27th August 2020

FUNDING SECURED TO ADVANCE COMPANY

HIGHLIGHTS

- **A$500,000 of funding secured from Directors and Shareholders through an unsecured non-recourse loan facility**
- **At future election of the Company, the loan will be either repaid or converted into stock**
- **Policy of insurance entered into with Guardrisk to replace an existing cash environmental guarantee, thereby releasing ZAR5,000,000 (approx. A$410,000 before costs)**
- **Including cash reserves as at 30 June 2020, the Company will have approx. A$1,215,000 (before costs) to advance its world class Steelpoortdrift vanadium project**
- **Scoping study nears completion with VR8 seeking to be the lowest opex and capex producer globally**

Vanadium Resources Limited (ASX: VR8) (**'VR8' or 'the Company'**) has successfully secured funding of A$500,000 (before costs) via the issue of a convertible loan facility to the Directors and shareholders of the Company. At the same time the Company has also entered into a policy of insurance with Guardrisk (a subsidiary of Momentum Metropolitan Holdings Limited, a South African based financial services group) to provide an environmental rehabilitation guarantee on behalf of VR8. The Guardrisk guarantee will allow the Company to withdraw cash resources of ZAR5,000,000 (approx. A$410,000 before costs), which is currently serving as a guarantee for rehabilitation of future mining works at the Steelpoortdrift Vanadium Project. The Guardrisk guarantee and premium is to be finalised subject to a technical review by Guardrisk and regulations of the South African, Department of Mineral Resources and Energy (DMRE).

Subsequent to the provision of the Convertible loan facility, premium guarantee funding and existing cash balance, the Company will have approximately A$1,215,000 (before costs) available to advance its world class Steelpoortdrift project. Following completion of the scoping study to produce vanadium pentoxide at the Steelpoortdrift Vanadium

project, the Company will pursue the finalisation of a pre-feasibility study, which is expected to be completed in Q4 at an anticipated cost of Au$300,000 and thereafter continue with the studies and work required to finalise a definitive feasibility study over the Steelpoortdrift Vanadium project.

The convertible loan facility has been provided by entities associated with, and/or introduced by the directors (for A$350,000) as well as shareholders of the Company (for A$150,000). At the sole election of the Company, the loan is either to be repaid or, subject to the receipt of prior shareholder approval, converted into stock at a price equal to the last capital raising before the Company decides to convert the loan minus a 15% discount.

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

"*We are pleased to have taken these steps to improve the cash position of the Company, thereby enhancing shareholder value and clearing the way to progress the project to the potential it deserves. The Company is now well funded to continue with its objectives and develop the project into one of the world's lowest opex and capex producers. The commitment by shareholders and directors demonstrates that both the board and its shareholders believe in the capacity of this world class asset to become a competitive global vanadium producer in the future.*"

The material terms of the convertible loans are summarised below:

Aggregate principal	$500,000
Security	Unsecured.
Use of funds	General working capital.
Interest	10% per annum. Payable in cash if the loan is repaid in cash, or shares if the loan is repaid in shares.
Conversion	The loan and accrued interest may be converted at the election of the Company, subject to the receipt of prior shareholder approval. The conversion price will be equal to the price at which the Company undertook its most recent capital raising before issuing a conversion notice less a 15% discount.

Repayment	If not converted earlier, the loan and accrued interest must be repaid on the earlier to occur of the maturity date of 12 months or the provision of written notice by the lender upon the occurrence of an event of default. Customary events of default apply.
Cancellation	The convertible loan agreement will automatically lapse If a Drawdown Notice is not issued before the date that is: (i) 12 months after the date of the Agreement; OR (ii) when the Board of the the Company has changed by greater than 50% when compared to the Board composition as at the date of entering into the Agreement.

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

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.

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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% V_2O_5 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% V_2O_5 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% V_2O_5 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 highly 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).

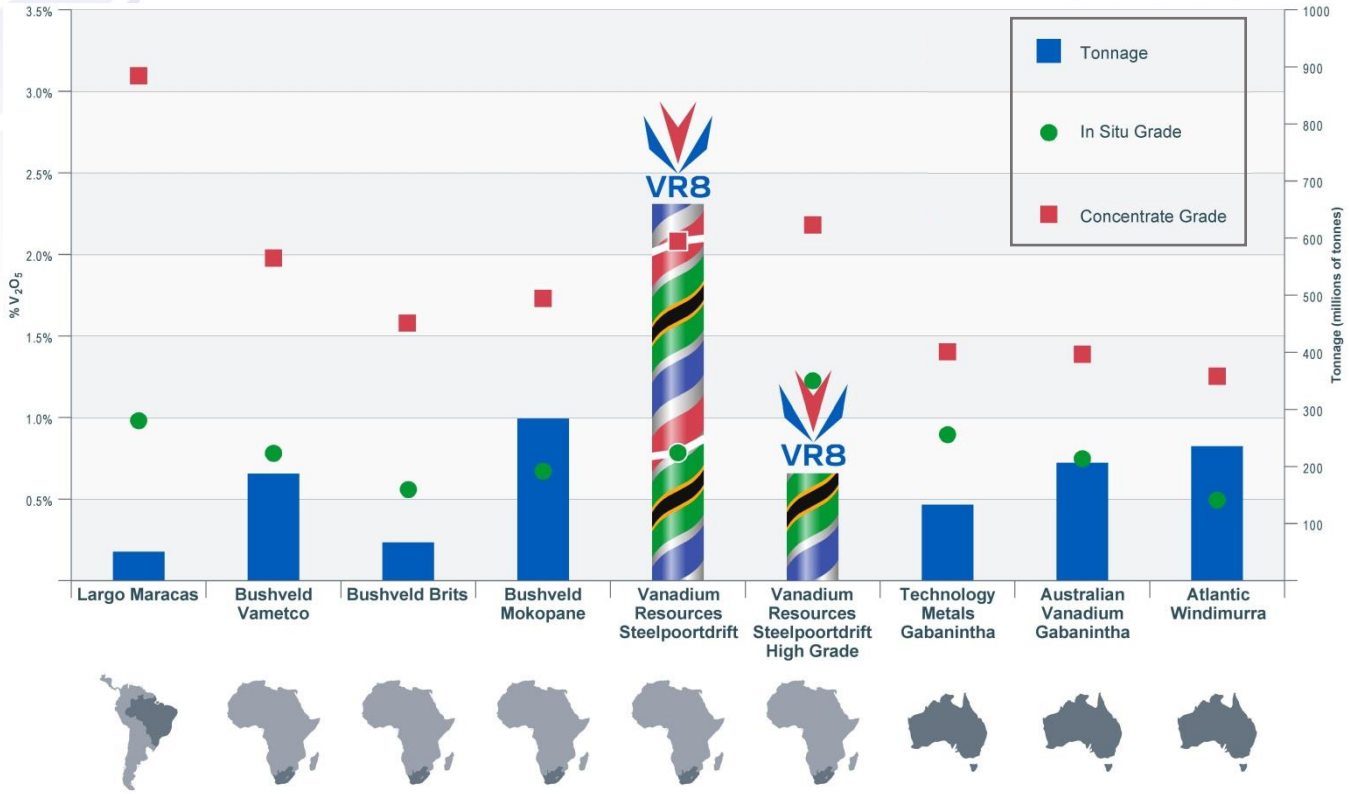

Figure 1. *Global vanadium projects categorised by resource grade and grade in concentrate.*

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