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## **Vulcan launches €100m (A\$164m)<sup>1</sup> Placement and €12.2m (A\$20m) Share Purchase Plan to commence execution of critical path scope for its Phase One Lionheart Project**

Vulcan Energy (**Vulcan**, ASX: VUL, FSE: VUL, **the Company**) is pleased to announce the launch of a fully underwritten institutional placement and concurrent strategic placement to raise €100m (A\$164m) (**Placement**)<sup>1</sup>.

### **Highlights**

- Net proceeds from the Placement, together with existing cash of €20m (A\$33m)<sup>12</sup>, will be applied to fund the commencement of project execution of the Company's Phase One Lionheart Project (the **Project**). This will enable Vulcan to commence execution of the Field Development Plan, EPC contracts, and other critical path execution capital and operating expenditure
- Proceeds from the Placement will also provide sufficient working capital for the Company to finalise its full strategic equity and debt Project financing package
- The funding will support Vulcan's aim of becoming the world's first integrated lithium and renewable energy producer with carbon neutral footprint
- The Placement comprises a fully underwritten institutional placement to raise €74m (A\$121m), and a concurrent placement to strategic investors who have agreed to subscribe for €26m (A\$43m), to raise €100m (A\$164m) in total
- In addition to the Placement, the Company is undertaking a non-underwritten Share Purchase Plan (**SPP**) offered to eligible existing shareholders targeting to raise up to €12.2m (A\$20m)<sup>3</sup>.

### **Placement proceeds**

Placement proceeds, together with existing cash, will be used to commence execution of critical path scope for the Project, with proceeds being applied to:

#### **1. Capital expenditure (CAPEX)**

- Commence execution of Field Development Plan (**FDP**)
- Rig mobilisation and commencement of drilling of first new production well
- Procurement to support FDP execution sequence.

<sup>1</sup> Based on Australia dollar offer price of A\$5.85 per New Share, and a EUR offer price of €3.57 per New Share.

<sup>2</sup> Converted at €0.61/A\$1.00. Cash as at 30 November 2024.

<sup>3</sup> Vulcan will have the ability to accept more or less than the target SPP size at its absolute discretion. Proceeds raised under the SPP will be used as additional working capital to support the advancement of the Project and associated funding initiatives.

## 2. Commence EPC contracts

- EPC for Organic Rankine Cycle geothermal renewable energy plant, cooling tower, 110kV substation and pipeline
- Limited notice to proceed contracts for Lithium Extraction Plant and Central Lithium Plant.

## 3. Other execution CAPEX

- Commitment to key supply agreements
- Acquisition of land and site establishment
- Completion of integrated pipeline loop
- Purchase price for geox acquisition<sup>4</sup>
- Engineering costs.

## 4. Operating expenditure (OPEX)

OPEX to support on-the-ground execution of the Project and costs of the Placement.

### Placement details

The Placement will comprise the issue of ~28m new fully paid ordinary shares (**New Share**) at a:

- Fixed Australian dollar price of A\$5.85 per New Share, which represents a:
  - 11.9% discount to the last traded price on ASX of A\$6.64; and
  - 8.4% discount to the 30-day volume weighted average price (VWAP) of A\$6.39.
- Fixed Euro offer price of €3.57 per New Share.

The discounts set out above are current as at the close of trading on 10 December 2024. New Shares will be issued under the Placement pursuant to the Company's available capacity under ASX Listing Rule 7.1, and rank *pari passu* with existing fully paid ordinary shares in Vulcan.

As noted above, the Placement comprises a fully underwritten institutional placement to raise €74m (A\$121m) and a non-underwritten concurrent placement to strategic investors whom have subscribed for €26m (A\$43m) of the Placement to raise €100m (A\$164m) in total.

Please refer to the presentation lodged on ASX today for further information.

### SPP details

In addition to the Placement, the Company will offer eligible existing shareholders the opportunity to participate in a non-underwritten SPP targeting to raise up to a further €12.2m (A\$20m) at the same Offer Price as the Placement of A\$5.85 per share.

The SPP will provide eligible shareholders, being shareholders who had a registered address in Australia or New Zealand on Vulcan's register at 7.00pm (AEDT) on Tuesday, 10 December 2024, the opportunity to increase their holding by the maximum allowed value of A\$30,000, without incurring any brokerage, commission or transaction costs. Vulcan retains discretion over the allocation of shares per investor. Any

<sup>4</sup> Should the Company raise over €100m, Vulcan may be required to pay the ~ €15m deferred payment consideration for the acquisition of 100% of the shares in Geox GmbH, which may be funded from the Placement/SPP, existing cash reserves, or a combination of both. For further details please see Financing Progress Update released to ASX on 27 September 2024.

proceeds raised under the SPP will provide the Company with additional working capital to support the advancement of the Project and associated funding initiatives.

An SPP Booklet containing further information in relation to the SPP, including the terms and conditions, is expected to be released on ASX and dispatched to eligible existing shareholders on or around Friday, 20 December 2024.

### Financing update

According to Vulcan's models and estimates, the total funding required for the Project (including financing costs, owners' costs, debt service reserve account (**DSRA**), ramp up and contingencies) is expected to amount to approximately €2.2 billion including capital expenditure of approximately €1.4 billion. Total funding requirements include financing costs of approximately €270m, additional contingency and standby facilities required by financiers of approximately €241m, owners' costs of approximately €180m and DSRA and ramp up costs of approximately €103m.

Vulcan intends to fund the Project through a combination of debt financing at the Project level as well as equity financing at the Project and Company level. Vulcan has appointed BNP Paribas to advise on the Project-level equity and debt financing process.

In relation to supporting the debt financing for the Project (**Envisaged Debt Financing**), Vulcan has made significant progress and is targeting €1.5 – €1.6 billion comprising of up to a €500m lending envelope from European Investment Bank (including up to €250m direct lending), direct loans from Export Finance Australia (**EFA**) (in respect of which, conditional approval has been received from EFA for an amount of €120m of debt funding, as announced by Vulcan on Monday, 9 December 2024) and Export Development Canada and lending commitments from a number of commercial institutions (including portion to be guaranteed by Bpifrance and SACE).

The combination of all these facilities, if agreed, would provide debt funding for the entirety of the Envisaged Debt Financing. Vulcan is in advanced discussions with respective parties and anticipates being able to provide an update on these discussions prior to 31 December 2024.<sup>5</sup>

In relation to the equity financing requirements for the Project (**Envisaged Equity Financing**), Vulcan has received a range of non-binding offers from potential strategic partners at both the Company and project level, which it continues to assess, and Vulcan is targeting to finalise agreements in Q1, 2025.<sup>6</sup> The Envisaged Equity Financing is targeted to be €625m – €725m to be funded by proceeds from the Placement, further government funding, strategic equity and/ or asset-level investments and additional public equity funding at the Company level.

### End of Validation Project economics

Since publishing of the Bridging Study (**BES**), Vulcan has continued to develop, progress and de-risk the Project in parallel with financing workstreams, by validating key CAPEX, OPEX and Schedule elements with

<sup>5</sup> As at the date of this announcement, the Envisaged Debt Financing remains subject to finalisation, including alignment of key outstanding matters, final credit committee and/or board approval, definitive agreements, and satisfaction of conditions precedent and accordingly there is no certainty that the Envisaged Debt Financing will be obtained from the abovementioned financiers or on the terms currently being discussed or at all, or in relation to the timing for the receipt of credit approved term sheets and debt commitment letters from the respective financiers. In the event that commitment letters are not received, the Company will pursue other options and enact cash preservation measures.

<sup>6</sup> As at the date of this announcement, other than in relation to the Placement, the public grant of EUR 100 million from the German Federal Ministry of Economics and Climate Protection and the European Recovery and Resilience Facility, and prior fundraising activities, the Company has not entered into any binding agreements for the required remaining equity financing for its Phase One Lionheart Project. Accordingly, the Envisaged Equity Financing is subject to finalisation (including as to structure), investor board approval, definitive agreements and satisfaction of conditions precedent and there is no certainty as to the ultimate form and terms of the Envisaged Equity Financing or the timing for entry into binding agreements in relation to the Envisaged Equity Financing.

EPC EPCM contractors, as well as key equipment suppliers. This has been termed the End of Validation (EOV), and shows no material change versus Vulcan's BES. The latest estimated Project economics at EOV are detailed below including the non-material updates to CAPEX and OPEX. The material technical assumptions of the Project remain unchanged as per the BES.

Vulcan has also updated the EOV Project Economics to reflect the latest LHM pricing forecasts – an average “basket” of forecasts from Wood Mackenzie, Fastmarkets and Benchmark (applied to Vulcan's lithium offtake pricing mechanisms). As detailed in the table below, the EOV Project economics remain resilient and attractive in variable market conditions.

End of Validation Project economics <sup>7</sup>	
Average revenue over life of Project	€756m p.a.
Average EBITDA over life of Project	€582m p.a.
Average EBITDA over life of Project	€582m p.a.
Average EBITDA% over life of Project	77%
Capital expenditure	€1,431m
Operational expenditure (C1) <sup>8</sup>	€4,030/t LHM
NPV <sub>8</sub> pre-tax <sup>9</sup>	€3,467m
NPV <sub>8</sub> post-tax <sup>9</sup>	€2,173m
Internal rate of return pre-tax	21.7% unlevered 26.2% levered
Internal rate of return post-tax	17.8% unlevered 20.7% levered
Average 10-year LHM realised price €/t <sup>10</sup>	€22,355/t LHM

<sup>7</sup> These are targets and may not be achieved. Please refer to the forward-looking Statement disclaimer. Refer to the Equity Raising Presentation for build-up of end of validation economics from the Bridging Study. Vulcan confirms that all material technical assumptions underpinning the forecast financial information in this Announcement are set out in the announcement to the ASX titled "Positive Zero Carbon Lithium Project Bridging Study Results" dated 16 November 2023 ("Bridging Study Announcement") and that such assumptions set out in the Bridging Study Announcement continue to apply and have not materially changed. Updated forecast financial figures using a revised lithium price forecast, are shown.

<sup>8</sup> C1 costs include power, maintenance, labour, materials, reagents, sorbent, utilities, logistics, and other fixed costs, excluding inflation.

<sup>9</sup> Net present value using a discount rate of 8%.

<sup>10</sup> Average realised lithium price from offtakes and forecast combined. Assumes an exchange rate of 1EUR:1.10USD.

## Timetable

The indicative key dates for the Placement and SPP are outlined below:

Event	Time (AEDT) / Date <sup>11</sup>
Record Date for eligibility to participate in the SPP	7:00pm, Tuesday, 10 December 2024
Launch of Placement Bookbuild for Northern Hemisphere	3:30am, Wednesday, 11 December 2024
Trading halt commences on ASX	9:00am, Wednesday, 11 December 2024
Launch of Placement Bookbuild for Southern Hemisphere	9:00am, Wednesday, 11 December 2024
Placement Bookbuild closes for all investors	3:30pm, Wednesday, 11 December 2024
Trading halt lifted and recommencement of trading on ASX	9:00am, Thursday, 12 December 2024
Settlement of New Shares issued under the Placement <sup>12</sup>	Tuesday, 17 December 2024
Allotment of New Shares issued under the Placement	Wednesday, 18 December 2024
Quotation and commencement of trading of New Shares on ASX and FSE	Thursday, 19 December 2024
Dispatch of SPP booklet and SPP offer open date	Friday, 20 December 2024
SPP closing date	Monday, 20 January 2025
Announcement of SPP results	Thursday, 23 January 2025
Issue of SPP Shares	Tuesday, 28 January 2025

Vulcan intends to publish a German listing prospectus, subject to the approval by the German Federal Financial Supervisory Authority, on the ASX announcements platform and the Company's website on or around Tuesday, 17 December 2024 and has today published an information memorandum containing certain information which will also be included in the listing prospectus.

Ashurst are Vulcan's Australian, German and US legal advisers in respect of the Placement and SPP.

<sup>11</sup> The Placement and SPP timetable is indicative only and subject to variation. The Company reserves the right to alter the timetable at its discretion and without notice, subject to ASX Listing Rules and Corporations Act and other applicable law.

<sup>12</sup> €6m of which will be issued on a delayed settlement basis on or around 8 January 2025.

### For and on behalf of the Board

Daniel Tydde | Company Secretary

### Further information

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Please contact Vulcan's Legal Counsel Germany, Dr Meinhard Grodde, for matters relating to the Frankfurt Stock Exchange listing on [mgrodde@v-er.eu](mailto:mgrodde@v-er.eu).

### About Vulcan Energy

Vulcan Energy (ASX: VUL, FSE: VUL) is building the world's first carbon neutral, integrated lithium and renewable energy business to decarbonise battery production. Vulcan's Lionheart Project, located in the Upper Rhine Valley Brine Field bordering Germany and France, is the largest lithium resource in Europe<sup>13</sup> and a tier-one lithium project globally. Harnessing natural heat to produce lithium from sub-surface brines and to power conversion to battery grade material and using its in-house industry-leading technology VULSORB®, Vulcan is building a local, low-cost source of sustainable lithium for European electric vehicle batteries. For more information, please go to <https://v-er.eu/>

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<sup>13</sup> On a lithium carbonate equivalent (LCE) basis, according to public information, as estimated and reported in accordance with the JORC Code 2012. See Appendix 4 of Vulcan's equity raising presentation dated 11 December 2024 for further information.

case of member states of the European Economic Area, the meaning of Article 2(e) of Regulation (EU) 2017/1129 or within, in the case of the United Kingdom, the meaning of Article 2(e) of Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (**Qualified Investors**). In addition, in the United Kingdom, the Information is being distributed only to, and is directed only at, Qualified Investors who are (i) "investment professionals" within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **Order**); (ii) high net worth companies, and other persons to whom it may otherwise lawfully be communicated falling within Article 49(2)(a) to (d) of the Order, or (iii) persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as **Relevant Persons**). This Announcement and the information contained therein must not be acted on or relied on (i) in the United Kingdom, by persons who are not Relevant Persons, and (ii) in any Relevant State, by persons who are not Qualified Investors. Any investment or investment activity to which this Announcement and the information contained therein relates is available only to or will be engaged in only with, (i) Relevant Persons in the United Kingdom, and (ii) Qualified Investors in any Relevant State.

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By their nature, forward-looking statements inherently involve known and unknown risks, uncertainties and other factors that may cause actual results, performance and achievements to be materially greater or less than estimated, including those generally associated with the lithium industry and/or resources exploration companies, including but not limited to the risk factors contained in the Information Memorandum released to the ASX on 11 December 2024.

These factors may include, but are not limited to, changes in commodity and renewable energy prices, foreign exchange fluctuations and general economic conditions, increased costs and demand for production inputs, the speculative nature of exploration and project development (including the risks of obtaining necessary licenses and permits and diminishing quantities or grades of reserves), political and social risks, changes to the regulatory framework within which Vulcan operates or may in the future operate, environmental conditions including climate change and extreme weather conditions, geological and geotechnical events, environmental issues, the recruitment and retention of key personnel, industrial relations issues and litigation

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