

European Investment Bank proposed €500m (~A\$825m) financing for Zero Carbon Lithium™ Project

Vulcan Energy Resources Limited (Vulcan, ASX: VUL, FSE: VUL, the Company) is pleased to announce an update on the European Investment Bank (EIB)'s proposed involvement in the financing of Phase One of its ZERO CARBON LITHIUM™ Project.

Highlights

- After preliminary due diligence, Vulcan's Phase One ZERO CARBON LITHIUM™ Project appears potentially suitable for an EIB financing and the Project has advanced to the "Under Appraisal" stage.
- EIB's proposed financing could amount to up to €500m (~A\$825m), pending completion of due diligence, credit approval and legal agreement, and subject to EIB's governing bodies approval. It is expected to serve as a cornerstone to complement ongoing debt funding discussions with leading export credit agencies and international banks.
- The EIB is the lending arm of the European Union (EU) and one of the largest climate finance providers. The EU seeks to provide support through a financial pathway toward sustainable and resilient domestic supply chain development for Europe to meet the EU's goals to reduce net greenhouse gas emissions by 55% by 2030 and no net emissions of greenhouse gases by 2050.
- The Company has already started its debt and project level equity financing process, supported by BNP Paribas, following positive market sounding in 2023 from commercial banks, development banks, and government-backed export credit agencies. This included a A\$200 million (~€120 million) non-binding Letter of Support from Export Finance Australia (EFA), and indication of strong ECA support from Canada, Italy, and France during 2023.
- Vulcan is developing the world's first integrated renewable energy and ZERO CARBON LITHIUM™ Project in the Upper Rhine Valley, Germany, aiming to decarbonise the lithium supply chain for electric vehicles (EVs) and to supply local communities with renewable heat and power.
- Phase One of Vulcan's ZERO CARBON LITHIUM™ Project (Project) is targeting the production of 24,000 tonnes per annum (tpa) of Lithium Hydroxide (LHM), equivalent to 500,000 Electric Vehicles. Vulcan will supply key auto and battery makers in the European supply chain, including its second-largest shareholder, Stellantis.

Furthermore, the EIB notes that:

- The production of battery grade lithium LHM - a critical raw material (CRM) to be used in particular to for EV batteries - will contribute to the EU's green transition and to the achievement of the European Green Deal ambition to become climate neutral by 2050. As such, the Project is in line with the EU Key Enabling Technologies and Strategic Energy Technology (SET) Plan objectives, contributing to increased EU autonomy and resilience in industrial ecosystems for mobility and batteries.
- The Project falls under Main Policy Priority area (Environment and resources / Sustainable critical raw materials value chain) for projects supporting the sustainable supply and processing of critical primary raw materials with the main objective of building production capacity for the purpose of large-scale competitive commercialisation.
- The lithium processing plants are eligible for climate action as mitigation. The output of the production plant is battery grade LiOH, which is used to produce battery active material (BAM). The project therefore falls within the scope of the activity '3.4 Manufacture of batteries' in the Taxonomy Climate Delegated act and fulfils the substantial contribution criteria for climate change mitigation, since the 'Manufacture of respective components (battery active materials, battery cells, casings and electronic components)' is also covered. Therefore, the project is eligible under Article 309 point (c) common interest.
- The energy elements of the Project are in line with EU and EIB policy objectives on climate action (mitigation) and are also fully in line with national RE penetration targets for the electricity grid and for district heating. They will generate both environmental and health benefits, in particular by replacing fossil-fuels with the integration of low-carbon, more sustainable, baseload renewable sources.

Mr. Cris Moreno, Managing Director and CEO stated: "We welcome the support of the EIB. This is a strong and tangible signal of confidence at the European level for the ZERO CARBON LITHIUM™ Project, and of its capability to enable a secure, domestic lithium supply chain for electric vehicle batteries for Europe. This progression in EIB's financial appraisal is a positive step forward in the sequence of our debt and project level equity financing for Phase One of the Project, which is anticipated to create millions of tonnes of carbon avoidance in the EV supply chain in the years to come. "

About Vulcan

Founded in 2018, Vulcan's unique **Zero Carbon Lithium™** Project aims to decarbonise lithium production, through developing the world's first net carbon neutral lithium business, with the co-production of renewable geothermal energy on a mass scale. By adapting existing technologies to efficiently extract lithium from geothermal brine, Vulcan aims to deliver a local source of sustainable lithium for Europe, built around a net zero carbon strategy with exclusion of fossil fuels. Already an operational renewable energy producer, Vulcan will also provide renewable electricity and heat to local communities. Vulcan's combined geothermal energy and lithium resource is the largest in Europe¹, with license areas focused on the Upper Rhine Valley, Germany. Strategically placed in the heart of the European electric vehicle market to decarbonise the supply chain, Vulcan is rapidly advancing the Zero Carbon Lithium™ Project to target timely market entry, with the ability to expand to meet the unprecedented demand that is building in the European markets. Guided by our **Values of Climate Champion, Determined and Inspiring**, and united by a passion for the environment and leveraging scientific solutions, Vulcan has a unique, world-leading scientific and commercial team in the fields of lithium chemicals and geothermal renewable energy. Vulcan is committed to partnering with organisations that share its decarbonisation ambitions and has binding lithium offtake agreements with some of the largest cathode, battery, and automakers in the world. As a motivated disruptor, Vulcan aims to leverage its multidisciplinary expert team, leading geothermal technology and position in the European EV supply chain to be a global leader in producing zero fossil fuel, net carbon neutral lithium while being nature positive. Vulcan aims to be the largest, most preferred, strategic supplier of lithium chemicals and renewable power and heating from Europe, for Europe; to empower a net zero carbon future.



¹ According to public, JORC-compliant data. See Upgrade of Zero Carbon Lithium™ Project Resources, 29 September 2023

Corporate Directory

Executive Chair	Dr. Francis Wedin
Managing Director and CEO	Cris Moreno
Deputy Chair	Gavin Rezos
Non-Executive Director	Ranya Alkadamani
Non-Executive Director	Annie Liu
Non-Executive Director	Dr. Heidi Grön
Non-Executive Director	Josephine Bush
Non-Executive Director	Dr. Günter Hilken
Chief Representative GER	Dr. Horst Kreuter
Company Secretary	Daniel Tydde

For and on behalf of the Board

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Reporting calendar

28 March 2024	Annual report
29 April 2024	March Quarterly
29 July 2024	June Quarterly
12 September 2024	Half Year Report
29 October 2024	September Quarterly

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