

ACTIVITIES REPORT – SEPTEMBER QUARTER 2023

HIGHLIGHTS

- ◆ Front-end engineering design (“FEED”) commenced, with a focus on the final detailed designs of the plants in preparation for tenders to be drawn up¹
- ◆ Planned Project delivery model expected to comprise multiple Engineering, Procurement and Construction (“EPC”) contracts over core elements of the operation, with oversight by experienced project managers to mitigate interface risks
- ◆ Project development workstreams progressing well with environmental and water applications advancing through approval process, Social and Labour Plan submitted to regulators, solar power design work and rope conveyor assessment underway
- ◆ Matrix and VR8 have reaffirmed commitments to enter into agency and offtake agreements, with negotiations continuing with potential financiers as the Company seeks to engage lead arrangers of construction funding solutions
- ◆ Strong interest in the remaining product from North American, European and Asian groups has seen the Company continue discussions with a view to securing an agency and/or offtake agreement, together with a strategic investment
- ◆ Global corporate advisory firm GC Partners Limited, headquartered in Hong Kong, appointed to assist with offtake and strategic equity processes underway
- ◆ Appointment of highly experienced financier Tim Feather as CFO to assist with offtake, debt and EPC discussions, which are key developmental milestones towards construction

POST QUARTER HIGHLIGHTS

- ◆ VR8 increased its interest in subsidiary Vanadium Resources (Pty) Ltd (“VanRes”) to 81.90% (up from 73.95%) following completion of the transaction with Obeec (Pty) Ltd (“Obeec”)² – Remaining 4.59% held by MathPin Trust (“Mathpin”) under option, awaiting SARB approval (If approved VR8 will increase ownership to 86.49%)

¹ Refer to ASX Announcement dated 4 October 2023 “*Steelpoortdrift and Tweefontein Projects Update*”

² Refer to ASX Announcement dated 3 May 2023 “*VR8 Increases Interest in Steelpoortdrift to 82%*”

Vanadium Resources Limited (ASX: VR8; DAX: TR3) (the “Company”) (ASX: VR8, DAX: TR3) is pleased to release its activities and cashflow reports for the three months ended 30 September 2023.

STEELPOORTDRIFT VANADIUM PROJECT

Front-End Engineering Design & Project Delivery Model

The Company commenced FEED activities during the quarter, working with the key engineering firms for the Concentrator and SRL plants to make the Project construction ready. The current focus is on finalising detailed designs of the plants and drawing up maps to show the position of equipment and plant in relation to each other. The FEED work will also include schedule optimisation and the development of the Project Execution and Operational Readiness plans. Following completion of FEED work, tenders will be drawn up for each specific piece of plant/equipment and, once finalised, will be issued to pre-identified suppliers.

During the quarter the Company also reviewed and refined the delivery strategy for the Project. The Company plans to implement a series of Engineering, Procurement and Construction (“EPC”) contracts across the Project, with a view to ensuring that the appropriate engineering firm and/or equipment manufacturer has the necessary expertise, experience and ability to provide relevant performance guarantees and liquidated damages for that part of the plant.

To reduce the number of construction packages, several sections of the equipment will be combined into packages to be managed as a mini-projects within the wider construction scope. A Project Manager will be appointed for each site to manage these packages and their interface risks, together with a further Project Manager who will oversee the entire development and construction of the Project.

Environmental Authorisation & Water Use Licence Applications

The Environmental Impact Assessment (“EIA”) and Environmental Management Program for each site was distributed for public comment during the September quarter. Following the completion of the public comment period, these reports will be finalised and submitted for approval.

Integrated Water Use Licence Applications for both sites have been significantly progressed and are in the final phase of the application process with the Department of Water and Sanitation (“DWS”). During the quarter the Company drafted technical reports for each application in preparation for a consultation and review process before final submission to the DWS. Minor changes to the water usage following updates to the plant design will require review by the DWS before the reports can be finalised and submitted.

Social and Labour Plan, Community Engagement & Re-Zoning Applications

Following completion of the Definitive Feasibility Study (“DFS”), there was a requirement to update the Social and Labour Plan (“SLP”) underpinning the Mining Right to match the Ore Reserve Estimate³ and updated designs. Further work to assess the impact of the proposed activities on the local communities and to plan and develop procedures around employment, training, procurement, and potential infrastructure to ensure that the Project has a positive socio-economic impact. During the quarter, the revised SLP was completed and

³ Refer to ASX Announcement 4 October 2022 “VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project”

provided to the Department of Mineral Resources and Energy (“DMRE”) for review, with approval expected to take approximately three to four months following submission.

In September, the Company submitted several re-zoning applications to the Municipality for their review and approval. While the Mining Right has been granted over the whole property, Steelpoortdrift 365-KT, it is important that the individual areas are zoned appropriately for the activities that will take place including mining, concentrating and installing the photovoltaic (“PV”) solar plant.

Additional Project Development Workstreams

During the quarter, the Company also progressed the following workstreams:

- **Site Access Road:** commissioned a design process for a more efficient and safer site access road.
- **Solar Power:** engaged Kadoma Investments (Pty) Ltd (“Kadoma”) to assist with the development of a 35MW PV solar plant adjacent to the Tweefontein / SRL site and the design of the 10MW PV solar farm at the Steelpoortdrift / Concentrator site.
- **Rope Conveyor:** commissioned an EIA for the proposed route with a Pre-Feasibility Study to be commenced.

CORPORATE

Offtake Process

Following the completion of the strategic placement to Matrix in May 2023⁴, the Company focused on negotiating the terms of agency and offtake agreements for 40% of vanadium products produced from Phase 1 operations of the Project. While the initial four-month exclusivity period granted to Matrix expired at the end of the quarter, the Company is pleased to report that discussions are progressing with Matrix and that both parties have reaffirmed their commitment to seek to enter into agency and offtake agreements to achieve the outcomes envisioned in the original memorandum of understanding.

Significant interest has been shown in the remaining product available for offtake, with multiple indicative term sheets and expressions of interest provided by North American and European groups during the last six months. During the quarter, the Company progressed discussions and entered into negotiations with a view to securing an agency and/or offtake agreement, together with a strategic equity investment. While the Company is pleased to have progressed negotiations on securing further agency and/or offtake, there is no guarantee that these discussions will culminate in a completed transaction.

The Company has engaged global corporate advisory firm GC Partners Limited, headquartered in Hong Kong, to assist with the offtake and strategic equity processes underway. GC Partners has significant experience in negotiating and securing offtake agreements with Tier 1 industry counterparties in the critical mineral space, including past engagements in vanadium.

⁴ Refer to ASX Announcement dated 26 May 2023 “VR8 Completes Strategic Placement of A\$5.91m”

Funding Process

As previously reported, the Company is pleased to have several potential funding pathways available to finance the Project having received a number of non-binding indicative term sheets from debt financiers. Discussions with potential debt financiers continued during the quarter as the Company aims to commence relevant due diligence streams with a view to obtaining credit approved term sheets. With the engineering and technical aspects of the Project and the offtake process all progressing well, the Company is targeting the mandating of debt financiers during the next few months.

CFO Appointment

In August, the Company appointed highly experienced financier Mr Tim Feather as Chief Financial Officer⁵. With over 25 years of experience in corporate finance with a strong focus on advising and fundraising for mining and oil and gas companies, Tim will be an important part of the executive team that is progressing the Steelpoortdrift and Tweefontein operations to FID, particularly with regards to discussions with offtakers, debt funders, EPC contractors and other stakeholders.

Summary of Expenditure for the Quarter

During the Quarter, a total of \$513,414 was spent on activities related to the exploration and development of the Steelpoortdrift Vanadium Project. The Company did not incur any expenditure for mining production activities during the Quarter.

Payments totaling approximately \$65,338 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).

Cash Position

As at the end of September 2023 quarter, VR8 and its subsidiaries held total cash and cash equivalents of \$5,183,790.

⁵ Refer to ASX Announcement dated 22 August 2023 "Appointment of CFO"

POST QUARTER

Following the satisfaction or waiver of all conditions precedent⁶ of the sale and option agreement with Obeec (“**Agreement**”), the transaction was completed on 19 October 2023⁷, which resulted in the Company increasing its interest in VanRes to 81.90% (up from 73.95%).

Under the Agreement, VR8 has acquired Obeec’s 7.95% stake (508 shares) in VanRes in exchange for cash consideration of ZAR 5,800 and 14,031,220 share options to acquire VR8 shares (“**Share Options**”). Upon exercise of the Share Options, they will convert to 14,031,220 new fully paid VR8 ordinary shares which will represent a 2.54% interest in the issued share capital of the Company.

Post completion of the Agreement, VR8 now holds an 81.90% interest in VanRes, MathPin Trust (“**Mathpin**”) 4.59% and the Steelpoortdrift Development Trust holds a 13.51% interest.

VR8 also expects to acquire the 4.59% interest in VanRes held by MathPin through completion of the sale and option agreement announced on 3 May 2023, following completion of the requirements of the SARB and the fulfillment of other key conditions precedent.

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

VANADIUM RESOURCES LIMITED

contact@vr8.global

⁶ Refer to ASX Announcement dated 3 May 2023 “VR8 Concludes Agreements to Increase its Interest in Steelpoortdrift up to 86.49%”

⁷ Refer to ASX Announcement dated 19 October 2023 “VR8 Increases Interest in Steelpoortdrift to 82%”

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

The Resource statement as reported on the 4 October 2022⁸ was updated and is as follows:

Table 1: Mineral Resource Estimate (as at 30 April 2022)

CLASSIFICATION	VOLUME (M m ³)	QUANTITY (Mt)	QUALITY % V ₂ O ₅ (In-situ)	CONTAINED V ₂ O ₅ (Mt)	QUALITY % Fe ₂ O (In-Situ)	CONTAINED Fe ₂ O (Mt)
Measured	43.77	145.46	0.72	1.05	22.47	32.68
Indicated	98.75	327.29	0.70	2.29	22.80	74.62
Inferred	63.41	207.38	0.68	1.40	22.90	47.49
Total Mineral Resource	205.93	680.13	0.70	4.74	22.76	154.80

Source: Sound Mining, 2022

Notes:

- Stated at a cut-off grade of 0.45% V₂O₅;
- The Mineral Resources are stated on a 100% attributable basis for VanRes, of which VR8 owns 73.95%;
- The Mineral Resources are inclusive of Ore Reserves; and
- Reported in-situ with any apparent computational errors due to rounding not considered significant.

APPENDIX 2 – ORE RESERVE

The updated Ore Reserve statement as at 30 September 2022 (Table 3).

Table 2: Ore Reserves as at 30 September 2022

CLASSIFICATION	QUANTITY (Mt)	QUALITY (% V ₂ O ₅ RoM)	CONTAINED V ₂ O ₅ (Mt)
Proved Ore Reserves	30.23	0.70%	0.21
Probable Ore Reserves	46.62	0.72%	0.34
Total Ore Reserves	76.86	0.72%	0.55

Source: Sound Mining, 2022

Notes:

- The Ore Reserves are stated at a price of USD9.50/lb;
- The Ore Reserves are stated on a 100% attributable basis for VanRes, of which VR8 is owns 73.95%;
- The LoM was restricted to a production forecast of 25 years whereafter the mining licence will need to be renewed.
- The Ore Reserves are reported at the point of delivery for processing;
- The Quantity is reported in metric tonnes and the Grade reported as a percentage of contained V₂O₅;
- Any apparent computational errors due to rounding are not considered significant;
- The Ore Reserves may be subject to legal, political, environmental or other risks;
- Losses that could occur as a result of transportation of content or Flake are considered to be negligible; and
- 39% of the Ore Reserves are in the Proved category and no Inferred Mineral Resources included in the Ore Reserve estimate.

⁸ Refer to ASX Announcement 4 October 2022 “VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project”

APPENDIX 3 - TENEMENT TABLE: ASX LISTING RULE 5.3.3

Table 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	21/12/2026	100%
Limpopo Region, South Africa						
Steelpoortdrift KT365	10095MR	Vanadium Resources (Pty) Ltd	24.6	Granted	04/09/2048	81.9%

Mining tenement interests relinquished or 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

Nil

Competent Person's Statement and Compliance Statements

The information in the referenced announcements 1 to 3 footnoted below 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. The Company confirms that it is not aware of any information or data that materially affects the information included in the market announcement, and that all material assumptions and technical parameters underpinning the announcement continue to apply. 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 4 October 2022 (*VR8 updated mineral resource and ore reserve for the Steelpoortdrift Vanadium Project*) 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 04 October 2022. 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 Information that has been presented in this report has been extracted from the announcement dated 4 October 2022 (*VR8 updated mineral resource and ore reserve for the Steelpoortdrift Vanadium Project*). 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.

ASX announcements referenced to directly, or in commentary of, this quarterly activities release

¹ ASX Announcement dated 4 October 2023 "*Steelpoortdrift and Tweefontein Projects Update*"

^{2,7} ASX Announcement dated 3 May 2023 "*VR8 Increases Interest in Steelpoortdrift to 82%*"

^{3,8} ASX Announcement 4 October 2022 "*VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project*"

⁴ ASX Announcement dated 26 May 2023 "*VR8 Completes Strategic Placement of A\$5.91m*"

⁵ ASX Announcement dated 22 August 2023 "*Appointment of CFO*"

⁶ ASX Announcement dated 3 May 2023 "*VR8 Concludes Agreements to Increase its Interest in Steelpoortdrift up to 86.49%*"

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 2023

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	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(155)	(155)
(e) administration and corporate costs	(275)	(275)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	29	29
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	(400)	(400)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(513)	(513)
(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	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(513)	(513)

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	6,097	6,097
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(400)	(400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(513)	(513)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

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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	5,184	5,184

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	5,184	6,097
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)	5,184	6,097

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(50)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(15)
<p><i>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.</i></p> <p>6.1 CEO and consulting fees to Directors of A\$50,353 6.2 Director and consulting fees to Directors of A\$14,985</p>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.	[]	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(400)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(513)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(913)
8.4 Cash and cash equivalents at quarter end (item 4.6)	5,184
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	5,184
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.7
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 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	
8.8.2 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	
8.8.3 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	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

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 2023

Authorised by: The Board of Directors
(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.