

ASX Release

26 November 2024

2024 Annual General Meeting – Chairman’s Address

Good morning ladies and gentlemen and welcome to the 9th Annual General Meeting of our company, since Renascor’s directors became early movers on your behalf in the graphite industry, based upon their considered yet entrepreneurial prediction, that the graphite industry was then soon to go through a renaissance, which could see its worldwide production and consumption increase by more than tenfold, in a reasonably commercial time. Is that a definition of optimism? Those directors, now my colleagues at Renascor, accepted and promoted advanced thinking and decision making, to take advantage of mining and processing a long mined, well-known mineral, which was predicted to take flight into the electric vehicle (EV) world through Lithium Ion Batteries (LIB’s), first applied commercially in 1991 after invention in 1976.

Well, it is still happening! Renascor now has one of the best deposits of graphite in the world, capable of decades of production, well located in coastal South Australia, close to infrastructure, people and government, and where our extensive Feasibility Studies indicate that our future production cost per tonne of marketable graphite, is estimated to be well down the lowest quartile of international costs of production. We have the support of firstly the South Australian Government which has issued a permit for the mine to proceed. The local people on the Eyre Peninsula have been engaged in this process, including the Barngarla, the local Aboriginal people with whom we have agreement for any activities over their traditional lands. Renascor has bought the freehold land at the mine site; we thank the Siviour family who sold part of long held family farm land.

Our Company has been fortunate to be offered a conditional loan of up to \$185 million from the Australian Government, part of the Critical Minerals Fund, to be invested on behalf the Australian people’s growth of sovereign wealth and as a contribution to the free-trading Western World and free-trading Eastern countries’ needs to establish reliable sources of critical minerals, for both commercial and strategic use. The Australian Government has also provided a \$5 million cash grant, to be used by Renascor to 49% fund a circa \$10 million continuous production, purified spherical graphite (PSG) demonstration plant in Adelaide, to demonstrate, prior to constructing the commercial PSG facility, the effectiveness and efficiency of the mechanical shaping, purification and water treatment processes which we have developed.

While this has all been happening, we have completed a DFS on the proposed PSG plant to be located in the northern outskirts of Adelaide, the second part of our BAM project. With the involvement of the South Australian Government agencies, we have now completed the public review stage of our Environmental Impact Statement. We do not expect any serious impediment to the issue of permits to allow construction of this facility.

On the back of this comprehensive yet incompleting BAM project work, your board took the opportunity to raise significant capital in preparation for the completion of the pre-FID (Final Investment Decision) work, now still in progress, banking on the then enthusiasm shown by the Australian equity capital markets, to participated in our BAM project as shareholders. Renascor continues to advance towards project financing and execution in at least significant short-term headwinds, financed by cash in the bank.

However, there begins the current geopolitics which is bearing on the graphite market and industry growth. Over the last several years, China's dominance has grown, with China now producing about 80% of the natural flake graphite and by some estimates over 99% of the PSG and anodes used in the manufacture of LIB's, while still maintaining an 83% market share of the actual batteries used in EV's. Clearly China has an ambition to dominate the LIB and EV manufacturing industries and are currently doing so. This has caused a great deal of geopolitical disruption for critical mineral companies, as Western countries have considered trade restrictions meant to assist security of supply for countries other than China. However, the results to date have only seen China increase its market dominance. I am sure that you have all heard of "being stuck between a rock and a hard place." Renascor's directors, management, and staff, as well as our loyal shareholders, all currently know a bit about that!

However, be it a cliché or not, timing is everything. May I refer to and quote some recent comments in the Australian Financial Review (AFR), when writing about the Australian lithium industry, an industry parallel to our graphite industry, where large amounts of the lithium products produced are consumed in LIB's, while the recent growth of the use of Li has also been rapid, sparking the similarly rapid growth of new Li mining companies in Australia. When writing of the potential effect of the recent election of Donald Trump as US president, the AFR and their industry interviewee opined, "The impact won't be as great as people think. That's because it is less about the IRA (US Inflation Reduction Act) and more about protecting Western supply chains. I think manufactures have realised the problem in not having diversity in the supply chain. That would mean America's national security concerns and its strategic competition with China rather than the energy transition would be likely to drive the Trump administration's interest in securing supply."



Our Renascor board has formed the opinion, therefore, that the present price of graphite is our particular challenge and the challenge to the whole industry outside of China. This we believe has been brought on by China's continued investment in the entire EV supply chain and by its particular dominance in graphite and anodes. This has led to continued Chinese investment in the graphite and anode sector, notwithstanding significant reports of underutilisation of existing Chinese capacity and mounting financial losses impacting incumbent producers. At the same time, the worldwide EV industry continues to grow, with the growth rate steady, but uneven and likely impacted by the strong inflationary pressures felt worldwide. While the current graphite price is weak, we believe the consistent increase in the EV adoption rate will continue to drive the need for more lithium-ion batteries and in turn graphite and anodes. Our Managing Director, David Christensen can give us some more details about this later this morning. The slump in the graphite price has been largely brought on by aggressive Chinese support that we do not believe is sustainable, nor replicable outside of China. We are still second guessing the future effect of the geopolitics but there is a widely held industry and political view, that the drive for new, clean, electrical energy, will be strong and inevitable.

As set out in my Chairman's letter and our Directors' Report in the 2024 Annual Report, we are now laying the foundations to shorten the time required to reach FID, as soon as the Board sees the window of opportunity. This includes having David Christensen make frequent overseas visits to engage with international players, including possible customers, including battery manufactures and OEM's, commodity traders, market and technology experts, as well as possible investors.

For two years now, Renascor has had more than 20,000 shareholders. I am conscious of the weight of expectation to fully finance and develop our BAM project. We are nearly ready to proceed but we do need a price and market window of opportunity, to enable us to reduce the risk of failure. There has been numerous unfavourable consequences fall upon other battery mineral companies during recent months. We wish to avoid those operational and economic problems, while still developing an excellent BAM project, knowing that we have many years of production in front of us. Again, timing is everything!

This ASX announcement has been authorised for release by Renascor's Board of Directors.

For further information, please contact:

David Christensen

Managing Director

+61 8 8363 6989

info@renascor.com.au

