

Agreement for proposed strategic partnership for Central Lithium Plant including equity financing

Vulcan Energy Resources Ltd. (Vulcan, the Company; ASX: VUL) has signed a Term Sheet agreement with Nobian GmbH (Nobian) for the formation of a 50/50 joint venture over, and equity financing of, Vulcan's Central Lithium Plant (CLP), which forms part of Vulcan's Zero Carbon Lithium™ Project (Transaction). The strategic partnership is subject to the parties entering into definitive agreements, which are targeted to be completed within 10 weeks from the date of the term sheet.

The planned CLP is contained within a Joint Venture Special Purpose Vehicle known as SPV2, and the Transaction is envisaged to be based on the terms set out below.

Background and rationale for strategic partnership

- As part of its project financing, Vulcan has split Phase One of its integrated 24,000tpy Lithium Hydroxide Monohydrate (LHM) and renewable energy project into two separate Special Purpose Vehicles (SPVs):
 - SPV1 includes the plant and infrastructure associated with the production of renewable energy and lithium chloride (LiCl) and includes land, wells, pipelines, geothermal and lithium extraction plants. SPV1's output includes renewable energy and LiCl, the latter which is sold to SPV2.
 - SPV2 includes the CLP which converts LiCl into LHM, with a by-product of HCl. LHM will be sold to the Vulcan parent company which will then distribute it to Vulcan's offtakers.
- Nobian has a strong pedigree in chlor-alkali operations and a heritage stretching back over 100 years. Its first chlor-alkali electrolysis plant in Bitterfeld was started up in 1894. Nobian is a European leader in the production of salt, essential chemicals and energy solutions for industry and has a deep and long-standing expertise in crystallization, electrolysis, and the production of chlor-alkali products.
- Through the proposed strategic partnership both parties seek to leverage both Nobian's deep and long-standing experience in industrial crystallization and electrolysis and operating chlor-alkali plants, as well Vulcan's Zero Carbon Lithium™ Project, which uses chlor-alkali type electrolysis cells to produce lithium hydroxide.
- Nobian has existing production sites in the Netherlands, Denmark and Germany, including at the same site as Vulcan's planned CLP, at the Hoechst Chemical Park, providing additional synergies.
- The Term Sheet builds on and reflects 15 months of collaboration between Nobian and Vulcan.

Proposed contributions, valuation and key terms

- The Term Sheet provides that, subject to execution of Definitive Agreements for the Transaction and the satisfaction of other conditions (set out below), Nobian shall contribute EUR 161 million (approximately A\$265m) in cash as equity to fund CAPEX for the CLP, to acquire 50% of the SPV2 Joint Venture, on the basis of an agreed pre-money valuation of EUR 322 million for the CLP SPV2.

Contact

- As per Vulcan's Definitive Feasibility Study (DFS) published in February 2023¹, SPV2's CAPEX requirement is estimated at EUR 322 million. It is expected that Nobian's equity contribution, alongside expected project debt finance to be obtained by the Company, which BNP Paribas, Vulcan's financial advisor, is assisting Vulcan on arranging, will fully cover the funding requirement for the CLP. The Company is targeting a debt-to-equity ratio of 65:35 for the overall funding of Phase One.
- Based on the DFS, SPV1's Net Present Value (NPV) represents 77% of Phase One total NPV whilst SPV2's NPV represents 23%.

Other key material terms²

- The Parties shall use reasonable endeavours to execute the Definitive Agreements which contain materially the terms set out in the Term Sheet within ten weeks following the execution of the Term Sheet. Termination by either Party will be possible after ten weeks if the Definitive Agreements have not been executed by that date.
- The Parties are under no obligation to proceed and implement the Transaction in part, or in full, unless the Definitive Agreements have been executed.
- Nobian will make an initial contribution of EUR 15 million upon execution of the Definitive Agreements and will make subsequent contributions upon the satisfaction of certain milestones. Nobian's shareholding in SPV2 shall (at each point in time) reflect the proportion of Nobian's contributions which have been unconditionally committed to SPV2.
- The milestones and timing to trigger equity contributions to SPV2 are not prescribed in the Term Sheet and will be jointly defined in the Definitive Agreements. The timing will be in line with Vulcan's current development timeline, as published in the DFS.
- Execution of the Definitive Agreements is conditional on:
 - Satisfactory completion of confirmatory legal, business, commercial and technical due diligences by Nobian.
 - Approval of the Definitive Agreements by Nobian's and by Vulcan's board and/or other competent corporate bodies, as applicable.
- The Definitive Agreements will also be subject to approval of the Transaction and Definitive Agreements by public authorities (e.g. merger control), if so required.
- During the term of the Term Sheet, the Parties have given mutual exclusivity rights to negotiate with one another in respect of the Transaction.
- The Parties will work together on future expansions of capacity of the CLP, in line with Vulcan's stated development plans.
- There is no guarantee that the Parties will execute Definitive Agreements, and the final Definitive Agreements remain subject to negotiation and may be on terms that are different to those set out in this announcement and the Term Sheet.

¹ See *Vulcan Zero Carbon Lithium™ Project Phase One DFS results and Resources-Reserves update*
<https://www.investi.com.au/api/announcements/vul/e617fca6-6d4.pdf>

² This section only contains the terms which, in Vulcan's view, are the key terms of the Term Sheet. This is not an exhaustive list of the terms of the Term Sheet.

Financing for remainder of Zero Carbon Lithium™ Project

- Vulcan is leveraging its existing cash position to continue to advance its project through bridging engineering and ordering of commercial long lead items, whilst financing for full project CAPEX is ongoing.
- Vulcan is in discussions with strategic counterparties for equity funding of SPV1, in which it intends to deploy a similar strategy as SPV2 of bringing in project-level equity investment.
- The process of obtaining debt financing is already under way lead by BNPP, with positive feedback already received from numerous commercial banks, and Letters of Intent secured from Export Credit Agencies from the French, Italian and Canadian governments³, in line with similar approaches taken by successful project developers in the past.
- Vulcan is targeting close of all debt and equity financing workstreams by Q1 2024.

Vulcan Managing Director and CEO, Dr. Francis Wedin, commented: *“This is a positive step forward, as part of our stated strategy to prioritise project level equity investments for funding of Phase One of our Zero Carbon Lithium™ Project. After 15 months of collaboration, Nobian and Vulcan have developed a very positive relationship, and we welcome this step towards Nobian’s equity investment into our Central Lithium Plant (CLP) in Germany, to assist us with providing secure, sustainable and carbon neutral lithium chemicals into the European electric vehicle market, helping to enable the transition to fully electrified transport. We look forward to keeping our shareholders informed of next steps here as we commence the formal Joint Venture negotiation for the CLP, as well as funding updates, including strategic investor discussions, for our upstream lithium chloride production and renewable energy project. It is shaping up to be a very exciting and transformational year for Vulcan.”*

³ See ASX announcement 19 April 2023

About Vulcan

Founded in 2018, Vulcan’s unique Zero Carbon Lithium™ Project aims to decarbonise lithium production, through developing the world’s first net carbon neutral business, with the co-production of renewable geothermal energy on a mass scale. By adapting existing technologies to efficiently extract lithium from geothermal brine, Vulcan aims to deliver a local source of sustainable lithium for Europe, built around a net zero carbon strategy with strict exclusion of fossil fuels. Already an operational renewable energy producer, Vulcan will also provide renewable electricity and heat to local communities.

Vulcan’s combined geothermal energy and lithium resource is the largest in Europe^{18F4}, with license areas focused on the Upper Rhine Valley, Germany. Strategically placed in the heart of the European electric vehicle market to decarbonise the supply chain, Vulcan is rapidly advancing the Zero Carbon Lithium™ Project to target timely market entry, with the ability to expand to meet the unprecedented demand that is building in the European markets.

Guided by our Values of Integrity, Leadership, Future-focused and Sustainability, and united by a passion for environmentalism and leveraging scientific solutions, Vulcan has a unique, world-leading scientific and commercial team in the fields of lithium chemicals and geothermal renewable energy. Vulcan is committed to partnering with organisations that share its decarbonisation ambitions and has binding lithium offtake agreements with some of the largest cathode, battery, and automakers in the world. As a motivated disruptor, Vulcan aims to leverage its multidisciplinary expert team, leading geothermal technology and position in the European EV supply chain to be a global leader in producing zero fossil fuel, net carbon neutral lithium while being nature positive. Vulcan aims to be the largest, most preferred, strategic supplier of lithium chemicals and renewable power and heating from Europe, for Europe; to empower a net zero carbon future.



⁴ According to public, JORC-compliant data. See Phase One DFS announcement, 13 February 2023.



VULCAN ENERGY
ZERO CARBON LITHIUM™

About Nobian

Nobian is a European market leader in the production of salt, essential chemicals, and energy for industry, varying from construction and cleaning to pharmaceuticals and water treatment. We excel in the safe and reliable provision of high-purity salt, chlor-alkali, chloromethane, and hydrogen, thanks to our integrated value chain with modern production locations in the Netherlands, Germany, and Denmark. We have a strong history in salt production which goes back more than 100 years to 1918, and we have deep experience in underground energy storage. Our 1,600 employees are dedicated to becoming safer, more efficient, and more sustainable. This is how we ensure that today's essential products keep improving our lives in the future through chemistry on which you can rely.

www.nobian.com



Corporate Directory

Managing Director and CEO	Dr. Francis Wedin
Deputy CEO	Cris Moreno
Chairman	Gavin Rezos
Non-Executive Director	Ranya Alkadamani
Non-Executive Director	Annie Liu
Non-Executive Director	Dr. Heidi Grön
Non-Executive Director	Josephine Bush
Non-Executive Director	Dr. Günter Hilken
Non-Executive Director	Mark Skelton
Executive Director, Germany	Dr. Horst Kreuter
Company Secretary	Daniel Tydde

For and on behalf of the Board

Daniel Tydde | Company Secretary

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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.

Reporting calendar

28 April 2023	March Quarterly
29 May 2023	Annual General Meeting
28 July 2023	June Quarterly
15 September 2023	Half Year Report
27 October 2023	September Quarterly

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 Vulcan 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 Vulcan's control.

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Vulcan has so far only carried out a pre-feasibility study (the results of which were announced to the ASX in the announcement "Positive PFS & Maiden JORC Ore Reserve: Zero Carbon Lithium™ Project" dated 15 January 2020) ('PFS') and a definitive feasibility study for Phase One of its Zero Carbon Lithium™ Project ('Project') (the results of which were announced to the ASX in the announcement "Zero Carbon Lithium Project Phase 1 DFS Results" dated 13 February 2023) ('DFS'), ('DFS Announcement'). Vulcan has not yet carried out a definitive feasibility study for Phase Two of its Project. This announcement includes certain information relating to both the PFS and DFS. Investors should not rely on the results of the PFS as Vulcan considers that the material assumptions underpinning that study are no longer correct in light of the additional studies undertaken in preparing the DFS.

The DFS is based on the material assumptions outlined elsewhere in the DFS Announcement. While Vulcan considers all of the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be correct or that the range of outcomes indicated by the DFS will be achieved.

Competent Person Statement:

The information in this announcement that relates to Mineral Resources and Ore Reserves, and any Exploration Results and Production Targets, of Vulcan's Zero Carbon Lithium™ Project is extracted from the DFS Announcement, which is available to view on Vulcan's website at www.v-er.eu. Vulcan confirms that in respect of estimates of Mineral Resources and Ore Reserves, and any Exploration Results and Production Targets, included in this announcement:

- it is not aware of any new information or data that materially affects the information included in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed;
- the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement; and
- all material assumptions underpinning any production targets (and any forecast financial information derived from such production targets) included in this announcement continue to apply and have not materially changed.