

13 May 2024

OVER 100% OF PHASE 1 PRODUCTION SUBJECT TO OFFTAKE MOUs

HIGHLIGHTS

- ◆ VANADIUM RESOURCES LIMITED (ASX: VR8; DAX: TR3) (“VR8” or the “Company”) has entered into a Memorandum of Understanding (“MOU”) with Hunan Zhongxin New Materials Technology Co., Ltd. (“Zhongxin”)
- ◆ Zhongxin is a vanadium based high-end alloy material processing enterprise that integrates research and development, production and trade, with a customer base across the globe and annual production capacity of 13kt of vanadium based high-end alloy materials
- ◆ Similar to the recently announced MOUs with Panjin Hexiang New Materials Technology Co., Ltd (“Hexiang”)¹ and Enerflow Technology Co., Ltd. (“Enerflow”)², the MOU with Zhongxin provides for the sale of 4ktpa of vanadium pentoxide (V₂O₅) for an initial 5-year term, with an option to extend for a further 5 years
- ◆ The combined MOUs signed to date are in excess of the planned ~11ktpa V₂O₅ production planned for Steelpoortdrift’s Phase 1 operations³, and demonstrates the continued strong demand from China for reliable sources of vanadium supply
- ◆ In addition to the MOUs executed to date, VR8 remains in discussions with a variety of Chinese, Japanese, Korean and European end-users and traders as the Company seeks to secure binding offtake agreements to support project financing

Vanadium Resources Limited (ASX: VR8; DAX: TR3) (the “Company”) provides the following update for its world-class Steelpoortdrift Vanadium Project (the “Project”) in South Africa, consisting of the Steelpoortdrift Mine and Concentrator (“Steelpoortdrift”) and the Tweefontein Salt Roast Leach (“SRL”) operation (“Tweefontein”).

The Company is pleased to announce that it has signed a non-binding MOU for the offtake of V₂O₅ production from its Project with Zhongxin. The MOU provides for the supply of 4ktpa of V₂O₅ flake over a period of five years with an option for Zhongxin to extend a further five years.

The MOU provides a framework for further negotiations in relation to price, product quality and other offtake parameters. The MOU with Zhongxin represents a further ~37% of VR8’s planned annual average V₂O₅ flake production capacity of ~11ktpa⁴ from the initial Phase 1 operation of the Project.

¹ Refer to ASX Announcement dated 11 April 2024 “Off-take MOU with large vanadium nitride producer”.

² Refer to ASX Announcement dated 30 April 2024. “Additional offtake MOU signed with major VFB producer”.

³ Refer to ASX Announcement dated 4 October 2022 “DFS delivers A\$1.9Bn NPV confirming World Class Project”.

⁴ Refer to ASX Announcement dated 4 October 2022 “DFS delivers A\$1.9Bn NPV confirming World Class Project”.

The collective MOUs signed to date represent over 100% of the anticipated production from Phase 1. The specific tonnages in these MOUs represent an anticipated base level of demand from each of the parties, serving as a starting point for further negotiations. Should any or all of the MOUs progress into binding agreements, the final agreed-upon tonnage for each party's offtake may vary.

The Company remains in discussions with a range of Chinese, Japanese, Korean and European end-users and traders for further offtake agreements. As these discussions continue, the Company will continue to explore the possibility of securing financing solutions with each of these potential offtakers that will optimise the projected Net Present Value of the Project for existing shareholders.

Commenting on the MOU, Mr John Ciganek, Chief Executive of VR8, said:

'We are delighted to be entering into a further offtake MOU with another high-quality industry leader, Zhongxin, which has a production capacity of 13kt of vanadium based high-end alloy materials. With this MOU, VR8 now has over 100% of its Phase 1 production under MOUs. These MOUs play an integral role in the overarching funding process we have implemented, with the aim of securing debt financing and strategic equity investment for our world-class Steelpoortdrift Vanadium Project.'

As announced in our recent March 2024 quarterly report, interest in the Project has increased following continued engagement with our financial adviser, GC Partners, and our debt adviser, HCF International Advisers. I look forward to keeping shareholders updated with further developments as they arise during this pivotal and exciting phase in the Company's operations.'

Commenting on the MOU, Mr Jurie Wessels, Executive Chairman of VR8, said:

'Together with Enerflow's MOU, the MOU with Zhongxin represents potential offtake focused on the downstream potential of Vanadium. This interest confirms the growing market for Vanadium outside its traditional role as an additive to steel. This also demonstrates the possible advent of the long-expected change in demand metrics for Vanadium driven by VFBs and specialist alloy products.'

'Guided by this unexpectedly high level of market demand for offtake through several MOUs for more than 100% of our Phase 1 production plans, we are well positioned to convert these MOUs into binding offtake agreements that meet the requirements of our debt financiers.'

ABOUT ZHONGXIN

Hunan Zhongxin New Materials Technology Co., Ltd. was established in 2007 and is a vanadium based high-end alloy material deep processing enterprise that integrates research and development, production, and trade. It currently has more than 100 employees, total production capacity of 13,000 tons of vanadium based high-end alloy materials and has gained unanimous recognition from customers and industry across the globe. Zhongxin is a member of the Vanadium Industry Branch of the China Iron and Steel Industry Association, and it has the only vanadium alloy engineering technology research centre (provincial-level enterprise technology centre) in Hunan Province. Zhongxin also participated in the formulation of the national standard GB/T40301-2021 for vanadium trioxide in 2021.

This announcement has been authorised for release by the directors of Vanadium Resources Limited.

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Competent Person's Statement and Compliance Statements

The information in the referenced announcements 3 to 5 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.

^{3,4} ASX: VR8 4 October 2022, DFS delivers A\$1.9Bn NPV confirming World Class Project

⁵ ASX: VR8 4 October 2022, VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project

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.

APPENDIX 1 – MINERAL RESOURCE ESTIMATE

The Resource statement as reported on the 4 October 2022⁵ was updated and is as follows:

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 86.49%;
- 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 .

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 owns 86.49%;
- 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.

⁵ Refer to ASX Announcement 4 October 2022 "VR8 Updates Mineral Resource and Ore Reserve for the Steelpoortdrift Vanadium Project"