

31 July 2020

ACTIVITIES REPORT – JUNE QUARTER 2020

HIGHLIGHTS

- ◆ Scoping Study completion imminent with key inputs completed during the Quarter
- ◆ Excellent results from initial downstream testwork confirms Steelpoortdrift concentrate eminently suitable for conventional salt roast-leach processing
- ◆ Vanadium extraction of up to 89% in roasting tests using standard and proven operating conditions
- ◆ Testwork has also upgraded the Steelpoortdrift vanadium concentrate to a higher quality product through reducing deleterious silica and alumina
- ◆ Concentrate maintains superior V_2O_5 grade (2.2% V_2O_5) and increases iron content to 58.5% Fe
- ◆ Updated Mineral Resource for Steelpoortdrift Vanadium Project released in April of 662Mt at an in situ grade of 0.78% V_2O_5 in the Measured, Indicated and Inferred categories
- ◆ High grade, near surface, open pittable Mineral Resource increased to 188Mt at an in situ grade of 1.23% V_2O_5 in the Measured, Indicated and Inferred categories
- ◆ Steady trade in vanadium market following impacts of COVID-19, long term demand for vanadium and vanadium products remains strong
- ◆ Marketing mandate (non-exclusive) granted to Pelagic Resources Group, a global commodity merchant that holds customer relationships with Chinese state owned enterprises, global asset allocators and large international commodity merchants

METALLURGICAL TESTWORK

During the Quarter the Company completed an initial set of roasting tests designed to confirm the amenability of the Steelpoortdrift vanadium concentrate to the established and proven salt roasting – leaching method of vanadium extraction. The results from this testwork achieved recoveries comparable to other vanadium processing operations in the Bushveld Complex, which also means the Steelpoortdrift concentrate could provide superior feed to these operations or to vanadium processing facilities elsewhere. The grade of the Company’s Mineral Resource more than measures up with these projects (Figure 1, Appendix 1) and is expected to provide the project with an advantage in terms of operating costs, that should be confirmed by the current Scoping Study to assess the viability of constructing and operating a vanadium plant at Steelpoortdrift.

Testwork was completed at Mintek South Africa, an internationally accredited mineral processing laboratory with significant experience in processing and extraction of vanadium. The testwork methodology was designed by Les Ford, consultant to the Company and renowned vanadium processing expert, to be similar to those used in vanadium operations in South Africa. The downstream testwork was carried out on a sample of concentrate produced in the recent beneficiation studies with a grade of 2.2% V₂O₅ and 1.2% silica (refer ASX Announcement 24 June 2020). Roasting tests were carried out under three different sets of conditions, as detailed in Table 1, with a repeat test completed for each procedure (making 6 tests in total, refer ASX Announcement 24 July 2020).

Table 1. Extraction results from roasting trials

	Salt Dosage (wt%)		Roasting Temperature (°C)	Vanadium Extraction (%)
	Na ₂ CO ₃	Na ₂ SO ₄		
Method 1	6.0		1100	89.1
Method 2	6.0		1150	88.4
Method 3	5.1	1.2	1150	87.3

NB: 2 trials completed for each method, average extraction results presented. Refer to ASX Announcement 24 July 2020.

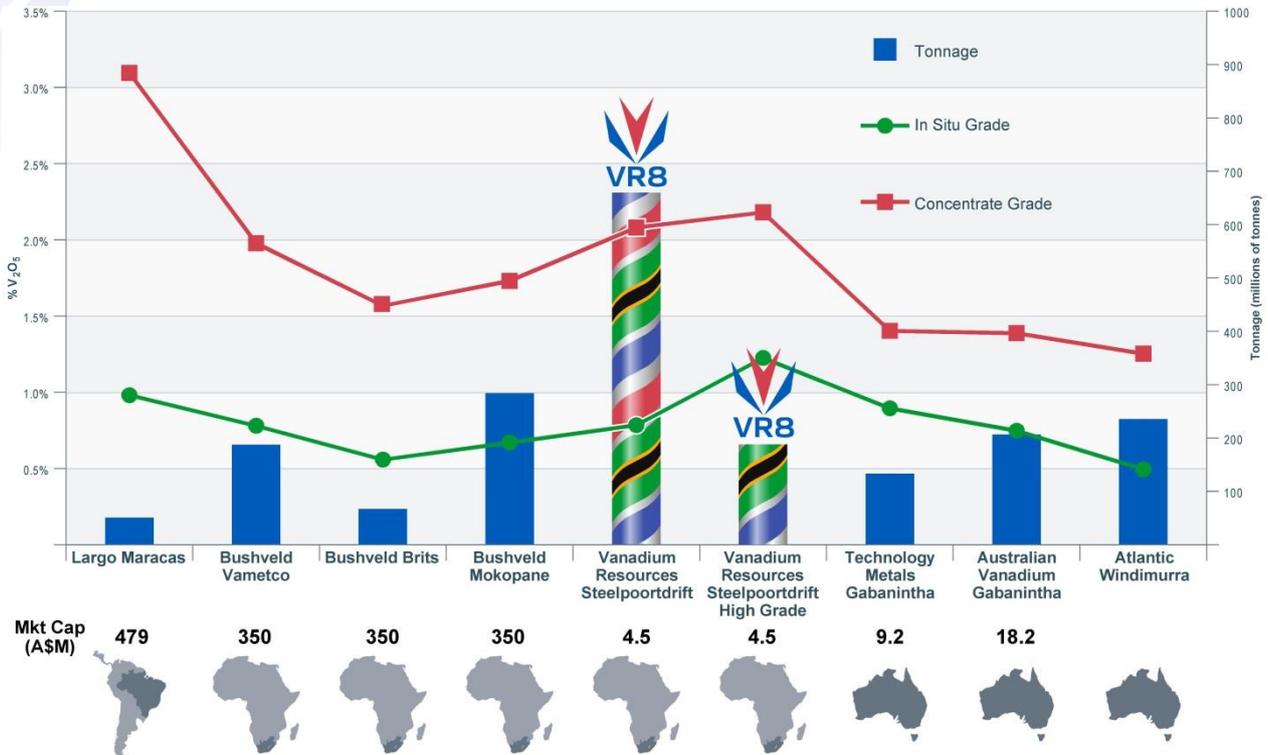


Figure 1. Global vanadium projects categorised by resource grade and grade in concentrate.

Chart compares resources reported under different codes and companies at different stages of development as detailed in Appendix 1. Only resources with a quoted in situ grade > 0.45% V₂O₅ are shown in figure.

The results from Method 3 described in Table 1 will be used as the input into the Company's Scoping Study, which is nearing completion. The use of Na₂SO₄ is favoured in salt roasting, as it is able to be recovered elsewhere in the process and returned to the kiln, thereby reducing reagent costs.

The samples used to generate the concentrate for these tests were a 50:50 blend of the LMZ and UMZ mineralisation at Steelpoortdrift. Future studies will focus on repeatability and variability between the different mineralised zones at Steelpoortdrift, including samples from the discrete massive LM1A magnetite zone at the base of the LMZ (68Mt at an in situ grade of 1.37% V₂O₅, refer Appendix 2), which is anticipated to provide the majority of the early feed to a salt roast plant at Steelpoortdrift. Future tests will also provide an opportunity to further reduce projected operating costs by varying roasting temperatures and salt dosages from these standard conditions, providing vanadium yields are maintained at acceptable levels, alternatively there is the potential to further improve the extraction of vanadium by varying extraction conditions.

Prior to the roasting testwork the Company successfully completed tests to upgrade the Steelpoortdrift concentrate by reduction of deleterious silica and alumina contents (to 1.2% and 3.4% respectively, Table 2). Importantly, the vanadium content has been maintained at an exceedingly high grade 2.2% V₂O₅ with the iron content increasing to 58.5% Fe.

The benefits of this upgrading are demonstrated in the roasting test results. Removal of silica removes a key deleterious element which impacts the efficiency of the roasting process as elevated silica levels can lead to increased reagent usage (and consequently operating costs) and/or sintering of the roaster feed material, both of which affect the extraction of vanadium in the leach process.

Table 2. Concentrate results from cleaner trials

	Initial Concentrate		Upgraded Concentrate
V ₂ O ₅ %	2.2	→	2.2
Fe %	54.6	↑	58.3
TiO ₂ %	12.0	↑	12.3
SiO ₂ %	3.2	↓	1.2
Al ₂ O ₃ %	4.8	↓	3.4

MINERAL RESOURCE UPDATE

During the Quarter an updated Mineral Resource estimation for the Steelpoortdrift Vanadium Project was completed and published. The Mineral Resource now stands at 662 million tonnes at an in situ grade of 0.77% V₂O₅ in the Measured, Indicated and Inferred categories (refer ASX Announcement 29 April 2020 and Appendix 2). Due to increased data density and confidence achieved by infill drilling and the simple outcropping nature of the vanadium mineralisation, Measured and Indicated material now makes up 57% of the Global Mineral Resource, corresponding to 376 million tonnes at an in situ grade of 0.78% V₂O₅.

The resource continues to include a substantial high grade, near surface component which has been newly estimated at 188 million tonnes at an in situ grade of 1.23% V₂O₅ (Measured, Indicated and Inferred categories, Appendix 2). Of this high grade resource Measured and Indicated material comprises 59%, being 110 million tonnes at an in situ grade of 1.23% V₂O₅. The size of the Mineral Resource is anticipated to result in a long life of mine for the project.

The majority of this high grade resource is anticipated to be able to be mined by open pit methods given that 127 million tonnes at an in situ grade of 1.20% V₂O₅ occurs within 100m of surface (Appendix 2). Pit optimisations and open pit schedules nearing completion for input into the current Scoping Study into downstream production of V₂O₅ from the Steelpoortdrift Vanadium Project

SCOPING STUDY

During the Quarter the Company substantially advanced its Scoping Study into the production of V₂O₅ from the Steelpoortdrift Vanadium Project. As previously announced Mr Les Ford is acting as lead consultant to conduct the required studies and investigations to complete this study. Mr Ford has over 40 years of experience constructing, developing and producing vanadium projects and is regarded as one of the world's foremost experts in vanadium.

As detailed above, metallurgical testwork was carried out during the Quarter with results from the salt roasting tests received during July. Process design and costings have been advanced in parallel with the testwork and are being finalised based on the results.

In addition, mining studies using the new Mineral Resource discussed above were recently completed, comprising open pit designs and mining schedules. These are being used to build up a financial model for the project, which in turn is driving optimisation of the schedule aimed at meeting the Company's objectives of being one of the world's lowest capex and opex producers.

The Company expects to complete and announce the Scoping Study in the coming weeks, meeting its target of completion during calendar year Q3.

MARKETING ACTIVITIES

The Company continues to receive significant attention in the Company's world class Steelpoortdrift Vanadium Project due to the high grade (+2% V₂O₅) concentrate, which can be produced by simple beneficiation, as well as the size of the Mineral Resource that makes a long life of mine possible (refer ASX Announcement 29 April 2020 and Appendix 2). The Company anticipates that release of its Scoping Study will enable it to materialise this attraction into meaningful value for shareholders.

To aid it in this goal the Company concluded a non-exclusive marketing mandate with Pelagic Resources Group Ltd (**Pelagic**) under which Pelagic will introduce the Company to its existing customer base in China, Europe, Russia, India and the USA.

Pelagic is an established global physical commodity merchant, headquartered in Singapore with offices in South Africa, Zimbabwe and China, with a core focus on metal ores used in the stainless and speciality steel industries. Pelagic was founded in 2016 and has since marketed over 1 million tonnes of metal

concentrates to China, Europe, Russia, India and the USA. Pelagic currently works strategically with a number of large International Physical Commodity Merchants, Chinese State Owned Enterprises and Global Asset Allocators, and is well positioned to strategically align development capital with resource projects in Africa. Further details of Pelagic can be found on their website www.pelagicresources.com.

Pelagic will receive a once-off success fee equal to 2% of the total cash investment made by a strategic investor introduced by Pelagic, at completion and performance of the investment. In addition, should an investment be concluded, Pelagic will receive marketing rights for a period of 5 years of not less than 50% of the products, including titaniferous magnetite concentrate and/or V₂O₅ products produced from VR8's Steelpoortdrift project ore, and which VR8 resolves to sell from time to time in the open market or to a strategic investor.

In addition to introducing VR8 to Pelagic's existing customer base, the services Pelagic is to render includes assisting the Company in all communications in so far as it may be necessary to conclude a strategic investment transaction and to facilitate, manage and co-ordinate the completion and due diligence processes of any potential transaction.

SUMMARY OF EXPENDITURE

Of the total expenditure of the Company during the Quarter, the majority (71%) of the Company's expenditure was on activities related to the exploration and development of the Steelpoortdrift Vanadium Project, including funding provided through a loan to associated South African Company Vanadium Resources (Pty) Ltd (the holder of the Steelpoortdrift Vanadium Project), as detailed in the Cashflow Report (5B) appended to this report. The Company did not incur any expenditure for mining production activities during the Quarter.

Payments totalling approximately \$34,000 were made to related parties of the Company with respect to the Quarter, being director and consulting fees (see section 6.1 of the Accompanying 5B). Payments totalling approximately \$100,000 were made to Vanadium Resources (Pty) Ltd, an associate of the Company (see section 6.2 of the accompanying 5B).

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

For and on behalf of the board:

Kyla Garic

Company Secretary

Tenement Table: ASX Listing Rule 5.3.3

Mining tenement interests held at the end of the quarter and their location

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km ²	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Pilbara Region, Western Australia						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2021	100%
Limpopo Region, South Africa						
Steelpoortdrift KT365	10095MR	Vanadium Resources (Pty) Ltd	24.6	Granted	04/09/2048	Right to own 73.95%

The mining tenement interests relinquished during the quarter and their location

Nil.

The mining tenement interests acquired during the quarter and their location

Nil.

Beneficial percentage interests held in farm-in or farm-out agreements at the end of the quarter

Not applicable.

Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter

Nil.

Competent Persons Statement

The information in this announcement that relates to Exploration Results and other technical information relating to drilling, sampling and the geological interpretation derived from the Exploration Results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and has been compiled and assessed under the supervision of Mr Bill Oliver, the Managing Director of Vanadium Resources Ltd. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measures as detailed in the ASX Announcements referred to in the text.

The information in this announcement that relates to Mineral Resources, including the Mineral Resources contained within the Production Target, complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and that has been compiled, assessed and created by Mr Kerry Griffin BSc.(Geology), Dip Eng Geol., a Member of the Australian Institute of Geoscientists and a Principal Consultant at Mining Plus Pty Ltd, consultants to the Company. Mr Griffin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012

Edition of the JORC Code. Mr Griffin is the competent person for the resource estimation and has relied on provided information and data from the Company, including but not limited to the geological model and database. Mr Griffin consents to the inclusion in this announcement of matters based on his information in the form and context in which it appears. Further details on the Mineral Resource can be found in the ASX Announcement dated XX April 2020.

The Company confirms that all material assumptions and parameters underpinning the Mineral Resource Estimates and the Production Targets reported in the market announcements dated 2 May 2019 and XX April 2020 continue to apply and have not materially changed, and that it is not aware of any new information or data that materially affects the information that has been included in this announcement.

Disclaimer

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

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

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

APPENDIX 1: Data and sources for Peer Comparison (Figure 1)

Company	Project	Stage	Resource Category	Resource Tonnes	Resource Grade	Concentrate Grade	Information Source
Largo LGO.TSX	Maracas	Production	Measured, Indicated & Inferred (43-101)	49.25	0.99	3.10	43-101 Technical Report dated 26/10/2017 http://www.largoresources.com/operations/maracas-menchen-mine
Bushveld BMN.LSE	Vametco	Production	Indicated & Inferred	186	0.78	1.98	Competent Persons' Report on the Vametco Vanadium Mine Jan 2020 https://www.bushveldminerals.com/technical-reports/
	Brits	Development	Indicated & Inferred	66.8	0.56	1.58	Competent Persons' Report on the Brits Vanadium Project Jan 2020 https://www.bushveldminerals.com/technical-reports/
	Mokopane	Development	Indicated & Inferred	285	0.68	1.75	Mokopane PFS Study Report Jan 2016 https://www.bushveldminerals.com/technical-reports/
TNG TNG.ASX	Mt Peake	Development	Measured, Indicated & Inferred	160	0.28	1.20	ASX Announcement 26/03/2013
King River KRR.ASX	Speewah	Development	Measured, Indicated & Inferred	4,712	0.30	2.11	ASX Announcement 01/04/2019 06/11/2019
Pursuit Minerals PUR.ASX	Koitelainen Vosa	Development	Inferred	116.4	0.11	2.25	ASX Announcement 06/02/2019
	Airijoki	Development	Inferred	44.3	0.23	1.70	ASX Announcement 08/03/2019
Australian Vanadium AVL.ASX	Gabanimtha	Development	Measured, Indicated & Inferred	208.2	0.74	1.39	ASX Announcement 04/03/2020, 17/03/2020
Technology Metals TMT.ASX	Gabanimth	Development	Indicated & Inferred	131	0.90	1.36	ASX Announcement 29/03/2019

APPENDIX 2: Mineral Resource Statement for the Steelpoortdrift Vanadium Project

Table 1. Steelpoortdrift Vanadium Project Global Mineral Resource by Resource Category.

Category	V ₂ O ₅ Cutoff	SG	Tonnes (Mt)	Whole Rock V ₂ O ₅ %	Tonnes V ₂ O ₅ in magnetite (kt)
Measured	0.45%	3.35	92	0.77	711
Indicated	0.45%	3.37	284	0.78	2,219
Inferred	0.45%	3.38	285	0.77	2,197
Total			662	0.77	5,098

Table 2. SPD Vanadium Project Mineral Resource by Zone (Measured, Indicated & Inferred).

Layer	V ₂ O ₅ Cutoff	SG	Tonnes (Mt)	Whole Rock V ₂ O ₅ %	Tonnes V ₂ O ₅ in magnetite (kt)
Upper Zone	0.45%	3.40	244	0.75	1,830
Intermediate Zone	0.45%	3.23	158	0.57	898
Lower Zone	0.45%	3.43	260	0.94	2,414
Total			662	0.77	5,098

Table 3. SPD Vanadium Project Mineral Resource by Grade

V ₂ O ₅ Range	Category	SG	Tonnes (Mt)	Whole Rock V ₂ O ₅ %	Tonnes V ₂ O ₅ in magnetite (kt)
> 0.90%	Measured	3.65	26	1.22	321
> 0.90%	Indicated	3.67	83	1.24	1,032
> 0.90%	Inferred	3.67	78	1.22	957
Sub Total	> 0.90%		188	1.23	2,309
0.45% - 0.90%	Measured	3.25	66	0.59	389
0.45% - 0.90%	Indicated	3.26	201	0.59	1,187
0.45% - 0.90%	Inferred	3.28	207	0.60	1,241
Sub Total	0.45% - 0.90%		474	0.59	2,818
Total			662	0.78	5,098

Table 4. SPD Vanadium Project Mineral Resource within 100m of surface by Grade

V ₂ O ₅ Range	Category	SG	Tonnes (Mt)	Whole Rock V ₂ O ₅ %	Tonnes V ₂ O ₅ in magnetite (kt)
> 0.90%	Measured	3.65	22	1.22	268

> 0.90%	Indicated	3.66	53	1.19	635
> 0.90%	Inferred	3.67	52	1.19	614
Sub Total	> 0.90%		127	1.20	1,518
0.45% - 0.90%	Measured	3.25	60	0.59	353
0.45% - 0.90%	Indicated	3.26	159	0.60	953
0.45% - 0.90%	Inferred	3.29	113	0.60	677
Sub Total	0.45% - 0.90%		332	0.60	1,984
Total			459	0.76	3,486

Notes to Tables 1 - 4: The Mineral Resource Estimate was completed using the following parameters:

- The Steelpoortdrift Vanadium Resource extends over a strike length of 4000m and has been drilled up to 150m vertically below surface (1100m down-dip);
- Mineralisation is hosted in a series of magnetite bearing layers near the contact between the Upper and Main Zone of the Bushveld Igneous Complex. These layers have been denoted the Upper, Intermediate and Lower Zones with average thicknesses of 19, 14 and 12m respectively. At the base of the Lower Layer there is a marker horizon of massive magnetite which is 1 – 2m thick.
- 120 drillholes (79 RC and 41 diamond core holes) were used in the resource estimate representing a total of 8,762.1m of drilling. Drillhole information is listed in ASX Announcements of 16 April 2019 and 19 November 2019.
- 59 RC holes and 27 diamond core holes drilled by VR8 were included along with 20 RC holes and 1 diamond core hole drilled previously by Vanadium Resources (Pty) Ltd (**Vanres**) and 13 DD holes drilled by Vanadium Technology (Pty) Ltd, a subsidiary of Xstrata (**Vantech**). Drilling in the core of the deposit has been carried out at a 90m spacing with the remainder of the deposit drilled on sections spaced 150m – 200m apart, with mineralisation intersected at 150m intervals on section.
- RC drilling by VR8 and Vanres was sampled via face sampling hammer, collected by a rig mounted cyclone and split using a riffle. Diamond core drilling by VR8 sampled NQ core by splitting the core in half. Historical drilling also sampled diamond core, predominantly BQ size, by sawing in half.
- Samples were analysed at commercial laboratories (SGS, ALS) using pressed disc XRF.
- Quality control protocols for all drilling included the use of certified reference materials (CRMs), blanks and duplicates as detailed in the ASX Announcement of XX April 2020.
- All drillholes were surveyed in both South Africa LO29 grid (WGS84 projection) and UTM Zone 35S.
- All except 2 holes were vertical. Downhole surveys have been carried to confirm no excessive deviation.
- Geological domains were constructed using the interpreted stratigraphy.
- Wireframe surfaces were constructed based on the geological interpretation. Samples within the wireframe were composited to 1m intervals.
- Block grades were estimated using interpolation of the 1m composite data by the Ordinary Kriging method. Search ellipses were set based on geostatistics with search distances ranging from 120 to 950m along strike.

- A Surpac block model was used for the estimate with a block size of 40m X by 40m Y by 5m Z, with sub-blocking to 5mX by 5m Y by 1.25m Z.
- Bulk density values used for mineralisation are detailed in the tables above. These were sourced from SG data measurements on core.
- The numbers tabulated in Appendix 1 may not sum correctly as a result of rounding.
- Diagrams of the Mineral Resource are shown in the ASX Announcement of 29 April 2020.
- The Mineral Resource has been classified as Measured, Indicated and Inferred based on data quality, sample spacing, geological understanding and geostatistical analysis as detailed below.
- Further infill drilling will increase geological and grade data quality and possibly upgrade resource categories and supply data required for higher level mining studies.

These notes should be read in conjunction with the information detailed in the ASX Announcement of 29 April 2020. The Company confirms there is no new data or changes to material assumptions since that date which affect the Mineral Resource.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Vanadium Resources Limited

ABN

47 618 307 887

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000 ⁽ⁱ⁾
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(12)	(54)
(e) administration and corporate costs	(46)	(362)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(58)	(416)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(67)	(1,026)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000 ⁽ⁱ⁾
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities ¹	(100)	(174)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(167)	(1,200)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	955
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(11)	(20)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(11)	935

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	485	930
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(58)	(416)

¹ During the quarter due to the strong AUD against the ZAR, AU\$100,000 was transferred to an associate, Vanadium Resources (Pty) Ltd. Refer to (i) below for further information. Whilst the funding does not form part of the Group Cash Balance at the end of the quarter the balance available was AU\$56,000.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000⁽ⁱ⁾
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(167)	(1,200)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(11)	935
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	249	249

(i) The Company's investment in Vanadium Resources (Pty) Ltd continues to be treated as an investment in associate rather than a subsidiary. The Appendix 5B for the quarter ending 31 March 2020 and 30 June 2020 has been prepared on the basis that Vanadium Resources (Pty) Ltd is an associate, with adjustments processed to YTD cashflow movements and cash balances accordingly. Noting the consolidated entity has met a series of milestones comprising the establishment of a JORC-compliant Measured Resource and the completion of studies (scoping, pre-feasibility and feasibility). Presently, the consolidated entity owns 50% of the issued share capital in Vanadium Resources (Pty) Ltd and will not gain control of a further 23.95%, to bring its interest in Vanadium Resources (Pty) Ltd to a total of 73.95% until ministerial approval by the South African Department of Mineral Resources has been granted to the consolidated entity to acquire a controlling interest in the project through its shareholding in Vanadium Resources (Pty) Ltd.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	249	485
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	249	485

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$A'000**

(34)

(100)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

6.1 Director and consulting fees to Directors of A\$34k

6.2 Loan to Associate - Vanadium Resources (Pty) Ltd of A\$100k of which A\$56k remains at the end of the quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-

7.5 Unused financing facilities available at quarter end	
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(58)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(67)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(125)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	249
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	249
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.99

8.8	If Item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: The Company is in exploration and evaluation phase and as a result, anticipates negative operating cash flows for the time being	
	2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: Yes. The Company manages cash flow through regular budgeting and forecasting. In addition, the Company has demonstrated its ability to secure funds when required and is confident that it will be able to continue to do so.	
	3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: Yes. There is sufficient cash available to continue meeting business objectives in the short-term. Noting loans to associate of AU\$100,000 with the associate retaining AU\$56,000 at the end of the quarter. For further commentary refer to footnote 1 and (i) above.	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2020.....

Authorised by: The Board of Vanadium Resources Limited

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.