VULCAN ENERGY
ZERO CARBON LITHIUM™

INTERIM MANAGEMENT REPORT

1 JANUARY TO 30 JUNE 2023

ABN 38 624 223 132

CONTENTS

1. ABOUT VULCAN GROUP

Business model and corporate profile

Founded in 2018, Vulcan's unique Zero Carbon Lithium™ Project aims to decarbonise lithium production by developing the world's first carbon neutral lithium business with the co-production of renewable geothermal energy on a mass scale.

Vulcan's combined geothermal energy and lithium resource represents the largest lithium Resource in Europe[1,] with license areas focused on the Upper Rhine Valley of Germany and France. Strategically placed in the heart of the European electric vehicle market with the intention to decarbonise the supply chain, Vulcan is rapidly advancing its Zero Carbon Lithium™ Project with the intention to ensure timely market entry and have the ability to expand production to meet the unprecedented demand that is building in the European markets.

Guided by our Values of Climate Champion, Determined and Inspiring, and united by a passion for leveraging scientific solutions to improve the environment, Vulcan has a unique, world-leading development, execution, and operations team in the fields of lithium chemicals and geothermal renewable energy. Vulcan is committed to partnering with organisations that share its decarbonisation ambitions and has binding lithium offtake agreements with some of the world's largest cathode, battery, and automakers.

As a motivated industry disruptor, Vulcan intends to leverage its expert multidisciplinary team, leading technology, and position in the European electric vehicle (EV) supply chain to be the global leader in producing carbon neutral lithium.

Vulcan aims to be the largest, preferred, strategic producer and supplier of lithium chemicals and renewable power and heating from Europe for Europe; to empower a net zero carbon future.

Vulcan is dual listed on the Australian Securities Exchange (ASX), and the regulated market of the Frankfurt Stock Exchange (FSE), in the Prime Standard market segment. Consistent with the regulatory and reporting obligations of the FSE, Vulcan's June 2023 Half Year reporting suite also includes the June 2023 Group Management Report (Konzernlagebericht). The Konzernlagebericht has been prepared in accordance with the Deutscher Rechnungslegungsstandard Nr. 16 (DRS 16).

Vulcan's reporting suite is available on the Company's website at https://v-er.eu .

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[1] According to public, JORC-compliant data. Refer Vulcan Zero Carbon Lithium™ Project Phase One DFS results and Resources-Reserves update https://www.investi.com.au/api/announcements/vul/e617fca6-6d4.pdf 2022/02/13 (DFS Presentation).

Defining 'Zero Carbon'

Given Vulcan's trademarked logo includes the wording 'Zero Carbon Lithium', it is important the Company clarifies the usage of the term. Vulcan defines 'Zero Carbon' as "net zero carbon equivalent emissions", the legal definition of which states that net zero emissions refer to achieving a balance between the amount produced of greenhouse gas equivalent emissions produced and the amount removed or reduced This is specific relation to the activities undertaken to extract and process the final lithium hydroxide monohydrate product from its combined lithium and geothermal energy brine resource located in the Upper Rhine Valley. Unlike existing lithium operations, Vulcan aims to not burn fossil fuels in the lithium production and processing exercise. Instead, it will use its renewable energy source to drive the lithium production process, whilst also selling its own geothermal heat and power to the grid, displacing fossil fuel generated energy. The greenhouse gas (GHG) emissions avoided as a result of the displaced fossil fuel-generated energy allows Vulcan to define the project as net zero, or "Zero Carbon" per the Project's trademarked nomenclature, the 'Zero Carbon Lithium™ Project'. Vulcan commissioned Minviro Ltd, an independent consultancy, to undertake an ISO-aligned Life Cycle Assessment (LCA) of the integrated geothermal renewable energy, lithium production and processing impacts to prove and certify the validity of the carbon neutral nature of the Zero Carbon Lithium™ Project. Minviro's LCA assessments are a cradle-to-gate study and include the extraction of the raw lithium product, the geothermal plant, the brine handling, the purification, electrolysis and crystallisation and the transport of the product from well sites through to the final processing plant. Minviro's first ISO aligned LCA was conducted in 2021, one of the first such studies conducted on the lithium hydroxide supply chain globally, with the latest LCA update undertaken in 2023

In addition, Vulcan has engaged Climate Active to verify the GHG emissions of the Australian organisation annually, which began in calendar year 2020. The latest carbon neutral certification covers the corporate team's day-to-day emissions from 2022 across Scopes 1, 2 and 3, as defined by the GHG Protocol. Because Climate Active is an Australian based carbon neutral certification in partnership with the Australian Government and does not cover other jurisdictions, Vulcan certifies its German subsidiaries against European carbon neutral certifications. For baseline calendar year 2021, Vulcan certified against South Pole's carbon neutral organisation label. For 2022, Vulcan used Climate Impact Partner's carbon neutral label, which covered business as usual emissions, in line with the Australian Climate Active certification, for Vulcan Energie Ressourcen GmbH, its engineering subsidiaries Vulcan Energy Engineering GmbH, Vulcan Energy Subsurface Solutions GmbH, the geothermal renewable energy operator Natürlich Insheim, and Vercana, Vulcan's electric geothermal drilling subsidiary. Emissions associated with scale up and construction of the Zero Carbon Lithium™ Project are not included in the carbon neutral certifications because they are not part of the day-to-day operations. Instead, these emissions will be disclosed to the market on an annual basis and will be included in future LCA calculations.

As part of the carbon neutral certifications, and to bring the minimal GHG emissions balance associated with the Australian and German operations to net zero, Vulcan purchased good quality carbon credits through reputable suppliers, covered under the VERRA Verified Carbon Standard. Mitigation measures as part of the carbon neutral certificates include phasing out of any internal combustion vehicles in the Company fleet, implementing energy efficiency measures within the offices and purchasing renewable energy certificates (RECs) to increase the mix of renewable energy in the electricity grid. Details of the Company's estimated future carbon emissions associated with the life cycle of the planned Zero Carbon Lithium™ Project were disclosed to the market in 2021 (Minviro LCA announcement 4 August 2021), a breakdown of the GHG emissions categories associated with Vulcan's operations and how they were calculated, as well as information about the carbon credits purchased for 2021 were reported in the FY22 Sustainability Report available via the website (https://v-er.eu/). The GHG emissions associated with Vulcan's operations for 2022 will be reported in full in the 2023 Sustainability Report. Updated Minviro LCA data was announced as part of Vulcan's Phase One Definitive Feasibility Study (DFS) on 13 February 2023 and will continue to be reviewed at key Project milestones such as the completion of the Bridging Study, and the start of commercial production. Vulcan expects to maintain its carbon neutral status for this period.

2. KEY EVENTS

Definitive Feasibility Study (DFS) released for Phase One of Vulcan's Zero Carbon Lithium™ Project[2]:

The DFS, based on two years of successful pilot plant testwork, confirmed positive economics for the Phase One commercial lithium and renewable energy development. It also defined a larger project for Phase One with a 24,000 tonnes per annum capacity, with a long-term pipeline and increase in resource size in the Upper Rhine Valley Brine Field (URVBF) lithium resource to 26.6Mt LCE.

Key DFS Highlights:

- Targeting 24Ktpa Lithium Hydroxide Monohydrate (LHM) p.a. production from EU, for EU.
- Targeting >300GWh/a renewable power, >250GWh/a renewable heat production p.a.
- >250% increase in estimated NPV8 relative to the Pre-Feasibility Study from 2021: €3.9Bn pre-tax, €2.6Bn post-tax.
- 34% estimated IRR pre-tax, 26% IRR post-tax. Targeted >€700Mpa estimated revenues. Targeted EBITDA margin of 84%.
- €1,496M estimated CAPEX, increase broadly in line with larger project and inflation.
- Low estimated OPEX of €4,359/t LHM.
- Targeted 3.5-year payback (Integrated Project). Target start of production end-2025.
- Net zero per tonne estimated LHM carbon processing footprint as per the LCA: a world first in the lithium industry.[3]
- Zero Scope One fossil fuels in the process. Net water consumption very low.

Successful placement[4]:

EUR 66m (A$109m) institutional placement successfully completed, supported by existing major shareholders, for preparatory works towards Phase One project execution, prior to full project financing.

Successful market sounding for Phase One debt financing[5]:

Market sounding was completed for the financing of the Phase One commercial development. Government-backed Export Credit Agencies (ECAs) from France, Italy, and Canada confirmed in-

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[2] https://www.investi.com.au/api/announcements/vul/e617fca6-6d4.pdf

[3] Based on 20-year average production CO2 equivalent footprint for Scopes 1, 2 and 3 calculations in Minviro Life Cycle Assessment (02/2023). According to Vulcan's research of public company data disclosed by other lithium companies, there are currently no other carbon neutral lithium projects in operation or development. Please see the DFS Presentation for more information.

[4] https://www.investi.com.au/api/announcements/vul/e2227a34-fe3.pdf

[5] https://www.investi.com.au/api/announcements/vul/99464828-b65.pdf

principle support, including indication that Vulcan would be designated as a strategic project of national importance in France. Initial market sounding for debt financing provided positive feedback. Vulcan is aiming to formally initiate its Phase One debt and equity financing process in Q4 2023.

Lithium Extraction Optimisation Plant approaches commissioning[6]:

Vulcan's Lithium Extraction Optimisation Plant (LEOP) entered the final stages of construction. At the time of writing, LEOP had commenced the commissioning stage, which is due to be completed in October. Once fully operational, this plant will produce the first tonnes of domestically produced lithium chemicals in Europe.

Decarbonisation and localising energy sources with strategic partners[7][8]

Vulcan and Stellantis have entered into two phased project agreements, aimed at developing, building, and operating geothermal renewable energy assets to help decarbonise Stellantis' energy supply, for their auto manufacturing operations in Rüsselsheim in Germany and Mulhouse in France.

Key land secured for Phase One[9]:

Key land packages were acquired for key Phase One production sites, toward commencement of Phase One project execution, and to increase Vulcan's current brine production.

Leadership for the future[10]:

Cris Moreno appointed as Managing Director and CEO, as Dr. Francis Wedin transitions to Executive Chair, to ensure the right skills are in place to lead the delivery of Vulcan's Phase One of the Zero Carbon Lithium™ Project into the future.

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[6] https://www.investi.com.au/api/announcements/vul/4cbdabc4-a55.pdf
[7] https://www.investi.com.au/api/announcements/vul/a40dc507-014.pdf
[8] https://www.investi.com.au/api/announcements/vul/d459a2b4-87b.pdf
[9] https://www.investi.com.au/api/announcements/vul/2a2a0ef6-dc7.pdf
[10] https://www.investi.com.au/api/announcements/vul/80314cd7-4db.pdf

3. EARNINGS PERFORMANCE, FINANCIAL AND ASSETS SITUATION

EARNINGS PERFORMANCE

SUMMARY OF RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	30 June 2023	30 June 2022
	€ '000	€ '000
Revenue from continuing operations	3,104	3,109
Other income	461	180
Finance income	1,560	265
Loss from equity accounts investments	(465)	(215)
Other own work capitalised	7,487	1,875
Raw materials and purchased services	(2,385)	(1,918)
Finance Expense	(118)	(155)
Administrative expenses	(2,328)	(1,770)
Compliance and regulatory expenses	(543)	(360)
Consulting and legal fees	(2,265)	(2,272)
Depreciation and amortisation	(2,942)	(2,408)
Employee benefit expenses	(12,933)	(5,248)
Investor relations expenses	(11)	(269)
Impairment expenses	(1,040)	(14)
Loss on disposal of financial assets	-	(215)
Occupancy costs	(1,157)	(397)
Share-based payments expense	(905)	(1,229)
Other expenses	(2,287)	(637)
Foreign currency gain/(loss)	772	97
Loss before income tax expense	**(15,995)**	**(12,108)**
Income tax benefit/ (expense)	**411**	(466)
Loss after income tax for the period	**(15,584)**	**(12,574)**
EBITDA	**(13,455)**	**(9,810)**

Revenue from continuing operations

During the six months to June 2023 the Group had revenue from the Insheim geothermal power plant of €2.0 million (Jun 22: €3.0 million). Insheim revenue was lower in the current six-month period than in the corresponding period, principally due to the shutdown for a pump replacement. During the six-month period the Group had external revenue of €1.1 million from its recently acquired drilling labour hire company, Comeback Personaldienstleistungen GmbH ("Comeback"). The business acquisition was completed in Jan 2023.

Other own work capitalised

In July 2021 Vulcan completed the acquisition of Global Engineering and Consulting GmbH, now Vulcan Energy Engineering (VEE) and GeoThermal Engineering GmbH, now Vulcan Energy Subsurface Engineering (VES). Time spent by engineers from VEE and VES on Vulcan's projects have been capitalised to exploration and evaluation expenditure or Plant Equipment on the balance sheet, if time was incurred on the design and construction of Vulcan's Lithium Extraction Optimisation Plant (LEOP) and Central Lithium Electrolysis Optimisation Plant (CLEOP). These costs, plus staff in Vercana who have worked in refurbishing Vulcan's two electric drill rigs, as well as project related staff in Vulcan Energie Ressourcen GmbH, are reflected as Other Own Work capitalised in the Consolidated Statement of Profit and Loss for the six-month period total €7.5 million (Jun 22: €1.9 million). This increase reflects the increasing intensity of works focus on the Zero Carbon Lithium™ Project.

Expenses

Raw materials for the Insheim plant, as well as purchased services, amounted to €2.4 million for the six months to June 2023 (June 22: €1.9 million). Depreciation cost of plant equipment and leased assets amounted to €2.9 million (June 22: €2.4 million).

Employee costs increased from €5.2 million (six months to June 2022) to €12.9 million during the six-month period to June 2023 reflecting the increase in full time equivalent employees from 129 at June 2022 to 316 at June 2023. As part of the Comeback Personaldienstleistungen GmbH acquisition, 50 staff were acquired.

Administration costs increased from €1.8 million in the six months to June 2022 to €2.3 million in the corresponding period in 2023, reflecting the increase in general expenses connected with the ramp up of Vulcan's operations in Germany.

Legal and consulting fees were in line with the corresponding period at €2.3 million for the six-month period to June 2023 (June 22: €2.3 million). Legal fees included advice on the capital raise undertaken in May 2023, including the lodgement of prospectus of FSE.

Occupancy costs increased by €0.8 million from the corresponding period to €1.2 million for the six months to June 2023 due to leasing costs of additional buildings and reservation costs relating to the proposed CLP in Frankfurt.

Non-cash share-based payments relating to long term incentives amounted to €0.9 million for the six months to June 2023 (June 2022: €1.2 million).

Loss before income tax

The net loss after tax for the six-month period to June 2023 was €15.6 million (Jun 22 €12.6 million). The increase in net loss principally reflects the increase in employee benefit costs associated with full time equivalent staff increasing from 129 at June 2022 to 316 at 30 June 2023 as well as occupancy costs due to leasing of additional buildings and reservation costs associated with the CLP proposed site in Frankfurt.

The net loss also includes a one-off impairment cost of €1 million for goodwill associated with the acquisition of the Gec-co business in 2021. Gec-co, now VEE, is predominately focussed on engineering for Vulcan's projects rather than external clients..

EBITDA was -€13.5 million for H1 2023 (H1 22 -€9.8 million). The decrease in EBITDA was reflective of the increased activity in development of the Company's Zero Carbon Lithium™ Project including the addition of technical and administrative staff.

EBITDA for Germany was -€8.5 million and Australia -€4.8 million and Other European -€0.2 million.

ASSET AND FINANCIAL POSITION OF THE VULCAN GROUP FINANCIAL SITUATION

Statement of Cash Flows

Vulcan Group Summary Statements of Cash Flows	H1 23 €000's	H122 €000's
Net cash provided by operating activities	(12,991)	(6,174)
Net cash provided by investing activities	(36,281)	(4,442)
Net cash provided by financing activities	63,975	50,348
Cash and cash equivalents at beginning of the period	134,107	134,548
Effect of exchange rate fluctuations	(1,168)	1,136
Cash and cash equivalents at end of the period	147,642	175,416

Net cash provided by operating activities

The net operating cash outflow from continuing operations in H1 23 came to €13.0 million (H1 22: net cash outflow €6.2 million). The increase in outflow reflects the additional operational costs associated with the growth of German operations including full time staff increasing from 129 FTE at June 2022 to 316 in June 2023.

Net cash provided by investing activities

Investing activities led to a cash outflow of €36.3 million in the first half of 2023 (H1 22: net cash outflow €4.4 million). Significant cash outflows for the six-month period include:

- €8.7 million for the refurbishment of the electric drill rigs.
- €11.4 million for the engineering and construction of the LEOP and CLEOP plants.
- €3.4 million for engineering of the Phase One Lithium Extraction Plant and Central Lithium Plant.
- €6.6 million for exploration activities including work on the Company's DFS.
- €1.9 million for land acquisition relating to Phase One.

Prior year expenditures included the engineering costs relating to the Company's DFS, exploration and construction of a second DLE pilot plant.

Net cash provided by financing activities

There was a net cash inflow of €64.0 million (H1 22: €50.3 million cash inflow), due largely to a successful underwritten institutional placement of €66 million (before costs) in May 2023.

Asset and Capital Structure of the Vulcan Group

VULCAN GROUP SUMMARY STATEMENTS OF FINANCIAL POSITION

	June 23 € 000's	Dec22 € 000's
Current assets	153,840	140,620
Non-Current Assets	149,467	109,515
Total Assets	**303,307**	**250,135**
Equity	**279,796**	**233,161**
Current liabilities	15,645	11,039
Non-Current Liabilities	7,866	5,935
Total Liabilities	**23,511**	**16,974**
Total equity and liabilities	**303,307**	**250,135**

Current assets increased by €13.2 million to €153.8 million (Dec 22: €140.6 million) primarily due to an increase in cash and cash equivalents attributable to the proceeds of an institutional placement of shares completed in May 2023.

Non-current assets increased to €149.5 million (Dec 22: €109.5 million). The increase was principally due to:

- Construction costs towards completion of the LEOP and CLEOP plants (€10.5 million).
- Capitalised exploration and evaluation attributable to progression of the DFS and exploration activity (€11.7 million).
- Refurbishment of two electric drill rigs (€8.7 million).
- Phase One engineering of LEP and CLP plants (€3.4 million).

Current liabilities increased to €15.6 million (Dec 22: €11 million) primarily due to an increase in trade and other payables, attributable to an increase in development activity for the Zero Carbon Lithium™ Project, as well as an increase in lease liabilities and provisions.

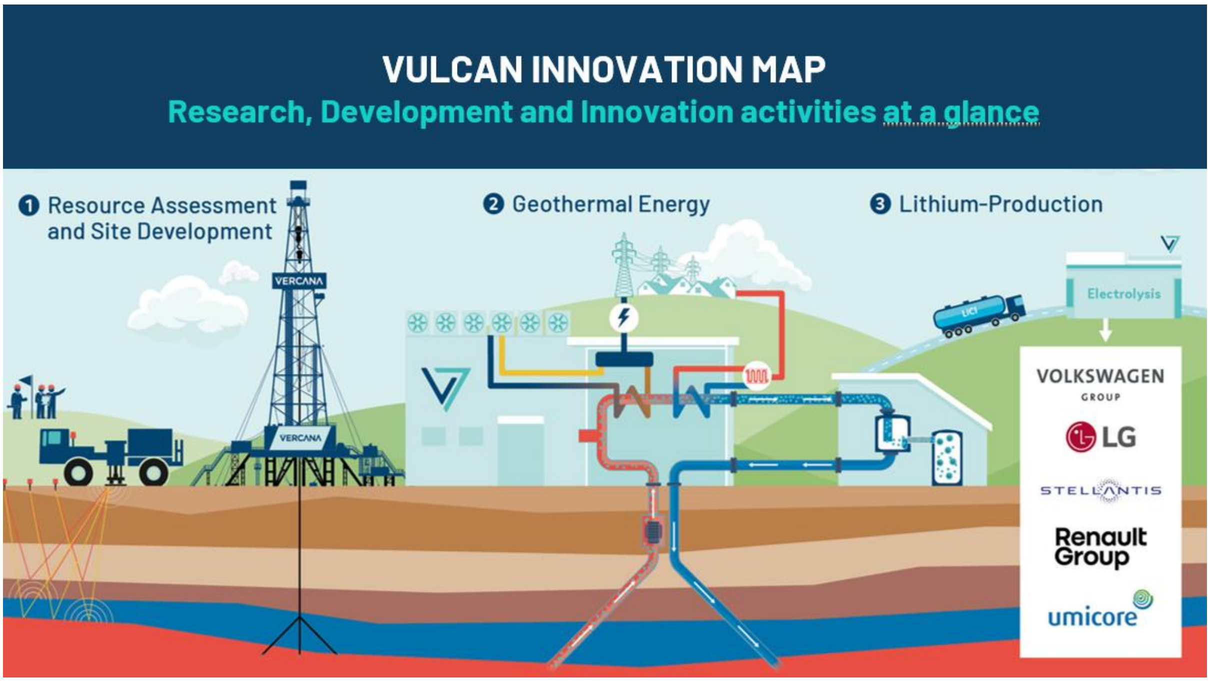
Non-current liabilities increased to €7.9 million (Dec 22: €5.9 million). Non-current liabilities primarily relate to lease liabilities relating to occupancy and vehicle leases as well as deferred income relating to government grants to support the Group in testing, development and optimisation of geothermal energy.

Equity rose by €46.6 million during the period reflecting an institutional capital raise of €66 million before costs. The capital raise was partially offset by the loss for the six-month period.

4. RESEARCH AND DEVELOPMENT

Vulcan has a focus on project development and execution using proven technology or with strong commercial analogues from similar industries. In parallel, research, development, and innovation (R&D+I) is also conducted at Vulcan's own laboratory, with research partners (such as Potsdam Geoforschungszentrum, Karlsruhe Institute of Technology, University of Stuttgart, TU Darmstadt and other renowned institutions) and strong industrial partners. Each of these projects targets specific areas to strengthen Vulcan's long term project execution capabilities by clarifying geological, geophysical, chemical parameters, further optimising lithium extraction processes as well as enhancing design and operational aspects of power plants.

Many of these research, development and innovation projects are publicly supported by the European Commission and Germany.



Key R&D+I publicly funded projects during the period 1 Jan to 30 June 2023 include:

#	Title	Content
1	**Effeo** (GER)	Increasing efficiency of geothermal powerplants Identification of efficiency-increasing measures; simulation of a geothermal power plant to increase efficiency via control optimisation and demonstration tests.
2	**CROWDTHERMAL** (EU)	Development schemes for geothermal energy Aims to empower the European public to directly participate in the development of geothermal projects with the help of alternative financing schemes (crowdfunding) and social engagement tools.
3	**GreGEO** (GER) Project coordinator	Glass Fiber Reinforced Epoxy Casing System for Geothermal Application aims to develop a new well completion strategy to provide a corrosion-resistant alternative to steel.
4	**GeoThermScaling** (GER)	Development and evaluation of advanced iron-boride based coating for deep geothermal applications. Development and tests of suitable joining technologies.
5	**GeoPro** (EU)	Advanced understanding and modelling of geofluid properties that has wide applicability across a majority of geothermal installations. Obtain a better understanding of CO2-solubility under plant operational conditions and the possible link between local micro-degassing and scaling and corrosion.
6	**Reflect** (EU)	Get a better understanding of the geothermal fluid properties.
7	**GeoSmart** (EU)	Smart Technologies for Geothermal to Enhance Competitiveness and Agile Operation. Vulcan's Isheim power plant will serve as a demonstration site to install district heating, optimise electricity and heat production as well test hybrid heat exchangers for future wells/power plants.
8	**EIKE** (GER)	Inhibitor development to cope with scales and corrosion challenges in operation to increase heat output. Assessing the impact of a colder geothermal brine regarding scaling and corrosion and the chemical treatments efficiency.

5. OUTLOOK, OPPORTUNITIES AND RISKS

OUTLOOK

ECONOMIC OUTLOOK

Lithium

Analysts, including Fastmarkets, predict that current lithium hydroxide and lithium carbonate spot prices may moderate somewhat in the next year following additional supply coming online, then firm up again in the long term as demand once again outpaces supply. Long term lithium price forecasts from Fastmarkets and CIF Asia range between US$25,000 to US$45,000 per tonne of LHM and continue to be updated as the market rapidly evolves. A structural long term supply deficit is forecast by most lithium-focused analysts, including Fastmarkets[11].

Geothermal renewable energy

Vulcan expects political and community support for developing geothermal heat and power to increase over the coming years. This is due to Europe and Germany's dual goals of climate change mitigation and regaining energy sovereignty. Vulcan expects this geo political situation to provide tailwinds for Vulcan both in renewable energy project development and its permitting process.

An example of this increasing regulatory support is the German and European governments' prioritisation of the rapid growth of renewable energy sources, including geothermal energy, through presentation of the REPowerEU38 Plan in response to the magnitude of the energy supply threat. The German government has started a €3 billion funding program to support heating grids to be fed by renewable energies. Heating grids using geothermal energy will be the main beneficiaries of the program.

CORPORATE OUTLOOK

Operations

From an operational perspective, Vulcan has now entered into the commissioning phase of its Lithium Extraction Optimisation Plant (LEOP), following a year of construction. Vulcan's Central Lithium Electrolyser Optimisation Plant (CLEOP), currently in construction, is expected to be commissioned at the end of 2023. The operation of these plants will serve as product qualification, optimisation and training centres to ensure operational readiness, whilst the Phase One commercial plants are constructed.

[11] *Fastmarkets Lithium Market Study October 2022, Fastmarkets for Vulcan Energy Resources*

Vulcan is anticipating refurbishment of its geothermal drilling rigs to be completed and for drilling of new geothermal wells to commence late 2023 and early 2024 respectively, as part of its plans to ramp up renewable energy production. Vulcan is also putting in place plans to scale up its drilling teams accordingly in a tight labour market. The acquisition of Comeback in early 2023 marks an important step on this journey.

Cash position

With a cash position of €148 million at the end of June 2023, the Company has a good funding basis to progress its project to the next stage of development. Vulcan plans a cash spend over the remainder of the fiscal year to develop its project in line with its targets. The anticipated cash position at the end of fiscal year is to be between €70 million to €80 million. The closing cash position will be dependent on commencement of drilling activities. Vulcan has started multiple workstreams on the equity and debt side to provide a sound financial basis for expansion.

Capital expenditure

For the remainder of the financial year 2023, capital expenditure will increase within the overall cash management plans focussed on completing the bridging engineering study for Phase One, and other preparatory works, as well as final remaining CAPEX on refurbishment of drill rigs and Optimisation Plants. The anticipated capital expenditure for the remaining six months of the fiscal year is to be €40 million to €50 million. The actual capital expenditure will be dependent on commencement of drilling activities.

Operating expenses

Operating expenses for the half year to June 2023 amounted to €28.9 million. Operating expenditures are the ongoing cost of running a business. These include raw materials for the Insheim power plant, external purchased services, administrative expenses, compliance and regulatory expenses, consulting and legal fees, employee benefits, investor relations, occupancy, other expenses as well non-cash costs depreciation and amortisation, impairment and share-based payments.

For the remaining six months of the fiscal year 2023 we expect operating expenses to be €25 million to €30 million.

Building a world-class team

Vulcan has undertaken another strong recruitment drive in H1 2023 as the Company accelerates and expands its operations for Phase One. The Company is targeting a further increase in FTE by end 2023, from the current levels of ca. 320 at the time of this report. The majority of this FTE increase will be hires in the drilling areas, full staffing of the optimization plants as well as in project execution.

Net zero carbon

As Vulcan scales up, the Company will continue to expand its data reporting and be able to provide year on year comparisons.

Vulcan will continue to work on achieving carbon neutral certification across all operations each year and remaining in the lowest quartile for absolute GHG emissions (Scope 1, 2, 3) comparative to peers[12].

OPPORTUNITIES AND RISKS

Vulcan is exposed to a range of internal and external events and developments that could impact the achievement of our financial and non-financial goals. Our opportunity and risk management process forms an integral part of our corporate governance system. This opportunity and risk management process, and the underlying opportunity and risk status, is detailed in section 4 ("Outlook, Opportunities and Risks") of the Annual Group Management Report as at December 2022.

Overall Assessment of Opportunities and Risks by Management

Since the Annual Group Management Report December 2022, we note an increasingly challenging global environment for financing capital-intensive projects, with a higher cost of capital, which may make Vulcan's financing process for its projects more challenging, and therefore represents an increased risk. We also note, as an increasing opportunity, growing government and regulatory support behind critical raw materials and renewable energy projects. The European Commission has proposed a Critical Raw Materials Act to secure the EU's future supply of critical raw materials, and the German Government is taking steps towards funding critical raw materials projects through the Temporary Crisis and Transition Framework (TCTF). We note an increased risk of delay to start of Phase One production, associated with access to key pieces of land. Beyond this, we have not currently identified any material changes in our risk status compared with the assessment given in the December 2022 Group Management Report. In the opinion of the Board of Management the Vulcan Group's remains a viable business built for growth.

[12] Vulcan's peer group for CO_2 emissions is comprised of advanced stage lithium developers, and lithium producers.

Responsibility statement by the Company's legal representatives

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim consolidated financial statements give a true and fair view of the net assets, liabilities, financial position and results of the group, and the interim consolidated group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remainder of the financial year.

Dr Francis Wedin

Executive Chair

12 September 2023