

ASX RELEASE | 3 MAY 2023

VR8 CONCLUDES AGREEMENTS TO INCREASE ITS INTEREST IN STEELPOORTDRIFT UP TO 86.49%

HIGHLIGHTS

- ◆ VR8 enters into Agreements to increase its interest in the Steelpoortdrift Vanadium Project from 73.95% to 86.49%
- ◆ VR8 acquires 12.54% in return for ZAR 8,730 (A\$707) in cash and 22,124,030 Share Options to acquire VR8 Shares equal to 4.37% of the current issued share capital of VR8
- ◆ Vendors have agreed to a voluntary escrow of 12 months subject to block trade capacity managed by VR8
- ◆ Agreements are subject to South African Reserve Bank approvals (if required) and VR8 being satisfied with the minimum ownership position of VanRes in terms of South African Black Economic Empowerment policy

VANADIUM RESOURCES LIMITED (ASX: VR8; DAX: TR3) (the Company) the developer of the Tier 1 Steelpoortdrift Vanadium Project (**the Project**) in Limpopo, South Africa, is pleased to announce that it has executed conditional sale and option agreements (**Sale and Option Agreements**) to increase its interest up to 86.49% (up from 73.95%) in Vanadium Resources (Pty) Ltd (**VanRes**).

Mr Jurie Wessels, Executive Chairman of VR8 commented: *“We are very pleased with the opportunity to increase our ownership in the Project. If completed, these transactions will allow VR8 to hold greater leverage towards fulfilling our critical pathways, particularly in raising the required construction funding through debt funding and equity mechanisms. Equally, through this transaction, we have provided an opportunity to Obeec and Math-Pin to contribute to the future capital requirements of the Project as shareholders of VR8 instead of as private shareholders in VanRes. This way we are establishing a firm foundation for financing the project within the confines of the prevailing regulatory environment of the South African Government.”*

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TERMS OF THE SALE AND OPTION AGREEMENTS

The Company has entered into two separate Sale and Option Agreements to acquire 100% of the interests held by Obeec (Pty) Ltd (**Obeec**) and Math-Pin Trust (**Math-Pin**) (**the Parties and or Vendors**) in the issued share capital of VanRes. The consideration payable by the Company to Obeec and Math-Pin is to consist of a cash consideration and an option to acquire VR8 shares. The Vendors are “Black Economic Empowerment” (**BEE**) parties for the purposes of VanRes complying with minimum ownership requirements of the current government of the Republic of South Africa. Collectively, the Vendors hold a 12.54% interest in VanRes. On completion of the acquisition, VR8 will increase its interest in VanRes to 86.49% and the Steelpoortdrift Development Trust will hold an interest of 13.51% of VanRes.

The total consideration payable by VR8 in terms of the Sale and Option Agreements are ZAR 8,730 and 22,124,030 share options to acquire VR8 shares, which options on exercise converts into 22,124,030 new fully paid-up VR8 ordinary shares. Each of the Sale and Option Agreements are capable of being completed independently of the other.

The Sale and Option Agreements are each conditional upon the fulfilment of several condition precedent, as follows:

- VR8, in its discretion, confirming that it is satisfied with the ownership position of VanRes once the respective acquisitions have been implemented;
- Voluntary Restriction Deeds having been executed between VR8 the Vendors providing for 12-month escrow and block trade provisions in relation to VR8 shares acquired in terms of the Share and Option Agreements;
- consent and waiver notices being received with respect to rights and obligations in terms of an existing shareholders’ agreement prevalent to VanRes;
- to the extent required, approval of the transaction and transfer of the VanRes Shares held by the Vendor to VR8 by the South African Reserve Bank (SARB); and
- to the extent required, the Minister of Mineral Resources and Energy of the Republic of South Africa consenting in writing, either unconditionally or on terms and conditions acceptable to VR8, to the amendment of all applicable mining rights held by VanRes as at the signature date of the Sale and Option Agreements by removing all references to Obeec and Math-Pin, including any consequential amendments which may be required pursuant thereto.

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The conditions are to be satisfied or waived by no later than 23 October 2023. VR8 has the right to waive fulfilment of all conditions, except for the approval by the SARB.

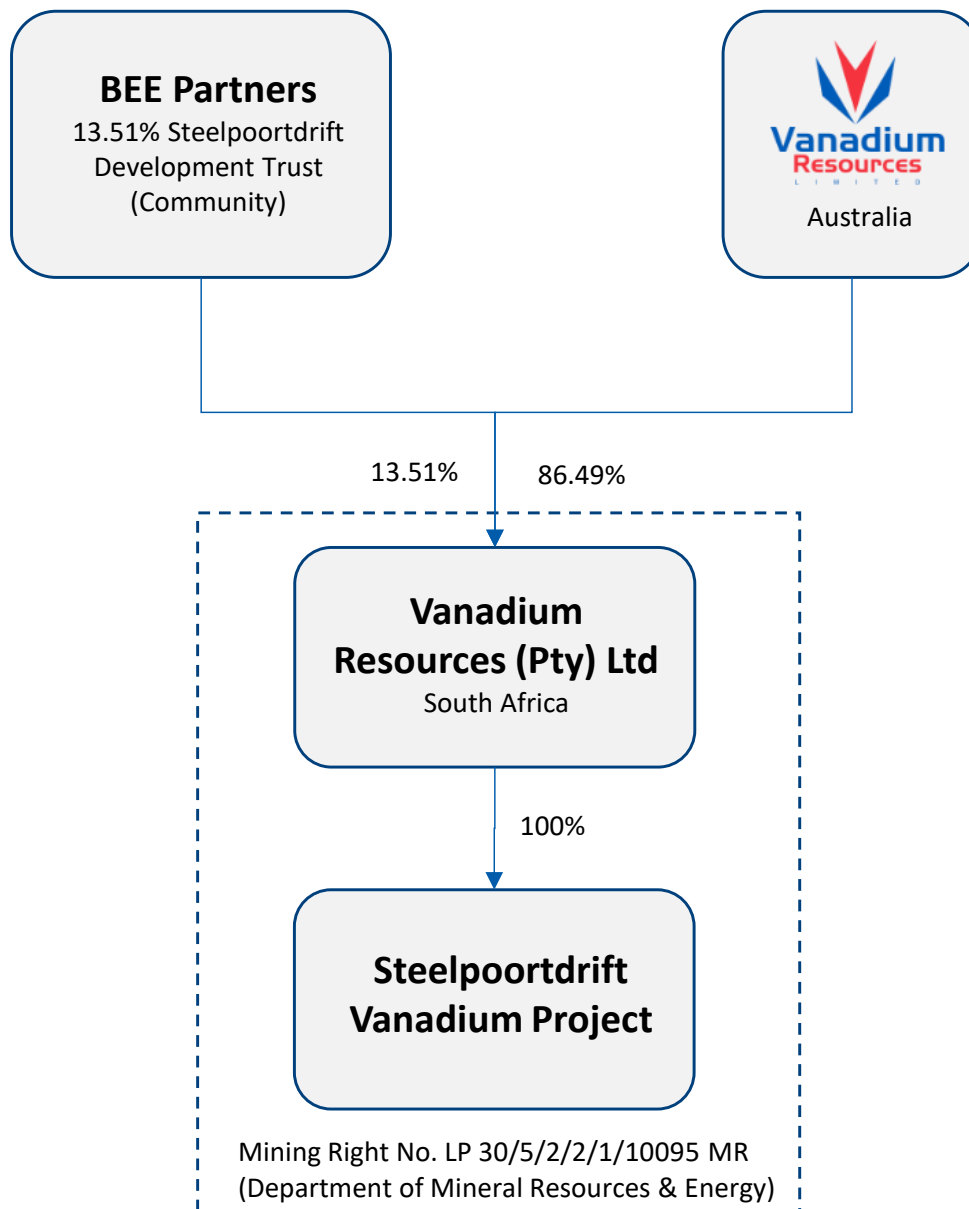
A summary of the Consideration payable by VR8 in terms of each transaction concluded in pursuance of the Sale and Option Agreements (**Transactions**) is shown below:

- a) Obeec – a combination of cash consideration of ZAR 5,800 and 14,031,220 Share Options in VR8, in return for 508 shares in VanRes. Obeec has the right to exercise their Share Options within 30 days, which will then convert into New VR8 fully paid ordinary shares and will represent a 2.77% interest in VR8 based on the current issued shares of VR8; and
- b) Math-Pin – a combination of cash consideration of ZAR 2,930 and 8,092,810 Share Options in VR8, in return for 293 shares in VanRes. Math-Pin has the right to exercise their Share Options within 30 days, which will then convert into New VR8 fully paid ordinary shares and will represent a 1.60% relevant interest in VR8 based on the current issued shares of VR8.

The combined interest of the Transactions represents a total interest in VR8 of 4.37% based on the current issued shares of 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 the issue will not require shareholder approval).

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A diagram of the updated (post Transaction) ownership structure is shown as follows:



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ABOUT VR8

Vanadium Resources Limited is developing the Steelpoortdrift Vanadium Project, a 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 above).

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.

For further information, please contact:

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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"

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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.

Competent Person's Statement and Compliance Statements

The information in the referenced announcements 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.

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

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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 release

¹ ASX: VR8 4 October 2022 VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project

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

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.

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