

06 July 2021

PHOTOVOLTAIC SOLAR ENERGY SUPPLY AGREEMENT FOR STEELPOORTDRIFT

HIGHLIGHTS

- ◆ VR8 through associate Vanadium Resources (Pty) Ltd (VanRes) has entered into a Joint Development Agreement (JDA) with Senergy Africa (Pty) Ltd (Senergy), a subsidiary of DRA Global Ltd, in order to develop a Photovoltaic (PV) Solar energy supply solution for its Steelpoortdrift Vanadium project
- ◆ Key fundamentals of the JDA include:
 - Senergy will conduct a feasibility study, based on the electricity demands of the mine and concentrator process plant
 - Basis of design is to develop a 5MW solar based PV energy supply to sufficient engineering level for inclusion in the Steelpoortdrift project DFS
 - Required studies are to be conducted by Senergy with the costs to be absorbed into final construction costs, whilst VanRes will only be liable up to the maximum internal cost of A\$93k plus a margin of 12%, if VanRes terminates the agreement at any time prior to construction or if it proceeds with a similar solar solution with a service provider other than Senergy
 - The JDA will focus on the Steelpoortdrift mine and concentrator site, with the possibility of extending the JDA to the Salt Roast Plant (SRL) and any other possible alternative processing plants, in which event the JDA will be expanded to incorporate co-generation and fuel cell based generation for the downstream processes
- ◆ Together with VR8's integrated ESG Strategy, the JDA sets VR8 up to be a low cost green Vanadium metal and hydrogen producer, with the ability to also have a minimal carbon footprint and environmental impact

Eugene Nel, Chief Executive Officer of VR8 said: *"We are extremely pleased to be able to fit one more constructive building block into our move towards bringing the Steelpoortdrift into a fully producing mining operation. Energy supply forms an integral part of any mining operation and the JDA allows us to reduce our carbon footprint, reduce operating costs and secure a sustainable energy supply. The potential to expand the terms of the JDA in the future to include energy generation potential from downstream processes, also holds the potential to move us even further towards minimising the carbon footprint of the project.*

The strong ESG component of this JDA coupled with the maiden ore Reserve declaration scheduled for July 2021, will also unlock different project financing mechanisms for the company to pursue which could be non-dilutive to VR8's shareholders. Partnering with a globally recognised company like DRA Global for renewable energy supply, will allow VR8 to develop the project in a way that is consistent with the new era of responsible and minimal environmental impact mining."

Vanadium Resources Limited (ASX:VR8) is pleased to announce that it has entered into a Joint Development Agreement (JDA) via associate Vanadium Resources (Pty) Ltd (VanRes) with Senergy Africa (Pty) Ltd, a subsidiary of DRA Global in order to develop a renewable energy supply solution for its Steelpoortdrift mine and concentrator site.

The DRA Global group has leading engineering and design capabilities, inter alia in power generation, transmission and distribution. The organisation provides complete energy solutions including renewable, conventional, storage and hybrid solutions through EPC/EPCM, PPA or IPP models.

The agreement envisages Senergy rendering services in phases, with the aim of providing the Steelpoortdrift Vanadium Mine and its Concentrator with an integrated grid tied photovoltaic solar powered electricity supply solution in accordance with its load requirements, and to ensure that the Steelpoortdrift Vanadium Mine and Concentrator reduce its carbon footprint, reduce operating costs and secure a sustainable energy supply. The objective of the JDA will be achieved by conducting feasibility studies, undertaking development of a technical solution and obtaining the required licensing at a maximum fee of R1M (A\$93k). The intention is that all the required studies are to be conducted by Senergy at an internal cost of not more than R1M (A\$93k) and delivered to VanRes for consideration and on the basis that VanRes is to elect whether to proceed with Phase 3 (implementation) whether as an Owner-operated power producer or as a power consumer supplied by Senergy. If VanRes decides to proceed with any other solution (i.e. a solution other than the solution provided by Senergy), VanRes is to make payment of Senergy's internal costs (i.e. A\$93k plus 12% margin) and any approved external costs, but is prohibited from making use of the study results procured by Senergy arising from the JDA during Phases 1 and 2 (described below).

PHASED APPROACH:

Phase One means the Feasibility Study including development of the technical solution and initiation of the relevant permitting and license applications in relation to the Project. Phase One shall begin on execution of the JDA and conclude on submission of the Feasibility Study Report and;

Phase Two means the finalisation of all licenses and approvals, contractors, equipment, all project agreements and funding necessary for the Project. Phase Two shall commence on conclusion and acceptance of Phase One and shall conclude on Financial Close.

INTEGRATED ESG STRATEGY

The JDA forms an integral part of VR8's integrated ESG strategy which is aimed at positioning the Company as not only a low cost green Vanadium metal/hydrogen producer, but also to achieve this with a minimal carbon footprint and environmental impact. The Company's ESG strategy is built around the following initiatives:

- Renewable solar PV electricity supply to mining and concentrator site to reduce reliance on fossil fuel based grid energy supply (this JDA).
- Continuous backfilling rehabilitation of open pit mine with both waste and concentrator tailings to minimise requirement for a tailings storage facility and also minimise environmental footprint of operations.
- Implementation of the ESG TCM process to treat the Salt Roast circuit tailings material which results in:
 - Carbon capture from both Salt Roast and TCM process (Refer announcement "Acquisition of ESG technology and Capital Raise" on the 1st April 2021) resulting in minimising carbon emissions;
 - Carbon capture will produce CO – gas and reagents for re-use in the process or for sale of excess volumes;
 - Producing Fe and Ti products from the waste stream for sale;
 - Processing of tailings stream will minimise or potentially even eliminate requirement for tailings storage facility, thereby reducing environmental impact; and
 - Generation of Oxygen and Hydrogen off gas to be used for fuel cell based electricity generation to satisfy Salt Roast and TCM process energy requirements, with excess produced available for sale (future JDA).

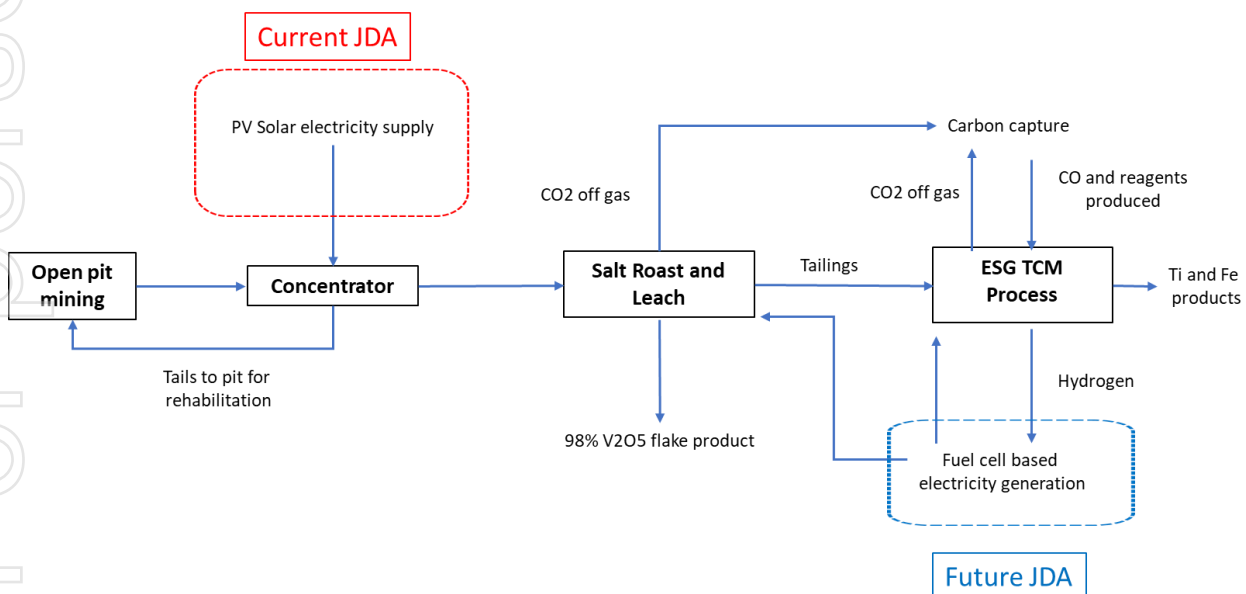


Figure 1: VR8 integrated ESG strategy

PROJECT BACKGROUND

The SPD Project is located on the farm Steelpoort 365KT which is approximately 30km south-west of the town of Steelpoort, Limpopo Province (Figure 2). The SPD Project area is situated within the Sekhukhune District Municipality in the Greater Tubatse Local Municipality, which is one of the five local municipalities falling under the Sekhukhune District Municipality (“SDM”).

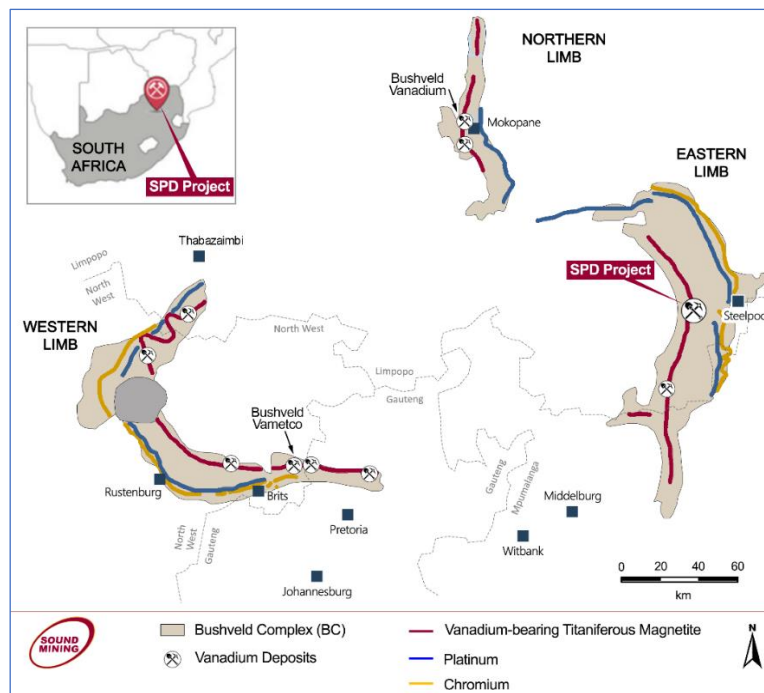


Figure 2: Project location

VR8 completed a Pre-Feasibility Study (PFS) on the 22nd June 2021 (Refer to ASX announcement “Steelpoortdrift PFS delivers superior results”) which indicated the project financial feasibility. Based on the outcomes of the PFS, the Company has decided to initiate planning steps to commence a DFS shortly based on an initial throughput rate of 1.6Mtpa ROM with this JDA forming an integral part of the planned DFS. The on-site mining and concentrator operation will produce V_2O_5 concentrate, which will be further upgraded to high purity flake (>98%) through a downstream conventional Salt Roast and Leach process.

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

For and on behalf of the board:

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