

16 September 2024

CHINA ENERGY INTERNATIONAL GROUP AND VR8 TO EXCLUSIVELY NEGOTIATE EPCF OPPORTUNITIES

HIGHLIGHTS

- ◆ **In-principle understanding reached between China Energy International Group Co. Limited (“CEIG”) and VR8, in the form of a partly binding Memorandum of Understanding on an exclusive cooperation basis (“MOU”)**
 - ◆ **MOU is aimed at reaching agreement on the supply by CEIG of Engineering, Procurement & Construction services and assistance for Financing (“EPC-F”) to VR8 (“Services”), to develop the Steelpoortdrift Project, including a Solar Plant and all other associated services**
 - ◆ **The in-principle understanding formalised under the partly-binding MOU records the mutual intention for both CEIG and VR8 to exclusively investigate and negotiate the Services**
 - ◆ **CEIG is a subsidiary of China Energy Engineering Corporation (CEEC), a large, central level Chinese State-Owned Enterprise and energy conglomerate. CEEC mainly constructs hydropower stations, power plants, and other infrastructure, offers services worldwide and is one of the largest comprehensive solutions providers for the global power industry**
 - ◆ **CEIG is a world-class provider of EPC and renewable energy solutions with a strong presence in South Africa. CEIG is currently developing the Mooi Plaats 283MWdc PV power plant, which is expected to be the largest in the country**
 - ◆ **The MOU is expected to strengthen the relationship between the parties, paving the way for additional value-add opportunities in the energy sector that could potentially transform the Company into a vertically integrated vanadium producer**
 - ◆ **The MOU could lead to a strategic partial decoupling from the steel sector, with the potential to allocate up to 100% of Steelpoortdrift’s output to renewable energy initiatives**
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Vanadium Resources Limited (ASX: VR8; DAX: TR3) (the “Company”) is pleased to provide the following update for its world-class Steelpoortdrift Vanadium Project (the “**Project**”) in South Africa, which consists of the proposed Steelpoortdrift Mine, Concentrator and Salt Roast Leach (“**SRL**”) Plants (“**Steelpoortdrift**”).

Commenting on the MOU with CEIG, Mr. John Ciganek, Chief Executive Officer of VR8 said:

“We are delighted to enter into this MOU with CEIG, a global market leader in the field of engineering, construction and renewable energy, together with a physical presence in South Africa. The capabilities and breadth of expertise of CEIG are ideally aligned to our Project. In addition, we believe that this MOU will form the basis of a longer-term relationship which will leverage our substantial vanadium resources and CEIG’s expertise in renewable energy, particularly in relation to supporting the Company’s objective of becoming a vertically integrated business including the production of vanadium electrolyte production, VFB’s and renewable energy generation.”

Commenting on the MOU with CEIG, Mr. Jurie Wessels, Executive Chairman of VR8 said:

“We are very pleased with the high level of interest shown by a first-class tier-1 global power solutions provider such as CEIG. The MOU not only initiates the negotiation process, but also presents the opportunity to combine the service excellence of a global provider such as CEIG with our Project’s compelling vanadium resource. We’re also excited about the potential to allocate 100% of our Project’s output to the renewable energy sector, which could open doors to higher growth and higher-margin markets. We look forward to negotiating a potential transaction with CEIG, with our initial focus on EPC and assistance with funding.”

TERMS OF THE MOU

The Company is pleased to announce that it has entered into a partly-binding MOU with CEIG. The purpose of the MOU is to document the in-principle understanding between CEIG and VR8 to commence negotiations for the supply of EPC-F by CEIG for Steelpoortdrift, including solar / VFB facilities and all other associated aspects of the Project (“**Services**”).

Either party may terminate the MOU by notice to the other party, however such notice will not be valid unless a binding EPC contract has not been executed within six months from the date of signature of the MOU. Unless terminated earlier or extended by agreement, the MOU will terminate in six months from the date of signing.

Both CEIG and Company intend to use their reasonable endeavours to finalise an agreement, with appropriate conditions precedent to implementation. Except for the obligation on both CEIG and the Company to exclusively investigate and negotiate the Intended Transaction (EPC and EPC-F), the parties will have no other obligations towards each other for the term of the MOU. The MOU is therefore considered to be ‘partly-binding’ on CEIG and the Company.

Under the MOU, it is contemplated that CEIG will assist the Company in securing debt financing for the Project, and where feasible, introduce the Company to potential strategic equity providers. The parties anticipate that CEIG will provide assistance and support in the financing of the construction and commissioning of the solar plant and all other associated services.

POTENTIAL FUNDING & DEVELOPMENT TIMETABLE

The proposed debt financing activities are intended to run in parallel with, and to complement, the Company's existing debt funding process, which is already well-advanced. As previously announced¹, due diligence from a major European Bank is scheduled to commence shortly, which will include site visits and a review by independent technical consultants. Consequently, potential debt financing assisted by CEIG will only be considered by the Company in the event it occurs within an acceptable timeframe and on terms that are satisfactory to the Company.

As previously announced², the anticipated timing of the Project's FID is Q3 CY2025, which will allow for CEIG and the Company to continue to advance the detailed engineering necessary for construction and finalise all relevant EPC packages in such a manner, which will ensure the underlying performance and deliverability of the project. Given the MOU now in place with CEIG, the Company's current competitive tender process has been terminated. EPC packages for each component of the Project have been compiled and are expected to be delivered to CEIG during the MOU, which will assist CEIG with preparing a competitive bid for the Project.

ABOUT CHINA ENERGY INTERNATIONAL GROUP CO., LTD.

China Energy International Group Co., Ltd., is a subsidiary of China Energy Engineering Group Co., Ltd. ("CEEC") which was established in 2011, with the approval of the State Council of China with headquarters in Chaoyang District, Beijing. CEEC is a comprehensive, super-large central level State Owned Enterprise and energy conglomerate providing systematic, integrated, full cycle and comprehensive development plans and services. CEIG mainly constructs hydropower stations, power plants and other infrastructure. The CEEC offers services worldwide. It is one of the largest comprehensive solutions providers for the power industry in China and globally.

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

For further information, please visit <https://vr8.global> or contact:

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¹ Refer to ASX Announcement, 30 July 2024, "Quarterly Activities Report – June 2024"

² Refer to ASX Announcement, 13 September 2024, "Steelpoortdrift Vanadium Project Update: Opex Reductions, Early Cashflow and Improved Funding Dynamics"

Disclaimer

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

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

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

Competent Person's Statement and Compliance Statements

The information in the referenced announcements 1 - 3 footnoted below that relates to Exploration Results, including the Mineral Resources contained within the Production Target (and forecast financial information derived from the production targets) at the Steelpoortdrift project has previously been released to the ASX. The Company confirms that it is not aware of any information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the announcement continue to apply. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

- 1) ASX: VR8 30 July 2024, Quarterly Activities Report June 2024
- 2) ASX: VR8 13 September 2024, Steelpoortdrift Vanadium Project Update: Opex Reductions, Early Cashflow and Improved Funding Dynamics
- 3) ASX: VR8 4 October 2022, VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project

Mineral Resources

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

Ore Reserves

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

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

The Resource statement as reported on the 4 October 2022³ was updated and is as follows:

Mineral Resource Estimate (as at 30 April 2022)

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

Source: Sound Mining, 2022

Notes:

- Stated at a cut-off grade of 0.45% V₂O₅;
- The Mineral Resources are stated on a 100% attributable basis for VanRes, of which VR8 owns 86.49%;
- The Mineral Resources are inclusive of Ore Reserves; and

Reported in-situ with any apparent computational errors due to rounding not considered significant.

APPENDIX 2 – ORE RESERVE

The updated Ore Reserve statement as at 30 September 2022 .

Ore Reserves as at 30 September 2022

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

Source: Sound Mining, 2022

Notes:

- The Ore Reserves are stated at a price of USD9.50/lb;
- The Ore Reserves are stated on a 100% attributable basis for VanRes, of which VR8 owns 86.49%;
- The LoM was restricted to a production forecast of 25 years whereafter the mining licence will need to be renewed.
- The Ore Reserves are reported at the point of delivery for processing;
- The Quantity is reported in metric tonnes and the Grade reported as a percentage of contained V₂O₅;
- Any apparent computational errors due to rounding are not considered significant;
- The Ore Reserves may be subject to legal, political, environmental or other risks;
- Losses that could occur as a result of transportation of content or Flake are considered to be negligible; and
- 39% of the Ore Reserves are in the Proved category and no Inferred Mineral Resources included in the Ore Reserve estimate.

³ Refer to ASX Announcement 4 October 2022 "VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project"