

RVT TO INVEST UP TO \$5M IN AUSTRALIAN BATTERY MANUFACTURER ULTRA POWER SYSTEMS

Horizon Minerals Limited (ASX: HRZ) ("Horizon" or "the Company") is pleased to advise that, in relation to Horizon's 25% equity interest in Richmond Vanadium Technology Pty Ltd ("RVT") a strategic partnership has been established via a **Binding Term Sheet** signed with Ultra Power Systems Pty Ltd a local Australian manufacturer of Vanadium Redox Flow Batteries.

Please see the attached media release from RVT.

Authorised for release by the Board of Directors



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KEY HIGHLIGHTS

- **Richmond Vanadium Technology (RVT) has signed a Binding Term Sheet to invest up to \$5M into Ultra Power Systems (UPS) as part of its ASX IPO**
- **RVT will obtain the right to supply all vanadium offtake to UPS, subject to cost, quality and timing**
- **RVT will appoint one representative director to the UPS board**
- **This agreement cements an initial strategic partnership between the two companies in a related industry, demonstrating conversion of raw material to finished product in the form of Ultra's battery modules.**
- **Vanadium is considered the ultimate element for stationary energy storage and as the world transitions to renewable energy storage, the Vanadium Redox Flow Battery will play a significant part in meeting this demand. Ultra's mixed acid electrolyte confers an energy storage and operating temperature advantage verses mainstream VRFB chemistries.**

Richmond Vanadium Technology Pty Ltd ("RVT" or "the Company") is pleased to advise it has signed a Binding Term Sheet to subscribe for up to 20,000,000 shares valued at 25 cents per share in Western Australian energy technology company, Ultra Power Systems Pty Ltd ("**Ultra**" or "**UPS**"). The term sheet is subject to:

- The successful listing of RVT on the Australian Securities Exchange, in which the company intends to raise between \$25M and \$35M
- Completion of due diligence of Ultra's Vanadium Redox Flow Battery ("**VRFB**") and Standalone Power System ("**SPS**").

RVT's 1.8Bt Richmond Vanadium Project is located in north Queensland and the Company has completed a Pre-Feasibility Study which demonstrated a technically viable and financially attractive development project.¹ RVT is currently completing a Bankable Feasibility Study and associated development approvals.

¹ See Horizon Minerals Limited (ASX:HRZ) announcement to ASX dated 22 March 2022.



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Ultra has developed its own vanadium redox flow battery (“VRFB”) system, the Ultra V40 battery module, and a Standalone Power Station which integrates solar and wind turbines into a mobile and scalable power generation system highly suitable for off-grid applications. Ultra’s battery is powered by its unique mixed-acid vanadium electrolyte, which provides a 70% higher energy density and a higher temperature capability compared with mainstream vanadium electrolytes.

Ultra is Australia’s first VRFB manufacturer, with a business model focused on the design, manufacture, installation, commissioning and maintenance of modular, integrated renewable power generation and energy storage systems through a network of local “flow” partners. Ultra’s initial markets, both in Australia and overseas, include off-grid applications within the mining sector (such as bore pumps, exploration camps, mining villages and ultimately full mine electrification), remote communities, community batteries, residential microgrids, and the specific charging demands of the electric vehicle sector. Ultra is intending to list on the ASX during FY23. For more information on Ultra, please visit <https://www.ultraenergy.com.au/>.



Left to right: Brad Appleyard (Chairman/CEO Ultra), Jon Price (Managing Director Horizon/NED RVT), Dr Shuang Ren (Managing Director RVT), Brendon (Grylls Chair RVT)



Vanitec, the not-for-profit international global member organisation whose objective it is to promote the use of vanadium-bearing materials, has stated that while vanadium is currently mainly used within the steel industry, vanadium is increasingly being recognised for its use in VRFBs. These long duration batteries can store large amounts of electrical energy produced by solar and wind power generators on a daily basis, as a means to drive the deep decarbonization of electric power systems.

Independent analysis by market intelligence and advisory firm Guidehouse Insights (“**Guidehouse**”) indicates global annual deployments of VRFBs are expected to reach approximately 32.8 GWh per annum by 2031. This represents a compound annual growth rate (CAGR) of 41% over the forecasted period.

The VRFB deployment forecast by Guidehouse would equate to between 127,500 and 173,800 tons of new vanadium demand per year by 2031, according to Vanitec calculations based off Guidehouse’s projection. This is more than twice the amount of vanadium currently produced annually today².

Binding Term Sheet Key Terms

Following completion of the Binding Term Sheet, and subject to RVT and Ultra entering into a formal offtake agreement, Ultra will purchase vanadium pentoxide from RVT, subject to the availability and timeliness of delivery, quality and price.

This mutually beneficial agreement provides Ultra with funds to facilitate the development and production of its proprietary VRFBs and Patented Electrolyte, as well as potential future agreed supply of this critical mineral; whilst RVT has an Australian battery manufacturer partner and potential future offtake agreement.

As part of RVT’s IPO and if all terms of the Binding Terms Sheet are met, RVT will subscribe for and UPS will issue:

- a) If the Minimum Subscription of \$25,000,000 is raised, 12,000,000 fully paid ordinary shares in UPS (“**UPS Share**”) at an issue price of A\$0.25 per UPS Share, totalling A\$3,000,000
- b) If A\$30,000,000 is raised pursuant to the IPO (Medium Subscription), 14,000,000 UPS Shares at an issue price of A\$0.25 per UPS Share, totalling A\$3,500,000
- c) If the Maximum Subscription of \$35,000,000 is raised, 20,000,000 UPS Shares at an issue price of A\$0.25 per UPS Share, totalling A\$5,000,000

Further to and in conjunction with RVT’s first right of refusal to sell vanadium pentoxide to UPS on agreed terms, RVT will be Ultra’s preferred supplier of vanadium pentoxide. Subject to RVT achieving sufficient production rates at its Richmond Vanadium Project, RVT and UPS may enter into offtake agreements and/or purchase orders on mutually acceptable terms to supply vanadium pentoxide flake product.

² Vanadium set for “disruptive” demand growth as battery energy storage boom gains momentum: Vanitec, 22 July 2022



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RVT Managing Director, Shaun Ren, commented, *“As Richmond Vanadium continues to advance its world class Richmond Vanadium Project in north Queensland, having a partner like Ultra who is already successfully developing VRFBs contributes to our aim of establishing a significant mine to metal to battery corridor right here in Australia”.*

Brad Appleyard, Chairman & CEO of Ultra said *“We are taking the next step in creating a strategic partnership, the additional funding will facilitate the acceleration of Ultra’s development and planned modular electrolyte production. We look forward to working together as this new industry grows exponentially.*

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