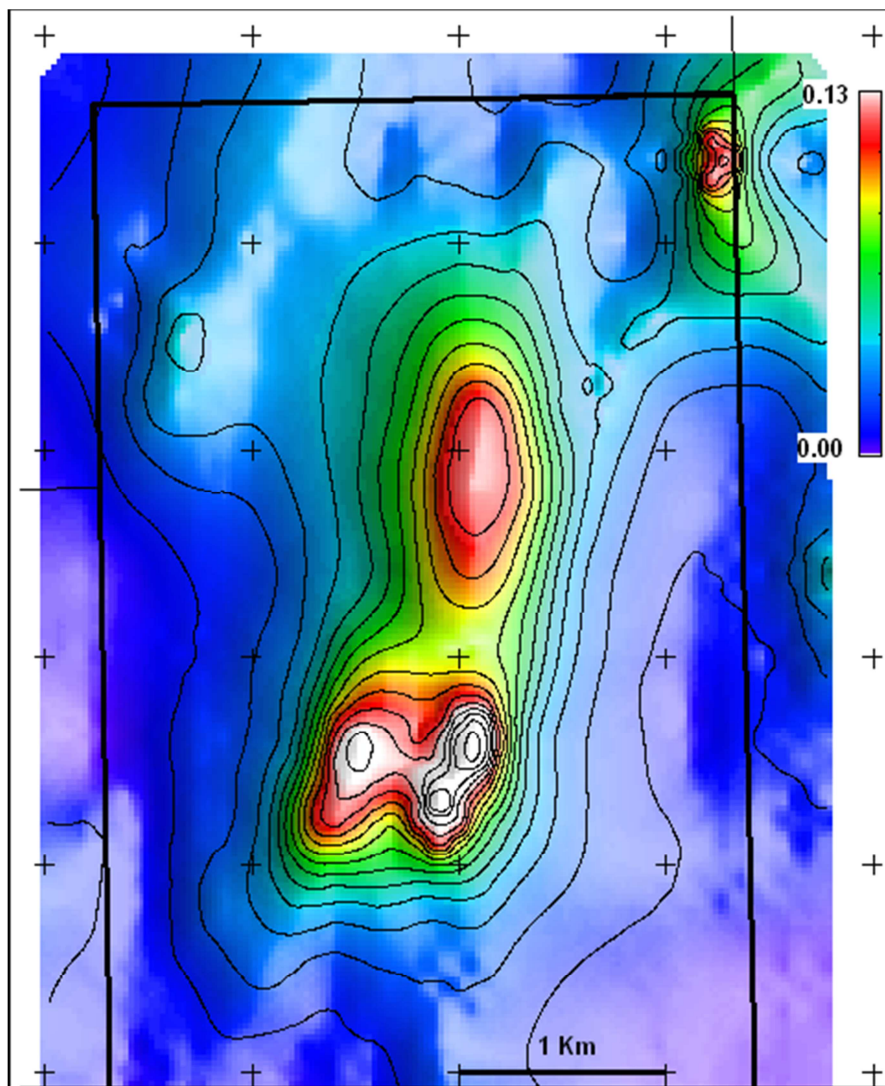


Figure 8. Munglinup project, showing VTEM and SKYTEM late channel conductivity for central portion, superimposed on a background of magnetics



### ***Shiraz prospect***

The Shiraz prospect is defined by an extensive, +2 km-strike conductive zone, which is coincident with the interpreted northern continuation of the regional Halbert's shear zone. Two parallel confined conductors each of approximately 800 metres strike-length are defined in "late-time" VTEM data for the southern portion of the zone. See Figure 3. Renascor considers the Shiraz prospect to be a high priority target for near surface, large tonnage graphite of the type located at the Halbert's graphite deposit to the south. Next-stage drilling will include coverage of the southern portion on the anomaly.



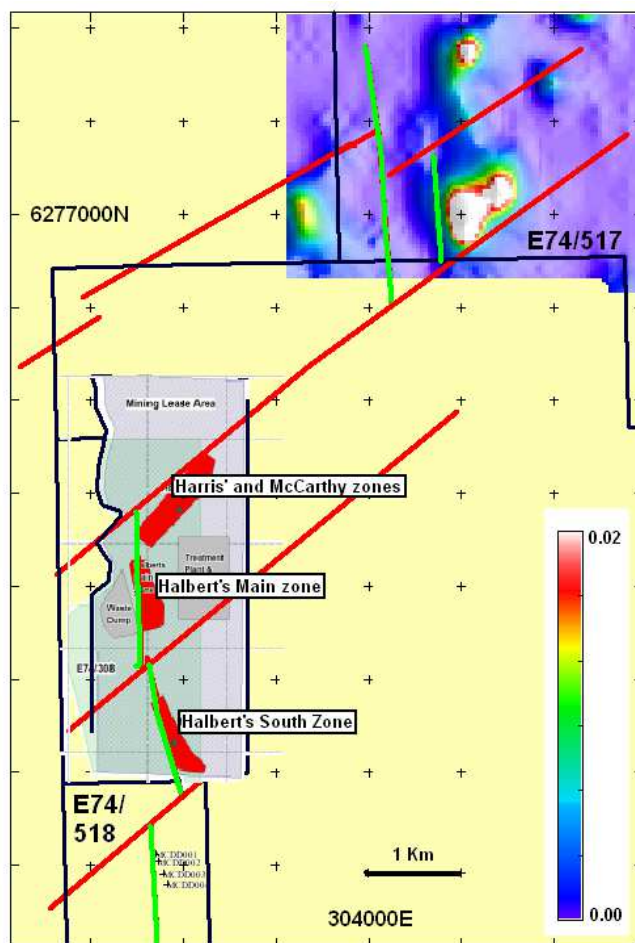
**Figure 9. Shiraz prospect VTEM image and contours for Channel 48, Zcomponent**





### ***Pinot prospect***

The Pinot prospect is located immediately to the northeast of Halbert's graphite deposit and appears as a large, +1 km-strike late time conductor. Based on interpretation of available aeromagnetic data, Renascor considers that the conductor is situated at the intersection of a prominent northeast trending fault and the offset northward continuation of the controlling Halbert's regional shear structure. Geological mapping of the Halbert's project area indicates that the northeast trending fault may have significant control on development of graphite mineralization in the Harris' and McCarthy zones of the Halbert's project. See Figure 10.



**Figure 10. Pinot prospect – VTEM Channel 48 image, interpreted structures and mineralised zones for Halbert's graphite project (source: Adelaide Prospecting Pty Ltd Technical Report, E74/308 dated August 2009)**

### **Next steps**

Renascor is currently preparing to undertake a reverse circulation drill program at Muglinup to test the Shiraz and Pinot prospects for graphite prospectivity. Pending the outcome of the current drilling program being under at the Arno Graphite Project, Renascor expects to commence drilling at Muglinup in the second quarter of 2016.



## CORPORATE

Set forth below is a brief summary of key corporate information for the quarter.

- During the quarter, Renascor entered into discussions with three unlisted proprietary limited companies concerning outstanding amounts owed pursuant to agreements previously entered into to sell four non-core tenements (ELs 4394, 4399, 5228 and 5301), comprising Renascor's Olary project in the Curnamona province of South Australia. Under the terms of its agreements with four related unlisted entities, Renascor agreed to sell the Olary tenements for \$250,000. Renascor has received \$77,500, consisting of a cash deposit and payment for EL 5301, and is seeking payment of the outstanding balance.
- Renascor issued 935,510 shares to non-executive directors on 14 October 2015 pursuant to the Non-Executive Directors Share Plan (the NEDSP), as approved by shareholders at the Annual general meeting held on 27 November 2014. Under the NEDSP, non-executive directors receive up to 50% of their compensation in shares in the Company.
- As of 31 December 2015, Renascor had approximately \$869,000 cash on hand. Please refer to Renascor's Quarterly Cashflow Report for the period ending 31 December 2015 for further information.

### COMPETENT PERSON STATEMENT

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

### BACKGROUND INFORMATION

Renascor Resources is an Australian-based company focused on the discovery and development of economically viable mineral deposits. Renascor has an extensive tenement portfolio, holding interests in projects in key mineral provinces of South Australia, the Northern Territory and Western Australia, including significant graphite projects at Arno, Eyre Peninsula South Australia and at Munglinup, Western Australia.

For further information, please contact:

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**Table 1: Summary of tenements for quarter ended 31 December 2015 (ASX Listing Rule 5.3.3)**

| Location   | Project Name       | Tenement No.  | Tenement Name               | Registered Owner <sup>1</sup> | % Interest     | Status as at 31 Dec 2015 |
|--|--------------------|---------------|-----------------------------|-------------------------------|----------------|--------------------------|
| <b>Tenements held during quarter ended 31 December 2015:</b> |                    |               |                             |                               |                |                          |
| South Australia  | Eastern Eyre       | EL 4721       | Iron Baron                  | Renascor                      | 100            | Current                  |
| South Australia  | Eastern Eyre       | EL 5012       | Cultana                     | Renascor                      | 100            | Current                  |
| South Australia  | Eastern Eyre       | EL 5236       | Old Wartaka                 | Renascor                      | 100            | Current                  |
| South Australia  | Eastern Eyre       | EL 5401       | Lincoln Gap Area            | Currie <sup>2</sup>           | 0 <sup>2</sup> | Current                  |
| South Australia  | Eastern Eyre       | EL 5400       | Mt Whyalla Area             | Currie <sup>2</sup>           | 0 <sup>2</sup> | Current                  |
| South Australia  | Gawler Craton      | EL 4675       | Gairdner                    | Renascor                      | 100            | Current                  |
| South Australia  | Gawler Craton      | EL 4836       | Lake Harris                 | Renascor                      | 100            | Current                  |
| South Australia  | Warrior            | EL 4570       | Warrior                     | Renascor                      | 100            | Current                  |
| South Australia  | Warrior            | EL 4707       | Carnding                    | Renascor                      | 100            | Current                  |
| South Australia  | Farina             | EL 4822       | Willouran                   | Renascor                      | 100            | Current                  |
| South Australia  | Farina             | EL 5586       | Callana Area                | Renascor                      | 100            | Current                  |
| South Australia  | Olary              | EL 5385       | Cutana (Prev. EL 4394)      | Astra                         | 100            | Current                  |
| South Australia  | Olary              | EL 5384       | Outalpa (Prev. EL 4399)     | Astra                         | 100            | Current                  |
| South Australia  | Olary              | EL 5228       | Wompinie                    | Renascor                      | 100            | Current                  |
| South Australia  | Frome Basin        | EL 5322       | Lake Callabonna             | Renascor                      | 100            | Current                  |
| South Australia  | Arno Graphite      | EL5204        | Malbrom - Areas A, B, C & D | Ausmin <sup>3</sup>           | 0 <sup>3</sup> | Current                  |
| South Australia  | Arno Graphite      | EL5495        | Lipson Cove                 | Ausmin <sup>3</sup>           | 0 <sup>3</sup> | Current                  |
| South Australia  | Arno Graphite      | EL5618        | Verran                      | Ausmin <sup>3</sup>           | 0 <sup>3</sup> | Current                  |
| South Australia  | Arno Graphite      | ELA2015/00107 | Malbrom West                | Ausmin <sup>3</sup>           | 0 <sup>3</sup> | Application              |
| Wesern Australia   | Munglinup Graphite | E74/517       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/518       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/523       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/531       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/538       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/544       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Wesern Australia   | Munglinup Graphite | E74/545       | Munglinup                   | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| New South Wales  | Plumbago           | EL7915        | Plumbago                    | Sol Jar <sup>4</sup>          | 0 <sup>4</sup> | Current                  |
| Northern Territory   | Naglia Basin       | ELA27517      | NirripiNth                  | Kurilpa                       | 100            | Application              |
| Northern Territory   | Naglia Basin       | ELA27518      | NirripiWest                 | Kurilpa                       | 100            | Application              |

**Tenements disposed, surrendered or lapsed during quarter ended 31 December 2015:**

Nil

**Note 1**

Renascor: Renascor Resources Limited  
 Kurilpa: Kurilpa Uranium Pty Ltd, a wholly owned subsidiary of Renascor Resources Limited  
 Astra: Astra Resources Pty Ltd, a wholly owned subsidiary of Renascor Resources Limited  
 Currie: Currie Resources Pty Ltd  
 Ausmin: Ausmin Development Pty Ltd  
 Sol Jar: Sol Jar Property Pty Ltd

**Note 2**

Agreement - option to acquire 100%

**Note 3**

Agreement - option to acquire Ausmin Development Pty Ltd

**Note 4**

Agreement to acquire Sol Jar Property Pty Ltd

