



VULCAN ENERGY
ZERO CARBON LITHIUM™



HALF-YEAR REPORT

1 January – 30 June

24

ABN 38 624 223 132

Corporate Directory

Board of Directors¹

Dr Francis Wedin	Executive Chair
Mr Cris Moreno	Managing Director & CEO
Mr Gavin Rezos	Deputy Chair
Ms Ranya Alkadamani	Non-Executive Director
Ms Josephine Bush	Non-Executive Director
Dr Heidi Grön	Non-Executive Director
Ms Annie Liu	Non-Executive Director
Dr Günter Hilken	Non-Executive Director

Company Secretary

Mr Daniel Tydde

Registered Office

Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: +61 8 6331 6156
Website: www.v-er.eu

Stock Exchange Listing

Australian Securities Exchange
(ASX Code: VUL)
Regulated market (Prime Standard) of the Frankfurt
Stock Exchange (FSE Code: VUL)

Auditors

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000

Solicitors

Ashurst

Brookfield Place Tower II
Level 10 St Georges Terrace
Perth WA 6000

Bank

Westpac Banking Corporation

Level 4, Brookfield Place, Tower Two
123 St Georges Terrace Perth WA 6000

Share Registry

Automatic Share Registry

Level 2, 267 St Georges Terrace Perth WA 6000
Telephone: 1300 288 664

Cover image: Aerial shot of part of Vulcan's upstream Phase One Project area in the Landau region, including the Natürlich Insheim geothermal renewable energy wells and plant, location of the Lithium Extraction Optimisation Plant (LEOP), commercial Geothermal and Lithium Extraction Plant (G-LEP) and the Schleidberg well site.

¹ Refer to the ASX announcement for changes to the Board following release of this report on 13 September 2024.

CONTENTS

About Vulcan Energy Resources Limited	4
Defining ZERO CARBON LITHIUM™	6
Half Year 2024 Milestones and Developments	8
Directors' Report	9
Auditor's Independence Declaration	17
Financial Statements	19
Directors' Declaration	41
Independent Auditor's Review Report	42



ABOUT VULCAN ENERGY RESOURCES LIMITED

FOUNDED IN 2018, VULCAN'S UNIQUE **ZERO CARBON LITHIUM™²** PROJECT (THE PROJECT) AIMS TO DECARBONISE LITHIUM PRODUCTION, THROUGH DEVELOPING THE WORLD'S FIRST CARBON NEUTRAL LITHIUM BUSINESS, WITH THE CO-PRODUCTION OF RENEWABLE GEOTHERMAL ENERGY ON A MASS SCALE.

By adapting existing technologies to efficiently extract lithium from geothermal brine, Vulcan aims to deliver a local source of sustainable lithium for Europe, built around a carbon neutral strategy with exclusion of fossil fuels. Already an operational renewable energy producer, Vulcan will also provide renewable electricity and heat to local communities.

Vulcan's combined geothermal energy and lithium resource is the largest in Europe³, with license areas focused on the Upper Rhine Valley, Germany. Strategically placed in the heart

of the European electric vehicle market to decarbonise the supply chain, Vulcan is rapidly advancing the ZERO CARBON LITHIUM™ Project to target timely market entry, with the ability to expand 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 the environment and leveraging scientific solutions, Vulcan has a unique, world-leading scientific and commercial 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 largest cathode, battery, and automakers in the world.

Vulcan aims to leverage its multidisciplinary expert team, leading geothermal technology and position in the European EV supply chain to be a global leader in carbon neutral lithium. Vulcan aims to be the supplier of choice for lithium chemicals and renewable power and heating from Europe, for Europe: to empower a carbon neutral future.

Purpose

We will empower a carbon neutral future

Mission

Becoming Europe's leading ZERO CARBON LITHIUM™ business & enabling energy security through geothermal energy



² Please see the subsequent page for how we define ZERO CARBON LITHIUM™

³ According to public, JORC-compliant data. See Upgrade of ZERO CARBON LITHIUM™ Project Resources, 29 September 2023.

ZERO CARBON LITHIUM™

Empowering
a carbon
neutral future

Geothermal Energy

Technology

VULCAN
IS DELIVERING
EUROPE'S
GREEN ENERGY
AND MOBILITY
TRANSITION



DEFINING ZERO CARBON LITHIUM™

VULCAN USES ZERO CARBON IN ITS TRADEMARK TO REFER TO THE CLIMATE CHANGE IMPACT OF THE LITHIUM HYDROXIDE MONOHYDRATE (LHM) PRODUCT EXTRACTION AND PROCESSING. VULCAN IS CURRENTLY TARGETING ZERO BURNING OF FOSSIL FUELS IN THE PROCESS TO PRODUCE LHM ONCE FULLY OPERATIONAL.



Since 2020, Vulcan has commissioned Minviro to undertake a series of International Organisation for Standardisation (ISO)-compliant Life Cycle Assessments (LCAs). These are cradle-to-gate studies which 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. The LCA does not include emissions associated with construction of the ZERO CARBON LITHIUM™ production plant, or the Vulcan Group's corporate office emissions.

The latest update of the LCA, undertaken in 2024, found that Vulcan's integrated renewable energy and ZERO CARBON LITHIUM™ Project has an overall net climate change impact contribution of $-2.0 \text{ kg CO}_2 \text{ eq. per kg LiOH} \cdot \text{H}_2\text{O}$. This included the estimated emissions from lithium production and transport including import of energy from the grid, and estimated emissions avoided due to export of geothermal electricity and heat into the grid and district heating respectively (note: these figures relate to scopes one, two and upstream three emissions only).

The Company is committed to continuing to update the LCA and any associated stakeholder information as the Project moves into execution and construction.

Aerial image of Industrial Park in Frankfurt-Höchst, Germany, the planned location of Vulcan's Central Lithium Electrolysis Optimisation Plant (CLEOP).
Copyright: Infracore GmbH & Co. Höchst KG

HALF YEAR 2024 MILESTONES AND DEVELOPMENTS



Local community
engagement meeting



Strategic investments.

Investments totaling €40 million received from strategic investors including CIMIC Group (CIMIC) and Hancock Prospecting Pty Ltd (HPPL), demonstrating strong support of the lithium value chain globally and for the execution of Phase One of the Project.



First lithium chemicals domestically produced from a local source in Europe, for Europe.

Start of production (SOP) of lithium chloride (LiCl) from Vulcan's Lithium Extraction Optimisation Plant (LEOP) on 11 April 2024. The SOP followed three years and more than 10,000 hours of successful in-house A-DLE piloting.



Positive support from Landau City Council.

The Council voted with a majority in favour of the land development plan for the industrial estate containing Vulcan's Phase One Geothermal Lithium Extraction Plant (G-LEP) location.



Launch of final stage of project-level financing.

Finance process progressing having received significant interest from strategic and financial investors, and commercial banks.



Proposed financing from the EIB.

After preliminary due diligence, Phase One of the Project advanced to the "Under Appraisal" stage of EIB financing, which could amount up to €500m, pending completion of due diligence, credit approval and legal agreement. It is also subject to approval by EIB's governing bodies.



Signing of Memoranda of Understanding (MoUs) with ABB and JordProxa.

The MoU with ABB focuses on the electrical and automation delivery requirements of Vulcan's Phase One Project, while the JordProxa MoU is for the technology and process components for the lithium extraction plant and central lithium plant of Vulcan's Phase One Project.



Sector leading sustainability credentials.

Vulcan's 2024 Prospective Life Cycle Assessment was updated during the reporting period based on outcomes of the Bridging Engineering Study, reinforcing the sustainability credentials of the Project. A calculation was also carried out for the EU Innovation Fund application process, resulting in a forecast of 4.1 million tonnes of avoided CO₂ equivalent emissions within the first ten years of Phase One of the Project.



Appointment of Group Chief Financial Officer.

Ms Felicity Gooding was appointed to the role of Group Chief Financial Officer (CFO). Ms Gooding has significant large-scale project financing and multinational experience and joined Vulcan at an opportune time with Vulcan's Phase One debt and project level equity finance program underway.



DIRECTORS' REPORT

THE DIRECTORS PRESENT THE CONDENSED CONSOLIDATED FINANCIAL REPORT OF THE GROUP CONSISTING OF VULCAN AND ITS CONTROLLED ENTITIES FOR THE HALF YEAR ENDED 30 JUNE 2024 AND THE INDEPENDENT AUDITOR'S REVIEW REPORT THEREON.

IT IS RECOMMENDED THAT THE DIRECTORS' REPORT BE READ IN CONJUNCTION WITH THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND CONSIDERED TOGETHER WITH ANY PUBLIC ANNOUNCEMENTS MADE BY THE COMPANY DURING THE PERIOD AND UP TO THE DATE OF THIS REPORT.

BOARD OF DIRECTORS

The names of directors who held office during or since the end of the half year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.⁴

Dr Francis Wedin	Executive Chair
Mr Cris Moreno	Managing Director & CEO
Mr Gavin Rezos	Deputy Chair
Ms Ranya Alkadamani	Non-Executive Director
Ms Josephine Bush	Non-Executive Director
Dr Heidi Grön	Non-Executive Director
Ms Annie Liu	Non-Executive Director
Dr Günter Hilken	Non-Executive Director
Mr Mark Skelton	Non-Executive Director (Retired 1 February 2024)

⁴ Refer to the ASX announcement for changes to the Board following release of this report on 13 September 2024.



Open Door Day at Vulcan's Natürlich Insheim geothermal renewable energy plant in May 2024

REVIEW OF OPERATIONS

Health and safety

There were no recordable Lost Time Injuries (LTIs) during the six months ending 30 June 2024. As at 30 June 2024, Vulcan concluded a full 12 months with no LTIs reported.

Resources and Reserves

The Company has the largest lithium resource in Europe, compliant with the Australasian Joint Ore Reserves Committee (JORC) for Reporting of Exploration Results, Mineral Resources and Ore Reserves.⁵ Vulcan's Upper Rhine Valley Brine Field (URVBF) total lithium resource is estimated at 27.7 million tonnes of contained Lithium Carbonate Equivalent (Mt LCE) @ 175 mg/L Li. Vulcan's URVBF area comprises 11.2 Mt LCE @ 179 mg/L Li of Measured and Indicated resource, of which 4.16 Mt LCE @ 181mg/L Li is in the Phase One area, and 2.11 Mt LCE is in the Measured category.⁶ The Company reports Ore Reserves of 570kt LCE @ 181 mg/L Li within the Phase One area, comprised Proved Ore Reserves of 318kt LCE @ 181 mg/L Li and Probable Ore Reserves of 252kt LCE @ 181 mg/L Li. There were no updates to the Mineral Resources and Ore Reserves during the period.⁷

As at the date of this report, Vulcan's licence footprint in the URVBF increased from 16 to 17 licences and the total area increased from 1,771km² to 2,234km² respectively (refer to French licence information in the Events Subsequent to the Reporting Period section of this report).

Renewable energy business

Operations continued at Vulcan's Natürlich Insheim geothermal renewable energy plant, with production of 9,040/ MWh of gross baseload, renewable power, at an average selling price of €252/MWh, with €2.2 million gross revenue generated. Scheduled maintenance of the energy plant was successfully completed in June 2024.

As part of the joint publicly and privately funded GEOSMART project, further progress occurred on the construction and commissioning of the components, including delivery and placement of heat exchangers, air-coolers, thermal energy storage, piping system and automisation control.

Well delivery

The commissioning of Vulcan's in-house drill rigs continued throughout the reporting period. Vercana, Vulcan's in-house well delivery group, received final design approval of the V20 rig from the mining authority having completed commissioning, and has prepared the rig for the start of transport from the Nienhagen yard to Vulcan's Schleidberg wells. Progress continued on refurbishing Vulcan's V10 drill rig.

Construction works of the well pad at the Schleidberg site were completed during the period.

⁵ According to public, JORC-compliant data. Refer Vulcan ZERO CARBON LITHIUM™ Project Phase One DFS results and resources.

⁶ Refer to Competent Person Statement on page 16.

⁷ Vulcan's combined ZERO CARBON LITHIUM™ Project Lithium (Li) brine Measured, Indicated and Inferred Mineral Resource estimates are contained in the Annual Report for the twelve-month period Ending 31 December 2023.

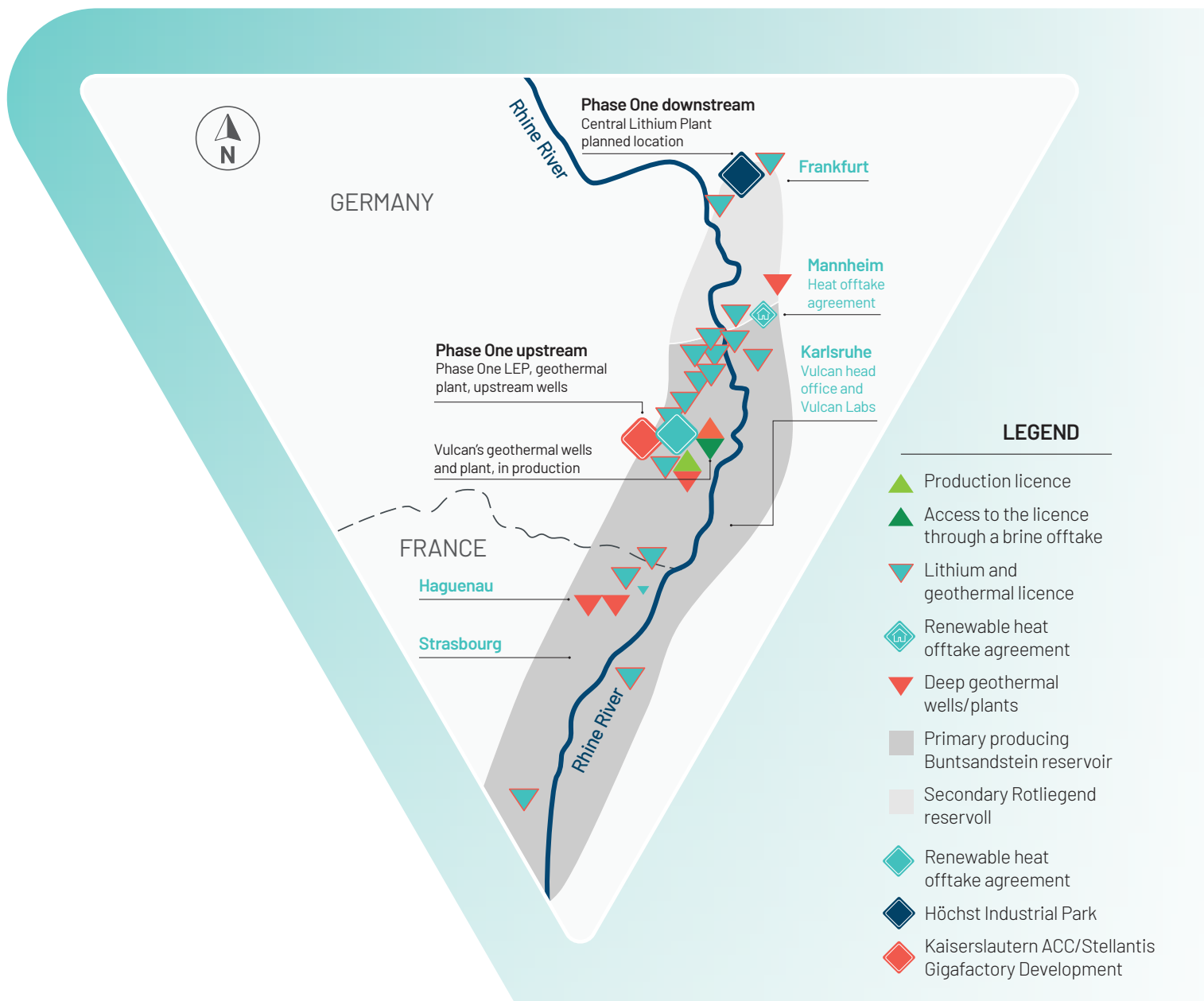


FIGURE 1: OVERVIEW MAP OF VULCAN'S LICENCE AREAS IN THE UPPER RHINE VALLEY

Optimisation plants

Lithium Extraction Optimisation Plant (LEOP)

During the reporting period, significant advancements were made onsite at Vulcan's LEOP facility, which started production of LiCl on 11 April 2024. There have been consistent results with up to 90%-95% lithium extraction efficiency from its Adsorption-type Direct Lithium Extraction (A-DLE) unit, replicating results in the Company's lab and pilot plant operations, and in line with commercial plant expectations and Vulcan's financing model.

The Company's high-performance aluminate-based lithium sorbent, VULSORB®, was also introduced during the reporting period and is now in operation. First results confirm positive and consistent high performance of VULSORB® for A-DLE from brine in the Upper Rhine Valley.

The LiCl concentrate produced at LEOP will be transported to Vulcan's downstream optimisation plant (CLEOP) in Industrial Park Frankfurt-Höchst, where the LiCl will be converted into battery-grade Lithium Hydroxide Monohydrate (LHM).

Central Lithium Electrolysis Optimisation Plant (CLEOP)

Construction of CLEOP continued throughout the reporting period with the main structural frame erected and installation of all equipment including an electrolyser and two crystallisers.

The Company celebrated the Topping-Out ceremony (Richtfest) on 9 April, 2024 in an event attended by local stakeholders and partners.

Battery-grade LHM produced by Vulcan will be used as part of the product qualification by Vulcan's lithium offtake partners Stellantis, Renault, Umicore, LG Energy Solution and Volkswagen. The site will also be used to train the production team and optimise operating conditions as the commercial Phase One Central Lithium Plant (CLP) will be constructed in the same industrial park. Refer to the Events Subsequent to the Reporting Period section for further details on the start of commissioning at CLEOP.

Phase One execution readiness

Progress continued on Phase One execution of the Project during the reporting period, including engineering works, permitting and land acquisition for remaining Phase One areas.

In June 2024, Landau City Council voted in favour of the land development plan for D12 with a strong majority. The zoning outlined in the D12 development plan for the Am Messegelände Südost industrial estate provides the foundation for constructing Vulcan's integrated G-LEP in Landau. Vulcan has already submitted the corresponding building applications for the planned facility.

Two MoUs were signed with key partners ABB and JordProxa to reduce interfaces and ensure execution readiness. The MoU with ABB focuses on the electrical and automation delivery requirements of Vulcan's Phase One Project, while the JordProxa MoU is for the technology and process components for the lithium extraction and central lithium plants of Vulcan's Phase One Project.

Vulcan initiated the validation works for the Engineering, Procurement, and Construction Management (EPCM) contract for Phase One of the Project. The EPCM validation will be carried out by CIMIC companies, Sedgman and HOCHTIEF.

Commercial and financing

Strategic investments

In June 2024, Vulcan announced a total of €40 million in strategic investments by CIMIC of €25 million (10 million shares) and HPPL of €12.5 million (5 million shares). The equity raise demonstrates commitment from strategic investors to support the lithium value chain globally and the execution of Phase One of Vulcan's integrated renewable energy and lithium chemicals Project.

Progress on Phase One financing

In May 2024, Vulcan launched the second phase of its project-level financing process, led by BNP Paribas.

The first phase of the finance process was completed, with the Company receiving significant interest from strategic and financial investors, commercial banks and major government-backed export credit agencies.

The Company has entered formal discussions with Tier 1 financing partners who have expressed in-principle and non-binding interest. These structuring banks comprise four international banks and four export credit agencies, along with the continued support from the EIB.

The Project appears potentially suitable for EIB funding and has advanced to the "Under Appraisal" stage at the EIB. EIB's proposed financing could amount up to €500m, pending completion of due diligence, credit approval and legal agreement, and subject to approval by EIB's governing bodies.

In addition to advancing Vulcan's finance process, the Company also applied for a significant amount of public funding, through several grant schemes. Vulcan believes the Project is well placed to qualify for these grant schemes through sector-leading economic and sustainability credentials. The launch of the second phase of the financing process was timed to coincide with the public funding application process.

In parallel with the project-level debt process, Vulcan also launched the second phase of its project-level equity financing process, having received significant interest from strategic and financial investors after a first due diligence phase, including from infrastructure and energy companies.

The Company appointed Ms Felicity Gooding to the role of Group CFO in January 2024. Ms Gooding is a senior finance executive with over 20 years' experience in strategic and financial analysis, debt funding, corporate finance, mergers and acquisitions, management and financial accounting and governance within Australia, Singapore, London and Washington DC.

Future phase development

As part of the development of Vulcan's project pipeline for expansion, interpretation of 3D seismic in the Mannheim area was successfully completed and geological models were developed.

Preparatory works for additional exploration campaigns within Vulcan's license portfolio have begun. These exploration activities include three Full Tensor Gradiometry surveys in different licensed areas of the Upper Rhine Valley, a 2D seismic survey in the licenses of Ludwig, Therese, and Flaggenturm/ Fuchsmantel, as well as various hydrochemical sampling campaigns.

Throughout the first half of 2024, Vulcan continued to progress project development activities in the Mulhouse area, as per Phase A of its binding term sheet for geothermal renewable energy development signed with Stellantis N.V in 2023. A decision has yet to be reached as per the term sheet to commence Phase B, and Vulcan will continue to update on any material developments.

The project development activities regarding the Rüsselsheim project were also continued simultaneously. A decision has yet to be reached with Stellantis and additional investors to commence the next stages of exploration within the Ried license.



Onsite at the LEOP, where production of the first LiCl started in April 2024.

SUSTAINABILITY

During the reporting period, Vulcan updated its Minviro Prospective Life Cycle Assessment (LCA) based on the Bridging Study released 16 November 2023. The LCA found that Vulcan's integrated renewable energy and ZERO CARBON LITHIUM™ Project has an overall net climate change impact contribution of $-2.0 \text{ kg CO}_2 \text{ eq. per kg LiOH} \cdot \text{H}_2\text{O}$. The LCA is being used as an evaluation tool to assist Vulcan's debt and project level equity financing process by providing further information on the environmental impacts and risks associated with the operation of the Project.

During the period, the Company continued to progress its Environmental and Social Action Plan (ESAP) and Environmental and Social Impact Assessment (ESIA) of Phase One of the ZERO CARBON LITHIUM™ Project. The ESIA and ESAP are key components towards the provision of green financing and will be integrated into the project-level debt and equity financing process which is ongoing.

During the reporting period, Deputy Minister-President and Minister of the Interior of Baden Württemberg, Thomas Strobl, visited site. The visit emphasised the interest of the Baden-Württemberg state government in innovative projects that promote sustainable technologies and strengthen the economy in the region.

On 4 May 2024, over 200 visitors from the local community visited Vulcan's Natürlich Insheim geothermal renewable energy plant to learn about geothermal energy and climate-neutral lithium production. Guided tours of the geothermal plant gave visitors the opportunity to familiarise themselves with the operation of the plant.

There was also strong interest at a public information event on 21 May 2024. The event was organised by the City of Landau in relation to the geothermal and lithium extraction plant (G-LEP) planned for construction by Vulcan in the Messegelände Süd-Ost industrial estate. Vulcan representatives were joined on the podium by the Mayor of Landau, Dominik Geißler, as well as representatives from the Rhineland-Palatinate State Office for Geology and Mining and the Landau Economic Development Agency.

FINANCIAL PERFORMANCE

Vulcan produced a net loss after tax of €19.3 million (30 June 2023: €15.6 million) which included depreciation and amortisation of €3.3 million and net interest income of €0.9 million. Revenues of €3.8 million were primarily generated on sales of electricity from the Company's Insheim geothermal plant €2.2 million (30 June 2023: €2.0 million) as well as revenue generated from drilling labour hire company Comeback Personaldienstleistungen GmbH.

Net assets of the Group increased to €288.3 million (31 December 2023: €268.3 million) including cash balances of €60.6 million (31 December 2023: €78.7 million). The decrease in cash is due to capital expenditure primarily on construction of the Company's Lithium Extraction Optimisation Plant (LEOP), Central Lithium Electrolysis Optimisation Plant (CLEOP), refurbishing the V20 and V10 rigs, preparation of the Schleiberg well pad, and operating costs, partially offset by €40.0m received from a capital raise in June 2024.



SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes to the state of affairs in the 6 months ended 30 June 2024.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with the Corporations Instrument to the nearest thousand dollars.

EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On 19 July 2024, the Company received the grant of its first lithium and geothermal energy licences in the Alsace region of France. The licences are located in the Mulhouse, Alsace region on the French side of the URVBF, which accounts for roughly one third of the Upper Rhine Graben, containing both geothermal energy and lithium-rich brine. The licence area of 463km² expands Vulcan's total licence area from 1,771km² to 2,234km² in the URVBF between Germany and France, with the Company commencing discussions with potential investment partners relating to its French licences in the intervening period.

Vulcan appointed leading global financial institution, Natixis CIB, as its ESG Coordinator, on 31 July 2024, with an aim to secure the first ever certification for "financing with green enabling features". The financing is structured to be labelled as "green", in line with the Loan Market Association's Green Loan Principles and the International Capital Market Association (ICMA) Green Enabling Projects Guidance.

On 8 August 2024, Vulcan announced the start of commissioning at the Company's 100%-owned lithium hydroxide optimisation plant, designated CLEOP. The facility is located just outside of Frankfurt, in the Höchst Chemical Park, where Vulcan will also construct its commercial Central Lithium Plant (CLP). The main building and utility systems are now complete, allowing first energisations to take place, and power is being fed to the plant through the main switchboard, a critical step for the electrolysis plant.

Competent Person Statement

The information in this announcement that relates to estimates of Mineral Resources and Ore Reserves is extracted from the Bridging Study Announcement which is available to view on Vulcan's website at www.v-er.eu. Vulcan confirms, that in respect of the estimates of Mineral Resources and Ore Reserves included in this announcement:

- a) it is not aware of any new information or data that materially affects the information included in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed;
- b) the form and context in which the Competent Persons' findings are presented in this announcement have not been materially modified from the original market announcement; and
- c) all material assumptions underpinning the production targets (and the forecast financial information derived from such production targets) included in this announcement continue to apply and have not materially changed.



Process Mezzanine at Vulcan's CLEOP.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Dr Francis Wedin

Executive Chair

12 September 2024

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vulcan Energy Resources Limited for the half-year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA

A handwritten signature in blue ink, appearing to read 'Matthew Beevers'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 12 September 2024

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
RSM Australia Partners ABN 36 965 185 036
Liability limited by a scheme approved under Professional Standards Legislation

FINANCIAL STATEMENTS

Onsite at Central Lithium Electrolysis
Optimisation Plant (CLEOP), at
Industrial Park Frankfurt-Höchst

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Note	6-months 30 Jun 2024 €'000	6-months 30 Jun 2023 €'000
Revenue from continuing operations	3	3,753	3,104
Other income		297	461
Loss from equity accounted investments		(50)	(465)
Other own work capitalised		9,347	7,487
Raw materials and purchased services		(555)	(1,627)
Employee benefit expenses		(19,748)	(12,933)
Depreciation and amortisation expenses		(3,336)	(2,942)
Impairment expenses		-	(1,040)
Share-based payments expense		(1,151)	(905)
Other expenses		(9,071)	(9,349)
Net foreign exchange gain		450	772
Finance income		1,005	1,560
Interest expense		(89)	(118)
Loss before income tax for the period		(19,148)	(15,995)
Income tax (expense)/ benefit		(198)	411
Loss after income tax for the period		(19,346)	(15,584)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translation of foreign operations		(131)	(3,394)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation of investments at fair value through other comprehensive income		(837)	-
Total comprehensive loss for the period (net of tax)		(20,314)	(18,978)
Total comprehensive loss for the period attributable to the owners of Vulcan Energy Resources Limited		(20,314)	(18,978)
Loss per share for the year attributable to the members Vulcan Energy Resources Limited:		€	€
Basic loss per share (Euro cents)	14	(11.1)	(10.4)
Diluted loss per share (Euro cents)	14	(11.1)	(10.4)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 Jun 2024 €'000	31 Dec 2023 €'000
Assets			
Current assets			
Cash and cash equivalents	4	60,577	78,728
Trade and other receivables	5	7,025	6,899
Contract assets		368	117
Inventories		158	327
Total current assets		68,128	86,071
Non-current assets			
Investments accounted for using equity method		73	124
Financial assets at fair value through other comprehensive income		1,704	2,550
Exploration and evaluation expenditure	7	53,088	48,475
Other assets	6	17,194	11,775
Property, plant and equipment	8	161,710	138,605
Right-of-use assets		3,994	4,416
Intangible assets	9	1,584	1,655
Deferred tax assets		3,101	3,212
Total non-current assets		242,448	210,812
Total Assets		310,576	296,883
Liabilities			
Current liabilities			
Trade and other payables	10	10,806	17,194
Derivative financial instrument		-	133
Employee benefits		2,122	1,509
Lease liabilities		1,061	1,086
Provisions		750	750
Income tax liabilities		104	113
Total Current liabilities		14,843	20,785
Non-current liabilities			
Lease liabilities		2,996	3,325
Provisions		202	264
Deferred income		2,827	2,818
Deferred tax liabilities		1,366	1,410
Total non-current liabilities		7,391	7,817
Total Liabilities		22,234	28,602
Net Assets		288,342	268,281
Equity			
Share capital	11	362,963	323,739
Reserves	12	13,560	13,377
Accumulated losses		(88,181)	(68,835)
Total Equity		288,342	268,281

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 30 JUNE 2024

Consolidated	Issued capital €'000	Revaluation reserve €'000	Share-based payment reserve €'000	Foreign currency reserve €'000	Accumulated losses €'000	Total €'000
At 1 January 2024	323,739	(1,870)	11,522	3,725	(68,835)	268,281
Loss for the period	-	-	-	-	(19,346)	(19,346)
Other comprehensive loss	-	(837)	-	(131)	-	(968)
Total comprehensive loss for the period after tax	-	(837)	-	(131)	(19,346)	(20,314)
Transactions with owners in their capacity as owners:						
Issue of share capital (note 11)	40,000	-	-	-	-	40,000
Share issue costs (note 11)	(776)	-	-	-	-	(776)
Share-based payments (note 16)	-	-	1,151	-	-	1,151
Balance at 30 June 2024	362,963	(2,707)	12,673	3,594	(88,181)	288,342
At 1 January 2023	259,158	-	9,706	6,169	(41,872)	233,161
Loss for the period	-	-	-	-	(15,584)	(15,584)
Other comprehensive loss	-	-	-	(3,394)	-	(3,394)
Total comprehensive loss for the period after tax	-	-	-	(3,394)	(15,584)	(18,978)
Transactions with owners in their capacity as owners:						
Issue of share capital	67,350	-	-	-	-	67,350
Share issue costs	(2,769)	-	-	-	-	(2,769)
Share-based payments (note 16)	-	-	1,033	-	-	1,033
Balance at 30 June 2023	323,739	-	10,739	2,775	(57,456)	279,797

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS¹

FOR THE HALF-YEAR ENDED 30 JUNE 2024

	6-months 30 Jun 2024 €'000	6-months 30 Jun 2023 €'000
Cash flows from operating activities		
Receipts from customers (inclusive VAT)	3,832	4,269
Payments to suppliers and employees	(17,759)	(19,581)
Interest received	1,352	1,209
Other income	151	1,230
Interest paid	(89)	(118)
Net cash used in operating activities	(12,513)	(12,991)
Cash flows from investing activities		
Payments for exploration and evaluation expenditure	(6,913)	(8,949)
Payment for plant and equipment	(36,607)	(27,977)
Payment to acquire subsidiary	-	(150)
Cash acquired upon acquisition of subsidiary	-	88
(Payments for)/ receipts from sale of financial assets	(87)	707
Net cash used in investing activities	(43,607)	(36,281)
Cash flows from financing activities		
Proceeds from issue of shares	40,000	67,350
Share issue costs	(67)	(2,770)
Lease repayments	(565)	(605)
Financing costs	(1,544)	-
Proceeds from borrowing	-	195
Repayments of borrowings	-	(195)
Net cash from financing activities	37,824	63,975
Net (decrease)/ increase in cash and cash equivalents	(18,296)	14,703
Cash and cash equivalents at beginning of the period	78,728	134,107
Effect of exchange rate fluctuations	145	(1,168)
Cash and cash equivalents at end of the period	60,577	147,642

¹Cash inflows/(outflows) by activity within the Consolidated Statement of Cash flows differ from the cash inflows/(outflows) by activity reported in the Group's Appendix 5B Quarterly Cashflow Report released to ASX on 29 July 2024.

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF MATERIAL ACCOUNTING POLICIES

(a) Basis of Preparation

These general purpose interim financial statements for the half-year ended 30 June 2024 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Accounting Standard 34 "Interim Financial Reporting".

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Euros, which is Vulcan Energy Resources Limited's presentation currency.

The accounting policies adopted are consistent with those of the previous financial period and the corresponding interim reporting period.

(b) New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or interpretations that are not yet mandatory have not been early adopted.

(c) Going Concern

The consolidated financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business. As disclosed in the consolidated financial statements, the Group incurred a loss after tax of €19.3m and had net cash outflows from operating and investing activities of €12.5m and €43.6m respectively for the half-year ended 30 June 2024. As at that 30 June 2024, the Group had a net current assets surplus of €53.3m and cash and cash equivalents of €60.6m.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group's ability to issue additional shares under the *Corporation Act 2001* to raise further working capital. The Group has demonstrated its ability to raise capital from strategic and institutional investors with over €360m raised through equity raisings in the past, including €40m raised in June 2024.
- During the reporting period, the Group was advised by the European Investment Bank (EIB) that its Phase One ZERO CARBON LITHIUM™ Project appears potentially suitable for EIB financing and the project has advanced to the "Under Appraisal" stage. EIB's proposed financing could amount to up to €500m, pending completion of due diligence, credit approval and legal agreement, and subject to EIB's governing bodies approval.
- In May 2024, Vulcan launched the second and final phase of its project-level financing process, led by BNP Paribas. The first phase of the finance process was completed during the reporting period, with the Company receiving significant interest from strategic and financial investors, commercial banks, the EIB and major government-backed export credit agencies. The Company has entered formal discussions with Tier 1 financing partners who have expressed in principle and non-binding interest. In parallel with the project-level debt process, Vulcan has also launched the second phase of its project-level equity financing process, having received significant interest from strategic and financial investors after a first due diligence phase, including from infrastructure and energy companies with whom Vulcan is expecting to build long term strategic partnerships with as part of this process.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SEGMENT INFORMATION

Accounting Policy

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the consolidated entity has three reportable segments.

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on geographical location: Germany, Other European (comprised of France and Italy) and Australia. These operating segments are based on the internal reports that are reviewed and used by the Executive Key Management Personnel (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services

Germany – the supply of geothermal energy, exploration and development related to the ZERO CARBON LITHIUM™ Project and engineering services.

Other European (France and Italy) – exploration and development relating to battery materials and geothermal lithium.

Australia – administration costs and Definitive Feasibility Study (“DFS”) engineering costs.

Intersegment transactions

Intersegment transactions were made at market rates. Engineering services have been provided within the German segment. All intersegment receivables and payables, including the profit margin, are eliminated on consolidation.

Major customers

During the period ended 30 June 2024, approximately €2.2m (30 June 2023: €2.0m) of the consolidated entity's external revenue was derived from sales to Pfalzwerke.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SEGMENT INFORMATION (CONT.)

FOR THE HALF-YEAR ENDED 30 JUNE 2024

Segment performance	Germany €'000	Other European €'000	Australia €'000	Total €'000
Revenue				
Sales to external customers	3,753	-	-	3,753
Intersegment sales - Other own work capitalised	9,256	-	91	9,347
Total sales revenue	13,009	-	91	13,100
Other income	297	-	-	297
Total segment revenue	13,306	-	91	13,397
EBITDA	(12,945)	(66)	(3,717)	(16,728)
Depreciation and amortisation	(3,310)	-	(26)	(3,336)
Finance expense	(88)	-	(1)	(89)
Interest income	213	-	792	1,005
Loss before income tax expense	(16,130)	(66)	(2,952)	(19,148)
Income tax expense	(198)	-	-	(198)
Loss after income tax expense	(16,328)	(66)	(2,952)	(19,346)

Material items include:

Employee benefit expense	(18,606)	(37)	(1,105)	(19,748)
--------------------------	----------	------	---------	----------

AS AT 30 JUNE 2024

Assets and Liabilities	Germany €'000	Other European €'000	Australia €'000	Total €'000
Assets				
Segment assets	233,192	417	344,281	577,890
Intersegment eliminations				(267,314)
Total assets				310,576
Total assets include:				
Investments accounted for using equity method	-	-	73	73
Exploration and evaluation expenditure additions (note 7)	3,614	-	236	3,850
Additions to property, plant and equipment (note 8)	26,439	-	-	26,439
Liabilities				
Segment liabilities	25,963	523	2,287	28,773
Intersegment eliminations				(6,539)
Total Liabilities				22,234

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 SEGMENT INFORMATION (CONT.)

FOR THE HALF- YEAR ENDED 30 JUNE 2023

Segment performance	Germany	Other European	Australia	Total
	€'000	€'000	€'000	€'000
Revenue				
Sales to external customers	3,104	-	-	3,104
Intersegment sales – Other own work capitalised	7,239	-	248	7,487
Total sales revenue	10,343	-	248	10,591
Other income	461	-	-	461
Total segment revenue	10,804	-	248	11,052
EBITDA	(8,460)	(151)	(4,844)	(13,455)
Depreciation and amortisation	(2,915)	-	(27)	(2,942)
Finance expense	(111)	-	(7)	(118)
Finance income	528	-	1,032	1,560
Impairment	(1,040)	-	-	(1,040)
Loss before income tax expense	(11,998)	(151)	(3,846)	(15,995)
Income tax benefit	411	-	-	411
Loss after income tax expense	(11,587)	(151)	(3,846)	(15,584)

Material items include:

Employee benefit expense	(11,904)	(33)	(996)	(12,933)
--------------------------	----------	------	-------	----------

AS AT 31 DECEMBER 2023

Assets and Liabilities	Germany	Other European	Australia	Total
	€'000	€'000	€'000	€'000
Assets				
Segment assets	223,333	433	305,364	529,130
Intersegment eliminations				(232,247)
Total assets				296,883
Total assets include:				
Investments accounted for using equity method	-	-	124	124
Exploration and evaluation expenditure additions	16,591	98	2,087	18,776
Additions to property, plant and equipment	71,657	-	-	71,657
Liabilities				
Segment liabilities	33,776	466	1,183	35,425
Intersegment eliminations				(6,823)
Total Liabilities				28,602

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 REVENUE

	6-months 30-Jun-24		6-months 30-Jun-23	
	€'000		€'000	
Revenue from contracts with customers				
Sale of goods	2,223		1,961	
Rendering of services	526		56	
Drilling Personnel outsourcing	1,004		1,087	
Revenue from continuing operations	3,753		3,104	

	Electricity sales		Engineering Services		Drilling Services		Total	
	6-mths	6-mths	6-mths	6-mths	6-mths	6-mths	6-mths	6-mths
	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23	30-Jun-24	30-Jun-23
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Timing of revenue recognition								
Goods transferred at a point in time	2,223	1,961	-	-	-	-	2,223	1,961
Services transferred over time	-	-	526	56	1,004	1,087	1,530	1,143
	2,223	1,961	526	56	1,004	1,087	3,753	3,104

All revenues are derived in Germany.

NOTE 4 CASH AND CASH EQUIVALENTS

	30-Jun-24	31-Dec-23
	€'000	€'000
Cash at bank and in hand	60,509	23,915
Short-term deposits	68	54,813
	60,577	78,728

NOTE 5 TRADE AND OTHER RECEIVABLES

	30-Jun-24	31-Dec-23
	€'000	€'000
Trade receivables	1,067	608
Prepayments	833	712
Other receivables	1,870	2,061
Other - bank guarantees	1,045	958
VAT receivable	2,210	2,560
	7,025	6,899

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 OTHER ASSETS

The group has recognised the following other assets relating to prepayments on capital items.

	30-Jun-24 €'000	31-Dec-23 €'000
Prepayments relating to capital items	14,892	11,775
Borrowing costs	2,302	-
	17,194	11,775

Accounting Policy

Borrowings are initially measured at fair value less any directly attributable borrowing costs. Subsequent to initial recognition, these liabilities are measured and amortised at cost using the effective interest method.

The borrowing costs relate to the funding of Phase one of the Project. The funding was not yet available as at 30 June 2024 as negotiations are still ongoing. When the funding is available, the borrowing costs will be transferred to offset borrowing liabilities on the consolidated statement of financial position. The borrowing costs will be amortised over the term of the debt funding using the effective interest rate method.

NOTE 7 EXPLORATION AND EVALUATION EXPENDITURE

	30-Jun-24 €'000	31-Dec-23 €'000
Carrying amount of exploration and evaluation expenditure	53,088	48,475
At the beginning of the period	48,475	30,135
Exploration expenditure incurred	3,850	18,776
Reclassification from Property, Plant and Equipment	711	-
Foreign exchange Loss	52	(436)
At the end of the period	53,088	48,475

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	30-Jun-24 €'000	31-Dec-23 €'000
Software	662	655
Plant & Equipment	72,303	26,188
Land & Buildings	4,632	4,659
Assets under Construction	84,113	107,103
	161,710	138,605

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8 PROPERTY, PLANT AND EQUIPMENT(CONT.)

Movement in carrying amounts of property, plant and equipment for the financial period ended 30 June 2024

	Software €'000	Plant and equipment €'000	Asset under construction €'000	Land and Building €'000	Total €'000
Cost					
At 1 January 2024	781	32,607	107,103	4,834	145,325
Additions	39	7,912	18,473	15	26,439
Disposals	-	-	-	-	-
Reclassification to E&E ¹	-	-	(711)	-	(711)
Transfers to plant & equipment ²	-	40,752	(40,752)	-	-
At 30 June 2024	820	81,271	84,113	4,849	171,053
Accumulated Depreciation					
At 1 January 2024	(126)	(6,419)	-	(175)	(6,720)
Depreciation for the period	(32)	(2,549)	-	(42)	(2,623)
Depreciation eliminated on disposal	-	-	-	-	-
At 30 June 2024	(158)	(8,968)	-	(217)	(9,343)
Carrying amount					
At 1 January 2024	655	26,188	107,103	4,659	138,605
At 30 June 2024	662	72,303	84,113	4,632	161,710

¹Reclassifications to exploration and evaluation expenditure.

²Transfers of assets under construction to plant & equipment during the period, at cost value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 INTANGIBLE ASSETS

	30-Jun-24 €'000	31-Dec-23 €'000
Customer contracts – at cost	1,809	1,526
Acquired in Business Combinations	-	387
Less: Impairment	-	(104)
Less: Accumulated amortisation	(1,490)	(1,466)
	319	343
Operating permit – at cost	1,500	1,500
Less: Accumulated amortisation	(235)	(188)
	1,265	1,312
Total Intangible Assets	1,584	1,655

Reconciliation of the written down values at the beginning and the end of the current financial period are set out below:

	Customer Contracts €'000	Operating Permit €'000	Total €'000
Balance at 1 January 2024	343	1,312	1,655
Less: amortisation	(24)	(47)	(71)
Balance at 30 June 2024	319	1,265	1,584

NOTE 10 TRADE AND OTHER PAYABLES

	30-Jun-24 €'000	31-Dec-23 €'000
Trade payables	4,804	9,514
Accrued expenses	3,824	5,868
Other payables	1,604	1,812
VAT Payable	574	-
	10,806	17,194

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11 CONTRIBUTED EQUITY

	30 Jun 24		31 Dec 23	
	No.'000	€'000	No.'000	€'000
Fully paid ordinary shares	188,189	362,963	172,073	323,739

	Date	Number	Issue Price €	€'000
At 1 January 2024		172,073,008		323,739
Placement to institutional investors	12/06/2024	16,000,000	2.50	40,000
Exercise of Class Y performance rights	12/06/2024	60,000	-	-
Exercise of Class AC performance rights	12/06/2024	9,490	-	-
Exercise of Class AE performance rights	12/06/2024	41,357	-	-
Shares issued in exchange for service	12/06/2024	4,716	-	-
Less capital raising costs		-	-	(776)
At 30 June 2024		188,188,571		362,963

NOTE 12 RESERVES

	30-Jun-2024 €'000	31-Dec-2023 €'000
Share-based payment reserve	12,673	11,522
Revaluation reserve	(2,707)	(1,870)
Foreign currency translation reserve	3,594	3,725
Total	13,560	13,377

Share-based Payment Reserve

	Number of Performance Rights	€'000
<u>Movement reconciliation</u>		
On issue at 1 January 2024	1,551,268	11,522
Issue of performance rights during the period (note 16)	1,600,160	120
Exercise of Performance Rights during the period	(110,847)	-
Recognition of share - based payment expense for performance rights issued to Directors, staff & consultants in prior periods (note 16)	-	761
Performance rights cancelled or forfeited	(239,671)	270
On issue at 30 June 2024	2,800,910	12,673

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	30-Jun-2024	31-Dec-2023
	€'000	€'000
Australian listed shares	1,704	2,550

NOTE 14 LOSS PER SHARE

	6-months 30-Jun-2024	6-months 30-Jun-2023
Net loss for the period in €'000	(19,346)	(15,584)
Weighted average number of ordinary shares for basic and diluted loss per share ('000).	173,676	149,560
Basic and diluted loss per share € cents	(11.1)	(10.4)

NOTE 15 FAIR VALUE MEASUREMENT

Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standards.

	30-Jun-2024	31-Dec-2023
	€'000	€'000
Level 1		
Financial assets		
Financial assets at fair value through other comprehensive income		
Australian listed equity securities	1,704	2,550
Level 2		
Financial liabilities		
Forward foreign currency contracts held for sale	-	133

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. The group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS

	6-months 30-Jun-2024 €'000	6-months 30-Jun-2023 €'000
Recognised share-based payment transactions		
Performance rights issued to Directors, staff and consultants	120	146
Performance rights issued to Directors & staff in prior periods	761	759
Performance rights cancelled or forfeited	270	-
Performance rights issued as consideration for acquisition of subsidiary Comeback	-	128
	1,151	1,033

Represented by

Share-based payment expense	1,151	905
Acquisition of subsidiary	-	128
	1,151	1,033

Details of new issues during the period

On 29 March 2024, the Company granted 363,660 performance rights to staff to align their interests to that of the Company's shareholders and assist as an effective means of retention.

In addition to remaining an employee on 31 December 2024, the rights were granted with the following vesting conditions (with equal weighting):

- The Company has produced one tonne of lithium hydroxide at Vulcan's Central Lithium Electrolysis Optimization Plant (CLEOP);
- The Company has all permits necessary for the planned execution of phase 1 as per the Bridging Study;
- The Company has secured all land necessary for the interconnecting pipeline and power between Insheim and Schleidberg; D12 to 40 Morgen and Trappelberg;
- The Company has commenced 'shovel in the ground' construction of the Geothermal and Lithium Extraction Plant;
- The Company has started drilling its first new well;
- The Company has entered into binding and unconditional agreements to fully finance Phase 1 of its operations;
- Meet 2024 HSE targets (Long-term Injury frequency rate (LTIF) of 3); and

The value of performance rights was determined, as follows:

Type	Fair value of each right (EUR)	Number of Rights	Grant Date	Vesting date	Class	Expiry date	Value of Rights (EUR)	Share based payment expense (EUR)
Employee Grant - Tranche 3	1.73	363,660	29/03/24	31/12/24	IP	31/12/26	629,875	101,536

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONT.)

On 24 June 2024, the Company granted 50,000 Special Performance Rights to the CFO of Germany, which will vest upon the recipient remaining employed by the Company on 31 December 2025. On the same date, the Company also granted 40,000 performance rights to an external consultant, which are subject to a vesting condition of achieving production of battery-grade lithium hydroxide to specification from the Central Lithium Electrolysis Optimisation Plant (CLEOP) by 31 December 2024.

The value of performance rights was determined, as follows:

Type	Fair value of each right (EUR)	Number of Rights	Grant Date	Vesting date	Class	Expiry date	Value of Rights (EUR)	Share based payment expense (EUR)
Special performance rights	2.36	50,000	24/06/24	31/12/25	IP	31/12/26	117,933	1,126
Performance rights - consultant	2.36	40,000	24/06/24	31/12/24	IP	31/12/26	94,346	2,631

Under the Company's Incentive Award plan, the Company issued the following incentives to Executives during the period:

- an annual deferred incentive (ADI), designed to reward creation of exceptional short-term shareholder value as evidenced by the performance hurdles, issued in three tranches as Class IP
- a long-term incentive (LTI), designed to reward creation of exceptional long-term shareholder value as evidenced by performance hurdles, issued in seven tranches as Class IP

Details of the Executive ADIs are as follows:

Item	Executive Rights – ADI			Group CFO Rights – ADI		
	Tranche 1	Tranche 2	Tranche 3	Tranche 1	Tranche 2	Tranche 3
Grant date	24/06/2024	24/06/2024	24/06/2024	17/06/2024	17/06/2024	17/06/2024
Fair value of each right (EUR)	2.36	2.36	2.36	2.63	2.63	2.63
Commencement of performance period	24/06/2024	24/06/2024	24/06/2024	17/06/2024	17/06/2024	17/06/2024
Performance measurement date	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Vesting date	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024	31/12/2024
Expiry date	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026
Volatility	n/a	n/a	n/a	n/a	n/a	n/a
Risk-free rate	n/a	n/a	n/a	n/a	n/a	n/a
Dividend yield	nil	nil	nil	nil	nil	nil
Number of Rights	115,750	46,300	69,450	36,250	14,500	21,750
Price at grant (EUR)	2.36	2.36	2.36	2.63	2.63	2.63
Valuation per Tranche (EUR)	273,015	109,206	163,809	95,488	38,195	57,293
Share based payment expense (EUR)	1,352	970	713	1,018	731	537

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONT.)

In addition to remaining an employee on 31 December 2024, ADI performance rights were issued with the following vesting conditions:

Tranche 1

Tranche 1 will vest subject to various Project Milestones as follows (equal weighting):

- The Company has produced one tonne of lithium hydroxide at Vulcan's Central Lithium Electrolysis Optimization Plant (CLEOP);
- The Company has all permits necessary for the planned execution of phase 1 as per the Bridging Study;
- The Company has secured all land necessary for the interconnecting pipeline and power between Insheim and Schleidberg; D12 to 40 Morgen and Trappelberg;
- The Company has commenced 'shovel in the ground' construction of the Geothermal and Lithium Extraction Plant;
- The Company has completed drilling its first new well; and
- The Company has entered into binding and unconditional agreements to fully finance Phase 1 of its operations.

Tranche 2

Tranche 2 will vest subject ESG Milestones as follows (equal weighting):

- Environment: Meet 2024 HSE targets of long-term Injury frequency rate (LTIF) of 3.
- Social: Signing a binding agreement with a local utility to supply the local community with renewable heat in Phase One area.
- Governance:
 - no breaches with local authorities or regulatory authorities; and
 - no cyber security breaches during the period.

Tranche 3

Tranche 3 will vest subject to specific individual performance milestones.

Group CFO performance rights – multiplier

The number of performance rights issued to the Group CFO include a multiplier of 1.5x for the following milestones tested at the measurement date:

- The financing milestone (ADI); and
- If project construction is as per the Controlled Schedule (P50)(LTI).

Appropriate adjustments must be made should the multiplier(s) not be satisfied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONT.)

Details of the Executive LTIs are as follows:

Item	Executive Rights – LTI						
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	ATSR Rights	RTSR Rights
Grant date	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024
Fair value of each right (EUR)	2.36	2.36	2.36	2.36	2.36	1.69	1.79
Commencement of performance period	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024	24/06/2024
Performance measurement date	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026
Vesting date	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026
Expiry date	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027
Volatility	n/a	n/a	n/a	n/a	n/a	70%	70%
Risk-free rate	n/a	n/a	n/a	n/a	n/a	3.93%	3.93%
Dividend yield	nil	nil	nil	nil	nil	nil	nil
Number of Rights	85,334	85,332	85,334	64,000	64,000	128,000	128,000
Price at grant (EUR)	2.36	2.36	2.36	2.36	2.36	2.36	2.36
Valuation per Tranche (EUR)	201,274	201,269	201,274	150,954	150,954	216,103	228,815

Share based payment expense (EUR)	644	644	322	483	483	1,383	1,464
-----------------------------------	-----	-----	-----	-----	-----	-------	-------

Item	Group CFO Rights – LTI						
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	ATSR Rights	RTSR Rights
Grant date	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024
Fair value of each right (EUR)	2.63	2.63	2.63	2.63	2.63	1.88	2.14
Commencement of performance period	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024	17/06/2024
Performance measurement date	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026
Vesting date	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026	31/12/2026
Expiry date	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027	31/12/2027
Volatility	n/a	n/a	n/a	n/a	n/a	70%	70%
Risk-free rate	n/a	n/a	n/a	n/a	n/a	3.79%	3.79%
Dividend yield	nil	nil	nil	nil	nil	nil	nil
Number of Rights	27,000	27,000	27,000	20,250	20,250	40,500	40,500
Price at grant (EUR)	2.63	2.63	2.63	2.63	2.63	2.63	2.63
Valuation per Tranche (EUR)	71,122	71,122	71,122	53,342	53,342	76,203	86,696

Share based payment expense (EUR)	492	492	246	369	369	1,255	1,422
-----------------------------------	-----	-----	-----	-----	-----	-------	-------

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONT.)

In addition to remaining an employee on 31 December 2026, LTI performance rights were issued with the following vesting conditions:

Business Returns

Tranche 1

Tranche 1 will vest subject to project construction and execution of the Central Lithium Plant being as per the Controlled Schedule (P50).

Tranche 2

Tranche 2 will vest subject to delivering CAPEX as per Phase 1 bridging phase (as aligned with BNPP financing package) and assumptions.

Tranche 3

Tranche 3 will vest subject to obtaining Project Financing for Phase Two capital expenditure.

Sustainability Returns

Tranche 4:

Tranche 4 will vest subject to achieving financing with ESG criteria and successfully executing all ESMP (Environmental, Social management Plan) requirements.

Tranche 5

Tranche 5 will vest subject to setting a public announced GHG emissions target (linked to a credible framework such as Science Based Targets) and meet the target within timeline and volume of reduction requirements.

Market Based Measurements

ATSR Rights:

The number of Absolute TSR Rights ("ATSR Rights") that vest is based on the TSR of Vulcan over the performance period. The ATSR Rights will vest according to the following schedule:

Company's TSR performance	Percentage of ATSR Rights eligible to vest
< 7.5%	Nil
Between 7.5% and 10%	50% to 74% on a pro-rata basis
Between 10% and 12.5%	75% to 99% on a pro-rata basis
> 12.5%	100%

RTSR Rights:

The number of RTSR Rights that vest is based on the TSR of Vulcan over the performance period, relative to the returns of the Peer Group. The RTSR Rights will vest according to the following schedule.

Company's TSR performance relative to the Peer Group	Percentage of RTSR Rights eligible to vest
Less than 50th percentile	0%
Between 50th percentile and 75th percentile	50% - 99% Pro-rata
Greater than 75th percentile	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16 SHARE-BASED PAYMENTS (CONT.)

Set out below are summaries of performance right movements during the period:

	As at 1 January 2024	Granted	Exercised	Cancelled or forfeited	As at 30 June 2024	Exercisable performance rights
Class S	12,894	-	-	-	12,894	12,894
Class T	260,000	-	-	-	260,000	-
Class U	250,000	-	-	-	250,000	-
Class V	110,000	-	-	-	110,000	-
Class Y	60,000	-	(60,000)	-	-	-
Class Z	50,000	-	-	-	50,000	-
Class AA	37,232	-	-	(10,329)	26,903	26,903
Class AB	274,200	-	-	(65,000)	209,200	-
Class AC	28,474	-	(9,490)	(9,492)	9,492	-
Class IP	360,520	1,600,160	-	(154,850)	1,805,830	-
Class AE	82,714	-	(41,357)	-	41,357	-
Class AD	25,234	-	-	-	25,234	8,411
	1,551,268	1,600,160	(110,847)	(239,671)	2,800,910	48,208

No performance rights expired during the period.

NOTE 17 COMMITMENTS

Below are the commitments in relation to capital expenditure:

	30-Jun-24 €'000	31-Dec-23 €'000
Within one year	21,121	22,472
One to five years	310	-
	21,431	22,472

NOTE 18 CONTINGENCIES

The Group has given bank guarantees as at 30 June 2024 of €1,045,000 (31 December 2023: €958,000)

The Group has no contingent assets and liabilities as at 30 June 2024 (30 December 2023 : nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 19 DIVIDENDS

No dividend has been declared or paid during the interim period ended 30 June 2024 (31 December 2023: Nil), and the Directors do not recommend the payment of a dividend in respect of the half-year ended 30 June 2024.

NOTE 20 EVENTS AFTER THE REPORTING DATE

On 19 July 2024, the Company received the grant of its first lithium and geothermal energy licences in the Alsace region of France. The licences are located in the Mulhouse, Alsace region on the French side of the URVBF, which accounts for roughly one third of the Upper Rhine Graben, containing both geothermal energy and lithium-rich brine. The licence area of 463km² expands Vulcan's total licence area from 1,771km² to 2,234km² in the URVBF between Germany and France, with the Company commencing discussions with potential investment partners relating to its French licences in the intervening period.

Vulcan appointed leading global financial institution, Natixis CIB, as its ESG Coordinator, on 31 July 2024, with an aim to secure the first ever certification for "financing with green enabling features". The financing is structured to be labelled as "green", in line with the Loan Market Association's Green Loan Principles and the International Capital Market Association (ICMA) Green Enabling Projects Guidance.

On 8 August 2024, Vulcan announced the start of commissioning at the Company's 100%-owned lithium hydroxide optimisation plant, designated CLEOP. The facility is located just outside of Frankfurt, in the Höchst Chemical Park, where Vulcan will also construct its commercial Central Lithium Plant (CLP). The main building and utility systems are now complete, allowing first energisations to take place, and power is being fed to the plant through the main switchboard, a critical step for the electrolysis plant

Apart from the above, no other matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Dr Francis Wedin

Executive Chair

12 September 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of VULCAN ENERGY RESOURCES LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Vulcan Energy Resources Limited which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising material accounting policy information and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vulcan Energy Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

THE POWER OF BEING UNDERSTOOD ASSURANCE | TAX | CONSULTING

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vulcan Energy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

The directors of Vulcan Energy Resources Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2024 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA

A handwritten signature in blue ink, appearing to read 'Matthew Beevers'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 12 September 2024



Vulcan's licence table

	NAME	STATE	RESOURCES APPLIED FOR	AREA (KM²)	EXPIRY	OWNERSHIP AS AT 30 JUNE 2024	CHANGE IN OWNERSHIP	TYPE
1	Ried	Hessen	Geothermal, brine & lithium	289.92	7.2025	100 % VER GmbH	N/A	exploration
2	Luftbrücke	Hessen	Geothermal, brine & lithium	207.25	9.2026	100 % VER GmbH	N/A	exploration
3	Rift-Nord (or Rift)	RLP	Geothermal & lithium	61.83	6.2027	50% interest in licence, with 100% ownership of first new production project developed	N/A	exploration
4	Waldnerturm	BW	Geothermal, brine & lithium	20.43	12.2024	100 % VER GmbH	N/A	exploration
5	Lampertheim II	Hessen	Geothermal, brine & lithium	1.99	7.2026	100 % VER GmbH	N/A	exploration
6	Ortenau II	BW	Geothermal, brine & lithium	374.1	12.2025	100 % VER GmbH	N/A	exploration
7	Mannheim	BW	Geothermal, brine & lithium	144.49	6.2027	100 % VER Pty Ltd	N/A	exploration
8	Taro	RLP	Geothermal	32.68	8.2025	100% GGH (part of VER Group)	N/A	exploration
	Lisbeth	RLP	Lithium		9.2024	100 % VER GmbH	N/A	exploration
9	Ludwig	RLP	Geothermal & lithium	96.34	12.2024	100 % VER GmbH	N/A	exploration
10	Therese	RLP	Geothermal & lithium	81.12	12.2024	100 % VER GmbH	N/A	exploration
11	Lampertheim	Hessen	Geothermal, brine & lithium	108.03	7.2026	100 % VER GmbH	N/A	exploration
12	Kerner	RLP	Geothermal & lithium	72.26	12.2024	100 % VER GmbH	N/A	exploration
13	Löwenherz	RLP	Geothermal & lithium	75.43	12.2024	100 % VER GmbH	N/A	exploration
14	Flaggenturm	RLP	Geothermal	166.75	12.2024	100 % VER GmbH	N/A	exploration
	Fuchsmantel	RLP	Lithium		7.2025	100 % VER GmbH	N/A	exploration
15	Landau-Süd	RLP	Geothermal	19.41	5.2034	JV and brine offtake agreement Geox	N/A	production
	Ilka	RLP	Lithium		11.2025	JV and brine offtake agreement Geox	N/A	exploration
16	Insheim	RLP	Geothermal	19	11.2037	100% Natürlich Insheim GmbH	N/A	production
	LiThermEx	RLP	Lithium		3.2025	100% Natürlich Insheim GmbH	N/A	exploration
17	Kachelhoffa ⁸	FR	Geothermal	463.34	7.2029	100 % Vulcan Énergie France	100%	exploration
	Kachelhoffa minéral ⁸	FR	Lithium		7.2029	100 % Vulcan Énergie France	100%	exploration

FIGURE 2: VULCAN'S LICENCE TABLE.

⁸ Refer to the announcement on 13 July 2024 relating to the granting of Vulcan's first lithium and geothermal energy licences in the Alsace region of France. Note: this was announced post reporting period.



VULCAN ENERGY
ZERO CARBON LITHIUM™

www.v-er.eu

ABN 38 624 223 132