

1.2Mt of contained graphite in 16.8Mt of JORC Resources

In South Australia

Recommendation

Speculative BUY

Price

1.7c

Business

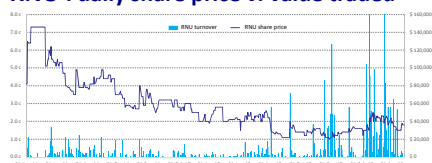
Graphite developer

- RNU announced the acquisition of the Arno graphite project on 3 December, 2015.
- RNU announced a maiden Resource estimate of 16.8Mt, of which 6.8Mt, grading 8.1% Total Graphitic Carbon (TGC) is Indicated and 10.0Mt grading 6.9% TGC is Inferred.
- Within this, there is a higher grade portion of 5.9Mt grading 10.0% TGC.
- The ore-body is shallow and flat lying. Over 80% of samples tested show flake size to be large or bigger.
- RNU is on track for a scoping study by September, 2016.

Snapshot

Market Cap	\$4.3m
Net Cash (31 Dec 2015)	\$0.87m
Shares on Issue	237.1m
52 Week High	2.8c
52 Week Low	0.9c
1 month / 6 month VWAP	1.8c / 1.7c

RNU : daily share price v. value traded



RNU acquired an interest in Arno in December 2015. RNU has an option to move to 100% of EPM, which has an option to acquire the Arno project in exchange for

- A completed Bankable Feasibility Study
- A 22% equity stake in a listed entity to own the Arno project; plus
- A 1% over-rise royalty.

To get to 100% of EPM, RNU needs to :

- Spend \$0.4m on exploration within 6 months, to get to 20% of EPM
- Issue 38.67m RNU shares, to get to 49% of EPM; and
- Issue RNU shares to the value of \$2.04m (basis 20 day VWAP); and
- Issue 15.0m options to acquire RNU shares at an exercise price of 5.0c.

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RNU is focussed on the Arno graphite project, in South Australia

RNU acquired an interest in the Arno graphite project in December 2015. To acquire its full interest, RNU needs to complete a Bankable Feasibility Study. If RNU wishes to extend the date for the exercise of its option beyond 30 Sept 2018, it will cost \$100k in cash if done by 31 December 2019. This will leave RNU with a 78% interest in the project. RNU also holds the Munglinup graphite project in WA as well as copper, gold, base metals and uranium prospects in SA.

RNU has reported 16.8Mt, grading 8.1% TGC, of JORC Resources

On 17 March 2016, RNU reported a maiden Resource estimate for Arno of 16.8Mt comprising

- 6.8Mt of Indicated Resources grading 8.1% total graphitic carbon (TGC)
- 10.0Mt of Inferred Resources grading 6.9% TGC.

Included within this is a high grade portion of 5.9Mt grading 10.0% TGC.

The deposit is open along strike and RNU reported an Exploration Target of a further 12Mt – 15Mt, grading 7.0% - 7.5% TGC.

Over 80% of samples tested are large, jumbo or super-jumbo flake size

Petrological examination of high grade samples from RC drilling show over 80% to be high value large, jumbo or super-jumbo flake size.

Shallow, flat-lying deposit

The Arno deposit mineralisation begins from 10m below surface, and the ore-body has an average thickness of 20m, so mining costs should be low.

Enterprise Value \$2.1/t of Resource, in South Australia; RNU looks cheap

Beer & Co's analysis shows that RNU has a low value compared its peers, which range up to \$29.5/t of contained graphite.

Beer & Co rates RNU as a Speculative BUY.

RNU has a number of hurdles to clear. It expects to complete a scoping study by the end of September, including product to test for off-take agreements.

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Renascor (RNU)

RNU announced the acquisition of an interest in the Arno graphite project on 3 December 2015.

RNU still has over 1500km² in Exploration Leases in SA and the Munlingup graphite project in WA.

Arno Graphite project, SA

Figure 1 shows that the Arno graphite project is in the Eyre Peninsula area of South Australia, which hosts a number of other graphite projects.

It shows the Arno tenement areas cover 1,372km².

Figure 1 : Arno graphite project, SA



Source : RNU March 2016 presentation

Resource Estimate

Having acquired its interest in December, RNU reported its maiden resource estimate only 4 months later, on 17 March 2016, as shown in Fig. 2.

Figure 2 : Resource Estimate, Arno

	Mineralisation	grade (TGC)	Graphite
Indicated	6.8 Mt	8.1%	550.8 kt
Inferred	10.0 Mt	6.9%	690.0 kt
Total	16.8 Mt	7.4%	1,243.2 kt

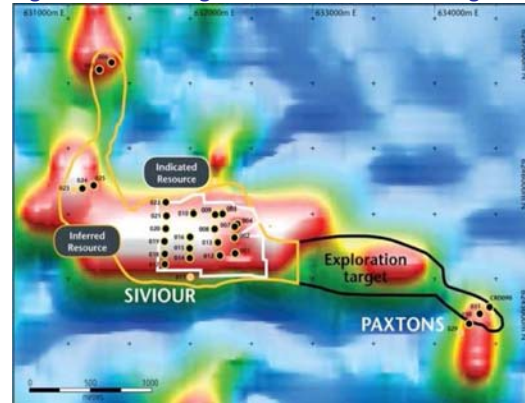
Source : RNU 17 March 2016 announcement, ASX

In addition to the Mineral Resource Estimate, RNU announced an Exploration Target of an extra 12Mt – 15Mt, grading 7.0% - 7.5% Total Graphitic Carbon.

Figure 3 shows the relationship between

- The surface projection of the strength of the aero-magnetic response;
- Indicated and Inferred Resource boundaries;
- Drill collars; and
- Exploration target.

Figure 3 : Modelling of Arno Resource and Target



Source : RNU 17 March 2016 announcement, ASX

Petrology

On 11 March 2016, RNU announced results of analysis of samples from 4 RC drill holes in the area of the indicated resource. Figure 4 shows the results from analysis of 9 samples.

Figure 4 : Analysis of RC drill chips

Drill hole	grade (TGC)	Flake Size	
		> 200µ	> 500µ
Siv 001	16.9%	82.5%	65%
Siv 001	9.1%	82.5%	70%
Siv 001	10.6%	87.5%	70%
Siv 002	15.1%	75%	65%
Siv 002	10.1%	80%	60%
Siv 002	4.3%	75%	50%
Siv 004	12.3%	85%	80%
Siv 004	10.8%	75%	65%
Siv 014	17.2%	85%	40%
Average	11.8%	80.8%	62.8%

Source : RNU 11 March 2016 announcement, ASX

It shows that over 80% of the material has a flake size greater than 200µ, which means at least large flake, and more than 60% is super-jumbo sized.

Figure 5 shows a sample from a diamond drill core prepared for metallurgical testing.

Figure 5 : Extra large coarse flakes (>>600µm)



Source : RNU 11 March 2016 announcement, ASX

Metallurgy

Figure 5 is a sample from the nearby Paxtons prospect, as shown in Figure 3, which is included in the Exploration Target.

A simple bench flotation and gravity test yielded :

- 87% recovery of contained graphite; and
- A concentrate grading up to 94.9% carbon.

Deposit

Figure 6 is a cartoon of the Arno deposit, as it is presently understood, compared with other deposits in South Australia.

Figure 6 : Cartoon of Arno deposit



Source : RNU March 2016 presentation

Figure 6 shows that the Arno deposit :

- Is a simple, relatively flat lying structure, while others have a much more complex structure;
- Starts at about 10m below surface and is about 20m in thickness; and
- Is open to the east.

Potential

In Beer & Co’s view, Arno has significant development potential as

- Preliminary metallurgical testwork yielded very encouraging results, with a near commercial grade at first pass, with simple processing;
- A good location on the Eyre Peninsula, which is not high value land, but has grid power and is near to port;
- Simple geology;
- A deposit that is already large enough to warrant off-take and development, but also with further geological potential.

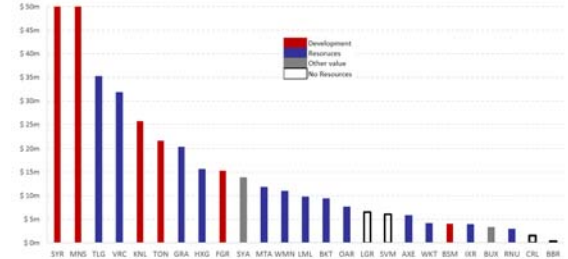
Development

As described on the front page, RNU needs to earn into a 78% stake in the project, through exploration, RNU equity and completion of a BFS.

Comparatives

Figure 7 shows all ASX listed companies that have reported graphite activities of some significance, ranked by Enterprise Value (EV).

Figure 7 : ASX graphite companies, Enterprise Value



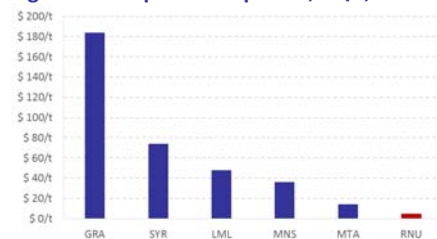
Source : IRESS, Beer & Co

Figure 7 shows there are 2 companies with an Enterprise Value of over \$50m (SYR, about \$800m and MNS about \$230m).

It shows that RNU’s EV of under \$3m is less than many companies that have yet to report a resource.

Figure 8 highlights how cheap RNU is when its Enterprise Value is related to tonnes of contained carbon in Measured plus Indicated Resources.

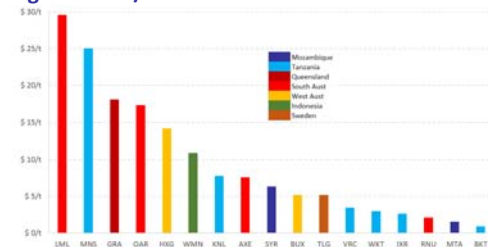
Figure 8 : Graphite companies, EV/t, M + I Resources



Source : IRESS, Beer & Co

Figure highlight how cheap RNU is, as all other Australian stocks have much higher values, and RNU is cheap even when compared with others in riskier jurisdictions, when measured by EV per total tonnes of contained resources

Figure 9 : EV/t of total resources



Source : IRESS, Beer & Co

Conclusion : Spec BUY

In Beer & Co’s view, RNU is cheap compared with the apparent quality of the Arno project.

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