

Highlights

Aiming to be the world's first
Zero Carbon Lithium®
producer.

Large, lithium-rich
geothermal brine project, in
the Upper Rhine Valley of
Germany.

Europe's **largest** JORC-
compliant lithium resource.

Located at the heart of the EU
Li-ion battery industry.

Fast-track development of
project under way towards
production.

Corporate Directory

Managing Director
Dr Francis Wedin

Chairman
Gavin Rezos

Executive Director
Dr Horst Kreuter

Non-Executive Director
Ranya Alkadamani

CFO-Company Secretary
Robert Ierace

Fast Facts


Issued Capital: 107,464,256
Market Cap (@\$7.37): \$792m

Contact

Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6000 Australia
08 6189 8767

Vulcan Energie
Ressourcen GmbH
Baischstr. 8,
76133 Karlsruhe

www.v-er.com
info@v-er.eu

 @VulcanEnergyRes

Acquisition to acquire minority JV partner

Consolidates Upper Rhine project license holdings

Highlights:

- Binding agreement signed to acquire 100% of Global Geothermal Holding UG (GGH), subject to shareholder approval.
- GGH is Vulcan's joint venture partner holding the granted Taro license in the Upper Rhine Valley. The Taro license has a JORC Resource Estimation of 2.27 Mt contained Lithium Carbonate Equivalent (LCE) at a grade of 181 mg/l Li (Indicated and Inferred) out of the total 15.85 Mt LCE at 181 mg/l Li across the Vulcan Project¹.
- Vulcan has earned a 51% interest in the Taro license and has a right to earn up to 80% with GGH holding the balance.
- GGH also holds other exploration license applications in the Upper Rhine Valley region which are subject to the Vulcan joint venture.
- This acquisition consolidates Vulcan's major strategic holding in the Upper Rhine Valley, as part of the plan to rapidly advance the Zero Carbon Lithium® project towards production.
- Agreement involves entirely share-based payments, 90% of which are based on project development milestones.

Vulcan Managing Director, Dr. Francis Wedin, commented: *“By acquiring 100% of GGH, we are consolidating ownership of the Taro and other exploration licences, which simplifies financing and development of our large strategic position in the Upper Rhine Valley. This consolidation is an important part of our strategy to become a major supplier of our unique Zero Carbon Lithium® hydroxide to the European battery electric vehicle market.”*

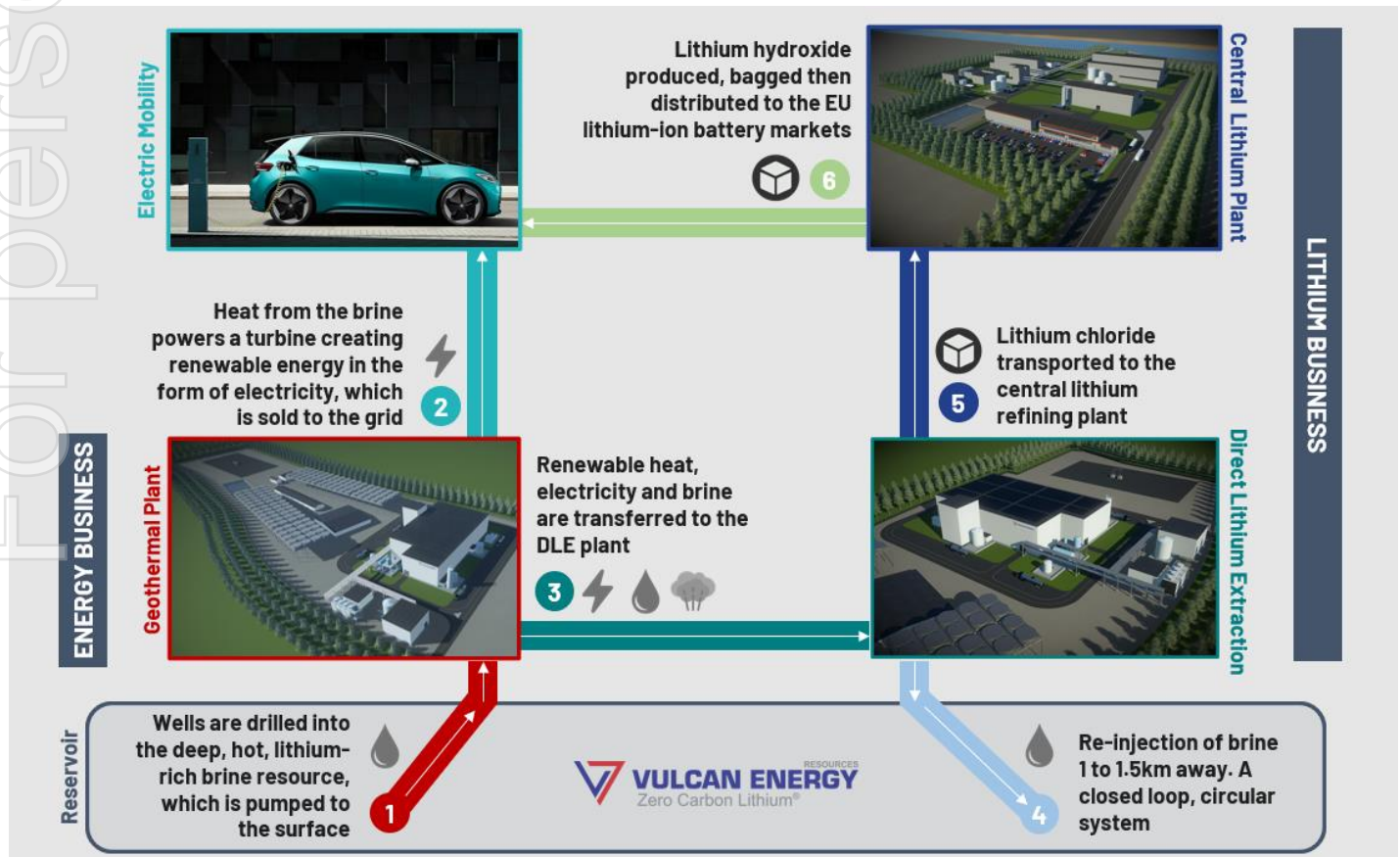
¹ Refer ASX announcement 15/12/2020

Recent activities by the Company (<https://v-er.com/investor-centre/>):

- Acquisition of world-class geothermal sub-surface development team.
- \$120 million placement endorses Zero Carbon Lithium®.
- COO appointment and Vulcan joins lithium ISO committee.
- Positive Pre-Feasibility Study.
- German legislation embraces geothermal energy.
- European Commission Regulation on batteries & CO₂ footprint.
- Appointment of lithium, chemistry & automotive experts to the Executive Team.

About Vulcan

Vulcan Energy Resources is aiming to become the world's first Zero Carbon Lithium® producer, by producing a battery-quality lithium hydroxide chemical product with net zero carbon footprint from its combined geothermal and lithium resource, which is Europe's largest lithium resource, in the Upper Rhine Valley of Germany. Vulcan will use its unique Zero Carbon Lithium® process to produce both renewable geothermal energy, and lithium hydroxide, from the same deep brine source. In doing so, Vulcan will address lithium's EU market requirements by reducing the high carbon and water footprint of production, and total reliance on imports, mostly from China. Vulcan aims to supply the lithium-ion battery and electric vehicle market in Europe, which is the fastest growing in the world. Vulcan has a resource which can satisfy Europe's needs for the electric vehicle transition, from a zero-carbon source, for many years to come.



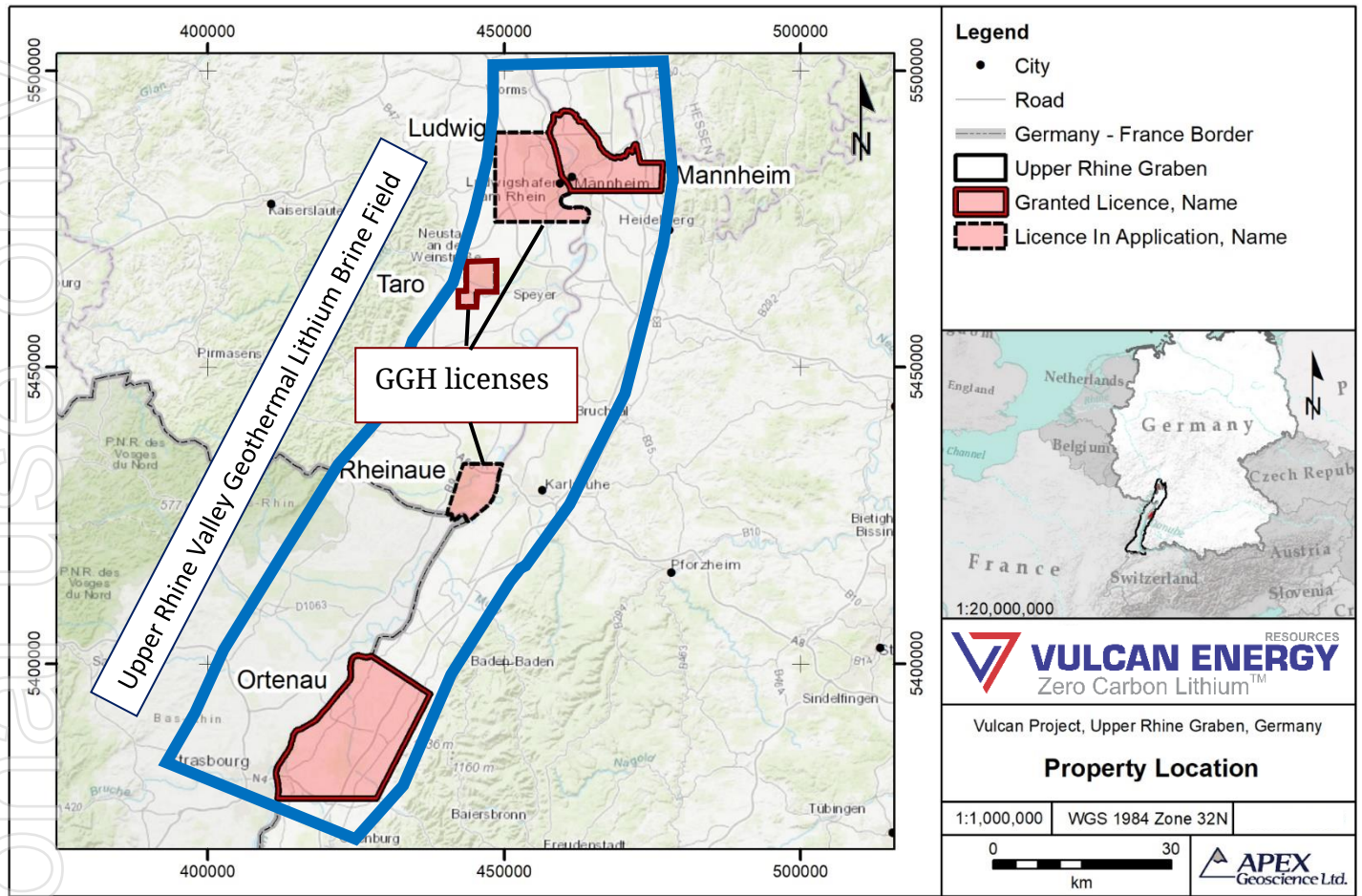


Figure 1: Taro License area, Vulcan Zero Carbon Lithium® Project

Material Terms of Agreement

Vulcan has entered into a binding Term Sheet with the shareholders of GGH to purchase 100% of the shares in GGH. GGH is the holder of the granted Taro license in the Upper Rhine Valley Region of Germany, as well as the Ludwig and Hesbach (formerly Rheinau) exploration license applications, shown in Figure 1. GGH also holds other exploration license applications in the Upper Rhine Valley region. Under an existing agreement with GGH, Vulcan has already earned a 51% interest in the Taro license (by spending €500,000 in exploration expenditure on the license), with GGH holding the remaining 49%. Vulcan has the right to spend a further €500,000 in exploration expenditure on the license to earn a further 29% within 2 years to take its JV interest to 80%.

Vulcan recently announced² a JORC Resource Estimation of 2.27 Mt contained Lithium Carbonate Equivalent (LCE) at a grade of 181 mg/l Li (Indicated and Inferred) in the Taro license. Please refer to Vulcan's ASX announcement dated 12 November 2020 for details of the updated Taro Indicated and

² Refer ASX announcement 12/11/2020

Inferred Lithium-Brine Resource. The Taro Resource was then integrated into Vulcan's positive Pre-Feasibility Study (PFS) as the first planned phase of project development³.

Vulcan wishes to accelerate and move to full ownership of these licenses, including Taro. Acquiring 100% of GGH will simplify and consolidate Vulcan's holding, as part of its strategy to advance its Zero Carbon Lithium® project towards production. The material terms of the agreement are as follows:

- Payment of \$90,000 worth of fully paid ordinary shares in Vulcan paid on completion of the acquisition; and
- deferred consideration of \$720,000 worth of performance shares, which will convert into Vulcan Shares on a one for one basis on satisfaction of any one of the following milestones on any of the GGH license areas within 2.5 years of completion of the acquisition (Performance Shares):
 - o the Company (or any of its subsidiaries) obtaining approval for a production borehole under Germany's Federal Mining Act (**BBergG**);
 - o the Company (or any of its subsidiaries) obtaining approval from the relevant governmental authority for a provisional environmental impact assessment;
 - o the Company (or any of its subsidiaries) obtaining approval for the construction and operation of a main operating plant under BBergG;
 - o the Company (or any of its subsidiaries) obtaining the first approval for a special operating plan in accordance with BBergG;
 - o the Company (or any of its subsidiaries) the first approval or pre-approval from the relevant governmental authority for the construction of a geothermal organic Rankine cycle plant; or
 - o the Company (or any of its subsidiaries) obtaining the first approval or pre-approval from the relevant governmental authority for the construction of a direct lithium extraction (lithium conveying) plant.
- The number of Vulcan Shares and Performance Shares to be issued will be based on the 5-day Volume Weighted Average Price (VWAP) for Vulcan Shares up to and including the last trading day prior to completion of the acquisition (i.e., the Performance Shares will be valued at the full value of a Vulcan Share as at the completion date).
- Agreement is subject to the completion of due diligence at Vulcan's sole discretion.
- One of the vendors (Dr. Horst Kreuter) is a related party to Vulcan, in his capacity as Executive Director of Vulcan. Dr. Kreuter has abstained from all Vulcan Board discussions related to the acquisition of GGH. Settlement of the Acquisition is conditional upon (among other things) the Company obtaining:
 - o shareholder approval for the issue of Consideration Shares and Performance Shares to Dr Kreuter (or his nominee) under Listing Rule 10.11; and

³ Refer ASX announcement 15/01/2021

- ASX approval of the terms of the Performance Shares under Listing Rule 6.1.

- The Company has confirmed with ASX that shareholder approval for the acquisition is not required under Listing Rule 10.1.

- The Board (other than Dr Kreuter) has determined that shareholder approval for the acquisition is not required under Chapter 2E of the Corporations Act, because:

- the acquisition was negotiated on an arm's length basis, with Dr Kreuter being excluded from the negotiation process on the Company side; and
- the Board considers that the terms of the acquisition are on arm's length or better than arm's length terms in terms of the consideration payable compared to the value of the assets being acquired and the benefits which will accrue to the Company as a result of the acquisition, and are otherwise on normal commercial terms for transactions of this nature.

For personal use only

Zero Carbon Lithium®

For and on behalf of the Board

Robert Ierace

Chief Financial Officer - Company Secretary

For further information visit www.v-er.com

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 Vulcan 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 Vulcan's control.

Vulcan 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 Vulcan, 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 Vulcan. 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.

Competent Person Statement:

The information in this report that relates to Mineral Resources is extracted from the ASX announcement made by Vulcan on the 15 December 2020, which is available on www.v-er.com. The information in this presentation that relates to the Pre-Feasibility Study for the Vulcan Lithium Project is extracted from the ASX announcement "Positive Pre-Feasibility Study", released on the 15th of January 2021 which is available on www.v-er.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements 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 original market announcements.