

STRATEGIC INVESTMENT AND GRANT OF LIMITED EXCLUSIVITY TO ENTER INTO OFFTAKE

VANADIUM RESOURCES LIMITED (ASX: VR8; DAX: TR3) (“VR8” or the “Company”) is pleased to announce that the Company has entered into a Subscription Agreement (“**Agreement**”) with Matrix Resources (Zhejiang) Co., Ltd (“**Matrix**”), a wholly owned subsidiary of Zhejiang Lygend Investment Limited (“**Lygend Investment**”, together with its subsidiaries, the “**Lygend Group**”), in relation to a strategic investment by Matrix of A\$5.91 million via a subscription for 53,763,800 shares for an interest of 9.99% in VR8. The Company has also granted Matrix exclusivity for a period of 4 months to negotiate and enter into an offtake with VR8 for Vanadium Products arising from the Steelpoortdrift Vanadium Mine and Concentrator and the Tweefontein Vanadium Salt Roast Leach Plant (“**Project**”), which off-take is expected to be limited to a period of 10 years’ production of Phase 1 and 40% of the product produced from the Project, one half of which off-take may be allocated to Matrix acting as agent and the other half in terms of which Matrix may enter into as principal.

HIGHLIGHTS

- ◆ **Matrix Resources (Zhejiang) Co., Ltd (“Matrix”) to make a strategic A\$5.91 million investment in return for an interest of 9.99% in VR8 via a subscription for 53,763,800 shares at an issue price of \$0.11 per subscription share, representing a ~40% premium to the 30-day VWAP.**
- ◆ **Exclusivity granted to Matrix to negotiate an offtake, aimed at the Asian markets, of 40% of Vanadium Products produced from the Phase 1 operations of the Steelpoortdrift Vanadium Project over a 10-year term.**
- ◆ **Matrix is a wholly owned subsidiary of Lygend Investment, which is also the largest shareholder of Hong Kong listed Lygend Resources & Technology Co., Ltd. (Stock Code: 02245, Stock Short Name: Lygend Resource) (“Lygend Resource”). Lygend Resource is operating its business across the entire nickel industry value chain and is engaged in both the trading and the production of nickel products.**
- ◆ **The Company must use its best endeavours to enable Matrix to participate in future equity capital raises to maintain its ownership position.**
- ◆ **Funds raised from the strategic investment will be used towards progressing Front End Engineering Design (“FEED”), completing additional technical work and critical pathways to construction and growing the operations team as the Company moves towards Final Investment Decision (“FID”).**

ABOUT MATRIX

Matrix is a wholly owned subsidiary established by Lygend Investment in September 2022. Lygend Investment is also the largest shareholder of Hong Kong listed Lygend Resources, which operates across the entire nickel industry value chain and is engaged in both the trading and the production of nickel products. Lygend Resource has also made good progress in supplying to downstream new energy industry major market players.

Given the Lygend Resources's significant experience in developing and operating mines and industrial plants, after and separate to Matrix's subscription, Matrix and VR8 will look to leverage the expertise the Lygend Group possesses to assist in the funding, development, construction, commissioning, and operations of the Project.

Mr Jurie Wessels, Executive Chairman of VR8 commented: *"Through this strategic placement, VR8 has opened the prospect of gaining a partner who holds the expertise and demonstrated technical capacity to undertake production operations similar to what we expect to embark upon at our own operations, and who also holds expertise in developing markets, primarily in Asia, into which VR8 can sell its planned specialist Vanadium products.*

Matrix became attracted to VR8 as it recognised the potential importance and scale of the Steelpoortdrift Vanadium Project and its capacity to feed our planned Salt Roast Leach operations at Tweefontein. As a result, Matrix have agreed to become an integral part of the VR8 story by becoming a large shareholder through participating in a placement at a significant premium with the intention of offering its demonstrated skills to VR8 and becoming part of a team who will be progressing the project into production.

We are very much looking forward to investigating the potential ways to work together with Matrix to advance the development of the Steelpoortdrift Vanadium Project into a definitive mutually beneficial relationship aimed at progressing the Project towards Final Investment Decision and are also looking forward to continually updating the market and our shareholders regarding progress we are making in concluding critical pathways, including offtake agreements and financing arrangements, all of which are required to complete construction funding and putting the Project into production."

STRATEGIC INVESTMENT

Equity Subscription Agreement at Significant Premium

Under the Subscription Agreement, the Company will complete an equity placement of A\$5.91 million to Matrix through the issue of 53,763,800 new fully paid shares at A\$0.11 cents per share (“Placement”).

The Placement price of A\$0.11 cents per share represents a premium to the Company’s 15- and 30-day VWAP as follows:

- 15 day VWAP of A\$0.085 per share representing ~30% premium; and
- 30 day VWAP of A\$0.079 per share representing ~40% premium.

Upon completion of the Placement, Matrix will hold a 9.99% stake in VR8. Shares to be issued under the Placement will be issued pursuant to the Company’s existing placement capacity under ASX Listing Rules 7.1 and 7.1A (and the issue will not require shareholder approval). The issue of shares is expected to occur around 2 June 2023.

Key Condition Precedent

Under the Agreement, the Placement to Matrix is subject to and conditional upon Matrix receiving approval from the Chinese Government in the way of Overseas Direct Investment Approval (“**ODI Approval**”).

Both parties have agreed to assist each other in good faith to make the Agreement unconditional. With Lygend Group’s extensive experience in ODI approvals, VR8 expects there to be no significant issues in achieving this condition precedent.

Future Equity Offers

Following completion of the full Placement, Matrix will hold a 9.99% stake in VR8. In terms of the Agreement, the Company must use its best endeavours to enable Matrix to participate in future equity capital raises at the price and on terms and conditions equal to those available to other participating parties in order to maintain its ownership position as it works through possibly completing construction of the Project.

This obligation shall expire if Matrix’s voting power in the Company drops below 5% due to the disposal of shares held in the Company, or not participating in equity capital raisings that it is eligible to participate in.

EXCLUSIVITY TO AGREE OFFTAKE

VR8 have also agreed to grant Matrix the exclusive right over a period of 4 months from the date of the agreement to negotiate and enter into offtake rights for the supply of up to 40% of Vanadium Products actually produced for a period of 10 years from Phase 1 of operations at the Project. Half of the expected off-take rights are expected to be taken up by Matrix as principal and the other half as agent, all of which are intended to be limited to the Asian market.

MEMORANDUM OF UNDERSTANDING

The Company and Matrix agreed to work together in good faith to negotiate and agree the terms of the offtake, including product pricing and an agreed upon floor-price-mechanism to satisfy potential debt funding institutions. The parties expect to work towards agreeing terms and executing a definitive binding offtake agreement as soon as practicable after the completion of the placement.

ABOUT VR8

Vanadium Resources Limited is developing the Steelpoortdrift Vanadium Project, 73.95%¹ owned, tier 1, licensed mining project located in the Limpopo Province of South Africa (86.49% interest subject to completion as announced 3/05/2023).

Steelpoortdrift is host to one of the world's largest undeveloped vanadium deposits with a Mineral Resource of 680Mt at an average in situ grade of 0.70% V₂O₅ (4.74Mt contained metal). The project has a Proved and Probable Reserve of 77Mt at an average in situ grade of 0.72% V₂O₅ (0.55Mt contained metal)². At current throughput rates the Mineral Resource has a life of over 180 years.

In October 2022, the Company completed a DFS³ confirming Steelpoortdrift as a world-class deposit with robust economics over an initial 25-year mine life, providing an attributable post-tax NPV7.5% of US\$0.9B (Attrib. NPV subject to completion of increased ownership as announced 3/5/2023 US\$1.05B), IRR of 42% and a 27-month payback on a pre-production capex of US\$211M.

Having completed the DFS, the Company is working towards Final Investment Decision (with a Q4 CY2023 target) with a focus on building the project development and execution team, commencing the FEED studies, securing debt financing and partnering with strategic groups to ensure the maximum value of the project is unlocked.

¹ Refer to ASX Announcement dated 3 May 2023 "VR8 Concludes Agreements to Increase its Interest in Steelpoortdrift up to 86.49%"

² Refer to ASX Announcement dated 4 October 2022 "VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project"

³ Refer to ASX Announcement dated 4 October 2022 "DFS Delivers A\$1.9BN NPV Confirming World Class Steelpoortdrift Vanadium Project"

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

The Resource statement as reported on the 4 October 2022⁴ was updated and is as follows:

Table 1: Mineral Resource Estimate (as at 30 April 2022)

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

Source: Sound Mining, 2022

Notes:

- Stated at a cut-off grade of 0.45% V₂O₅;
- The Mineral Resources are stated on a 100% attributable basis for VanRes, of which VR8 owns 73.95%;
- The Mineral Resources are inclusive of Ore Reserves; and
- Reported in-situ with any apparent computational errors due to rounding not considered significant.

APPENDIX 2 – ORE RESERVE

The updated Ore Reserve statement as at 30 September 2022 is as follows:

Table 2: Ore Reserves as at 30 September 2022

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

Source: Sound Mining, 2022

Notes:

- The Ore Reserves are stated at a price of USD9.50/lb;
- The Ore Reserves are stated on a 100% attributable basis for VanRes, of which VR8 is owns 73.95%;
- The LoM was restricted to a production forecast of 25 years whereafter the mining licence will need to be renewed.
- The Ore Reserves are reported at the point of delivery for processing;
- The Quantity is reported in metric tonnes and the Grade reported as a percentage of contained V₂O₅;
- Any apparent computational errors due to rounding are not considered significant;
- The Ore Reserves may be subject to legal, political, environmental or other risks;
- Losses that could occur as a result of transportation of content or Flake are considered to be negligible; and
- 39% of the Ore Reserves are in the Proved category and no Inferred Mineral Resources included in the Ore Reserve estimate.

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

Competent Person's Statement and Compliance Statements

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

Mineral Resources

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

Ore Reserves

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

ASX announcements referenced to directly, or in commentary of, this announcement

¹ ASX: VR8 3 May 2023 VR8 Concludes Agreements to Increase its Interest in Steelpoortdrift up to 86.49%

² ASX: VR8 4 October 2022 DFS Delivers A\$1.9BN NPV Confirming World Class Steelpoortdrift Vanadium Project

³ ASX: VR8 4 October 2022 VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project

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

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