VULCAN ENERGY RESOURCES LIMITED

(formerly known as Koppar Resources Limited)

ABN 38 624 223 132

ANNUAL REPORT
YEAR ENDED 30 JUNE 2020

Contents

Corporate Directory

Board of Directors

Mr Gavin Rezos	Non-Executive Chairman (appointed 4 September 2019)
Dr Francis Wedin	Managing Director (appointed 4 September 2019)
Dr Horst Kreuter	Executive Director (appointed 20 December 2019)
Ms Ranya Alkadamani	Non-Executive Director (appointed 29 April 2020)
Ms Katharina Gerber	Non-Executive Director (appointed 11 May 2020, resigned 1 September 2020)
Mr William Oliver	Non-Executive Director (resigned 19 November 2019)
Mr Patrick Burke	Non-Executive Director (resigned 31 December 2019)
Ms Rebecca Morgan	Non-Executive Director (resigned 4 September 2019)

Company Secretary
Mr Robert Ierace

Registered Office
Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6005

Telephone: 08 6189 8767
Website: www.v-er.com

Stock Exchange Listing
Listed on the Australian Securities Exchange (ASX Code: VUL)

Auditors
RSM Australia Partners
Level 32, 2 The Esplanade
Perth WA 6000

Solicitors
Steinepreis Paganin
16 Milligan St
Perth WA 6000

Bankers
Westpac Banking Corporation
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry
Automic Share Registry
Level 2, 267 St Georges Terrace
Pert WA 6000

Telephone: 1300 288 664

Directors' Report

The Directors of Vulcan Energy Resources Limited ("Vulcan" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Vulcan Energy Resources Limited and its controlled entities (the "Group") for the financial year ended 30 June 2020.

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire year unless otherwise stated.

Mr Gavin Rezos | Non-Executive Chairman
(Appointed 4 September 2019)

Mr Rezos has extensive Australian and international investment banking experience and is a former investment banking Director of HSBC Group with regional roles during his career in London, Sydney and Dubai. Gavin has held Chairman, Board and CEO positions of companies in the materials, technology and resources sector in Australia, the United Kingdom, the United States and Singapore and was formerly a non-executive director of Iluka Resources and of Rowing Australia, the peak Olympics sports body for rowing in Australia. He is a principal of Viaticus Capital.

During the past three years, Mr Rezos held the following directorships in other ASX listed companies:

- Non-Executive Chairman of Resource and Energy Group (current);

Dr Francis Wedin | Managing Director
(Appointed 4 September 2019)

Dr Wedin is a battery raw materials industry executive, with a diverse career spanning four continents and multiple commodities. Wedin founded the Vulcan Zero Carbon Lithium™ Project in Germany.

Dr Wedin was previously Executive Director of successful ASX-listed Exore Resources Ltd (ASX:ERX). During this time, he discovered and defined two new JORC lithium resources, on two continents, in under a year. This included Lynas Find, which was bought by Pilbara Minerals to become part of its large Pilgangoora Lithium Project, now in production (ASX:PLS).

Francis has a PhD and BSc (Hons) in geology and mineral exploration, and an MBA in renewable energy. He is a Fellow of the Geological Society, London, and a member of the Australasian Institute of Mining and Metallurgy. He is bilingual in English and Turkish, with proficiencies in other languages.

During the past three years, Dr Wedin held the following directorships in other ASX listed companies:

- Executive Director of Exore Resources Limited (resigned).

Dr Horst Kreuter | Executive Director
(Appointed 20 December 2019)

Dr. Horst Kreuter is a highly experienced businessman and engineering geologist, with an outstanding record of project development and consulting in the geothermal sector. Dr Kreuter is CEO of Geothermal Group Germany GmbH, Karlsruhe, a joint initiative for the world market of notable German companies active in the geothermal industry.

Directors' Report

He is also CEO of GeoThermal Engineering GmbH (GeoT), a consultancy who are involved in geothermal project development in Germany and worldwide. He is based in Karlsruhe, local to Vulcan's Zero Carbon Lithium™ project area in the Upper Rhine Valley, and has a broad political and corporate network in Germany.

Ms Ranya Alkadamani | Non-Executive Director
(Appointed 29 April 2020)

Ranya is currently Founder and CEO of Impact Group International, an experienced team of experts focused on strategic communications advice for innovators, incredible organisations, ASX-listed companies, and philanthropists that are all doing something that will better our society or environment. She works extensively in the impact investment space in Australia and internationally and has a strong network of clients and investors in the clean energy and renewables sector.
She is also a Director of the Impact Investment Summit, Asia Pacific and an Advisory Board member at Murdoch University.
Ranya was formerly Strategic Communications and External Affairs Director of Andrew Forrest's Minderoo Foundation and Minderoo Group; Press Secretary to former Australian Prime Minister, the Hon. Kevin Rudd during his time as Australian Foreign Minister; and, a spokesperson for the Australian Department of Foreign Affairs and Trade.

Dr Katharina Gerber | Non-Executive Director
(Appointed 11 May 2020, resigned 1 September 2020)

Katharina holds a Ph.D., M.S., and B.S. degrees in chemistry from University of Bonn. She is fluent in German, English and Russian.

Katharina is a Project Manager at the California Energy Commission (CEC) where she provides scientific & technical leadership in determining research priorities for R&D programs with focus on emerging energy storage technologies and lithium extraction from geothermal brine. In her role at the CEC Katharina directs and executes requests for proposals (RFPs) and leads evaluation of project applications & contract bids.

In addition, Katharina participates in multiple interagency working groups, such as the "California Lithium Valley" initiative, conducting complex technological and market assessments on future availability of critical minerals used in lithium-ion battery technology, and develops recommendations for policymakers and stakeholders.

Mr William Oliver | Non-Executive Director
(Resigned 19 November 2019)

Mr Oliver is a geologist with 20 years of experience in the international resources industry working for both major and junior companies. He has substantial experience in the design and evaluation of resource definition programmes as well as co-ordinating all levels of feasibility studies. He has direct experience with bulk commodities having led large scale resource definition projects for Rio Tinto Iron Ore and in his role as a director of Celsius Coal Ltd.

Directors' Report

Mr Oliver holds an honours degree in Geology from the University of Western Australia as well as a postgraduate diploma in finance and investment from FINSIA.

During the past three years, Mr Oliver held the following directorships in other ASX listed companies:
- Managing Director of Vanadium Resources Limited (formerly Tando Resources Limited) (current);
- Non-Executive Director of Minbos Resources Limited (current);
- Non-Executive Director of Celsius Resources Limited (current);
- Non-Executive Director of Aldoro Resources Limited (resigned 20/11/2019); and
- Technical Director of Orion Gold NL (resigned 18 April 2018).

Mr Patrick Burke | Non-Executive Director
(Resigned 31 December 2020)

Mr Burke has extensive legal and corporate advisory experience and over the last 15 years has acted as a Director for ASX, NASDAQ and AIM listed companies. His legal expertise is in corporate, commercial and securities law.

During the past three years, Mr Burke held the following directorships in other ASX listed companies:
- Non-Executive Director of Mandrake Resources Limited (current);
- Non- Executive Director of Meteoric Resources NL (current);
- Non- Executive Director of Triton Minerals Limited (current);
- Non-Executive Director of Transcendence Technologies Limited (resigned 20/11/2019);
- Non-Executive Director of Vanadium Resources Limited (formerly Tando Resources Limited) (resigned 27/11/2019);
-
- Non- Executive Director of WestWater Resources, Inc. (resigned 4 April 2019);
- Non- Executive Director of Bligh Resources Limited (resigned 28 November 2018);
- Non- Executive Director of ATC Alloys Limited (resigned 1 June 2018); and
- Non- Executive Director of Pan Pacific Petroleum NL (resigned 13 November 2017).

Ms Rebecca Morgan | Non-Executive Technical Director
(resigned 4 September 2019)

Rebecca Morgan is a professional geologist and mining engineer with over 16 years of international mining experience working on projects at all stages of development from grassroots to operations across a wide range of commodities spanning five continents. Rebecca has extensive knowledge and experience in resource evaluation, and project assessment.

Ms Morgan holds an honours degree in Applied Geology from Curtin University as well as a postgraduate diploma in Mine Engineering and a Masters of Engineering Science in Mine Engineering both from Curtin University.

Ms Morgan does not hold, and has not held over the last 3 years, a directorship in any other publicly listed company.

Directors' Report

COMPANY SECRETARY

Mr Robert Ierace
(appointed 1 April 2020)

Robert is a Chartered Accountant and Chartered Secretary with over 20 years' experience, predominately with ASX and AIM-listed resource and oil and gas exploration and production companies. He has extensive experience in financial and commercial management including experience in corporate governance, debt and capital raising, tax planning, risk management, treasury management, insurance, corporate acquisitions and divestment and farm in/farm out transactions. Robert holds a Bachelor of Commerce degree from Curtin University, a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia and a Graduate Certificate of Applied Finance and Investment from the Securities Institute of Australia.

Robert has previously served in senior finance roles with a number of ASX-listed companies including Gulf Manganese Corporation Limited, Key Petroleum Limited, Amadeus Energy Limited, Kimberley Diamond Company NL and Rio Tinto Iron Ore.

Mr Mauro Piccini
(resigned 1 April 2020)

Mr Piccini spent 7 years at the ASX and possesses core competencies in publicly listed and unlisted company secretarial, administration and governance disciplines. Mauro is a Chartered Accountant (CA) and a member of the Governance Institute of Australia (GIA). Mauro started his career in the Perth office of Ernst and Young (EY) where he spent several years in their assurance division.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY

The following table sets out each current Director's relevant interest in shares, options and performance rights of the Company as at the date of this report.

Director	Ordinary Shares	Listed Share Options	Performance Rights	Performance Shares
Mr Gavin Rezos	3,680,207	100,000	5,500,000	-
Dr Francis Wedin	11,163,334	162,500	-	8,360,000
Dr Horst Kreuter	553,333	-	4,500,000	440,000
Ms Ranya Alkadamani	-	-	-	-
Total	**15, 396,874**	**262,500**	**10,000,000**	**8,800,000**

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year was energy metals exploration in Europe.

REVIEW AND RESULTS OF OPERATIONS

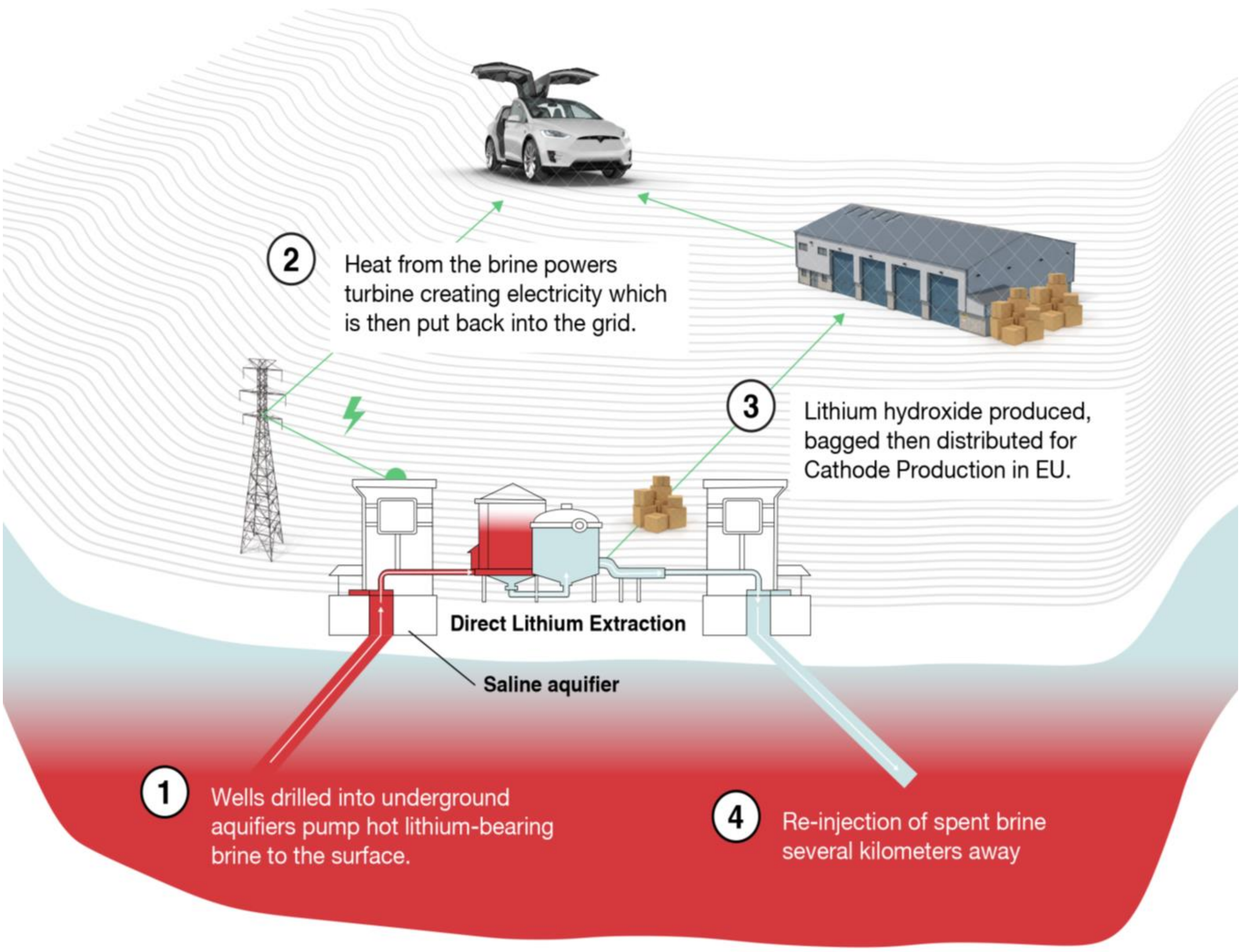
Vulcan Zero Carbon Lithium™ Project, Germany

Project Acquisition

Directors' Report

In July 2019, the Company announced the acquisition[1] of the Vulcan Zero Carbon Lithium™ Project in Germany, via the acquisition of Vulcan Energy Resources Pty Ltd. Vulcan Energy Resources is aiming to become the world's first Zero Carbon Lithium™ producer, by producing a battery-quality lithium hydroxide chemical product with net zero carbon footprint from its combined geothermal and lithium project, in the Upper Rhine Valley of Germany.

Vulcan will use its unique Zero Carbon Lithium™ process to produce both renewable geothermal energy, and lithium hydroxide, from the same deep brine source. In doing so, it will fix lithium's current problems for the EU market: a very high carbon and water footprint of production, and total reliance on imports, mostly from China. Vulcan aims to supply the lithium-ion battery and electric vehicle market in Europe, which is the fastest growing in the world.



[1] See ASX announcement 10 July 2019

Directors' Report

Exploration Target

Following the acquisition of the project, the Company's geological team and consultants engaged in a data acquisition and interpretation exercise. The Upper Rhine Valley has historically been very well explored for both hydrocarbons and geothermal brines. This has resulted in large quantities of seismic, geochemical and geological data available, either for purchase or on public databases. The Company's consultants used the data initially available to estimate a very substantial Exploration Target[2] range for its licenses of 10.73 to 36.20 Million Tonnes (Mt) Lithium Carbonate Equivalent (LCE), based on a range of concentrations from 126 mg/l Li to 190 mg/l Li. Shortly afterwards, the Company commenced a Scoping Study on the project[3], led by Hatch Ltd.

Readily Available Exploration Data

MoU with Local Utility

In November 2019, Vulcan announced an Memorandum of Understanding (MoU) with a local utility and geothermal operator[4] to initially conduct a Pre-Feasibility Study (PFS) on lithium extraction from the operator's project area, and subsequently to earn into the lithium rights on the project, subject to formation of a Joint Venture (JV). The agreement also allows Vulcan access to data and brine to be used for lithium extraction test work.

Agreement with German Geothermal Operator

Brine Sampling & Geochemical Analysis Campaign

Vulcan's project team conducted brine sampling across a series of geothermal wells in the Upper Rhine Valley. The aim was to confirm historical lithium grades from the area, to be used in a resource calculation. This was successful[5], with average grades across the area of 181 mg/l Li, including a maximum recorded grade of 215 mg/l Li.

Uniquely High Lithium Grades, Heat & Flowrate Combined

[2] See ASX announcement 8 August 2019
[3] See ASX announcement 26 August 2019
[4] See ASX announcement 26 November 2019
[5] See ASX announcement 2 December 2019

Directors' Report

Maiden JORC Lithium Resource – Largest in Europe

A Maiden Inferred Mineral Resource Estimation was completed and announced in December 2019, for 13.20 Mt of contained LCE at a grade of 181 mg/l Li, making the Vulcan Zero Carbon Lithium™ resource the largest lithium resource in Europe, and globally significant[6].

A maiden Indicated Mineral Resource Estimate[7] was completed in January 2020 on a separate license, for 722,000 t of contained LCE, bringing the total project to 13.95 Mt contained LCE (Indicated and Inferred) at 181 mg/l Li. Subsequent to the end of the financial year, this has since been updated again to include the newly granted Taro license[8], taking the total to 15.37 Mt LCE at 181 mg/l Li.

URVP Resources	Aquifer Volume (km^3)	Brine Volume (km^3)	Avg. Li Conc. (mg/l Li)	Avg. Effective Porosity	Contained Elemental Li Resource Tonnes	Contained LCE Million Tonnes
Taro Inferred Resource estimate	15.529	1.475	181	9.50	267,000	1.42
Previously disclosed URVP Inferred Resource estimate	144.489	13.726	181	9.50	2,484,000	13.26
Previously disclosed URVP Indicated Resource estimate	8.322	0.749	181	9.00	136,000	0.72
Total URVP Indicated and Inferred Resource	**168.34**	**15.95**	**181**	**9.48**	**2,887,000**	**15.37**

Note 1: Mineral resources are not mineral reserves and do not have demonstrated economic viability.
Note 2: The weights are reported in metric tonnes (1,000 kg or 2,204.6 lbs). Numbers may not add up due to rounding of the resource values percentages (rounded to the nearest 1,000 unit).
Note 3: The total volume and weights are estimated at average porosities of 9.5%.
Note 4: The Vulcan Li-brine Project estimation was completed and reported using a lower cutoff of 100 mg/L Li.
Note 5: In order to describe the resource in terms of industry standard, a conversion factor of 5.323 is used to convert elemental Li to Li_2CO_3, or Lithium Carbonate Equivalent (LCE).

6 See ASX announcement 4 December 2019
7 See ASX announcement 20 January 2020
8 See ASX announcement 31 August 2020

Directors' Report

Completion of Positive Scoping Study

Vulcan completed its Scoping Study[9] for the Zero Carbon Lithium™ Project in February 2020. The study was positive and demonstrated the potential for a combined operation producing both lithium hydroxide and renewable, geothermal energy from the same operation, with net zero carbon footprint, a world-first. The study contemplated a sensible ramp-up of operations, initially building a small lithium extraction plant and subsequently ramping up to a ten well operation with corresponding lithium production capacity. During the year, Vulcan also took steps to protect its intellectual property surrounding its Zero Carbon Lithium™ flowsheet and brand.

Dual Revenue
Lithium & Green Energy

Commencement of Pre-Feasibility Study

The Company subsequently commenced its PFS work[10], appointing Hatch Ltd. as lithium plant engineering lead, APEX Geoscience Ltd. for resource modelling and estimation, IBZ Salzchemie GmbH & Co. for chemical engineering consultancy, GeoT GmbH as geology specialists and gec-co GmbH for engineering studies for the geothermal plant. The company also commenced Direct Lithium Extraction (DLE) test work as part of the PFS[11]. Note: subsequent to the end of the financial year, these studies returned highly positive results of >90% lithium recoveries[12].

DLE & Geothermal
in Germany

Acquisition of Seismic Data Package to Accelerate Project

Vulcan announced[13] in May 2020 that it had agreed to acquire a 2D and 3D seismic data package for its project areas. This package is expected to substantially accelerate the Company's project development activities, and to assist with the conversion of Inferred resources to Indicated category. The package will also assist Vulcan with completing its PFS study, and with production well planning.

Rapidly Advancing
Lithium Project

[9] See ASX announcement 21 February 2020
[10] See ASX announcement 11 June 2020
[11] See ASX announcement 7 April 2020
[12] See ASX announcement 3 August 2020
[13] See ASX announcement 4 May 2020

Directors' Report

European Support for Zero Carbon Lithium™ Project

Following a series of presentations to EIT InnoEnergy and its Business Investment Platform, as well as presentations to the Vice Presidents of the European Commission and European Investment Bank[14], Vulcan announced an agreement with EU-backed EIT InnoEnergy for project assistance, including with permitting approvals and offtake negotiation[15]. Through the agreement, EIT InnoEnergy will assist Vulcan with:

- Securing project funding, including the use of applicable EU, national or regional grant schemes, and liaising with EU project finance and development banks;
- Driving relationships with European lithium off-takers, aimed at the entering of binding off-take agreements;
- Obtaining and fast-tracking necessary licenses for Vulcan's operations in Germany and services with respect to societal/environmental acceptance of the project

Subsequent to the end of the financial year, this was also followed up with a direct investment by EIT InnoEnergy[16].

Project Financially
Supported by the EU

Completion of $4.8m Institutional and ESG Investor Equity Placement

Vulcan raised $4.8m (before costs) through the issue of 12,000,000 fully paid ordinary shares at an issue price of 40 cents per share in June 2020.

The Placement was significantly oversubscribed and strongly supported by ESG-focused sophisticated investors, as well as new institutional and sophisticated investors based in Australia and Europe.

The funds raised from the Placement will be used to accelerate the advancement of the Company's Zero Carbon Lithium™ Project, in particular:

- Completion of a PFS at the Project, including engineering studies and bench-scale lithium extraction testwork.
- Purchase of seismic data to fast-track siting and development of geothermal production wells.

The Placement price was undertaken at nil discount to the 15-day Volume Weighted Average Price ("VWAP"), and an 8% premium to the 30-day VWAP.

Team Appointments

During the year, the Vulcan team was substantially strengthened by the appointment of:

Geothermal expert **Dr. Horst Kreuter** as Executive Director[17].

[14] See ASX announcement 20 May 2020
[15] See ASX announcement 26 May 2020
[16] See ASX announcement 8 July 2020
[17] ASX announcement 20 December 2019

Directors' Report

CEO of Geothermal Group Germany GmbH and GeoThermal Engineering GmbH (GeoT). Co- Founder of Vulcan Zero Carbon Lithium™ Project. Successful geothermal project development & permitting in Germany and worldwide. Widespread political, investor and industry network in Germany and Europe. Based in Karlsruhe, local to the project area in the Upper Rhine Valley.

ESG investing and strategic communications expert **Ranya Alkadamani** as Non-Executive Director[18].

Founder of Impact Group International. A communications strategist, focused on amplifying the work of companies that have a positive social or environmental impact. Experience in working across media markets and for high profile people, including one of Australia's leading philanthropists, Andrew Forrest and Australia's then Foreign Minister and former Prime Minister, Kevin Rudd. Was personally behind the global launches of the Walk Free Global Slavery Index, which reached more than 1 billion people.

German geothermal lithium chemistry expert **Dr. Katharina Gerber**[19] as Non-Executive Director (note: Dr. Gerber has since moved to Germany to join the management team in a full time capacity).

Awarded her PhD on lithium chemistry magna cum laude (with great distinction) at the University of Bonn. Most recently focused on lithium extraction from geothermal brine at the California Energy Commission (CEC). Participates in "California Lithium Valley" initiative. Prior to joining the CEC, she conducted research developing and characterizing new electrode materials for lithium-ion batteries. Unique combination of expertise in lithium chemistry and lithium extraction from geothermal brine.

Experienced CFO and Company Secretary **Robert Ierace**[20].

Chartered Accountant and Chartered Secretary with +20 years' experience. Experience in financial and commercial management including in corporate governance, debt and capital raising, tax planning, risk management, treasury management, insurance, corporate acquisitions and divestment and farm in/farm out transactions. BComm degree from Curtin University, a Grad Dip in Applied Corporate Governance from the Governance Institute of Australia and a Grad Cert of Applied Finance and Investment from the Securities Institute of Australia

Direct Lithium Extraction and chemical engineering expert **Alex Grant**.

Chemical engineer and DLE expert. Co-founded Lilac Solutions, one of the world's leading direct lithium extraction technology companies, which raised $20M from Bill Gates's Breakthrough Energy Ventures.

Highly experienced investment banker and company director **Gavin Rezos** as Chair[21].

Executive Chair/CEO positions of two companies that grew from start-ups to the ASX 300. Extensive international investment banking experience and was former investment banking Director of HSBC with senior multi-regional roles in investment banking, legal and compliance functions. Currently Chair of

[18] ASX announcement 29 April 2020
[19] ASX announcement 11 May 2020
[20] ASX announcement 1 April 2020
[21] ASX announcement 4 September 2019

Directors' Report

Resource and Energy Group Ltd and principal of Viaticus Capital. Previously Non-Executive Director of Iluka Resources Ltd, Alexium International Group Ltd and Rowing Australia.

Vulcan founder and lithium industry expert **Dr. Francis Wedin** as Managing Director[22].

Founder of Vulcan Zero Carbon Lithium™ Project. Lithium industry executive since 2014. Previously Executive Director of ASX-listed Exore Resources Ltd. Three discoveries of JORC Lithium Resources on two continents including Lynas Find, now part of Pilbara Minerals' Pilgangoora Project in production (ASX:PLS). Management & Executive experience in resources sector on four continents; bilingual; dual Swedish & Australian nationality. PhD & BSc (Hons) in Exploration Geology & MBA in Renewable Energy.

Subsequent to the end of the financial year, the team has been further strengthened by the recruitment of senior chemical engineer Dr. Thomas Aicher, geologist Elke Zimmermann

Team of World Leading Experts

Sustainability: Independently Verified Zero Carbon Lithium™ Credentials

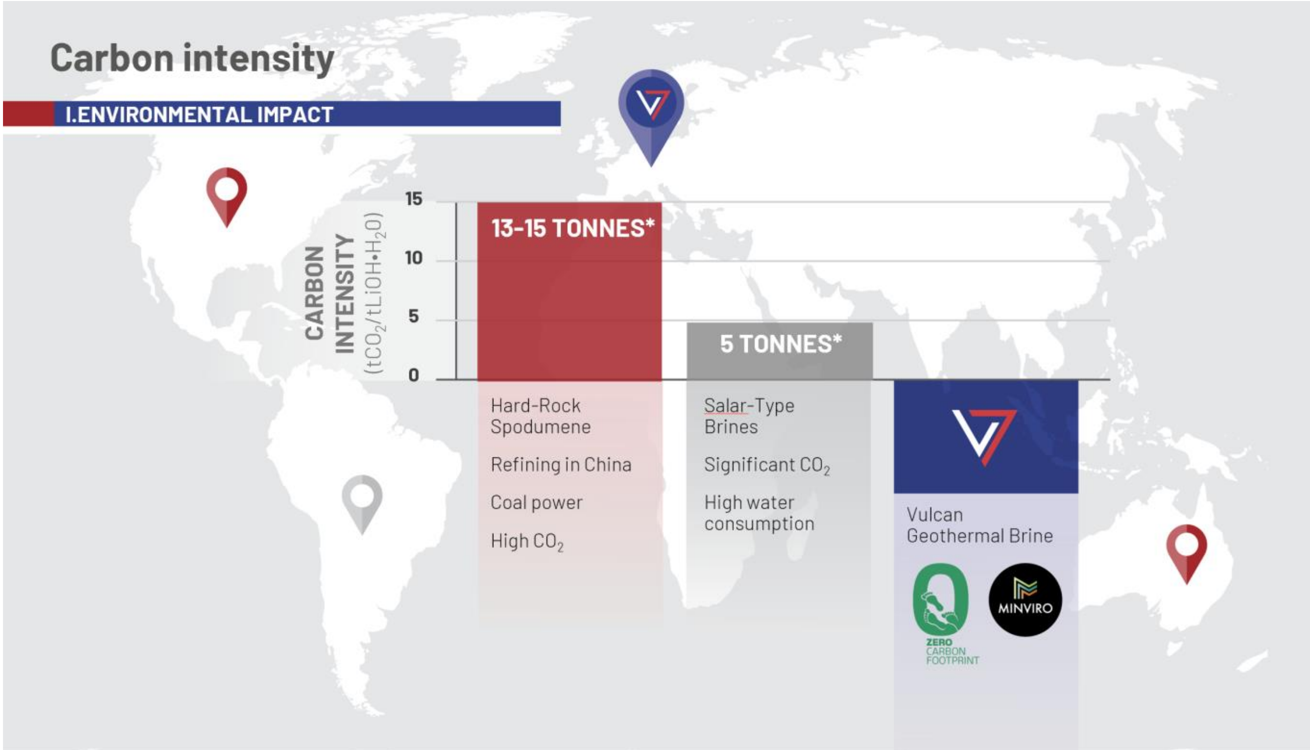
During the year, a Life Cycle Assessment (LCA) from cradle-to-gate was carried out for the Vulcan Project and benchmarked with different lithium industry production routes that could supply the European market[23]. The Vulcan Zero Carbon Lithium™ Project is planned to be a combined geothermal energy and lithium hydroxide monohydrate production project. The results of the study indicate that Vulcan has the potential to be the first negative carbon lithium project in the world, helping to decarbonize a highly CO_2-intensive product. The Vulcan project has the potential to have the lowest environmental impact, with a negative greenhouse gas emissions impact due to CO_2 emissions being offset through the co-generation of geothermal energy along with $LiOH{\cdot}H_2O$. The Vulcan project was also shown to have the lowest water use and land footprint of any lithium project in development or in production worldwide.

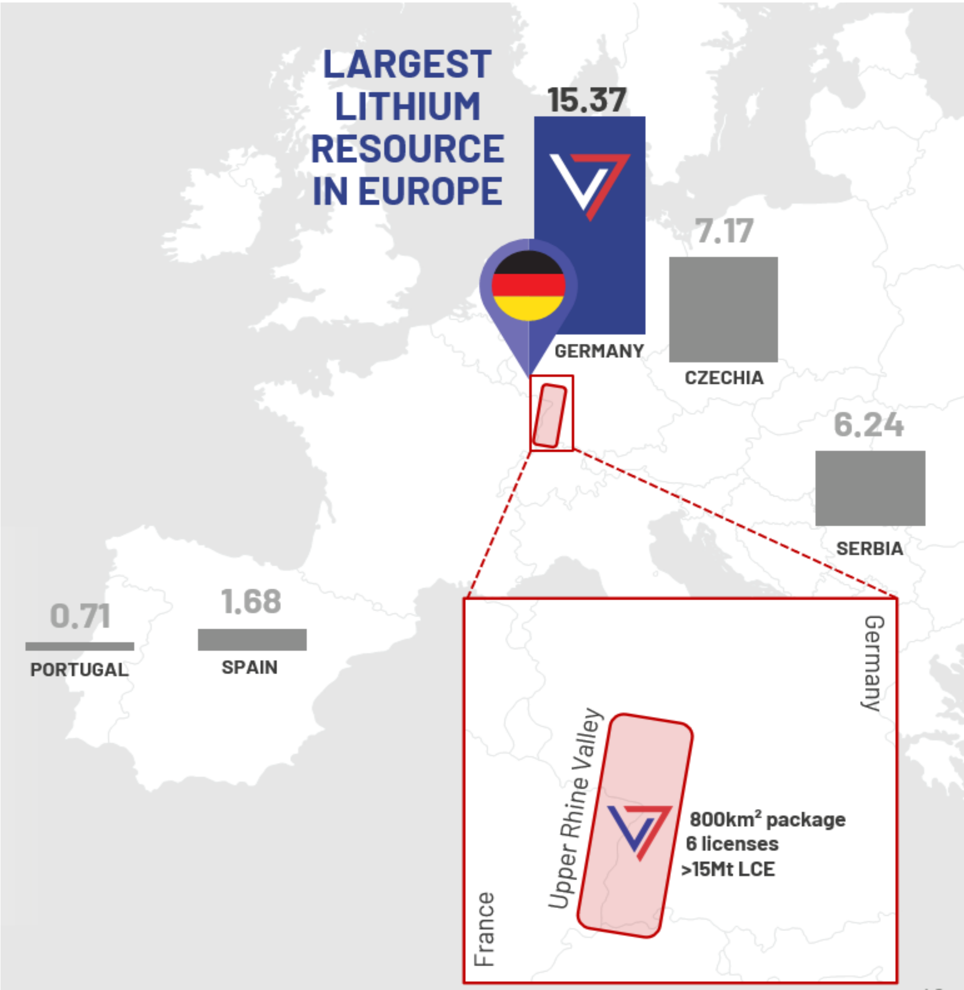
World-first Zero Carbon Lithium™ Project

ZERO CARBON FOOTPRINT

[22] ASX announcement 4 September 2019

[23] The CO2 Impact of the 2020s Battery Quality Lithium Hydroxide Supply Chain, Dr. Robert Pell, Dr. David Deak, Alex Grant, ISO-compliant LCA. https://static1.squarespace.com/static/5c9aa323c46f6d499a2ac1c5/t/5e1cf0d3a12a6a33c900c8ea/1578954965079/The+CO2+Impact+of+the+2020s+Battery+Quality+Lithium+Hydroxide+Supply+Chain.pdf


Carbon intensity
I.ENVIRONMENTAL IMPACT
CARBON INTENSITY
(tCO2/tLiOH•H2O)
15
10
5
0
13-15 TONNES*
5 TONNES*
Hard-Rock Spodumene
Refining in China
Coal power
High CO2
Salar-Type Brines
Significant CO2
High water consumption
Vulcan Geothermal Brine
ZERO CARBON FOOTPRINT
MINVIRO


LARGEST LITHIUM RESOURCE IN EUROPE
15.37
GERMANY
7.17
CZECHIA
6.24
SERBIA
0.71
PORTUGAL
1.68
SPAIN
Germany
France
Upper Rhine Valley
800km² package
6 licenses
>15Mt LCE

Directors' Report

Update on Other Energy Metals Projects

The Company continued to explore its extensive energy metals mineral exploration portfolio located in the Trøndelag region of Norway. The Company received results from rockchip sampling across its Undal and Nyerbeget Projects carried out in October 2019, which yielded anomalous copper and zinc values[24]. At the Undal Project three mine dump samples returned an average of 1.1% Cu and 0.4% Zn, consistent with historical production grades of 1.15 % Cu & 1.86 % Zn from the Undal underground mine (Source: Norwegian Geological Survey (NGU) Database). The samples were massive sulphide (>80%), dominantly pyrite, similar to descriptions of the material mined at the project intermittently until 1971. Mineralisation at Undal is not outcropping which provides encouragement that historical exploration may not have been able to identify extensions to the previously mined mineralisation and that modern-day techniques could aid future exploration in the area.

At the Nyberget Project samples were taken from both the Nyberget mine site and workings in the surrounding area, as well as some regional samples. A sample from the Nyberget mine site returned 1.9% Cu + 2.7% Zn, again consistent with previous production and sampling documented by the NGU (refer ASX Announcement 11 June 2019). The mineralised sample was located in the hangingwall of a stratiform, pyrite-bearing sulphide horizon conformably emplaced between two greenstone units. Sampling of the Bergstjern III workings returned a result of 1.1% Pb + 0.3% Zn from a semi-massive sulphide lens within the chert sequence. The presence of these massive sulphide lenses provides encouragement for further such occurrences at the same stratigraphic horizon. As detailed previously historical exploration in the Nyberget-Bergstjern area included geological mapping, ground geophysics and soil sampling with follow-up exploration was planned but never implemented. During the year, the Company also undertook a review of its licenses in Norway following initial field reconnaissance and fieldwork. This review resulted in the relinquishment of some non-core licenses, to enable the Company to better focus on more prospective areas. Vulcan is reviewing options to best extract value for shareholders for these projects.

COMPETENT PERSON STATEMENT

The information in this report that relates to Mineral Resources is extracted from the ASX announcements made by Vulcan on the 31 August 2020, 21 January 2020 and 4 December 2019, which are available on www.v-er.com. The information in this presentation that relates to the Scoping Study for the Vulcan Lithium Project is extracted from the ASX announcement "Positive Scoping Study – Vulcan Zero Carbon Lithium Project", released on the 21st of February 2020 which is available on www.v-er.com. The information that relates to exploration results is extracted from the ASX announcements made on 30 January 2020 and 2 December 2019. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. 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.

[24] See ASX announcement 30 January 2020

Directors' Report

CORPORATE

On 19 July 2019, the Company completed a $1.1 million placement to sophisticated and professional investors. The placement was undertaken at $0.15 per share with 7,333,334 shares issued.

On 30 June 2020 the Company completed a $4.8 million placement to sophisticated and professional investors. The placement was undertaken at $0.40 per share with 12,000,000 shares issued.

Financial Performance

The financial results of the Group for the year ended 30 June 2020 and period ended 30 June 2019 are:

	30-June-20 $	30-June-19 $
Cash and cash equivalents	6,421,557	3,348,996
Net Assets	8,886,039	3,793,116
Revenue	95,342	56,055
Net loss after tax	(3,553,359)	(836,664)
Loss per share (cents per share)	(7.37)	(2.64)

DIVIDENDS

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 10 July 2019, the Company announced it signed a binding heads of agreement to acquire 100% of Vulcan Energy Resources, owner of the Vulcan Lithium Project.

The consideration for the Acquisition was:

i. 6,666,667 fully paid ordinary shares in Koppar (Shares) to be issued to the shareholders of Vulcan, Dr Francis Wedin and Dr Horst Kreuter (Vendors) (Consideration Shares); and

ii. 13,200,000 Performance Shares to be issued to the Vendors, which will each convert into a Share on a one for one basis on satisfaction the following milestones:

- 4,400,000 Shares on the Company announcing a positive scoping study in relation to the Vulcan Lithium Project, confirming the Vulcan Lithium Project is commercially viable within 12 months of completion of the Acquisition (Milestone 1);
- 4,400,000 Shares on the Company announcing a positive preliminary feasibility study in relation to the Vulcan Lithium Project, confirming the Vulcan Lithium Project is commercially viable within 24 months of completion of the Acquisition (Milestone 2); and
- 4,400,000 Shares on the Company announcing that it has secured an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream joint venture partner with a minimum $10,000,000 investment in relation to the Vulcan Lithium Project within 36 months of completion of the Acquisition (Milestone 3), (together, the Deferred Consideration).

Directors' Report

The terms of the Performance Shares and Deferred Consideration were subject to ASX approval, which was subsequently given.

As part of the Acquisition, the Company has paid the following by way of an introduction and facilitation fee to parties involved in introducing the Acquisition to the Company:

(i) 1,000,000 Shares to be issued on completion of the Acquisition; and

(ii) 1,980,000 Shares to be issued as follows:

- (A) 660,000 Shares to be issued on satisfaction of Milestone 1;
- (B) 660,000 Shares to be issued on satisfaction of Milestone 2; and
- (C) 660,000 Shares to be issued on satisfaction of Milestone 3.

On 4 September 2019, shareholders approved the following resolutions at the Koppar General Meeting:

- Issue of 6,666,667 fully paid ordinary shares to the Vendors as consideration for the Vulcan Energy Acquisition;
- Issue of 13,200,000 Performance Shares to the Vendors as consideration for the Vulcan Energy Acquisition;
- Mr Gavin Rezos was appointed as the Non-Executive Chairman of the Company;
- Issue of 1,000,000 fully paid ordinary shares to Gavin Rezos at an issue price of $0.15 per share for a total cash consideration paid of $150,000;
- Issue of 1,000,000 fully paid ordinary shares to the Introducers upon completion of the Acquisition;
- Issue of 750,000 fully paid ordinary shares to Gavin Rezos;
- Issue of 3,000,000 Performance Rights to Gavin Rezos; and
- Issue of 750,000 Performance Rights to Viaticus Capital Pty Ltd.

On 4 September 2019, the Company successfully completed its Acquisition of the Vulcan Lithium Project in the Upper Rhine Valley of Germany, on the terms set out in its Announcement dated 10 July 2019. Following completion of the transaction, Mr Gavin Rezos joined the Board as Chairman. Dr Francis Wedin, founder and major shareholder of Vulcan Energy Resources joined the Board of Koppar as Managing Director. The name of the Company was changed to Vulcan Energy Resources Ltd.

In parallel with the Acquisition, the Company raised A$1.1 million at $0.15 per share ("Placement"). The proceeds of the Placement were used to fund due diligence and initial work at the Vulcan Lithium Project. The Company issued 2,820,000 fully paid ordinary shares on 10 July 2019 and 3,513,334 on 19 July 2019 as part of the Placement.

In June 2020 the Company raised A$4.8 million at $0.40 per share to sophisticated and ESG investors. The Company issued 12,000,000 fully paid ordinary shares on 30 June 2020. Funds will be used to develop the Vulcan Zero Carbon Lithium project including PFS work.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 8 July 2020, the Company announced it had signed an Investment agreement with EU-backed EIT InnoEnergy for staged cash investments into Vulcan, with initial tranche valued at A$0.51/share, equivalent to the 15-day VWAP and at an 8.5% premium to 30-day VWAP, subject to shareholder approval.

Directors' Report

EIT InnoEnergy will provide the following staged payments to Vulcan Energie Ressourcen GmbH, the Company's 100%-owned German subsidiary (Subsidiary):

(a) an initial payment of €150,000 (Tranche 1, equivalent to $245,534 at current exchange rates).

(b) further payment of €50,000 after approval by EIT InnoEnergy of the financial and performance reporting related to expenditure of Tranche 1 funding on approved work packages Tranche 2).

(c) a final settlement of €50,000 of approved funding after approval by EIT InnoEnergy of the final financial and performance reporting for the expenditure of Tranche 1 and Tranche 2 funding

The Company has agreed to grant Warrants to EIT InnoEnergy on payment of each Tranche of funding, in the following amounts:

(a) Tranche 1: 479,519 Warrants subject to shareholder approval (being the Australian dollar amount of the Tranche 1 funding, divided by $0.512, which was the volume weighted average price (VWAP) for Shares over the last 15 days on which Shares were traded immediately prior to execution of the funding agreements; and

(b) Tranches 2 and 3: the number equal to the Australian dollar amount of the relevant Tranche of funding, divided by the VWAP for Shares over the last 15 days on which Shares were traded immediately prior to EIT InnoEnergy paying the relevant Tranche of the funding.

Shareholder approval for Tranche 1 warrants were received on 10 September 2020. and 479,519 warrants were issued on 16 September 2020. The Warrants will convert into Shares on a one for one basis on exercise.

On 31 July 2020 the Company appointed London-based Natural Resources Global Capital Partners Limited ("NRG") to provide strategic and financial advice in connection with the Vulcan's Zero Carbon Lithium™ Project. NRG will assist Vulcan with financial advice related to potential future transactions surrounding funding for its Definitive Feasibility Study ("DFS") and first commercial lithium hydroxide production plant.

On 3 August 2020 the Company announced that Lithium chloride has been successfully produced from Upper Rhine Valley geothermal brine during a series of successful benchscale Direct Lithium Extraction (DLE) tests commissioned by Vulcan. Two different, pre-selected DLE adsorbents were tested and in both cases the lithium recovery rate exceeded 90% on first pass. The tested DLE adsorbents are of a type already used commercially on lithium brines worldwide, which reduces development risk, in line with Vulcan's strategy of utilising established technologies.

On 1 September 2020 the Company announced that Dr. Katharina Gerber has accepted an executive role as Project Manager with the Company and relocated with her family from California back to Germany to focus on developing the Zero Carbon Lithium™ Project full time.

On 31 August Vulcan announced the grant of its Taro License in the Vulcan Zero Carbon Lithium™ Project area in the Upper Rhine Valley, and maiden Taro Licence Inferred Resource estimate. In conjunction with this, Vulcan has re-totalled the collective Mineral Resource estimations for the Upper Rhine Valley Project (URVP) area within the Zero Carbon Lithium™ Project.

The Taro license area has been granted to Global Geothermal Holding UG (GGH), with which Vulcan has agreement to earn a 51% interest by spending €500,000 within two years of the license grant (Initial Expenditure). After the Initial Expenditure, a Joint Venture will be formed, with Vulcan owning 51% and GGH 49%. Vulcan will then spend a further €500,000 to earn a further 29% (Second Earn-In Expenditure) with two years, to take its JV interest to 80%. Once VER has spent the minimum amount and has taken its share to 80%, GGH can elect to co-fund the project pro rata, or be diluted by an industry-standard formula whilst Vulcan continues to develop the project. Should GGH be diluted below 5%, its share will be converted to a non-diluting 2% net royalty.

Directors' Report

On 10 September 2020 the Company held a General Meeting and approved the following resolutions:-

Resolution 1 Ratification of Issue of Placement Shares issued under Listing Rule 7.1
Resolution 2 – Ratification of Issue of Placement Shares issued under Listing 7.1A
Resolution 3 – Issue of Broker Options to Merchant Group
Resolution 4 – Issue of Milestone 1 Deferred Introducer Shares
Resolution 5 – Issue of Tranche 1 Warrants to EIT InnoEnergy
Resolution 6 – Issue of Performance Rights to Mr Gavin Rezos
Resolution 7 – Issue of Performance Rights to Dr Horst Kreuter

The grant of Performance Rights to Mr Rezos and Mr Kreuter comprised of:-

Class M Performance Rights	1,500,000 to Dr Kreuter (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis on the Company announcing, on or before 21 May 2021, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium™ Project confirming it is commercially viable.
Class N Performance Rights	1,500,000 to Dr Kreuter (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis on the Company announcing, on or before 21 May 2022, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream lithium chemicals joint venture partner with a minimum of $10,000,000 investment in relation to the Project.
Class J Performance Rights	1,500,000 to Dr Kreuter (or his nominee) 1,000,000 to Mr Rezos	Vesting on issue, and converting to Shares on a one for one basis once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, a positive Definitive Feasibility Study in relation to the Project confirming it is commercially viable; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 225% of the VWAP for Shares for the last 5 trading days up to but not including the date of the Meeting (the **Reference Price**).
Class K Performance Rights	1,000,000 to Mr Rezos (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium™ Project confirming it is commercially viable; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 150% of the Reference Price.

Directors' Report

Class L Performance Rights	1,000,000 to Mr Rezos (or his nominee)	Once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream lithium chemicals joint venture partner with a minimum of $10,000,000 investment in relation to the Project; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 200% of the Reference Price.

On 16 September 2020 the Company issued the securities approved at the 10 September General Meeting along with 1,250,000 performance rights to senior management personnel (refer ASX announcement 16 September 2020 for further details).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Over the next 12 months, the Group plans to rapidly advance the Vulcan Zero Carbon Lithium Project™ to completion of a Pre-Feasibility Study, and commence a Definitive Feasibility Study.

The Group will seek to develop value from exploration across its tenement projects in Norway.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Mr Gavin Rezos	3	3
Dr Francis Wedin	3	3
Dr Horst Kreuter	2	2
Ms Ranya Alkadamani	0	0
Drs Katharina Gerber	0	0
Mr Patrick Burke	1	1
Mr William Oliver	1	1
Ms Rebecca Morgan	0	0

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

Directors' Report

Remuneration Report (AUDITED)

This remuneration report for the year ended 30 June 2020 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

a) Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

Before the acquisition of the Vulcan Zero Carbon Lithium Project™:

Ms Rebecca Morgan	Non-Executive Director (resigned 4 September 2019)
Mr William Oliver	Non-Executive Director (resigned 19 November 2019)
Mr Patrick Burke	Non-Executive Director (resigned 31 December 2019)

After the acquisition of the Vulcan Zero Carbon Lithium Project™:

Mr Gavin Rezos	Non-Executive Chairman (appointed 4 September 2019)
Dr Francis Wedin	Managing Director (appointed 4 September 2019)
Dr Horst Kreuter	Executive Director (appointed 20 December 2019)
Ms Ranya Alkadamani	Non-Executive Director (appointed 29 April 2020)
Ms Katharina Gerber	Non-Executive Director (appointed 11 May 2020, resigned 1 September 2020)
Mr Robert Ierace	CFO & Company Secretary (appointed 1 April 2020)

On 4 September 2019, Dr Francis Wedin was appointed as Managing Director and Mr Gavin Rezos was appointed as Non-Executive Chairman. Ms Rebecca Morgan resigned from her position as Non-Executive Director on the same date.
Mr William Oliver resigned on 19 November 2019 and Mr Patrick Burke resigned on 31 December 2019.

There have been no other changes after the reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A	Remuneration Philosophy
B	Remuneration Governance, Structure and Approvals
C	Remuneration and Performance
D	Details of Remuneration
E	Contractual Arrangements
F	Share-based Compensation
G	Equity Instruments Issued on Exercise of Remuneration Options
H	Voting and comments made at the Company's 2018 Annual General Meeting
I	Loans with KMP
J	Other Transactions with KMP
K	Additional Information

Directors' Report

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors and the Chief Financial Officer.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

During the year the Company engaged MKT tax advisors for taxation advice relating to proposed Director long term incentive awards.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Company did engage a tax advisor for tax advice relating to proposed Director long term incentive awards. The Board, acting as a Remuneration Committee, is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than A$300,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. The chair's fees are determined independently to the fees of the Non-Executive Director's based on comparative roles in the external market. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive Directors is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Contractual Arrangements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

Directors' Report

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performing Directors.

❖ **Executive Remuneration Structure**
The nature and amount of remuneration of executives are assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high-performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:
- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

Refer below for details of Executive Directors' remuneration.

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group as at 30 June 2020 and 30 June 2019.

	30-Jun-20	30-Jun-19
Revenue ($)	95,342	56,055
Net loss after tax ($)	(3,553,359)	(836,664)
EPS (cents per share)	(7.37)	(2.64)
Share price ($)	0.565	0.175

Relationship between Remuneration and Company Performance
Given the current phase of the Company's development, the Board does not consider earnings during the current financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:
a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary
The fixed remuneration for each KMP is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation or equivalent in the place of employment. It is structured as a total employment cost package.

Directors' Report

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role.

No external advice was taken during the financial year. Base salary for key management personnel is reviewed annually to ensure the KMP's pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to KMP annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year. For the 2021 Financial year, KMP's have been set milestone based KPI's which, if achieved, will lead to cash bonus payments.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options

There have been no options issued to employees at the date of this financial report.

Performance Rights Plan

The Performance Rights Plan ("Plan") was adopted by the Group at the 30 November 2018 Annual General Meeting ("AGM").

The current Plan provides the Board with the discretion to grant Performance Rights to eligible participants which will vest subject to the achievement of performance hurdles as determined by the Board from time to time.

The objective of the Plan is to attract, motivate and retain KMPs and it is considered by the Group that the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Group. The Plan will enable the Group to make grants to Eligible Participants so that long-term incentives form a key component of their total annual remuneration.

The Board believes that grants under the Plan will serve a number of purposes including:

- to act as a key retention tool; and
- to focus attention on future shareholder value generation.

Under the Plan, eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the achievement of various KPIs which can be varied each year and aligned to the individual's performance.

Each Performance Right represents a right to be issued one share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price is payable. The quantum of the Performance Rights to be granted will be determined with reference to market practice and will be subject to approval by the Board.

Performance will be assessed at the end of the performance period.

Any grants under the Plan will be subject to the achievement of KPIs. Appropriate KPIs may be formulated for each Eligible Participant to participate in the Plan based on their role and responsibilities in the Group.

Directors' Report

Performance Rights will lapse if the participant leaves the Group prior to all the vesting conditions being fulfilled although the Board has the ability, at its sole discretion, to vest some or all the Rights if "good leaver" exemptions apply to the ceasing of employment. Persons who are terminated for "bad leaver" reasons automatically lose their entitlement.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group for the year ended 30 June 2020 is set out below:

30 June 2020	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Shares & Rights	
	$	$	$	$	$	$
Directors						
Mr Gavin Rezos	70,125	-	-	-	252,372	322,497
Dr Francis Wedin	185,625	-	-	17,634	-	203,259
Dr Horst Kreuter	102,357	-	-	-	-	102,357
Ms Ranya Alkadamani	4,566	-	-	434	-	5,000
Dr Katharina Gerber	4,194	-	-	-	-	4,194
Mr Patrick Burke	45,000	-	-	-	72,837	117,837
Mr William Oliver	24,000	-	-	-	56,284	80,284
Ms Rebecca Morgan	10,667	-	-	-	-	10,667
Other KMP						
Mr Robert Ierace	25,000	-	-	2,375	3,123	30,498
Total	**471,534**	**-**	**-**	**20,443**	**384,616**	**876,593**

Details of the remuneration of Directors of the Group for the year ended 30 June 2019 is set out below:

30 June 2019	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation		
	$	$	$	$	$	$
Directors						
Mr Patrick Burke	120,000	-	-	-	28,998	148,998
Mr William Oliver	60,000 (i)	-	-	-	28,998	88,998
Ms Rebecca Morgan	79,998	-	-	-	4,142 (ii)	84,140
Total	**259,998**	**-**	**-**	**-**	**62,138**	**322,136**

Directors' Report

(i) An amount of $60,000 has been paid to Billandbry Consulting Pty Ltd relating to Mr Oliver's Director fees.
(ii) On 5 August 2019, Ms Morgan's performance rights were cancelled.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2020	2019	2020	2019	2020	2019
Directors						
Mr Gavin Rezos	22%	-	-	-	78%	-
Dr Francis Wedin	100%	-	-	-	-	-
Dr Horst Kreuter	100%	-	-	-	-	-
Ms Ranya Alkadamani	100%	-	-	-	-	-
Dr Katharina Gerber	100%	-	-	-	-	-
Mr Patrick Burke	38%	81%	-	-	62%	19%
Mr William Oliver	30%	95%	-	-	70%	33%
Ms Rebecca Morgan	100%	67%	-	-	0%	5%
Other KMP						
Mr Robert Ierace	90%	-	-	-	10%	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 1/07/2019	Granted as Remuneration	On Exercise of Rights	Net Change – Other	Balance at 30/06/2020
Directors					
Mr Gavin Rezos	-	750,000	1,250,000	1,680,207	3,680,207
Dr Francis Wedin	-	-	-	11,163,334	11,163,334
Dr Horst Kreuter	-	-	-	553,333	553,333
Ms Ranya Alkadamani	-	-	-	-	-
Dr Katharina Gerber	-	-	-	-	-
Mr Patrick Burke	-	-	-	-	-
Mr William Oliver	-	-	-	-	-
Ms Rebecca Morgan	250,000	-	-	(250,000)	-
Other KMP					
Mr Robert Ierace	-	-	-	-	-
Total	250,000	750,000	1,250,000	13,146,874	15,396,874

Directors' Report

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 1/07/2019	Issued as Remuneration	Net Change – Other	Balance at 30/06/2020
Directors				
Mr Gavin Rezos	-	-	100,000	100,000
Dr Francis Wedin	-	-	162,500	162,500
Dr Horst Kreuter	-	-	-	-
Ms Ranya Alkadamani	-	-	-	-
Dr Katharina Gerber	-	-	-	-
Mr Patrick Burke	-	-	-	-
Mr William Oliver	-	-	-	-
Ms Rebecca Morgan (i)	62,500	-	(62,500)	-
Other KMP				
Mr Robert Ierace	-			-
Total	**62,500**	**-**	**200,000**	**262,500**

(i) Ms Morgan resigned on 4 September 2019

Table 5 – Performance Rights holdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 1/07/2019	Issued as Remuneration	Net Change – Other	Balance at 30/06/2020
Directors				
Mr Gavin Rezos	-	3,750,000	(1,250,000)	2,500,000
Dr Francis Wedin	-	-	-	-
Dr Horst Kreuter	-	-	-	-
Ms Ranya Alkadamani	-	-	-	-
Dr Katharina Gerber	-	-	-	-
Mr Patrick Burke (i)	1,300,000	-	(1,300,000)	-
Mr William Oliver (ii)	1,300,000	-	(1,300,000)	-
Ms Rebecca Morgan (iii)	1,300,000	-	(1,300,000)	-
Other KMP				
Mr Robert Ierace	-	500,000	-	500,000
Total	**3,900,000**	**4,250,000**	**(5,150,000)**	**3,000,000**

(i) Mr Burke resigned on 31 December 2019
(ii) Mr Oliver resigned on 19 November 2019
(iii) Ms Morgan resigned on 4 September 2019

Directors' Report

Table 6 – Performance Shares holdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 1/07/2019	Issued as acquisition	Net Change – Other	Balance at 30/06/2020
Directors				
Mr Gavin Rezos	-	-	-	-
Dr Francis Wedin	-	12,540,000	(4,180,000)	8,360,000
Dr Horst Kreuter	-	660,000	(220,000)	440,000
Ms Ranya Alkadamani	-	-	-	-
Dr Katharina Gerber	-	-	-	-
Mr Patrick Burke (i)	-	-	-	-
Mr William Oliver (ii)	-	-	-	-
Ms Rebecca Morgan (iii)	-	-	-	-
Other KMP				
Mr Robert Ierace	-	-	-	-
Total		**13,200,000**	**(4,400,000)**	**8,800,000**

E Contractual Arrangements

Gavin Rezos – Non-Executive Chairman

- Contract: Commenced on 4 September 2019.
- Director's Fee: $85,000 per annum.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

Francis Wedin – Managing Director

- Contract: Commenced on 4 September 2019.
- Director's Fee: $225,000 per annum plus superannuation.
- With effect from September 2020, director's fee increased to $290,000 per annum plus superannuation.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

Horst Kreuter – Executive Director

- Contract: Commenced on 20 December 2020.
- Director's Fee: Euro 115,000 per annum.
- With effect from September 2020, director's fee increased to Euro 150,000 per annum.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

Ranya Alkadamani – Non-Executive Director

- Contract: Commenced on 29 April 2020.
- Director's Fee: $30,000 per annum.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

Directors' Report

Katharina Gerber – Non-Executive Director (resigned and appointed Project manager on 1 September 2020)

- Contract: Commenced on 11 May 2020.
- Director's Fee: $30,000 per annum.
- Term: See Note 1 below for details pertaining to re-appointment and termination.

William Oliver – Non-Executive Director (resigned 19 November 2019)

- Contract: Commenced on 5 February 2018.
- Director's Fee: $36,000 per annum.
- Geological Consultancy Services: $2,000 per month.

Patrick Burke – Non-Executive Director (resigned 31 December 2019, formerly Chairman)

- Contract: Commenced on 5 February 2018.
- Director's Fee: $120,000 per annum as Chairman (5 February 2018 – 4 September 2019)
- Director's Fee: $75,000 per annum as Non-Executive Director (4 September 2019 – 31 December 2019)

Rebecca Morgan – Non-Executive Director (resigned 4 September 2019)

- Contract: Commenced on 5 February 2018.
- Director's Fee: $36,000 per annum.
- Geological Consultancy Services: $2,000 per month.

Note 1: The term of each Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at the meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Company rewards Directors for their performance and aligns their remuneration with the creation of shareholder wealth by issuing performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Shares

Details of shares issued to directors and other key management personnel as part of compensation during the current financial year are set below:

Name	Grant Date	Shares	Issue Price	$
Gavin Rezos	4/09/2019	750,000	$0.15	112,500

Options

There were no unlisted options provided to KMP during the current financial year.

Performance Rights

During the financial year, the Company issued 4,250,000 performance rights to Directors and other key management personnel. The terms and conditions of each tranche of performance rights affecting remuneration in the current or future reporting period are as follows:

Directors' Report

Tranche	Grant Date	Vesting date	Expiry Date	Value of each Right	Vested
Tranche 1(i)	4/9/2019	4/9/2019	4/9/2020	$0.15	1,250,000
Tranche 2(i)	4/9/2019	4/9/2019	4/9/2021	$0.15	-
Tranche 3(i)	4/9/2019	4/9/2019	4/9/2022	$0.15	-
Tranche 1	14/5/2020	18/5/2022	1/12/2023	$0.225	-
Tranche 2	14/5/2020	18/5/2023	1/12/2023	$0.225	-

(i) Mr Rezos rights vested on issue and will be converted to shares on a one for one basis upon meeting performance hurdle. Tranche 1 rights converted to shares on 28 February 2020 upon meeting performance hurdle.

The Performance Rights were issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights. Rights granted under the Performance Rights Plan carry no dividend or voting rights. Details of Performance Rights provided as part of remuneration to key management personnel are shown below. Further information on the performance rights is set out in Note 16 to the financial statements.

Name	Grant Date	Vesting Date	Number of Performance Rights Granted	Value of the Performance Rights at Grant Date	Number of Performance Rights vested
Gavin Rezos					
Tranche 1(i)	4/9/2019	4/9/2019	1,250,000	$187,500	1,250,000
Tranche 2(i)	4/9/2019	4/9/2019	1,250,000	$112,500	-
Tranche 3(i)	4/9/2019	4/9/2019	1,250,000	$75,000	-
Robert Ierace					
Tranche 1	14/5/2020	18/5/2022	250,000	$33,750	-
Tranche 2	14/5/2020	18/5/2023	250,000	$22,500	-

(i) Mr Rezos rights vested on issue and will be converted to shares on a one for one basis upon meeting performance hurdle. Tranche 1 rights converted to shares on 28 February 2020 upon meeting performance hurdle.

The assessed fair value at grant date of Performance Rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

G Equity Instruments Issued on Exercise of Remuneration Options/Rights

No remuneration options were exercised during the financial year.

During the year, the company issued 2,050,000 shares upon exercise of 2,050,000 performance rights.

H Voting and Comments made at the Company's 2019 Annual General Meeting ('AGM')

At the 2019 AGM, 93.45% of the votes received supported the adoption of the Remuneration Report for the year ended 30 June 2019. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

I Loans with KMP

Directors' Report

There were no loans made to any KMP during the year ended 30 June 2020 (2019: Nil).

J Other Transactions with KMP

During the financial year 6,666,667 fully paid ordinary shares in the Company were issued to the shareholders of Vulcan, Dr Francis Wedin and Dr Horst Kreuter (Vendors) (Consideration Shares) and;

13,200,000 Performance Shares to be issued to the Vendors, which will each convert into a Share on a one for one basis on satisfaction the following milestones:

- 4,400,000 Shares on satisfaction of Milestone 1;
- 4,400,000 Shares on satisfaction of Milestone 2; and
- 4,400,000 Shares on satisfaction of Milestone3.

During the financial year, payments for corporate advisory services outside of Australia of $73,185 were made to Viaticus Capital, a related party of Mr Rezos. Viaticus Capital also received fees of $18,000 for capital raising fees associated with a placement undertaken in June 2020. There was $33,000 trade payable/accrual balance at 30 June 2020.

During the financial year, payments for engineering services of €77,035, (A$130,128) were made to GeoThermal Engineering GmbH, a related party of Horst Krueter. Mr Kreuter was paid $43,474 consulting fees prior to becoming a Director of the Company. There was no trade payable balance at 30 June 2020.

K Additional Information

The earnings of the consolidated entity for the two years to 30 June 2020 are summarised below. The Company was incorporated on 5 February 2018.

	2020 $	2019 $
Revenue	95,342	56,055
EBITDA	(3,598,701)	(892,719)
EBIT	(3,598,701)	(892,719)
Loss after income tax	(3,553,359)	(836,664)
Share Price ($)	0.565	0.175
EPS (cents per share)	(7.37)	(2.64)

Diversity

During the 2020 financial year, the Company had three female Directors and four male Directors. As at the date of this report the Company has three male Directors and one female Director. The Company intends to appoint additional female Directors and employees should a vacancy arise, and appropriately qualified and experienced individuals are available.

[End of Audited Remuneration Report]

Directors' Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements under the National Greenhouse and Energy Reporting Act 2007.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

SHARE UNDER OPTION/PERFORMANCE RIGHTS/PERFORMANCE SHARES

At the date of this report there were the following unissued ordinary shares for which options, performance rights and performance shares are outstanding:

Option	Number	Expiry Date	Exercise Price
Listed Options	9,672,208	20/01/2021	$0.285
Unlisted Options	1,125,250	16/3/2022	$0.80
Unlisted Warrants	479,519	16/9/2023	The exercise price will be funding amounts paid by EIT InnoEnergy on issue of warrants

Directors' Report

Performance rights	Number	Expiry Date	Exercise Price
Class E	1,250,000	4/9/2021	Nil
Class F	1,250,000	4/9/2022	Nil
Class G	250,000	1/12/2023	Nil
Class H	1,000,000	1/12/2023	Nil
Class I	1,000,000	1/12/2023	Nil
Class J	2,500,000	16/9/2023	Nil
Class K	1,000,000	16/9/2023	Nil
Class L	1,000,000	16/9/2023	Nil
Class M	1,500,000	1/12/2023	Nil
Class N	1,500,000	1/12/2023	Nil
Class P	250,000	1/12/2023	Nil

Performance shares	Number	Expiry Date	Exercise Price
Class B	4,400,000	4/9/2021	Nil
Class C	4,400,000	4/9/2022	Nil

Option/performance rights and performance shares holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

SHARE ISSUED ON THE EXERCISE OF OPTIONS

There were 3,015,304 ordinary shares issued during the year ended 30 June 2020 and up to the date of this report on the exercise of options.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 as required under section 307C of the Corporations Act 2001 has been received and included within these financial statements.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 20 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

Directors' Report

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

This report is signed in accordance with a resolution of Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Gavin Rezos
Chairman
30 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vulcan Energy Resources Limited for the year ended 30 June 2020, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue from continuing operations			
Other income	4	**95,342**	56,055
Expenses			
Administrative expenses	5(a)	**(320,920)**	(172,580)
Compliance and regulatory expenses		**(98,906)**	(62,970)
Consulting and legal fees	5(b)	**(424,603)**	(109,642)
Employee benefit expenses		**(234,551)**	(156,165)
Investor relations		**(314,510)**	-
Introducer fee		**(150,000)**	-
Occupancy costs		**(18,148)**	(11,000)
Impairment expense	10	**(286,017)**	(287,667)
Share-based payments expense	16	**(1,690,473)**	(62,138)
Other expenses		**(103,406)**	(27,533)
Foreign currency (losses)/gain		**(7,167)**	(3,024)
Loss from continuing operations before income tax		**(3,553,359)**	(836,664)
Income tax expense	6	**-**	-
Loss from continuing operations after income tax		**(3,553,359)**	(836,664)
Other comprehensive income		**(22,016)**	-
Other comprehensive income for the year, net of tax		**(22,016)**	-
Total comprehensive loss attributable to the members of Vulcan Energy Resources Limited		**(3,575,375)**	(836,664)
Loss per share for the year attributable to the members Vulcan Energy Resources Limited:			
Basic loss per share (cents)	7	**(7.37)**	(2.64)
Diluted loss per share (cents)	7	**(7.37)**	(2.64)

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 2020

	Note	2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**6,421,557**	3,348,996
Trade and other receivables	9	**116,071**	35,063
Total current assets		**6,537,628**	3,384,059
Non-current assets			
Exploration and evaluation expenditure	10	**2,556,980**	526,001
Intangible assets		**13,353**	-
Total non-current assets		**2,570,333**	526,001
Total assets		**9,107,961**	3,910,060
LIABILITIES			
Current liabilities			
Trade and other payables	11	**221,922**	116,944
Total current liabilities		**221,922**	116,944
Total liabilities		**221,922**	116,944
Net assets		**8,886,039**	3,793,116
EQUITY			
Contributed equity	12	**11,836,741**	4,746,416
Reserves	13	**1,719,970**	164,013
Accumulated losses	21	**(4,670,672)**	(1,117,313)
Total equity		**8,886,039**	3,793,116

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 Financial Year Ended 30 June 2020

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
At 1 July 2019	**4,746,416**	**164,013**	**(1,117,313)**	**3,793,116**
Loss for the year	-	-	**(3,553,359)**	**(3,553,359)**
Other comprehensive loss for the year	-	(22,016)	-	**(22,016)**
Total comprehensive loss for the year after tax	-	(22,016)	**(3,553,359)**	**(3,575,375)**
Transactions with owners in their capacity as owners:				
Issue of share capital	7,438,810	-	-	7,438,810
Share issue costs	(348,485)	-	-	(348,485)
Share-based payments	-	1,577,973	-	1,577,973
Balance at 30 June 2020	**11,836,741**	**1,719,970**	**(4,670,672)**	**8,886,039**

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
At 1 July 2018	**4,746,416**	**-**	**(280,649)**	**4,465,767**
Loss for the year	-	-	**(836,664)**	**(836,664)**
Total comprehensive loss for the year after tax	**-**	**-**	**(836,664)**	**(836,664)**
Transactions with owners in their capacity as owners:				
Issue of listed options	-	126,875	-	126,875
Option issue costs	-	(25,000)	-	(25,000)
Share-based payments	-	62,138	-	62,138
Balance at 30 June 2019	**4,746,416**	**164,013**	**(1,117,313)**	**3,793,116**

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

Consolidated Statement of Cash Flows

For the Financial Year Ended 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,427,391)**	(417,562)
Interest received		**45,342**	56,055
Other income		**50,000**	-
Net cash used in operating activities	8(a)	**(1,332,049)**	(361,507)
Cash flows from investing activities			
Payments for exploration and evaluation costs		**(1,205,783)**	(438,127)
Net cash acquired from acquisition of subsidiary	14	**404**	-
Loans to other entities		**-**	(1,154)
Payments for software		**(13,353)**	-
Net cash used in investing activities		**(1,218,732)**	(439,281)
Cash flows from financing activities			
Proceeds from issue of listed options		**-**	126,875
Option issue costs		**-**	(25,000)
Proceeds from issued shares		**5,976,310**	-
Share issue costs		**(330,545)**	-
Net cash from financing activities		5,645,765	101,875
Net increase/(decrease) in cash and cash equivalents		**3,094,984**	(698,913)
Cash and cash equivalents at the beginning of the year		**3,348,996**	4,047,909
Effect of exchange rate fluctuations on cash held		**(22,423)**	-
Cash and cash equivalents at the end of the year	8	6,421,557	3,348,996

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

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Vulcan Energy Resources Limited (referred to as “Vulcan” or the “Company”) is a company domiciled in Australia. The address of the Company’s registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the “Consolidated Entity” or the “Group”).

(b) Basis of Preparation

Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (“IFRS”) adopted by the International Accounting Standards Board (“IASB”). Vulcan Energy Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 30 September 2020.

Basis of measurement
The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 23.

New, revised or amended standards and interpretations adopted by the Group
The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases
The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Impact of adoption
There is no impact on the Group for the year ended 30 June 2020 and the prior year financial statements did not have to be restated as a result.

Revenue recognition
The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Equity Instruments
Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the profit or loss as other income when the Group's right to receive payments is established.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Impairment

From 1 July 2019, the Group assesses on a forward-looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

New standards and interpretations not yet mandatory or early adopted

The Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2020. The Group intends to adopt these standards and interpretations, if applicable, when they become effective.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated entity has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated entity may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated entity's financial statements.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) **Comparatives**

The comparative period is 1 July 2018 to 30 June 2019.

(d) **Principles of Consolidation**

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vulcan Energy Resources Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(e) 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 one reportable segment.

(f) Foreign Currency Translation

Functional and presentation currency
Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is Vulcan Energy Resources Limited's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(g) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial

Notes to the Consolidated Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(h) **Dividends**

Dividends are recognised when declared during the financial period and no longer at the discretion of the Company.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions in these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Exploration and evaluation expenditure
Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Share based payments
The Group measures the cost of equity settled transactions with Directors, employees and consultants, where applicable, by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled shared-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Notes to the Consolidated Financial Statements

NOTE 3 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

Following the acquisition of a 100% interest in the Vulcan Lithium Project in the Upper Rhine Valley of Germany on 4 September 2019, it was determined that the Group operates in three operating segments being, energy metals exploration in Germany, copper and zinc mineral exploration in Norway and resources allocated to administration. This is the basis in which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

(i) Segment performance	**Exploration**	**Exploration**		
	Germany	**Norway**	**Administration**	**Total**
30-June-20	**$**	**$**	**$**	**$**
Revenue				
Interest income	-	-	45,342	45,342
Other income			50,000	50,000
Total segment revenue	**-**	**-**	**95,342**	**95,342**

Reconciliation of segment results to net loss before tax	
Amounts not included in segment results but reviewed by the Board	
- Administration, consulting and other expenses	(3,648,701)
Net loss before tax from continuing operations	**(3,553,359)**

(ii) Segment assets	**Exploration**	**Exploration**		
	Germany	**Norway**	**Administration**	**Total**
30-June-20	**$**	**$**	**$**	**$**
Total segment asset	2,279,731	290,602	6,537,628	**9,107,961**

(ii) Segment liabilities	**Exploration**	**Exploration**		
	Germany	**Norway**	**Administration**	**Total**
30-June-20	**$**	**$**	**$**	**$**
Total segment liabilities	(30,984)	(668)	(190,270)	**(221,922)**

NOTE 4 REVENUE

	2020	**2019**
	$	**$**
Other income		
Interest income	**45,342**	56,055
Cash boost	**50,000**	-
	95,342	56,055

Notes to the Consolidated Financial Statements

NOTE 5 EXPENSES

	2020 $	2019 $
(a) Administrative expenses		
Accounting, audit and company secretarial fees	**151,336**	144,325
Travel expenses	**107,183**	25,766
General and administration expenses	**62,401**	2,489
	320,920	172,580
(b) Consultancy and legal expenses		
Corporate advisory fees	**158,048**	105,000
Consulting fees	**52,993**	-
Legal fees	**213,562**	4,642
	424,603	109,642

NOTE 6 INCOME TAX

(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	**(3,553,359)**	(836,664)
Prima facie tax benefit on loss before income tax at 30% (2019: 30%)	**(1,066,008)**	(250,999)
Tax effect of:		
Non-deductible expense	**603,944**	114,064
Tax losses and temporary differences not brought to account	**451,694**	136,935
Foreign corporate rate differential	**10,370**	-
Income tax expense	**-**	-
(c) Deferred tax assets/(liabilities) not brought to account are:		
Accruals	**26,411**	15,300
Prepayments	**(5,743)**	(5,739)
Other	**20,042**	-
Tax losses	**606,194**	164,108
Total deferred tax balances not brought to account	**646,904**	173,669

Potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2020 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the expenditure.

Notes to the Consolidated Financial Statements

NOTE 6 INCOME TAX (CONT.)

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Notes to the Consolidated Financial Statements

NOTE 7 LOSS PER SHARE

	2020 $	2019 $
Net loss for the year	**(3,553,359)**	(836,664)
Weighted average number of ordinary shares for basic and diluted loss per share.	**48,226,596**	31,750,001
Basic and diluted loss per share (cents)	**(7.37)**	(2.64)

Accounting Policy

Basic Loss Per Share
Basic loss per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Loss Per Share
Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 8 CASH AND CASH EQUIVALENTS

	2020 $	2019 $
Cash at bank and in hand	**4,621,557**	348,996
Short-term deposits	**1,800,000**	3,000,000
	6,421,557	3,348,996

(a) Reconciliation of net loss after tax to net cash flows from operations

Loss for the financial year/period	**(3,553,359)**	(836,664)
Adjustments for:		
Share based payments	**2,040,473**	62,138
Impairment expense	**286,017**	287,667
Changes in assets and liabilities		
Trade and other receivables	**(81,008)**	61,576
Trade and other payables	**(24,172)**	63,776
Net cash used in operating activities	**(1,332,049)**	(361,507)

Accounting Policy

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

Notes to the Consolidated Financial Statements

NOTE 9 TRADE AND OTHER RECEIVABLES

	2020	2019
	$	$
GST receivable (net)	**47,049**	14,779
VAT receivable (net)	**51,430**	-
Other receivable	**17,592**	19,130
Loan to Vulcan Energy Resources	**-**	1,154
	116,071	35,063

Allowance for impairment loss

Other receivables are non-interesting bearing and are generally on terms of 30 days.

Trade Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Refer to Note 1(b)(ii) for expected credit loss allowance assessment.

Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset of the assets or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Other Receivables

Other receivables are recognised at amortised cost, less any provision for expected credit loss. Other receivables do not contain impaired assets and are not past due. Based on the credit history, it is expected that these other balances will be received when due.

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE

	Note	**2020**	2019
		$	$
Carrying amount of exploration and evaluation expenditure		**2,556,980**	526,001
At the beginning of the period		**526,001**	375,541
Exploration expenditure incurred		**1,195,871**	438,127
Vulcan Lithium Project acquisition	14	**1,121,125**	-
Impairment expense		**(286,017)**	(287,667)
At the end of the period		**2,556,980**	526,001

Notes to the Consolidated Financial Statements

NOTE 10 EXPLORATION AND EVALUATION EXPENDITURE (CONT.)

Accounting Policy

Acquisition, exploration and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTE 11 TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables [(i)]	**85,903**	65,944
Accrued expenses	**74,335**	51,000
Other payables	**61,684**	-
	221,922	116,944

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 12 CONTRIBUTED EQUITY

(a) Issued and fully paid	2020 No.	2020 $	2019 No.	2019 $
Ordinary shares	**67,217,755**	**11,836,741**	31,750,001	4,746,416

Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Notes to the Consolidated Financial Statements

NOTE 12 CONTRIBUTED EQUITY (CONT.)

(b) Movement reconciliation	Date	Number	Issue Price	$
At 1 July 2019		31,750,001		4,746,416
At 30 June 2020		**67,217,755**		**11,836,741**
At 1 July 2019	1/07/2019	31,750,001		4,746,416
Placement to sophisticated investors	10/07/2019	2,820,000	$0.15	423,000
Placement to sophisticated investors	19/07/2019	3,513,334	$0.15	527,000
Shares issued for services rendered	5/08/2019	1,000,000	$0.20	200,000
Shares to Vendors and Introducers as part of consideration for the Acquisition	4/09/2019	7,666,667	$0.15	1,150,000
Shares issued to Director to incentive performance and retain services	4/09/2019	750,000	$0.15	112,500
Share issue to Director for participation in Placement	4/09/2019	1,000,000	$0.15	150,000
Less Capital raising costs	-	-	-	(58,425)
Conversion of Class A performance shares and Class D performance rights	28/02/2020	5,170,000	-	-
Conversion of Class A performance rights	30/06/2020	800,000	-	-
Conversion of Class A performance shares	30/06/2020	480,000	-	-
Conversion of listed options	30/06/2020	267,753	$0.285	76,310
Placement to sophisticated investors	30/06/2020	12,000,000	$0.40	4,800,000
Less Capital raising costs	30/06/2020	-	-	(290,060)
At 30 June 2020		**67,217,755**		**11,836,741**

Accounting Policy

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 13 RESERVES

	2020 $	2019 $
Share-based payment reserve	**1,741,986**	164,013
Foreign currency translation reserve	**(22,016)**	-
Total	**1,719,970**	164,013

Notes to the Consolidated Financial Statements

NOTE 13 RESERVES (CONT.)

Movement reconciliation

Share-based payment reserve		
Balance at the beginning of the year	**164,013**	-
Issue of listed options	**-**	126,875
Option issue costs	**-**	(25,000)
Equity settled share-based payment transactions (Note 16)	**1,577,973**	62,138
Balance at the end of the year	**1,741,986**	164,013

Share-based payment reserve

The option reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

	2020 $	2019 $
Foreign Currency Translation Reserve		
Balance at the beginning of the year	**-**	-
Movement during the year	**(22,016)**	-
Balance at the end of the year	**(22,016)**	-

NOTE 14 ACQUISITION OF SUBSIDIARY

On 4 September 2019, the Company successfully completed its acquisition of 100% of the issued capital of Vulcan Energy Resources Europe Pty Ltd ("the Vulcan Lithium Project"). The acquisition was assessed as an asset acquisition rather than a business combination. The Company issued 6,666,667 fully paid ordinary shares in the Company to the Vendors, Dr Wedin and Dr Horst Kreuter to acquire the asset.

	4 September 2019 $
Purchase consideration	1,000,000
Fair value of shares issued	**1,000,000**

Fair value of net assets acquired are as follows:

Cash and cash equivalents	404
Exploration and evaluation expenditure	1,121,125
Trade and other payables	(121,529)
	1,000,000

Notes to the Consolidated Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed.

These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2020 $	2019 $
Financial Assets		
Cash and cash equivalents	**6,421,557**	3,348,996
Trade and other receivables	**116,071**	35,063
	6,537,628	3,384,059
Financial Liabilities		
Trade and other payables	**221,922**	116,944
	221,922	116,944

(a) Market risk

(i) Foreign exchange risk

The Group was not significantly exposed to foreign currency risk fluctuations.

(ii) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2020		2019	
	Weighted average interest rate	Balance $	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.08%**	**6,421,557**	1.68%	3,348,996

Notes to the Consolidated Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Sensitivity
Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, losses and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Profit higher/(lower) 2020 $**	**Profit higher/(lower) 2019 $**
+ 1.0% (100 basis points)	64,216	33,490
- 1.0% (100 basis points)	(64,216)	(33,490)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.
The following are the contractual maturities of financial liabilities:

2020	**1 year or less $**	**1-5 years $**	**> 5 years $**	**Total $**
Trade and other payables	**221,922**	**-**	**-**	**221,922**
2019				
Trade and other payables	116,944	-	-	116,944

Notes to the Consolidated Financial Statements

NOTE 15 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(d) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 16 SHARE BASED PAYMENTS

	2020 $	2019 $
Share based payment- investor relationship	**200,000**	-
Share based payment- introducer fee	**150,000**	-
	350,000	-
Performance rights issued to Directors (i)	**626,942**	62,138
Performance shares issued to Vendors of Acquisition (ii)	**888,348**	-
Shares issued for consideration of services (iii)	**112,500**	-
Performance rights issued to staff (iv)	**62,684**	-
	1,690,473	62,138

(i) In the prior year, 3,900,000 performance rights were granted and issued to directors. The value of each rights as set out below in the summary of performance rights granted. These were issued on 20 December 2018.

On 4 September 2019, the Company issued 3,750,000 performance rights to Mr Gavin Rezos as an incentive in connection with his appointment as Chairman. A share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

	Class A	Class B	Class C	Class D	Class E	Class F
Fair value of each right	$0.1463	$0.1124	$0.0906	$0.1500	$0.1500	$0.1500
Expected volatility	90%	90%	90%	N/A	N/A	N/A
Grant date	30/11/2018	30/11/2018	30/11/2018	4/09/2019	4/09/2019	4/09/2019
Price at grant date	$0.18	$0.18	$0.18	$0.15	$0.15	$0.15
Expiry date	30/11/2021	30/11/2021	30/11/2021	4/09/2020	4/09/2021	4/09/2022
Vesting hurdle (5-day VWAP)	$0.40	$0.75	$1.10	N/A	N/A	N/A
Interest rate	2.06%	2.06%	2.06%	N/A	N/A	N/A
Number of Rights	1,200,00	1,200,000	1,500,000	1,250,000	1,250,000	1,250,000
Total value of rights	$175,560	$134,880	$135,900	$187,500	$187,500	$187,500

Notes to the Consolidated Financial Statements

NOTE 16 SHARE BASED PAYMENTS (CONT.)

(ii) On 4 September 2019, the Company issued 13,200,000 Performance Shares (PS) issued to Vendors of the Vulcan Lithium Project Acquisition which will each convert into a Share on a one for one basis on the satisfaction of milestones. Based on management assessment, percentage of a share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

	Class A	Class B	Class C
Fair value of each PS	$0.15	$0.15	$0.15
Expected volatility	N/A	N/A	N/A
Grant date	4/09/2019	4/09/2019	4/09/2019
Price at grant date	$0.15	$0.15	$0.15
Expiry date	4/09/2020	4/09/2021	4/09/2022
Vesting hurdle (5-day VWAP)	N/A	N/A	N/A
Interest rate	N/A	N/A	N/A
Number of PS	4,400,000	4,400,000	4,400,000
Total value of PS	$660,000	$660,000	$660,000

(iii) 750,000 ordinary shares issued to Gavin Rezos to incentivise the continued performance and to assist the Company in retaining his services and expertise. A share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(jjj) On 18 May 2020, the Company issued 1,250,000 performance rights to staff as incentive in connection with their appointment. A share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

	Class G	Class H	Class I
Fair value of each right	$0.225	$0.225	$0.225
Expected volatility	N/A	N/A	N/A
Grant date	11/05/2020	11/05/2020 & 14/5/2020	14/05/2020
Price at grant date	$0.225	$0.225	$0.225
Expiry date	1/12/2023	1/12/2023	1/12/2023
Vesting hurdle (5-day VWAP)	N/A	N/A	N/A
Interest rate	N/A	N/A	N/A
Number of Rights	250,000	500,000	500,000
Total value of rights	$56,250	$112,500	$112,500

Notes to the Consolidated Financial Statements

NOTE 16 SHARE BASED PAYMENTS (CONT.)

Terms and conditions of Performance rights:

Tranche	Terms
Class A	Will vest if, at any time within 36 months following grant date of the Rights the VWAP of the Company's shares traded on the ASX over five (5) consecutive trading days is equal to or greater than $0.40.
Class B	Will vest if, at any time within 36 months following grant date of the Rights the VWAP of the Company's shares traded on the ASX over five (5) consecutive trading days is equal to or greater than $0.75.
Class C	Will vest if, at any time within 36 months following grant date of the Rights the VWAP of the Company's shares traded on the ASX over five (5) consecutive trading days is equal to or greater than $1.10.
Class D	Vest immediately and convert into Shares on the Company announcing a positive scoping study in relation to the Vulcan Lithium Project, confirming the Vulcan Lithium Project is commercially viable within 12 months of completion of the Acquisition.
Class E	Vest immediately and will convert into shares on the Company announcing a positive preliminary feasibility study in relation to the Vulcan Lithium Project, confirming the Vulcan Lithium Project is commercially viable within 24 months of completion of the Acquisition.
Class F	Vest immediately and will convert into shares on the Company announcing that it has secured either an offtake agreement representing a minimum of 30% of production volume over a three year term, or a downstream joint venture partner with a minimum $10,000,000 investment in relation to the Vulcan Lithium Project within 36 months of completion of the Acquisition.
Class G	Will vest upon the holder completing six months continuous employment with the Company, with an expiry date of 1 December 2023.
Class H	Will vest upon the Company announcing a positive preliminary feasibility study in relation to the Vulcan Lithium Project, confirming the Lithium Project is commercially viable within two years of issue of the Performance Rights, with an expiry date of 1 December 2023.
Class I	Will vest upon the Company announcing that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream lithium chemicals joint venture partner with a minimum $10,000,000 investment in relation to the Vulcan Lithium Project within three years of issue of the Performance Rights, with an expiry date of 1 December 2023.

Set out below are summaries of performance rights granted under the plan:

30 June 2020

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
30/11/2018	30/11/2021	3,900,000	-	(800,000)	(2,600,000)	500,000
18/5/2020	1/12/2023		1,250,000			1,250,000
		3,900,000	1,250,000	(800,000)	(2,600,000)	1,750,000

Notes to the Consolidated Financial Statements

NOTE 16 SHARE BASED PAYMENTS (CONT.)

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

a. During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
b. From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

Notes to the Consolidated Financial Statements

NOTE 16 SHARE BASED PAYMENTS (CONT.)

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 17 RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below.

	2020 $	2019 $
Short-term benefits	**471,534**	259,998
Post-employment benefits	**20,443**	-
Share-based payments	**384,616**	62,138
	876,593	322,136

(b) Transactions with related parties

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

During the financial year 6,666,667 fully paid ordinary shares in the Company were issued to the shareholders of Vulcan, Dr Francis Wedin and Dr Horst Kreuter (Vendors) (Consideration Shares) and;

13,200,000 Performance Shares to be issued to the Vendors, which will each convert into a Share on a one for one basis on satisfaction the following milestones:

- 4,400,000 Shares on satisfaction of Milestone 1;
- 4,400,000 Shares on satisfaction of Milestone 2; and
- 4,400,000 Shares on satisfaction of Milestone3.

During the financial year, payments for engineering services of €77,035, (A$130,128) were made to GeoThermal Engineering GmbH, a related party of Horst Krueter. Dr Kreuter was paid $43,474 consulting fees prior to becoming a Director of the Company. There was no trade payable balance at 30 June 2020.

During the financial year, payments for corporate advisory services outside of Australia of $73,185 were made to Viaticus Capital, a related party of Mr Rezos. Viaticus Capital also received fees of $18,000 for capital raising fees associated with a placement undertaken in June 2020. There was $33,000 trade payable/accrual balance at 30 June 2020.

There were no related party transactions during the previous financial year.

There were no loans made to any KMP during the year ended 30 June 2020 (2019: Nil).

Other than the above, there were no other transactions with KMP during the year ended 30 June 2020.

Notes to the Consolidated Financial Statements

NOTE 18 COMMITMENTS

Below are the commitments in relation to its exploration and evaluation assets:

	2020 $	2019 $
Within one year	**163,639**	-
One to five years	**163,639**	-
	327,278	-

NOTE 19 CONTINGENCIES

As part of the acquisition of Koppar Resources Europe Pty Ltd in the prior year, the Company agrees that:

(a) Upon completion of a scoping study by Koppar for the development of any of the Projects where a JORC compliant measured, indicated or inferred resource is identified at any of the Projects, the Company will issue 4,000,000 fully paid ordinary shares in the capital of Koppar at a deemed issue price of $0.20 per Share to the Shareholders; and
(b) Upon completion of a definitive feasibility study for the development of any of the Projects based on a JORC compliant measured or indicated resource being identified at any of the Projects, it will issue 4,000,000 fully paid ordinary shares in the capital of Koppar at a deemed issue price of $0.20 per Share to the Shareholders.

As part of the acquisition of Vulcan Lithium Project, the Company agrees to pay the following by way of an introduction and facilitation fees:

1,980,000 ordinary shares to be issued as follows:
(a) 660,000 ordinary shares to be issued on satisfaction of Milestone 1;
(b) 660,000 ordinary shares to be issued on satisfaction of Milestone 2; and
(c) 660,000 ordinary shares to be issued on satisfaction of Milestone 3.

As part of the acquisition of Vulcan Lithium Project, the Company agrees to pay the following by way of deferred consideration of remaining 8,800,000 (13,200,000 less 4,400,000) Performance Shares to be issued to the Vendors, which will each convert into a Share on a one for one basis on satisfaction the following milestones:

- 4,400,000 Shares on the Company announcing a positive preliminary feasibility study in relation to the Vulcan Lithium Project, confirming the Vulcan Lithium Project is commercially viable within 24 months of completion of the Acquisition (Milestone 2); and
- 4,400,000 Shares on the Company announcing that it has secured an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream joint venture partner with a minimum $10,000,000 investment in relation to the Vulcan Lithium Project within 36 months of completion of the Acquisition (Milestone 3), (together, the Deferred Consideration).

Other than the above, there are no other contingent assets or contingent liabilities as at 30 June 2020.

Notes to the Consolidated Financial Statements

NOTE 20 AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts received or due and receivable by RSM Australia Partners for:		
Audit and review of the annual and half-year financial report	**31,500**	25,000
Other services - RSM Australia Pty Ltd for:		
- Other	**-**	1,500
	31,500	26,500

NOTE 21 ACCCUMULATED LOSSES

	2020 $	2019 $
Balance at beginning of the year	**(1,117,313)**	(280,649)
Loss after income tax for the year	**(3,553,359)**	(836,664)
Balance at end of the year	**(4,670,672)**	(1,117,313)

NOTE 22 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership Interest 2020 %	Ownership Interest 2019 %
Koppar Resources Europe Pty Ltd	Exploration	Australia	**100**	100
Vulcan Energy Resources Europe Pty Ltd	Exploration	Australia	**100**	-
Vulcan Energie Ressourcen GmbH	Exploration	Germany	**100**	-

NOTE 23 PARENT ENTITY

	2020 $	2019 $
Assets		
Current assets	**6,330,432**	3,379,725
Non-current assets	**2,745,876**	530,607
Total assets	**9,076,308**	3,910,332
Liabilities		
Current liabilities	**190,270**	117,216
Total liabilities	**190,270**	117,216
Equity		
Contributed equity	**11,836,741**	4,746,416
Reserves	**1,741,986**	164,013
Accumulated losses	**(4,692,689)**	(1,117,313)
Total equity	**8,886,038**	3,793,116
Loss for the year	**(3,575,376)**	(836,213)
Total comprehensive loss	**(3,575,376)**	(836,213)

Notes to the Consolidated Financial Statements

NOTE 23 PARENT ENTITY (CONT.)

Contingent liabilities
Other than disclosed at Note 19, the parent entity has no other contingent assets or contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Exploration commitments
The parent entity has no exploration commitments.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in the financial statements, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 24 EVENTS AFTER THE REPORTING DATE

On 8 July 2020, the Company announced it had signed an Investment agreement with EU-backed EIT InnoEnergy for staged cash investments into Vulcan, with initial tranche valued at A$0.51/share, equivalent to the 15-day VWAP and at an 8.5% premium to 30-day VWAP, subject to shareholder approval.

EIT InnoEnergy will provide the following staged payments to Vulcan Energie Ressourcen GmbH, the Company's 100%-owned German subsidiary (Subsidiary):

(a) an initial payment of €150,000 (Tranche 1, equivalent to $245,534 at current exchange rates).
(b) further payment of €50,000 after approval by EIT InnoEnergy of the financial and performance reporting related to expenditure of Tranche 1 funding on approved work packages Tranche 2).
(c) a final settlement of €50,000 of approved funding after approval by EIT InnoEnergy of the final financial and performance reporting for the expenditure of Tranche 1 and Tranche 2 funding

The Company has agreed to grant Warrants to EIT InnoEnergy on payment of each Tranche of funding, in the following amounts:

(a) Tranche 1: 479,519 Warrants subject to shareholder approval (being the Australian dollar amount of the Tranche 1 funding, divided by $0.512, which was the volume weighted average price (VWAP) for Shares over the last 15 days on which Shares were traded immediately prior to execution of the funding agreements; and
(b) Tranches 2 and 3: the number equal to the Australian dollar amount of the relevant Tranche of funding, divided by the VWAP for Shares over the last 15 days on which Shares were traded immediately prior to EIT InnoEnergy paying the relevant Tranche of the funding.

Shareholder approval for Tranche 1 warrants was received on 10 September 2020. and 479,519 warrants were issued on 16 September 2020. The Warrants will convert into Shares on a one for one basis on exercise.

Notes to the Consolidated Financial Statements

NOTE 24 EVENTS AFTER THE REPORTING DATE (CONT.)

On 31 July 2020 the Company appointed London-based Natural Resources Global Capital Partners Limited ("NRG") to provide strategic and financial advice in connection with the Vulcan's Zero Carbon Lithium™ Project. NRG will assist Vulcan with financial advice related to potential future transactions surrounding funding for its Definitive Feasibility Study ("DFS") and first commercial lithium hydroxide production plant.

On 3 August 2020 the Company announced that Lithium concentrate has been successfully produced from Upper Rhine Valley geothermal brine during a series of successful benchscale Direct Lithium Extraction (DLE) tests commissioned by Vulcan. Two different, pre-selected DLE adsorbents were tested and in both cases the lithium recovery rate exceeded 90% on first pass. The tested DLE adsorbents are of a type already used commercially on lithium brines worldwide, which reduces development risk, in line with Vulcan's strategy of utilising established technologies.

On 1 September 2020 the Company announced that Dr. Katharina Gerber has accepted an executive role as Project Manager with the Company, and relocated with her family from California back to Germany to focus on developing the Zero Carbon Lithium™ Project full time.

On 31 August Vulcan announced the grant of its Taro License in the Vulcan Zero Carbon Lithium™ Project area in the Upper Rhine Valley, and maiden Taro Licence Inferred Resource estimate. In conjunction with this, Vulcan has re-totalled the collective Mineral Resource estimations for the Upper Rhine Valley Project (URVP) area within the Zero Carbon Lithium™ Project.

The Taro license area has been granted to Global Geothermal Holding UG (GGH), with which Vulcan has agreement to earn a 51% interest by spending €500,000 within two years of the license grant (Initial Expenditure). After the Initial Expenditure, a Joint Venture will be formed, with Vulcan owning 51% and GGH 49%. Vulcan will then spend a further €500,000 to earn a further 29% (Second Earn-In Expenditure) with two years, to take its JV interest to 80%. Once VER has spent the minimum amount and has taken its share to 80%, GGH can elect to co-fund the project pro rata, or be diluted by an industry-standard formula whilst Vulcan continues to develop the project. Should GGH be diluted below 5%, its share will be converted to a non-diluting 2% net royalty.

On 10 September 2020 the Company held a General Meeting and approved the following resolutions:-

Resolution 1 Ratification of Issue of Placement Shares issued under Listing Rule 7.1
Resolution 2 – Ratification of Issue of Placement Shares issued under Listing 7.1A
Resolution 3 – Issue of Broker Options to Merchant Group
Resolution 4 – Issue of Milestone 1 Deferred Introducer Shares
Resolution 5 – Issue of Tranche 1 Warrants to EIT InnoEnergy
Resolution 6 – Issue of Performance Rights to Mr Gavin Rezos
Resolution 7 – Issue of Performance Rights to Dr Horst Kreuter

The grant of Performance Rights to Mr Rezos and Mr Kreuter comprised of:-

Class M Performance Rights	1,500,000 to Dr Kreuter (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis on the Company announcing, on or before 21 May 2021, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium™ Project confirming it is commercially viable.

Notes to the Consolidated Financial Statements

NOTE 24 EVENTS AFTER THE REPORTING DATE (CONT.)

Class N Performance Rights	1,500,000 to Dr Kreuter (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis on the Company announcing, on or before 21 May 2022, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream lithium chemicals joint venture partner with a minimum of $10,000,000 investment in relation to the Project.
Class J Performance Rights	1,500,000 to Dr Kreuter (or his nominee) 1,000,000 to Mr Rezos	Vesting on issue, and converting to Shares on a one for one basis once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, a positive Definitive Feasibility Study in relation to the Project confirming it is commercially viable; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 225% of the VWAP for Shares for the last 5 trading days up to but not including the date of the Meeting (the **Reference Price**).
Class K Performance Rights	1,000,000 to Mr Rezos (or his nominee)	Vesting on issue, and converting to Shares on a one for one basis once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium™ Project confirming it is commercially viable; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 150% of the Reference Price.
Class L Performance Rights	1,000,000 to Mr Rezos (or his nominee)	Once both of the following have been satisfied: • the Company announcing, within 36 months from the date of issue, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three year term, or a downstream lithium chemicals joint venture partner with a minimum of $10,000,000 investment in relation to the Project; and • the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 200% of the Reference Price.

On 16 September 2020 the Company issued the securities approved at the 10 September General Meeting along with 1,250,000 performance rights to senior management personnel (refer ASX announcement 16 September 2020 for further details).

Notes to the Consolidated Financial Statements

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the financial year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards.

c) 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 Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Gavin Rezos
Chairman
30 September 2020

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
VULCAN ENERGY RESOURCES LIMITED

Opinion

We have audited the financial report of Vulcan Energy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Exploration and Evaluation Expenditure
Refer to Note 10 in the financial statements</td></tr>
<tr><td>The Group has capitalised exploration and evaluation expenditure with a carrying value of $2,556,980 as at 30 June 2020.

We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:

• Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest;
• Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and
• Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined.</td><td>Our audit procedures included:

• Ensuring that the right to tenure of the area of interest was current;
• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest;
• Assessing that the impairment expense recognised for the year ended was appropriately calculated;
• Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date;
• Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and
• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.</td></tr>
<tr><td colspan="2">Acquisition of Vulcan Energy Resources Europe Pty Ltd
Refer to Note 14 in the financial statements</td></tr>
<tr><td>On 4 September 2019, the Group acquired a 100% interest in Vulcan Energy Resources Europe Pty Ltd for a consideration of $1,000,000.

Accounting for this acquisition is a key audit matter as it involves management judgements in determining the acquisition date, the acquisition accounting treatment, the fair value of net assets acquired and the fair value of the purchase consideration.</td><td>Our audit procedures included:

• Reviewing the acquisition agreement to understand key terms and conditions;
• Evaluating the management determination that the acquisition did not meet the definition of a business within AASB 3 Business Combinations and therefore was an asset acquisition as opposed to a business combination;
• Assessing management's determination of the acquisition date, fair value of consideration paid and the fair value of the net assets acquired; and
• Reviewing the adequacy and accuracy of the relevant disclosures in the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Vulcan Energy Resources Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 30 September 2020

TUTU PHONG
Partner

ASX Additional Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 23 September 2020.

1. **Fully paid ordinary shares**
   - There is a total of 70,834,806 fully paid ordinary shares on issue which are listed on the ASX.
   - The number of holders of fully paid ordinary shares is 2,480.
   - Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
   - There are no preference shares on issue.

2. **Distribution of fully paid ordinary shareholders is as follows:**

Range	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	365	260,978	0.37
1,001 - 5,000	1,010	2,733,505	3.86
5,001 - 10,000	426	3,444,256	4.86
10,001 - 100,000	613	19,637,542	27.72
100,001 Over	66	44,758,525	63.19
Total	**2480**	**70,834,806**	**100.00**

3. **Holders of non-marketable parcels**

   Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than $500.

   There are 113 shareholders who hold less than a marketable parcel of shares, amount to 0.06% of issued capital.

4. **Substantial shareholders of ordinary fully paid shares**

   The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
MR FRANCIS EDWARD BARNABAS WEDIN	11,163,334	15.76
MR GAVIN REZOS	3,680,207	5.20

5. **Share buy-backs**

   There is currently no on-market buyback program for any of Vulcan Energy Resources' listed securities.

6. **Voting rights of Shareholders**

   All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:
   - Show of hands – one vote per shareholders; and
   - Poll – one vote per fully paid ordinary share.

ASX Additional Information

7. Major Shareholders

Twenty Largest Shareholders

Rank	Shareholders	Number Held	Percentage
1	MR FRANCIS EDWARD BARNABAS WEDIN	10,513,334	14.84%
2	JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	6,487,252	9.16%
3	VIVIEN ENTERPRISES PTE LTD	3,680,207	5.20%
4	MAINVIEW HOLDINGS PTY LTD	1,750,000	2.47%
5	LHO LA PTY LTD <ACME FOUNDATION A/C>	1,715,000	2.42%
6	CITICORP NOMINEES PTY LIMITED	1,542,648	2.18%
7	CS FOURTH NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 11 A/C>	1,044,106	1.47%
8	M & E EARTHMOVING PTY LTD	981,000	1.38%
9	S3 CONSORTIUM HOLDINGS PTY LTD <NEXTINVESTORS DOT COM A/C>	900,000	1.27%
10	RHODIUM CAPITAL PTY LTD <RHODIUM INVESTMENT A/C>	750,000	1.06%
11	SNOWBALL 3 PTY LTD <ANTONIO TORRESAN SUPER A/C>	725,000	1.02%
12	MR TIMOTHY JOHN NIXON BINNEY & MRS DIANNE PAMELA BINNEY	700,000	0.99%
13	MAGNI ASSOCIATES PTY LTD	650,000	0.92%
14	PHEAKES PTY LTD <SENATE A/C>	626,501	0.88%
15	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	620,000	0.88%
16	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	597,182	0.84%
17	MR JOHN LANGLEY HANCOCK	589,533	0.83%
18	YEA-SAYER PTY LIMITED	562,500	0.79%
19	DR HORST KREUTER	553,333	0.78%
20	VALIEL PTY LTD <KAREELA A/C>	500,000	0.71%
Total: Top 20 holders of ORDINARY FULLY PAID SHARES		**35,487,596**	**50.10%**

ASX Additional Information

Twenty Largest Listed Optionholders

Rank	Optionholders	Number Held	Percentage
1	ALDOVALE PTY LIMITED	820,000	8.23%
2	MR FONDA GRAPSAS <GRAPSAS FAMILY ACCOUNT>	542,256	5.44%
3	MR GREGORY JOHN MUNYARD & MRS MARIA ANN MUNYARD & MISS CARMEN HELENE MUNYARD	498,340	5.00%
4	MR WILLIAM EWAN SANDOVER	470,000	4.72%
5	M & E EARTHMOVING PTY LTD	459,502	4.61%
6	MR JOHN LANGLEY HANCOCK	342,475	3.44%
7	MR KIERAN JOSEPH HATTON	300,636	3.02%
8	MR JOHN KWOK MUN YUEN	290,000	2.91%
9	THE PIONEER DEVELOPMENT FUND LIMITED	287,429	2.89%
10	MAINVIEW HOLDINGS PTY LTD	250,000	2.51%
11	DILJES PTY LTD <SUPER FUND A/C>	213,002	2.14%
12	MR SCOTT IRVINE STEELE	203,818	2.05%
13	HAVENRANCH PTY LIMITED <RACKLYEFT RET FUND ACCOUNT>	200,000	2.01%
14	MR BAO FENG PAN & MS MIN HUA XUAN <BAO SUPERFUND A/C>	184,280	1.85%
15	MR CHAI QUANG EAM & MRS SIVHUONG TANG	180,000	1.81%
15	BEST & FAVOURITE VARIETY PTY LTD	180,000	1.81%
16	MAGNI ASSOCIATES PTY LTD	162,500	1.63%
17	MR SAM ROBIN HAMMOND	158,344	1.59%
18	MR PHILIP JAMES WHITMONT	150,000	1.51%
19	PHEAKES PTY LTD <SENATE A/C>	145,301	1.46%
20	MJKAK PTY LTD <MJKAK SUPER FUND A/C>	130,000	1.30%
Total: Top 20 holders of LISTED OPTIONS @ $0.285; EXPIRING 2YRS 6M FROM ISSUE		**6,167,583**	**61.91%**

8. Unlisted Options
There are 1,125,250 unlisted options on issue as at 30 September 2020.

9. Tax Status
The Company is treated as a public company for taxation purposes.

10.Franking Credits
The Company has no franking credits.

11.Business Objectives
Vulcan Energy Resources Limited has used its cash and cash equivalents held at the time of listing in a way consistent with its stated business objectives.

ASX Additional Information

12.Tenement Schedule

The following table sets out the tenement information as required by ASX Listing Rule 5.3.3.

Table 1: Mining tenement interests held at the end of the year and their location

Tenements	Holder	Project	Interest	Registration Number	Status	Date Granted
Norwegian Licenses						
Nygruva	Koppar Resources Europe	Grimsdal	100%	0097-1/2017	Granted	07/2017
Grimsdalen	Koppar Resources Europe	Grimsdal	100%	0101-1/2017	Granted	07/2017
Tverrfjellet	Koppar Resources Europe	Tverfjellet	100%	0098-1/2017	Granted	07/2017
Undal 101	Koppar Resources Europe	Undal	100%	1059/2018	Granted	07/2018
Undal 102	Koppar Resources Europe	Undal	100%	1058/2018	Granted	07/2018
Nyberget 101	Koppar Resources Europe	Undal	100%	1056/2018	Granted	07/2018
Nyberget 102	Koppar Resources Europe	Undal	100%	1057/2018	Granted	07/2018
Innerdalen 104	Koppar Resources Europe	Undal	100%	1073/2018	Granted	07/2018
Vangrofta 102	Koppar Resources Europe	Vangrofta	100%	1161/2018	Granted	08/2018
Tverrfjellet 102	Koppar Resources Europe	Tverfjellet	100%	1154/2018	Granted	08/2018
Tverrfjellet 103	Koppar Resources Europe	Tverfjellet	100%	0060/2019	Granted	01/2019
Grimsdalen 101	Koppar Resources Europe	Grimsdal	100%	1200/2018	Granted	03/2019
Grimsdalen 102	Koppar Resources Europe	Grimsdal	100%	1201/2018	Granted	09/2018
Vulcan Zero Carbon Lithium Licenses						
Ortenau	Vulcan Energy Resources Europe Pty Ltd		100%		Granted	03/2019
Mannheim	Vulcan Energy Resources Europe Pty Ltd		100%		Granted	06/2019
Taro	Global Geothermal Holding GmbH		Agreement to farm in to 80%		Granted	08/2020
Rheinland Pfalz MoU Area[25]			MoU to earn 80% of Li rights		Granted	
Ludwig	Global Geothermal Holding GmbH		Agreement to farm in to 80%		Application	
Hebach (formerly Rheinau)	Global Geothermal Holding GmbH		Agreement to farm in to 80%		Application	

[25] Refer ASX announcement 26/11/2019

Corporate Governance Statement

The Company's Directors are committed to conducting the Company's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) (Recommendations) to the extent appropriate to the size and nature of the Company's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations.

The Company's Corporate Governance Statement and policies can be found on its website:
https://v-er.com/team-zero-carbon/#section-governance