

25 JULY 2023

ACTIVITIES REPORT – JUNE QUARTER 2023

Vanadium Resources Limited (VR8” or the “Company”) (ASX: VR8, DAX: TR3) is pleased to release its activities and cashflow reports for the three months ended 30 June 2023.

HIGHLIGHTS

- ◆ VR8 entered into Agreements to increase its interest in the Steelpoortdrift Vanadium Project from 73.95% to 86.49%
- ◆ Completed A\$5.91M strategic placement to Matrix Resources (Zhejiang) Co., Ltd (“Matrix”) at an issue price of \$0.11 per share, a ~40% premium to the 30-day VWAP
- ◆ Exclusivity granted to Matrix to negotiate an offtake, aimed at the Asian markets, of 40% of Vanadium Products produced from the Phase 1 operations of the Steelpoortdrift Vanadium Project over a 10-year term
- ◆ Key Project work streams continued during the quarter as the Company focusses on moving towards front-end engineering design (“FEED”) and getting the Project construction ready
- ◆ Strong interest continues to be received from financing and offtake parties, with further non-binding indicative term sheets and expressions of interest provided

STEElPOORTDRIFT VANADIUM PROJECT

An internal review of the process flowsheets, equipment selection and designs for the concentration plant (“**Concentrator**”) and salt roast leach (“**SRL**”) plant has been conducted by the Company. The review centered on improving efficiency and simplifying the operations to ensure that the operation will be able to continue to achieve targeted vanadium pentoxide specifications and production capacity. Several minor changes to the initial design and equipment selection were identified through this process and the Company plans to incorporate these, as it proceeds to front-end engineering design (“**FEED**”) to ensure the Project is construction ready, subject to financing deliverables. The key deliverables of the FEED work will include detailed engineering, cost estimation, schedule optimisation, development of Project Execution and Operational Readiness Plans, and tenders for long lead equipment items.

During the quarter, the Company continued to progress relevant environmental authorisations and water permitting processes for both the Mine /Concentrator and SRL sites. Similarly, the Company has continued to develop and refine the Social Labour Plan (“**SLP**”) with a view to meeting relevant

regulatory obligations during the second half of this year. The Company is working with several key groups to ensure that these workstreams are progressed quickly and accurately from all angles, including re-zoning applications and environmental impact assessments.

The Company has sought proposals for the design and development of an overland rope conveyor system to transport concentrate from the Mine / Concentrator site to the SRL site for downstream processing (the “**Rope Conveyor**”). The Rope Conveyor has the potential to provide a shorter and more direct transport route, be more energy efficient, operate at a higher availability factor and reduce operating costs. The DFS¹ for the Project has assumed road haulage and has formed the base case for debt financing and valuation purposes. However, the implementation of the proposed rope conveyor will largely be dependent on the findings from proposals with respect to total capex, operating cost, economics, ability of the Company to secure additional funding and timing to secure relevant environmental approvals for implementation.

As flagged in the DFS released in October 2022, Kadoma Investments (Pty) Limited (“**Kadoma**”) own the adjacent property to the SRL site and were planning to build a utility scale photo voltaic (“**PV**”) solar plant to provide green energy to the surrounding mines and the SRL site. Kadoma has continued to advance the proposed PV solar plant project which included the development of relevant engineering designs, costings, rezoning and potential commercial structures for the supply of power to VR8.

CORPORATE

Strategic Investment – Matrix Resources

During the quarter, the Company secured and completed a A\$5.91 million strategic equity placement to Matrix Resources (Zhejiang) Co., Ltd (“**Matrix**”, a wholly owned subsidiary of Zhejiang Lygend Investment Co., Ltd (“**Lygend Investment**”, together with its subsidiaries the (“**Lygend Group**”). Under the placement, the Company issued 53,763,800 fully paid ordinary shares to Matrix at an issue price of A\$0.11 per share in return for an interest of 9.99% stake in VR8, which represented a ~40% premium to the 30 day VWAP on 3 May 2023 (“**Strategic Investment**”)².

In addition to the Strategic Investment, VR8 have also agreed to grant Matrix the exclusive right over a period of 4 months from the date of the agreement to negotiate and enter into offtake rights for the supply of up to 40% of Vanadium Products actually produced for a period of 10 years from Phase 1 of the Project. Half of the expected off-take rights are expected to be taken up by Matrix as principal and the other half as sales agent, all of which are intended to be limited to the Asian market³.

¹ Refer to ASX Announcement dated 4 October 2022 “*DFS Delivers A\$1.9BN NPV Confirming World Class Steelpoortdrift Vanadium Project*”

² Refer to ASX Announcement dated 26 May 2023 “*A\$5.91 Million Strategic Placement to Matrix Resources Completed*”

³ Refer to ASX Announcement dated 03 May 2023 “*Strategic Investment and Grant of Limited Exclusivity to Enter into Offtake*”

Matrix and the Company continued to have productive discussions for the remainder of the quarter with a view to finalising a formal offtake agreement for our products, including product pricing and an agreed upon floor-price-mechanism that will satisfy potential debt funding institutions.

VR8 to Increase its interest in Steelpoortdrift to 86.49%

The June 2023 quarter also saw the Company conclude agreements to increase its interest in the Steelpoortdrift Vanadium Project (the “**Project**”) from 73.95% to 86.49%.

On 3 May 2023⁴, the Company announced the execution of two separate conditional sale and option agreements (“**Sale and Option Agreements**”) to acquire 100% of the interests held by Obeec (Pty) Ltd (“**Obeec**”) and Math-Pin Trust (“**Math-Pin**”) (together the “**Parties and/or Vendors**”) in the issued share capital of Vanadium Resources (Pty) Ltd (“**VanRes**”). The consideration payable to the Vendors consists of a cash consideration and an option to acquire VR8 shares, with the combined interest of the transaction representing 4.37% of the VR8 shares on issue at the time of announcement.

The Vendors are “Black Economic Empowerment” (“**BEE**”) parties for the purpose of VanRes complying with minimum ownership requirements of the current government of the Republic of South Africa. The agreements are conditional on several terms including the requirements for approvals from the South African Reserve bank (“**SARB**”) and satisfaction by the Company that there are no issues with the ownership position of VanRes following the respective acquisitions.

Funding and Offtake Processes

The June quarter was a strong quarter for the Company in progressing its funding and offtake processes, with several additional groups indicating their interest in being involved with the Project.

The Company is pleased to have received several non-binding indicative term-sheets from commercial banks, export credit agencies (“**ECAs**”), development banks and non-bank financiers. With the addition of these term-sheets, the Company now has several potential funding pathways available to finance the Project and will seek to continue discussions with debt financiers with a view to obtaining credit approved term sheets. Each available option will be assessed to identify the best option for the Project and then the company will proceed to mandate the lead arrangers.

In addition to Matrix, the Company significantly progressed discussions with other potential offtake parties and strategic equity investors during the quarter, having received indicative terms sheets and expressions of interest from these groups in the March 2023 quarter. The Company is evaluating and negotiating these existing proposals with a view to securing an offtake agreement and strategic equity investment. There is no guarantee that these discussions will culminate in a completed transaction.

⁴ Refer to ASX Announcement dated 03 May 2023 “*VR8 Concludes Agreements to Increase its interest in Steelpoortdrift up to 86.49%*”

Summary of Expenditure for the Quarter

During the Quarter, a total of \$304,649 was spent on activities related to the exploration and development of the Steelpoortdrift Vanadium Project. The Company did not incur any expenditure for mining production activities during the Quarter.

Payments totaling approximately \$78,801 were made to related parties of the Company with respect to the Quarter, being director and consulting fees (see section 6.1 and 6.2 of the Accompanying 5B).

Cash Position

As at the end of June 2023 quarter, VR8 and its subsidiaries held total cash and cash equivalents of \$6,096,552.

Performance Rights

A General Meeting was held on Wednesday 12th April at which approval was provided for the Company to issue 18,000,000 Performance Rights to Mr John Ciganek (MD & CEO) under the Employee Securities Incentive Plan (subject to achieving defined milestones).

This announcement has been authorised for release by the directors of Vanadium Resources Limited.

For and on behalf of the board:

Kyla Garic

Company Secretary

VANADIUM RESOURCES LIMITED

contact@vr8.global

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

The Resource statement as reported on the 4 October 2022⁵ was updated and is as follows:

Table 1: Mineral Resource Estimate (as at 30 April 2022)

CLASSIFICATION	VOLUME (M m ³)	QUANTITY (Mt)	QUALITY (% V ₂ O ₅ In-situ)	CONTAINED V ₂ O ₅ (Mt)	QUALITY (% Fe ₂ O In-Situ)	CONTAINED Fe ₂ O (Mt)
Measured	43.77	145.46	0.72	1.05	22.47	32.68
Indicated	98.75	327.29	0.70	2.29	22.80	74.62
Inferred	63.41	207.38	0.68	1.40	22.90	47.49
Total Mineral Resource	205.93	680.13	0.70	4.74	22.76	154.80

Source: Sound Mining, 2022

Notes:

- Stated at a cut-off grade of 0.45% V₂O₅;
- The Mineral Resources are stated on a 100% attributable basis for VanRes, of which VR8 owns 73.95%;
- The Mineral Resources are inclusive of Ore Reserves; and
- Reported in-situ with any apparent computational errors due to rounding not considered significant.

APPENDIX 2 – ORE RESERVE

The updated Ore Reserve statement as at 30 September 2022 (Table 3).

Table 2: Ore Reserves as at 30 September 2022

CLASSIFICATION	QUANTITY (Mt)	QUALITY (% V ₂ O ₅ RoM)	CONTAINED V ₂ O ₅ (Mt)
Proved Ore Reserves	30.23	0.70%	0.21
Probable Ore Reserves	46.62	0.72%	0.34
Total Ore Reserves	76.86	0.72%	0.55

Source: Sound Mining, 2022

Notes:

- The Ore Reserves are stated at a price of USD9.50/lb;
- The Ore Reserves are stated on a 100% attributable basis for VanRes, of which VR8 is owns 73.95%;
- The LoM was restricted to a production forecast of 25 years whereafter the mining licence will need to be renewed.
- The Ore Reserves are reported at the point of delivery for processing;
- The Quantity is reported in metric tonnes and the Grade reported as a percentage of contained V₂O₅;
- Any apparent computational errors due to rounding are not considered significant;
- The Ore Reserves may be subject to legal, political, environmental or other risks;
- Losses that could occur as a result of transportation of content or Flake are considered to be negligible; and
- 39% of the Ore Reserves are in the Proved category and no Inferred Mineral Resources included in the Ore Reserve estimate.

⁵ Refer to ASX Announcement dated 4 October 2022 "VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project"

APPENDIX 3 - TENEMENT TABLE: ASX LISTING RULE 5.3.3

Table 3: Mining tenement interests held at the end of the quarter and their location

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km ²	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Pilbara Region, Western Australia						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2026	100%
Limpopo Region, South Africa						
Steelpoortdrift KT365	10095MR	Vanadium Resources (Pty) Ltd	24.6	Granted	04/09/2048	73.95%

Mining tenement interests relinquished or acquired during the quarter and their location

Nil

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Nil

Competent Person's Statement and Compliance Statements

The information in the referenced announcements 1 to 5 footnoted below that relates to Exploration Results, including the Mineral Resources contained within the Production Target (and forecast financial information derived from the production targets) at the Steelpoortdrift project has previously been released to the ASX. The Company confirms that it is not aware of any information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the announcement continue to apply. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Mineral Resources

The Company confirms it is not aware of any new information or data that materially affects the information included in the 4 October 2022 (*VR8 updated mineral resource and ore reserve for the Steelpoortdrift Vanadium Project*) Vanadium Resource estimate and all material assumptions and technical parameters underpinning the estimate continue to apply and have not materially changed when referring to its resource announcement made on 04 October 2022. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Ore Reserves

The Company confirms that it is not aware of any new information or data that materially affects the information included in the Ore Reserves Statement and that all material assumptions and technical parameters underpinning the estimates in the Ore Reserves Statement continue to apply and have not materially changed. The Information that has been presented in this report has been extracted from the announcement dated 4 October 2022 (*VR8 updated mineral resource and ore reserve for the Steelpoortdrift Vanadium Project*). The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

ASX announcements referenced to directly, or in commentary of, this quarterly activities release

- ¹ ASX: VR8 3 May 2023 VR8 Concludes Agreements to Increase its interest in Steelpoortdrift up to 86.49%
- ² ASX: VR8 4 October 2022 DFS Delivers A\$1.9BN NPV Confirming World Class Steelpoortdrift Vanadium Project
- ³ ASX: VR8 26 May 2023 A\$5.91 Million Strategic Placement to Matrix Resources Completed
- ⁴ ASX: VR8 3 May 2023 Strategic Investment and Grant of Limited Exclusivity to Enter into Offtake
- ⁵ ASX: VR8 4 October 2022 VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project

Disclaimer

Some of the statements appearing in this announcement may be in the nature of forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which VR8 operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement. No forward looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by a number of factors and subject to various uncertainties and contingencies, many of which will be outside VR8's control.

VR8 does not undertake any obligation to update publicly or release any revisions to these forward looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of VR8, its Directors, employees, advisors or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward looking statement. The forward looking statements in this announcement reflect views held only as at the date of this announcement.

This announcement is not an offer, invitation or recommendation to subscribe for, or purchase securities by VR8. Nor does this announcement constitute investment or financial product advice (nor tax, accounting or legal advice) and is not intended to be used for the basis of making an investment decision. Investors should obtain their own advice before making any investment decision.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Vanadium Resources Limited

ABN

47 618 307 887

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(97)	(187)
(e) administration and corporate costs	(163)	(519)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	35
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(255)	(671)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(8)
(d) exploration & evaluation	(305)	(2,062)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(305)	(2,070)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	5,914	5,914
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	7
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	1
3.10	Net cash from / (used in) financing activities	5,914	5,922

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	743	2,916
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(255)	(671)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(305)	(2,070)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,914	5,922

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	6,097	6,097

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,097	743
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,097	743

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(64)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(15)
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>6.1 CEO and consulting fees to Directors of A\$63,837</p> <p>6.2 Director and consulting fees to Directors of A\$14,964</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end	[]	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	[]	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(255)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(305)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(560)
8.4 Cash and cash equivalents at quarter end (item 4.6)	6,097
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	6,097
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	10.9
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 July 2023

Authorised by: The Board of Directors of Vanadium Resources Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.