

28<sup>th</sup> April 2021

## ACTIVITIES REPORT – MARCH QUARTER 2021

### HIGHLIGHTS

- ◆ Commencement of Pre-Feasibility Study (“PFS”) at the Steelpoortdrift Vanadium Project in South Africa

### POST QUARTER HIGHLIGHTS

- ◆ VR8 to acquire integrated ESG processing technology focusing on high end green metal and hydrogen production potential by way of an earn-in JV
- ◆ Completion of \$2,000,000 capital raise

Vanadium Resources Ltd (ASX: VR8) (the **Company** or **VR8**) is pleased to provide the following activities report that outlines the progress made during the March 2021 Quarter.

### COMMENCEMENT OF PRE-FEASIBILITY STUDY

At commencement of the quarter, the Company assembled a team of experts and experienced contributors to commence with and complete a PFS towards the production of high-purity V<sub>2</sub>O<sub>5</sub>, utilising conventional salt roast technology from concentrate produced at the Steelpoortdrift Vanadium Project in South Africa. The team includes:

- Mr Eugene Nel (CEO of VR8 and Metallurgist)
- Mr Les Ford (Lead consultant and Metallurgist)
- Mr John Ciganek (Non-Executive Director of VR8 and experienced resource/finance professional)
- Mr James Wilson (Consultant and experienced geologist)

Messrs Nel, Ford and Wilson were part of the team that completed the scoping study finalised by the Company in 2020, which confirmed globally competitive operation cost and capital expenditure metrics for the project, including that salt roast-leach processing is technically and financially viable from concentrate produced at Steelpoortdrift. **The scoping study results released on 23 September 2020 established that the Steelpoortdrift project at the then current vanadium prices of US\$6.95/lb V<sub>2</sub>O<sub>5</sub> exhibit significant potential for the following: a NPV<sub>8%</sub> value of up to US\$401M, robust returns (pre-**

**tax EBITDA of up to US\$1 900M), a resilience to low price environments (average cash operating costs as low as \$3.07/lb V<sub>2</sub>O<sub>5</sub>), competitive capex (up to US\$187M) and an attractive payback and IRR (between 2-3 years payback and IRR of up to 45% assuming a 50:50 debt/equity).**

Following the completion of the PFS, the Company will immediately commence with the studies and work required to finalise a definitive feasibility study (“DFS”) over the Steelpoortdrift vanadium project using the conventional salt roast process, aimed at producing high grade vanadium pentoxide.

## **ACQUISITION OF INTEGRATED ESG PROCESSING TECHNOLOGY FOCUSING ON HIGH END GREEN METAL AND HYDROGEN PRODUCTION POTENTIAL BY WAY OF AN EARN-IN JV**

Post quarter, as released on ASX on 1 April 2021, VR8 announced the intention to acquire a 74% interest in an ESG integrated extraction, processing, refining and manufacturing technology developed by TCM Research Limited (“TCM”). Feasibility studies (including PFS & DFS) towards using the integrated ESG technology, will primarily focus on the extraction and production of both high-end green metals (including high grade vanadium pentoxide) and hydrogen (which could be used for energy to operate the plant and/or for sale to third parties).

## **CORPORATE**

Post quarter, the Company completed a \$2 million placement through the issue of 41,666,667 shares at an issue price of \$0.048 per share (Placement). Funds raised from the placement will be used to fund studies following from the acquisition of the integrated ESG processing technology studies, immediate commencement of the Steelpoortdrift Vanadium Project DFS (at completion of PFS) and to provide working capital. At the end of the quarter, the A\$500,000 of funding secured from Directors and major shareholders through a convertible unsecured non-recourse loan facility, as announced on the ASX releases on 27 August 2020 and 31 August 2020 remains undrawn.

## SUMMARY OF EXPENDITURE

During the Quarter, a total of \$123,111 was spent on activities related to the exploration and development of the Steelpoortdrift Vanadium Project, which total amount is made up of \$119,111 spent by Vanadium Resources (Pty) Ltd and \$4,000 by the Company. The Company did not incur any expenditure for mining production activities during the Quarter.

Payments totalling approximately \$26,000 were made to related parties of the Company with respect to the Quarter, being director and consulting fees (see section 6.1 and 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 <sup>2</sup>	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
<b>Pilbara Region, Western Australia</b>						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2021	100%
<b>Limpopo Region, South Africa</b>						
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 Company confirms that all material assumptions and parameters underpinning the Mineral Resource Estimates and the Production Targets reported in the market announcements dated 29 April 2020 and 23 September 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 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")

31 March 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(24)	(42)
	(e) administration and corporate costs	(35)	(141)
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(59)</b>	<b>(183)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation (if capitalised)	(4)	(91)
	(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 (9 months) \$A'000
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	147	147
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>143</b>	<b>56</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	-	-
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	37	248
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(59)	(183)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	143	56
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>121</b>	<b>121</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	121	37
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>121</b>	<b>37</b>

**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

<b>Current quarter \$A'000</b>
(23)
(3)

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\$23,497

6.2 Director and consulting fees to Directors of A\$3,300

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	500	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	500	-
7.5 <b>Unused financing facilities available at quarter end</b>		500
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.	
An announcement entitled "Additional Information – Funding secured to advance Company" on 31 August 2020 confirmed A\$500,000 of funding has been secured from Directors and Shareholders through an unsecured non-recourse loan facility. The loan will be either repaid or converted into stock at future election of the Company. Full details regarding the Company's plans, and the conditions and terms of the funding summarised above, can be found in the above referenced announcement.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(59)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(4)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(63)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	121
8.5 Unused finance facilities available at quarter end (Item 7.5)	500
8.6 Total available funding (Item 8.4 + Item 8.5)	621
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	9.86
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: N/A
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: N/A
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: N/A

**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: 28 April 2021

Authorised by: By the Board  
(Name of body or officer authorising release – see note 4)

**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.