

## Binding lithium offtake agreement with Volkswagen Group

### Highlights

- Vulcan Energy Resources Ltd (Vulcan, the Company; ASX: VUL) has signed a binding lithium hydroxide offtake agreement ("Agreement") with the Volkswagen Group, the world's largest automaker by revenue and the largest company in Germany.
- Headquartered in Wolfsburg, Germany, the Group comprises ten brands from five European countries: Volkswagen, Volkswagen Commercial Vehicles, ŠKODA, SEAT, CUPRA, Audi, Lamborghini, Bentley, Porsche and Ducati.
- The Volkswagen Group pursues the objective of continuously avoiding or reducing greenhouse gas emissions over the entire life cycle of a vehicle, which aligns with Vulcan's core mission to decarbonise the battery metals supply chain. In Europe alone, six gigafactories with a total production capacity of 240 GWh are to be established by Volkswagen Group by the end of the decade.
- Volkswagen Group is to purchase a minimum of 34,000 tonnes and a maximum of 42,000 tonnes of battery grade lithium hydroxide over the duration of the Agreement.
- The Agreement is for an initial five-year term and the start of commercial delivery is set for 2026. Pricing will be based on market prices on a take-or-pay basis.
- Volkswagen Group and Vulcan have also agreed to a first right of refusal to invest in additional capacity in the Zero Carbon Lithium™ Project. Conditions precedent include successful start of commercial operation and full product qualification.

*Managing Director Dr Francis Wedin commented: "Through this agreement, Vulcan Energy's Zero Carbon Lithium™ business will become a key enabler of Volkswagen's world-leading target to produce carbon neutral EVs, including all the raw materials in the battery supply chain. We look forward to working closely together with Volkswagen, the world's largest automaker by revenue and the largest company in Germany, to build sustainable, local lithium supply for the German and European automotive sector."*

### Highlights

Globally unique **Zero Carbon Lithium™** Project.

**Combined lithium chemicals & renewable energy project** in the Upper Rhine Valley of Germany.

EU's **largest** lithium resource.

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

Fast-track development under way towards production.

### Corporate Directory

Managing Director  
Dr Francis Wedin

Chairman  
Gavin Rezos

Non-Executive Director  
Ranya Alkadamani


Non-Executive Director  
Annie Liu

Non-Executive Director  
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Non-Executive Director  
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Thomas Schmall, Member of the Board of Management of Volkswagen Group for Technology and CEO of Volkswagen Group Components, said: *“Volkswagen is implementing its battery strategy very consistently and at a high pace. The Volkswagen unified cell must be at the forefront of performance, costs and sustainability right from the start. With our new partners, we are taking the next step closer to this goal. Together, we will approach key parts of the battery value chain and develop cutting-edge technologies.”*

**For and on behalf of the Board**

Daniel Tydde | Company Secretary | For further information visit [www.v-er.eu](http://www.v-er.eu)

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### About Vulcan

Vulcan is aiming to become the world's first lithium producer with net zero greenhouse gas emissions. Its ZERO CARBON LITHIUM™ Project intends to produce a battery-quality lithium hydroxide chemical product from its combined geothermal energy and lithium resource, which is Europe's largest lithium resource, in Germany. Vulcan's unique, ZERO CARBON LITHIUM™ Project aims to produce both renewable geothermal energy, and lithium hydroxide, from the same deep brine source. In doing so, Vulcan intends to address lithium's EU market requirements by reducing the high carbon and water footprint of production, and total reliance on imports. Vulcan aims to supply the lithium-ion battery and electric vehicle market in Europe, which is the fastest growing in the world. The Vulcan Zero Carbon Lithium™ project has a resource which could satisfy Europe's needs for the electric vehicle transition, from a source with net zero greenhouse gas emissions, for many years to come.



## Material Terms of the Agreement

**Term:** five years, with option to extend by another five years by mutual agreement.

**Volume:** Volkswagen Group is to purchase 34,000 to 42,000 tonnes of battery grade lithium hydroxide over the duration of the Agreement.

**Commencement:** Commercial Supply Period to commence 2026.

**Pricing:** will be based on market prices for lithium hydroxide on a “take or pay” basis.

**Conditions Precedent:** successful start of commercial production and full product qualification.

### 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.

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### 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.eu](http://www.v-er.eu). 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 15<sup>th</sup> of January 2021 which is available on [www.v-er.eu](http://www.v-er.eu). 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.