

ASX Release

25 March 2021

Offtake MOU with Leading Japanese Trading Company

Non-binding Memorandum of Understanding to supply Purified Spherical Graphite to Hanwa Co., Ltd.

Highlights:

- Renascor Resources (ASX: RNU) (“**Renascor**”) executes non-binding Memorandum of Understanding (“**MOU**”) with leading Japanese-based global trading company, Hanwa Co., Ltd. (“**Hanwa**”).
- Hanwa is amongst the largest traders of battery chemicals in the Asian region, with a market capitalization of ¥ 140 billion (A\$1.7 billion)¹ and reported net sales of more than ¥ 1,700 billion (A\$21 billion) in 2020². Hanwa has a long history of trading with some of the world’s largest metal and chemical producers and operates a dedicated Battery Team focused on supplying graphite and other metals across the global battery value chain.
- The MOU with Hanwa covers the purchase of up to 10,000 tonnes per annum (**tpa**) of Purified Spherical Graphite (“**PSG**”) over a term of up to ten years. This represents approximately one-third of the projected initial PSG production capacity of Renascor’s planned Battery Anode Material operation in South Australia.
- Renascor has now achieved potential commitments covering in excess of 100% of Siviour Stage 1 PSG production, after previously executing MOUs and achieving initial product qualification with anode companies Shanxi Minguang New Material Technology Co. Ltd (“**Minguang New Material**”) ³ and Jiangxi Zhengtuo New Energy Technology Co. Ltd. (“**Zeto**”) ⁴.
- Renascor is concurrently progressing additional potential PSG offtake agreements and undertaking PSG validation with other anode and battery companies, with a view to securing additional offtake commitments that may allow for an expanded Stage 1 production capacity and / or enable a further expansion of the project with additional Stage 2 PSG production capacity.

Renascor Resources Limited (ASX: RNU) (“**Renascor**”) is pleased to announce that it has signed an offtake MOU for Purified Spherical Graphite from its planned Battery Anode Material operation in South Australia with leading with leading Japanese-based global trading company trading company, Hanwa Co., Ltd. (“**Hanwa**”).

The MOU provides for the supply to Hanwa of up to 10,000tpa of PSG over a period of up to ten years. This represents approximately one-third of Renascor’s Stage 1 PSG production capacity of 28,000tpa. Both the final annual amount to be delivered under the offtake, and the term of the offtake, will be finalised as Hanwa and Renascor progress to a formal binding agreement.

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Commenting on the Hanwa MOU, Renascor Managing Director David Christensen stated:

“Our MOU with Hanwa is a further significant step toward Renascor constructing, in Australia, the first integrated, in-country mine and Purified Spherical Graphite operation outside of China.

We are particularly pleased to be working with Hanwa, a leading Japanese-based global trading company, providing access to the Japanese anode market, which is the largest market for PSG outside of China.

The Hanwa MOU, together with our other PSG offtake MOUs with Minguang New Material and Zeto, potentially accounts for over 100% of our planned Stage 1 PSG production.

As a result of an increase in inbound enquiries from globally recognised anode and battery companies for Siviour PSG, we are now considering an expanded Stage 1 production capacity and / or an additional Stage 2 PSG production capacity.”

The MOU with Hanwa is non-binding and provides the framework for further negotiations in relation to price, product quality and other offtake parameters following completion of additional product validation tests. Under the terms of the MOU, Renascor and Hanwa have agreed to work together to undertake additional product validation tests prior to concluding a formal binding agreement.

About Hanwa

Hanwa Co., Ltd. is a Japan-based company that is amongst the largest traders of battery chemicals in the Asian region, with a market capitalization of ¥ 140 billion (A\$1.7 billion)⁵ and reported net sales of more than ¥ 1,700 billion (A\$21 billion) in 2020⁶.

Hanwa is engaged in trading across a diverse range of commodities including steel metal raw materials, non-ferrous metals, foods, petroleum and chemical products, wood, machinery, and more recently, battery metals.

Progress on additional PSG offtake

Renascor has already successfully executed two other 10-year offtake MOUs for up to 10,000 tpa of PSG each with leading anode manufacturing companies:

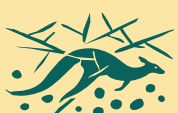
- **Minguang New Material**, a subsidiary of Fujian Metallurgical Holding Co. Ltd. (one of China’s largest battery material groups); and
- **Zeto**, an anode supplier to battery giant BYD Co. Ltd amongst others.

Both Minguang New Material and Zeto have rapidly advanced the Siviour PSG product through the initial product qualification⁷ process and will now commence more advanced testing of the product and negotiating binding offtake agreements. Preparation of bulk PSG samples is currently underway.

Renascor has recently received a significant volume of inbound enquiries from leading anode and battery companies, and our current activities include PSG validation tests, responding to due diligence enquiries and negotiating potential offtake terms. Customer product testing of Siviour PSG is ongoing with a number of leading battery anode material customers.

In light of the increasing interest from anode and battery companies, Renascor is now considering an increase to its Stage 1 production plans and progressing planning for additional Stage 2 PSG production.

This ASX announcement has been approved by Renascor’s Board of Directors and authorised for release by Renascor’s Managing Director David Christensen.



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Lithium-ion battery anode market

As a result of growth in the electric vehicle and lithium-ion battery markets, the demand for lithium-ion battery anodes is also experiencing significant expansion. This has resulted in increased demand for PSG by anode manufacturers, with annual growth rates of up to 29% predicted through to 2030, leading to an increase in the market from approximately 200,000 tonnes in 2019 to 2.4 million tonnes by 2029⁸ (Figure 1).

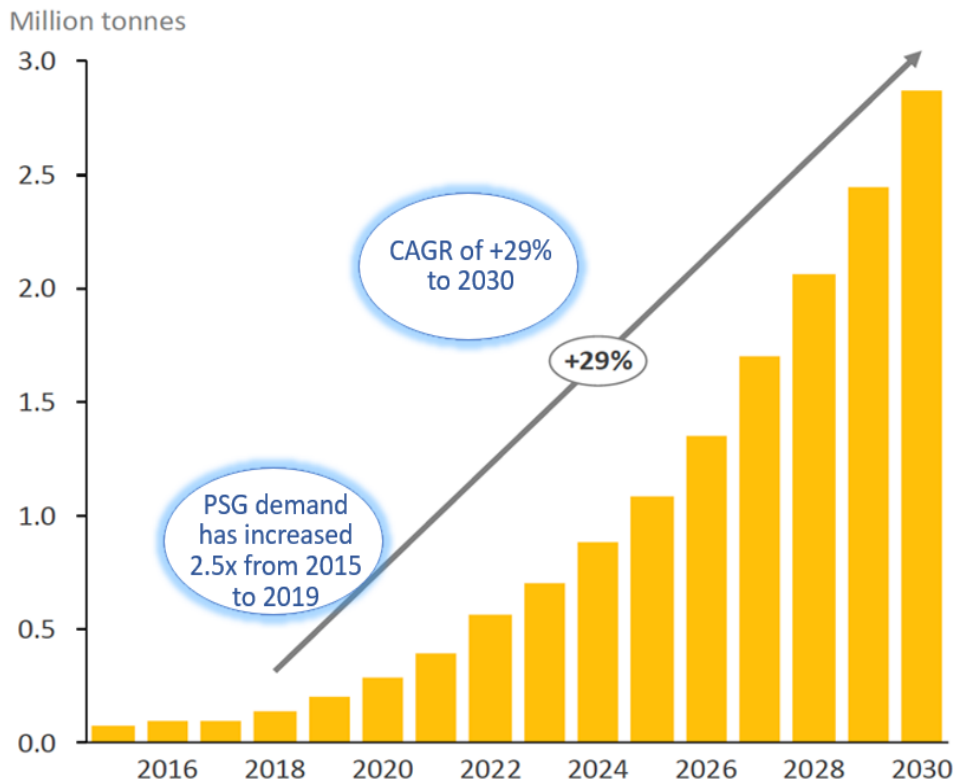


Figure 1. PSG demand forecast (Source: Benchmark Mineral Intelligence)

The production of lithium-ion battery anodes is largely concentrated in China, which accounts for approximately 85% (600,000tpa) of current lithium-ion battery anode capacity. The remaining 15% of lithium-ion battery anode capacity is centered in South Korea and Japan, with emerging anode production sources being developed in Europe and North America. China is also the highest growth market for lithium-ion battery anodes, with over 90% (560,000tpa) of new capacity currently under construction⁹. See Figure 2.



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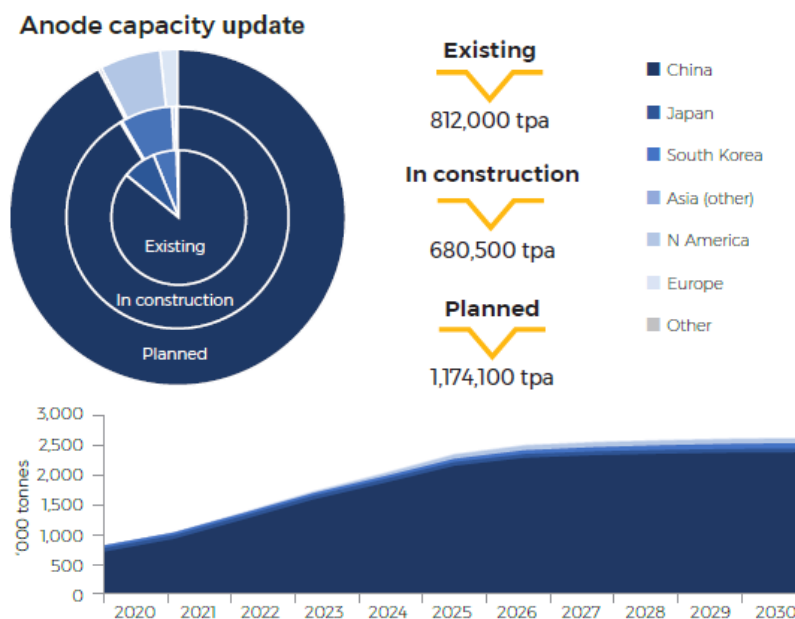


Figure 2. Global anode capacity (Source: Benchmark Mineral Intelligence, January 2021)

Bibliography

1. Renascor ASX announcement dated 1 July 2020, "Renascor Announces Battery Anode Manufacturing Operation"
2. Renascor ASX announcement dated 29 September 2020, "MOU with one of China's largest battery material suppliers"
3. Renascor ASX announcement dated 12 January 2021, "First Stage Product Qualification with Offtake Partner"
4. Renascor ASX announcement dated 27 January 2021, "Further Offtake MOU with Leading Battery Anode Manufacturer"
5. Renascor ASX announcement dated 11 February 2021, "First Stage Offtake Qualification for 2/3 of PSG Production"

Disclaimer

Renascor confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Renascor confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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.

¹ Bloomberg data 24 March 2021.

² Hanwa news release 12 February 2021. See https://www.hanwa.co.jp/ms/data/pdf/ir/20210212en_3704.pdf.

³ See Renascor ASX announcement dated 29 September 2020.

⁴ See Renascor ASX announcement dated 27 January 2021.

⁵ Bloomberg data 24 March 2021.

⁶ Hanwa news release 12 February 2021. See https://www.hanwa.co.jp/ms/data/pdf/ir/20210212en_3704.pdf.

⁷ See Renascor ASX announcement dated 11 February 2021

⁸ Source: Benchmark Mineral Intelligence (2019).

⁹ Source: Benchmark Mineral Intelligence (2020).

