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VULCAN ENERGY RESOURCES
Zero Carbon Lithium[®]

VULCAN ENERGY RESOURCES LIMITED
ABN 38 624 223 132

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2020

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Corporate Directory

Board of Directors

Mr Gavin Rezos	Non-Executive Chairman
Dr Francis Wedin	Managing Director
Dr Horst Kreuter	Executive Director
Ms Ranya Alkadamani	Non-Executive Director
Dr Katharina Gerber	Non-Executive Director (resigned 1 September 2020)

Secretary

Mr Robert Ierace

Registered Office

Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6000
Telephone: 08 6189 8767
Website: www.v-er.com

Stock Exchange Listing

Listed on the Australian Securities Exchange (ASX Code: VUL)
Listed on the Frankfurt Stock Exchange (FRA code: 6KO)

Auditors

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000

Solicitors

Steinepreis Paganin
16 Milligan St
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry

Automatic Share Registry
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

Directors' Report

The Directors of Vulcan Energy Resources Limited (“Vulcan Energy”, “VUL” or “the Company”) present their report, together with the financial statements on the consolidated entity consisting of Vulcan Energy Resources Limited and its controlled entities for the half-year ended 31 December 2020 (“the Period”).

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the year ended 30 June 2020 and considered together with any public announcement made by the Company during the Period and up to the date of this report.

DIRECTORS

The names of the Company's Directors who held office during the Period and until the date of this report are set out below. Directors were in office for this entire Period unless otherwise stated.

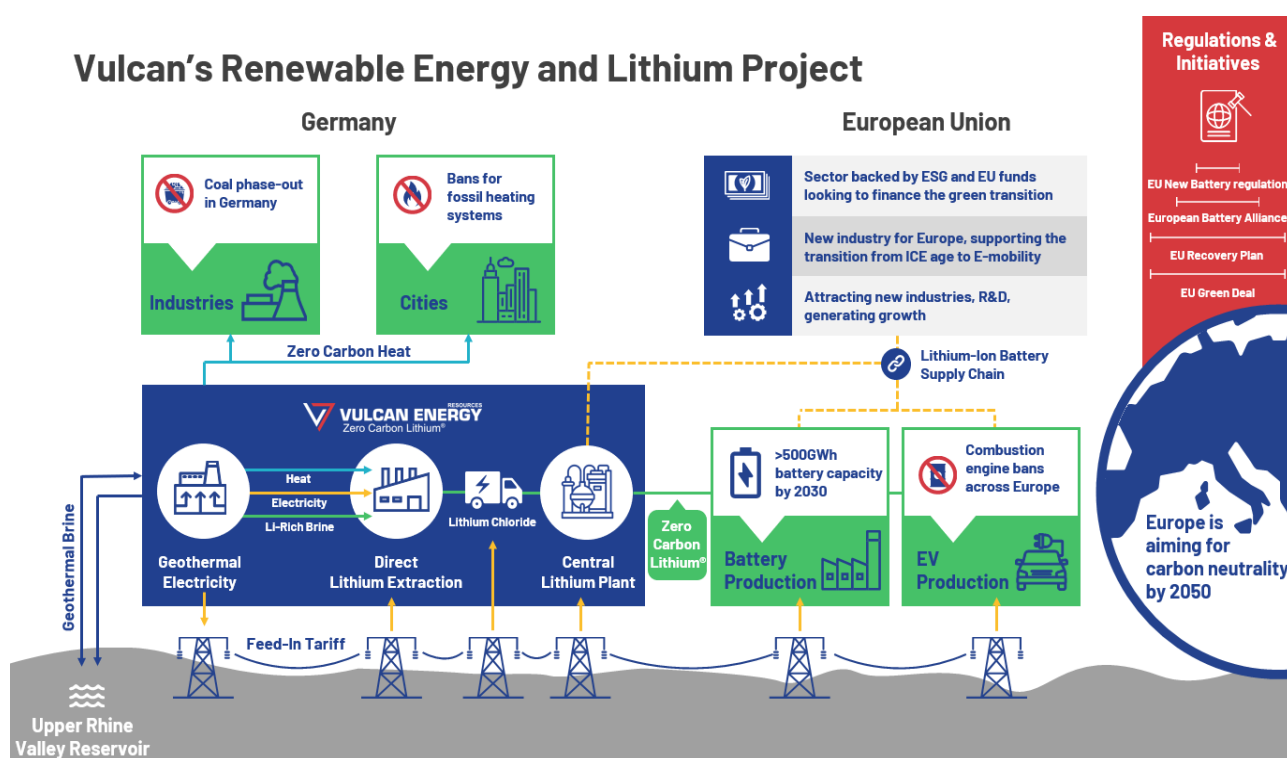
Director	Position
Mr Gavin Rezos	Non-Executive Chairman
Dr Francis Wedin	Managing Director
Dr Horst Kreuter	Executive Director
Ms Ranya Alkadamani	Non-Executive Director
Dr Katharina Gerber	Non-Executive Director (resigned 1 September 2020)

Directors' Report

About Vulcan

Vulcan Energy Resources is aiming to become the world's first Zero Carbon Lithium producer, by producing a battery-quality lithium hydroxide chemical product with a net zero carbon footprint from its combined geothermal and lithium resource, which is Europe's largest lithium resource, in the Upper Rhine Valley of Germany. Vulcan will use its unique Zero Carbon Lithium process to produce both renewable geothermal energy, and lithium hydroxide, from the same deep brine source. In doing so, Vulcan will address lithium's EU market requirements by reducing the high carbon and water footprint of production, and total reliance on imports, mostly from China. Vulcan aims to supply the lithium-ion battery and electric vehicle market in Europe, which is the fastest growing in the world. Vulcan has a resource which can satisfy Europe's needs for the electric vehicle transition, from a zero-carbon source, for many years to come.

Vulcan's Renewable Energy and Lithium Project



REVIEW OF OPERATIONS

Vulcan Zero Carbon Lithium® Project

On 3 August 2020, the Company announced that Lithium chloride has been successfully produced from Upper Rhine Valley geothermal brine during a series of successful bench-scale Direct Lithium Extraction (DLE) tests commissioned by Vulcan. Two different, pre-selected DLE adsorbents were tested and in both cases the lithium recovery rate exceeded 90% on first pass. The tested DLE adsorbents are of a type already used commercially on lithium brines worldwide, which reduces development risk, in line with Vulcan's strategy of utilising established technologies.

Directors' Report

On 31 August 2020 Vulcan announced the grant of its Taro License in the Vulcan Zero Carbon Lithium® Project area in the Upper Rhine Valley, and also announced a maiden Taro Licence Inferred Resource estimate. The Taro license area was granted to Global Geothermal Holding UG (GGH), with which Vulcan has an agreement to earn a 51% interest by spending €500,000 within two years of the license grant (Initial Expenditure). After the Initial Expenditure, a Joint Venture was to be formed, with Vulcan owning 51% and GGH 49%. Vulcan would then spend a further €500,000 to earn a further 29% (Second Earn-In Expenditure) with two years, to take its JV interest to 80%. Once VER had spent the minimum amount and has taken its share to 80%, GGH could elect to co-fund the project pro rata, or be diluted by an industry-standard formula whilst Vulcan continues to develop the project. Should GGH have been diluted below 5%, its share would have been converted to a non-diluting 2% net royalty. Subsequent to the end of the period the Company announced a binding agreement signed to acquire 100% of GGH, subject to shareholder approval, to consolidate ownership of the GGH licenses.

On 12 November, Vulcan announced an updated and reclassified Taro Indicated JORC Resource Estimation of 0.83 Mt contained Lithium Carbonate Equivalent (LCE) at a grade of 181 mg/l Li. The updated Taro Inferred JORC Resource Estimation¹ was revised upward to 1.44 Mt contained LCE at a grade of 181 mg/l Li.

On 15 December, the Company also announced an updated and reclassified Ortenau Indicated JORC Resource Estimation of 2.06 Mt contained LCE at a grade of 181 mg/l Li. This represented a 131% increase in the total Upper Rhine Valley Project (URVP) JORC Indicated Resource Estimate, with 23% of Vulcan's total URVP lithium-brine (Li-brine) Resource now in the Indicated category².

On 21 December, Vulcan announced that the German Parliament and Federal Council (Bundesrat) enacted positive legislative amendments related to geothermal electricity production feed in tariffs to further encourage geothermal energy production.

A proposed new Regulation from the European Commission was announced on 11 December 2020, which underpins the Company's Zero Carbon Lithium strategy, through new EU mandatory requirements on carbon footprint rules and responsibly sourced materials within lithium-ion batteries production and consumption in the EU. From 1 January 2026, lithium-ion batteries will have to bear a carbon intensity performance class label and from 1 July 2027, must comply with maximum carbon footprint thresholds.

The URVP hosts a JORC 2012-compliant global resource³ of 15.85 Mt LCE at a grade of 181 mg/l Li in the Indicated and Inferred categories as shown in the table below. The PFS was focused solely on Indicated Resources, from the Ortenau and Taro licenses. The Ortenau Indicated Resource estimation occurs within the Buntsandstein Group aquifer fault zones. The Taro Indicated Resource estimations occur within fault zones and fault zone envelopes within the Buntsandstein and Rotliegend groups. Additional resource modelling and estimation detail was included in ASX announcements dated November 12, 2020 (Taro License) and December 15, 2020 (Ortenau License).

¹ Refer ASX announcement 12 November 2020.

² Refer ASX announcement 15 December 2020.

³ See ASX announcement 15 December 2020

Directors' Report

Table 1: Vulcan's combined Upper Rhine Valley Project Li-brine Indicated and Inferred mineral resource estimates. Only the Indicated Resource estimations were used in this PFS.

<i>URVP Resources</i>	Aquifer Volume (km³)	Brine Volume (km³)	Avg. Li Conc. (mg/l Li)	Avg. Porosity (%)	Contained Elemental Li Resource Tonnes	Contained LCE Million Tonnes
<i>Ortenau Inferred Resource estimation</i>	117.974	11.208	181	9.50	2,029,000	10.80
<i>Ortenau Indicated Resource estimation</i>	17.001	2.142	181	12.60	388,000	2.06
<i>Taro Inferred Resource estimation</i>	15.924	1.497	181	9.5 (Bunt) 9.0 (Rot)	271,000	1.44
<i>Taro Indicated Resource estimation</i>	8.419	0.861	181	12.6 (BFZ) 9.5 (BHRE) 12.1(RFZ) 9.0 (RHRE)	156,000	0.83
<i>Geothermal MoU area Indicated Resource estimation</i>	8.322	0.749	181	9.00 (P-T)	136,000	0.72
<i>Total URVP Indicated Resources used in PFS</i>	25.42	3.003	181	/	544,000	2.89
<i>Total URVP Indicated and Inferred Resource</i>	167.64	16.457	181	/	2,980,000	15.85

Note 1: Mineral resources are not mineral reserves and do not have demonstrated economic viability. Note 2: The weights are reported in metric tonnes (1,000 kg or 2,204.6 lbs). Numbers may not add up due to rounding of the resource values percentages (rounded to the nearest 1,000 unit). Note 3: The total volume and weights are estimated at the average porosities cited in the table. Taro resource abbreviations: Bunt – Buntsandstein Group; Rot – Rotliegend Group; P-T – Permo-Triassic; BFZ – Buntsandstein fault zone; BHRE - Buntsandstein host rock envelope; RFZ – Rotliegend fault zone; RHRE – Rotliegend host rock envelope. Note 4: The Vulcan Li-brine Project estimation was completed and reported using a lower cut-off of 100 mg/L Li. Note 5: In order to describe the resource in terms of industry standard, a conversion factor of 5.323 is used to convert elemental Li to Li₂CO₃, or Lithium Carbonate Equivalent (LCE). 6: The Mineral Resources that underpin the PFS results are reported inclusive of any reserves. 7: There has been no change to this Mineral Resource statement since publication.

Directors' Report

Corporate

In July 2020, the Company announced it had signed an Investment agreement with EU-backed EIT InnoEnergy, who manage the industrial development programme of the European Battery Alliance, for staged cash investments into Vulcan.

During the period EIT InnoEnergy, provided Tranche 1 funding of €150,000 and Tranche 2 funding of €50,000. A final settlement of €50,000 of approved funding is to be provided after approval by EIT InnoEnergy of the final financial and performance reporting for the expenditure of Tranche 1 and Tranche 2 funding.

The Company has granted Warrants to EIT InnoEnergy on payment of each Tranche of funding, in the following amounts:

- (a) Tranche 1: 479,519 Warrants were issued on 16 September 2020 following shareholder approval received at an EGM held on 10 September 2020; and
- (b) Tranche 2: 32,928 warrants were issued on 8 January 2021 following shareholder approval received at the Company's AGM held on 25 November 2020.

On 31 July 2020, the Company appointed London-based Natural Resources Global Capital Partners Limited ("NRG") to provide strategic and financial advice in connection with the Vulcan Zero Carbon Lithium® Project. NRG will assist Vulcan with financial advice related to potential future transactions surrounding strategic funding and partnership interest for its project.

Norway projects

During the period, the Company also undertook a review of its licenses in Norway following initial field reconnaissance and fieldwork. This review resulted in the relinquishment of some non-core licenses, to enable the Company to better focus on more prospective areas, as well as application for new licenses prospective for non-lithium battery raw materials including copper, nickel, and cobalt. The Company is assessing ways to best extract value from these projects for shareholders, whilst maintaining its strict "zero carbon" strategy.

Other than the above, there have been no other matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Competent Person Statement

The information in this report that relates to Mineral Resources is extracted from the ASX announcement made by Vulcan on the 15 December 2020, which is available on www.v-er.com. The information in this presentation that relates to the Pre-Feasibility Study for the Vulcan Lithium Project is extracted from the ASX announcement "Positive Pre-Feasibility Study", released on the 15th of January 2021 which is available on www.v-er.com. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. 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.

Directors' Report

FINANCIAL RESULTS

The financial results of the Consolidated Entity for the half-year ended 31 December 2020 are:

	31-Dec-20	30-Jun-20
Cash and cash equivalents (\$)	5,832,573	6,421,557
Net assets (\$)	12,149,940	8,886,039

	31-Dec-20	31-Dec-19
Revenue (\$)	371,997	28,919
Net loss after tax (\$)	(5,920,167)	(1,775,446)
Loss per share (cents)	(8.24)	(3.99)

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under section 307C of the Corporations Act 2001 is included within this financial report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Gavin Rezos
Non-Executive Chairman

Perth, Western Australia
Dated 10 March 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111

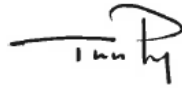
www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Vulcan Energy Resources Limited for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.


RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2021

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RSM Australia Partners ABN 36 965 185 036

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2020

	Note	31-Dec-20 \$	31-Dec-19 \$
Revenue from continuing operations			
Other income		371,997	28,919
Administrative expenses		(192,477)	(177,067)
Compliance and regulatory expenses		(96,301)	(39,375)
Consulting and legal fees		(184,360)	(195,609)
Employee benefit expenses		(248,179)	(108,597)
Investor relations expenses		(351,677)	(266,817)
Introducer fee in relation to the Vulcan Lithium Project Acquisition		-	(150,000)
Impairment of exploration assets		(228,663)	(178,518)
Occupancy costs		(13,135)	(9,488)
Share-based payments expense	6	(4,953,499)	(648,711)
Other expenses		(24,050)	(27,583)
Foreign currency gain/(loss)		177	(2,600)
Loss before income tax expense		(5,920,167)	(1,775,446)
Income tax expense		-	-
Loss after income tax for the period		(5,920,167)	(1,775,446)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(142,299)	-
Total comprehensive loss for the period attributable to members of Vulcan Energy Resources Limited		(6,062,466)	(1,775,446)
Loss per share for the period attributable to the members of Vulcan Energy Resources Limited			
Basic and diluted loss per share (cents)		(8.24)	(3.99)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31-Dec-20 \$	30-June-20 \$
ASSETS			
Current Assets			
Cash and cash equivalents		5,832,573	6,421,557
Trade and other receivables		609,129	116,071
Total Current Assets		6,441,702	6,537,628
Non-current Assets			
Plant and Equipment		464,564	13,353
Exploration and evaluation expenditure	3	6,346,898	2,556,980
Total Non-Current Assets		6,811,462	2,570,333
TOTAL ASSETS		13,253,164	9,107,961
LIABILITIES			
Current Liabilities			
Trade and other payables		1,103,224	221,922
Total Current Liabilities		1,103,224	221,922
TOTAL LIABILITIES		1,103,224	221,922
NET ASSETS		12,149,940	8,886,039
EQUITY			
Contributed equity	4	16,447,609	11,836,741
Reserves	5	6,293,170	1,719,970
Accumulated losses		(10,590,839)	(4,670,672)
TOTAL EQUITY		12,149,940	8,886,039

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2020

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2020	11,836,741	1,719,970	(4,670,672)	8,886,039
Loss for the period	-	-	(5,920,167)	(5,920,167)
Other comprehensive loss	-	(142,299)	-	(142,299)
Total comprehensive loss for the period after tax	-	(142,299)	(5,920,167)	(6,062,466)
Transactions with owners in their capacity as owners:				
Issue of share capital	4,610,868	-	-	4,610,868
Share-based payments	-	4,715,499	-	4,715,499
Balance at 31 December 2020	16,447,609	6,293,170	(10,590,839)	12,149,940

Consolidated	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
At 1 July 2019	4,746,416	164,013	(1,117,313)	3,793,116
Loss for the period	-	-	(1,775,446)	(1,775,446)
Total comprehensive loss for the period after tax	-	-	(1,775,446)	(1,775,446)
Transactions with owners in their capacity as owners:				
Issue of listed options	2,562,500	-	-	2,562,500
Listed option issue costs	(58,425)	-	-	(58,425)
Share-based payments	-	536,211	-	536,211
Balance at 31 December 2019	7,250,491	700,224	(2,892,759)	5,057,956

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows
For the half-year ended 31 December 2020

	31-Dec-20	31-Dec-19
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(705,980)	(768,120)
Interest received	5,467	28,919
Other income	366,530	-
Net cash used in operating activities	(333,983)	(739,201)
Cash flows from investing activities		
Payments for exploration and evaluation costs	(3,307,562)	(497,892)
Payment for plant and equipment	(451,211)	-
Cash acquired upon acquisition of subsidiary	-	404
Net cash used in investing activities	(3,758,773)	(497,488)
Cash flows from financing activities		
Cash received pending allotment of shares	200,603	-
Proceeds from issue of shares	3,445,468	1,100,000
Share issue costs	-	(58,425)
Net cash from financing activities	3,646,071	1,041,575
Net decrease in cash and cash equivalents	(446,685)	(195,114)
Cash and cash equivalents at beginning of the period	6,421,557	3,348,996
Effect of exchange rate fluctuations	(142,299)	-
Cash and cash equivalents at end of the period	5,832,573	3,153,882

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

Notes to the Consolidated Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose interim financial statements for half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The financial statements are presented in Australian dollars, which is Vulcan Energy Resources Limited's functional and presentation currency.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit.

(b) New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Notes to the Consolidated Financial Statements

NOTE 2 SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors.

It was determined that the Consolidated Entity operates in three operating segments being, lithium and renewable energy exploration and development in Germany, base-metals exploration in Norway and resources allocated to administration. This is the basis in which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

(i) Segment performance	Exploration & Exploration			
	Germany	Norway	Administration	Total
31-Dec-20	\$	\$	\$	\$
Revenue				
Interest income	-	-	5,467	5,467
Other income	366,530		-	366,530
Total segment revenue	366,530	-	5,467	371,997

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Administration, consulting and other expenses	(6,292,164)
Net loss before tax from continuing operations	(5,920,167)

(ii) Segment assets	Exploration & Exploration			
	Germany	Norway	Administration	Total
31-Dec-20	\$	\$	\$	\$
Total segment asset	6,610,366	201,097	6,441,701	13,253,164

(ii) Segment liabilities	Exploration & Exploration			
	Germany	Norway	Administration	Total
31-Dec-20	\$	\$	\$	\$
Total segment liabilities	567,587	9,735	525,902	1,103,224

Notes to the Consolidated Financial Statements

(ii) Segment performance	Exploration		Administration	Total
	Germany	Norway		
31-Dec-19	\$	\$	\$	\$
Revenue				
Interest income	-	-	28,919	28,919
Total segment revenue	-	-	28,919	28,919

Reconciliation of segment results to net loss before tax

Amounts not included in segment results but reviewed by the Board

- Administration, consulting, and other expenses	(1,804,365)
Net loss before tax from continuing operations	(1,775,446)

(ii) Segment assets	Exploration		Administration	Total
	Germany	Norway		
31-Dec-19	\$	\$	\$	\$
Total segment asset	1,588,180	394,476	3,184,024	5,166,680

(ii) Segment liabilities	Exploration		Administration	Total
	Germany	Norway		
31-Dec-19	\$	\$	\$	\$
Total segment liabilities	(37,490)	272	(71,506)	(108,724)

NOTE 3 EXPLORATION AND EVALUATION EXPENDITURE	31-Dec-20	30-Jun-20
	\$	\$
Carrying amount of exploration and evaluation expenditure	6,346,898	2,556,980
At the beginning of the period	2,556,980	526,001
Exploration expenditure incurred	3,431,181	1,195,871
Vulcan Lithium Project acquisition ⁽¹⁾	587,400	1,121,125
Impairment expense	(228,663)	(286,017)
At the end of the period	6,346,898	2,556,980

(1) – During the period, the Company issued 660,000 shares to the various parties involved in introducing the Zero Carbon Lithium Project in Germany, through the acquisition of Vulcan Energy Resources Europe Pty Ltd. The issue of shares were subject to shareholder approval as well as the Company announcing a positive scoping study confirming the Project is commercially viable within 12 months of acquisition. Shareholders approved the issue of shares at a general meeting (GM) held on 10 September 2020. The Company announced a positive scoping study on 21 February 2020.

Notes to the Consolidated Financial Statements

NOTE 4 CONTRIBUTED EQUITY

	31-Dec-20		30-Jun-20	
	No.	\$	No.	\$
Fully paid ordinary shares	78,933,770	16,447,609	67,217,755	11,836,741

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the Company in proportion to the number and amount paid on the share hold.

(a) Movement reconciliation	Date	Number	Issue Price	\$
At 1 July 2020		67,217,755		11,836,741
Shares issued in lieu of cash fees for services rendered	6/10/2020	400,000	\$0.85	340,000
Conversion of Class B Performance rights	16/9/2020	500,000	-	-
Deferred introducer shares approved at GM	16/09/2020	660,000	\$0.89	587,400
Shares issued to Director approved at AGM	27/11/2020	100,000	\$2.38	238,000
Conversion of listed options	17/7/2020- 18/12/2020	8,930,765	\$0.285	2,545,268
Conversion of unlisted options	16/10/2020- 27/11/2020	1,125,250	\$0.80	900,200
At 31 December 2020		78,933,770	-	16,447,609

NOTE 5 RESERVES

	31-Dec-20	30-Jun-20
	\$	\$
Share-based payment reserve	6,457,485	1,741,986
Foreign currency translation reserve	(164,315)	(22,016)
Total	6,293,170	1,719,970

NOTE 6 SHARE-BASED PAYMENTS

	31-Dec-20	31-Dec-19
	\$	\$
Recognised share-based payment transactions		
Performance rights issued to Directors and employees during the period ⁽ⁱ⁾	3,388,066	-
Performance rights issued to Directors and employees in prior periods	282,422	237,493
Performance shares issued to Vendors of Acquisition	540,989	298,718
Warrants issued to InnoEnergy ⁽ⁱⁱ⁾	134,265	-
Unlisted Options issued ⁽ⁱⁱⁱ⁾	369,757	-
Shares issued to Directors ^(iv)	238,000	-
Shares issued for consideration of services	340,000	112,500
	5,293,499	648,711

Notes to the Consolidated Financial Statements

Represented by:

Share-based payments expense	4,953,499	648,711
Investor relations expenses	340,000	-
	5,293,499	648,711

- (i) On 16 September 2020 and 27 November 2020, the Company issued 8,750,000 and 700,000 performance rights respectively to Directors and staff to align their interests to that of the Company's shareholders and assist as an effective means of retaining staff. Based on management assessment, a percentage of a share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Details of Performance Rights granted during the period are:

	Class H	Class H	Class I	Class I	Class J	Class K
Fair value of each right	\$1.05 & \$0.90	\$2.38	\$1.05 & \$0.90	\$2.38	\$0.569	\$0.720
Expected volatility	N/A	N/A	N/A	N/A	70%	70%
Grant date	11/9/2020 & 15/9/2020	25/11/2020	11/9/2020 & 15/9/2020	25/11/2020	10/9/2020	10/9/2020
Price at grant date	\$1.05 & \$0.90	\$2.38	\$1.05 & 0.90	\$2.38	\$0.89	\$0.89
Expiry date	1/12/2023	1/12/2023	1/12/2023	1/12/2023	16/9/2023	16/9/2023
Vesting hurdle (5-day VWAP)	N/A	N/A	N/A	N/A	\$1.84	\$1.23
Interest rate	N/A	N/A	N/A	N/A	0.26%	0.26%
Number of Rights	250,000 & 250,000	250,000	250,000 & 250,000	250,000	2,500,000	1,000,000
Total value of Rights	\$487,500	\$595,000	\$487,500	\$595,000	\$1,422,500	\$720,000
Share based payment expense	\$487,500	\$595,000	\$24,504	\$10,663	\$36,176	\$720,000

	Class L	Class M	Class N	Class P	Class Q	Class R
Fair value of each right	\$0.614	\$0.89	\$0.89	\$0.90	\$2.38	\$2.38
Expected volatility	70%	N/A	N/A	N/A	N/A	N/A
Grant date	10/9/2020	10/9/2020	10/9/2020	15/9/2020	25/11/2020	25/11/2020
Price at grant date	\$0.89	\$0.89	\$0.89	\$0.90	\$2.38	\$2.38
Expiry date	16/9/2023	1/12/2023	1/12/2023	1/12/2023	27/11/2021	27/11/2022
Vesting hurdle (5-day VWAP)	\$1.64	N/A	N/A	N/A	N/A	N/A
Interest rate	0.26%	N/A	N/A	N/A	N/A	N/A
Number of Rights	1,000,000	1,500,000	1,500,000	250,000	100,000	100,000
Total value of Rights	\$614,000	\$1,335,000	\$1,335,000	\$225,000	\$238,000	\$238,000
Share based payment expense	\$28,107	\$1,335,000	\$108,874	\$7,191	\$23,346	\$11,705

Notes to the Consolidated Financial Statements

Details of Performance Rights vesting conditions are:

Class H

- the Company announcing, on or before 18 May 2022, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium Project confirming it is commercially viable.

Class I

- the Company announcing, on or before 18 May 2023, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three-year term, or a downstream lithium chemicals joint venture partner with a minimum of \$10,000,000 investment in relation to the Project.

Class J

- the Company announcing, within 36 months from the date of issue, a positive (JORC-Compliant) Definitive Feasibility Study in relation to the Project confirming it is commercially viable; and
- the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 225% of the VWAP for Shares for the last 5 trading days up to but not including the date of the Meeting (the Reference Price).

Class K

- the Company announcing, within 36 months from the date of issue, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium Project confirming it is commercially viable; and
- the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 150% of the Reference Price.

Class L

- the Company announcing, within 36 months from the date of issue, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three-year term, or a downstream lithium chemicals joint venture partner with a minimum of \$10,000,000 investment in relation to the Project; and
- the VWAP for Shares as traded on ASX over 20 consecutive trading days is equal to or greater than 200% of the Reference Price.

Class M

- the Company announcing, on or before 21 May 2021, a positive Pre-Feasibility Study in relation to the Company's Zero Carbon Lithium Project confirming it is commercially viable.

Class N

- the Company announcing, on or before 21 May 2022, that it has secured either an off-take agreement representing a minimum of 30% of production volume over a three-year term, or a downstream lithium chemicals joint venture partner with a minimum of \$10,000,000 investment in relation to the Project.

Class P

- the Company announcing before 31 December 2022 a positive Definitive Feasibility Study in relation to the Project confirming it is commercially viable.

Notes to the Consolidated Financial Statements

Class Q

- Vesting on issue, and converting to Shares on a one for one basis on the date that is 12 months from the date of issue.

Class R

- Vesting on issue, and converting to Shares on a one for one basis on the date that is 24 months from the date of issue.

- (ii) On 16 September 2020, the Company issued 479,519 warrants to EIT InnoEnergy. The warrants can only be exercised after 1 September 2021 and only once the agreed work packages and final settlement of Tranche 3 funding has been completed. Once those things have occurred, the Warrants are exercisable at any time on or prior to expiry which is 16 September 2023. These warrants were valued using a black-scholes valuation, with the valuation model inputs used to determine the fair value at grant date as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Number of warrants	Fair value at grant date	Expected volatility	Dividend yield	Risk free rate	Total value	Exercised	Balance at the end of the year
10/09/2020	16/09/2023	\$0.89	\$0.001	479,519	\$0.88	70%	0%	0.26%	\$426,772	-	479,519

- (iii) On 16 September 2020, the Company issued 1,125,250 unlisted options exercisable at \$0.80 on or before 18 months expiry following shareholder approval at a GM held on 10 September 2020. The grant of options was agreed and finalised in June 2020 when the Company completed a capital raise for \$4.8 million however were subject to shareholder approval prior to issue. These options were valued using a black-scholes valuation, with the valuation model inputs used to determine the fair value at grant date as follows:

Grant Date	Expiry Date	Share price at grant date	Exercise Price	Number of options	Fair value at grant date	Expected volatility	Dividend yield	Risk free rate	Total value	Exercised	Balance at the end of the year
10/09/2020	16/03/2022	\$0.89	\$0.80	1,125,250	\$0.33	70%	0%	0.26%	\$369,757	1,125,250	-

- (iv) On 27 November 2020, the Company issued 100,000 fully paid ordinary shares to a Director to align their interests to that of the Company's shareholders and assist as an effective means of retaining staff.

NOTE 7 DIVIDENDS

No dividend has been declared or paid during the half-year ended 31 December 2020 (30 June 2020: Nil), and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2020.

Notes to the Consolidated Financial Statements

NOTE 8 CONTINGENCIES

As part of the acquisition of Vulcan Lithium Project, the Company agrees to pay the following by way of an introduction and facilitation fees:

- (ii) 1,980,000 ordinary shares to be issued as follows:
 - (A) 660,000 ordinary shares to be issued on satisfaction of Milestone 1 (refer Annual Report 2020 for further details on Milestones 1-3);
 - (B) 660,000 ordinary shares to be issued on satisfaction of Milestone 2; and
 - (C) 660,000 ordinary shares to be issued on satisfaction of Milestone 3.

During the half-year ended 31 December 2020, shares were issued upon satisfaction of Milestone 1. Subsequent to the reporting period Milestone 2 was satisfied with shares to be issued subject to shareholder approval at an upcoming Extraordinary General Meeting.

Other than the above, there have been no other changes to contingent liabilities or assets since 30 June 2020.

NOTE 9 COMMITMENTS

There have been no changes to commitments since 30 June 2020.

NOTE 10 EVENTS SUBSEQUENT TO THE REPORTING PERIOD

The impact of the Coronavirus (COVID-19) pandemic is ongoing, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 15 January 2021, the Company announced the Zero Carbon Lithium Project's first Pre-Feasibility Study (PFS) demonstrated strong potential to develop a cutting edge, combined renewable energy and lithium hydroxide project, in the centre of Europe, with a net zero carbon footprint. The PFS highlighted a positive post-tax NPV⁴ of €2.25B (full project, no phasing); phased option shows €700m NPV in Phase 1 and €1.4B NPV in Phase 2. Maiden Probable Ore Reserve of 1.12 Mt LCE at 181 mg/l Li across Ortenau and Taro licenses⁵.

On 1 February 2021, the Company announced that geothermal project expert Mr Thorsten Weimann has joined Vulcan as Chief Operating Officer, overseeing the development of the Zero Carbon Lithium Project in Germany. Mr Weimann has +25 years' experience in geothermal project development and operation in Germany, with a strong track record since 2007 of successful geothermal project execution as CEO of Global Engineering & Consulting GmbH.

On 4 February 2021, the Company announced it had successfully completed a \$120 million equity raise (before costs) through a strongly supported placement at \$6.50 per share to a suite of ESG-focussed institutions. Goldman Sachs and Canaccord Genuity acted as Joint Lead Managers.

⁴ 8% discount rate applied for lithium division & 6% for geothermal energy division.

⁵ Refer ASX announcement 15 January 2020.

Notes to the Consolidated Financial Statements

Proceeds from the Placement will support Vulcan through to final investment decision at its Zero Carbon Lithium Project, with funds being applied to:

- Project development, permitting, feasibility study costs and overheads;
- Drill site acquisition and preparation;
- Strategic opportunities to accelerate project development.

On 10 February 2021, the Company announced a binding agreement signed to acquire 100% of geothermal subsurface consultancy company GeoThermal Engineering GmbH (GeoT). GeoT has a highly credentialed, world-leading scientific team with over a century of combined expertise in subsurface development of geothermal projects, from exploration to production drilling. Acquisition is part of Vulcan's plans to accelerate its project in Germany, by rapidly growing its development team. GeoT (<https://www.geo-t.de/en/>) is based in the Upper Rhine Valley, Germany, and is owned by Vulcan Executive Director Dr. Horst Kreuter.

On 15 February 2021, the Company announced a binding agreement signed to acquire 100% of Global Geothermal Holding UG (GGH), subject to shareholder approval. GGH is Vulcan's joint venture partner holding the granted Taro license in the Upper Rhine Valley. The Taro license has a JORC Resource Estimation of 2.27 Mt contained Lithium Carbonate Equivalent (LCE) at a grade of 181 mg/l Li (Indicated and Inferred) out of the total 15.85 Mt LCE at 181 mg/l Li across the Vulcan Project.

On 21 February 2021, the Company announced Vulcan will be collaborating with DuPont Water Solutions, a leader in water filtration and purification, to test and scale up Direct Lithium Extraction (DLE) solutions for Vulcan's world-first Zero Carbon Lithium extraction process. DuPont will leverage its portfolio of proprietary Direct Lithium Extraction (DLE) products to assist Vulcan with input and test-work during the Vulcan Zero Carbon Lithium[®] project Definitive Feasibility Study (DFS). As part of the project, DuPont will be developing and testing an integrated Direct Lithium Extraction Process for Vulcan's brine. DuPont's multi-technology portfolio of lithium selective sorbent, nanofiltration, reverse osmosis, ion exchange resins, ultrafiltration, and close circuit reverse osmosis will be leveraged for the study.

On 10 March 2021, the Company announced it had collected a bulk (10,000 litre) brine sample from a recently drilled geothermal well in the Upper Rhine Valley within 6km of Vulcan's Ortenau Resource and license area. The bulk brine sample returned a high grade of 214 mg/L Li and will be used in Direct Lithium Extraction (DLE) piloting test work. The brine analysis also showed exceptionally low impurities (inc. Si, Mn, Fe) relative to other high-lithium geothermal brines worldwide, important for DLE performance.

Other than the above, there has been no other matters or circumstances which has arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in subsequent financial periods.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Gavin Rezos
Non-Executive Chairman
10 March 2021

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100
F +61(0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
VULCAN ENERGY RESOURCES LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Vulcan Energy Resources Limited which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vulcan Energy Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Vulcan Energy Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

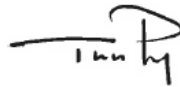
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Vulcan Energy Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 10 March 2021

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