



30th December 2020

FUNDING UPDATE

HIGHLIGHTS

- ◆ Funding successfully received from cash environmental guarantee, releasing ZAR5,000,000 (approx. A\$442,900 after costs)
- ◆ Including cash reserves (as at 30 September 2020), the Company has approx. A\$1,050,000 to advance its world class Steelpoortdrift vanadium project
- ◆ Company preparations well advanced to commence Pre-Feasibility Study in early 2021
- ◆ Scoping study marketing document being finalised for distribution to Strategic and Offtake parties
- ◆ The Company is considering the divestment of its 100% owned Quartz Bore project in the Pilbara, Western Australia

Vanadium Resources Limited (ASX: VR8) ('VR8' or 'the Company') has entered into a policy of insurance with Centriq Insurance Company Limited (a subsidiary of Centriq Insurance Holdings Limited, a South African based financial services group) ('**Centriq**') to provide an environmental rehabilitation guarantee on behalf of VR8. The Centriq guarantee has replaced the cash guarantee for rehabilitation of future mining works at the Steelpoortdrift Vanadium Project and released cash resources of ZAR5,000,000 (approx. A\$442,900 after costs). The guarantee provided by Centriq replaced the previously announced Guardrisk guarantee, as the Centriq guarantee, whilst still meeting the requirements of the South African Department of Mineral Resources and Energy ('**DMRE**'), carried a more favourable premium for the Company than that of the anticipated Guardrisk guarantee. The annual premium of approximately A\$22,248, to initiate the provision of the guarantee, has been paid by the Company's associate and no further costs are expected with the release of cash resources arising from the replacement of the cash rehabilitation guarantee.

Including the provision of the convertible loan facility¹, which remains undrawn, of A\$500,000 (before costs), the cash released by the replacement of the cash guarantee

¹ The full terms of the facility are contained in the ASX announcements of 27 August 2020 and 31 August 2020.

and the existing cash balance of the Company as at 30 September 2020 (refer to the quarterly cash flow report released on the ASX on 30 October 2020), the Company has approximately A\$1,050,000 of financial means available to it to advance its world class Steelpoortdrift vanadium project.

The Company recently completed its scoping study to produce vanadium pentoxide at the Steelpoortdrift Vanadium project and has commenced with preparations for the Pre-Feasibility study, which is expected to be completed in Q2 2021 (i.e. April-June quarter) at an anticipated cost of A\$300,000. Once completed it is expected that the Company will conduct the studies and work required to finalise a definitive feasibility study over the Steelpoortdrift vanadium project.

Commenting on the funding support and cash position, Chairman Jurie Wessels commented:

“We are pleased to have finalised the release of Company funds previously held as an environmental bond over the Steelpoortdrift vanadium project. The additional funds allow the Company to commence and complete the Pre-Feasibility study without any dilution to existing shareholders.”

The Company is also finalising its scoping study marketing document, which will be distributed to a select number of strategic and potential offtake parties who previously expressed interest in the Steelpoortdrift vanadium project. With the imminent commencement of the Pre-Feasibility study, which is likely to validate the compelling findings of the Scoping Study, the Company believes that it could attract strategic and/or offtake interest in the Steelpoortdrift project.”

QUARTZ BORE PROJECT

The Company is also considering the divestment of 100% owned Quartz Bore project in the Pilbara region of Western Australia. The Quartz Bore project is an advanced zinc-copper exploration project with over 11,000 metres of drilling completed and with numerous high-grade zinc and copper intersections (refer ASX Announcements 3 November 2017 and 21 February 2018). Since 2017 the Company has spent over A\$500,000 on drilling and geophysical surveys at the project, which have clearly defined the target horizon for VMS style zinc-copper mineralisation and identified coincident EM-MMR targets interpreted to represent sub-volcanic centres, with potential to host high grade copper-zinc mineralisation. With activity in the area at Venturex’s Sulphur Springs

Project and Anax Mineral's Whim Creek Project, there is an opportunity to develop the Quartz Bore Project in parallel.

Some historical drill intersections include:

- 17m at 2.95 % Cu + 1.48% Zn from 340.5m (QBDD0001)
 - *including 7m at 6.44% Cu + 3.21% Zn*
 - *including 2m at 14.3% Cu + 6.33% Zn*
- 15m @ 5.92% Zn, 0.80% Cu and 1.45% Pb (BBD009)
 - *including 6m @ 7.34% Zn*
- 15m @ 5.11% Zn, 0.12% Cu and 1.89% Pb (BBRC007)
 - *including 5m @ 12.5% Zn*
- 3m @ 15.5% Zn, 0.76% Cu and 4.90% Pb (BBD003)
- 7.6m @ 4.86% Zn, 2.13% Cu and 1.56% Pb (BBD002)
 - *including 2m @ 13.71% Zn*
- 10m @ 4.45% Zn, 0.22% Cu and 2.54% Pb (BBRC005)
 - *including 2m @ 9.74% Zn*

Refer to Company ASX Announcements released on 3 November 2017 and 21 February 2018 for further details.

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

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BACKGROUND ON VANADIUM

Current day demand for vanadium arises from its established use in strengthening steel via various alloys. Consumption is currently increasing with the recent implementation of stricter standards on the strength of steel to be used in construction (specifically rebar). The use of vanadium in steel making accounts for over 90% of current vanadium demand in today's market.

The most commonly traded vanadium product is 98% V₂O₅ flake, as it can be used directly in steel making or converted to ferrovanadium for additional uses in steel making. Higher purity vanadium products are either produced by a modern plant (such as being planned by VR8) or are further processed from 98% V₂O₅ flake for speciality uses in chemical industries, energy storage and high performance alloying technologies.

Such speciality uses are expected to provide additional longer term demand for vanadium. Vanadium redox flow battery ('**VRFB**') technology was developed in Australia and has a number of advantages in industrial and small town sized energy storage requirements. The global move towards renewable energy solutions will require a vast increase in energy storage installations, which in turn is forecast to result in an increase in the amount of VRFBs being manufactured and installed around the world.

Another emerging use of vanadium is in high-performance light weight alloys. Supply of such alloys is increasing in the aerospace industry, with aeroplanes such as the Boeing Dreamliner 787 and the Airbus A350 now incorporating up to 100 tons of vanadium per aircraft.

This month 98% V₂O₅ flake product continues to trade around \$7.00/lb (US\$15,420/tonne; Fastmarkets Metal Bulletin). Trade remains quiet globally with supply of product largely restored and buyers having re stocked in recent weeks, with any excess material being sold on Chinese markets due to higher prices versus European buyers.

BACKGROUND ON THE STEELPOORTDRIFT VANADIUM PROJECT

The Steelpoortdrift titaniferous magnetite deposit is located in the prolific Bushveld Geological Complex surrounded by known mineral and vanadium production facilities within reach of proven processing plants, railway and road options and ports.

The Steelpoortdrift Vanadium project is licensed with a mining right and the Company is in the process of conducting work towards becoming fully permitted (such as acquiring a water use license) for production and towards studies to verify a pathway of options to produce high purity V_2O_5 flake and other niche products from the suite of elements present in the Titano-magnetite (V, Ti and Fe). The current Scoping Study aims to demonstrate the viability of producing high purity V_2O_5 flake from the Project.

The Steelpoortdrift Vanadium Project compares favourably to other vanadium deposits globally (Figure 1), as **the largest published global undeveloped Mineral Resource** (662 million tonnes at an in situ grade of 0.77% V_2O_5 , defined above an in-situ grade of 0.45% V_2O_5), as well as **the largest published high grade undeveloped resource** (188 million tonnes at an in situ grade of 1.23% V_2O_5 , defined above an in situ resource grade of 1% V_2O_5) (refer ASX Announcement 29 April 2020). A sizeable portion of this high grade resource (68Mt at 1.37% V_2O_5) is hosted in a discrete, massive magnetite unit which outcrops along 4km of strike within the project area. The Company confirms that all material assumptions and parameters underpinning the Mineral Resource Estimate reported in the ASX announcement dated 29 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.

The Steelpoortdrift Vanadium Project produces a high-quality concentrate containing approximately 2.2% V_2O_5 , 12% TiO_2 and 58% Fe (ASX Announcements 18 March 2019 and 24 June 2020). Studies into downstream processing of this concentrate are in progress to confirm its ability to create high value products suitable for the steel, renewable energy (VRFB battery) and industrial minerals markets. Initial roasting testwork return outstanding recoveries of almost 90% vanadium using the established salt roasting – leaching process (ASX Announcement 24 July 2020).

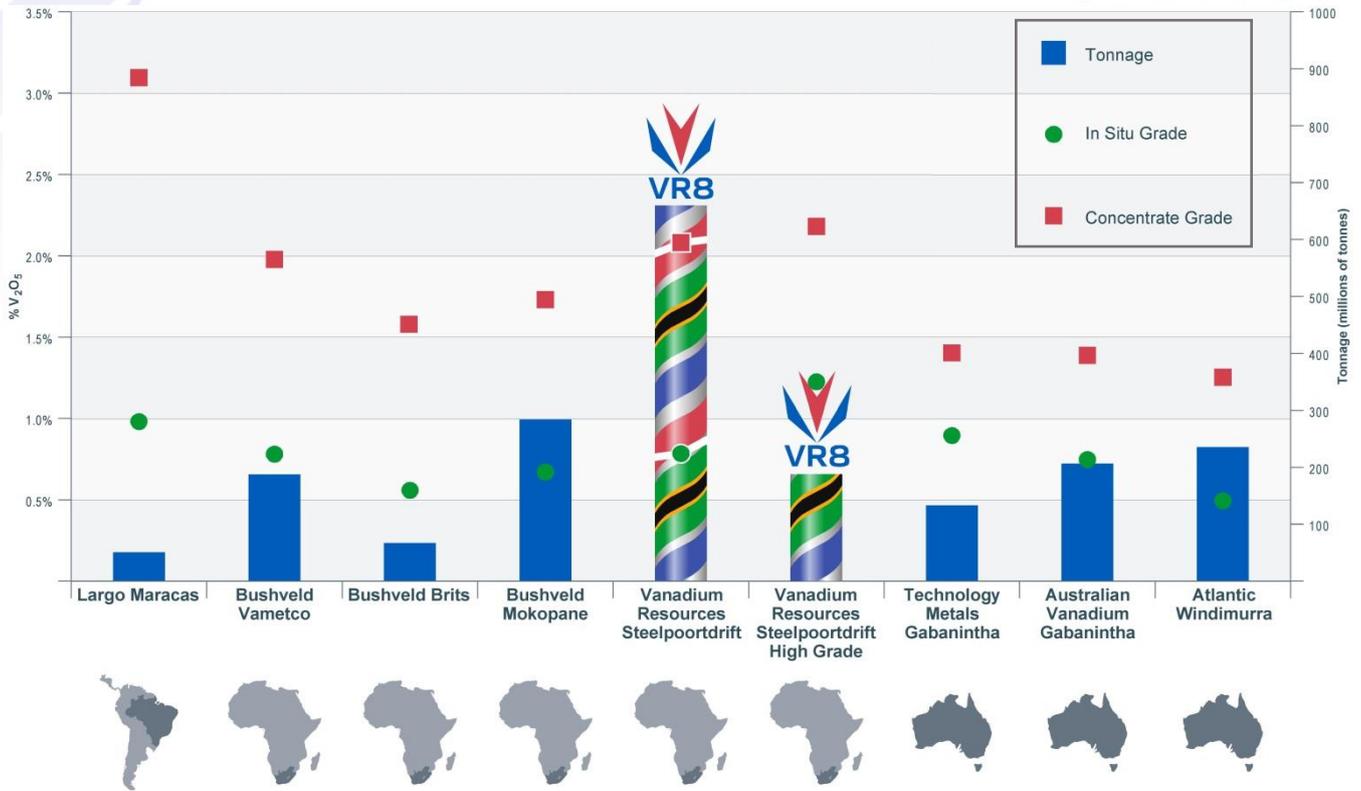


Figure 1. Global vanadium projects categorised by resource grade and grade in concentrate. Chart compares resources reported under different codes and companies at different stages of development as detailed in Appendix 1. Only resources with a quoted in situ grade > 0.45% V₂O₅ are shown in figure.

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	Gabanintha	Development	Measured, Indicated & Inferred	208.2	0.74	1.39	ASX Announcement 04/03/2020, 17/03/2020
Technology Metals TMT.ASX	Gabaninth	Development	Indicated & Inferred	131	0.90	1.36	ASX Announcement 29/03/2019