

27 October 2021

ACTIVITIES REPORT – SEPTEMBER QUARTER 2021

HIGHLIGHTS

- ◆ Declaration of Maiden Ore Reserve estimate for Steelpoortdrift Project
- ◆ VR8's associate Vanadium Resource (Pty) Ltd entered into a Joint Development Agreement with DRA's Senergy to develop a Photovoltaic Solar Energy Supply solution for Steelpoortdrift Project
- ◆ VR8 adopts global standard for ESG reporting

POST QUARTER HIGHLIGHTS

- ◆ VR8 secures and completes strategic placement at \$0.104c with JSE listed Raubex Group Ltd, which is a South African infrastructure development, mining services and materials supply group. Placement was done at significant premium in return for arms-length mining services agreement. Cash raised provides full funding through DFS up to final investment decision.

Vanadium Resources Ltd (ASX: VR8) (the **Company** or **VR8**) is focused on the development of the Steelpoortdrift Vanadium Project through feasibility studies with the aim of constructing one of the largest Vanadium mines in the world. Together with VR8's integrated ESG Strategy, the Joint Development Agreement (**JDA**) with DRA Global Ltd subsidiary, Senergy Africa (Pty) Ltd (**Synergy**), sets VR8 up to be a low-cost Vanadium and environmentally responsible producer, with the prospect of also having a minimal carbon footprint.

The Company is pleased to provide the following activities report that outlines the progress made during the Quarter.

MINERAL RESOURCE & ORE RESERVES

As previously announced there have been no material changes to the Company's Mineral Resources stated as at 31 July 2020. The Mineral Resource statement as reported previously is included in Appendix 1.

During the quarter, the Company declared its maiden Ore Reserve (refer Appendix 2) for the Steelpoortdrift project (**Project**). The information was based on the completed Pre-Feasibility Study (**PFS**)

released to the ASX on 22 June 2021. VR8 commissioned Sound Mining Solution (Pty) Ltd to complete an Ore Reserve statement for the project.

The Ore Reserve statement, which amounts to 73.85Mt at a grade of 0.73% V₂O₅, is declared in accordance with the JORC Code (2012 edition). The Ore Reserve statement should be read in conjunction with the respective explanatory Mineral Resources and Ore Reserves information included in ASX announcement of 22 July 2021 (**VR8 maiden Ore Reserve additional information**), which forms the basis of the economic assessment and Project Ore Reserve statement. Of the total Ore Reserves, 31.17Mt is in the Proven category with the balance in Probable category. The High-Grade portion of the Ore Reserve totals to 40.25Mt at an average grade of 0.96% V₂O₅.

The Company's Annual Report released to the ASX on 29 September 2021 contains the latest Mineral Resource and Ore Reserve Statements.

The Company has commenced with the Definitive Feasibility Study (**DFS**) in H2 of 2021 and will aim to improve on the maiden Ore Reserve statement with an updated statement for release on completion of the DFS.

Post quarter, as released on ASX on 11 October 2021, VR8 announced and completed a \$4.6m strategic placement to Raubex Pty Ltd (**Raubex**) a wholly owned subsidiary of JSE Listed Raubex Group Ltd (JSE:RBX). The placement price of \$0.104c represented a 64% premium to the 30-day VWAP. As result of the placement, VR8 is fully funded to complete the DFS.

PHOTOVOLTAIC SOLAR ENERGY SUPPLY AGREEMENT FOR STEELPOORTDRIFT

As announced on 6 July 2021, VR8 through associate Vanadium Resources (Pty) Ltd (**VanRes**) has entered into a JDA with Senergy, a subsidiary of DRA Global Ltd, in order to develop a Photovoltaic (**PV**) Solar energy supply solution for its Steelpoortdrift Vanadium project.

Key fundamentals of the JDA include:

- Senergy will conduct a feasibility study, based on the electricity demands of the mine and concentrator process plant;
- The basis of design is to develop a 5MW solar based PV energy supply to sufficient engineering level for inclusion in the Steelpoortdrift project DFS;
- The required studies are to be conducted by Senergy with the costs to be absorbed into final construction costs, whilst VanRes will only be liable up to the maximum internal cost of A\$93k plus a margin of 12%, if VanRes terminates the agreement at any time prior to construction or if it proceeds with a similar solar solution with a service provider other than Senergy; and
- The JDA will focus on the Steelpoortdrift mine and concentrator site, with the possibility of extending the JDA to the Salt Roast Plant (**SRL**) and any other possible alternative processing plants, in which event the JDA will be expanded to incorporate co-generation and fuel-cell based generation for the downstream processes.

ESG

During the quarter the Company announced (refer asx announcement 23 July 2021) the adoption of an Environmental, Social and Governance (ESG) framework with 21 core metrics and disclosures created by the World Economic Forum (WEF)¹. ESG monitoring and reporting system is progressing based on initial baseline assessment completed with quarterly progress dashboard contained in Appendix 4.

¹World Economic Forum, White Paper: Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation
22 September 2020

CORPORATE

On 1 September 2021, the Company held a General Meeting at which all resolutions put to the shareholders were passed by poll.

On 26 September 2021, 41,580,000 unlisted options with exercise price of \$0.108 expired.

On 27 September 2021, 9,625,000 Class A Performance Rights and 5,000,000 Class B Performance Rights were issued to related parties and employees of the Company.

The Annual Report for the year ended 30 June 2021 was lodged on 29 September 2021.

SUMMARY OF EXPENDITURE

During the Quarter, a total of \$183,004 was spent on activities related to the exploration and development of the Steelpoortdrift Vanadium Project, which total amount is made up of \$134,155 spent by Vanadium Resources (Pty) Ltd and \$48,849 by the Company. The Company did not incur any expenditure for mining production activities during the Quarter.

Payments totalling approximately \$12,600 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

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

There were no material changes to the Company's Mineral Resource statement in the reporting period ending 30 June 2021. The Resource statement as reported previously is as follows:

Table 1: Mineral Resource Estimate (as at 31 July 2020)

Category	V ₂ O ₅ Range (%)	Volume (M m ³)	Quantity (Mt)	V ₂ O ₅ (%)	Fe ₂ O ₃ (%)
Measured	0.45* to 0.90	20.3	66.0	0.59	19.98
	>0.90	7.2	26.3	1.22	34.20
	Sub-total	27.5	92.3	0.77	24.03
Indicated	0.45* to 0.90	61.8	201.2	0.59	20.21
	>0.90	22.7	83.2	1.24	35.06
	Sub-total	84.5	284.4	0.78	24.55
Inferred	0.45* to 0.90	63.2	206.9	0.60	20.96
	>0.90	21.3	78.4	1.22	35.18
	Sub-total	84.5	285.3	0.77	24.87
Total (0.45 to 0.90)		145.3	474.1	0.59	20.51
Total (>0.90)		51.2	187.9	1.23	34.99
Total		196.5	662.0	0.77	24.62

Source: Mining Plus, Steelpoortdrift Vanadium Project Mineral Resource Estimate Report, July 2020
Note: *0.45% V₂O₅ being the Mineral Resource cut-off grade as declared by the Mining Plus Competent Person

APPENDIX 2 – ORE RESERVE

Ore Reserves as at 30 June 2021									
Material Type	Proved			Probable			Total		
	Quantity (Mt)	Grade (%)	Vanadium Content (Mt)	Quantity (Mt)	Grade (%)	Vanadium Content (Mt)	Quantity (Mt)	Grade (%)	Vanadium Content (Mt)
HG RoM Material	15.57	1.01%	0.16	24.68	0.93%	0.23	40.25	0.96%	0.39
MG RoM Material	15.60	0.51%	0.08	18.00	0.50%	0.09	33.60	0.50%	0.17
Total Mineral Reserve	31.17	0.76%	0.24	42.68	0.75%	0.32	73.85	0.73%	0.56

Source: Sound Mining, 2021

Notes

- Ore Reserve Statement is stated at a price of USD6.00/lb as at 30 June 2021.
- Quantity and grade measurements are reported at the delivery to plant in metric units (Mt) and head grade, both of which are rounded to two decimal places.
- Approximately 6.91Mt of MG RoM at an average grade of 0.50% V₂O₅ remains untreated within the stockpile over the LoM. The CP has excluded this material from the Ore Reserve Statement.
- Apparent computational errors are due to rounding and are not considered significant.
- Losses that could occur as a result of transportation of content or flake are considered to be negligible for the purpose of the maiden Ore Reserve Statement.
- Vanadium Resources currently has an ownership of 50% of the Project (will be increased to 73.95% ownership pending final S11 governmental approval, with no further consideration payable by VR8 for the additional 23.95%).
- No account of concentrate or flake loss during transportation was taken into consideration. However, this was deemed to be immaterial in the context of the viability of the Ore Reserve as stated.
- Inferred Mineral Resource material has not been included in the Ore Reserve Estimate.

APPENDIX 3

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	50% 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.

APPENDIX 4 – ESG DASHBOARD

Dashboard - Q1			MATERIAL	PRIORITY	TIMEFRAME	DISCLOSURE	MATURITY
							A1 A2 A3 A4 A5
GOVERNANCE	GO-01-A	Setting purpose			Q3 2021	D	R R R R R D
	GO-02-A	Governance body composition			Q3 2021	D	D D D R R
	GO-03-A	Material issues impacting stakeholders			Q4 2021	D	R R D D D
	GO-04-A	Anti-corruption practices			Q4 2021	D	R R D
	GO-04-B	Mechanisms to protect ethical behaviour			Q4 2022	D	R E
	GO-05-A	Integrating risk and opportunity into business process			Q4 2021	D	D D D D D
PLANET	PL-01-A	GHG emissions			H2 2022	D	D
	PL-01-B	TCFD implementation			H2 2022	D	
	PL-02-A	Land use and ecological sensitivity			Q2 2022	D	D D D D D
	PL-03-A	Water consumption			Q4 2021	D	D
PEOPLE	PE-01-A	Diversity and inclusion			Q4 2021	D	D D D D D
	PE-01-B	Pay equality			Q4 2021	D	D
	PE-01-C	Wage level			Q4 2021		D
	PE-01-D	Child, forced or compulsory labour			H1 2022	D	D
	PE-02-A	Health and safety			H2 2022	D	D D
	PE-03-A	Training provided			H2 2022	D	D D
PROSPERITY	PR-01-A	Rate of employment			H2 2022	D	D
	PR-01-B	Economic contribution			Q3 2021	R	R R
	PR-01-C	Financial investment contribution			Q3 2021	R	R R
	PR-02-A	Total R&D expenses			Q3 2021	D	D
	PR-03-A	Total tax paid			Q3 2021	R	R

Competent Persons Statement and Compliance Statements

The Company confirms that the information in this announcement 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 on 29 April 2020, 23 September 2020 and 22 June 2021 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 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 31 July 2020 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 29 April 2020 (*Mineral Resource Update Confirms Steelpoortdrift's Global Vanadium Standing*). 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 Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Maiden Ore Reserves Statement. The Information that has been presented in this report has been extracted from the announcements made being the Pre-Feasibility Report dated 22 June 2021 (*Steelpoortdrift PFS delivers superior results*) and Ore Reserve Statement dated 22 July 2021 (*VR8 declares maiden ore reserve additional information*). 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.

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")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
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	(13)	(13)
(e) administration and corporate costs	(95)	(95)
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	(107)	(107)

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)	(49)	(49)
(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 (3 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	(200)	(200)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(249)	(249)

3.	Cash flows from financing activities		
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)	-	-
3.10	Net cash from / (used in) financing activities	-	-

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,803	1,803
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(107)	(107)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(249)	(249)
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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,446	1,446

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	1,446	1,803
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)	1,446	1,803

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
(13)
-

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\\$12,600](#)

6.2 n/a

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.</i>		
<i>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.		
n/a		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(107)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(49)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(156)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	1,446
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	1,446
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	9

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: 27 October 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.