

30 October 2020

## ACTIVITIES REPORT – SEPTEMBER QUARTER 2020

### HIGHLIGHTS

- ◆ Scoping Study results confirm viability of production of vanadium pentoxide from the Steelpoortdrift Vanadium Project
- ◆ Scoping Study indicates the project exhibits globally competitive opex and capex metrics and confirms that production of vanadium pentoxide utilising conventional salt roast-leach processing methods is technically and financially viable
- ◆ Financial modelling presents significant potential values and robust returns with attractive payback and a resilience to low price environments
- ◆ Low operating and capital expenditures ascribable to the high grade nature of the vanadium mineralisation, along with access to regional infrastructure and local experience in production of vanadium products
- ◆ Low operating costs forecast resulting in the project retaining strong margins should prices move to the downside
- ◆ Including cash reserves as at 30 September 2020, the Company has approx. A\$1,050,000 (before costs) of financial means available to it to advance its world class Steelpoortdrift vanadium project
- ◆ Marketing mandate (non-exclusive) granted to Pelagic Resources Group, a global commodity merchant that holds customer relationships with Chinese state-owned enterprises, global asset allocators and large international commodity merchants
- ◆ Stable trade in vanadium market continues with demand increasing as is traditional at this time of year, long term demand for vanadium and vanadium products remains strong

## SCOPING STUDY

During the Quarter the Company released its Scoping Study into the viability of producing vanadium pentoxide at the Steelpoortdrift Vanadium Project. The Scoping Study demonstrated the potential for strong financial metrics based on current vanadium prices with a forecast NPV<sup>8%</sup> of between US\$359 million and US\$401 million and costs as low as US\$3.07/lb (Table 1), based on current vanadium prices. The Scoping Study is based on a proposed 1.6Mtpa standalone mining, beneficiation and processing operation to produce between 8,500 and 9,400 tonnes of high purity vanadium flake per annum. Pre-production capital is estimated at between US\$161.5 and US\$187.9 million, based on a 15% contingency. The financial results are presented based on the current midpoint price for 98% V<sub>2</sub>O<sub>5</sub> (fob China) of US\$6.95/lb with ranges based on forecast operating costs.

The Scoping Study is a preliminary technical and economic investigation and its results should be read in conjunction with the material assumptions underpinning the study, along with the modifying factors and relevant cautionary statements as prescribed by the JORC Code, which are detailed in the ASX Announcement of 23 September 2020. The Company confirms that there have been no material changes to these assumptions, nor is there any new data or information that materially changes them or the Mineral Resources used in the Scoping Study (including the Mineral Resources within the Production Target).

**Table 1.** Base case key metrics based on opex costs ranging from US\$3.07/lb to US\$3.37/lb

Study Outcomes	
EBITDA LoM (US\$, pre-tax)	1,756 – 1,900 M
EBITDA per annum (US\$, pre-tax)	71.5 – 77.2 M
NPV <sup>8%</sup> (US\$, pre-tax)	359 – 401 M
IRR (US\$, pre-tax, 100% equity)	28.8 – 30.7 %
IRR (US\$, post-tax, 100% equity)	26.3 – 28.2 %
IRR (US\$, post-tax, 50:50 equity:debt)	41.4 – 44.7 %
Payback Period	2 – 3 years
Life of Mine (Study Period)	25 years
Life of Mine (Mining schedule)	30 years
Pre-production CAPEX (US\$, incl. contingency)	161.5 - 187.9 M
Sustaining CAPEX LoM (US\$)	14.9 M
Average cash operating costs (US\$/lb V <sub>2</sub> O <sub>5</sub> ) <sup>1</sup>	3.07 – 3.37
Annual V <sub>2</sub> O <sub>5</sub> production over LoM	18.7 – 20.8 M lb / 8,518 – 9,451 tonnes

<sup>1</sup> Cash operating costs include all mining, processing, government royalties, marketing, site administration and overhead costs. (The ranges are based on a 10% increase to the base case opex of US\$3.07/lb).

The Scoping Study has been compiled by the Company's management team and its lead consultant Mr Les Ford. Mr Ford has over 40 years of experience constructing, developing and producing vanadium projects and is regarded as one of the world's foremost experts in vanadium. Mr Ford began his career at Highveld Steel and Vanadium's Vanchem plant, which used material from the same geological setting to that of Steelpoortdrift at its operations in Witbank in South Africa to produce a suite of vanadium products. Later in his career Mr Ford was responsible, respectively as technical director and as managing director, for the development and construction of producing vanadium mines for Largo Resources in Brazil and for Vantech (formerly Xstrata, now Glencore). He was also intimately involved with the redesign of the Windimurra Vanadium plant in Australia and of Glencore's Vantech operations in South Africa.

A highly experienced and reputable group of independent consultants provided input into the study specific to their areas of expertise, including:

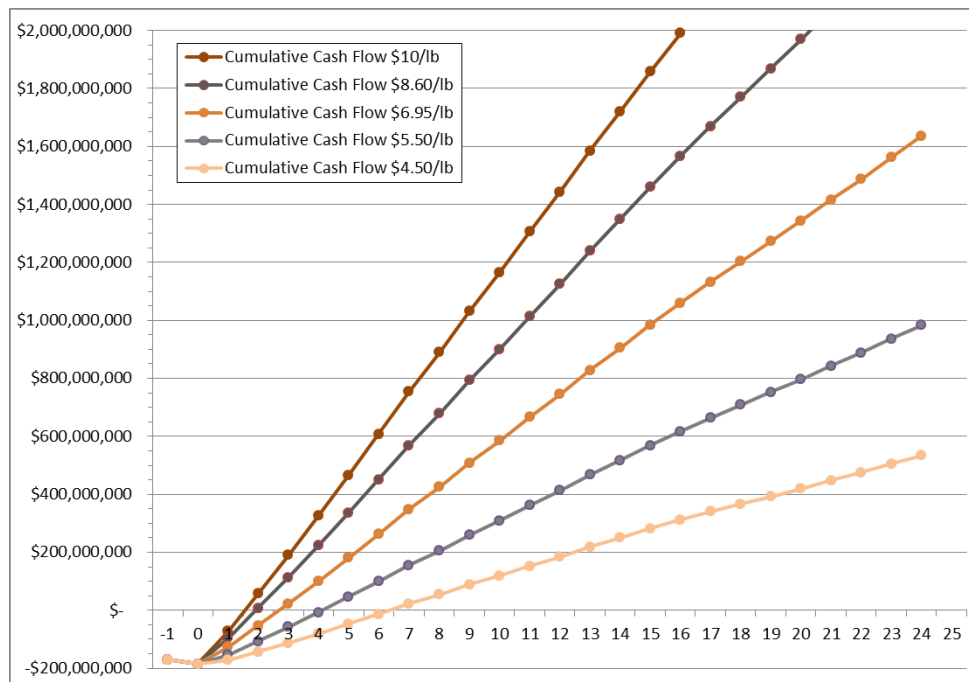
- Les Ford – Study Manager
- GEMECS (Pty) Ltd – Geology, Drilling and Sampling
- Mining Plus Pty Ltd – Mineral Resources including the Mineral Resources within the production target (refer to competent person sign off in ASX release 23 September 2020)
- Mining Plus Pty Ltd – Optimisation and Mining
- Sound Mining (Pty) Ltd – Mining, OPEX
- ENC Minerals (Pty) Ltd – Process Testwork, CAPEX, OPEX
- Mintek – Process Testwork
- METS South Africa (Pty) Ltd – Concentrator CAPEX, OPEX
- Red Kite Consulting (Pty) Ltd – Environmental
- Noboprox (Pty) Ltd – Community and Social
- James Wilson – Financial Modelling
- Rock Wealth Discovery – Review of Study

The financial results within the Scoping Study were based on the current midpoint price for 98% V2O5 (fob China) of US\$6.95/lb with ranges based on forecast operating costs. Table 2 illustrates the NPV at different vanadium prices selected based on historical significance with Figure 1 illustrating the effect on the forecast project cash flows. For the vanadium price used in the study payback of CAPEX was achieved within 3 years of commencement of production of vanadium pentoxide.

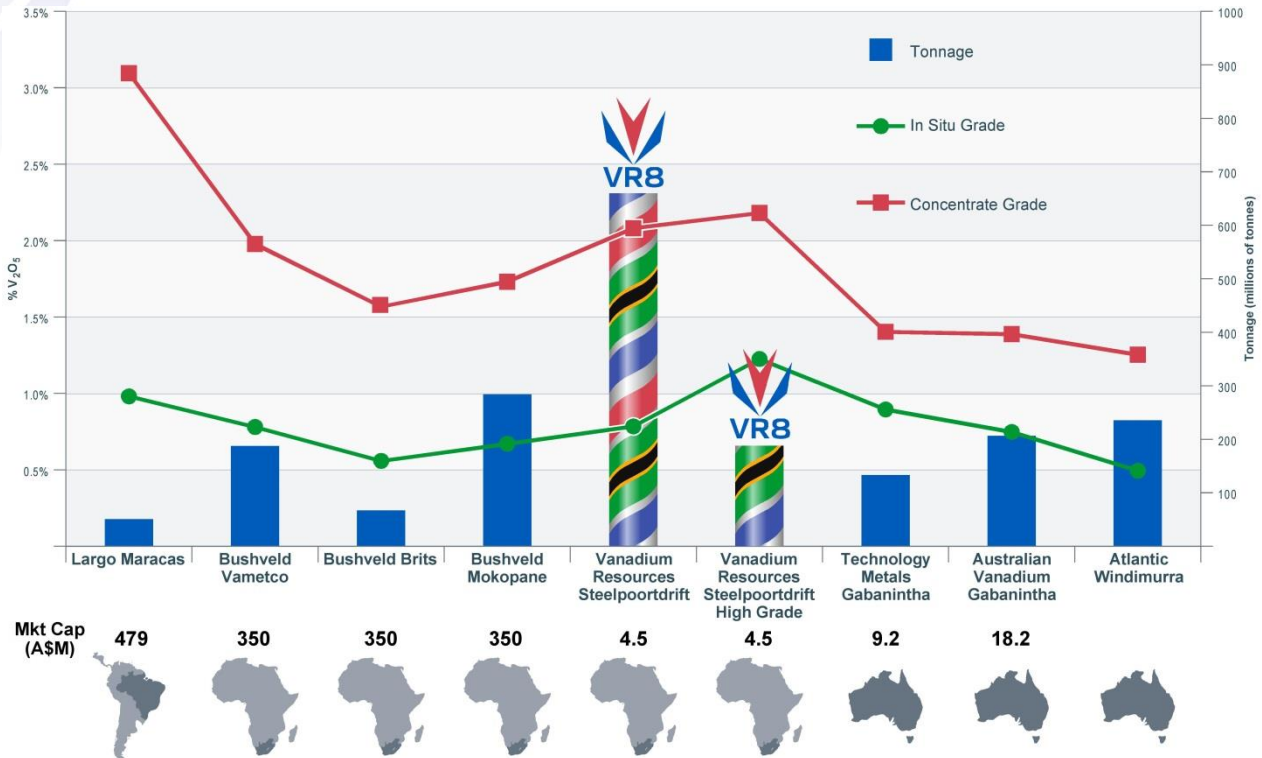
**Table 2.** Sensitivity of NPV<sup>8%</sup> to different vanadium prices based on historical significance

Price (US\$ / lb)	US\$4.50	US\$5.50	US\$6.00	US\$6.95	US\$8.60	US\$10.00
NPV <sup>8%</sup> (OPEX = US\$3.07/lb)	US\$61M	US\$199M	US\$269M	US\$401M	US\$629M	US\$825M
NPV <sup>8%</sup> (OPEX+10% = US\$3.37/lb)	US\$20M	US\$158M	US\$227M	US\$359M	US\$587M	US\$781M

**Figure 1.** Project Cash Flows at vanadium prices shown in Table 2



The Scoping Study is based on the latest Mineral Resource Estimate for the Steelpoortdrift Vanadium Project reported on 29 April 2020, which is 662 million tonnes at an in situ grade of 0.77% V<sub>2</sub>O<sub>5</sub> (defined above an in-situ grade of 0.45% V<sub>2</sub>O<sub>5</sub>) including 188 million tonnes at an in situ grade of 1.23% V<sub>2</sub>O<sub>5</sub> (defined above an in situ resource grade of 1% V<sub>2</sub>O<sub>5</sub>). Both resources are classified as Measured, Indicated and Inferred as detailed in Appendix 2. A sizeable portion of this high grade resource (68Mt at 1.37% V<sub>2</sub>O<sub>5</sub>) is hosted in a discrete, massive magnetite unit which outcrops along 4km of strike within the project area. The resource compares favourably to other producing and development vanadium projects across the globe (Figure 2, Appendix 1).



**Figure 2.** Global vanadium projects categorised by resource grade and grade in concentrate.

Chart compares resources reported under different codes and companies at different stages of development as detailed in Appendix 1. Only resources with a quoted in situ grade > 0.45% V<sub>2</sub>O<sub>5</sub> are shown in figure.

Pit optimisation studies were completed on the high grade Mineral Resource within 100m of surface, which comprises 127Mt at a grade of 1.20% (classified as Measured, Indicated and Inferred, Appendix 2). The open pit selected to form the basis of the Scoping Study extracts 48.5Mt of mineralisation from the Mineral Resource of which 43.3Mt is classified as Measured and Indicated (89%).

While there is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Indicated Mineral Resources or that the production target itself will be realised the Company has concluded it has reasonable grounds for disclosing a Production Target which includes 11% Inferred Mineral Resources, based on the continuity observed in the Mineral Resource and that in the first seven years of production 94% of the material mined and processed is classified as Measured and Indicated.

The mining schedule extends for 30 years at a rate of 1.6Mtpa, however the financial study was completed on an initial 25 years despite alternative pit shells being generated during the pit study with a significantly longer life of mine. While financial studies have not been completed on these shells the

optimisation gave a preliminary indication they may be financially viable. **The Production Target of 48.5Mt is only 7% of the total Measured, Indicated and Inferred Mineral Resource of 662Mt** (Appendix 2). Accordingly it is possible that the project will be able to continue for longer than the 25 years of this study given the size of the Mineral Resource.

Future studies will investigate the economics of these larger pits and longer project timeframes in more detail, with the increased costs based on higher strip ratios and increased sustaining CAPEX to be tested against the sunk capital in the processing plant.

The Company is moving rapidly to complete a PFS by Q1 2021 to improve the level of accuracy in the CAPEX and OPEX estimates, at a cost of approximately A\$300,000. The Company believes that the compelling results of the Scoping Study and a completion of the PFS, will continue to support the sourcing of funding required to develop and construct the Steelpoortdrift Vanadium Project.

## MARKETING ACTIVITIES

During the Quarter the Company concluded a non-exclusive marketing mandate with Pelagic Resources Group Ltd (**Pelagic**) under which Pelagic will introduce the Company to its existing customer base in China, Europe, Russia, India and the USA.

Pelagic is an established global physical commodity merchant, headquartered in Singapore with offices in South Africa, Zimbabwe and China, with a core focus on metal ores used in the stainless and speciality steel industries. Pelagic was founded in 2016 and has since marketed over 1 million tonnes of metal concentrates to China, Europe, Russia, India and the USA. Pelagic currently works strategically with a number of large International Physical Commodity Merchants, Chinese State Owned Enterprises and Global Asset Allocators, and is well positioned to strategically align development capital with resource projects in Africa. Further details of Pelagic can be found on their website [www.pelagicresources.com](http://www.pelagicresources.com).

Pelagic will receive a once-off success fee equal to 2% of the total cash investment made by a strategic investor introduced by Pelagic, at completion and performance of the investment. In addition, should an investment be concluded, Pelagic will receive marketing rights for a period of 5 years of not less than 50% of the products, including titaniferous magnetite concentrate and/or V<sub>2</sub>O<sub>5</sub> products produced from VR8's Steelpoortdrift project ore, and which VR8 resolves to sell from time to time in the open market or to a strategic investor.

In addition to introducing VR8 to Pelagic's existing customer base, the services Pelagic is to render includes assisting the Company in all communications in so far as it may be necessary to conclude a

strategic investment transaction and to facilitate, manage and co-ordinate the completion and due diligence processes of any potential transaction.

## **FUNDING SECURED TO PROGRESS PFS AND OTHER ACTIVITIES**

During the Quarter the Company secured funding of A\$500,000 (before costs) via the issue of a convertible loan facility to the Directors and shareholders of the Company. Details of the entities entering into the facility, including those related to directors and the full terms of the facility are contained in the ASX Announcements of 27 August 2020 and 31 August 2020. As at the date of this report no funds had been drawn down from the facility.

At the same time the Company has also entered into a policy of insurance with Guardrisk (a subsidiary of Momentum Metropolitan Holdings Limited, a South African based financial services group) to provide an environmental rehabilitation guarantee on behalf of VR8. The Guardrisk guarantee allows the Company to withdraw cash resources of ZAR5,000,000 (approx. A\$410,000 before costs), which served as a guarantee for rehabilitation of future mining works at the Steelpoortdrift Vanadium Project. The Guardrisk guarantee is yet to be finalised subject to regulations of the South African Department of Mineral Resources and Energy (DMRE) that may delay the receipt of funds. As the guarantee is not subject to conditions outside of the existing guarantee as defined by the requirements from DMRE, it is expected that these funds will be available to the Company shortly. The costs of the Guarantee, whilst no mining is taking place is A\$20,800 per annum.

As further detailed in the ASX announcement on the 31 August 2020, following the provision of the convertible loan facility, completion of the premium guarantee funding with the Guardrisk policy of insurance and the existing cash balance, the Company had, at 30 September 2020, approx. A\$1,050,000 (before costs) of financial means available to it to advance its world class Steelpoortdrift vanadium project.

## **SUMMARY OF EXPENDITURE**

Of the total expenditure of the Company during the Quarter, the majority (50%) of the Company's expenditure was 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 totalling approximately \$25,500 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).

*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



**Tenement Table: ASX Listing Rule 5.3.3**

**Mining tenement interests held at the end of the quarter and their location**

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km <sup>2</sup>	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
<b>Pilbara Region, Western Australia</b>						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2021	100%
<b>Limpopo Region, South Africa</b>						
Steelpoortdrift KT365	10095MR	Vanadium Resources (Pty) Ltd	24.6	Granted	04/09/2048	Right to own 73.95%

**The mining tenement interests relinquished during the quarter and their location**

Nil.

**The mining tenement interests 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**

Not applicable.

**Beneficial percentage interests in farm-in or farm-out agreements acquired or disposed of during the quarter**

Nil.

**Competent Persons Statement**

The information in this announcement that relates to Exploration Results and other technical information relating to drilling, sampling and the geological interpretation derived from the Exploration Results complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and has been compiled and assessed under the supervision of Mr Bill Oliver, the Managing Director of Vanadium Resources Ltd. Mr Oliver is a Member of the Australasian Institute of Mining and Metallurgy and the Australasian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the JORC Code. Mr Oliver consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears. The Exploration Results are based on standard industry practises for drilling, logging, sampling, assay methods including quality assurance and quality control measures as detailed in the ASX Announcements referred to in the text.

The information in this announcement that relates to Mineral Resources, including the Mineral Resources contained within the Production Target, complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**) and that has been compiled, assessed and created by Mr Kerry Griffin BSc.(Geology), Dip Eng Geol., a Member of the Australian Institute of Geoscientists and a Principal Consultant at Mining Plus Pty Ltd, consultants to the Company. Mr Griffin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012

Edition of the JORC Code. Mr Griffin is the competent person for the resource estimation and has relied on provided information and data from the Company, including but not limited to the geological model and database. Mr Griffin consents to the inclusion in this announcement of matters based on his information in the form and context in which it appears. Further details on the Mineral Resource can be found in the ASX Announcement dated 29 April 2020.

The Company confirms that all material assumptions and parameters underpinning the Mineral Resource Estimates and the Production Targets reported in the market announcements dated 29 April 2020 and 23 September 2020 continue to apply and have not materially changed, and that it is not aware of any new information or data that materially affects the information that has been included in this announcement.

### **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 1: Data and sources for Peer Comparison (Figure 1)**

Company	Project	Stage	Resource Category	Resource Tonnes	Resource Grade	Concentrate Grade	Information Source
<b>Largo</b> <b>LGO.TSX</b>	Maracas	Production	Measured, Indicated & Inferred (43-101)	49.25	0.99	3.10	43-101 Technical Report dated 26/10/2017 <a href="http://www.largoresources.com/operations/maracas-menchen-mine">http://www.largoresources.com/operations/maracas-menchen-mine</a>
<b>Bushveld</b> <b>BMN.LSE</b>	Vametco	Production	Indicated & Inferred	186	0.78	1.98	Competent Persons' Report on the Vametco Vanadium Mine Jan 2020 <a href="https://www.bushveldminerals.com/technical-reports/">https://www.bushveldminerals.com/technical-reports/</a>
	Brits	Development	Indicated & Inferred	66.8	0.56	1.58	Competent Persons' Report on the Brits Vanadium Project Jan 2020 <a href="https://www.bushveldminerals.com/technical-reports/">https://www.bushveldminerals.com/technical-reports/</a>
	Mokopane	Development	Indicated & Inferred	285	0.68	1.75	Mokopane PFS Study Report Jan 2016 <a href="https://www.bushveldminerals.com/technical-reports/">https://www.bushveldminerals.com/technical-reports/</a>
<b>TNG</b> <b>TNG.ASX</b>	Mt Peake	Development	Measured, Indicated & Inferred	160	0.28	1.20	ASX Announcement 26/03/2013
<b>King River</b> <b>KRR.ASX</b>	Speewah	Development	Measured, Indicated & Inferred	4,712	0.30	2.11	ASX Announcement 01/04/2019 06/11/2019
<b>Pursuit Minerals</b> <b>PUR.ASX</b>	Koitelainen Vosa	Development	Inferred	116.4	0.11	2.25	ASX Announcement 06/02/2019
	Airijoki	Development	Inferred	44.3	0.23	1.70	ASX Announcement 08/03/2019
<b>Australian Vanadium</b> <b>AVL.ASX</b>	Gabanimtha	Development	Measured, Indicated & Inferred	208.2	0.74	1.39	ASX Announcement 04/03/2020, 17/03/2020
<b>Technology Metals</b> <b>TMT.ASX</b>	Gabanimth	Development	Indicated & Inferred	131	0.90	1.36	ASX Announcement 29/03/2019

**APPENDIX 2: Mineral Resource Statement for the Steelpoortdrift Vanadium Project**

**Table 1.** Steelpoortdrift Vanadium Project Global Mineral Resource by Resource Category.

Category	V <sub>2</sub> O <sub>5</sub> Cutoff	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %	Tonnes V <sub>2</sub> O <sub>5</sub> in magnetite (kt)
Measured	0.45%	3.35	92	0.77	711
Indicated	0.45%	3.37	284	0.78	2,219
Inferred	0.45%	3.38	285	0.77	2,197
<b>Total</b>			<b>662</b>	<b>0.77</b>	<b>5,098</b>

**Table 2.** SPD Vanadium Project Mineral Resource by Zone (Measured, Indicated & Inferred).

Layer	V <sub>2</sub> O <sub>5</sub> Cutoff	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %	Tonnes V <sub>2</sub> O <sub>5</sub> in magnetite (kt)
Upper Zone	0.45%	3.40	244	0.75	1,830
Intermediate Zone	0.45%	3.23	158	0.57	898
Lower Zone	0.45%	3.43	260	0.94	2,414
<b>Total</b>			<b>662</b>	<b>0.77</b>	<b>5,098</b>

**Table 3.** SPD Vanadium Project Mineral Resource by Grade

V <sub>2</sub> O <sub>5</sub> Range	Category	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %	Tonnes V <sub>2</sub> O <sub>5</sub> in magnetite (kt)
> 0.90%	Measured	3.65	26	1.22	321
> 0.90%	Indicated	3.67	83	1.24	1,032
> 0.90%	Inferred	3.67	78	1.22	957
<b>Sub Total</b>	<b>&gt; 0.90%</b>		<b>188</b>	<b>1.23</b>	<b>2,309</b>
0.45% - 0.90%	Measured	3.25	66	0.59	389
0.45% - 0.90%	Indicated	3.26	201	0.59	1,187
0.45% - 0.90%	Inferred	3.28	207	0.60	1,241
<b>Sub Total</b>	<b>0.45% - 0.90%</b>		<b>474</b>	<b>0.59</b>	<b>2,818</b>
<b>Total</b>			<b>662</b>	<b>0.78</b>	<b>5,098</b>

**Table 4.** SPD Vanadium Project Mineral Resource within 100m of surface by Grade

V <sub>2</sub> O <sub>5</sub> Range	Category	SG	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %	Tonnes V <sub>2</sub> O <sub>5</sub> in magnetite (kt)
> 0.90%	Measured	3.65	22	1.22	268

> 0.90%	Indicated	3.66	53	1.19	635
> 0.90%	Inferred	3.67	52	1.19	614
<b>Sub Total</b>	<b>&gt; 0.90%</b>		<b>127</b>	<b>1.20</b>	<b>1,518</b>
0.45% - 0.90%	Measured	3.25	60	0.59	353
0.45% - 0.90%	Indicated	3.26	159	0.60	953
0.45% - 0.90%	Inferred	3.29	113	0.60	677
<b>Sub Total</b>	<b>0.45% - 0.90%</b>		<b>332</b>	<b>0.60</b>	<b>1,984</b>
<b>Total</b>			<b>459</b>	<b>0.76</b>	<b>3,486</b>

**Notes to Tables 1 - 4:** The Mineral Resource Estimate was completed using the following parameters:

- The Steelpoortdrift Vanadium Resource extends over a strike length of 4000m and has been drilled up to 150m vertically below surface (1100m down-dip);
- Mineralisation is hosted in a series of magnetite bearing layers near the contact between the Upper and Main Zone of the Bushveld Igneous Complex. These layers have been denoted the Upper, Intermediate and Lower Zones with average thicknesses of 19, 14 and 12m respectively. At the base of the Lower Layer there is a marker horizon of massive magnetite which is 1 – 2m thick.
- 120 drillholes (79 RC and 41 diamond core holes) were used in the resource estimate representing a total of 8,762.1m of drilling. Drillhole information is listed in ASX Announcements of 16 April 2019 and 19 November 2019.
- 59 RC holes and 27 diamond core holes drilled by VR8 were included along with 20 RC holes and 1 diamond core hole drilled previously by Vanadium Resources (Pty) Ltd (**Vanres**) and 13 DD holes drilled by Vanadium Technology (Pty) Ltd, a subsidiary of Xstrata (**Vantech**). Drilling in the core of the deposit has been carried out at a 90m spacing with the remainder of the deposit drilled on sections spaced 150m – 200m apart, with mineralisation intersected at 150m intervals on section.
- RC drilling by VR8 and Vanres was sampled via face sampling hammer, collected by a rig mounted cyclone and split using a riffle. Diamond core drilling by VR8 sampled NQ core by splitting the core in half. Historical drilling also sampled diamond core, predominantly BQ size, by sawing in half.
- Samples were analysed at commercial laboratories (SGS, ALS) using pressed disc XRF.
- Quality control protocols for all drilling included the use of certified reference materials (CRMs), blanks and duplicates as detailed in the ASX Announcement of XX April 2020.
- All drillholes were surveyed in both South Africa LO29 grid (WGS84 projection) and UTM Zone 35S.
- All except 2 holes were vertical. Downhole surveys have been carried to confirm no excessive deviation.
- Geological domains were constructed using the interpreted stratigraphy.
- Wireframe surfaces were constructed based on the geological interpretation. Samples within the wireframe were composited to 1m intervals.
- Block grades were estimated using interpolation of the 1m composite data by the Ordinary Kriging method. Search ellipses were set based on geostatistics with search distances ranging from 120 to 950m along strike.

- A Surpac block model was used for the estimate with a block size of 40m X by 40m Y by 5m Z, with sub-blocking to 5mX by 5m Y by 1.25m Z.
- Bulk density values used for mineralisation are detailed in the tables above. These were sourced from SG data measurements on core.
- The numbers tabulated in Appendix 1 may not sum correctly as a result of rounding.
- Diagrams of the Mineral Resource are shown in the ASX Announcement of 29 April 2020.
- The Mineral Resource has been classified as Measured, Indicated and Inferred based on data quality, sample spacing, geological understanding and geostatistical analysis as detailed below.
- Further infill drilling will increase geological and grade data quality and possibly upgrade resource categories and supply data required for higher level mining studies.

These notes should be read in conjunction with the information detailed in the ASX Announcement of 29 April 2020. The Company confirms there is no new data or changes to material assumptions since that date which affect the Mineral Resource.

## 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 2020

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation (if expensed)	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(9)	(9)
(e) administration and corporate costs	(49)	(49)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
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)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(58)</b>	<b>(58)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	-
(d) exploration & evaluation (if capitalised)	(59)	(59)
(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 (12 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(59)</b>	<b>(59)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	249	249
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(58)	(58)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(59)	(59)
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 (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>132</b>	<b>132</b>

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	132	249
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>132</b>	<b>249</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter  
\$A'000**

(9)

(17)

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

6.1 Director and consulting fees to Directors of A\$9,000

6.2 Director and consulting fees to Directors of A\$16,500

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

7. <b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	500	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 <b>Total financing facilities</b>	500	-

7.5 **Unused financing facilities available at quarter end** 500

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.

An announcement entitled "Additional Information – Funding secured to advance Company" on 31 August 2020 confirmed A\$500,000 of funding has been secured from Directors and Shareholders through an unsecured non-recourse loan facility. The loan will be either repaid or converted into stock at future election of the Company. Full details regarding the Company's plans, and the conditions and terms of the funding summarised above, can be found in the above referenced announcement.

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(58)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(59)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(117)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	132
8.5 Unused finance facilities available at quarter end (Item 7.5)	500
8.6 Total available funding (Item 8.4 + Item 8.5)	632
8.7 <b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	5.4

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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

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

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

## 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: 30 October 2020.....

Authorised by: By the Board of Vanadium Resources Limited  
(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.