ANNUAL REPORT

FY 22

VULCAN ENERGY
ZERO CARBON LITHIUM™

CONTENTS

VULCAN'S ANNUAL REPORTING SUITE

This report details the performance of the Vulcan Group during the financial year 1 July 2021 to 30 June 2022 (FY22).

It is part of the Company's Annual Reporting Suite which includes the FY22 Annual Report, FY22 Sustainability Report, FY22 Group Management Report (Konzernlagebericht) and FY22 Corporate Governance Statement. The Annual Reporting Suite (Reporting Suite, FY22 Reporting Suite) covers Vulcan's operations, including those under exploration and development and those operated through subsidiaries.

Vulcan is dual listed on the Australian Securities Exchange (ASX), and the regulated market of the Frankfurt Stock Exchange (FSE), in the Prime Standard market segment. Consistent with the regulatory and reporting obligations of the FSE, Vulcan's FY22 reporting suite also includes the FY22 Group Management Report (Konzernlagebericht). The Konzernlagebericht has been prepared in accordance with the Deutscher Rechnungslegungs Standard Nr. 20 (DRS 20).

Vulcan's FY22 Sustainability Report outlines the Company's strategic approach to sustainability, including management of the key Environmental, Social, and Governance (ESG) risks and opportunities facing the Company and key stakeholders. The FY22 Sustainability Report has been developed with reference to industry standards including the Global Reporting Initiative (GRI) Standards and the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). Vulcan is a signatory to the United Nations Global Compact (UNGC) and the FY22 Sustainability Report outlines the Company's ongoing commitment to report progress towards the principles of the UNGC. The Sustainability Report presents Vulcan's Sustainability and ESG Strategy, including the objectives and targets that provide the framework for reporting on its annual progress. A Materiality Assessment, conducted in FY22, maps Vulcan's 17 material issues to the Company's strategic priorities and the United Nations Sustainable Development Goals (UN SDGs).

All references to Vulcan Energy Resources, Vulcan, the Company, Vulcan Group or the Group are in reference to Vulcan Energy Resources Ltd. (ABN 38 624 223 132) and its subsidiaries. All references to a year and financial quarters are related to the financial year ended 30 June 2022, unless otherwise stated.

Vulcan's reporting suite is available on the Company's website at https://v-er.eu.

MESSAGE FROM CHAIR

AGAINST THE BACKDROP AND ONGOING CHALLENGES OF THE GLOBAL PANDEMIC AND THE WAR IN UKRAINE, YOUR COMPANY, LED BY MANAGING DIRECTOR DR. FRANCIS WEDIN, DELIVERED AN EXCEPTIONAL YEAR, ACHIEVING PROJECT MILESTONES AND MAKING GREAT STRIDES TOWARDS BRINGING OUR WORLD FIRST, ZERO CARBON LITHIUM™ PROJECT CLOSER TO FRUITION.

GAVIN REZOS
Chair

Demand for geothermal

Europe's and notably Germany's over-reliance on Russian energy is being keenly felt due to the ongoing impact of the war. It is clear Germany must expand energy production at home, particularly for heating, to be prepared for any shortages that result from a halt in Russian energy supplies. Such activities should also be done in a manner to not compromise Germany's climate obligations.

Vulcan anticipates the use of geothermal renewable energy on a mass scale will play an important part in achieving Europe and Germany's energy security and independence. Our view is supported by Fraunhofer, the leading applied research institute in Europe. Their study, commissioned by the German Federal government, showed a quarter of Germany's heating needs could be supplied by deep geothermal reservoirs, while shallow geothermal heating, using heat pumps, could supply more than 60% of Germany heating needs by 2050.

In the Upper Rhine Valley Brine Field (URVBF), the extraction of both renewable heat and lithium from the same geothermal resource will put Vulcan in the front seat of the transition to renewable energy and e-mobility in Europe.

EV revolution

Through our strategic partnership with Stellantis, and binding offtake agreements with other major European cathode, battery manufacturers and automakers, your Company is an important part of Europe's pathway to a local source of sustainable lithium to support the European battery metals industry and transition to electric vehicles. This transition is fast becoming a revolution, with companies such as BHP forecasting that 60% of global vehicle sales in eight years will be electric, rising to 80% by 2035 and 90% by 2040 .

Our Board

Focused on capitalising on this opportunity, our Board brings together leadership experience and expertise in the lithium industry, geothermal industry, German chemical industry, renewable energy, battery supply chain and investment banking sectors.

During the year, we welcomed Dr Günter Hilken and Mark Skelton to the Board. Their appointments complement the existing key skills of Vulcan's Board by providing expertise and deep connections within German industry, government and the renewable power sector, as well as valuable major project execution experience.

We are confident that we have the right team to deliver for our shareholders, assisting Europe in its much-needed transition away from Russian gas supplies as soon as possible, whilst maintaining a strong sustainability focus.

Focus for FY22

Building and strengthening Vulcan's robust corporate governance framework has been a priority for the Board during the year. Highlights included:

- Raising A$276 million (€173 million) via an institutional placement and strategic equity investment with Stellantis.
- Successfully dual listing on the regulated market of the Frankfurt Stock Exchange (Prime Standard).
- Completing a Target Operating Model 360 Review, further centralising business units and review of taxation structures.
- Strengthening our risk management processes.
- Undertaking an external, independent review of Non-Executive Director and Executive Remuneration.
- Launching the Sustainability and ESG Framework and embedding more ESG Key Performance Indicators (KPIs) for the Executive team.

Looking ahead

Over the next 12 months, the team will be resolutely focused on:

- Project funding and execution, including delivering the Definitive Feasibility Study (DFS), which is a cornerstone framework for Vulcan's progress towards financing and project development.
- Building on our Sustainability commitments, as we ensure our ESG goals are not merely aspirations but tangible outcomes for the benefit of our team, our shareholders and our community.
- Growing and diversifying our project development portfolio internationally, in other parts of the world where the right geological conditions occur for geothermal lithium production, as well as similar environmental benefits and low operating costs as demonstrated in Germany.

THANK YOU

On behalf of the Board and everyone at Vulcan, I thank you all for your support and I look forward to Vulcan continuing to deliver valuable returns for our shareholders in the years to come.

Gavin Rezos

Chair

MESSAGE FROM THE CEO

THE RIGHT PEOPLE, DELIVERING THE RIGHT PRODUCTS, IN THE RIGHT PLACE, AT THE RIGHT TIME.

DR. FRANCIS WEDIN
Managing Director and CEO

This is how we intend to deliver on our strategy: to be global leaders in the production of carbon neutral, zero fossil fuel lithium and renewable energy, whilst being nature positive.

Vulcan has the largest lithium resource in Europe. We continue to expand our license footprint in the URVBF in response to customer demand, with the grant and acquisition of an additional eight exploration licenses and one geothermal production license in FY22.

The acquisition of two electric drill rigs and the establishment of our own drilling company, Vercana, was an important step for Vulcan during the period, as we consolidate our major strategic position in the Upper Rhine Valley.

In direct response to Russia's invasion of Ukraine, there is an urgent need for Europe, in particular Germany, to have a secure, reliable and renewable local source of energy, particularly heating and cooling. Geothermal renewable energy can and will play an important part in achieving Europe and Germany's energy security and independence.

From Vulcan's perspective, we are committed to playing a leading role in Germany's "Wärmewende", or "heat transition". To that end, our acquisition of Natür^{3}Lich Insheim established Vulcan as a revenue generating, renewable energy producer. We have proudly supplied renewable energy to 6,500 homes since January 2022, saving 5,000 tonnes of CO_2 during this time.

We also signed our first binding renewable heat offtake agreement with MVV Energie AG (MVV), the largest municipal energy supplier in Germany. The heat will be supplied from Vulcan's planned geothermal wells in the area surrounding the City of Mannheim.

In welcome news, more communities are recognising that in addition to being a source of renewable baseload heat, deep geothermal energy can also be used to extract lithium for electric vehicle battery production with a net zero-carbon, zero fossil fuel footprint of production.

Our globally unique Zero Carbon Lithium™ Project has allowed us to leverage being a preferred supplier of sustainably produced lithium. We have signed binding lithium offtake agreements with top tier European automakers Volkswagen, Renault Group, Stellantis, battery-maker LG Energy Solutions and cathode producer Umicore.

Significantly, our current plans for lithium production are now fully booked for the first five years of operation and we are looking to expand our project to meet additional and substantial customer demand.

As we execute on our plan to deliver the Zero Carbon Lithium™ Project, our pilot plant continues to generate crucial data needed for de-risking the lithium extraction process. The production of Vulcan's first battery quality lithium hydroxide monohydrate (LHM) from our piloting operations was an important milestone for the Company, exceeding traditional battery grade LHM products, including best on the market battery grade specifications required from offtake customers.

Vulcan finished FY22 in a strong financial position with €175.4 million cash (A$266.2 million) on hand at 30 June 2022. This is due largely to a successful underwritten institutional placement, which saw us raise A$200 million, and a significant equity investment by top tier automaker, Stellantis. The A$76 million (€50 million) equity investment is understood to represent the world's first upstream investment in a listed lithium company by a top tier automaker.

Stellantis has since become our second largest shareholder. Our partnership is a strong demonstration of the value of investing in the sustainable and strategic sourcing of battery materials.

As a positive disruptor, Vulcan's *raison d'être* is to be a leader in sustainability in battery materials and renewable energy production. We were excited to release our Sustainability and ESG Framework during the year, which details the great headway we have made embedding our Sustainability and ESG considerations into our core strategy and decision making. I encourage you to read our inaugural, stand-alone Sustainability Report which outlines our targets and priorities for climate related risks and opportunities.

Increasing our engagement with the community is a key focus, as we seek to build trust and understanding in the regions in which we plan to operate. We welcome the decision of the eight councils in the German state of Rhineland-Palatinate for Vulcan to commence 3D seismic survey work, as we continue to experience increasing positive momentum at a local level for our project.

A priority for FY23 is the construction and commissioning of the Sorption-Demo Plant. An important step in de-risking the Project, initial cold commissioning of the Sorption Demo-Plant is intended to commence in late 2022. The lithium hydroxide production Demo Plant, (CLP-Demo Plant) also known as "LiLy", is progressing concurrently and is on track to start commissioning in late Q1 2023.

The delivery of the DFS will be an important milestone for the Company. Expected to be released in Q1 2023, our multi-disciplinary team is working hard to significantly increase production plans for Phase 1, relative to the assumptions reported in the January 2021 Pre-Feasibility Study (PFS).

> A PRIORITY FOR FY23 IS THE CONSTRUCTION AND COMMISSIONING OF THE SORPTION-DEMO PLANT.

As part of the expanded DFS, and as we develop our pipeline of future growth opportunities, work is ongoing to incorporate more of our license areas into the updated URVBF resource, which currently covers just three of our 11 licenses.

In addition to our presence in Germany, we are expanding our portfolio into Italy. Over the next 12 months we will continue to work with our collaboration partner, Enel Green Power, to assess our Cesano project and to explore future opportunities for cooperation. We are also considering medium-term opportunities on the French side of the Upper Rhine Valley.

Following our heat offtake agreement with MVV, we are in negotiations with other utilities and companies with the view to agree additional heat offtakes in FY23. This is consistent with our plan to build several further distributed geothermal renewable energy plants across the Upper Rhine Valley region.

We continue to grow our unique, world-leading scientific and commercial team in the fields of lithium chemicals and geothermal renewable energy. We have come together from all over the globe, committed to developing and delivering the Zero Carbon Lithium™ Project, with sustainability the bedrock of what we stand for. We are leaders who strive for excellence, committed to acting with integrity and focused on the future.

I would like to thank the entire Vulcan family, our shareholders and all our other stakeholders for their contributions during the year.

AS ALWAYS, THANK YOU FOR YOUR SUPPORT.

Dr. Francis Wedin

Managing Director and CEO

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... AS WE DEVELOP OUR PIPELINE OF FUTURE GROWTH OPPORTUNITIES, WORK IS ONGOING TO INCORPORATE MORE OF OUR LICENSE AREAS INTO THE UPDATED UPPER RHINE VALLEY BRINE FIELD RESOURCE...

ABOUT VULCAN

"VULCAN'S COMBINED GEOTHERMAL ENERGY AND LITHIUM RESOURCE IS THE LARGEST IN EUROPE ...

THE COMPANY

FOUNDED IN 2018, VULCAN'S UNIQUE ZERO CARBON LITHIUM™ PROJECT AIMS TO DECARBONISE LITHIUM PRODUCTION, THROUGH DEVELOPING THE WORLD'S FIRST CARBON NEUTRAL, ZERO FOSSIL FUELS BUSINESS, WITH THE CO-PRODUCTION OF RENEWABLE GEOTHERMAL ENERGY ON A MASS SCALE.

Defining 'Zero Carbon'

Whilst Vulcan will use zero fossil fuels to power its process, the Company recognises that across any industrial plant development it is impossible to truly have zero greenhouse gas (GHG) emissions, especially during construction. Vulcan's strategy is to be as close to "real zero" GHG emissions as possible, whilst using the Company's excess renewable energy generation to ensure its net zero carbon position is always maintained. Vulcan therefore defines "Zero Carbon" as being net zero greenhouse gas emissions across all Vulcan's operations for Scopes 1, 2 and 3. This includes a net offset effect by being a net producer of renewable energy, and decarbonising the German energy grid. It also includes a commitment to use zero fossil fuels to power the lithium production process, i.e. to use only renewable energy. Net zero carbon also means that Vulcan will continue working to mitigate, reduce and offset emissions across all other aspects of the business including value chain and employee specific.

By adapting existing technologies to efficiently extract lithium from geothermal brine, Vulcan is aiming to deliver a local source of sustainable lithium for Europe, built around a net zero carbon strategy with a 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, with license areas in the Upper Rhine Valley, Germany, and in Italy. 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 ensure timely market entry, with the ability to expand to meet the unprecedented demand that is building in the European markets.

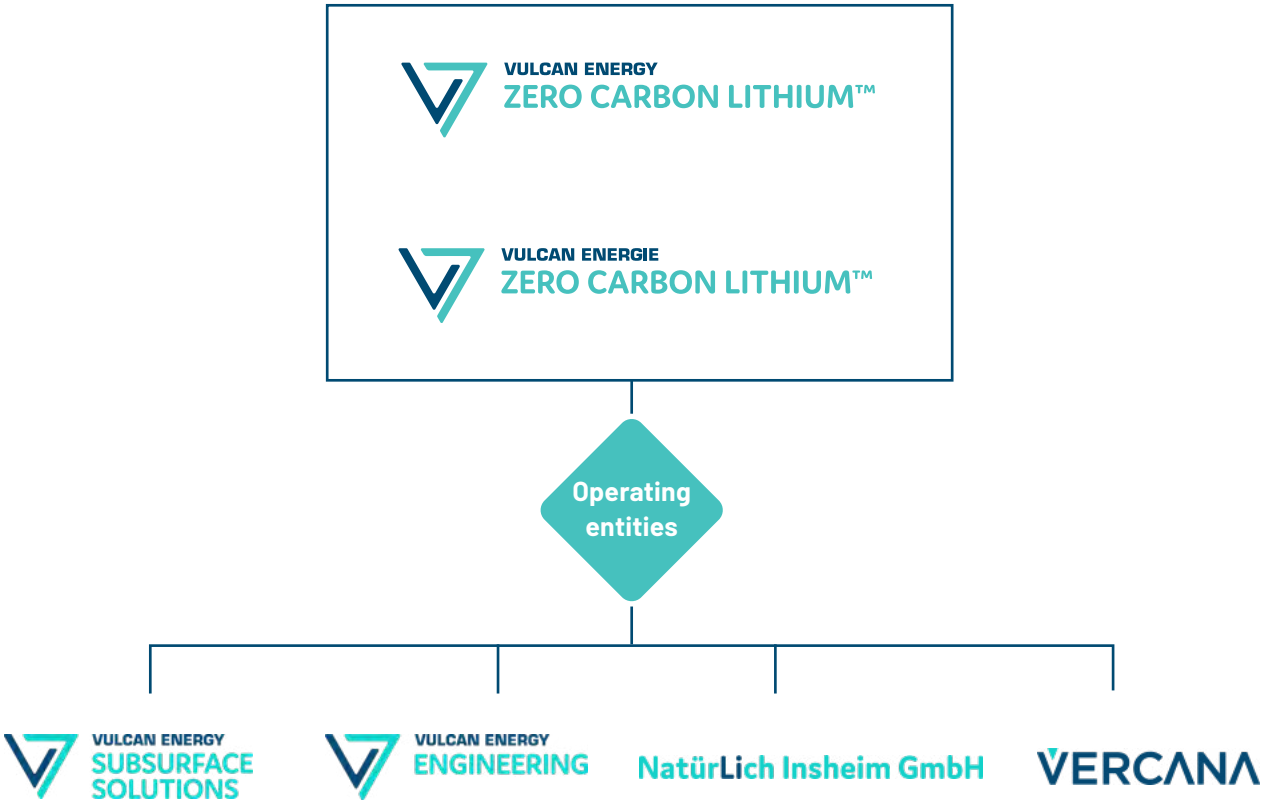
Guided by our Values of Integrity, Leadership, Future-focused and Sustainability, and united by a passion for environmentalism and leveraging scientific solutions, Vulcan has a unique, world-leading scientific and commercial team in the fields of lithium chemicals and geothermal renewable energy. Vulcan is committed to partnering with organisations who 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 will leverage its expert multidisciplinary team, leading geothermal technology and position in the European EV supply chain to be global leaders in the production of zero fossil fuel, 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.

GROUP STRUCTURE

VULCAN HAS ASSEMBLED A WORLD-CLASS TEAM OF PROFESSIONALS IN THE FIELDS OF GEOTHERMAL RENEWABLE ENERGY PROJECT DEVELOPMENT AND LITHIUM EXTRACTION.
THE TEAM IS WORKING TOGETHER TO DELIVER A FULLY INTEGRATED RENEWABLE ENERGY AND SUSTAINABLE LITHIUM CHEMICALS BUSINESS IN EUROPE.



OUR CULTURE AND VALUES

OUR VULCAN VALUES DEFINE WHO WE ARE AS A COMPANY AND LAY THE FOUNDATION FOR HOW WE DRIVE SUCCESS, BOTH AS A BUSINESS AND AS INDIVIDUALS. THE VULCAN VALUES SHAPE OUR COMPANY CULTURE AND ENSURE WE ATTRACT AND RETAIN THE BEST PEOPLE FOR THE JOB.

VULCAN VALUES

INTEGRITY	LEADERSHIP	FUTURE-FOCUSED	SUSTAINABILITY
We act respectfully and transparently to earn trust	We work to the highest levels of safety, quality and efficiency	We disrupt and innovate to build a better future	Economic progress through sustainable growth and environmentalism

BOARD OF DIRECTORS

VULCAN'S BOARD OF DIRECTORS HAS DECADES OF LEADERSHIP EXPERIENCE AND EXPERTISE IN THE LITHIUM INDUSTRY, GEOLOGY, GEOTHERMAL INDUSTRY, GERMAN CHEMICAL INDUSTRY, RENEWABLE ENERGY, BATTERY SUPPLY CHAIN AND INVESTMENT BANKING SECTORS.

GAVIN REZOS
CHAIR

JOSEPHINE BUSH
INDEPENDENT NON-EXECUTIVE DIRECTOR

DR. FRANCIS WEDIN
MANAGING DIRECTOR AND CEO

RANYA ALKADAMANI
INDEPENDENT NON-EXECUTIVE DIRECTOR

ANNIE LIU
INDEPENDENT NON-EXECUTIVE DIRECTOR

DR. GÜNTER HILKEN
INDEPENDENT NON-EXECUTIVE DIRECTOR

DR. HEIDI GRÖN
INDEPENDENT NON-EXECUTIVE DIRECTOR

MARK SKELTON
INDEPENDENT NON-EXECUTIVE DIRECTOR

Board advisors

DR. HORST KREUTER
CO-FOUNDER AND BOARD ADVISOR

JULIA POLISCANOVA
SPECIAL ADVISOR

LEADERSHIP TEAM

THORSTEN WEIMANN
CHIEF OPERATING OFFICER

VINCENT LEDOUX-PEDAILLES
CHIEF COMMERCIAL OFFICER

DR. STEPHEN HARRISON
CHIEF TECHNICAL OFFICER

ROBERT IERACE
CHIEF FINANCIAL OFFICER – VULCAN ENERGY RESOURCES LTD.

MARKUS RITZAUER
CHIEF FINANCIAL OFFICER – VULCAN ENERGIE RESSOURCEN GMBH

DANIEL TYDDE
COMPANY SECRETARY AND IN-HOUSE LEGAL COUNSEL (AUSTRALIA)

JESSICA BUKOWSKI
PUBLIC AND INVESTOR RELATIONS MANAGER – ASIA PACIFIC

DR. MEINHARD GRODDE
IN-HOUSE LEGAL COUNSEL (GERMANY)

STORM TAYLOR
ESG LEAD

Geothermal and renewable energy division

TOBIAS HOCHSCHILD
CEO
VULCAN ENERGY SUBSURFACE SOLUTIONS

MARKUS RUFF
CEO
VULCAN ENERGY ENGINEERING

Lithium chemicals business

DR THOMAS AICHER
LEAD CHEMICAL ENGINEER

DR ANGELA DIGENNARO
LAB MANAGER

BENOIT GIRARD
PILOT PLANT MANAGER

OPERATING AND FINANCIAL REVIEW

"EMPLOYEE WELLBEING IS CENTRAL TO A HEALTHY AND SAFE WORKFORCE.

HEALTH, SAFETY AND WELLBEING

VULCAN BELIEVES THAT EVERYONE HAS THE RIGHT TO BE SAFE AND ACCORDINGLY PRIORITISES THE HEALTH, SAFETY AND WELLBEING OF THE VULCAN TEAM, CONTRACTORS, AND STAKEHOLDERS.

The Company Value of Leadership encapsulates Vulcan's commitment to work to the highest levels of safety, quality and efficiency.

A range of safety focused initiatives are in place, underpinned by continuous training programs tailored to each team member's relevant work area. Particular focus is given to Vulcan's drilling subsidiary, Vercana, given the unique complexity and risk of its operations.

During the reporting period, there were two minor safety incidents across the company. No lost time injuries (LTI) occurred during the period.

Looking ahead, the Company is targeting zero health and safety incidents in FY23 and, as construction and drilling operations increase, specific, safety focused Key Performance Indicators (KPIs) have been introduced for the Executive team.

Employee wellbeing is central to a healthy and safe workforce. To that end, during the period the Company launched its Employee Wellbeing Framework focused on empowering Vulcan's employees to be a productive, happy, and engaged part of the Vulcan family. Prioritising a holistic approach to the individual's needs, Vulcan's Employee Wellbeing Framework promotes a healthy work environment with a focus on support, flexibility, and work-life balance.

More information about the Company's safety performance and employee wellbeing initiatives can be found in the Sustainability Report available on Vulcan's website: https://v-er.eu.

Ongoing response to COVID-19

Since the outbreak of COVID-19 began in January 2020, and as Vulcan has grown, the Company has systemically monitored and implemented a range of measures to protect the health and safety of its employees. Robust COVID-19 management plans have been put in place across the global business, in line with relevant government regulation and underpinned by strict hygiene and physical distancing measures. Vulcan continues to assess the impact of COVID-19 to its developments, including the ongoing unprecedented supply chain disruption, which has been more recently exacerbated by the invasion of Ukraine.

EXPLORATION AND DEVELOPMENT

Vulcan's exploration and development team is world class. The Company has the largest lithium resource, compliant with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ('the JORC Code'), in Europe. Vulcan continues to expand its license footprint in the URVBF in response to customer demand.

JORC RESOURCE STATEMENT

Vulcan's Upper Rhine Valley Brine Field (URVBF) hosts a JORC 2012-compliant global resource estimation of 15.85 million tonnes (Mt) Lithium Carbonate Equivalent (LCE) at a grade of 181 mg/l Li in the Indicated and Inferred categories as shown in the table on the next page.

Vulcan's current resource covers three of its 11 licenses, specifically Ortenau, Taro and Insheim. Vulcan's PFS from January 2021 was focused solely on Indicated Resources from the Ortenau and Taro licenses. The acquisition of the Insheim Plant also includes 100% ownership of the Insheim production license.

Following a Memorandum of Understanding signed in November 2019, Vulcan had already completed the Maiden Indicated Lithium-Brine Mineral Resource Estimation at the Insheim license in January 2020, reporting an Indicated Mineral Resource of 722,000 tonnes of contained LCE, with a lithium brine grade of 181 mg/l Li. The Insheim resource, combined with the neighbouring Landau project where Vulcan signed a brine offtake agreement in December 2021, will be incorporated into Vulcan's workflow for the Company's Phase 1 DFS, which is currently under way.

Work is ongoing to incorporate more of Vulcan's license areas into the updated resource for the URVBF, including the Mannheim license.

Ultimately, Vulcan's Zero Carbon Lithium™ Project will be based on a "hub and spoke" model. Multiple geothermal lithium projects across Vulcan's license areas in the URVBF will feed lithium chloride concentrate to the Company's central lithium hydroxide plant, planned in the Höchst Chemical Park (Industriepark Höchst), outside of Frankfurt. This would enable the Vulcan Zero Carbon Lithium™ business to scale up as Europe's demand for sustainable lithium grows.

VULCAN'S COMBINED UPPER RHINE VALLEY PROJECT LI-BRINE INDICATED AND INFERRED MINERAL RESOURCE ESTIMATES

Upper Rhine Valley Project (URVP) Resources	Aquifer Volume (km^3)	Brine Volume (km^3)	Avg. Li Conc. (mg/l Li)	Avg. Porosity (%)	Contained Elemental Li Resource Tonnes	Contained LCE Million Tonnes
Ortenau Inferred Resource estimation	117.974	11.208	181	9.50	2,029,000	10.80
Ortenau Indicated Resource estimation	17.001	2.142	181	12.60	388,000	2.06
Taro Inferred Resource estimation	15.924	1.497	181	9.5 (Bunt) 9.0 (Rot)	271,000	1.44
Taro Indicated Resource estimation	8.419	0.861	181	12.6 (BFZ) 9.5 (BHRE) 12.1(RFZ) 9.0 (RHRE)	156,000	0.83
Insheim Indicated Resource estimation	8.322	0.749	181	9.00 (P-T)	136,000	0.72
Total URVP Indicated Resources used in PFS	25.42	3.003	181	/	544,000	2.89
Total URVP Indicated and Inferred Resource	**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 cutoff 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).

Note 6: The Mineral Resources that underpin the PFS results are reported inclusive of any reserves.

Note 7: There has been no change to this Mineral Resource statement since publication.

COMPETENT PERSON STATEMENT:

The information in this report that relates to Mineral Resources and Ore Reserves (respectively) of the Company's Zero Carbon Lithium™ Project is extracted from the ASX announcements made by Vulcan on 15 December 2020 ("Updated Ortenau Indicated and Inferred Resource") and 15 January 2021 ("Positive Pre-Feasibility Study"), which are available on https://v-er.eu. The information in this report that relates to Insheim's Mineral Resources is extracted from the ASX announcement made by Vulcan on 20 January 2020 ("Maiden Indicated Resource Insheim Vulcan Zero Carbon Lithium" Project), which is available on https://v-er.eu. 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.

LICENSE AREA

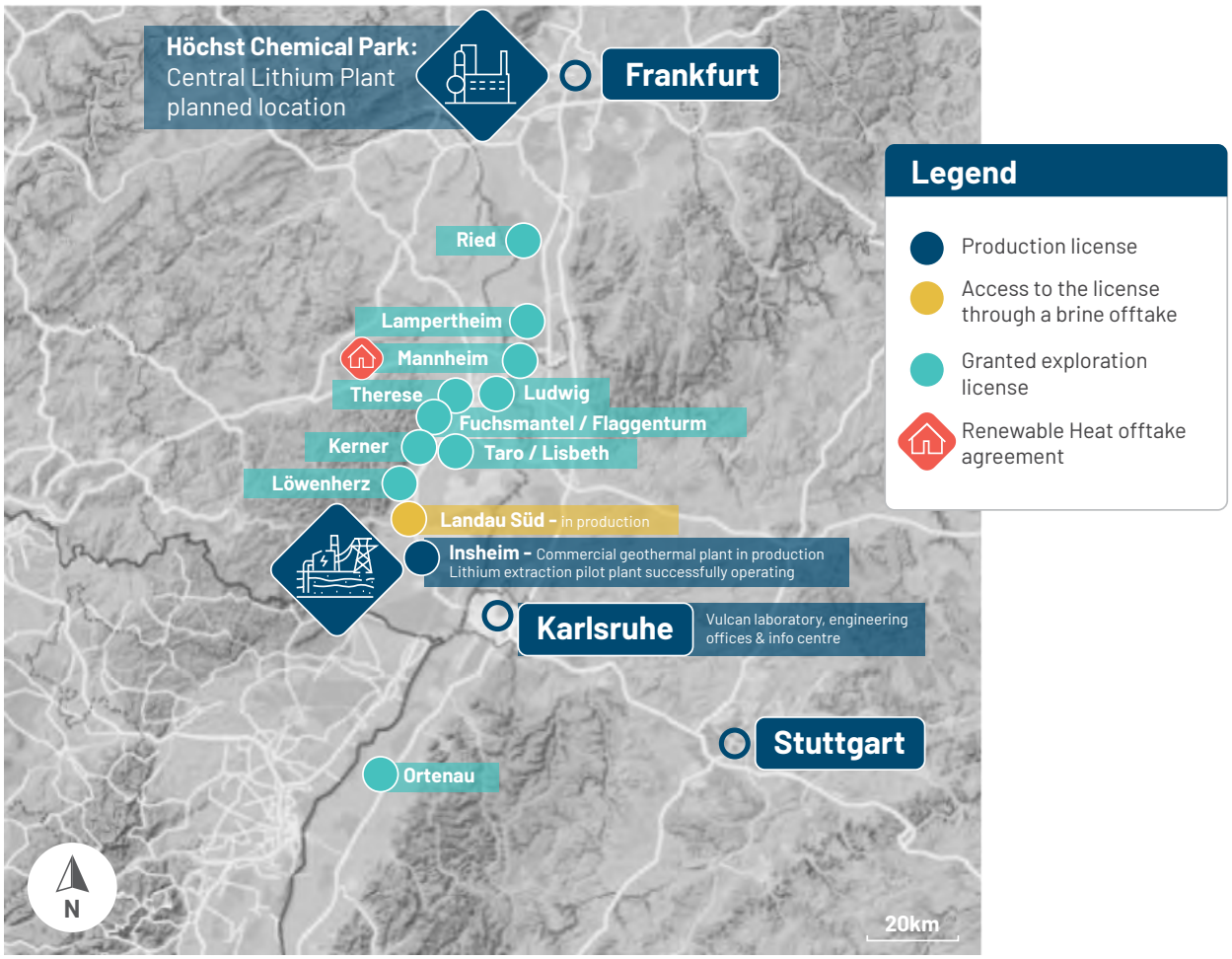
Vulcan's granted license area covers 1,465.38 km^2. This area has been strategically expanded over the last 12 months, following the grant and acquisition of an additional eight exploration licenses and one production license in FY22. Vulcan is currently progressing a systematic exploration program over its project area in the URVBF.

In addition to its presence in Germany, Vulcan subsidiary Vulcan Energy Italy Pty Ltd. was granted the Cesano Permit, in Italy, during FY22. Subsequent to the reporting period, Vulcan and Enel Green Power (EGP), the largest geothermal energy producer in Italy, signed a binding collaboration agreement to explore and develop Vulcan's Cesano license in Italy. The Cesano license area will become co-owned 50:50 by Vulcan and EGP. Vulcan and EGP will assess the potential of Vulcan's Cesano license in a step-wise approach, starting with a scoping study which it intends to complete within 12 months. Parties will then look to enter into a definitive agreement for any additional stages; should either party decide to not proceed, they will forfeit their ownership rights over the license. EGP has already previously explored and drilled a number of wells in the Cesano area and gathered relevant data direct from local reservoirs. Vulcan's Cesano Permit extends over an area of 11.5 km^2, 20 km NNW of Rome. The area hosts wells drilled by Enel Group which yielded hot geothermal brine with high lithium values (see ASX announcements on 24 January and 8 July 2022 for more information).

Vulcan is also looking at medium to longer-term opportunities on the French side of the Upper Rhine Valley. By growing and diversifying Vulcan's project development portfolio - an initiative internally called "Project Rollo" – the Company aims to internationally expand its global Zero Carbon Lithium™ business focused on Europe, and to become a significant producer of renewable heat and energy and sustainable lithium for electric vehicles.

VULCAN'S COMBINED UPPER RHINE VALLEY BRINE FIELD (URVBF)

Name	State	Area (ha)	Area (km^2)	Type	Expiry Date (MM/YYYY)	Ownership at 30 June 2022	Change in ownership
Insheim	Rheinland-Pfalz	1,900	19 .00	Production license	11/2037	100%	100%
Ortenau	Baden-Württemberg	37,410	374.10	Exploration License	06/2023	100%	N/A
Mannheim	Baden-Württemberg	14,449	144.49	Exploration License	06/2024	100%	N/A
Lampertheim	Hessen	10,803	108.03	Exploration License	07/2024	100%	100%
Taro/Lisbeth	Baden-Württemberg	3,268	32.68	Exploration License	TAR 08/2025 LIS 09/2024	100%	N/A
Ludwig	Rheinland-Pfalz	9,634	96.34	Exploration License	12/2024	100%	100%
Therese	Rheinland-Pfalz	8,112	81.12	Exploration License	12/2024	100%	100%
Kerner	Rheinland-Pfalz	7,226	72.26	Exploration License	12/2024	100%	100%
Löwenherz	Rheinland-Pfalz	7,543	75.43	Exploration License	12/2024	100%	100%
Landau	Rheinland-Pfalz	1,941	19.41	Production license	N/A	Brine offtake agreement with owner/ operator	
Flaggenturm/ Fuchsmantel	Rheinland-Pfalz	14,114	141.14	Exploration License	FLA 12/2022 FUC 07/2023	100%	100%
Ried	Hessen	28,992	289.92	Exploration License	07/2025	0%* *Licenses granted after 30 June 2022	100%
Cesano Field							
Cesano	Italy	1,146	11.46	Research Permit	01/2025	100%* Subsequent to 30 June 2022, the Cesano license area will become co-owned 50:50 by Vulcan and EGP.	100%



DATA

The URVBF is a mature field which has been producing both oil and gas as well as geothermal energy for many years. Vulcan has strategically leveraged the extensive exploration and development historically conducted by the hydrocarbon and geothermal industries, to advance the Zero Carbon Lithium™ Project. During the period, Vulcan signed an agreement with Rhein Petroleum GmbH to purchase 3D seismic and drilling data to assist with additional project generation. The 3D seismic data acquisition consists of two surveys totalling 315 km^2. The new data assists with understanding the sub-surface in these areas, allowing the team to target high brine flow zones in a precise, careful and cost efficient manner, therefore contributing to public acceptance.

DRILLING

In November 2021, Vulcan acquired two electric drill rigs as part of the Company's Zero Carbon Lithium™ Project. The specialised rigs can drill to the target depth required for deep geothermal energy wells in the URVBF, Germany. The deep geothermal rigs represent a scarce, strategic asset for Vulcan, as Europe navigates an energy crisis and the increasing need for renewable heating. Subsequently, Vulcan established Vercana GmbH (Vercana), an in-house drilling company. Headquartered in Karlsruhe, Germany, Vercana and its operations will create approximately 60 regional jobs. The team is currently focused on refurbishing the specialised, electric drill rigs as they target operational readiness in early 2023.

RENEWABLE ENERGY AND GEOTHERMAL DIVISION

GEOTHERMAL, RENEWABLE ENERGY IS THE NEXUS OF THE ZERO CARBON LITHIUM™ PROJECT.

A significant highlight of the past year was the acquisition of an operational geothermal renewable energy power plant in the core of the producing URVBF at Insheim. A new German subsidiary of Vulcan, Natür^{3}Lich Insheim, based in Karlsruhe, became the owner and operator of the Insheim Plant.

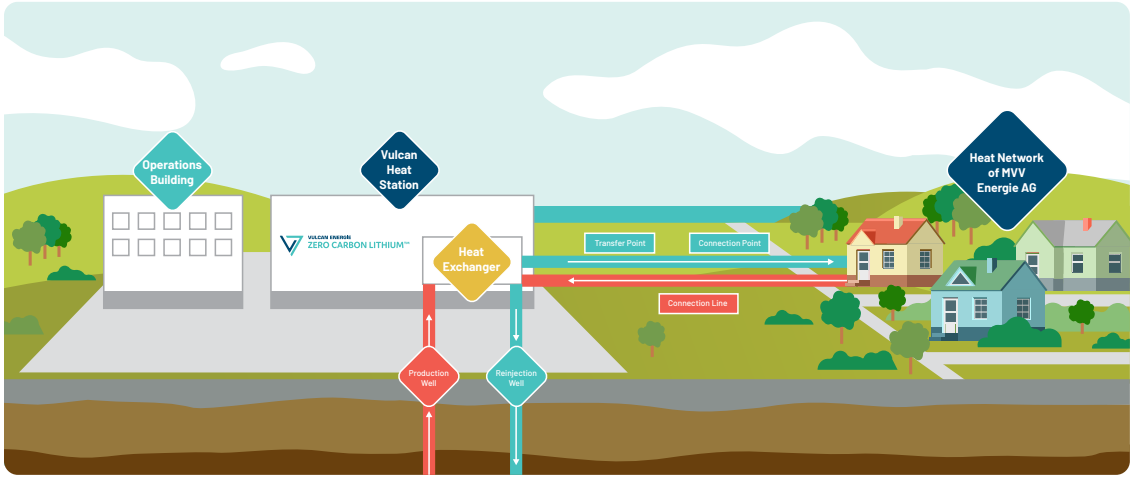
As an operating geothermal renewable energy plant, Natür^{3}Lich Insheim, is a key asset for the Company, generating €3.0 million revenue since its acquisition in December 2021. Over the last six months, the power plant fed approximately 11,679,652 kWh of renewable electricity into the grid, supplying 6,500 households with power.

As owner operator of Natür^{3}Lich Insheim, Vulcan employs 11 people. Looking ahead, a priority for Vulcan is investing in the expansion and modernisation of the power plant.

The acquisition of the Insheim power plant also included 100% ownership of the Insheim production license surrounding the Insheim Plant. The Insheim Plant currently pumps lithium-rich brine to the surface for geothermal energy generation before the brine is reinjected into the reservoir.

Vulcan is committed to playing a leading role in Germany's "Wärmewende", or "heat transition", as the country looks to reduce its reliance on Russian energy supplies. In April 2022, Vulcan and MVV Energie AG (MVV) executed a binding purchase agreement for 240 gigawatt hours per year of renewable heat. The 20-year, long-term agreement commences in 2025 and includes the supply of a minimum of 240,000MWh of renewable heat per year to a maximum of 350,000MWh per year to households in Mannheim, outside of Frankfurt, Germany. The heat will be supplied from Vulcan's planned geothermal wells in the area surrounding the City of Mannheim. Heat will be transferred via heating grids and a series of underground pipes that deliver hot water or steam to buildings in the local community. Vulcan is developing its Mannheim license as part of a planned larger Phase 2 of the Zero Carbon Lithium™ Project.

Vulcan intends to build several further distributed geothermal renewable energy plants across the URVBF region. The Company is in discussions with other regional communities, utilities and companies regarding additional heat offtake agreements.



ZERO CARBON LITHIUM™ DIVISION

IN-HOUSE LABORATORY

Vulcan's lithium division is focused on refining the process of Vulcan's planned lithium production flowsheet to ensure it has a net zero carbon footprint. During the period, the team moved into an expanded laboratory, as they deepen their understanding of the lithium processing and optimise the process in order to inform the DFS. With its state-of-the-art equipment, including full in-house inductively coupled plasma optical emission spectrometry (ICP-OES) and Ion chromatography (IC) analytical capability, the new laboratory has enabled Vulcan to expand its core competencies and centralise its proprietary lithium processes.

The team has successfully demonstrated multi-cycle sorption tests on Upper Rhine Valley geothermal brine using multiple commercially available aluminate-based sorbents. All sorbents have demonstrated >90% lithium recovery, in line with the assumptions used in the PFS. Offsite lithium electrolysis test work is also ongoing.

PILOT PLANT

Vulcan's pilot plant, which was designed and commissioned in-house, has been successfully operating since April 2021. The pilot plant uses 'live' geothermal brine, which enables the team to demonstrate pre-treatment and sorption-type Direct Lithium Extraction (DLE) processes, while generating crucial data needed for de-risking the lithium extraction process.

A highlight of the period was the production of Vulcan's first battery quality lithium hydroxide monohydrate (LHM) from piloting operations. The plant sample exceeded traditional battery grade LHM product including best on the market battery grade specifications required from offtake customers, at >56.5% $LiOH.H_2O$ and with very low impurities. The lithium chloride extracted by the sorbent in the pilot plant was recovered with water and sent offsite, where it was purified and concentrated by a third-party provider to prepare the lithium chloride for electrolysis to produce lithium hydroxide solution. The solution was then crystalized to produce battery grade LHM.

CENTRAL LITHIUM PLANT (CLP)

Vulcan's planned Central Lithium Plant (CLP) is a cornerstone of the Company's lithium development plans. Vulcan secured a site for the CLP at the Höchst Chemical Park (Industriepark Höchst) during FY22. Located just outside Frankfurt, the CLP is intended as a hub to process lithium chloride from multiple combined geothermal and lithium sorption plants into lithium hydroxide monohydrate suitable for batteries. Importantly, the location allows for low carbon transport options from Vulcan's nearby project areas, as well as renewable energy to power the proposed plant, which underpins the Company's commitment to minimising its carbon footprint in each step of the process and keeping to net zero carbon footprint overall.

DEMONSTRATION PLANTS

A key element of Vulcan's strategy to de-risk its Zero Carbon Lithium™ Project is the design and construction of two discrete demonstration plants. One demonstration plant is the Sorption-Demo Plant and the second plant will be the lithium hydroxide production plant (CLP-Demo Plant, or "LiLy").

Together, the two demonstration plants will replicate the full process from sorption-DLE to lithium hydroxide production including recycle streams. Importantly, technical and operations personnel will train in the plant to develop a comprehensive understanding of the process and its operation prior to the design and construction of the first commercial plants. The Vulcan team believe the transition from demonstration plants to commercial scale plants will be possible due to:

1. Expanding the Sorption-Demo Plant to the planned commercial size, represents a very manageable scale-up factor of 1:50 in terms of column size, due to each Sorption plant being configured based on operating four parallel trains of extraction units.

2. Expanding the CLP-Demo Plant to the planned commercial size requires a multiplication, not a scale up factor, of the number of electrolysis cells to achieve the required capacity.

Initial commissioning of the Sorption Demo Plant is planned to commence in late Q4 and commencement of the commissioning of the CLP-Demo Plant, "LiLy", is targeted in late Q1 2023.

Sorption-type DLE

Vulcan has intentionally chosen a sorption-type DLE approach due to its current successful commercial deployment globally, and because sorption technology has been proven to optimally produce lithium chemicals from hot brines with low operating cost and sustainable footprint.

DLE using sorption has a fifty-year development and implementation history. Since its initial genesis with Dow in the 1970s, Livent has practiced sorption-type DLE at commercial levels in South America for 26 years, and more recently sorption-type DLE has been commercially deployed at multiple plants in China.

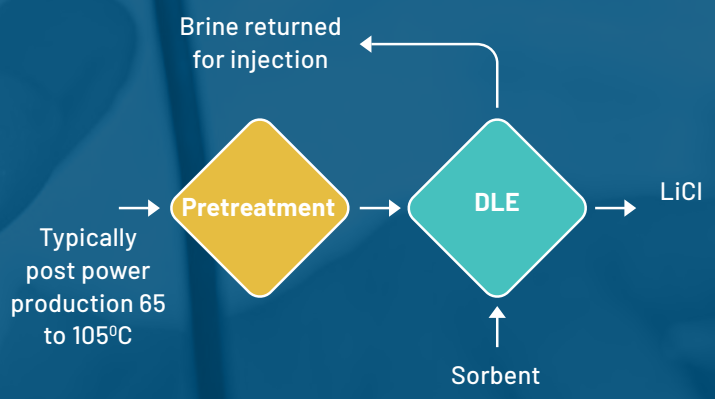
Over the last 12 months there have been large investments into DLE projects including in Argentina by Rio Tinto at the Rincon project and Eramet's Eramine project.

Critically, since sorption-type DLE typically requires the brine to be hot, Vulcan intends to use the heat already embodied in the waste brine stream from its geothermal renewable energy operations, removing the requirement to heat the brine with fossil gas as happens at other commercial operations worldwide. This represents a significant financial and greenhouse gas emissions saving, and enables the technology to be used on lower grade lithium brines compared to salars.

Further, the sorption-type DLE associated with geothermal brine, of the kind Vulcan is developing, avoids the requirement to heat the brine with fossil gas, providing the potential for no carbon emissions and offers additional revenue stream from energy.

DLE offers "significant promise of increasing (lithium) supply, reducing the (lithium) industry's environmental, social, and governance footprint, and lowering costs".

-McKinsey, April 2022



OFFTAKES

Securing binding lithium hydroxide offtake agreements with tier one cathode, battery and automotive companies in Europe was a priority for Vulcan in 2021. Over the last 18 months, Vulcan successfully entered into five binding lithium hydroxide offtake agreements with some of the world's and Europe's largest and most prominent original equipment manufacturer (OEM), battery makers and cathode manufacturers.

Vulcan's current plans for lithium production are now fully booked for the first five years of operation. Importantly, Vulcan and its partners are strategically aligned to decarbonise the battery electric vehicle supply chain.

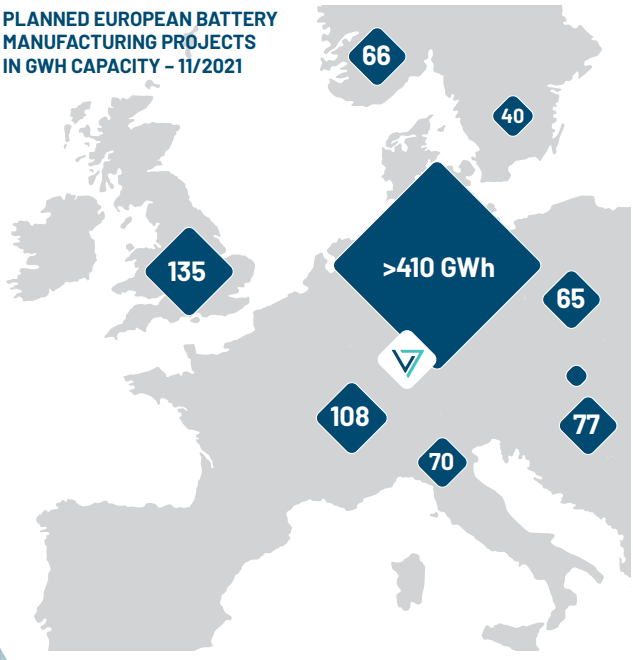
Binding lithium hydroxide offtake agreements

Partner	Category	Start and duration	Volume over the duration of the contract (tonnes)
Umicore	Tier one cathode maker	2025, 5 years	28,000 to 42,000
Renault Group	OEM	2026, 6 years	26,000 to 32,000
Stellantis	OEM	2026, 10 years	81,000 to 99,000 for the first 5 years
Volkswagen Group	OEM	2026, 5 years	34,000 to 42,000
LG Energy Solutions	Tier one battery maker	2025, 5 years	40,000 to 50,000

European auto-manufacturers are committing to produce carbon neutral electric vehicles at the point of delivery to the customer, including the battery raw materials used in production. This commitment, together with their prioritisation of sustainably sourced raw materials was a significant inspiration for founding Vulcan in Germany in 2018.

Critical to Vulcan's mission is providing a local source of sustainable lithium to support the European battery metals industry. With this in mind, the Zero Carbon Lithium™ Project's location in Germany is proximate to key factories and manufacturing centres of Vulcan's offtake partners, as shown on the map.

PLANNED EUROPEAN BATTERY MANUFACTURING PROJECTS IN GWH CAPACITY – 11/2021



Source: Batterynews.de

DEFINITIVE FEASIBILITY STUDY AND BANKABILITY REVIEW

Vulcan's DFS for Phase 1 renewable energy and lithium production is progressing, with an updated PFS for Phase 2 targeted for completion at around the same time. Vulcan's multi-disciplinary team is aiming to significantly increase production plans for Phase 1, relative to previous PFS assumptions, considering the increased customer demand for both renewable energy and lithium hydroxide.

Field development planning is working towards the optimisation of models for dual lithium and geothermal renewable energy production from the same reservoir. The Company is working hard to achieve its H2 2022 completion target, however local approval processes mean there is an increasing likelihood of the completion date of the DFS moving into Q1 2023.

In parallel to the completion of the DFS, work on the Bankability Review with BNP Paribas began during the period, in advance of the planned financing process which is intended to follow completion of the DFS. It has become evident during the DFS that macro-economic trends, such as the impact of COVID-19 and the invasion of Ukraine, have led to significant global inflation, and hence it is expected that capital expenditure for the Zero Carbon Lithium™ Project will increase from the levels noted in the PFS. This trend is in line with the rest of industry and the project's cost position relative to its peers is expected to remain competitive. The Risk Management section of the FY22 Corporate Governance Statement goes into more detail on the global dynamics of capital markets.

CORPORATE

Vulcan's corporate team, who span the Company's Australian and German offices, are committed to accelerating and expanding Vulcan's integrated renewable energy and lithium development strategy.

ASX 300

In September 2021, Vulcan joined the S&P Dow Jones ASX 300 index. The S&P Dow Jones Indices are the largest global resource of their kind, and Vulcan's admission to the ASX 300 was a positive reflection of the Company's development and progress to date.

DUAL LISTING ON THE FRANKFURT STOCK EXCHANGE (FSE)

During the period, Vulcan became the first ASX-listed company to have a dual listing on the regulated market of the Frankfurt Stock Exchange (FSE), in the Prime Standard market segment. The Prime Standard of the FSE is considered to have the highest transparency and governance requirements of the FSE, in line with Vulcan's high standards of governance and reporting.

With Vulcan's projects and more than 90% of the team based in Germany, the dual listing on the FSE is an important step in expanding the Company's European investor base and providing international exposure, while also fostering public and community acceptance of our Zero Carbon Lithium™ Project in Germany.

TARGET OPERATING MODEL (TOM) 360 REVIEW

During the year, Vulcan completed a Target Operating Model (TOM) 360 review, with the objective of developing a fit for purpose corporate structure for the next phase of project development and expansion.

A key recommendation of the TOM was the centralisation of backbone functions to ensure better governance and higher efficiency. Consistent with this recommendation, GeoT has been renamed Vulcan Energy Subsurface Solutions (VESS), while Gec-co is now called Vulcan Energy Engineering (VEE).

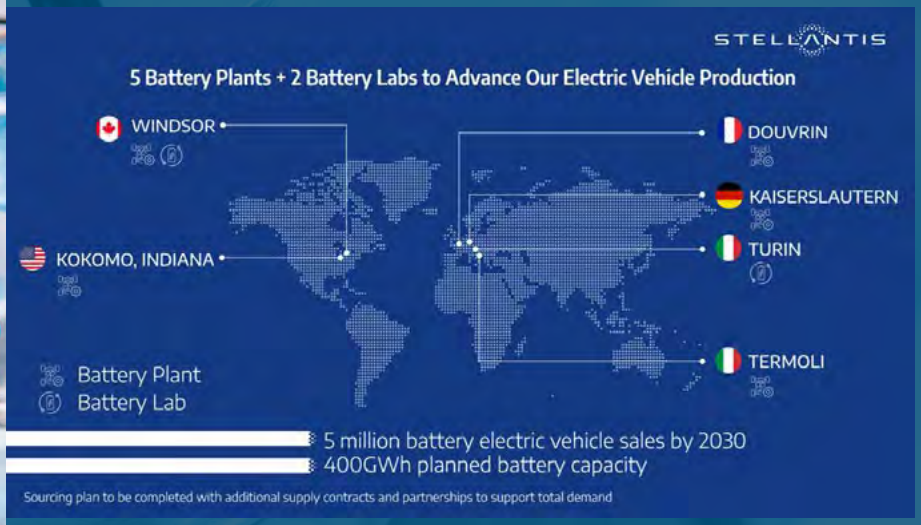
Crucially, VEE and VESS are world-leading scientific teams, and their experience is a key part of Vulcan's plan to deliver the Zero Carbon Lithium™ Project.

Strategic partnership with Stellantis

Stellantis, one of the world's leading automakers, became a substantial shareholder in Vulcan through a A$76 million (€50 million) equity investment. The equity investment from Stellantis is understood to represent the world's first upstream investment in a listed lithium company by a top tier automaker. Vulcan believes it's partnership with Stellantis is a strong statement by one of the world's largest automakers regarding sustainable and strategic sourcing of battery materials.

With the equity investment, Stellantis, who in November 2021 became Vulcan's largest lithium offtaker, also became the Company's second largest shareholder with a 8% shareholding. A global top five automaker by sales volume, Stellantis' portfolio includes leading brands such as Opel, Fiat, Chrysler, Peugeot, Citroën and Jeep. Stellantis was the market leader in the low emission vehicle (LEV) category for Passenger Cars and Light Commercial Vehicles in Europe in Q1 2022.

Vulcan's Zero Carbon Lithium™ Project also intends to reduce the transport distance of lithium chemicals into Europe, and our location in Germany, proximal to Stellantis' planned European gigafactories, and notably Stellantis' Opel plant at Kaiserslautern, where a Gigafactory with ACC is also planned, is consistent with this strategy.



CORPORATE PARTNERSHIPS

Since the Company was founded, Vulcan has strategically built relationships with companies with shared sustainability and environmental ambitions. Vulcan is committed to working with its partners to decarbonise the lithium-ion battery and electric vehicle supply chain.

GEOFIZYKA TORUŃ S.A.

Geofizyka Toruń has been engaged by the Company to conduct 3D seismic surveys across Vulcan's project areas, where the Company does not already have existing 3D seismic data. Surveys will be interpreted and will further refine Vulcan's well design prior to production development drilling. First surveys are expected to commence in late September 2022.

GLJ LTD.

GLJ Ltd. is the Company's engineering consultant responsible for compiling the overall report, economic modelling and signing off on the geological engineering and production study part of the DFS.

APEX GEOSCIENCE LTD.

APEX Geoscience Ltd. conducted the resource modelling and estimation for the Upper Rhine Valley Brine Field Li-brine Indicated Resources used in the PFS.

GEF INGENIEUR AG

A local German business and independent experts in the field of heat supply for over 30 years, GEF Ingenieur AG (GEF) are supporting the engineering of Vulcan's piping layout.

NOBIAN

In January 2022, Vulcan signed an MOU and term-sheet with Nobian, a European leader in the production of essential chemicals. Nobian, formerly part of Akzo-Nobel, is the fourth largest chlor-alkali producer in Europe after Inovyn, Dow and Covestro, and has extensive electrolysis operational experience. Chlor-alkali uses an electrolysis process which is similar to part of Vulcan's flowsheet. Vulcan and Nobian are assessing the feasibility of a joint project for the development, construction and operation of the CLP, including the electrochemical conversion process of lithium chloride to battery quality lithium hydroxide.

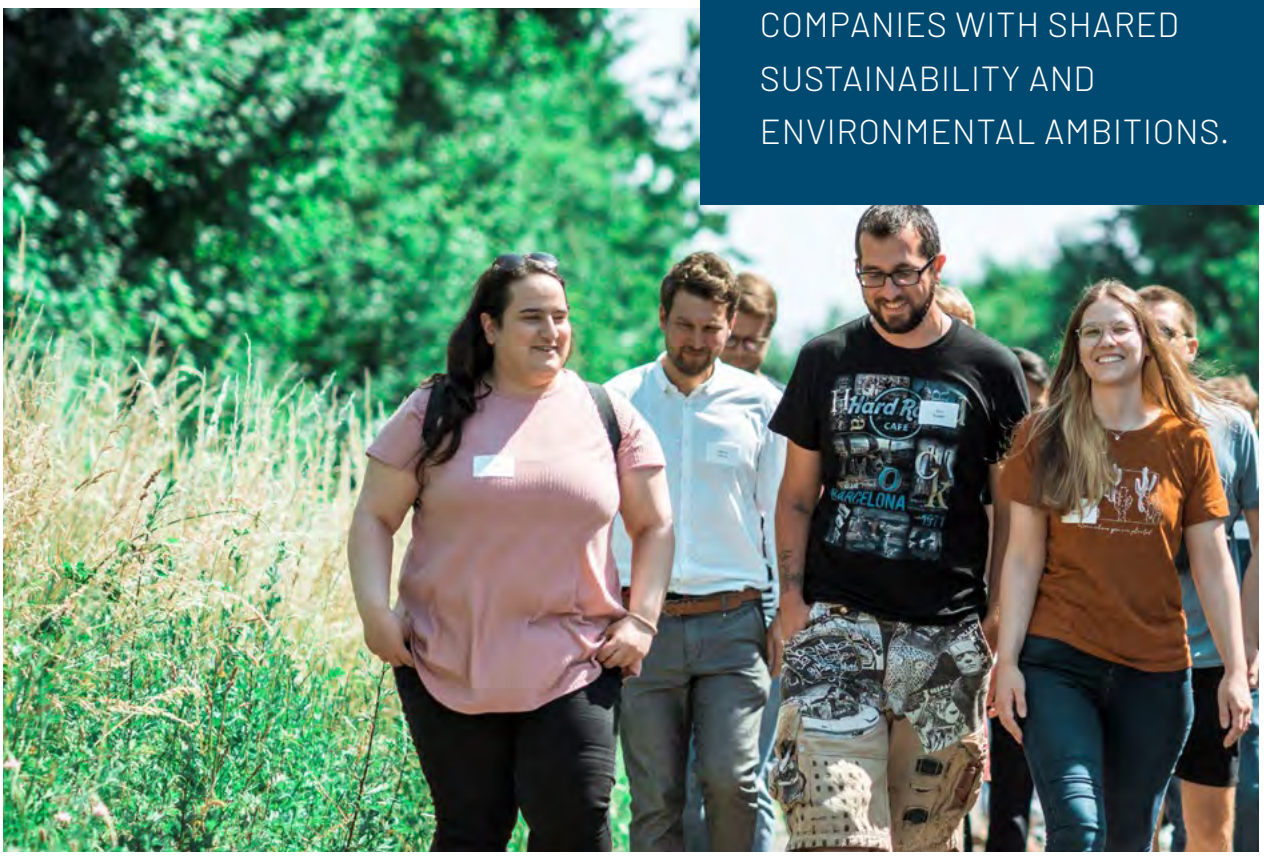
HATCH LTD.

Vulcan's engineering consultant, Hatch Ltd. (Hatch), is responsible for the lithium chemicals part of the DFS including the engineering and execution planning for the sorption-type DLE plants and CLP, in collaboration with Vulcan's in-house lithium chemicals and chemical engineering teams.

DUPONT

Vulcan and DuPont Water, a leader in water filtration and purification solutions, collaborated to test DLE solutions for Vulcan's lithium extraction process. The 12-month agreement expired in mid-2022 and the companies are exploring future partnership opportunities.

> VULCAN HAS STRATEGICALLY BUILT RELATIONSHIPS WITH COMPANIES WITH SHARED SUSTAINABILITY AND ENVIRONMENTAL AMBITIONS.



SUSTAINABILITY

CIRCULOR

Vulcan is working with Circulor and its full traceability and dynamic CO_2 measurement solution for Vulcan's carbon neutral lithium products across the European lithium-ion battery and electric vehicle supply chain. Circulor's system implementation enables reputational protection, proof of compliance with regulations and dynamic carbon tracking.

MINVIRO LTD.

Vulcan have worked with London-based consultancy Minviro Ltd. (Minviro) since 2020. In August 2021, Vulcan commissioned Minviro, to update its world-first, independent Life Cycle Assessment (LCA). Vulcan's original LCA with Minviro represented the world's first LCA on lithium hydroxide production. Work with Minviro is ongoing with the LCA due to be updated following the DFS.

THE ERM INTERNATIONAL GROUP LTD

The largest global pure play sustainability consultancy, Vulcan is working with The ERM International Group Ltd. (ERM) to conduct the Company's first materiality assessment. ERM is also providing advice on Vulcan's FY22 Sustainability Reporting disclosures.

BARINGA

Vulcan is working with Baringa to align the Vulcan's Sustainability Report with TCFD reporting disclosures to ensure compliance with the recommendations.

CAPITAL RAISINGS | FINANCING ADVISORS | LISTING ADVISORS

BNP PARIBAS

BNP Paribas is working on the financing aspects of Vulcan's DFS. Upon completion of the DFS, Vulcan will continue to work with BNP Paribas on the structuring and execution of financing for the Zero Carbon Lithium™ Project.

BERENBERG

Joh. Berenberg, Gossler and Co. KG (Berenberg), Germany's and the world's oldest merchant bank, acted as listing advisors for Vulcan's listing on the Frankfurt Stock Exchange.

CANACCORD GENUITY AND GOLDMAN SACHS

During FY22, Vulcan engaged Canaccord Genuity and Goldman Sachs to jointly lead a successful A$200 million institutional equity raise, to accelerate and expand development of the Zero Carbon Lithium™ Project. The companies also worked together on Vulcan's A$120 million raise in February 2021.

CUSTOMERS

LITHIUM OFFTAKE PARTNERS

Vulcan has partnered with cathode, battery and OEMs committed to carbon neutrality.

The Company has binding lithium offtake agreements with Volkswagen Group, Umicore, Renault Group, Stellantis and LG Energy Solutions.

See page 25 for more information on the binding offtake agreements.

MVV ENERGIE AG (MVV)

MVV is the largest municipal energy supplier in Germany, dedicated to making a lasting and sustainable contribution to the local community through the provision of renewable energy and heat to the City of Mannheim. Vulcan and MVV have signed an offtake agreement for the supply of renewable heat from 2026.

> VULCAN IS COMMITTED TO WORKING WITH ITS PARTNERS TO DECARBONISE THE LITHIUM-ION BATTERY AND ELECTRIC VEHICLE SUPPLY CHAIN.

INDUSTRY ASSOCIATIONS

Vulcan is proud to partner with, support and contribute to the work of leading agencies in the geothermal and lithium industries including:

- Bundesverband Erneuerbare Energien (BEE) - the Renewable Energy Association of Germany
- Platform Erneuerbare Energien (PEE) - the state subdivision of the BEE in Baden-Württemberg
- Wirtschaftsrat der CDU - the largest business association in Germany
- Bundesverband Mittelständische Wirtschaft (BVMW) - the largest middle sized business association in Germany
- Bundesverband Geothermie (BVG) - German Geothermal Association
- European Geothermal Energy Council (EGEC)
- GeoEnergy Celle - Association of drilling and drilling service companies
- Bundesverband Erdgas, Erdöl und GeoEnergie (BVEG) - Federal association of drilling and drilling service companies, oil and gas majors
- Kompetenznetzwerk Lithium Ionen Batterien (KLiB) - German Association of Lithium Ion Batteries

During the period, Vulcan became a new member of the TechnologieRegion Karlsruhe GmbH (TRK). As Vulcan's German head office is based in the Karlsruhe Technology Region, it is important for the Company to connect with local authorities, chambers of commerce, scientific institutions and other companies in the region and to promote new technologies and the partnership with TRK is an effective platform for these activities. Importantly, Vulcan also wants to leverage the network of TRK to accelerate the energy transition in the region.

FINANCIAL RESULTS

STRENGTHENED CASH POSITION

A strengthened balance sheet with no financial debt and first operating revenue were highlights in FY22.

Vulcan's financial position demonstrates the Company's ability to raise capital, due largely to a successful underwritten institutional placement and significant equity investment by top tier automaker, Stellantis. The Company remains in a strong financial position with €175.4 million cash (A$266.2 million) on hand at 30 June 2022, putting Vulcan into an excellent position to pursue its plans at full speed.

Vulcan completed a A$200 million placement (€124 million equivalent) in September 2021 to accelerate and expand the Company's dual renewable energy and lithium development strategy, in order to meet demand from offtakers in Europe, while providing renewable heat and power for local communities.

The placement, which was well-supported by existing and new institutional investors including ESG-focused institutions, positioned Vulcan to pursue the targeted acquisition and upgrade of existing brownfield energy and brine infrastructure, to de-risk and grow development plans, as well as to increase the production pipeline from existing license areas. It also facilitated the targeted acquisition and refurbishment of exploration equipment. Specifically, a portion of the proceeds were used to acquire:

- Natür^{3}Lich Insheim, the Insheim geothermal renewable energy plant (€32.7 million), with the view to expand and modernise the asset;
- Two specialised electric drill rigs, which will be refurbished by in-house drilling company Vercana and targeting operation-readiness in early 2023; and
- 3D seismic and drilling data from Rhein Petroleum GmbH.

Vulcan also undertook a non-underwritten Share Purchase Plan (SPP) in September 2021 to allow existing shareholders the opportunity to invest in the Company at the same price as the Placement. The SPP raised A$3.1 million through the issue of 228,434 new fully paid ordinary shares in the Company.

During the period, Stellantis became Vulcan's second largest shareholder through a A$76 million (€50 million) equity investment. Stellantis now has an 8% shareholding, following issue of the fully paid ordinary shares at the 30-day Volume Weighted Average Price (VWAP) of A$6.622 (€4.367) per share, which represents ~11.45 million shares. This was a 30% premium to the share price at the time of the Placement. Use of proceeds will go towards Vulcan's planned production expansion drilling in its producing URVBF.

REVENUE

Revenue from continuing operations was €3.8 million (2021 Nil) following the acquisition of Natür^{3}Lich Insheim, which Vulcan took control of effective 31 December 2021. The plant presently capitalises on the Feed-in Tariff for geothermal power.

CASH OUTFLOWS

The cash outflows are consistent with Vulcan's strategy to advance the Zero Carbon Lithium™ Project at pace and scale. Notable cash outlays during the year related to:

- DFS engineering;
- Construction of the DLE-Sorption Plant;
- Natür^{3}Lich Insheim acquisition, power and production costs;
- Acquisition of electric drill rigs and refurbishment costs; and
- Corporate costs.

SUSTAINABILITY

"WE DO NOT BELIEVE IN CALLING OUR PROJECT "GREEN" WITHOUT DOING THE HARD WORK OF MAKING IT "GREEN" FIRST.

OUR APPROACH TO SUSTAINABILITY

Our Sustainability and ESG Framework helps us deliver on our strategic priorities. It is at the heart of everything we do.

Our purpose is to empower a net zero-carbon future. We aim to achieve this by supporting the decarbonisation of the electric mobility supply chain through our net zero carbon lithium and renewable energy and heat production.

PURPOSE
To empower a net zero-carbon future

STRATEGY
To be global leaders in the production of zero fossil fuel, carbon neutral lithium whilst being nature positive

MISSION
To decarbonise the EV supply chain

ZERO CARBON RENEWABLE HEAT & ENERGY

ZERO CARBON LITHIUM™

TEAM
A world-leading scientific & commercial team in the fields of lithium & geothermal energy

INNOVATION
Adapting existing technologies to efficiently extract lithium from geothermal brine

SUPPLY CHAIN
Strategically placed in the heart of the European EV market to decarbonise the supply chain

VULCAN VALUES


INTEGRITY


LEADERSHIP


FUTURE-FOCUSED


SUSTAINABILITY

VULCAN'S FULL FY22 SUSTAINABILITY REPORT IS AVAILABLE ON THE COMPANY'S WEBSITE AT HTTPS://V-ER.EU.

OUR APPROACH TO SUSTAINABILITY (Continued)

As we grow, we will further embed our Sustainability and ESG Framework into our organisation by defining roles, responsibilities, and accountabilities, as well as setting targets and reporting on our performance.

SUSTAINABILITY AND ESG FRAMEWORK

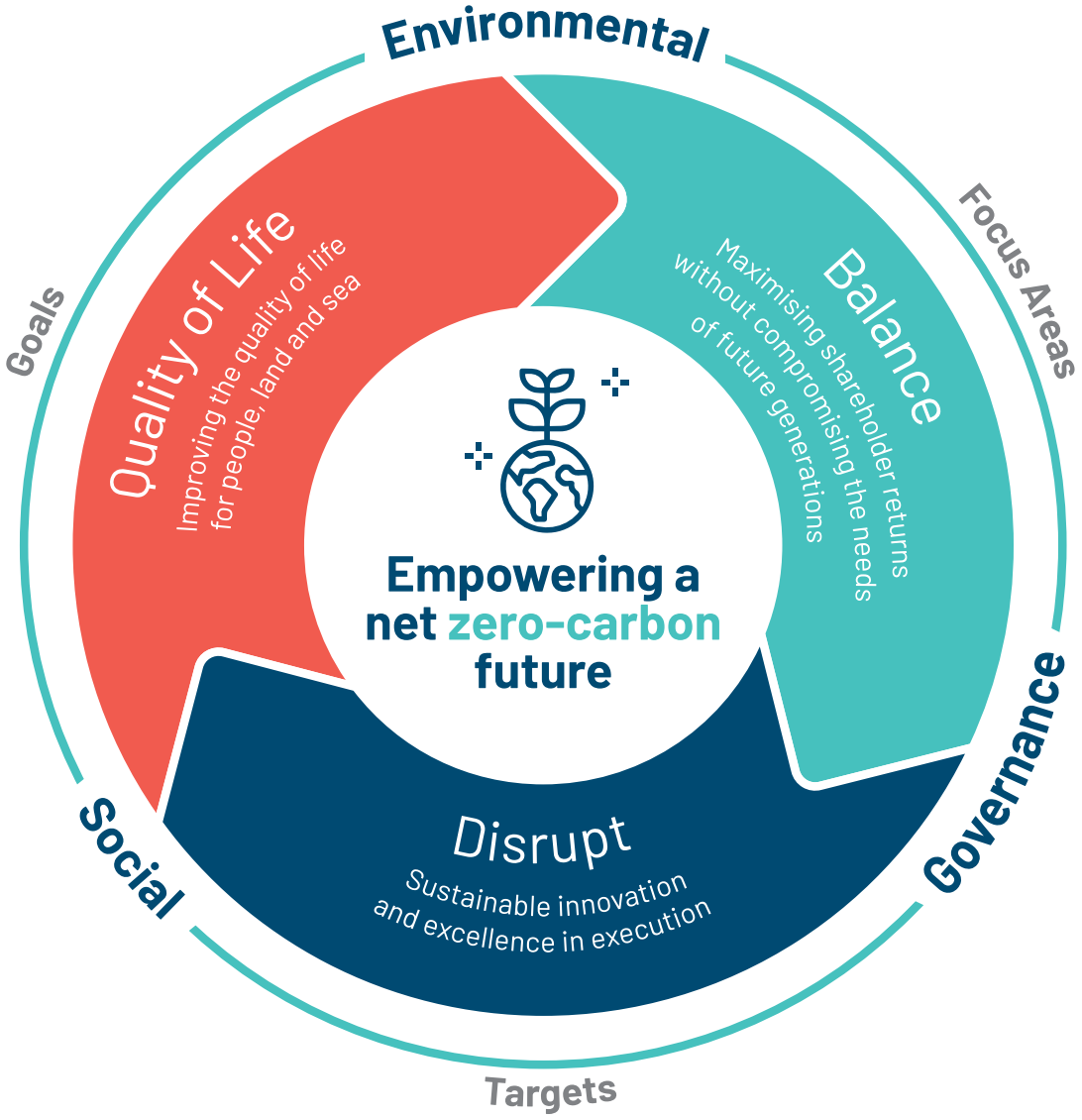
Woven through our Sustainability and ESG Framework and informing every level of our business model, the Vulcan Compass guides our sustainable decision making – binding our purpose, mission, strategy, and values together via three key themes.

Quality of Life: *improving the quality of life for people, land and sea*

Balance: *maximising shareholder returns without compromising the needs of future generations; and*

Positive Disruption: *sustainable innovation and excellence in execution*

These themes are supported by ESG initiatives that deliver our Sustainability and ESG Framework and objectives. As we grow, we will further embed Sustainability into our organisation by defining roles, responsibilities, and accountability, as well as setting further KPIs and reporting on our key risks and approach. This will continue to evolve in line with our growth strategy.



MATERIALITY ASSESSMENT

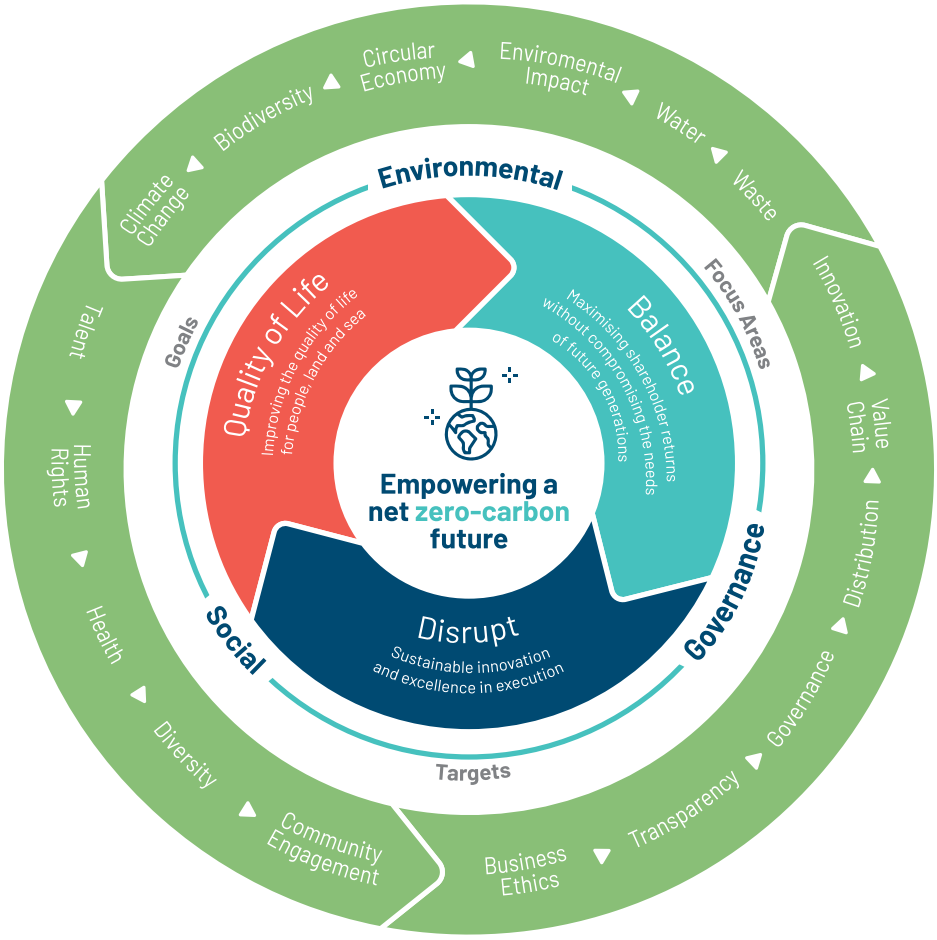
Materiality topics are those that have the biggest impact on our business, communities and the environment.

In line with international good practice, Vulcan completed a Materiality Assessment in 2022 which focused on identifying the issues that have the biggest impact on our business, communities and the environment. The Materiality Assessment process was conducted in accordance with GRI Standards and involved reviewing global industry trends, benchmarking to peers and leaders, as well as interviews with our key external and internal stakeholders, including Vulcan's Board of Directors and members of our executive team.

The subsequent 17 material topics align our strategy with the issues that matter most to the future success of our company, and together with our compass, guide our priorities and decision making.

Our Materiality Matrix and specific material topics definitions can be found in the appendix of this report.

We have aligned Vulcan's approach to sustainability with the United Nations Sustainable Development Goals (SDGs) including linking them with our material topics and informing our targets. We have prioritised ten of the 17 SDGs for which we can have the greatest impact.



Environment

Biodiversity

Climate change and energy

Circular economy

Environmental impact

Waste

Water

Social

Community engagement

Diversity, equity and inclusion

Health, safety and wellbeing

Human rights

Talent attraction and retention

Governance

Business ethics

Digitisation and cyber security

Governance

Innovation

Value chain

Transparency

Stakeholder engagement

At Vulcan, we collaborate with our stakeholders and build long-term relationships based on our Value of *Integrity*.

As a forward-thinker, we are excited to partner with stakeholders who share our decarbonisation and electrification ambitions. We are strategically working with industry leaders to innovate and adapt traditional forms of lithium extraction to realise our purpose.

As our world responds to the global climate change challenge, we believe we are in a unique position to influence policy, including governments' approach to critical raw materials and supply chain security for the electric battery value chain in Europe. We will continue to work with governments to advocate for policies that support a net zero carbon future.

Underpinning our stakeholder engagement efforts is our steadfast commitment to have a positive social impact in the communities in which we operate. We are actively engaging with our local communities in order to minimise negative impacts and maximise mutually beneficial outcomes.

We believe in the importance of engaging directly with our stakeholders to understand their priorities. We use a variety of engagement tools to solicit feedback including, roadshows, permanent information centres, virtual workshops, face-to-face meetings, and surveys. In the table below, we map our material issues to the core concerns of our key stakeholders.

Stakeholder group	How we engaged	Related material topics	Sustainable Development Goals	Page
Employees	Annual "SommerFest", quarterly team town halls, surveys, direct engagement, email	Climate change and energy Environmental impact Community engagement Diversity, equity and inclusion Health, safety and wellbeing Business ethics Governance Transparency	3, 5, 6, 7, 8, 9, 11, 13, 15	33
Community Local communities in the regions in which Vulcan operates	Direct engagement, phonecalls, email, newsletters, media (including newspapers), meetings, events, website, feedback, sponsorships	Biodiversity Climate change and energy Environmental impact Community engagement Health, safety and wellbeing Business ethics Governance Transparency	3, 6, 7, 8, 9, 11, 13, 15	36
Customers Lithium offtakers Heat offtakers Geothermal energy offtakers	Direct engagement, email, site visits, market briefings	Climate change and energy Circular economy Environmental impact	7, 6, 9, 12, 13, 15	15
Suppliers Range of businesses, including both local and multinational businesses	Website, emails, direct engagement	Climate change and energy Circular economy Environmental impact Human rights	6, 7, 8, 9, 12, 13, 15	36
Government and regulators Local, regional and national governments including Australia, Germany, Italy and the European Union	Meetings, briefings, presentations, events, working groups, forums, letters, emails, formal submissions, website, participation in industry associations and advocacy bodies	Biodiversity Climate change and energy Environmental impact Community engagement Diversity, equity and inclusion Health, safety and wellbeing Business ethics Digitisation and cyber security Governance Transparency	3, 5, 6, 7, 8, 9, 11, 13, 15	38
Investors and Financiers	Website, investor briefings, annual general meetings, emails, annual reports	Climate change and energy Environmental impact Community engagement Diversity, equity and inclusion Health, safety and wellbeing Business ethics Digitisation and cyber security Governance Transparency	3, 5, 6, 7, 8, 9, 11, 13, 15	18
Partners Decarbonisation partners Lithium-ion battery partners Electric vehicle supply chain partners	Meetings, briefings, presentations, events, working groups, forums, letters, emails, direct engagement, website	Climate change and energy Environmental impact Community engagement Health, safety and wellbeing Business ethics Governance Transparency	3, 7, 6, 9, 11, 13, 15	53

TASKFORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

The Financial Stability Board established the Taskforce on Climate-Related Financial Disclosures (TCFD) to develop recommendations for more effective climate-related disclosures that could promote more informed investment, credit, and insurance underwriting decisions and, in turn, enable stakeholders to better understand the concentrations of carbon-related assets in the financial sector and the financial system's exposures to climate-related risks. Vulcan are committed to reporting to the TCFD, noting that we are not at full commercial production currently and are in the early stages of our company growth strategy.

Governance

BOARDS OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

Vulcan's Board of Directors monitor and oversee the company's strategy, project execution, enterprise risk management and reviews climate-related risks and opportunities including acute and chronic physical, and transitional impacts. The Board convened 10 times per year and leadership team regularly provides updates at Board meetings regarding actual and potential climate-related risks and opportunities and impacts on strategy and financial planning.

We continue to work to ensure that the Board and Leadership team have the requisite skills and experience to evaluate climate risks and opportunities. During the year, the Board invited an ESG Fund manager to present

on changing investor expectations and the Board are advised on transitional risks associated with policy and regulation by independent advisor Julia Poliscanova, a Senior Director with the European Union's Transport and Environment and Global Battery Alliance Board member, instrumental in shaping policies around electric vehicle CO_2 standards and sustainable batteries.

The Board's Audit, Risk and ESG Committee, chaired by former EY Senior Partner in Renewables and ESG Strategic Advisor Josephine Bush, specifically addresses management and disclosure of business, ESG and economic risks. The Committee meets quarterly and is comprised of the Board Chair, Gavin Rezos and Dr. Heidi Grön. This committee receives updates from the company's ESG Lead on climate related projects and initiatives and Vulcan's two CFOs on enterprise risk management, including a risk matrix assessment, monitoring, and forecasting.

In July 2022 the Committee received the first, fully integrated enterprise wide internal briefing on the key risks to the business including transition and physical climate risks,

The Projects Oversight Committee – newly formed in 2022 - provides more detailed advisory capacity and oversight of project-specific management, including the company's corporate governance framework and risk management including environmental, health and safety. Chaired by Board Non-Executive Director, Mark Skelton, with extensive experience as Project Director for BP and Fortescue, other committee members are Dr. Günter Hilken and Dr. Heidi Grön.

MANAGEMENT'S ROLE ON CLIMATE-RELATED RISKS AND OPPORTUNITIES

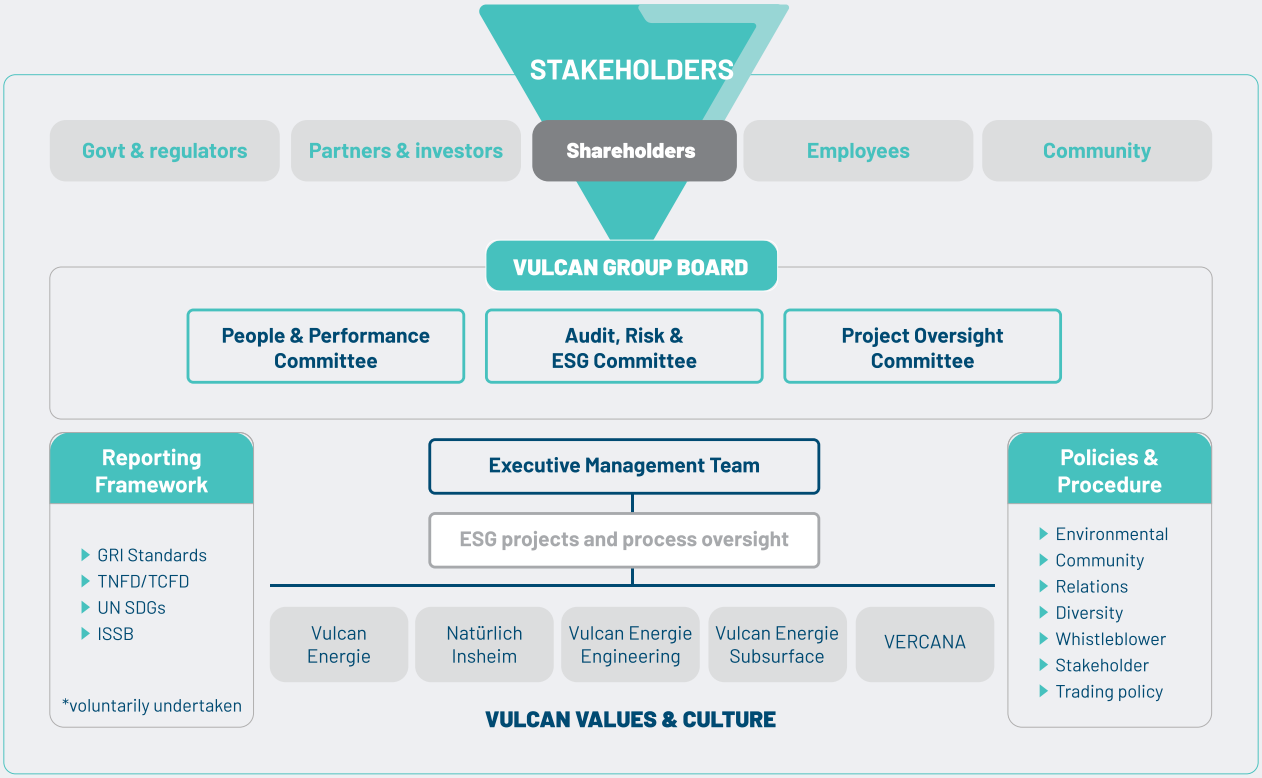
Climate-related responsibilities have been clearly defined and delegated across the executive team to ensure accountability, measurement and risk mitigation.

Our ESG Lead, who reports jointly to the Chief Executive Officer (CEO) and the German CFO, leads our sustainability strategy and implementation. Although climate-related positive impacts are integral to our strategy, creation of this position allowed a more nuanced focus on sustainability management. The ESG Lead was fundamental in formulating our Purpose, Mission, Strategy and Vulcan Values and co-ordinated the release of our Sustainability and ESG Framework in June 2022. Other achievements include the company's international carbon neutral certification, admission into the UN Global Compact and assisting to set ESG related KPI's.

The CFO's (responsible for oversight of Australian and German compliance respectively) are also jointly responsible for enterprise risk management including assessment, categorisation and mitigation, and allocation of climate-related investments and budget. Regularly reporting to the Audit, Risk and ESG Committee, the CFO's were instrumental in implementation of the 360 Target Operating Model, a process that ensures Vulcan has the correct operating structure in place and correct resources to manage climate risks. A direct function of of this process was allocation of a part-time risk manager and the centralisation of organisational responsibility to ensure robust management protocols.

To ensure further definition of responsibility and accountability, we introduced short and long term ESG-linked incentives for our key executives as part of our commitment to embed sustainability into every part of our business and decision making. These KPI's are a mix of individualised and shared objectives, ten of which specifically address climate related incentives. Further details of these KPIs can be found in the Remuneration Report in the Annual Report on our website.

Formal training was undertaken by our ESG Lead during the year including the GRI Sustainability Professional Certification and the UN Global Compact's Climate Accelerator Program, due to conclude in October 2022. Management have participated in strategy workshops and external ESG consultant presentations as part of our continued focus on training and education.



Taking into account where we are in our reporting journey, we continue to utilise independent advisors where appropriate to engage with our Board and leadership team to assist with objectives such as peer benchmarking, materiality assessment and disclosures reporting.

More information about our Leadership team and their skills can be found on our website https://v-er.eu.

Strategy

CLIMATE-RELATED RISKS AND OPPORTUNITIES IDENTIFIED IN THE SHORT, MEDIUM AND LONG TERM

Taking into consideration the Zero Carbon Lithium™ Project business case has been based on a thirty year project, asset and infrastructure life, Vulcan will treat short term risk as being current up to 2025 (when we expect to enter full production), Medium term risks up to 2040 (defined as the first half of the Zero Lithium Project's currently modelled life), and Long term risks up to 2054 (defined as the second half of the Project's modelled life). This is in line with our FY21 Annual Report.

Via our enterprise risk management review, conducted in Q2 of 2022, we identified 20 climate-related risks. From this process, we also prioritised our key risks and opportunities and assigned a significance category to each. Given our progress to date, we consider short term risks to be of the highest priority, as we consider how the pandemic disrupted raw materials supply chains and geopolitical tensions affected political agendas.

KEY CLIMATE-RELATED RISKS IDENTIFIED

Time Horizon	Risk Type	Classification	Risk Description	Mitigation Strategies	Magnitude of Financial Impact
	Transition	Market	Increased cost of raw materials resulting in project budget increase and delays in construction	• Budget forecasting and analysis is undertaken on a regular basis and the leadership team and Board are updated accordingly • The team have signed long term supply contracts with suppliers to assist with costs management and timeline alignment	Significant (€2M – €5M)
Short	Transition	Technology	Unsuccessful investment in new technologies resulting in further R&D requirements	• Although Sorption-type direct lithium extraction has not been brought to commercial production levels previously, we have engaged an expert team to execute our project and are utilising technologies that have been successfully used in different applications • We have applied for patents to protect our processes and have already hit important milestones in our project scale up	Minor (€100K – €500K)
	Transition	Policy and Legal	Enhanced emissions-reporting & obligations leading to greater reporting expenditure and resource use due to dual listing	• Although this will create a greater financial reporting burden, we consider this to be a low risk as we do not have legacy reporting processes to be redefined and changed. Initial uptake will be the greatest resources impact, with this decreasing over time and experience	Insignificant (<€100K)
	Transition	Reputation	Increased stakeholder concern due to negative actions of peer companies that influence Vulcan's reputation	• This is considered moderate as our ability to control this risk is low. We consider the best mitigation strategy is to keep focusing on ensuring our stakeholders continue to be informed via timely reporting and updates	Moderate (€500K - €2M)
Medium	Physical	Acute	Increased severity of extreme weather events such as floods and droughts that could affect operating assets	• Vulcan's infrastructure and assets are not within identified 'at risk' zones, however, we will continue to forecast and monitor any potential changes	Insignificant (<€100K)
Long	Physical	Chronic	Rising mean temperatures decreases geothermal power output	• We have performed analysis on geothermal energy output with consideration of rising average mean temperatures, due to the fact that ambient temperature increases affects output. We have determined that a 1 degree Celsius increase would only have a measurable financial impact of around 2 – 3% after 20 years	Insignificant (<€100K)

KEY CLIMATE-RELATED OPPORTUNITIES IDENTIFIED

Time Horizon	Classification	Description	Magnitude of Financial Impact	Potential Financial Impact
Short	Markets	Supportive Policy Incentives including Germany's need to decrease reliance on imported gas and increase renewable energy options to decarbonise the electricity grid	High	• Increased governmental grants to support renewable energy projects • Increased revenue as geothermal energy mix in the national grid increases • A submission by researchers from the Fraunhofer Society and the Helmholtz Association shows that deep geothermal energy could cover more than a quarter of Germany's annual heat requirements[4] • Recently, the German government has started a €2.98 billion funding program to support heating grids to be fed by renewable energies.
Medium	Products and Services	Zero Carbon Lithium for EV vehicles that helps move the automotive industry away from fossil fuel reliance	High	• Vulcan has one of the largest lithium deposits in the world, able to supply 40 kilo tonnes of battery grade LiOH annually at full capacity • Europe is the fastest growing lithium market based on electric vehicle sales and lithium-ion battery production growth. There is no existing EU domestic lithium production • European Commission support for the uptake of electric vehicles includes a commitment to a 100% reduction in CO2 emissions from new cars by 2035
	Reputation	Combined geothermal energy and heat and lithium producer who is local, not affected by carbon border taxes and reliable	high	• New EU Battery Regulation and the Carbon Border Adjustment will give a green premium to our lithium product, thereby making us the preferred supplier for many local OEM's including Stellantis, Volkswagen, and Renault
Long	Technology	Patented technology for DLE changes consumer behaviour and becomes the substitute for other production methods of Lithium	high	• Executing our Zero Carbon Lithium™ Project will ensure we are at the forefront of DLE patented technology and would give Vulcan a first-mover advantage over competitors.

[4] https://www.thinkgeoenergy.com/strategic-roadmap-released-for-deep-geothermal-energy-in-germany/).

IMPACT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES ON THE ORGANISATION'S BUSINESS, STRATEGY AND FINANCIAL PLANNING

Vulcan was founded in direct response to the impact of climate-related risks and opportunities in Europe. Our dual business model as a supplier of renewable energy and a producer of sustainable lithium positions Vulcan to capitalise on these opportunities, while proactively managing the risks.

The electrification of transport in Europe is the basis of our business strategy and informs all operational decisions. The region has a robust outlook in terms of the decarbonisation of road transport in most climate scenarios, thus reducing demand risk. Already, the uptake of electric vehicles in Europe has increased from 3.5% of all new car registrations to 11% between 2019 and 2020[5] and the European Commission is seeking to have at least 30 million electric vehicles on the roads by the end of this decade[6]. Vulcan are set to start providing battery-grade lithium at a time when electric vehicle uptake is at its most accelerated.

[5] https://www.eea.europa.eu/ims/new-registrations-of-electric-vehicles

[6] https://www.virta.global/blog/this-is-how-eu-regulation-accelerates-the-electric-vehicle-revolution

In order to position Vulcan as a preferred supplier of sustainable lithium, our senior leadership team are making conscious strategic and financial planning choices to exclude fossil fuels from our power requirements for process flowsheets and include techonologies such as electrolysis which can use green power for our lithium chemicals production. Given where we are within our growth trajectory, we understand that our strategy and financial planning needs to be proactive and timely, ensuring we are constantly considering how climate-related impacts inform each stage of our development.

We are aware that our ability to create value, now and in the future, is interdependent on our ability to scale up and roll out our dual geothermal-DLE plants, downstream lithium chemical plant alongside scaling up our geothermal energy and heat capacities within expected timeframes.

In addition to our lithium business, Vulcan intends to enable the decarbonisation of energy supply in Europe. With the dual goals of energy sovereignty and climate change mitigation in mind, in February 2022, Germany brought forward its goal of 100% renewable power to 2035; fifteen years earlier than originally planned[7]. The subsequent policy settings supporting renewable energy projects will immediately benefit our operations as more funding is made available for new projects and assets.

Recent geopolitical events in Europe have also proven that Vulcan are well placed to benefit from changing consumer requirements and political sentiment.

We continue to act to derisk our operations to climate related factors, for example through 2021 we acquired a geothermal plant and two geothermal engineering firms which will support us to reach optimal plant efficiency, mitigating the potential impact of physical risk on our operations.

RESILIENCE OF THE ORGANISATION'S STRATEGY CONSIDERING CLIMATE-RELATED SCENARIOS

Since our entire business model has been built around the premise of decarbonising battery grade lithium product and producing renewable heat and power, we consider our strategy to be very resilient to climate-related risks, with very good exposure to climate-related opportunities. We aspire to maintain our carbon neutral status and have Science-Based Targets Initiative (SBTi) aligned GHG reduction targets. We will be undertaking further climate scenario analysis in the next year, taking into account new data from the Intergovernmental Panel for Climate Change (IPCC-57 Working Group III Sixth Assessment Report), released in February 2022, data from the World Economic Forum (WEF) and the International Energy Agency (IEA) to inform our forecasting and to strengthen our strategy.

[7] A. Delfs and V. Dezem, , Germany Brings Forward Goal of 100% Renewable Power to 2035', Bloomberg, 28 February 2022, accessed August 2022.

Risk Management

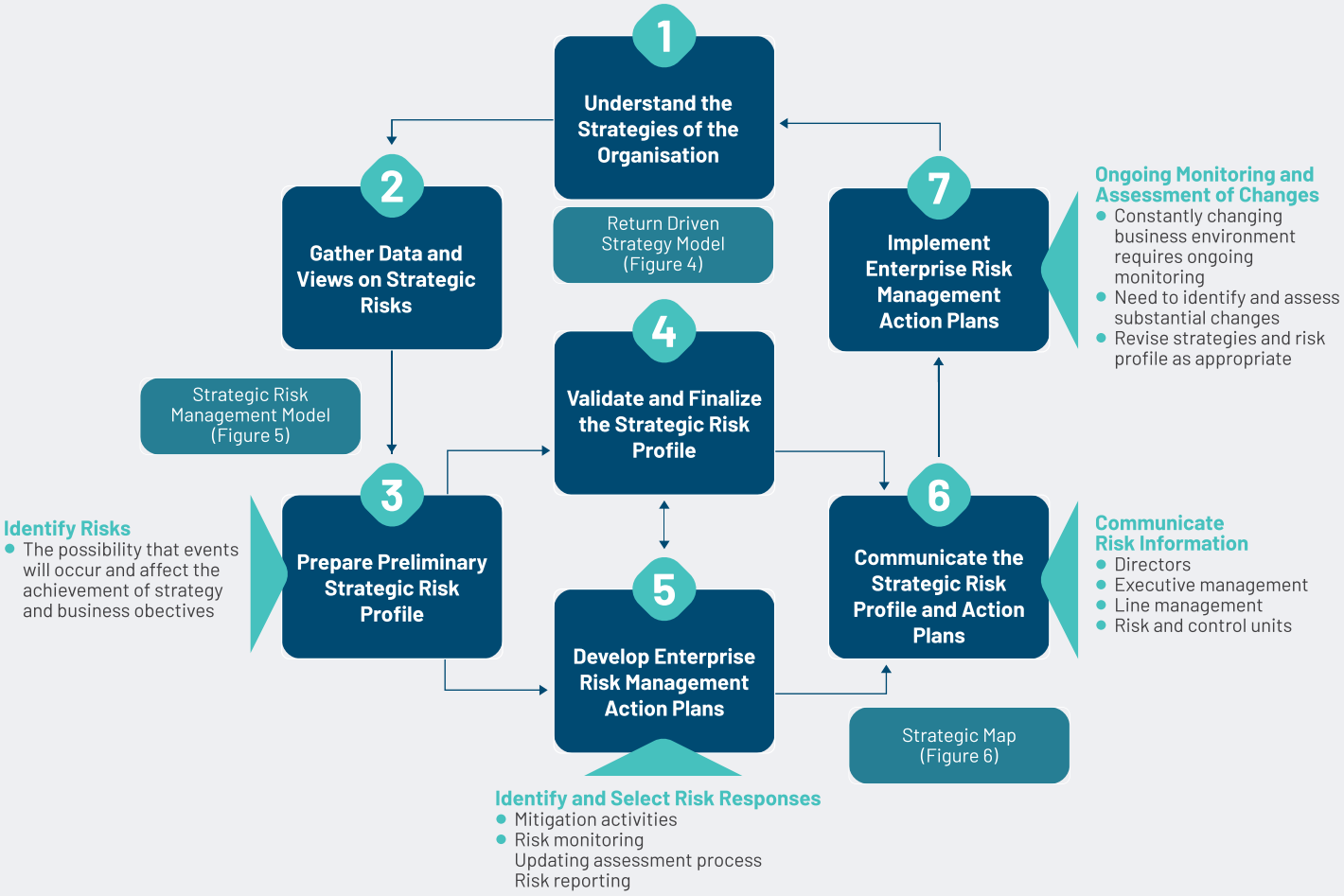
PROCESSES FOR IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS

Management of sustainability-related risks, including climate-related risks, is embedded in our enterprise risk management process and is integrated, comprehensive and forward-looking, based on a collaborative review run by risk management and specific risk owners. It is then presented to the executive team and Board via the relevant Committee.

Following from the TOM 360 review, we prioritised a formal risk management process and to date have focused on

- Developing Enterprise Risk Management Action Plans;
- Communicating the Strategic Risk Profile and Action Plans; and
- Implementing the Enterprise Risk Management Action Plans.

Our Risk Management Approach is based on the 2004 COSO Enterprise Risk Management – Integrated Framework a 7 step process where consideration is driven from an understanding of the company's strategy. We continue to embed and enhance our risk management as we progress development of the Zero Carbon Lithium™ Project



PROCESSES FOR MANAGING CLIMATE-RELATED RISKS

Vulcan manage our climate-related risks via a bi-annual matrix review and our risk rating is based on likelihood and consequence alongside a traffic light system, whereby likelihood is scaled from rare to certain across five levels and consequence ranges through seven scales from insignificant to catastrophic. The financial consequence of each climate risk is evaluated and rated across the seven categories of magnitude, ranging from <€100,000 to €20 million.

Risk owners are responsible for assessing potential new risks and assist with risk re-evaluation during the review period. Prioritisation of risk rating takes into account risk owner knowledge and experience, alongside company operational requirements and external macro analysis. Climate-related risks are considered across all business areas, rather than separated out as its own sub classification as they are considered inherent in every aspect of the business.

INTEGRATION OF PROCESSES FOR IDENTIFYING, ASSESSING AND MANAGING CLIMATE-RELATED RISKS

We have a risk management team who reinforces our risk culture by ensuring risk transparency and collaboration.

Mitigation strategies have been identified and accountability for execution of these strategies are given to each risk owner, with risk management maintaining regular monitoring to provide an extra layer of oversight. To ensure consistent improvement, risks are also given a control effectiveness rating and priority is given to risks that fall within the reasonable or under categories.

Metrics and Targets

METRICS USED TO ASSESS RISKS AND OPPORTUNITIES

We are committed to minimising our footprint across all aspects of environment and sustainability. Further information on our approach to Biodiversity, Circular Economy, Water, and Waste can be found in the relevant sections of this report and on our website.

Risks are a) assessed with quantitative and qualitative tools considering both the probability of likelihood and the impacts (financial, HSE, environmental, community, reputation and compliance) that would take place in a given time frame if the risk were to occur and b) on a control effectiveness rating to allow comparison and prioritisation by relevance.

Vulcan Energy Resources Limited
STRATEGIC RISK REGISTER

Risk Rating

		CONSEQUENCE						
LIKELIHOOD		1	2	3	4	5	6	7
Rating	Descriptor	Insignificant	Minor	Moderate	Significant	Major	Critical	Catastrophic
1	Rare	1	2	3	4	5	6	7
2	Unlikely	2	4	6	8	10	12	14
3	Possible	3	6	9	12	15	18	21
4	Likely	4	8	12	16	20	24	28
5	Certain	5	10	15	20	25	30	35

CONDITIONAL FORMATTING

Colour	Rating	
	< =	10
	> 10 < =	20
	>	20

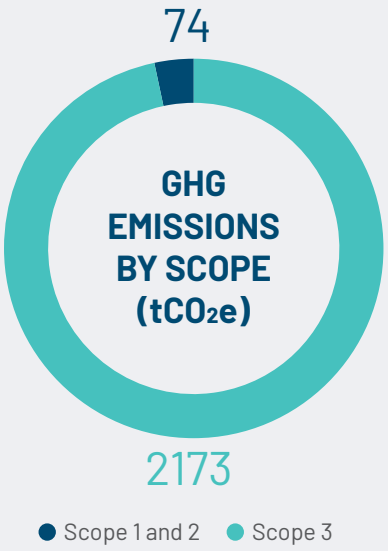
As mentioned above, we introduced sustainability linked incentive remuneration based on key short term and long term ESG metrics. In the short term,carbon neutral certification and an ESG rating from a recognised third-party provider each year. Long term metrics are for continued carbon neutral certification and remaining in the lowest quartile for absolute (scopes 1, 2, and 3) GHG emissions.

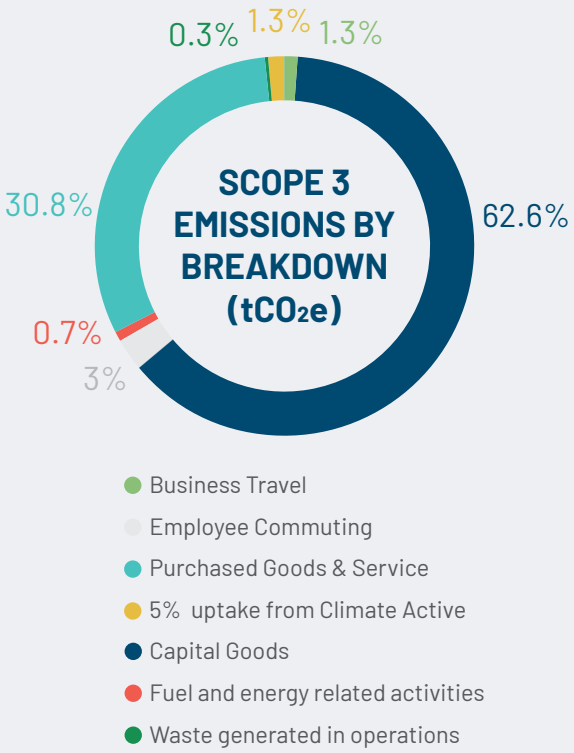
DISCLOSURE OF SCOPE 1, 2 AND 3 GREENHOUSE GAS (GHG) EMISSIONS

While we accounted for the GHG emissions for the Australian organisation in 2020, we did not undertake an emissions mapping exercise for the whole Vulcan Group until 2021, taking into consideration that this is the first year we acquired Vulcan Energie Subsurface Solutions (formerly Geo-T) and Vulcan Energy Engineering (formerly Gec-co) and incorporated Vercana[8]. As we scale up, we will continue to expand our data reporting and be able to provide year on year comparisons.

We obtained our carbon neutral certification by engaging Climate Active for our Australian business and South Pole for our German business, who both follow the relevant emissions calculation methodologies for the region. Our emissions footprint has been calculated in accordance with the GHG Protocol, and covers Scope 1 emissions, Scope 2 emissions (market-based), and Scope 3 emissions (Category 1 [purchased goods and services], Category 2 [capital goods], Category 3 [fuel and energy related activities], Category 5 [waste generated in operations], Category 6 [business travel], and Category 7 [employee commuting]). As part of our carbon neutral certifications, we acquitted offsets that supported two projects registered under the Verified carbon Standard (VERRA) including the Rimba Raya Biodiversity Reserve and Sipansihaporas Hydro project in Indonesia.

For the baseline year of 2021
Scope 1 = 2.33 tCO2e
Scope 2 = 71.77 tCO2e
Scope 3 = 2172.87 tCO2e





Business travel	**28.36**	1.3%
Capital Goods	**1,360.45**	62.6%
Employee Commuting	**64.38**	3%
Fuel and energy related activities	**15.00**	0.7%
Purchased Goods & Services	**669.45**	30.8%
Waste generated in operations	**6.82**	0.3%
5% uptake from Climate Active	**28.40**	1.3%
	2,172.87	

[8] Natür[3]Lich Insheim is not included in the 2021 scope as it was acquired outside the calendar year.

TARGETS USED AND PERFORMANCE

We have conducted regular Lifecycle Assessments (LCA's) with Minviro of our planned developments and use the metrics from these assessments to inform our strategy and risk management process. We currently have data based on our Pre-feasibility Study (released in January 2021 and available on our website) and will update this report with data from our Definitive Feasibility Study (DFS). The LCA covers our lithium product for its impacts on Global Warming Potential (GWP), water use and AWARE factor (scarcity) and land use.

Targets that have been set as per our Sustainability and ESG Framework include being certified as carbon neutral, ensuring 100% renewable energy is used to power operations, setting GHG reductions targets to the Science-Based Targets Initiative (SBTis) and having a positive climate impact on the environment surrounding our operational sites. Executive individual and shared KPI's have been set with these targets in mind.

Please reference TCFD table in appendix for further disclosures.

VULCAN'S FULL FY22 SUSTAINABILITY REPORT IS AVAILABLE ON THE COMPANY'S WEBSITE AT HTTPS://V-ER.EU.

CORPORATE GOVERNANCE

"VULCAN IS COMMITTED TO ENSURING ALL OF ITS BUSINESS ACTIVITIES ARE CONDUCTED FAIRLY, HONESTLY AND WITH INTEGRITY IN COMPLIANCE WITH ALL APPLICABLE LAWS.

OVERVIEW OF GOVERNANCE

As a sustainability-centric company, Vulcan is committed to the highest standards of corporate governance practice and regulatory compliance and promotes ethical and responsible decision making. This is underpinned by Vulcan's Value of Integrity, as each team member endeavours to be respectful, authentic and trustworthy, to each other and to external groups.

Vulcan is committed to ensuring all of its business activities are conducted fairly, honestly and with integrity in compliance with all applicable laws. To achieve this, Vulcan's Board of Directors has adopted a number of charters and policies which aim to ensure that value is created whilst accountability and controls are commensurate with the risks involved.

The Board believes that the Company's policies and practices comply with the recommendations set out in the ASX Corporate Governance Principles and Recommendations – 4th Edition (Recommendations).

As Vulcan grows, the Company is committed to establishing and enhancing robust governance processes and controls.

AREAS OF GOVERNANCE FOCUS DURING FY22 – A SNAPSHOT

Building and strengthening Vulcan's robust corporate governance framework has been a priority for the Board, as Vulcan continues to execute on its strategy and deliver the Zero Carbon Lithium™ Project.

Some of the areas of governance focus for the Vulcan Board and management during FY22 included the following:

Delivering the Zero Carbon Lithium™ Project

- A$276 million (€173 million) raised via institutional placements and strategic equity investments in FY22
- Oversight of DFS and project financing strategy
- Established Projects Oversight Committee and appointed two additional directors with project experience
- Drive for German geothermal energy to replace Russian gas used in heating and oversight of heat offtake strategy, including signing of first agreement

Enhanced governance and risk management

- Completed dual listing on regulated market FSE. This is an important step to enable ownership by European investment community
- Included in S & P ASX 300 index
- Obtained external reviews in critical risk areas
- Obtained external advice in relation to purchase price allocations for acquisitions
- Completed TOM 360 Review, further centralising business units and review of taxation structures following recent acquisitions
- Appointed a component auditor for German operations
- Strengthened risk management processes, and appointed a part-time risk manager
- Undertook a Non-Executive Director (NED) and Executive Remuneration review
- Implemented new company-wide policies including Environmental Management Policy, Conflict Minerals Policy, Sustainable Supplier Policy and updated the Trading Policy to align with the FSE requirements
- Change of reporting currency to Euros to align with Vulcan's activities and planned operations in the European market and its recent acquisitions of several German-based operating entities
- Foreign exchange risk management through conversion of capital raised in Australian dollars into Euros where majority of operating and capital costs are incurred

> BUILDING AND STRENGTHENING VULCAN'S ROBUST CORPORATE GOVERNANCE FRAMEWORK HAS BEEN A PRIORITY FOR THE BOARD IN FY22

Sustainability

- Certified carbon neutral organisation across the Vulcan Group[1]
- Launched Sustainability and ESG framework and defined ESG roles, roadmap and targets
- Embedded ESG KPIs for Executive team. KPI's are individualised and linked to each business unit to ensure accountability
- Commitment to report to Task-force on Nature-related Financial Disclosure (TNFD) as an industry-first adopted alongside TCFD
- Committed to the UN Global Compact corporate responsibility initiative and its principles in the areas of human rights, labour, the environment and anti-corruption by becoming a UN Global Compact member
- Completed first Materiality Assessment, via internal and external stakeholder feedback, to inform Vulcan's sustainability strategy and ESG initiatives

[1]For calendar year 2021 and does not include Insheim as the acquisition was completed after 31 December 2021

Building the right team to deliver for Vulcan's shareholders

- Additional Board members appointed to enhance core Board skills, including project execution, and German renewable energy and infrastructure experience
- Launched ambitious team recruitment strategy
- Implemented Employee Wellbeing Framework and finalised roles and responsibilities for management and accountability.

VULCAN'S FULL FY22 CORPORATE GOVERNANCE STATEMENT IS AVAILABLE ON THE COMPANY'S WEBSITE AT HTTPS://V-ER.EU.

DIRECTORS' REPORT

"OUR TEAM OF WORLD-CLASS EXPERTS IN GEOLOGY, CHEMISTRY AND ENGINEERING IS SUPPORTED BY A BOARD WITH DECADES OF LEADERSHIP AND EXPERTISE.

The Directors of Vulcan Energy Resources Limited (Vulcan 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 (the Group) for the financial year ended 30 June 2022.

DIRECTORS

The names and particulars of the Company's Directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire year unless otherwise stated.

Mr. Gavin Rezos

Dr. Francis Wedin

Ms. Ranya Alkadamani

Ms. Annie Liu

Dr. Heidi Grön

Ms. Josephine Bush

Dr. Günter Hilken (appointed 23 March 2022)

Mr. Mark Skelton (appointed 19 April 2022)

INTERESTS IN SHARES AND OTHER SECURITIES OF THE COMPANY

The following table sets out each current Director's relevant interest in shares and other securities of the Company as at the date of this report.

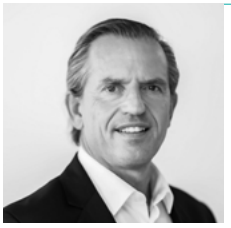
Director	Ordinary Shares	Performance Rights
Mr. Gavin Rezos	7,598,727	1,000,000
Dr. Francis Wedin	16,458,461	-
Ms. Ranya Alkadamani	176,000	100,000
Ms. Annie Liu	77,379	8,597
Dr. Heidi Grön	6,099	8,597
Ms. Josephine Bush	13,698	8,597
Dr. Günter Hilken	-	-
Mr. Mark Skelton	900	-
Total	**24,331,364**	**1,125,791**

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were geothermal energy and lithium exploration and development in Europe.

INFORMATION ON DIRECTORS

THE NAMES AND PARTICULARS OF THE COMPANY'S DIRECTORS IN OFFICE DURING THE FINANCIAL YEAR AND AT THE DATE OF THIS REPORT ARE AS FOLLOWS. DIRECTORS HELD OFFICE FOR THIS ENTIRE FINANCIAL YEAR UNLESS OTHERWISE STATED.



GAVIN REZOS

CHAIR

B.Juris, LLB, BA, Law, Economics, International Politics

- Executive Chair/CEO positions of three companies that grew from start-ups to the ASX 300
- Investment banking Director of HSBC with senior multi-regional roles in investment banking, legal and compliance functions
- Currently Chair of Kuniko Limited, Resource and Energy Group and principal of Viaticus Capital
- Previously Non-Executive Director of Iluka Resources

DR. FRANCIS WEDIN

MANAGING DIRECTOR – CEO

PhD and BSc (Hons) Geology and Mineral exploration, Masters of Business Administration (MBA) in renewable energy

- Founder of Vulcan Zero Carbon Lithium™ Project. Lithium industry executive since 2014.
- Previously Executive Director of ASX-listed Exore Resources Ltd
- Three discoveries of JORC Lithium Resources on two continents including Lynas Find, now part of Pilbara Minerals' Pilgangoora Project in production
- Management and executive experience in resources sector on four continents; bilingual; dual Swedish and Australian nationality

ANNIE LIU

INDEPENDENT NON-EXECUTIVE DIRECTOR

BEng Industrial Engineering and Operations Research

- Executive Director, Purchasing, Ford Model e.
- Former Tesla Head of Battery and Energy Supply Chain
- Led and managed Tesla's multi-billion-dollar strategic partnerships and sourcing portfolios, including raw materials sourcing efforts such as lithium for battery cells
- 20 years' experience with Tesla and Microsoft

DR. HEIDI GRÖN

INDEPENDENT NON-EXECUTIVE DIRECTOR

PhD Chemical Process Engineering, Diploma Chemical Engineering

- A chemical engineer by background with over 20 years' experience in the specialty chemicals industry
- Senior executive of Evonik since 2007. Currently responsible for management of Evonik's major investment volumes and production network and Global Product Stewardship

> OUR BOARD BRINGS TOGETHER LEADERSHIP EXPERIENCE AND EXPERTISE IN THE LITHIUM INDUSTRY, GEOTHERMAL INDUSTRY, GERMAN CHEMICAL INDUSTRY, RENEWABLE ENERGY, BATTERY SUPPLY CHAIN AND INVESTMENT BANKING SECTORS.

JOSEPHINE BUSH

INDEPENDENT NON-EXECUTIVE DIRECTOR

CFA ESG investing, Sustainable Finance Certification, Chartered Tax Advisor, Qualified Solicitor, MA (Hons) Law

- Currently an ESG Consultant, JRB Consulting Ltd
- Currently non-executive director of Net Zero Now Ltd, Foresight Sustainable Forestry Company Plc, Foresight Forestry Company PLC and Next Energy Solar Fund PLC. Chair of the ESG Committee on the PLC Boards
- Member of Gresham Houses' investment committee for its BSI Fund
- Previously a partner at EY for 14 years and a member of the EY Power and Utilities Board

RANYA ALKADAMANI

INDEPENDENT NON-EXECUTIVE DIRECTOR

BA Media, Communication, Media Studies, MA International Relations and Affairs, MA International Communications

- Founder of Impact Group International
- A communications strategist, focused on amplifying the work of companies that have a positive social or environmental impact
- Experience in working across media markets and for high profile people, including one of Australia's leading philanthropists, Dr. Andrew Forrest AO and Australia's former Foreign Minister and former Prime Minister, Hon. Kevin Rudd AC
- Currently non-executive director of Australian Associated Press (AAP) and Advisory Board Member, Murdoch University

DR. GÜNTER HILKEN

INDEPENDENT NON-EXECUTIVE DIRECTOR

PhD in Organic Chemistry, Master's Degree in Chemistry

- Dr. Hilken is a Senior Advisor to Macquarie Asset Management and is a Director of Currenta
- Member of the Executive Board of the German Federation of Industrial Energy Consumers (VIK)
- Member of the Supervisory Board of Currenta
- Previously CEO of Currenta for 9 years, held senior executive roles with Bayer in Germany, the US, Canada and Asia and was a Director of RWE Power AG

MARK SKELTON

INDEPENDENT NON-EXECUTIVE DIRECTOR

Chartered Engineer (Institution Mechanical Engineers, UK) , BSc (Hons), Mechanical Engineering

- Extensive (29 year) international career with BP Plc in various Project Director and operational leadership roles, in Europe, US, Asia and Australia
- Over six years at Fortescue Metals Group as Project Director and in general management roles
- Project Advisor to numerous projects across multiple sectors and locations including a major lithium hydroxide development in Western Australia

SPECIAL ADVISORS TO THE BOARD

JULIA POLISCANOVA

SPECIAL ADVISOR

Julia is a senior director with the EU's Transport and Environment. She is instrumental in shaping policies around EU vehicle CO_2 standards and sustainable batteries and previously worked for the Mayor of London as a senior EU policy officer. Julia is also on the steering committee for the Battery CO_2 Passport program of the Global Battery Alliance.

DR. HORST KREUTER

BOARD ADVISOR AND CEO GERMANY

Dr. Horst Kreuter is a highly experienced businessman and engineering geologist, with an outstanding record of project development and consulting in the geothermal sector.

Dr. Kreuter founded the Zero Carbon Lithium Project together with Dr. Wedin in 2018.

COMPANY SECRETARY

MR DANIEL TYDDE

Bachelor of Laws, Bachelor of Commerce (Marketing)

Daniel is an experienced corporate lawyer with over 15 years' experience which has been gained at international, national and boutique law firms.

This experience has focused on the provision of advice to publicly listed and private companies across a wide range of corporate, commercial and finance areas including corporate regulatory compliance, corporate governance, equity and debt capital raisings, asset and share sales and purchases, corporate restructuring and litigation.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

	Full Board			Audit, Risk and ESG			People and Performance Committee		
	Attended	Eligible to attend	Held	Attended	Eligible to attend	Held	Attended	Eligible to attend	Held
Gavin Rezos (Chair)	9	10	10	6	6	6	2	2	2
Dr. Francis Wedin (Managing Director)	10	10	10	6	6	6	2	2	2
Ranya Alkadamani	10	10	10	0	0	6	2	2	2
Annie Liu	10	10	10	0	0	6	2	2	2
Dr. Heidi Grön	10	10	10	6	6	6	0	0	2
Josephine Bush	10	10	10	6	6	6	0	0	2
Dr. Günter Hilken	3	3	10	0	0	6	0	0	2
Mark Skelton	3	3	10	0	0	6	0	0	2

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions. For details of the function of the Board, refer to the Corporate Governance Statement which is available on the website at https://v-er.eu.

CORPORATE FINANCIAL PERFORMANCE

The financial results of the Group for the year ended 30 June 2022 and period ended 30 June 2021 are:

	30 June 2022	30 June 2021
Cash and cash equivalents (€'000)	175,416	72,494
Net Assets (€'000)	247,323	81,523
Revenue (€'000)	4,344	395
Net loss after tax (€'000)	18,851	6,726
Loss per share (Euro cents per share)	(0.15)	(0.08)

DIVIDENDS

No dividend is recommended in respect of the year end 30 June 2022.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Strengthened balance sheet

Current assets increased by 145% to €179.7 million as at 30 June 2022 (30 June 2021: €73.3 million) primarily due to an increase in cash and cash equivalents attributable to the proceeds of an institutional placement of shares completed in September 2021 (€124 million) and strategic placement to Stellantis N.V. (NYSE / MTA / Euronext Paris: STLA, Stellantis) of €50 million in June 2022.

Acquisition of Natür³Lich Insheim power plant

On 31 December 2021 the Company completed the acquisition of Natür³Lich Insheim, an entity which owns and operates the Insheim geothermal power plant. The acquisition established Vulcan as a revenue generating, renewable energy producer.

Acquisition of electric drill rigs

The acquisition of two electric drill rigs and the establishment of Vulcan's in-house drilling company, Vercana, was an important step for the Company during the period, as Vulcan consolidates its major strategic position in the Upper Rhine Valley Brine Field, Germany.

Demonstration plants and DFS

A key element of Vulcan's strategy to de-risk its Zero Carbon Lithium™ Project is the design and construction of demonstration plants. Vulcan's demonstration plant will consist of two parts: the Sorption-Demo Plant and the CLP-Demo Plant.

Initial cold commissioning of the Sorption-Demo Plant is planned to commence in late Q4. The commissioning of the CLP-Demo Plant, is due in late Q1 2023.

The DFS for Phase 1 of the Zero Carbon Lithium™ Project is progressing, with a PFS for Phase 2 targeted for completion at the same time. While the Company is working hard to achieve its H2 2022 target, the completion date is likely to be in Q1 2023.

Work on the DFS is progressing as Vulcan aims to upscale its production plans significantly, to produce more lithium hydroxide and meet customer demand for Vulcan's Zero Carbon Lithium™ product.

Lithium hydroxide binding offtake agreements

During the period, Vulcan signed five binding lithium hydroxide agreements with top tier automotive, battery and cathode makers: Volkswagen, Stellantis, Renault, LG Energy Solution and Umicore.

The quality and diversity of Vulcan's lithium offtakes is unmatched by the Company's peers, a reflection of the environmental and strategic importance of the project.

Listing on Prime Standard of Frankfurt Stock Exchange

The Company successfully dual listed on the Prime Standard regulated market of the Frankfurt Stock Exchange (FSE), an important step in expanding Vulcan's European investor base and international exposure, while also fostering public and community acceptance of the Zero Carbon Lithium™ Project in Germany.

Spin-off of non-core Scandinavian battery metals projects

In August 2021, the Company completed the spin-off of its Scandinavian projects through the Kuniko Limited IPO, enabling the Company to be fully focused on development of its core Zero Carbon Lithium™ combined renewable energy and lithium chemicals Project in Germany. Kuniko listed on 24 August 2021 (ASX:KNI), with Vulcan Energy Resources Limited retaining 25.85% of the Company. Vulcan's holding at 30 June 2022 was 20.24%.

Acquisition of world class German based geothermal consultancy teams

In July 2021 the Company completed the acquisition of geothermal sub-surface engineering company GeoThermal Engineering GmbH (GeoT) as well as the geothermal surface consultancy company Global Engineering and Consulting GmbH (Gec-co). The acquisitions were part of Vulcan's plans to accelerate its Zero Carbon Lithium™ Project in Germany.

Acquisition to acquire Global Geothermal Holding UG

In July 2021 the Company completed the acquisition of Global Geothermal Holding UG (GGH). GGH was Vulcan's joint venture partner holding the granted Taro license in the Upper Rhine Valley as well as the Ludwig and Hesbach (formerly Rheinau) exploration license applications. This acquisition consolidates Vulcan's major strategic holding in the Upper Rhine Valley, as part of the plan to rapidly advance the Zero Carbon Lithium™ Project towards production.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

- On 8 July 2022, Vulcan and Enel Green Power (EGP) signed a binding collaboration agreement to explore and develop its Cesano license in Italy through a joint scoping study. Both companies also agreed to evaluate the opportunity to cooperate on other geothermal lithium projects in Italy. The Cesano license area will become co-owned 50:50 by Vulcan and EGP.
- On 8 July 2022, Vulcan announced it received a positive result for its preliminary EIA application (UVP-V) in its Taro license, to drill six wells for geothermal energy and lithium. A second Preliminary EIA approval awarded for Taro license, in the "Taro Golf" zone was announced on 13 September 2022.
- On 26 July 2022, Vulcan was granted a new exploration license, designated Ried, increasing the Company's license area in the URVBF by 289.92km^2 to a total of 1,465.38km^2.
- On 13 September 2022, Vulcan announced the commencement of onsite construction of Sorption-Demo Plant in Landau, Germany.
- On 7 July 2022, the Company issued 241,252 ordinary shares, comprising:
  - 182,897 ordinary shares, being a conversion of performance rights, which was part of remuneration for services provided.
  - 58,355 ordinary shares, being the share consideration for the Partnership Agreement VUL has entered into with Rosberg X Racing, whereby it became an Official Partner of Rosberg X Racing, obtaining global exposure of its Zero Carbon Lithium™ brand & business through advertising and promo space via RXR team.
- On 26 September 2022, Vulcan announced the appointment of Deputy Chief Executive Officer, effective 1 November 2022. Mr Moreno is an energy and chemicals industry executive based in Europe with over 20 years' experience in successfully delivering major capital projects, including in the lithium chemicals, cathode and LNG sectors.

Apart from the above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely Developments and Expected Results

Over the next 12 months, the Group plans to advance the Vulcan Zero Carbon Lithium™ Project via completion of its DFS and construction of a demonstration plant.

REMUNERATION REPORT

"THE VULCAN TEAM HAS ACHIEVED EXCELLENT RESULTS IN FY22, AS THE COMPANY CONTINUES TO FOCUS ON EXECUTING ITS STRATEGY.

MESSAGE FROM CHAIR, PEOPLE AND PERFORMANCE COMMITTEE

RANYA ALKADAMANI
Chair - People and Performance Committee

DEAR SHAREHOLDERS
ON BEHALF OF THE BOARD, I AM PLEASED TO PRESENT THE REMUNERATION REPORT FOR THE YEAR ENDED 30 JUNE 2022 (FY22).

FY22 PERFORMANCE SUMMARY

The Vulcan team has achieved excellent results in FY22, as the Company continues to focus on executing its strategy to deliver the Zero Carbon Lithium™ Project. While it has been a challenging year in terms of the changing geo-political environment and the impact on supply chains, Vulcan has forged ahead with its key milestones – a testament to a strong team.

Highlights for the year include:

- Acquisition of Natür³Lich Insheim, a significant first step in establishing Vulcan as a revenue generating, renewable energy producer.
- A total of A$276m raised during the Financial Year, including:
  - A$200 million (€124 million) raised via a well-supported placement from existing and new institutional investors including ESG-focused institutions
  - A$76 million (€50 million) equity investment from Stellantis, which is understood to be the world's first upstream investment by a top tier automaker into a listed lithium company.
- Signed five binding lithium hydroxide agreements with top tier automotive, battery and cathode makers : Volkswagen, Stellantis, Renault, LG Energy Solution and Umicore. The quality and diversity of Vulcan's lithium offtakers is unmatched by our peers, a reflection of the environmental and strategic importance of the project.
- First Australian company to successfully dual list on the Prime Standard regulated market of the Frankfurt Stock Exchange (FSE), an important step in expanding Vulcan's European investor base and international exposure, while also fostering public and community acceptance of the Zero Carbon Lithium™ Project in the Upper Rhine Valley, Germany.
- Life Cycle Assessment confirmed the Zero Carbon Lithium™ Project is designed to have the highest environmental performance, with the lowest impacts, of any lithium project anywhere in the world.
- Vulcan in-house team consists of 129 FTE, as at 30 June 2022, as we continue to attract and grow a world-leading scientific, commercial and professional organisation.

FY22 REMUNERATION OUTCOMES

When determining the FY22 remuneration outcomes, the Board has carefully considered the achievements made over the year in combination with the external factors that may have had an impact on the Company. The Board believes the outcomes, as outlined below, are reasonable and provide appropriate alignment between executive performance, shareholder returns and recognition of executive retention criticality over the next business phase. Refer to Section 4 of the Remuneration Report for further details.

- **Total Fixed Remuneration (TFR):** An executive remuneration review was conducted whereby each executive's remuneration position was assessed against relevant market comparators considering individual performance, role complexity and internal remuneration relativity. Relevant market comparators were determined based on Vulcan's increased business complexity and growth in market capitalisation and considered companies of a similar market capitalisation including resource processing companies in various stages of development. Considering Vulcan's executives were positioned significantly below the relevant comparator group (based on fixed remuneration appropriate for a developing organisation with a smaller market capitalisation), the Board has adopted a stepped approach to align Executive Key Management Personnel (KMP) TFR more closely to the comparator group median over a two year period. To that end, the Managing Director's TFR increased 19% from A$429,000 (€282,668) to A$512,600 (€337,752) per annum during FY22. Other executive KMP also received an average annual TFR increase of 43%. The exchange rate to determine Euro amounts for Executives in Australia was based on a 30 June 2022 exchange rate.
- **Short Term Incentive Plan (STI):** The Company met the majority of its performance measures in FY22, resulting in a discretionary STI payment of 42% of TFR for the Managing Director and an average of 9% of TFR for other Executive KMP.
- **Long Term Incentive plan (LTI):** During the year the Company announced offtakes with a number of OEM's and as such Rights issued in FY20 and FY21 relating to successful execution of the offtake agreements over the performance period ending 30 June 2022, vested at 100%. There were no Rights granted under the LTI plan to Executive KMP during the FY22 year.
- **Non-Executive Director (NED) Fees:** NED fees were increased from A$30,000 (€19,767) per annum to A$60,000 (€39,534) per annum during FY22 in alignment with the increased size of business.

CHANGES TO THE REMUNERATION FRAMEWORK FOR FY23

During the year, following feedback from stakeholders and key investors, and considering Vulcan's growth and evolving stage of operations, the Board reviewed our executive remuneration structure and commissioned an independent review by BDO's remuneration specialists in Western Australia. The resulting, enhanced framework is designed to support Vulcan's strategy and to reward our executive team for the successful execution of development plans and the delivery of the Zero Carbon Lithium™ Project.

The BDO independent review considered Vulcan's need to grow quickly and attract high quality and dedicated talent in both Australia and Germany, in a globally competitive environment, while supporting the Company's strategy and longer-term alignment between the business unit leaders, the Company and our shareholders. An additional priority was embedding ESG linked KPIs, as part of Vulcan's core commitment to deliver its sustainability objectives across the whole value chain of the business.

The Board adopted the changes recommended by the People and Performance Committee following the BDO independent review of executive remuneration structure.

These changes are summarised below. Refer to Section 5 of the Remuneration Report for details.

- **Pay mix - Increased proportional 'at-risk' remuneration:** the Managing Director's 'at-risk' remuneration in FY23 increases to 58% of their total target remuneration (FY22: 39%) and will include an annual STI (performance rights) of 25% of their TFR (FY22: 63%) and a LTI (performance rights) of 110% of their TFR (FY22: 0%).
- **TFR – alignment of TFR to ensure market competitiveness:** in line with the stepped approach to align executive remuneration with the comparator group median, there will be market related increases to base salaries for Executive KMP following the recomendations of the remuneration review and in consideration of the responsibilities of the roles, proficiency of the individuals and relativity with our external market comparators. These target increases will be 20% on average. The Managing Director's salary will increase from A$512,600 to A$638,000 per annum inclusive of superannuation (€420,378).
- **STI – internally referred to as the Annual Deferred Incentive "ADI" to replace cash awards:** an annual award of Performance Rights (Rights) at the start of the year which is assessed at the end of the year based on an annual scorecard, will replace the current discretionary cash award. The Rights vest based on achievement of defined performance measures, plus an additional year of service in alignment with contemporary market practice and to enhance executive retention.
- **STI – performance measures aligned to business objectives, including ESG:** Rights will vest subject to the achievement of individual KPIs, including ESG-linked KPIs, and shared objectives in alignment with Vulcan's priority business objectives and to ensure sustainable business practices. A balance of financial measures, such as budget and funding, and non-financial measures including operations, people and ESG, are included in each of the individual and shared objectives.
- **LTI – inclusion of market and non-market measures in alignment with long-term strategy:** Business, Sustainability and Shareholder returns measures introduced in alignment with long-term business objectives.
- **NED remuneration –** performance based equity awards are not considered appropriate for NEDs as part of Vulcan's revised remuneration framework. Previous shareholder-approved awards to the Non Executive Chair related to the high level of involvement of the Chair in driving those performance based milestones when the Company was at an early stage. Vulcan does recognise grants of equity, earned for service only, in lieu of cash, in the NED fee structure as a strategy to provide an opportunity for NEDs to have greater shareholder alignment.

The Board is confident that Vulcan's current and planned remuneration policies continue to support the financial and strategic goals of the business and growing shareholder returns.

We are committed to transparency and an ongoing dialogue with shareholders on remuneration. With this in mind, we have made changes to the FY22 Remuneration Report to improve the overall format and flow of information. The Report outlines the links between our strategy, culture, performance and executive remuneration outcomes, together with the Board's deliberations on FY22 remuneration outcomes.

On behalf of the Board, I welcome your feedback on our remuneration framework and look forward to your continued support at our 2022 AGM.

Sincerely

RANYA ALKADAMANI
Chair – People and Performance Committee

This Remuneration Report for the financial year ended 30 June 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been prepared in accordance with section 300A and audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Executive remuneration outcomes for FY22
5. Looking forward to FY23
6. Executive KMP Contracts
7. Non-executive director remuneration arrangements
8. Additional disclosures relating to rights and shares
9. Loans to key management personnel and their related parties
10. Other transactions and balances with key management personnel and their related parties

1. INTRODUCTION

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Each KMP was appointed for the full financial year, unless otherwise stated. For the purposes of this report, the term "Executive" includes the Managing Director and other Executive KMP of the Group.

(i) Non-Executive Directors (NEDs)

Mr. Gavin Rezos	Non-Executive Chairman
Ms. Ranya Alkadamani	Non-Executive Director
Dr. Heidi Grön	Non-Executive Director
Ms. Annie Liu	Non-Executive Director
Ms. Josephine Bush	Non-Executive Director
Dr. Günter Hilken	Non-Executive Director (Appointed 23 March 2022)
Mr. Mark Skelton	Non-Executive Director (Appointed 19 April 2022)

(ii) Executive (Executive KMP)

Dr. Francis Wedin	Managing Director
Dr. Horst Kreuter	Executive Director (Germany)
Mr. Robert Ierace	Executive
Mr. Vincent Ledoux Pedailles	Executive

There were no other changes to the KMP after the reporting date and before the date the financial report was authorised for issue.

2. REMUNERATION GOVERNANCE

Remuneration decision making

The following diagram represents the Group's remuneration decision making framework:

BOARD
Reviews and approves Executive remuneration and incentives. Sets aggregate NED fees, subject to shareholder approval.

PEOPLE AND PERFORMANCE COMMITTEE (PPC, THE COMMITTEE)
Develops remuneration strategy, framework and policy and provides Executive and NED remuneration recommendations to the Board.

MANAGING DIRECTOR
Executive remuneration input and implementation.

REMUNERATION CONSULTANTS
External, independent remuneration advice and information as required

AUDIT, RISK AND ESG COMMITTEE
Input to financial, risk and ESG measures and outcomes as required

The PPC comprises three NEDs, of which two are independent, and meets regularly through the year. The Managing Director attends certain Committee meetings by invitation, where management input is required. The Managing Director is not involved in the final decision related to their own remuneration arrangements. Further information on the Committee's role, responsibilities and membership can be found on the Company's website at https://v-er.eu.

Use of independent remuneration consultants

To ensure the Committee is fully informed when making remuneration decisions, it seeks external remuneration advice where required. Independent remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Company's KMP and other executives as part of their terms of engagement.

During the financial year, the Committee engaged BDO Remuneration and Reward Pty Ltd as remuneration consultants to review its remuneration policies in respect to external market practice and provide recommendations on target executive remuneration structures including total fixed remuneration short term and long terms incentives. BDO Remuneration and Reward Pty Ltd were paid €54,700 for these services. The Board is satisfied that the recommendation provided by BDO Remuneration and Reward Pty Ltd was free from any undue influence. BDO Remuneration and Reward Pty Ltd's affiliated entities (BDO AG, BDO LLP, BDO (WA) Pty Ltd) provided the following other services during FY22, fees for which amounted to €412,000:

- Corporate taxation advice globally including transfer pricing and lodgment of tax returns
- Financial and accounting due diligence on the acquisition of Natür³Lich Insheim, Gec-co and GeoT
- Assistance with Purchase Price allocation for Natür³Lich Insheim and Gec-co
- Assistance with preparation of pro-forma financial statements included in the Frankfurt Prime Listing prospectus

REMUNERATION REPORT APPROVAL AT 2021 AGM

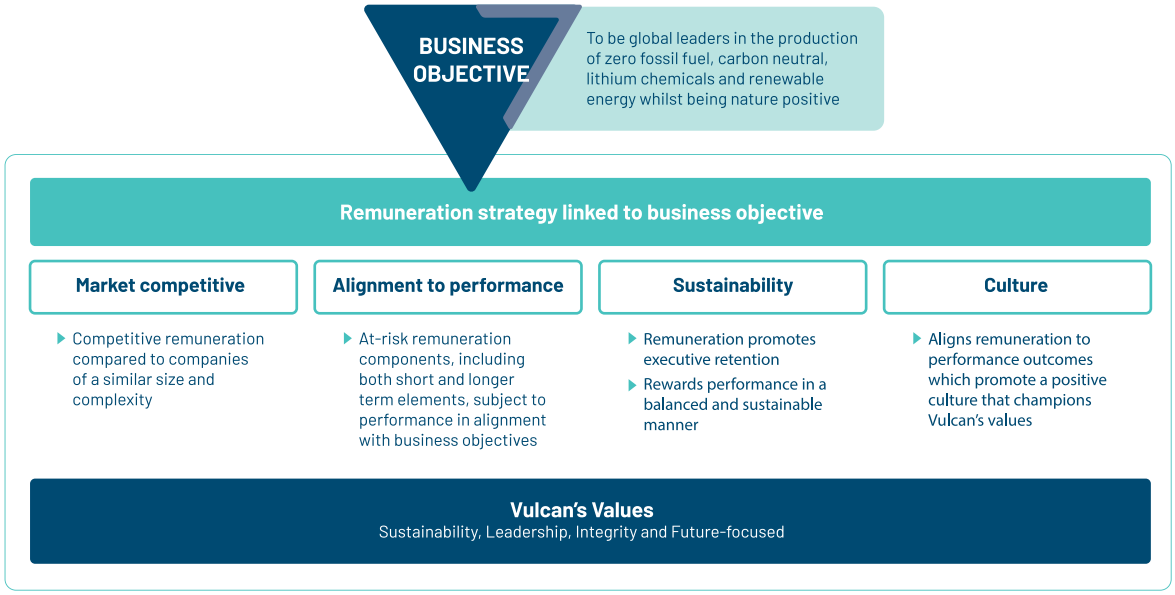
The FY21 Remuneration Report received positive shareholder support at the 2021 AGM with a vote of 85.95% in favour.

3. EXECUTIVE REMUNERATION ARRANGEMENTS

3A: Remuneration principles and strategy

Vulcan's executive remuneration strategy is designed to attract, retain and motivate the best people to create a positive culture that delivers the Company's business strategy and contributes to sustainable long- term returns.

The following diagram illustrates how the Company's remuneration strategy aligns with the strategic direction and links remuneration outcomes to performance and the subsequent table provides a summary of the Remuneration Framework that was in place for FY22.



Remuneration Component	Vehicle	Purpose	Link to performance
Fixed Remuneration	Base salary and statutory superannuation or equivalent	Attract and retain executives with the capability and experience to deliver Vulcan's strategy, based upon the competitive landscape among relevant peers.	Appropriately compensate Executives for driving a positive culture and delivering on the business strategy.
STI	Annual cash bonus award	Reward for performance against set milestone based KPIs aligned to annual business objectives, including ESG-linked objectives.	Strategic annual objectives are embedded in each executive's personalised scorecard of performance measures.
LTI	Performance Rights	Align performance focus with the long-term project milestones to drive shareholder returns. Encourage sustainable, long- term value creation through equity ownership.	Vesting subject to achievement of defined project milestones over a two to three year period, aligned with the Company's pre-production life phase.

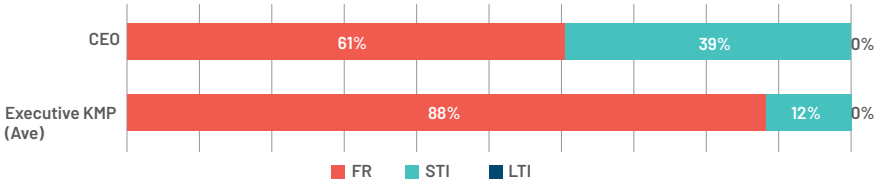
3B: Approach to setting remuneration and details of incentive plans

In FY22, the executive remuneration framework consisted of fixed remuneration and short and long- term incentives. The following diagrams set out the executive remuneration structure.

	FIXED REMUNERATION	STI	LTI Unvested Rights subjects to forfeitures
YEAR 1	Base Salary, Superannuation and Other benefits	Discretionary cash bonus awarded, subject to achievement of annual objectives	Performance Rights which vest 100% after two - three years subject to the achievement of performance hurdles
YEAR 2			
YEAR 3			

Each component of the remuneration structure is further outlined below.

Overall remuneration level and mix	
How is overall remuneration and mix determined?	The overall remuneration mix for FY22 reflects a transition toward an appropriate balance of fixed and variable remuneration given the Company's size and business operations. There were no LTI grants in FY22 as the Board was satisfied that LTI grants made to executives in previous years during the Company's development stage resulted in an appropriate balance of fixed (FR) and at-risk remuneration, over the last three years. The chart below summarises the Managing Director's and other Executive KMP's remuneration mix for FY22 based maximum STI award opportunity.



Fixed remuneration and other benefits	
How are fixed remuneration and other benefits reviewed and approved?	Fixed remuneration and other benefits are reviewed annually from benchmarked remuneration data. Fixed remuneration changes for executives are subject to approval from the Board after considering recommendations from the Committee.

Short Term Incentives (STI)	
What is the STI plan?	The Company operated an annual STI program that is subject to the attainment of clearly defined Company and individual financial and non-financial measures, including ESG-linked measures.
What are the performance criteria and how do they align with business performance?	The performance criteria consist of a number of KPIs covering short-term project milestones relating to: - Business and operations - People and capabilities; and - Environment, including climate.
How are STI payouts determined?	On an annual basis, after consideration of performance against KPIs, the Board in line with their responsibilities, determine the amount (if any) to be paid to each executive, seeking recommendations from the Committee and/or Managing Director as appropriate.

Long Term Incentive (LTI)	
What is the LTI plan?	Under the LTI plan, a discretionary grant of Rights may be made to executives to align remuneration with creation of shareholder value over the long-term.
How is performance measured?	No LTI grants were made in FY22. Historically LTI grants were made based on critical business objectives / milestones with outcomes assessed by the Board.
When is performance measured?	The performance measures are tested at the end of the two or three year performance period to determine the number of Rights that vest. There is no opportunity for re-testing. Rights will lapse if the performance measures are not met at the end of the performance period.
What happens if an executive leaves?	Where a participant ceases employment prior to their award vesting due to resignation or termination for cause, awards will be forfeited subject to Board discretion. Where a participant ceases employment due to a qualifying reason (death, total and permanent disability, retirement or redundancy), then vesting will be determined, subject to Board discretion.
What happens if there is a change in control?	In these circumstances, vesting will be determined at the discretion of the Board.
Are executives eligible for dividends?	Executives are not eligible to receive dividends on unvested Rights.

4. EXECUTIVE KMP REMUNERATION OUTCOMES FOR FY22

Company performance

A summary of Company performance as measured by its earnings per share and share price for the past four years, including disclosure required by the Corporations Act 2001, is outlined in the table below.

Measure	FY22	FY21	FY20	FY19
Revenue (€'000)	4,344	395	58	35
Net Loss After Tax (NPAT) (€'000)	18,851	6,726	2,156	525
Loss per share (Euro cents)	15.12	7.71	4.47	1.66
Closing Vulcan security price (A$)	5.42	7.70	0.57	0.18

STI Performance in FY22

The table below sets out the STI measures for FY22 and performance outcomes against those measures.

		Weighting of STI Measures (%)			
Measure	**Level of Achievement**	**F Wedin**	**H Kreuter**	**R Ierace**	**V Ledoux Pedailles**
Business					
Successful acquisition of geothermal plant to shortcut development time to production	**100%** Acquired Insheim power plant 31 December 2021.	37	18	38	47
Successful upgrade of Vulcan's current Frankfurt listing to Prime Standard market segment	**50%** Although successfully implemented in Feb 2022 this exercise came in over budget.	37	18	25	18
Market material growth in JORC lithium resource	**0%** Work on Vulcan's JORC is ongoing with the granting on new licenses. Not complete during the FY22.	9	48	0	0
Battery grade lithium hydroxide successfully achieved and certified from pilot operations	**90%** This metric has been achieved albeit marginally behind schedule and budget.	-	-	-	18
Successful integration of new teams into Vulcan Group, build out of class leading executive team	**80%** Acquired GeoT, Gec-co and Natur³ Lich Inshiem teams throughout FY22. Hired new laboratory team.	9	7	18	8
Environment					
Lowest quartile GHG emissions from operations, and certified net zero carbon footprint	**50%** Carbon neutral certification to ISO standard achieved for Australian entities during FY22. German entity certification work was completed subsequent to the reporting period.	8	9	19	9
Total		**100**	**100**	**100**	**100**
Weighted STI Outcome		**66**	**37**	**74**	**83**

The following table outlines the proportion of maximum STI that was earned and forfeited in relation to the 2022 financial year. The maximum bonus values are established at the start of the financial year and amounts payable are determined by the People & Performance Committee at the end of the financial year.

Executive	Achieved STI (%)	STI Awarded (€)	Forfeited STI (%)
Dr. Francis Wedin	66	115,438	34
Dr. Horst Kreuter	37	9,741	63
Mr. Robert Ierace	74	9,580	26
Mr. Vincent Ledoux Pedailles	83	22,782	17

Company performance and its link to long-term incentives

The three and two-year performance period for the 2020 and 2021 LTI, vesting 100% in FY22, was 1 July 2019 to 30 June 2022 and 1 July 2020 to 30 June 2022. Selected highlights of the Group's performance during this period are set out below:

	30 June 2022	30 June 2019	Change	Change %
Share price	$5.42	$0.18	$5.26	3,287
Market capitalisation ($million)	$776	$5	$771	15,420

Statutory Executive KMP remuneration

The following table sets out total remuneration for Executive KMP in FY22 and FY21, calculated in accordance with statutory accounting requirements and presented in Euro (€).

	€	Short-term benefits						
Executive KMP	**Year**	**Cash Salary**	**Bonus[1]**	**Non-monetary[2]**	**Superannuation**	**Share-based payments[3]**	**Total**	**% Performance related**
Dr. Francis Wedin	**FY22**	**259,323**	**115,438**	**-**	**25,932**	**-**	**400,693**	**29%**
	FY21	188,061	18,780	-	19,650	-	226,491	8%
Dr. Horst Kreuter	**FY22**	**187,500**	**9,741**	**8,496**	**-**	**710,488**	**916,225**	**78%**
	FY21	144,169	-	12,044	-	1,252,215	1,408,428	89%
Mr. Robert Ierace	**FY22**	**143,721**	**9,580**	**-**	**14,372**	**25,361**	**193,034**	**18%**
	FY21	117,341	-	-	11,147	43,818	172,306	25%
Mr. Vincent Ledoux Pedailles	**FY22**	**183,640**	**22,782**	**-**	**-**	**171,183**	**377,605**	**51%**
	FY21	104,740	846	-	-	203,213	308,799	66%
Totals	**FY22**	**774,184**	**157,541**	**8,496**	**40,304**	**907,032**	**1,887,557**	
	FY21	554,311	19,626	12,044	30,797	1,499,246	2,116,024	

1. The FY22 STI was paid in cash in August 2022, after the end of the performance period.
2. Dr. Kreuter is provided with a company car.
3. Share-based payments are calculated in accordance with Australian Accounting Standards and are the amortised fair value of equity-related awards that have been granted to Executives.

5. LOOKING FORWARD TO FY23

In FY22, a review of the executive remuneration framework was completed by the PPC in conjunction with the Board. The review comprised a comprehensive assessment of Fixed Remuneration and the current STI and LTI Framework which included seeking independent advice and market benchmarking. The Board considered all aspects of remuneration to ensure alignment with the business requirements, relevant market practice and key stakeholder expectations. As a result of the review, the following key design changes have been determined:

Key change	Rationale
Remuneration mix revised to incorporate a greater percentage of the package that is 'at risk' by introducing maximum incentive opportunities with a greater long-term emphasis.	Market competitiveness and alignment with shareholder interests and Company's phase of operations.
STI modified to introduce mandatory deferral of the award of rights into shares for executives.	Encourage greater equity ownership aligned with shareholder interests and performance assurance. Limits cash payouts whilst the company is still in development.
Revised performance measures for STI and LTI.	Align with evolving short and long-term business imperatives as the Company matures and moves into an operational phase.
LTI quantum to be determined based on external market benchmarking.	Future grants of equity to executives to be aligned with typical market practice. Consideration to be made as to dilutionary impact to shareholders.
ESG outcomes and weighting to be considered across all LTI and STI.	Ensure ESG is fully aligned across all aspects of the business value chain.

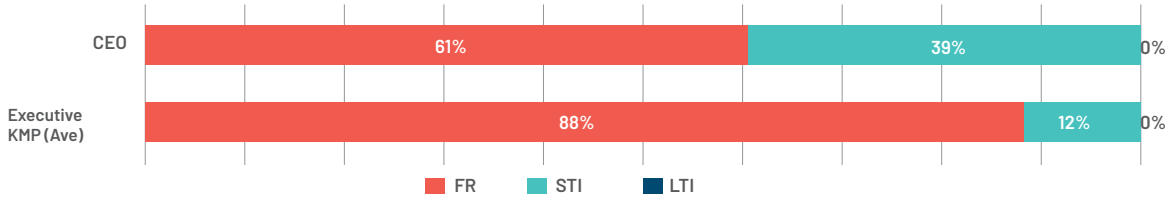
The changes outlined below, in respect of Executive KMP, have been recommended by the PPC and approved by the Board for implementation from 1 July 2022.

Remuneration mix

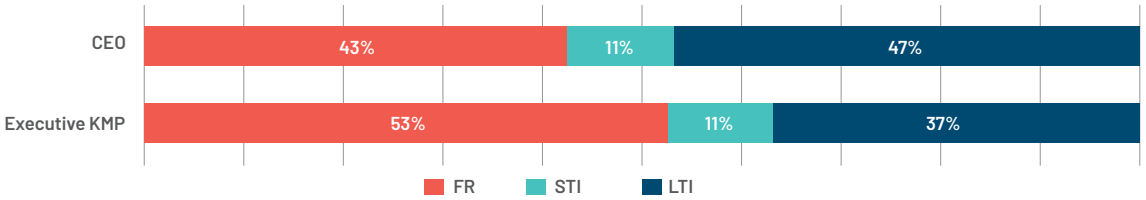
The revised framework aims to reward Executive KMP with a level and mix (proportion of fixed remuneration, STI and LTI) of remuneration appropriate to their position, in consideration of the Company's current phase of operations and aligned with relevant market comparators.

The charts below summarise the revised Managing Director's and Executive KMP remuneration mix based on maximum opportunity for fixed remuneration, STI and LTI.

CURRENT REMUNERATION MIX

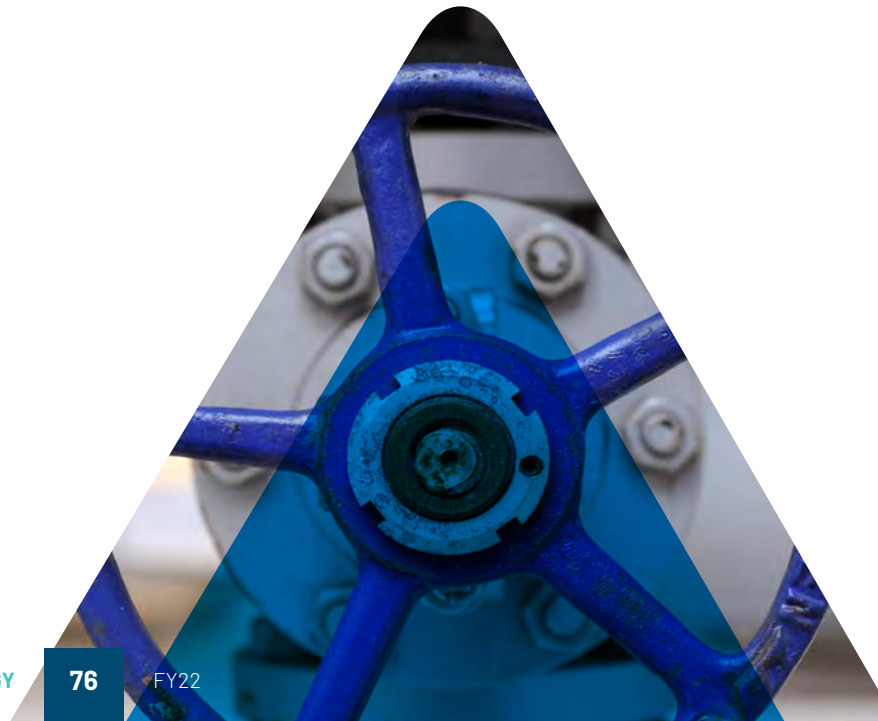


REVISED REMUNERATION MIX



Fixed remuneration

There were market related increases to base salaries for Executives as a result of the recommendations from the remuneration review and in consideration of the responsibilities of the roles, proficiency of the individuals and relativity with Vulcan's external market comparators. These target increases will be 33% on average. The Managing Director's salary will increase from A$512,600 to A$638,000 per annum inclusive of superannuation (€420,378).



STI

Key changes to the STI, known internally as the Annual Deferred Incentive "ADI", include the delivery of the award as Performance Rights which will be deferred for 12 months as subject to continued service, a defined maximum opportunity in line with relevant market comparators and the inclusion of additional performance measures as outlined below.

Component	Current Plan	Revised Plan
Vehicle	Cash	Performance Rights, deferred for 12 months as subject to continued service.
Maximum opportunity (% of Total Fixed Remuneration)	Determined with reference to market practice at Board discretion	Managing Director: 25% Other Executive KMP: 20-25%
Performance measures	Short term project milestones	Shared objectives toward operational reputation including ESG-linked (40% weighting) Overarching company business plan and project milestones, including ESG-linked (30% weighting) Individual objectives, including ESG-linked (30% weighting)

LTI

Key changes are the introduction of an annual grant of Performance Rights, a defined maximum opportunity in line with relevant market comparators and the inclusion of market and non-market performance measures. The performance period has also been amended to more closely align with contemporary market practice.

Component	Current Plan	Revised Plan
Award frequency	Once-off / discretionary	Annual
Performance period	Vests 100% after two or three years	100% vests after four years
Maximum opportunity (% of Total Fixed Remuneration)	Determined with reference to market practice at Board discretion	Managing Director: 110% Other Executive KMP: 70-90%
Performance measures	Long term performance hurdles as determined by Board at time of grant	Business returns (55%) Sustainability returns (15%) Total shareholder returns (TSR) (30%)

ESG KPIs for Executive team

Vulcan is committed to embedding sustainability in every aspect of its business and decision making. As part of this, each of Vulcan's KMP are given responsibility for ESG matters as relevant to their role.

The new STI plan includes KPIs that are individualised and linked to each business unit to ensure accountability. KMP's also have shared objectives to ensure sustainable business practices including staff retention and satisfaction, as well as carbon neutral emissions certification and an ESG rating from a recognised third-party provider that is above 50% year on year.

Vulcan's LTI plan includes a portion of sustainability returns, based on the Company achieving carbon neutral emissions certification across all operations through each year in the four-year period and remaining in the lowest quartile for absolute GHG emissions (Scope 1, 2, 3).

6. EXECUTIVE KMP CONTRACTS

Remuneration arrangements for Executive KMP are formalised in employment agreements. The following outlines the details of contracts with Executive KMP:

Managing Director – Dr Francis Wedin

The Managing Director is employed under an ongoing contract which can be terminated with notice by either side.

Under the terms of the present contract:

- The Managing Director receives a base salary of $512,600 per annum inclusive of superannuation. (€337,752).
- With effect from 1 May 2022 the remuneration increased from $390,000 to $512,600 per annum inclusive of superannuation. (€337,752).
- With effect from 1 July 2022 the remuneration increased to $638,000 per annum inclusive of superannuation. (€420,378).
- The Managing Director is eligible to participate in Vulcan's STI and LTI structure on terms determined by the Board, subject to receiving any required or appropriate shareholder approval.
- The Managing Director has notice periods of one month for termination with cause and three months for termination without cause or resignation.

Other Executive KMP

EXECUTIVE DIRECTOR GERMANY – DR HORST KREUTER

Under the terms of the present contract:

- The Executive Director Germany receives a base salary of €250,000 per annum.
- With effect from 1 July 2021 salary increased from €150,000 to €175,000 per annum.
- With effect from 1 May 2022 salary increased from €175,000 to €250,000 per annum.
- With effect from 1 July 2022 salary increased to€363,000 per annum.
- The Executive Director Germany is eligible to participate in Vulcan's STI and LTI structure on terms determined by the Board.
- The Executive Director Germany has notice periods of one month for termination with cause and three months for termination without cause or resignation.
- Dr. Kreuter is provided with a company car.

CHIEF FINANCIAL OFFICER - ROBERT IERACE

Under the terms of the present contract:

- The Chief Financial Officer receives a base salary of $262,900 per annum inclusive of superannuation (€173,225).
- With effect from 1 May 2022 salary increased from $242,000 to $262,900 per annum inclusive of superannuation (€173,225).
- With effect from 1 July 2022 salary increased to $294,000 inclusive of superannuation (€193,717).
- The Chief Financial Officer is eligible to participate in Vulcan's STI and LTI structure on terms determined by the Board.
- The Chief Financial Officer has notice periods of one month for termination with cause and one month for termination without cause or resignation.

CHIEF COMMERCIAL OFFICER – VINCENT PEDAILLES-LEDOUX

Under the terms of the present contract:

- The Chief Commercial Officer receives a base salary of €270,000 per annum.
- With effect from 1 April 2022 salary increased from GBP130,000 to €270,000 per annum.
- The Chief Commercial Officer is eligible to participate in Vulcan's STI and LTI structure on terms determined by the Board.
- The Chief Commercial Officer has notice periods of one month for termination with cause and six months for termination without cause or resignation.

7. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, at an acceptable cost to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable ASX listed companies with a similar market capitalisation to Vulcan, as well as similar sized industry comparators. The Board commissioned an independent review by BDO on NED Remuneration and considers advice from other independent external consultants when undertaking the annual review process.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at an extraordinary general meeting (EGM) held in June 2021 when shareholders approved an aggregate fee pool of A$650,000 (€428, 285) per year.

To give flexibility, particularly following the appointment of two additional directors during the financial year and to ensure Vulcan's NED remuneration is competitive with its peers, both in Australia and Europe, the Board is considering a resolution at the 2022 AGM to increase the NED fee pool. The final details will be communicated in the Notice of Meeting.

Structure

The remuneration for NEDs consists of directors' fees and committee fees. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs to fulfil this role.

The table below summarises the NED fee policy for FY22:

Board fees	
Chairman	A$162,000 (€106,742)
Directors	A$60,000 (€39,534)

Committee fees	
Committee Chair	A$10,000 (€6,589)
Committee Members	A$5,000 (€3,294)

NEDs do not receive retirement benefits. Effective from FY22, no NED will be awarded any new shareholder approved equity award that is linked to company performance.

The remuneration of NEDs for the years ended 30 June 2022 and 30 June 2021 is detailed below in Euro (€).

Non-Executive	Year	Short-term benefits (€) Director Fees	Post-employment Superannuation (€)	Share Based Payments (€)	Total (€)
Mr. Gavin Rezos [1]	**FY22**	**110,769**	**-**	**491,262**	**602,031**
	FY21	70,832	-	732,643	803,475
Ms. Ranya Alkadamani[1]	**FY22**	**40,982**	**4,098**	**139,074**	**184,154**
	FY21	20,009	1,901	281,249	303,159
Dr. Heidi Grön	**FY22**	**42,397**	**-**	**39,226**	**81,623**
	FY21	8,477	-	632	9,109
Ms. Annie Liu	**FY22**	**41,860**	**-**	**39,226**	**81,086**
	FY21	8,920	-	632	9,552
Ms. Josephine Bush	**FY22**	**45,159**	**–**	**39,226**	**84,385**
	FY21	6,714		632	7,346
Dr. Günter Hilken	**FY22**	**11,028**	**804**	**-**	**11,028**
	FY21	-	-	-	-
Mr. Mark Skelton	**FY22**	**8,046**	**-**	**-**	**8,850**
	FY21	-	-	-	-
Dr. Katharina Gerber[2]	**FY22**	-	-	-	-
	FY21	3,130	-	-	3,130
Totals	**FY22**	**300,241**	**4,902**	**748,014**	**1,053,157**
	FY21	118,082	1,901	1,015,788	1,135,771

[1] Performance rights were granted early in the Project when the share price was considerably lower. Vulcan was one of the fastest growing ASX stocks in the 2021 financial year. Rights were approved by shareholders at 2020 AGM.

[2] Resigned as a Director and ceased to be a KMP on 1 September 2020.

8. ADDITIONAL DISCLOSURES RELATING TO RIGHTS AND SHARES

Rights awarded, vested and lapsed during the year

The table below discloses the number of Rights granted to Executive KMP as remuneration during FY22 as well as the number of Rights that vested or lapsed during the year.

Rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

EXECUTIVE KMP

Non-Executive	Balance at start of period 1 July 2021	Granted as remuneration	Performance Rights exercised	Performance Rights lapsed/ forfeited	Balance[1] at end of period 30 June 2022	Number of Performance Rights not vested at year-end
Dr. Francis Wedin	-	-	-	-	-	
Dr. Horst Kreuter[2]	4,500,000	-	-	-	4,500,000	1,500,000
Mr. Robert Ierace[2]	420,000	-	(109,091)		310,909	-
Mr. Vincent Ledoux Pedailles [2]	690,000	-	(109,091)		580,909	250,000
Totals	**5,610,000**	**-**	**(218,182)**		**5,391,818**	**1,750,000**

1. Includes Performance Rights held directly, indirectly and beneficially by Executive KMP.
2. Performance rights were granted early in the Project when the share price was considerably lower. Vulcan was one of the fastest growing ASX stocks in the 2021 financial year. Rights were approved by shareholders at 2020 AGM.

The table below discloses the number of Rights granted to NEDs as remuneration during FY22 as well as the number of Rights that vested or lapsed during the year. Rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

NON-EXECUTIVE DIRECTORS

Non-Executive	Balance at start of period 1 July 2021	Granted as remuneration	Performance Rights exercised	Performance Rights lapsed/ forfeited	Balance[1] at end of period 30 June 2022	Number of Performance Rights not vested at year-end
Mr. Gavin Rezos[1]	3,250,000	-	(2,250,000)	-	1,000,000	1,000,000
Ms. Ranya Alkadamani[1]	200,000	-	(100,000)	-	100,000	100,000
Dr. Heidi Grön	12,896	-	-	-	12,896	8,598
Ms. Annie Liu	12,896	-	-	-	12,896	8,598
Ms. Josephine Bush	12,896	-	-	-	12,896	8,598
Dr. Günter Hilken	-	-	-	-	-	-
Mr. Mark Skelton	-	-	-	-	-	-
Totals	**3,488,688**	**-**	**(2,350,000)**	**-**	**1,138,688**	**1,125,794**

1. Performance rights were granted early in the Project when the share price was considerably lower. Vulcan was one of the fastest growing ASX stocks in the 2021 financial year. Rights were approved by shareholders at 2020 AGM.

Vendor Deferred Consideration Performance Shares

The table below details the number of Vendor Performance shares held by KMP in Vulcan and the movement during FY22. These were issued in 2019 as deferred consideration to the Vendors (Dr. Kreuter and Dr. Wedin) for the sale of the Vulcan Zero Carbon Lithium™ Project to the Company.

Executive	Balance at start of period 1 July 2021	Granted Vendor Performance Shares	Vendor Performance Shares exercised	Vendor Performance Shares lapsed/ forfeited	Balance at end of period 30 June 2022	Number of Vendor Performance Shares not vested at year-end
Dr. Francis Wedin	4,180,000	-	(4,180,000)	-	-	
Dr. Horst Kreuter	220,000	45,487[1]	(220,000)	-	45,487	45,487
Totals	**4,400,000**	**45,487[1]**	**(4,400,000)**		**45,487**	**45,487**

1. As deferred consideration for acquisition of GGH.

Shareholdings

The table below details the number of ordinary shares held in Vulcan and the movement during FY22.

	Balance at start of period 1 July 2021	Participation in September 2021 capital raise	Exercise of Performance Rights	Exercise of Vendor Performance Shares	Net change other	Balance at end of period 30 June 2022[1]
Non-Executive Directors						
Mr. Gavin Rezos	6,068,668	7,332	2,250,000	-	(727,273)	7,598,727
Ms. Ranya Alkadamani	100,000	-	100,000	-	(24,000)	176,000
Dr. Heidi Grön	-	1,800	-	-	-	1,800
Ms. Annie Liu	-	51,000	-	-	22,080	73,080
Ms. Josephine Bush	4,214	5,185	-	-	-	9,399
Dr. Günter Hilken	-	-	-	-	-	-
Mark Skelton	-	-	-	-	900	900
Executive KMP						
Dr. Francis Wedin	13,005,834	-	-	4,180,000 [2]	(727,273)	16,458,561
Dr. Horst Kreuter	673,333	-	-	220,000 [2]	(721,575)	171,758
Mr. Robert Ierace	-	-	109,091	-	(109,091)	-
Mr. Vincent Ledoux Pedailles	-	-	109,091	-	(109,091)	-
Totals	**19,852,049**	**65,317**	**2,568,182**	**4,400,000**	**(2,395,323)**	**24,490,225**

1. Includes Ordinary Shares held directly, indirectly and beneficially by KMP.
2. These were issued in 2019 as deferred consideration to the Vendors (Dr. Kreuter and Dr. Wedin) of the sale of the Vulcan Zero Carbon Lithium™ Project to the Company.

Share-based compensation

There is no share-based compensation issued to directors and other key management personnel as part of compensation during the year ended 30 June 2022. Current year share based payments for key management personnel is related to prior year share-based compensation issued and continue to amortise in current financial year.

9. LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

There were no loans to KMP and their related parties during the financial year.

10. OTHER TRANSACTIONS AND BALANCES WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

During the financial year payments for consultancy fees of €52,834 (2021: €26,946) were made to Alto Group Inc., a related party of Ms Annie Liu. There was no outstanding balance as at 30 June 2022 (2021: €11,056).

During the financial year payments for consultancy fees of €33,968 (2021 Nil) were made to JRB Consulting Ltd., a related party of Ms Josephine Bush in respect of a Board mandated review of the Company's Target Operating Model and ESG reporting. There was €8,709 outstanding balance as at 30 June 2022 (2021 Nil).

On 6 July 2021, the Company issued 5,698 shares and 45,587 performance shares to Dr Horst Kreuter for the security consideration for the acquisition of Global Geothermal Holding UG (GGH, a company incorporated under the laws of Germany) following shareholder approval at an EGM held in June 2021. Dr Kreuter was a shareholder of Global Geothermal Holding UG, which held geothermal and lithium exploration licenses applied for by GGH prior to Dr. Kreuter joining Vulcan, that were sold to Vulcan as part of the transaction.

The Company also completed the acquisition of GeoThermal Engineering GmbH (GeoT), a geothermal engineering consultancy business, on 2 July 2021 for €1.00. Dr Kreuter is the sole shareholder of GeoT. Dr. Kreuter will also receive 50% of any payments received from certain debtors to GeoT, if these payments are made to GeoT within 18 months of completion of the acquisition. GeoT also repaid debt of approximately €140,000 (plus a nominal amount of interest) to Dr. Kreuter as part of completion of the acquisition during the financial year.

During the previous financial year GeoT received €736,309 for engineering services provided to Vulcan Energie Ressoucen GmbH, a wholly owned subsidiary of Vulcan Energy Resources Ltd. There were no amounts outstanding at 30 June 2021.

Diversity

During the financial year, the Company had four female Directors and four male Directors. At 30 June 2022 the female representation on the Board was 50%, senior executives 27% and across the entire workforce was 32%.

End of Remuneration Report

On behalf of the Directors

MR. GAVIN REZOS

Chair

PERTH, Western Australia, 28 September 2022

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has indemnified the Directors and Executives of the Company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the Directors and Executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

ENVIRONMENTAL REGULATIONS

The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The Australian and German operations have received carbon neutral certification for the calendar year 2021. Refer to the FY22 Sustainability Report for further details.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of these proceedings.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

PERFORMANCE RIGHTS/PERFORMANCE SHARES

At the date of this report the following unissued ordinary shares for which performance rights and performance shares are outstanding:

Performance rights	Number	Expiry Date	Exercise Price
Class G	250,000	1/12/2023	Nil
Class H	472,727	1/12/2023	Nil
Class I	910,909	1/12/2023	Nil
Class J	2,500,000	16/9/2023	Nil
Class M	1,500,000	1/12/2023	Nil
Class N	1,500,000	1/12/2023	Nil
Class P	368,000	1/12/2023	Nil
Class R	100,000	27/11/2022	Nil
Class S	25,791	30/06/2025	Nil
Class T	268,000	1/12/2024	Nil
Class U	250,000	1/12/2024	Nil
Class V	118,000	1/12/2024	Nil
Class W	100,000	1/12/2024	Nil
Class Y	60,000	1/12/2024	Nil
Class Z	50,000	1/12/2024	Nil
Class A	52,000	30/06/2026	Nil
Class B	102,000	30/06/2027	Nil

Performance shares	Number	Expiry Date	Exercise Price
Class D	91,174	24/6/2024	Nil

Performance rights and performance shares holders do not have any rights to participate in any issues of shares or other interests of the company or any other entity.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS AND SHARES

The following ordinary shares of Vulcan Energy Resources Ltd were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of performance rights and performance shares:

Performance rights 2,969,261

Performance shares 4,400,000

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor for non-audit services provided during the period by the auditor are outlined in Note 34 to the financial statements.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and
- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand euros, unless otherwise stated.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2022 as required under section 307C of the Corporations Act 2001 has been received and included within these financial statements.

This report is signed in accordance with a resolution of Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

MR. GAVIN REZOS

Chair

PERTH, Western Australia, 28 September 2022

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vulcan Energy Resources Limited for the year ended 30 June 2022, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 September 2022

AIK KONG TING
Partner

FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Financial Year Ended 30 June 2022

	Note	30-Jun-22 €'000	30-Jun-21 €'000
Revenue from continuing operations	**4**	3,799	-
Other income	**5**	545	395
Gain on deconsolidation	**23**	1,975	-
Share of loss from equity accounted investments	**23**	(495)	-
Other own work capitalised	**5**	3,696	-
Raw materials and purchased services		(2,512)	-
Administrative expenses	**6**	(3,823)	(556)
Compliance and regulatory expenses		(729)	(345)
Consulting and legal fees	**6**	(4,099)	(1,204)
Depreciation and amortisation	**6**	(2,629)	(82)
Employee benefit expenses	**6**	(7,793)	(391)
Investor relations expenses		(615)	(257)
Impairment expenses		(36)	(143)
Loss on disposal of financial assets		(745)	-
Occupancy costs		(498)	(35)
Share-based payments expense	**30**	(3,637)	(4,080)
Other expenses		(1,175)	(76)
Foreign currency gain		285	48
Loss before income tax expense		**(18,486)**	**(6,726)**
Income tax expense	**7**	(365)	-
Loss after income tax for the year		**(18,851)**	**(6,726)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations		**6,990**	**849**
Total comprehensive loss for the year (net of tax)		**(11,861)**	**(5,877)**
Total comprehensive loss for the year attributable to the owners of Vulcan Energy Resources Limited		**(11,861)**	**(5,877)**
Loss per share for the year attributable to the members Vulcan Energy Resources Limited:			
Basic loss per share (€)	**8**	(0.15)	(0.08)
Diluted loss per share (€)	**8**	(0.15)	(0.08)

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 30 June 2022

	Note	30-Jun-22 €'000	30-Jun-21 €'000
Assets			
Current assets			
Cash and cash equivalents	**9**	175,416	72,494
Trade and other receivables	**10**	4,030	757
Contract assets	**11**	79	-
Inventories	**12**	138	-
Total current assets		179,663	73,251
Non-current assets			
Investments accounted for using equity method	**23**	1,214	-
Exploration and evaluation expenditure	**13**	20,440	8,722
Plant and equipment	**14**	51,490	935
Right-of-use	**15**	2,990	358
Intangible assets	**16**	3,633	-
Deferred tax assets	**17**	1,710	-
Total non-current assets		81,477	10,015
Total Assets		**261,140**	**83,266**
Liabilities			
Current liabilities			
Trade and other payables	**18**	8,354	1,335
Lease liabilities	**15**	439	39
Income tax liabilities		332	-
Provisions	**19**	608	55
Total Current liabilities		9,733	1,429
Non-current liabilities			
Lease liabilities	**15**	2,566	314
Provisions	**19**	55	-
Deferred tax liabilities	**20**	1,463	-
Total non-current liabilities		4,084	314
Total Liabilities		**13,817**	**1,743**
Net Assets		**247,323**	**81,523**
Equity			
Share capital	**21**	258,933	85,272
Reserves	**22**	16,812	5,822
Accumulated losses	**35**	(28,422)	(9,571)
Total Equity		**247,323**	**81,523**

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 Financial Year Ended 30 June 2022

Consolidated	Issued Capital	Reserves	Foreign Currency Reserve	Accumulated Losses	Total
	€'000	€'000	€'000	€'000	€'000
At 1 July 2021	**85,272**	**4,995**	**827**	**(9,571)**	**81,523**
Loss for the year	-	-	-	(18,851)	(18,851)
Other comprehensive income	-	-	6,990	-	6,990
Total comprehensive loss for the year after tax	-	-	6,990	(18,851)	(11,861)
Transactions with owners in their capacity as owners:					
Issue of share capital	178,040	-	-	-	178,040
Share issue costs	(4,379)	-	-	-	(4,379)
Share-based payments	-	4,000	-	-	4,000
Balance at 30 June 2022	**258,933**	**8,995**	**7,817**	**(28,422)**	**247,323**

Consolidated	Issued Capital	Reserves	Foreign Currency Reserve	Accumulated Losses	Total
	€'000	€'000	€'000	€'000	€'000
At 1 July 2020	**7,233**	**1,065**	**(22)**	**(2,845)**	**5,431**
Loss for the year	-	-	-	(6,726)	(6,726)
Other comprehensive loss	-		849		849
Total comprehensive loss for the year after tax	-	-	849	(6,726)	(5,877)
Transactions with owners in their capacity as owners:					
Issue of share capital	81,882	-	-	-	81,882
Share issue costs	(3,843)	-	-	-	(3,843)
Share-based payments	-	3,930		-	3,930
Balance at 30 June 2021	**85,272**	**4,995**	**827**	**(9,571)**	**81,523**

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 Financial Year ending 30 June 2022

	Note	30-Jun-22 €'000	30-Jun-21 €'000
Cash flows from operating activities			
Receipts from customers		3,799	-
Payments to suppliers and employees		(15,400)	(2,157)
Interest received		228	63
Other income		317	320
Interest paid		(291)	(4)
Net cash used in operating activities	**9**	(11,347)	(1,778)
Cash flows from investing activities			
Payments for exploration and evaluation expenditure		(9,384)	(3,651)
Payment for plant and equipment		(22,793)	(822)
Payment to acquire subsidiary	**26**	(32,685)	-
Cash acquired upon acquisition of subsidiary	**26**	1,230	-
Payments to acquire financial assets		(30,008)	-
Proceeds from disposal of financial assets		29,282	-
Net cash used in investing activities		(64,358)	(4,473)
Cash flows from financing activities			
Proceeds from exercise of listed options		-	2,774
Proceeds from issue of shares		176,208	75,119
Share issue costs		(4,378)	(3,844)
Lease repayments		(185)	(14)
Repayment of loan from Associate		409	-
Net cash from financing activities		172,054	74,035
Net increase in cash and cash equivalents		96,349	67,784
Cash and cash equivalents at beginning of the year		72,494	4,058
Effect of exchange rate fluctuations		6,573	652
Cash and cash equivalents at end of the year		175,416	72,494

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Reporting Entity

Vulcan Energy Resources Limited (referred to as "Vulcan" or the "Company") is a company domiciled in Australia The address of the Company's registered office and principal place of business is Level 11, Brookfield Place, 125 St Georges Terrace, Perth WA 6005. The consolidated financial statements of the Company as at and for the year ended 30 June 2022 comprise the Company and its subsidiaries (together referred to as the "consolidated entity" or the "Group"). The principal activity of the Group is geothermal energy and lithium exploration and production.

(b) Basis of Preparation

Statement of compliance
The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). Vulcan Energy Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 28 September 2022.

Change in Presentation Currency and Foreign Currency Translation
Vulcan Energy Resources Limited changed its presentation currency from Australian dollars to Euro effective from 1 July 2021. The functional currency remains Australian dollars for Australian entities and Euro for entities located outside of Australia.

Functional and presentation currency
Items included in the financial statements of each of the consolidated entities entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Euro, which is Vulcan Energy Resources Limited's presentation currency.

Basis of measurement
The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 36.

Rounding of amounts
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand Euro, unless otherwise stated

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations relevant to the Group that have recently been issued or amended but are not yet mandatory, have not been adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations but does not expect it to have a significant impact on the Group's results.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) **Principles of Consolidation**

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vulcan Energy Resources Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

Subsidiaries (cont)

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

Where the consolidated entity loses control over the subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative transaction differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss on profit or loss.

(d) Foreign Currency Transactions

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(e) Foreign operations

The assets and liabilities of foreign operations are translated into Euro using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Euro using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions in these financial statements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below.

Business combinations
Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONT.)

Exploration and evaluation expenditure
Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Share-based payments
The Group measures the cost of equity settled transactions with Directors, employees and consultants, where applicable, by reference to the fair value of equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled shared-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 16 for further information.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

NOTE 3 SEGMENT INFORMATION

Accounting Policy

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the consolidated entity has three reportable segment.

Identification of reportable operating segments
The consolidated entity is organised into three operating segments based on geographical location: Germany, Other European (comprised of France, Norway and Italy) and Australia. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services
Germany – the supply of geothermal energy, exploration relating to the Zero Carbon Lithium Project™ and engineering services
France, Norway and Italy – exploration relating to battery minerals and geothermal lithium.
Australia – administration and Definitive Feasibility Study ("DFS") ongoing costs.

Intersegment transactions
Intersegment transactions were made at market rates. Engineering services have been provided within the German segment. All intersegment receivables and payables, including the profit margin, are eliminated on consolidation

Major customers
During the year ended 30 June 2022, approximately €3.0m (2021: nil) of the consolidated entity's external revenue was derived from sales to Pfalzwerke.

NOTE 3 SEGMENT INFORMATION (CONT.)

Segment performance	Germany	Other European	Australia	Total
30/06/2022	€'000	€'000	€'000	€'000
Revenue				
Revenue from continuing operations	3,799	-	-	3,799
Intersegment sales – Other own work capitalised	3,696	-	-	3,696
Other income	346	-	199	545
Gain on deconsolidation	-	-	1,975	1,975
Share of loss on Investment	-	-	(495)	(495)
Total segment revenue	7,841	-	1,679	9,520
EBITDA	(7,022)	-	(8,775)	(15,797)
Depreciation and amortisation	(2,629)	-	-	(2,629)
Finance income/(expense) net	(4)		(56)	(60)
Loss before income tax expense	(9,655)	-	(8,831)	(18,486)
Income tax expense	(365)	-	-	(365)
Loss after income tax expense	(10,020)	-	(8,831)	(18,851)
Material items include:				
Employee benefit expense	(6,784)	-	(1,009)	(7,793)
Share based payments expense	-	-	(3,637)	(3,637)

	Germany	Other European	Australia	Total
	€'000	€'000	€'000	€'000
Assets				
Segment assets	115,874	160	263,218	379,252
Intersegment eliminations	-	-	-	(118,112)
Total assets				261,140
Liabilities				
Segment liabilities	16,796	160	3,527	20,483
Intersegment eliminations	-	-	-	(6,666)
Total Liabilities				13,817

NOTE 3 SEGMENT INFORMATION (CONT.)

For the year ended 30 June 2021

Segment performance	**Exploration Germany**	**Exploration Norway**	**Australia**	**Total**
30-Jun-21	**€'000**	**€'000**	**€'000**	**€'000**
Revenue				
Interest income	-	-	75	75
Other income	205	-	115	320
Total segment revenue	205	-	191	395

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	(7,121)
Net loss before tax from continuing operations	(6,726)

Segment assets	**Exploration Germany**	**Exploration Norway**	**Administration**	**Total**
30-Jun-21	**€'000**	**€'000**	**€'000**	**€'000**
Total segment asset	10,431	245	72,590	83,266

Segment liabilities	**Exploration Germany**	**Exploration Norway**	**Administration**	**Total**
30-Jun-21	**€'000**	**€'000**	**€'000**	**€'000**
Total segment liabilities	1,135	228	380	1,743

NOTE 4 REVENUE

	2022 €'000	2021 €'000
Revenue from contract with customers		
Sale of goods	2,977	-
Rendering of services	822	-
	3,799	-
Revenue from continuing operations	3,799	-

Disaggregation of revenue

2022	Electricity sales €'000	Engineering Services €'000	Total €'000
Timing of revenue recognition			
Goods transferred at a point in time	2,977	-	2,977
Services transferred over time	-	822	822
	2,977	822	3,799

Accounting Policy

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligation on the basis of the relative stand-alone selling price of each distinct good or service to be delivered ; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods and services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services
Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

NOTE 5 OTHER INCOME

	2022 €'000	2021 €'000
Government grants	317	31
Interest income	228	75
R&D tax incentive	-	84
InnoEnergy Funding	-	205
	545	395

	2022 €'000	2021 €'000
Other own work capitalised	3,696	-
	3,696	-

Accounting Policy

Interest
Interest revenue is recognised as interest accrues.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Other own work capitalised
Gec-co Global Engineering and Consulting-Company GmbH (renamed to Vulcan Energy Engineering GmbH VEE) and GeoThermal Engineering GmbH (renamed to Vulcan Energy Subsurface Solutions GmbH VES) provide services to Vulcan Energie Ressourcen GmbH, a wholly owned subsidiary of Vulcan Energy Resources Limited which have been capitalised to exploration and evaluation expenditure and property, plant and equipment. These services are disclosed in the statement of profit or loss and other comprehensive income as other own work capitalised. The expenses incurred by Vulcan Energy Engineering GmbH (previously Global Engineering and Consulting- Company GmbH) and Vulcan Energy Subsurface Solutions GmbH (previously GeoThermal Engineering GmbH) to provide these services are disclosed in the statement of profit or loss and other comprehensive income as employee benefit expenses. Other own work capitalised does not relate to any external revenue or any profit margin charge to intercompany transactions.

NOTE 6 EXPENSES

	2022 €'000	2021 €'000
(a) Administrative expenses		
Accounting, audit and company secretarial fees	311	65
Travel expenses	372	33
General expenses	3,140	458
	3,823	556
(b) Consultancy and legal expenses		
Corporate advisory fees	286	55
Consulting fees	1,573	660
Legal fees	2,240	489
	4,099	1,204
(c) Employee benefit expense		
Wages and salaries	6,640	391
Other benefits	1,153	-
	7,793	391
(d) Depreciation and amortisation		
Software	94	3
Plant and Equipment	1,856	61
Right of use assets	200	18
Intangible assets	479	-
	2,629	82

NOTE 7 INCOME TAX

	2022 €'000	2021 €'000
(a) The components of tax expense comprise:		
Current tax	462	-
Deferred tax	(97)	-
Income tax expense reported in the of profit or loss and other comprehensive income	365	-
(b) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Loss before income tax expense	(18,486)	(6,726)
Prima facie tax benefit on loss before income tax at 30% (2021: 30%)	(5,546)	(2,018)
Tax effect of amounts that are not deductible/taxable in calculating taxable income		
Non-deductible expense	682	1,422
Tax losses and temporary differences not brought to account	3,688	499
Foreign corporate rate differential	1,541	97
Income tax expense	365	-
c) Deferred tax assets/(liabilities) not brought to accounts are:		
Accruals	136	59
Prepayments	(107)	(14)
Other	2,308	41
Tax losses	2,461	664
Total deferred tax balances not brought to account	4,798	750

Except for the deferred tax assets (note 17) and deferred tax liabilities (note 20) recognised in the subsidiary, Natürlich Insheim GmbH, potential deferred tax assets attributable to tax losses and other temporary differences have not been brought to account at 30 June 2022 because the directors do not believe it is appropriate to regard realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if:

- the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the expenditure.

Accounting Policy

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current Tax
Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

NOTE 7 INCOME TAX (CONT.)

Deferred Tax

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

NOTE 8 LOSS PER SHARE

	2022	2021
Net loss for the year €'000	(18,851)	(6,726)
Weighted average number of ordinary shares for basic and diluted loss per share	124,671,203	87,204,203
Basic and diluted loss per share (Euro)	(0.15)	(0.08)

NOTE 8 LOSS PER SHARE (CONT)

Accounting Policy

Basic Loss Per Share
Basic loss per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted Loss Per Share
Diluted loss per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 9 CASH AND CASH EQUIVALENTS

	2022 €'000	2021 €'000
Cash at bank and in hand	150,378	3,891
Short-term deposits	25,038	68,603
	175,416	72,494

Reconciliation of net loss after tax to net cash flows from operations

	2022 €'000	2021 €'000
Loss for the financial year	**(18,851)**	**(6,726)**
Share based payment expense	3,637	4,080
Impairment expense	36	143
Depreciation and amortisation	2,629	82
Share issued in exchange for services	478	213
Gain on deconsolidation	(1,975)	-
Share of loss on investment	495	-
FX differences	105	63
Changes in assets/liabilities		
Trade and other receivables	(697)	(72)
Trade and other payables	2,249	392
Movement in provisions	547	47
Net cash used in operating activities	**(11,347)**	**(1,778)**

Accounting Policy

Cash and cash equivalents
Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

NOTE 10 TRADE AND RECEIVABLES

	2022 €'000	2021 €'000
Trade and other receivables	4,073	757
Less: Allowance for expected credit loss	(43)	-
	4,030	757

Allowance for expected credit loss

Trade and other receivables are non-interesting bearing and are generally on terms of 30 days. A provision for €43,000 (30 June2021: nil) has been recorded to cover expected credit loss.

Accounting Policy

Trade and other receivables
Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets.

Goods and Services Tax ('GST')
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset of the assets or part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated statement of financial position.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST on investing and financial activities, which are disclosed as operating cash flows.

Value Added Tax ("VAT")
Revenues expenses and assets are recognised net of VAT, except where the amount of VAT incurred is not recoverable from the German tax authority. In these circumstances the VAT is recognised as part of the cost of acquisition or parts of the expense. Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the VAT on investing and financial activities, which are disclosed as operating cash flows.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset its carrying value is written off.

NOTE 10 TRADE AND RECEIVABLES(CONT.)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

NOTE 11 CONTRACT ASSETS

	2022 €'000	2021 €'000
Contract assets	79	-

	2022 €'000	2021 €'000
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below		
Opening balance	-	-
Transfer from inventory	79	-
Closing balance	79	-

Accounting policy

Contract assets
Contract assets are recognised when the consolidated entity has transferred goods and services to the customer but where the consolidated entity is yet establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NOTE 12 INVENTORIES

	2022 €'000	2021 €'000
Spare parts	138	-
	138	-

Accounting policy

Inventories
Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a "first in first out" basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable d fixed overhead expenditure based on normal operating capacity, and, where applicable transfers from cash flow hedging reserves in equity. Costs of purchased inventory re determined after deducting rebates and discounts received or receivable.

NOTE 13 EXPLORATION AND EVALUATION EXPENDITURE

	2022 €'000	2021 €'000
Carrying amount of exploration and evaluation expenditure	20,440	8,722
At the beginning of the year	8,722	1,563
Exploration expenditure incurred	11,273	3,590
Performance shares issued upon acquisition of GGH	363	-
Deconsolidation of Kuniko Ltd	(335)	-
Vulcan Energy Europe acquisition	-	3,627
Impairment expense	-	(143)
Forex Gain	417	85
At the end of the year	20,440	8,722

Accounting Policy

Exploration and evaluation expenditure
Acquisition, exploration, and evaluation costs associated with mining tenements are accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTE 14 PLANT AND EQUIPMENT

	2022	2021
	€'000	€'000
Software	267	109
Plant & Equipment	28,439	356
Assets under Construction	22,784	470
	51,490	935

Movement in carrying amounts of plant and equipment for year ended 30 June 2022

	Software	Plant & Equipment	Assets under construction	Total
	€'000	€'000	€'000	€'000
Balance at 1 July 2021	109	356	470	935
Acquired in business combinations	34	28,131	191	28,356
Additions	134	1,892	22,123	24,149
Depreciation	(10)	(1,940)	-	(1,950)
Balance at 30 June 2022	267	28,439	22,784	51,490

Movement in carrying amounts of plant and equipment for year ended 30 June 2021

	Software	Plant & Equipment	Assets under construction	Total
	€'000	€'000	€'000	€'000
Balance at 1 July 2020	8	-	-	8
				-
Additions	103	414	465	982
Depreciation	(3)	(61)	-	(64)
Forex Loss	1	3	5	9
Balance at 30 June 2021	109	356	470	935

NOTE 14 PLANT AND EQUIPMENT(CONT)

Accounting Policy

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items

Once assets are available for use, depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

Software	3 -5 years
Plant & Equipment	2-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

NOTE 15 LEASES

Right-of-use asset	Buildings	Vehicles	Hardware and Software	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 July 2021	334	38	-	372
Additions	2,908	261	21	3,190
Leases relinquished	(334)	(38)	-	(372)
At 30 June 2022	2,908	261	21	3,190
Accumulated Depreciation				
At 1 July 2021	10	4	-	14
Depreciation for the year	(107)	(83)	(10)	(200)
Eliminated upon relinquishment	(10)	(4)	-	(14)
	(107)	(83)	(10)	(200)
Carrying amount				
At 1 July 2021	**324**	**34**	**-**	**358**
At 30 June 2022	**2,801**	**178**	**11**	**2,990**

NOTE 15 LEASES(CONT)

Right-of-use asset	Buildings	Vehicles	Hardware and Software	Total
	€'000	€'000	€'000	€'000
Cost				
At 1 July 2020	-	-	-	-
Additions	334	38	-	372
At 30 June 2021	334	38	-	372
Accumulated Depreciation				
At 1 July 2020	-	-	-	-
Depreciation for the year	(10)	(4)	-	(14)
	(10)	(4)	-	(14)
Carrying amount				
At 1 July 2020	-	-	-	-
At 30 June 2021	**324**	**34**	-	**358**

Lease Liabilities	Buildings €'000	Vehicles €'000	Hardware and Software €'000	Total €'000
At 1 July 2021	**325**	**28**	-	**353**
New lease liabilities entered during the period	2,908	262	21	3,191
Leases relinquished	(325)	(28)	-	(353)
Add: Interest	27	6	-	33
Less: Payment	(131)	(78)	(10)	(219)
Closing Balance	**2,804**	**190**	**11**	**3,005**
Represented by:				
Current lease liabilities	326	104	9	439
Non-current lease liabilities	2,478	86	2	2,566
	2,804	**190**	**11**	**3,005**

NOTE 15 LEASES(CONT)

Lease Liabilities	Buildings €'000	Vehicles €'000	Hardware and Software €'000	Total €'000
At 1 July 2020	**0**	**0**	**-**	**0**
New lease liabilities entered during the period	334	37	-	371
Add: Interest	2	1	-	3
Less: Payment	(11)	(10)	-	(21)
Closing Balance	**325**	**28**	**0**	**353**
Represented by:				
Current lease liabilities	35	4	-	39
Non-current lease liabilities	290	24	-	314
	325	**28**	**0**	**353**

Accounting Policy

Right-of-use assets:
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTE 15 LEASES(CONT)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The Group leases office space, a laboratory and vehicles through its German subsidiary Vulcan Energie Ressourcen GmbH.

NOTE 16 INTANGIBLE ASSETS

	2022 €'000	2021 €'000
Goodwill	1,076	-
Less: Impairment	(36)	-
	1,040	
Customer contracts – at cost	1,526	-
Less: Accumulated amortisation	(386)	-
	1,140	-
Order backlog – at cost	46	-
Less: Accumulated amortisation	(46)	-
	-	-
Operating permit - at cost	1,500	-
Less: Accumulated amortisation	(47)	-
	1,453	-
	3,633	-

NOTE 16 INTANGIBLE ASSETS (CONT.)

Reconciliation of the written down values at the beginning and the end of the current and previous financial year are set out below:

	Customer Contracts €'000	Order backlog €'000	Operating Permit €'000	Goodwill €'000	TOTAL €'000
Balance at 1 July 2021	-	-	-	-	-
Acquired through business combinations	1,526	46	1,500	1,076	4,148
Less: Accumulated depreciation	(386)	(46)	(47)	-	(479)
Less: Impairment	-	-	-	(36)	(36)
Balance at 30 June 2022	1,140	-	1,453	1,040	3,633

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

	€'000
Natürlich Insheim	35
GeoThermal Engineering GmbH (Geo-) - renamed to Vulcan Energy Subsurface Solutions GmbH	1
Global Engineering & Consulting-Company GmbH (Gec-co) - renamed to Vulcan Energy Engineering GmbH	1,040
	1,076

The consolidated entity has subsequently impaired the goodwill related to Insheim and GeoT as at 30 June 2022.

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 5 year projection period approved by management, together with terminal value.

The following key assumptions were used in the discounted cash flow model:

- 13.2% pre-tax discount rate
- 18% average per annum projected EBITDA

The discount rate of 13.2% pre-tax reflects management's estimate of the time value of money and Gec-co's weighted average cost of capital.

Sensitivity

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Pre-tax discount rate would be required to increase to 28.2% for goodwill to be impaired, with all other assumptions remaining constant.
- EBITDA would be required to decrease to 9% for goodwill to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of the engineering is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in further impairment charge for the engineering division's goodwill.

NOTE 16 INTANGIBLE ASSETS (CONT.)

Accounting Policy

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit and loss arising from the derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recoverable amount is the higher of an as'et's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

NOTE 17 NON-CURRENT ASSETS : DEFERRED TAX

	2022 €'000	2021 €'000
Deferred tax asset comprises temporary differences attributable to:		
Other	18	-
Property, plant and equipment	1,692	-
Deferred tax asset	**1,710**	**-**
Movements:		
Opening balance	-	-
Additions through business combinations	1,768	-
Charged to income statement	(58)	-
Closing balance	**1,710**	-

NOTE 18 TRADE AND OTHER PAYABLES

	2022 €'000	2021 €'000
Trade payables [(i)]	6,183	912
Accrued expenses	802	82
Other payables	866	106
VAT Payable	503	235
	8,354	1,335

(i) Trade payables are non-interest bearing and are normally settled on 30-day terms.

Due to the short-term nature of these payables, their carrying value is assumed to be the same as their fair value.

Accounting Policy

Trade and other payables
Trade payables and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 19 PROVISIONS

Current:

	2022 €'000	2021 €'000
Annual leave provision	608	55
Non-Current:		
Other provisions	55	-

Amounts not expected to be settled within the next 12 months
The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

Accounting Policy

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

NOTE 19 PROVISIONS (CONT.)

Employee benefits

Defined contribution superannuation expenses
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTE 20 NON-CURRENT LIABILITIES: DEFERRED TAX

	2022 €'000	2021 €'000
Deferred tax liability comprises temporary differences attributable to:		
Other	2	-
Property, plant and equipment	1,461	-
Deferred tax liability	**1,463**	**-**
Movements:		
Opening balance		
Additions through business combinations	1,618	-
Charged to income statement	(155)	-
Closing balance	**1,463**	-

NOTE 21 CONTRIBUTED EQUITY

	30-Jun-22		30-Jun-21	
	No'000.	€'000	No.'000	€'000
Fully paid ordinary shares	**143,094**	**258,933**	**108,423**	**85,272**

Ordinary shares
Ordinary shares entitle the holder to participate in the dividends and the proceeds on winding up in proportion to the number of and amounts paid on the shares held.

At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Share buy-back
There is no current on-market share buy-back.

	Date	Number	Issue Price €	€'000
At 1 July 2021		108,422,717		85,272
Shares issued as consideration for acquisition of Gec-co.	6/07/2021	325,000	5.04	1,637
Shares issued as consideration for acquisition of GGH	6/07/2021	11,396	5.04	57
Shares issued for services rendered	19/08/2021	32,251	7.84	253
Placement	22/09/2021	14,814,815	8.35	123,680
Share Purchase Plan	18/10/2021	228,434	8.65	1,975
Exercise of warrants	1/12/2021	521,304	-	-
Placement	17/12/2021	65,317	8.47	553
Exercise of performance shares	17/12/2021	4,400,000	-	-
Exercise of performance rights	17/12/2021	2,786,364	-	-
Shares issued for services rendered	8/02/2022	37,492	6.00	225
Shares issued to Stellantis	27/06/2022	11,448,959	4.34	49,660
Less capital raising costs				(4,379)
At 30 June 2022		**143,094,049**		**258,933**

NOTE 21 CONTRIBUTED EQUITY (CONT.)

	Date	Number	Issue Price €	€'000
At 1 July 2020		67,217,755		7,193
Shares issued in lieu of cash fees for services rendered	6/10/2020	400,000	0.53	213
Conversion of Listed Options	2/07/2020-17/12/2020	8,930,765	0.18	1,621
Conversion of Unlisted Listed Options	15/10/2020-26/11/2020	1,125,250	0.50	564
Conversion of Class B Performance Rights Introducer shares	16/09/2020	500,000	-	-
Introducer shares	16/09/2020	660,000	0.56	368
Shares issued to Director	27/11/2020	100,000	1.49	149
Conversion of Class B Performance Shares	15/01/2021	4,400,000	-	-
Conversion of Class E and K Performance Shares	15/01/2021	2,250,000	-	-
Conversion of Listed Options	20/12/2020-20/01/2021	3,457,409	0.18	628
Placement	6/02/2021	18,423,077	4.07	74,964
Conversion of Class H Performance shares	11/05/2021	260,000	-	-
Less capital raising costs		-	-	(3,844)
Placement to Directors	30/06/2021	38,461	4.07	156
Introducer shares	30/06/2021	660,000	4.94	3,260
At 30 June 2021		**108,422,717**		**85,272**

NOTE 21 CONTRIBUTED EQUITY (CONT.)

Accounting Policy

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTE 22 RESERVES

	2022 €'000	2021 €'000
Share-based payment reserve	8,995	4,995
Foreign currency translation reserve	7,817	827
Total	16,812	5,822

NOTE 22 RESERVES (CONT.)

	Number of Warrants	Number of Performance Shares	Number of Performance Rights	€'000
Movement reconciliation				
On issue at 1 July 2021	**512,447**	**4,400,000**	**11,238,688**	**4,995**
Issue of performance rights during the year	-	-	204,000	-
Recognition of share - based payment expense for performance rights issued to Directors, staff & consultants (Note 30)	-	-	-	3,289
Performance shares issued upon purchase of GGH	-	91,174	-	363
Recognition of share - based payment expense for performance rights issued to Vendors on Acquisition (Note 30)	-	-	-	218
Issue of unlisted options during the year	-	-	-	-
Exercise of unlisted options during the year	-	-	-	-
Exercise of Performance rights during the year	-	-	(2,786,364)	-
Issue of warrants during the year	8,857	-	-	-
Warrants exercised during the year	(521,304)	-	-	-
Recognition of shared based payment expense for warrants	-	-	-	130
Exercise of Performance Shares during the year	-	(4,400,000)	-	-
On issue at 30 June 2022	**-**	**91,174**	**8,656,324**	**8,995**

NOTE 22 RESERVES (CONT.)

	Number of Warrants	Number of Listed options	Number of Unlisted Options	Number of Performance Shares	Number of Performance Rights	€ '000
Movement reconciliation	-	-	-		-	
On issue at 1 July 2020	**-**	**12,419,759**	**-**	**8,800,000**	**4,250,000**	**1,065**
Issue of performance rights during the year	-	-	-	-	10,248,688	-
Recognition of share - based payment expense for performance rights issued to Directors, staff & consultants (Note 19)	-	-	-	-	-	2,766
Performance rights cancelled during the year	-	-	-	-	(250,000)	-
Recognition of share - based payment expense for performance rights issued to Vendors on Acquisition (Note 19)	-	-	-	-	-	471
Issue of unlisted options during the year	-	-	1,112,250	-	-	-
Exercise of unlisted options during the year			(1,112,250)	-	-	-
Recognition of share based payment expense for unlisted options issued (Note 19)	-	-	-	-	-	231
Exercise of listed options during the year	-	(12,388,174)	-	-	-	-
Listed options expired during the year	-	(31,585)	-	-	-	-
Exercise of Performance rights during the year	-	-	-	-	(3,010,000)	-
Warrants issued during the year	512,447		-	-	-	-
Recognition of shared based payment expense for warrants issued during the year	-	-	-	-	-	234
Exercise of Performance Shares during the year	-	-	-	(4,400,000)	-	-
Recognition of shared based payment expense for performance rights issued to Directors & staff in prior periods (Note 19)	-	-	-	-	-	228
On issue at 30 June 2021	**512,447**	**-**	**-**	**4,400,000**	**11,238,688**	**4,995**

NOTE 22 RESERVES (CONT.)

The option reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors.

Foreign Currency Translation Reserve

	2022 €'000	2021 €'000
Balance at the beginning of the year	827	(22)
Movement during the year	6,990	849
Balance at the end of the year	7,817	827

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Euro.

NOTE 23 INVESTMENT IN ASSOCIATE

On 24 August 2021, Kuniko Limited successfully completed an initial public offering listing on the Australian Stock Exchange (ASX:KNI), thereby completing the spin-off of the Norwegian assets announced in June 2021. On the 17 August 2021, the initial public offering shares were issued, with the Company retaining a 25.85% shareholding. The loss of control of Kuniko Limited by the Company resulted in €1,975,185 gain on deconsolidation.

The following table summarises the deconsolidation of Kuniko Limited:

	€'000
Net liabilities on deconsolidation of Kuniko Limited	266
Revaluation of interest in Kuniko Limited	1,709
Gain on deconsolidation	**1,975**

The Company's interest in Kuniko Limited is recognised as an investment in associate accounted for using the equity method, resulting in €1,708,987 investment in associate at deconsolidation. Subsequently, the Company's share of Kuniko Limited's loss for the period was offset against the investment resulting in the amount recogni124ecognizedsed as investment in associate as follows:

	€'000
Initial carrying value on deconsolidation	1,709
Share of loss in Kuniko Limited for the period 17 August to 30 June 2022	(474)
Share of other comprehensive income	(21)
Investment in associate	**1,214**

NOTE 23 INVESTMENT IN ASSOCIATE (CONT)

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Kuniko Ltd	Australia	20.24%	0%

	Kuniko Ltd 2022 €'000	Kuniko Ltd 2021 €'000
Summarised statement of financial position		
Current assets	6,985	53
Non-current assets	2,665	245
Total assets	9,650	298
Current liabilities	(678)	(243)
Non-current liabilities	-	(249)
Total liabilities	(678)	(492)
Net assets/(liabilities)	8,972	(194)
Summarised statement of profit or loss and other comprehensive income		
Revenue	-	-
Expenses	(1,391)	(400)
Loss before income tax	(1,391)	(400)
Income tax expense	-	-
Loss after income tax	(1,391)	(400)
Other comprehensive loss	(115)	-
Total comprehensive loss	(1,506)	(400)

NOTE 23 INVESTMENT IN ASSOCIATE (CONT)

Accounting policy

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated ent'ty's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTE 24 ACQUISITION OF SUBSIDIARY

Global Geothermal Holding UG

On 2 July 2021 Vulcan Energie Ressourcen GmbH, a subsidiary of Vulcan Energy Resources Limited, acquired 100% of the shares in Global Geothermal Holding UG ('**GGH**') with an effective date on 2 July 2021 (closing-date). Dr Horst Kreuter, CEO of Vulcan Energie Ressourcen GmbH, and a related party of Vulcan Energy Resources Limited, and Mr Thorsten Weimann, Chief Operating Officer and a related party of Vulcan Energy Resources Limited were the sole shareholders of GGH.

With a share price at closing date of €5.04 (AUD7.90), the agreed purchase price for 11,396 ordinary shares amounted to €57,411.

Additionally, 91,174 performance shares with a fair value €363,307 have been recognised as deferred consideration, based on management's assessment of the probability of achieving the performance milestones. The performance shares were issued in equal number to Dr Horst Kreuter and Mr Thorsten Weimann. Milestones as follows:

The Performance Shares will convert into Shares upon achievement of any of the following in relation to any of the licenses held by GGH:

(a) the Company (or any of its subsidiaries) obtaining a positive approval for geothermal brine production from the relevant governmental authority following a provisional environmental impact assessment;

(b) the Company (or any of its subsidiaries) obtaining approval for the construction and operation of a main operating plant under Germany's Federal Mining Act (BBergG);

(c) the Company (or any of its subsidiaries) obtaining the first approval for a special operating plan in accordance with BBergG;

(d) the Company (or any of its subsidiaries) the first approval or pre-approval from the relevant governmental authority for the construction of a geothermal organic rankine cycle plant; or

(e) the Company (or any of its subsidiaries) obtaining the first approval or pre-approval from the relevant governmental authority for the construction of a direct lithium extraction (lithium conveying) plant.

Purchase Consideration:	€
Shares issued	57,411
Performance shares issued (refer to note 13)	363,307
Net consideration	**420,718**

Net Assets Acquired:	€
Fair value of net liabilities acquired	(1,193)
Exploration and evaluation expenditure	421,911
Net assets acquired	**420,718**

Management has determined that the acquisitions do not meet the definition of a business within AASB 3 Business Combinations. The transactions have been accounted for as an asset acquisition.

Since GGH is an entity which holds exploration licences including Taro where the majority of the indicated resources is generated from, the acquisition of GGH is considered an asset acquisition rather than a business combination.

NOTE 24 ACQUISITION OF SUBSIDIARY(CONT)

Accounting Policy

Asset Acquisition not constituting a Business
When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

NOTE 25 INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1

Entity	Location	Primary activity	Date of foundation or acquisition	Ownership Interest 2022 (%)	Ownership Interest 2021 (%)
Global Geothermal Holding UG	Karlsruhe	Group holding	July 2, 2021	100	0
GeoThermal Engineering GmbH (renamed to Vulcan Energy Subsurface Solutions GmbH)	Karlsruhe	Operating entity	July 2, 2021	100	0
Gec-co Global Engineering and Consulting-Company GmbH (renamed to Vulcan Energy Engineering GmbH)	Augsburg	Operating entity	July 2, 2021	100	0
Vulcan Geothermal GmbH	Karlsruhe	Group holding	July 09, 2021	100	0
VER GEO LIO GmbH	Karlsruhe	Group holding	July 12, 2021	100	0
Vercana GmbH	Karlsruhe	Operating entity	December 09, 2021	100	0
Natürlich Insheim GmbH	Karlsruhe (previously: Ludwigshafen)	Operating entity	December 31, 2021	100	0
Koppar Resources Europe Pty Limited (renamed to Kuniko Limited)	Perth	Operating entity	May 24, 2017	0	100
Vulcan Energy Europe Pty Limited	Perth	Operating entity	October 11, 2019	100	100
Vulcan Energie Ressourcen GmbH	Karlsruhe	Operating entity	September 26, 2019	100	100
Vulcan Italy Limited	Perth	Operating entity	July 5, 2021	100	0

NOTE 26 BUSINESS COMBINATIONS

Natürlich Insheim GmbH (previously: Pfalzwerke Geofuture GmbH)

VER GEO LIO GmbH, an indirect subsidiary of Vulcan Energy Resources Limited, acquired 100% shares in Natürlich Insheim GmbH ('**Natürlich Insheim**'), in accordance with the Share Purchase Agreement, with an effective date on 31 December 2021 (closing-date).

The preliminary purchase price for the acquisition of Natürlich Insheim amounted to €32,684,814 and was paid in cash. The preliminary purchase price has been adjusted by €1,410,417 based on the purchase price adjustments stated in the Share Purchase Agreement. Therefore, the adjusted purchase price amounts to €31,274,397 and is now final.

The acquired business contributed revenues of €2,976,987 and a loss after tax of €105,243 to the consolidated entity for the period 1 January 2022 to 30 June 2022. If the acquisition occurred on 1 July 2021 the full year contributions would have been revenues of €5,953,974, a loss after tax of €210,486 and EBITDA of €1,352,836.

Natürlich Insheim owns and operates a geothermal power plant in Insheim, Germany.

The values identified in relation to the acquisition of Insheim are final as at 30 June 2022.

Details of the acquisition are as follows:

	€'000
Cash	922
Trade and other receivables	754
Inventory	138
Property, plant & equipment	28,313
Deferred tax asset	1,747
Trade and other payables	(894)
Other provisions	(50)
Fair value of net assets acquired	30,930
Goodwill	35
Operating permit	1,500
Intangibles acquired on acquisition	1,535
Deferred tax liabilities arising on acquisition	(1,191)
Acquisition-date fair value of total consideration	**31,274**

Representing:

	€'000
Cash paid	**32,685**
Loan repayment to Pfalzwerke Geofuture GmbH	(1,300)
Profit transfer adjustment	(111)
Total consideration	**31,274**

NOTE 26 BUSINESS COMBINATIONS (CONT.)

Gec-co Global Engineering & Consulting-Company GmbH

Vulcan Energie Ressourcen GmbH, a subsidiary of Vulcan Energy Resources Limited, acquired 100% of geothermal surface consultancy company, Global Engineering and Consulting - Company GmbH ('**Gec-co**'), in accordance with the Share Purchase Agreement, with an effective date on 2 July 2021 (closing-date). Mr Thorsten Weimann, Chief Operating Officer of Vulcan Energy Resources Limited is the sole shareholder of Gec-co.

325,000 fully paid ordinary shares of Vulcan Energy Resources Limited were issued, totalling to €1,627,720 based on a share price at closing date of €5.01 (AUD7.93).

This is an engineering business and operates in the renewables sector. The goodwill of €1.040m represents the expected synergies from merging this business with the other entities and reducing external consultancy costs. The acquired business contributed revenues (including other own works capitalised) of €2,979,154 for sale of services and loss after tax of €900,073 to the consolidated entity for the period from 2 July 2021 to 30 June 2022. As the acquisition occurred on 2 July 2022, the full year contribution is the same as above.

Additionally, a cash payment of €862,750 linked to project development milestones of the Vulcan Zero Carbon Lithium™ Project has been recognised as deferred consideration, based on management's assessment of the probability of achieving the milestones. Milestones as follows:

(a) The first building permit for the construction of an ORC (geothermal) plant is granted;

(b) The first building permit or approval pursuant to the German Federal Immission Control Act (BImSchG) for the construction of a DLE (lithium extraction) plant is granted.

The values identified in relation to the acquisition of Gec-co are final as at 30 June 2022.

Details of the acquisition are as follows:

	€'000
Cash	246
Trade and other receivables	557
Contract assets	192
Other assets	122
Trade and other payables	(372)
Loans and borrowings	(348)
Fair value of net assets acquired	397
Customer relationships	1,393
Order backlog	46
Goodwill	1,040
Intangibles acquired on acquisition	2,479
Deferred tax liabilities arising on acquisition	(386)
Acquisition-date fair value of total consideration	**2,490**

Representing:

	€'000
Shares issued	1,628
Deferred consideration	862
Total consideration	**2,490**

NOTE 26 BUSINESS COMBINATIONS (CONT.)

GeoThermal Engineering GmbH

Vulcan Energie Ressourcen GmbH, a subsidiary of Vulcan Energy Resources Limited, acquired 100% of the shares in GeoThermal Engineering GmbH ('GeoT') in accordance with the Share Purchase Agreement, with effective date on 2 July 2021 (closing-date). Dr Horst Kreuter, CEO of Vulcan Energie Ressourcen GmbH, and a related party of Vulcan Energy Resources Limited, was the sole shareholder of GeoT.

The acquisition costs for 100% of the shares in GeoT were payable in cash. The agreed purchase price was €1.

GeoT is an independent planning and consulting company for the development of deep geothermal projects worldwide. In cooperation with partners and investors, GeoT develops national and international projects in regions that offer favourable conditions for a sustainable heat and/or power production from geothermal energy. Furthermore, GeoT designs optimally adapted exploration programs for each project by individual composing of the different exploration methods.

The acquired business contributed revenues (including other own work capitalised) of €1,469,495 for sale of services and loss after tax of of €263,250 to the consolidated entity for the period from 2 July 2021 to 30 June 2022. As the acquisition occurred on 2 July 2022, the full year contribution is the same as above.

The values identified in relation to the acquisition of GeoT are final as at 30 June 2022.

Details of the acquisition are as follows:

	€
Cash	62,150
Trade and other receivables	151,854
Other assets	134,223
Trade and other payables	(156,342)
Loans and borrowings	(285,330)
Fair value of net liabilities acquired	(93,445)
Customer relationships	133,316
Goodwill	1,298
Intangibles acquired on acquisition	134,614
Deferred tax liabilities arising on acquisition	(41,168)
Acquisition-date fair value of total consideration	**1**

Representing:

	€
Cash paid or payable to vendor	1
Total consideration	**1**

NOTE 26 BUSINESS COMBINATIONS (CONT.)

Accounting policy

Business combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and price risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed.

These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2022 €'000	2021 €'000
Financial Assets		
Cash and cash equivalents	175,416	72,494
Trade and other receivables	4,030	757
	179,446	73,251
Financial Liabilities		
Trade and other payables	8,354	1,335
Lease liabilities	3,005	353
	11,359	1,688

(a) Market risk

(i.) Foreign exchange risk

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Euro, was as follows:

	2022 €'000	2021 €'000
Trade payables	(2,427)	(1,051)
Other payables	(54)	(55)
	(2,481)	(1,106)

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The aggregate net foreign exchange gains/losses recognised in the P&L were:

	2022 €'000	2021 €'000
Net foreign exchange gains recognised in the P&L were (in Euro):	285	48

Sensitivity

As shown in the table above, the group is primarily exposed to changes in EUR/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates is:

	Impact on post-tax profit	
	2022 €'000	2021 €'000
EUR/AUD exchange rate - increase 10% (2020 -10%)*	(215)	7
EUR/AUD exchange rate - decrease 10% (2020 -10%)*	215	(8)

*Holding all other variables constant

(ii.) Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2022		2021	
	Weighted average interest rate	Balance €'000	Weighted average interest rate	Balance €'000
Cash and cash equivalents	0.25%	103,558	0.23%	72,494

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year.

At 30 June 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, losses and equity would have been affected as follows:

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

	Profit higher/(lower) 2022 €	Profit higher/(lower) 2021 €
+ 1.0% (100 basis points)	1,035,576	724,941
- 1.0% (100 basis points)	(1,035,576)	(724,941)

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings. The following are the contractual maturities of financial liabilities:

	1 year or less	1-5 years	> 5 years	Total
2022	€	€	€	€
Trade and other payables	8,354,088	-	-	8,354,088
Lease Liabilities	438,902	837,649	1,727,910	3,004,461
2021				
Trade and other payables	1,335,425	-	-	1,335,425
Lease Liabilities	39,430	179,025	134,793	353,248

NOTE 27 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(d) Price risk.

The Group is exposed to the commodity price risk, as its energy sales are predominantly subject to prevailing market prices. The contract with Pfalzwerke guarantees a minimum price of €0.25 per kWh. During the financial year ending 30 June 2022 Vulcan sold 11,908 MWh at an average price of €0.25 per kWh. In a full year of trading 23,000 MWh is expected.

At 50per cent of the upward movement in the price for Mwh, the Group's loss would decrease by €1.9m. At 100 per cent upward price movement the loss would decrease by €3.8m.

(e) Capital risk management.

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

NOTE 28 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liability €'000	Total €'000
Balance at 1 July 2020	-	-
Net cash used in financing activities	(14)	(14)
Additions to leases	367	367
Balance at 30 June 2021	353	353
Balance at 1 July 2021	353	353
Net cash used in financing activities	(185)	(185)
Additions to leases	3,190	3,190
Other changes	(353)	(353)
Balance at 30 June 2022	3,005	3,005

NOTE 29 NON-CASH INVESTING AND FINANCING ACTIVITIES

	2022 €'000	2021 €'000
Additions to the right of use assets	3,190	372
Performance shares issued for consideration of acquisition (note 24)	363	-
Shares issued for consideration of acquisition (note 26), (note 24)	1,685	-
	5,238	372

NOTE 30 SHARE-BASED PAYMENTS

	2022 €'000	2021 €'000
Recognised share-based payment transactions		
Performance rights issued to Directors, staff and consultants (i)	520	2,767
Performance rights issued to Directors & staff in prior periods (ii)	2,769	228
Performance shares issued to Vendors of Acquisition (iii)	218	471
Performance shares issued as consideration for acquisition of subsidiary GGH	363	-
Shares issued for consideration of services	478	213
Shares issued to Director	-	149
Warrants (iv)	130	234
Unlisted Options	-	231
Shares issued to Introducers of Acquisition (Note 13)	-	3,627
	4,478	7,920

	2022 €'000	2021 €'000
Represented by		
Shared-based payment expense	3,637	4,080
Investor relations expense	478	213
Introducer fee	-	-
Capitalised exploration assets (Note 13)	363	3,627
	4,478	7,920

(i) Details of new performance rights issued during the year:

On 16 December 2021, the company issued 204,000 performance rights to Chief Financial Officer in Germany, Company Secretary and Communications Manager to align their interests to that of the Company's shareholders and assist as an effective means of retaining staff.

Type	Fair value of each right (EUR)	Grant date	Price at grant date (EUR)	Expiry date	Number of rights	Total value of rights (EUR)	Share based payment expense (EUR)
Class P	7.54	16/12/2021	7.54	1/12/2023	58,000	437,320	183,258
Class T	7.54	16/12/2021	7.54	1/12/2024	18,000	135,720	60,428
Class V	7.54	16/12/2021	7.54	1/12/2024	18,000	135,720	21,242
Class Y	7.54	16/12/2021	7.54	1/12/2024	60,000	452,400	211,881
Class Z	7.54	16/12/2021	7.54	1/12/2024	50,000	377,000	43,039
						Total	519,848

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

Details of performance rights vesting conditions:

Class P:
The Company announcing before 31 December 2022 a positive definitive Feasibility Study in relation to Project confirming it is commercially viable with and expiry date of 1 December 2023.

Class T:

The Company being issued a building permit for the first geothermal power plant or, in the case of pure heating project with no electricity production, the transfer station, on or before the Expiry Date of 1 December 2024.

Class V:

The Company is being granted a permit according to BImSchG for the first lithium refinery, on or before the Expiry Date 1 December 2024.

Class Y:
The Company announcing successful listing of Vulcan Energy on the regulated market of the Frankfurt Stock Exchange on or before the expiry date of 1 December 2024.

Class Z:

Performance Rights will vest upon the Company obtaining project finance for the first commercial plant, on or before the Expiry Date of 1 December 2024.

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

(ii) Details of performance rights issued in prior years:

Type	Fair value of each right (EUR)	Expected volatility	Grant date	Price at grant date (EUR)	Expiry date	Vesting hurdle (5-day VWAP)	Interest rate	Number of Rights	Total value of Rights (EUR)	Share based payment expense (EUR)
Class F	0.09	N/A	4/09/2019	0.09	4/09/2022	N/A	N/A	1,250,000	116,213	62,139
Class I	0.13	N/A	14/05/2020	0.13	1/12/2023	N/A	N/A	500,000	66,983	50,673
Class I	0.65 & 0.55	N/A	11/9/2020 & 15/9/2020	0.65 & 0.55	1/12/2023	N/A	N/A	250,000 & 250,000	300,000	239,375
Class J	0.55	70%	10/09/2020	0.55	16/09/2023	1.84	0.26%	2,500,000	1,368,598	294,717
Class L	0.55	70%	10/09/2020	0.55	16/09/2023	1.64	0.26%	1,000,000	547,439	311,237
Class N	0.55	N/A	10/09/2020	0.55	1/12/2023	N/A	N/A	1,500,000	821,159	533,658
Class P	0.55 & 4.67	N/A	15/09/2020 & 29/06/2021	0.55 & 4.67	1/12/2023	N/A	N/A	250,000 & 60,000	417,700	216,541
Class Q	1.47	N/A	25/11/2020	1.47	27/11/2021	N/A	N/A	100,000	147,060	62,646
Class R	1.47	N/A	25/11/2020	1.47	27/11/2022	N/A	N/A	100,000	147,060	76,428
Class S	4.95	N/A	24/06/2021	4.95	30/06/2025	N/A	N/A	38,688	191,561	117,679
Class T	4.82	N/A	29/06/2021	4.82	1/12/2024	N/A	N/A	250,000	1,205,360	303,555
Class U	4.82	N/A	29/06/2021	4.82	1/12/2024	N/A	N/A	250,000	1,205,360	285,706
Class V	4.82	N/A	29/06/2021	4.82	1/12/2024	N/A	N/A	100,000	482,144	121,423
Class W	4.82	N/A	29/06/2021	4.82	1/12/2024	N/A	N/A	100,000	482,144	92,881
									Total	2,768,658

Details of Performance Rights vesting conditions:

Class F
- Vest immediately and will convert into shares on the Company announcing that it has secured either an offtake agreement representing a minimum of 30% of production volume over a three-year term, or a downstream joint venture partner with a minimum EUR 6,000,000 investment in relation to the Vulcan Lithium Project within 36 months of completion of the Acquisition.

Class I
- Will vest upon the Company announcing 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 EUR 6,000,000 investment in relation to the Vulcan Lithium Project within three years of issue of the Performance Rights, with an expiry date of 1 December 2023.

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).

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

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 EUR 6,000,000 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 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 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 EUR 6,000,000 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.

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.

Class S
- one third vesting 12 months from the date of the 24 June 2021 General Meeting (EGM), one third vesting 24 months from EGM, one third vesting 36 months from EGM.

Class T
- the Company being issued a building permit for the first geothermal power plant or, in the case of a pure heating project with no electricity production, the transfer station, on or before the Expiry Date of 1st December 2024;

Class U
– the Company being issued a building permit for the first Direct Lithium Extraction system, on or before the Expiry Date of 1st December 2024.

Class V
- the Company being granted a permit according to BImSchG for the first lithium refinery, on or before the Expiry Date of 1st December 2024;

Class W
- the Company announcing commissioning of the first commercial lithium extraction plant, on or before the Expiry Date of 1st December 2024;

Class G
- Will vest upon the holder completing six months continuous employment with the Company, with an expiry date of 1 December 2023.

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

(iii) Details of performance shares issued in prior years:

Type	Fair value of each PS (EUR)	Expected volatility	Grant date	Price at grant date (EUR)	Expiry date	Vesting hurdle (5-day VWAP)	Interest rate	Number of PS	Total value of PS (EUR)	Share based payment expense (EUR)
Class A *	0.09	N/A	4/09/2019	0.09	4/09/2020	N/A	N/A	4,400,000	396,000	-
Class B *	0.09	N/A	4/09/2019	0.09	4/09/2021	N/A	N/A	4,400,000	396,000	-
Class C	0.09	N/A	4/09/2019	0.09	4/09/2022	N/A	N/A	4,400,000	396,000	218,727

***Class A and B has no share-based payment expense for the year due to performance shares vested in the prior year.

All performance shares listed above have been exercised as at 30 June 2022

Details of Performance Shares vesting conditions:

On 4 September 2019, the Company issued 13,200,000 Performance Shares (PS) issued to Vendors of the Vulcan Lithium Project Acquisition which will each convert into a Share on a one for one basis on the satisfaction of milestones. Based on management assessment, percentage of a share-based payment expense has been recognised in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

(iv) Details of warrants issued in prior years:

On 10 September 2020, 25 November 2020, and 24 June 2021, shareholder approval was obtained to issue total of 521,304 warrants to EIT InnoEnergy. On 16 September 2020, and on 8 January 2021, the Company issued 479,519 and 32,928 warrants respectively, with 8,857 warrants issued on 9 August 2021. All warrants were exercised during the year. 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	10/09/2020	25/11/2020	24/06/2021
Expiry Date	16/09/2023	8/01/2023	9/08/2024
Share price at grant date (EUR)	0.55	1.53	5.01
Exercise Price	0.00	0.00	0.00
Number of warrants	479,519	32,928	8,857
Fair value at grant date (EUR)	0.55	1.53	5.01
Expected volatility	70%	70%	70%
Risk free rate	0.26%	0.11%	0.20%
Total value (EUR)	265,495	50,352	44,361
Balance at the end of the year (No.)	-	-	-
Share based payment expense (EUR)	49,662	38,812	41,086

All warrants have been exercised as at 30 June 2022.

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

Set out below are summaries of performance rights granted and exercised:

	As at 1 July 2021	Granted	Exercised	As at 30 June 2022
Class F	1,250,000	-	(1,250,000)	-
Class G	250,000	-	-	250,000
Class H	990,000	-	(436,364)	553,636
Class I	1,000,000	-	-	1,000,000
Class J	2,500,000	-	-	2,500,000
Class K	-	-	-	-
Class L	1,000,000	-	(1,000,000)	-
Class M	1,500,000	-	-	1,500,000
Class N	1,500,000	-	-	1,500,000
Class P	310,000	58,000	-	368,000
Class Q	100,000	-	(100,000)	-
Class R	100,000	-	-	100,000
Class S	38,688	-	-	38,688
Class T	250,000	18,000	-	268,000
Class U	250,000	-	-	250,000
Class V	100,000	18,000	-	118,000
Class W	100,000	-	-	100,000
Class Y	-	60,000	-	60,000
Class Z	-	50,000	-	50,000
	11,238,688	**204,000**	**(2,786,364)**	**8,656,324**

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

Set out below are summaries of performance rights granted and exercised

	As at 1 July 2020	Granted	Exercised	As at 30 June 2021
Class A	-	-	-	
Class B	500,000	-	(500,000)	-
Class C	-	-	-	-
Class D	-	-	-	-
Class E	1,250,000	-	(1,250,000)	-
Class F	1,250,000	-	-	1,250,000
Class G	250,000	-	-	250,000
Class H	500,000	750,000	(260,000)	990,000
Class I	500,000	500,000	-	1,000,000
Class J	-	2,500,000	-	2,500,000
Class K	-	1,000,000	(1,000,000)	-
Class L	-	1,000,000	-	1,000,000
Class M	-	1,500,000	-	1,500,000
Class N	-	1,500,000	-	1,500,000
Class P	-	310,000	-	310,000
Class Q	-	100,000	-	100,000
Class R	-	100,000	-	100,000
Class S	-	38,688	-	38,688
Class T	-	250,000	-	250,000
Class U	-	250,000	-	250,000
Class V	-	100,000	-	100,000
Class W	-	100,000	-	100,000
	4,250,000	**9,998,688**	**(3,010,000)**	**11,238,688**

NOTE 30 SHARE-BASED PAYMENTS (CONT.)

Accounting Policy

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, which are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using an appropriate valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying an appropriate valuation model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

a. During the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
b. From the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

NOTE 31 RELATED PARTY DISCLOSURE

Parent entity
Vulcan Energy Resources Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Associates
Interests in associates are set out in note 23.

(a) Key Management Personnel Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below.

	2022 €	2021 €
Short-term benefits	1,240,462	704,063
Post-employment benefits	45,206	32,698
Share-based payments	1,655,046	2,515,034
	2,940,714	3,251,795

(b) Transactions with associates

Loans to or from associates
During the financial year Kuniko Limited repaid the loan of €409,000 to Vulcan Resources Limited. There were no loans to or from associates at 30 June 2022 (30 June 2021: €409,000).

(c) Transactions with related parties

During the financial year payments for consultancy fees of €52,834 (2021: €26,946) were made to Alto Group Inc., a related party of Ms Annie Liu. There was no outstanding balance as at 30 June 2022 (2021 €11,056).

During the financial year payments for consultancy fees of €33,968 were made to JRB Consulting Ltd., a related party of Ms Josephine Bush in respect of a Board mandated review of the Company's Target Operating Model and ESG reporting. There was no outstanding balance as at 30 June 2022 (2021 €Nil).

On 6 July 2021, the Company issued 5,698 shares and 45,587 performance shares to Dr Horst Kreuter for the security consideration for the acquisition of Global Geothermal Holding UG (a company incorporated under the laws of Germany) following shareholder approval at an EGM held in June 2021. Dr Kreuter is a shareholder of Global Geothermal Holding UG.

The Company also completed the acquisition of GeoThermal Engineering GmbH (GeoT) on 2 July 2021 for €1. Dr Kreuter is the sole shareholder of GeoT. Dr. Kreuter will also receive 50% of any payments received from certain debtors to GeoT, if these payments are made to GeoT within 18 months of completion of the acquisition. GeoT also repaid debt of approximately €140,000 (plus a nominal amount of interest) to Dr. Kreuter as part of completion of the acquisition during the financial year.

NOTE 31 RELATED PARTY DISCLOSURE (CONT.)

(c) Transactions with related parties (cont.)

During the previous financial year, payments for corporate advisory services outside of Australia of €28,170 were made to Viaticus Capital, a related party of Mr Rezos. Viaticus Capital also received fees of €30,834 for capital raising fees associated with a placement undertaken in year ending 30 June 2021. The outstanding balance to Viaticus Capital at 30 June 2021 was €43,504. The corporate advisory services agreement with Viaticus Capital entered into in 2018 was amended by mutual agreement during the reporting period to exclude any capital raising, M&A or related services

During the previous financial year Dr Kreuter was CEO of GeoThermal Engineering GmbH (GeoT). GeoThermal Engineering GmbH provides engineering services to Vulcan Energie Ressourcen GmbH, wholly sub of the Vulcan Energy Resources Ltd. During the last financial year, GeoThermal Engineering received €736,609 from Vulcan Energie Ressourcen GmbH. There were no amounts outstanding at 30 June 2021 (2020: nil).

Loans to/from related parties
There were no loans to or from related parties at the 30 June 2022 (30 June 2021: nil).

Other than the above, there were no other transactions with related parties during the year ended 30 June 2022.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 32 COMMITMENTS

Below are the commitments in relation to its exploration and evaluation assets:

	2022 €'000	2021 €'000
Within one year	3,422	1,005
One to five years	6,293	1,362
	9,715	2,367

The Company is also subject to capital commitments to the value of €18.362m (2021: €nil) relating to capital commitments within 1 year and €3.6m (2021: €nil) 1 year but less than 5 years (2021: €nil).

NOTE 33 CONTINGENCIES

The Group has no contingent assets and liabilities as at 30 June 2022.

In the last financial year, as part of the acquisition of Vulcan Lithium Project, the Company agrees to pay the following by way of deferred consideration of remaining 4,400,000 (13,200,000 less 8,800,000) Performance Shares to be issued to the Vendors, which will each convert into a Share on a one for one basis on satisfaction the following milestones: (i.) 4,400,000 Shares on the Company announcing that it has secured an off-take agreement representing a minimum of 30% of production volume over a three-year term, or a downstream joint venture partner with a minimum $10,000,000 investment in relation to the Vulcan Lithium Project within 36 months of completion of the Acquisition (Milestone 3), (together, the Deferred Consideration). Other than the above, there are no other contingent assets or contingent liabilities as at 30 June 2021

NOTE 34 AUDITOR'S REMUNERATION

	2022 €'000	2021 €'000
Amounts received or due and receivable by RSM Australia Partners for:		
Audit or review of the annual financial report	197	59
Other services - RSM Australia Pty Ltd for:		
– Corporate Finance	-	2
– Comfort letter in relation to listing prospectus	79	-
	276	61

NOTE 35 ACCCUMULATED LOSSES

	2022 €'000	2021 €'000
Balance at beginning of the year	(9,571)	(2,845)
Loss after income tax for the year	(18,851)	(6,726)
Balance at end of the year	(28,422)	(9,571)

NOTE 36 PARENT ENTITY

	2022 €'000	2021 €'000
Statement of Financial Position		
ASSETS		
Current Assets	117,542	72,426
Non-Current Assets	133,308	9,473
Total Assets	250,850	81,899
LIABILITIES		
Current Liabilities	3,527	381
Total Liabilities	3,527	381
EQUITY		
Issued Capital	258,933	86,268
Reserves	19,689	5,070
Accumulated losses	(31,299)	(9,820)
Total Equity	247,323	81,518
Statement of Profit or Loss and other comprehensive income		
Loss for the year	(21,479)	(6,789)
Total Comprehensive Loss	(21,479)	(6,789)

NOTE 36 PARENT ENTITY (CONT.)

Contingent liabilities
Other than disclosed at Note 22, the parent entity has no other contingent assets or contingent liabilities as at 30 June 2021 and 30 June 2022.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2022.

Exploration commitments
The parent entity has no exploration commitments.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in the financial statements, except for the following:

(i.) Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

NOTE 37 DIVIDENDS

No dividend has been declared or paid during the year ended 30 June 2022 (30 June 2021:nil), and the Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2022

Accounting Policy

Dividends
Dividends are recognised when declared during the financial period and no longer at the discretion of the Company.

NOTE 38 EVENTS AFTER THE REPORTING DATE

- On 7 July 2022, the Company issued 241,252 ordinary shares, comprising:
  - 182,897 ordinary shares, being a conversion of performance rights, which was part of remuneration for services provided.
  - 58,355 ordinary shares, being the share consideration via Partnership Agreement VUL as Official Partner of Rosberg X Racing, obtaining global exposure of its Zero Carbon Lithium brand & business through advertising & promo space via RXR team.
- On 8 July 2022, Vulcan and Enel Green Power (EGP) signed a binding collaboration agreement to explore and develop its Cesano license in Italy through a joint scoping study. Both companies also agreed to evaluate the opportunity to cooperate on other geothermal lithium projects in Italy. The Cesano license area will become co-owned 50:50 by Vulcan and EGP.
- On 8 July 2022, Vulcan announced it received a positive result for its preliminary EIA application (UVP-V) in its Taro license, to drill six wells for geothermal energy and lithium.
- On 26 July 2022, Vulcan was granted a new exploration license, designated Ried, increasing the Company's license area in the Upper Rhine Valley Brine Field (URVBF) by 277km^2 to a total of 1,440km^2.
- On 26 September 2022 Vulcan announced the appointment of Cris Moreno as Deputy Chief Executive Officer (Deputy CEO), effective from 1 November, 2022. Mr. Moreno is an energy and chemicals industry executive with over 20 years' experience in successfully delivering major capital projects, including in the lithium chemicals, cathode and LNG sectors. His technical background is chemical and process engineering.

Apart from the above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:
   i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date.

b) The financial statements and notes comply with International Financial Reporting Standards.

c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001 and is signed for and on behalf of the Directors by:

Gavin Rezos
Chairman
28 September 2022

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

Opinion

We have audited the financial report of Vulcan Energy Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure- Refer to Note 13 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of €20,440,000 as at 30 June 2022. We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including: • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined; and • Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with accounting standards; • Testing that the right to tenure of each relevant area of interest is current; • Testing a sample of additions to supporting documentation and ensuring the amounts are capitalised during the year are in compliance the Group's accounting policy and relate to the area of interest; • Enquiring with management and reading budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; • Assessing and evaluating management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; and • Assessing the appropriateness of disclosures in the financial statements.
Share-based payments-Refer to Note 22 and 30 in the financial statements	
During the year, the Group issued performance rights, performance shares and shares to key management personnel, employees, consultants and vendors. Management have accounted for these instruments in accordance with AASB 2 *Share-Based Payments*. We have considered this to be a key audit matter because: • The complexity of the accounting associated with recording these instruments and management estimation in determining the fair value of instruments granted; • Management judgement is required to determine the probability of vesting conditions of these instruments and the inputs used in the valuation model to value these instruments; and • The recognition of the share-based payment expense is complex due to the variety of vesting conditions attached to these instruments.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with accounting standards; • Obtaining an understanding of the terms and conditions of these instruments issued; • Assessing the completeness of the instruments issued at reporting date; • Assessing the appropriateness of management's valuation methodology; • Testing the key inputs used for each instrument issued in the valuation model; • Critically assessing management's determination of the vesting probability of each instrument; • Recalculating the value of the share-based payment expense to be recognised in consolidated statement of profit or loss and other comprehensive income; and • Assessing the appropriateness of disclosures in the financial statements.

Key Audit Matter	How our audit addressed this matter
Business Combinations – Acquisition of Naturlich Insheim GmbH and Gec-co Global Engineering & Consulting-Company GmbH- Refer to Note 26 in the financial statements	
During the year, the Group completed several acquisitions of subsidiaries. The most significant acquisitions were related to the acquisition of Naturlich Insheim GmbH and Gec-co Global Engineering & Consulting-Company GmbH. The transactions have been accounted for as a business combination in accordance with AASB 3 *Business Combinations*. We have considered this to be a key audit matter because the accounting for the transactions is complex and involves significant judgments. These include the recognition and valuation of consideration paid, determination of the acquisition date and the fair value of the assets and liabilities acquired.	Our audit procedures included: • Assessing the Group's accounting policy for compliance with accounting standards; • Reading the purchase agreements and other associated documents to obtain an understanding of the transactions; • Assessing the appropriateness of management's determination that the acquisitions met the definition of a business in accordance with accounting standards; • Assessing management's determination of the acquisition date and fair value of consideration paid; • Assessing the reasonableness of management's determination of the fair value of identifiable assets and liabilities acquired; • Checking the mathematical accuracy of the computation of goodwill arising on acquisition; and • Assessing the disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Vulcan Energy Resources Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA PARTNERS

AIK KONG TING
Partner

Perth, WA
Dated: 28 September 2022

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 19 September 2022.

1. Fully paid ordinary shares

- There is a total of 143,335,301 fully paid ordinary shares on issue which are listed on the ASX.
- The number of holders of fully paid ordinary shares is 33,195.
- Holders of fully paid ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company.
- There are no preference shares on issue.

2. Distribution of fully paid ordinary shareholders is as follows:

Range	Number of holders	Number of shares	% of Issued Capital
1 - 1,000	25,118	8,106,271	5.66
1,001 - 5,000	6,355	14,493,682	10.11
5,001 - 10,000	944	6,982,708	4.87
10,001 - 100,000	711	18,201,457	12.70
100,001 Over	67	95,551,183	66.66
Total	**33,195**	**143,335,301**	**100.00**

3. Holders of non-marketable parcels

Holders of non-marketable parcels are deemed to be those whose shareholding is valued at less than $500.

There are 3,239 shareholders who hold less than a marketable parcel of shares, amounting to 0.013% of issued capital.

4. Substantial shareholders of ordinary fully paid shares

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Holding Balance	% of Issued Capital
Mr Francis Edward Barnabas Wedin and related parties	16,458,561	11.50
PSA Automobiles S.A	11,448,959	8
Vivien Enterprises Pte Ltd	7,598,727	5.77
Mrs Georgina Hope Rinehart and Hancock Prospecting Pty Ltd (HPPL) and subsidiaries of HPPL	7,424,534	5.64

5. Share buy-backs

There is currently no on-market buyback program for any of Vulcan Energy Resources' listed securities.

6. Voting rights of Shareholders

All fully paid ordinary shareholders are entitled to vote at any meeting of the members of the Company and their voting rights are on:

- Show of hands – one vote per shareholders; and
- Poll – one vote per fully paid ordinary share.

6. Major Shareholders

Twenty largest shareholders

Rank	Shareholders	Number Held	Percentage (%)
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	20,251,163	14.13
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,238,062	9.24
3	PSA AUTOMOBILES SA	11,448,959	7.99
4	MR FRANCIS EDWARD BARNABAS WEDIN[1]	6,096,667	4.25
4	MR FRANCIS EDWARD BARNABAS WEDIN[1]	6,096,667	4.25
5	MR JOHN LANGLEY HANCOCK	4,758,000	3.32
6	BNP PARIBAS NOMS PTY LTD <DRP>	3,666,508	2.56
7	MR FRANCIS EDWARD BARNABAS WEDIN[1]	3,452,727	2.41
8	CITICORP NOMINEES PTY LIMITED	3,086,272	2.15
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,041,688	2.12
10	MONSLIT PTY LTD <ANTHONY TORRESAN A/C>[2]	1,600,000	1.12
11	VIVIEN ENTERPRISES PTE LTD	1,530,059	1.07
12	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	1,178,664	0.82
13	LHO LA PTY LTD <ACME FOUNDATION A/C>	1,018,559	0.71
14	BNP PARIBAS NOMINEES PTY LTD	884,777	0.62
15	MAGNI ASSOCIATES PTY LTD[1]	812,500	0.57
16	RHODIUM CAPITAL PTY LIMITED	750,000	0.52
17	SNOWBALL 3 PTY LTD [2] <ANTONIO TORRESAN SUPER A/C>	737,000	0.51
18	ALDOVALE PTY LIMITED	688,830	0.48
19	PULA HOLDINGS PTY LTD <HERATH SUPER FUND A/C>	625,000	0.44
20	M & E EARTHMOVING PTY LTD	620,775	0.43
	TOTAL	**85,582,877**	**59.71%**

[1] Mr. Francis Edward Barnabas Wedin and his related parties hold a total of 16,458,561 shares (11.5%).
[2] Part of the Torresan Group which holds a total of 2,537,000 shares (1.77%).

8. Options

There are no listed or unlisted options on issue as at 19 September 2022.

9. Tax Status

The Company is treated as a public company for taxation purposes.

10. Franking Credits

The Company has no franking credits.

11. Business Objectives

Vulcan Energy Resources Limited has used its cash and cash equivalents held at the time of listing in a way consistent with its stated business objectives.

12. Tenement Schedule

The following table sets out the tenement information as required by ASX Listing Rule 5.3.3.

Name	Area (ha)	Area (km^2)	Type	Expiry Date (MM/YYYY)	Ownership at 30 June 2022	Change in ownership
Insheim	1,900	19 .00	Production license	11/2037	100%	100%
Ortenau	37,410	374.10	Exploration License	06/2023	100%	N/A
Mannheim	14,449	144.49	Exploration License	06/2024	100%	N/A
Lampertheim	10,803	108.03	Exploration License	07/2024	100%	100%
Taro/Lisbeth	3,268	32.68	Exploration License	TAR 08/2025 LIS 09/2024	100%	N/A
Ludwig	9,634	96.34	Exploration License	12/2024	100%	100%
Therese	8,112	81.12	Exploration License	12/2024	100%	100%
Kerner	7,226	72.26	Exploration License	12/2024	100%	100%
Löwenherz	7,543	75.43	Exploration License	12/2024	100%	100%
Landau	1,941	19.41	Production license	N/A	Brine offtake agreement with owner/operator	
Flaggenturm/ Fuchsmantel	14,114	141.14	Exploration License	FLA 12/2022 FUC 07/2023	100%	100%
Ried	28,992	289.92	Exploration License	07/2025	0%[1]	100%
Cesano Field						
Cesano	1,146	11.46	Research Permit	01/2025	100%[2]	100%

[1]Granted subsequent to end of Quarter 1/07/2022
[2] Subsequent to 30 June 2022, the Cesano license area will become co-owned 50:50 by Vulcan and EGP.

CORPORATE DIRECTORY

Board of Directors

MR. GAVIN REZOS
Chairman (appointed 4 September 2019)

DR. FRANCIS WEDIN
Managing Director (appointed 4 September 2019)

MS. RANYA ALKADAMANI
Non-Executive Director (appointed 29 April 2020)

MS. ANNIE LIU
Non-Executive Director (appointed 18 March 2021)

DR. HEIDI GRÖN
Non-Executive Director (appointed 25 March 2021)

MS. JOSEPHINE BUSH
Non-Executive Director (appointed 19 April 2021)

DR. GÜNTER HILKEN
Non-Executive Director (appointed 24 March 2022)

MR. MARK SKELTON
Non-Executive Director (appointed 20 April 2022)

Board Advisors

MS. JULIA POLISCANOVA
Board Advisor

DR. HORST KREUTER
Board Advisor and CEO Germany

Company Secretary

MR. DANIEL TYDDE

Registered Office

Level 11, Brookfield Place
125 St Georges Terrace
Perth WA 6005
Australia

Vulcan Energie Ressourcen GmbH
Amalienbadstraße 41 Bau 52
76227 Karlsruhe
Germany

Securities and Stock Exchange Listings

Listed on the Australian Securities Exchange
(ASX Code: VUL)

Listed on the Frankfurt Stock Exchange
(FSE Code: VUL)

Auditors

RSM AUSTRALIA PARTNERS
Level 32, 2 the Esplanade
Perth WA 6000

Solicitors

ASHURST
Brookfield Place Tower II
Level 10 and 11 St Georges Terrace
Perth WA 6000

Bankers

WESTPAC BANKING CORPORATION
Level 4, Brookfield Place, Tower Two
123 St Georges Terrace
Perth WA 6000

Share Registry

AUTOMIC SHARE REGISTRY
Level 2, 267 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

VULCAN ENERGY

ZERO CARBON LITHIUM™

ABN 38 624 223 132