

## PLACEMENT TO ADVANCE STEELPOORTDRIFT VANADIUM PROJECT

### HIGHLIGHTS

- ◆ **A\$800,000 raised in placement, with \$500,000 from investors introduced by VR8's Vendor Shareholders**
- ◆ **Funds will enable the Company to:**
  - **pursue the strong interest shown by major industry participants in developing the Steelpoortdrift Vanadium Project**
  - **conduct downstream processing testwork to maximise competitive advantages**
- ◆ **Corporate and Administration costs reduced to maximise returns on strategic objectives**

The management of Vanadium Resources Limited (ASX:VR8) (**VR8** or **the Company**) is pleased to announce the completion of a placement to raise A\$800,000 (before costs) to further advance the Steelpoortdrift Vanadium Project.

A\$500,000 was subscribed for by parties introduced by the Company's South African based directors, who also represent the original vendors of the Steelpoortdrift Vanadium Project. The balance will be placed to Australian and UK based sophisticated investors.

The capital raising will enable the company to continue the development of the Steelpoortdrift Vanadium Project, which remains one of the world's largest and highest grade deposits with a mining authorisation. The current Mineral Resource at the Steelpoortdrift Vanadium Project stands at 612Mt at an in-situ grade of 0.78% V<sub>2</sub>O<sub>5</sub> in the Indicated and Inferred categories, including a competitive shallow high-grade

resource of 169Mt at a superior in-situ grade (i.e. before magnetic separation) of 1.07% V<sub>2</sub>O<sub>5</sub> (refer Appendix 1, ASX Announcement 19 April 2019).

The Steelpoortdrift Vanadium Project is located short distances from existing railway sidings and 160km away from Witbank (Emalahleni) where historical magnetite processing plants are located.

Importantly, the project produces a high-quality concentrate for downstream processing to possibly produce value added specialist products suitable for the steel, renewable energy (VRFB battery) and industrial minerals markets. The concentrate contains approximately 2.2% V<sub>2</sub>O<sub>5</sub>, 12% TiO<sub>2</sub> and 55% Fe (ASX Announcement 18 March 2019), which commodities are sought by these markets.

Funds raised in the placement will amongst other be used in studies to unlock the significantly higher value contained in the concentrate and to develop relationships with multiple parties who have expressed an interest to gain from the superior size and grade of the Steelpoortdrift project.

The Company's aims are already endorsed by feedback from recent meetings with participants in the vanadium market, particularly from China, Korea and Japan. The variety of products sought by participants in the vanadium market confirmed to the board that a wider range of products is a strategic advantage in building a viable project and that low cost options to generate specialist vanadium as well as other products, such as iron and titanium, must be expedited. Relationships with multiple parties will be developed to further interest in immediate uses of concentrate, strategic investment opportunities, collaboration to develop downstream processing options, provision of project finance, prepayments for offtakes and other financial partnerships.

To enable the Company to focus on these opportunities, costs have been substantially reduced where it does not aim to assist short term strategy objectives, especially administration and corporate costs.

The placement was completed at A\$0.04, a 9% discount to the last traded price, with an attaching one option for every two shares subscribed for. Options will have an expiry date of 1 December 2021 and an exercise price of \$0.053. Otsana Capital acted as the Lead Manager to the placement.

The placement will be issued in a single tranche under the Company's existing placement capacity under Listing Rule 7.1, and does not require shareholder approval.

**For and on behalf of the board:**

Mauro Piccini

Company Secretary

**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 ASX Announcements.

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 of 16 April 2019 and Appendix 1.

The Company confirms that all material assumptions and parameters underpinning the Mineral Resource Estimates and the Production Targets reported in the market announcements dated 16 April 2019 and 2 May 2019 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. As detailed in previous announcements results of the drill programme just completed will be used to update the Mineral Resource.

## 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: Mineral Resource Statement for the SPD Vanadium Project

**Table 1.** SPD Vanadium Project Global Mineral Resource by Resource Category.

Category	V <sub>2</sub> O <sub>5</sub> Cutoff	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %
Indicated	0.45%	3.39	231	0.78
Inferred	0.45%	3.40	380	0.77
<b>Total</b>			<b>612</b>	<b>0.78</b>

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

Layer	V <sub>2</sub> O <sub>5</sub> Cutoff	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %
Upper Zone	0.45%	3.39	289	0.75
Intermediate Zone	0.45%	3.40	123	0.56
Lower Zone	0.45%	200	200	0.94
<b>Total</b>			<b>612</b>	<b>0.78</b>

**Table 3.** SPD Vanadium Project Mineral Resource by Grade

V <sub>2</sub> O <sub>5</sub> Range	Category	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %
> 0.90%	Indicated	3.55	68	1.05
> 0.90%	Inferred	3.56	102	1.09
<b>Sub Total</b>	<b>&gt; 0.90%</b>		<b>169</b>	<b>1.07</b>
0.45% - 0.90%	Indicated	3.33	164	0.68
0.45% - 0.90%	Inferred	3.35	279	0.65
<b>Sub Total</b>	<b>0.45% - 0.90%</b>		<b>442</b>	<b>0.66</b>
<b>Total</b>			<b>612</b>	<b>0.78</b>

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

V <sub>2</sub> O <sub>5</sub> Range	Category	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %
> 0.90%	Indicated	3.55	53	1.05
> 0.90%	Inferred	3.57	43	1.09
<b>Sub Total</b>	<b>&gt; 0.90%</b>		<b>97</b>	<b>1.05</b>
0.45% - 0.90%	Indicated	3.33	146	0.68
0.45% - 0.90%	Inferred	3.35	176	0.66
<b>Sub Total</b>	<b>0.45% - 0.90%</b>		<b>322</b>	<b>0.67</b>
<b>Total</b>			<b>419</b>	<b>0.78</b>

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

- The SPD 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.
- 97 drillholes (56 RC and 41 diamond core holes) were used in the resource estimate representing a total of 7608.1m of drilling. Drillhole information is listed in the ASX Announcement of 16 April 2019.
- 36 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 was carried out on sections spaced between 150m – 200m apart, with mineralisation intersected at approximately 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 16 April 2019.
- 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 a 0.20% cut-off grade.
- 3 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 180 to 1,000m 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 10mX by 10m 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
- The deposit has been classified as Indicated and Inferred Mineral Resource based on data quality, sample spacing, geological understanding and geostatistical analysis as discussed in the ASX Announcement of 16 April 2019.

These notes should be read in conjunction with the information detailed in the ASX Announcement of 16 April 2019. The Company is not aware of any new information which materially changes this Mineral Resource, but is awaiting the results of a recent infill drilling programme which will be used to update the Mineral Resource.