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**VANADIUM RESOURCES LIMITED  
(FORMERLY TANDO RESOURCES LIMITED)**

**ABN 47 618 307 887**

**FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED**

**31 DECEMBER 2019**

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# VANADIUM RESOURCES LIMITED

## DIRECTORS' REPORT

The Directors of Vanadium Resources Limited (Formerly Tando Resources Limited) "the Company" present their report, together with the financial statements on the consolidated entity consisting of Vanadium Resources Limited and its controlled entities for the half-year ended 31 December 2019 ("the Period").

It is recommended that the Directors' Report be read in conjunction with the annual financial statements for the period 30 June 2019 and considered together with any public announcements made by the Company during the Period and up to the date of this report.

### 1. DIRECTORS

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

Name	Status	Appointment/ Resignation
Mr Jurie Hendrik Wessels	Non-Executive Chairman	Appointed on 26 July 2019
Mr William Oliver	Managing Director	Appointed 31 March 2017
Mr Nicholas Phillipus Jacobus Van Der Hoven	Non-Executive Director	Appointed on 26 July 2019
Mr Michael Davy	Non-Executive Director	Appointed 28 November 2019
Mr Jeremy King	Non-Executive Chairman	Resigned 26 July 2019
Mr Luigi Matteucci	Non-Executive Director	Resigned 26 July 2019
Mr Patrick Burke	Non-Executive Director	Resigned 28 November 2019

### 2. REVIEW OF OPERATIONS AND ACTIVITIES

During the Period the Company continued the development of the Steelpoortdrift Vanadium Project ("the Project" or "Steelpoortdrift") in South Africa.

The Steelpoortdrift Project is one of the highest grade Mineral Resources reported across the globe (using either in situ or concentrate grades) with a current Mineral Resource of some 612 million tonnes at an in situ grade of 0.78% V2O5 in the Indicated and Inferred categories (refer ASX Announcement 16 April 2019). The resource includes a high grade, near surface component of 169 million tonnes at an in situ grade of 1.07% V2O5.

Vanadium mineralisation at Steelpoortdrift produces a high-quality concentrate for downstream processing to possibly produce value added specialist products suitable for the steel, renewable energy (VRFB battery) and industrial minerals markets. The concentrate contains approximately 2.2% V2O5, 12% TiO2 and 55% Fe (ASX Announcement 18 March 2019), which commodities are sought by these markets.

During the Period the Company completed a short reserve drilling campaign of 23 holes for 1,154 metres (refer Figure 1) focussed on the near surface mineralisation within the conceptual pit shell used as the basis of the Company's recent Scoping Study. 53.4Mt of mineralisation is contained within this pit shell (refer ASX Announcement 2 May 2019). The reserve drilling has improved the definition of mineralisation within the planned initial mining area at Steelpoortdrift and is anticipated to enable an upgrade in the confidence of the Mineral Resource in this area.

The results attained are being used to update the Mineral Resource and, based on the consistency between adjacent drill holes, both in analytical results and in the geological sequence, may enable further upgrade of the Mineral Resource into the Measured and Indicated category. Following this the pit designs will be updated as part of the Company's studies.

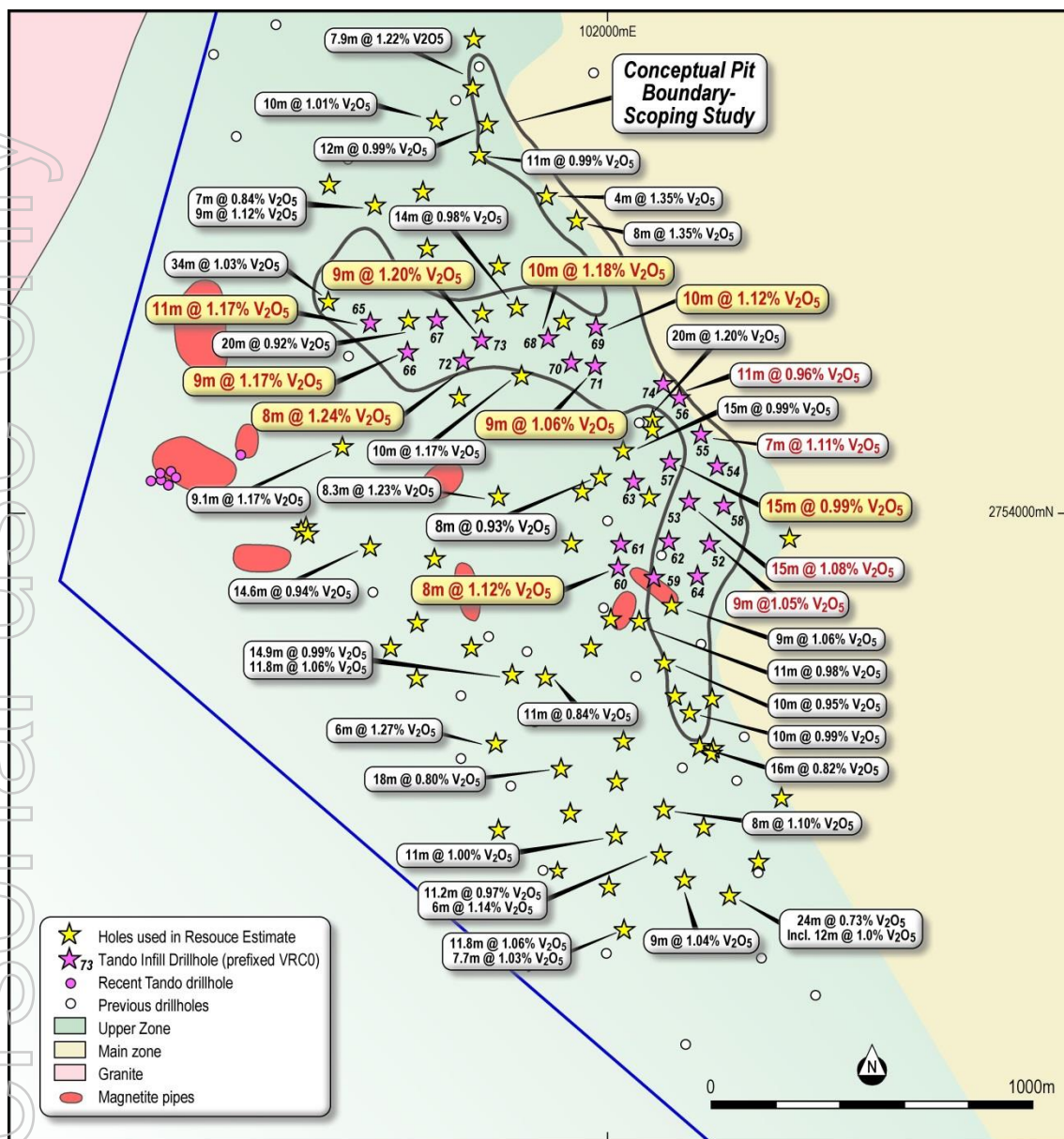


Figure 1. Drilling Completed at the SPD Project and selected results (whole-rock/unprocessed).

Drilling results received from the reserve drilling included (note these are in situ, or pre-concentrate grades):

- 8m at 1.24% V<sub>2</sub>O<sub>5</sub> , 9.64% TiO<sub>2</sub> from 27m (VRC072)  
within a wider interval of 44m at 0.77% V<sub>2</sub>O<sub>5</sub> from 7m
- 9m at 1.20% V<sub>2</sub>O<sub>5</sub> , 9.41% TiO<sub>2</sub> from 12m (VRC073)  
within a wider interval of 36m at 0.83% V<sub>2</sub>O<sub>5</sub> from 0m (surface)
- 10m at 1.18% V<sub>2</sub>O<sub>5</sub> , 9.29% TiO<sub>2</sub> from 2m (VRC068)  
within a wider interval of 27m at 0.87% V<sub>2</sub>O<sub>5</sub> from 0m (surface)
- 11m at 1.17% V<sub>2</sub>O<sub>5</sub> , 9.40% TiO<sub>2</sub> from 0m (surface, VRC065)  
within a wider interval of 30m at 0.87% V<sub>2</sub>O<sub>5</sub> from 0m (surface)

- 9m at 1.17% V<sub>2</sub>O<sub>5</sub> , 9.27% TiO<sub>2</sub> from 8m (VRC066)  
within a wider interval of 29m at 0.80% V<sub>2</sub>O<sub>5</sub> from 0m (surface)
- 10m at 1.12% V<sub>2</sub>O<sub>5</sub> , 7.53% TiO<sub>2</sub> from 57m (VRC069)  
*within a wider interval of 29m at 0.80% V<sub>2</sub>O<sub>5</sub> from 0m (surface)*
- 8m at 1.12% V<sub>2</sub>O<sub>5</sub> , 7.58% TiO<sub>2</sub> from 28m (VRC060)
- 9m at 1.06% V<sub>2</sub>O<sub>5</sub> , 7.11% TiO<sub>2</sub> from 53m (VRC071)
- 15m at 0.99% V<sub>2</sub>O<sub>5</sub> , 6.32% TiO<sub>2</sub> from 76m (VRC057)

On 26 July 2019 the general meeting of the Company approved the accelerated acquisition of Vanadium Resources (Pty) Ltd ("VanRes") to deliver a maximum of 73.94% of the Project once the Minister of Mineral Resources approves the acquisition of a controlling interest in the Steelpoortdrift mining right. The Company is now able to be fairly valued by the market based on its attributable interest in Steelpoortdrift. At the same meeting Messrs van der Hoven and Wessels were appointed as non-executive directors to complement VR8's skills with their collective skills and global experience of exploration and mining, particularly in the Eastern Bushveld Igneous Complex. To add further talent to the VR8 board's corporate skill set Mr Michael Davy was appointed as non-executive director on 28 November 2019 and in January Ms Kyla Garic was appointed as Company Secretary.

In September VR8 management undertook a comprehensive Asian marketing tour taking part in meetings with participants in the vanadium market from China, Korea and Japan including attendance at the International Vanadium Summit. Entities included vanadium battery makers, vanadium pentoxide producers, producers of high purity vanadium (such as vanadium electrolyte), steel makers, trading houses and research facilities. There was solid interest in the Steelpoortdrift Vanadium Project due to the high grade concentrate which can be produced by simple beneficiation and the size of the Mineral Resource that makes a long life of mine possible (refer ASX Announcements 18 March 2019, 16 April 2019 and 17 September 2019). Discussions focussed on immediate uses for concentrate, strategic investment opportunities, and collaboration to develop downstream processing options, provision of project finance, prepayments for offtake and other financial partnerships. VR8 continues discussions with multiple parties and has been supplying data and samples to enable these parties to complete test work and confirm the superior characteristics of Steelpoortdrift concentrate.

Recently, but not within the reporting Period, the Company has engaged the services of Leslie John Ford to act as lead consultant to conduct the required studies and investigations to complete a scoping study towards the production of V<sub>2</sub>O<sub>5</sub> at Steelpoortdrift. Upon a successful completion of the scoping study Mr Ford is also to consult for VR8 in relation to the various studies required to develop Steelpoortdrift's resource up to the production of V<sub>2</sub>O<sub>5</sub>.

The Company's Quartz Bore Project is located in the Pilbara region of Western Australia, adjacent to Venturix Resources' Whim Creek Project. The Project contains the Balla Balla Prospects where high grade zinc mineralisation has been intersected in historical drilling (refer ASX Announcement 3 November 2017). Some 11,193 metres of RC and DD drilling was completed by previous explorers, however review by the Company has determined further infill drilling is required to provide sufficient data spacing for a Mineral Resource. The Company completed its own drilling programme at the Quartz Bore Project in Dec 2017 with intersections including a high-grade copper zone (7m at 6.44% Cu + 3.21% Zn incl. 2m at 14.3% Cu + 6.33% Zn<sup>1</sup>). Downhole surveying detected strong, coincident, DHEM and DHMMR anomalies interpreted to represent the extension of high-grade mineralisation intersected in historical drilling<sup>2</sup>. Surface MMR surveying by the Company also identified targets for near surface mineralisation which as yet have not been tested.

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<sup>1</sup> Refer ASX Company Announcement "Quartz Bore Drilling Results" released 21 February 2018

<sup>2</sup> Refer ASX Company Announcement "Quartz Bore Drilling Results" released 21 February 2018

### 3. SIGNIFICANT CHANGES TO THE STATE OF AFFAIRS

In addition to the information provided under the Review of Operations the following changes in the state of the affairs of the Company occurred during the Period.

#### Change of Directors

In July 2019, Mr Jurie Wessels and Mr Nico Van der Hoven were appointed as Directors. Mr Jeremy King and Mr Luigi Matteucci resigned as Directors.

In November 2019, Mr Michael Davy was appointed as Director and Mr Patrick Burke resigned as Director.

#### Changes in Equity

On 26 July 2019 the Company accelerated the acquisition of Steelpoortdrift by acquiring 50% of the issued shares in VanRes with the balance of up to 73.95% to be acquired upon approval under s11 of the South African Mineral and Petroleum Resources Development Act 2002.

On the same day the following securities were issued:

- 111,685,512 shares were issued as consideration for the acquisition of Vanadium Resource Pty Ltd (milestone 2, 3, 4 and 5)
- 24,255,0008 ordinary shares were issued for the acquisition of Steelpoort Pty Ltd (milestone 2, 3, 4 and 5);
- 1,764,708 fully paid ordinary shares were issued to Directors who participated in the Company's capital raising, shares were issued at \$0.085 per share raising \$150,000 (as part of the \$1,700,000 placement conducted in May 2019) and the issue of 882,354 attaching options; and
- 1,400,000 fully paid ordinary shares to Mastermines as consideration for Asia commodity marketing consultancy services

On 15 November 2019 the following securities were issued;

- 20,058,824 fully paid ordinary shares were issued under the Share Placement Plant – 58,824 shares were issued at \$0.085 and 20,000,000 shares were issued at \$0.04 raising a total of \$805,000; and
- 1,400,000 fully paid ordinary shares to Mastermines as consideration for Asia commodity marketing consultancy services; and
- 750,000 fully paid ordinary shares issued to Corporate Advisors for services.

### 4. FINANCIAL RESULTS

The financial results of the consolidated entity for the half-year ended 31 December 2019 are:

	31-Dec-19	30-Jun-19
Cash and cash equivalents (\$)	629,699	930,583
Net assets (\$)	22,048,273	13,207,109

	31-Dec-19	31-Dec-18
Net loss after tax (\$)	(2,619,494)	(3,191,754)
Loss per share (cents)	(0.78)	(1.77)

**5. EVENTS OCCURRING AFTER REPORTING DATE**

**Change of Company Secretary**

In January 2020, Ms Kyla Garic was appointed as Company Secretary and Mr Mauro Piccini resigned as Company Secretary.

**Appointment of Vanadium expert**

In March 2020, the Company engaged Mr Leslie John Ford to act as lead consultant to conduct the required study and investigation to complete a scoping study towards production.

There are no other matters or circumstances which have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

**6. AUDITOR'S INDEPENDENCE DECLARATION**

The lead auditor's independence declaration under s 307C of the Corporations Act 2001 is set out on page 8 for the half-year ended 31 December 2019.

This report is signed in accordance with a resolution of the Board of Directors.



**William Oliver**  
**Managing Director**

**13 March 2020**

**RSM Australia Partners**

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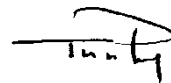
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Vanadium Resources Limited for the half-year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 13 March 2020

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## VANADIUM RESOURCES LIMITED

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	31-Dec-19 \$	31-Dec-18 \$
Other income		356	29,990
Consulting and legal fees		(23,500)	(571,389)
Director fees		(39,227)	(228,939)
Company secretary and financial management		(57,750)	(64,500)
Share and company registry fees		(95,632)	(66,007)
Other expenses		(83,022)	(36,400)
Impairment of exploration and evaluation assets		(146,454)	-
Share based payment expenses	4	(2,035,781)	(2,104,739)
Professional fees		(33,199)	(46,473)
Travel expenses		(37,380)	(101,141)
Share of losses of associates accounted for using the equity method	5	(67,905)	(2,156)
<b>(Loss) before income tax for the period</b>		<b>(2,619,494)</b>	<b>(3,191,754)</b>
Income tax expense		-	-
<b>(Loss) after income tax for the period</b>		<b>(2,619,494)</b>	<b>(3,191,754)</b>
<b>Total comprehensive (loss) for the year attributable to members of Vanadium Resources Limited</b>		<b>(2,619,494)</b>	<b>(3,191,754)</b>
<b>(Loss) per share for the year attributable to the members of Vanadium Resources Limited:</b>			
Basic and diluted loss per share		<b>(0.78)</b>	<b>(1.77)</b>

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

# VANADIUM RESOURCES LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	31-Dec-19 \$	30-Jun-19 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		629,699	930,583
Trade and other receivables		45,644	80,856
<b>Total Current Assets</b>		<b>675,343</b>	<b>1,011,440</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Exploration and evaluation assets	6	4,650,140	4,150,369
Investments accounted for using the equity method		16,326,425	7,820,461
Plant and equipment		7,831	7,831
Other receivables		544,968	544,968
<b>Total Non-Current Assets</b>		<b>21,529,364</b>	<b>12,523,629</b>
<b>TOTAL ASSETS</b>		<b>22,204,707</b>	<b>13,535,068</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		156,434	327,959
<b>Total Current Liabilities</b>		<b>156,434</b>	<b>327,959</b>
<b>TOTAL LIABILITIES</b>		<b>156,434</b>	<b>327,959</b>
<b>NET ASSETS</b>		<b>22,048,273</b>	<b>13,207,109</b>
<b>EQUITY</b>			
Issued capital	7	24,033,208	12,572,550
Reserves		6,116,608	6,116,608
Accumulated losses		(8,101,543)	(5,482,049)
<b>TOTAL EQUITY</b>		<b>22,048,273</b>	<b>13,207,109</b>

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

VANADIUM RESOURCES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2019</b>	<b>12,572,550</b>	<b>6,116,608</b>	<b>(5,482,049)</b>	<b>13,207,109</b>
Loss for the period	-	-	(2,619,494)	(2,619,494)
<b>Total comprehensive loss for the year after tax</b>	<b>-</b>	<b>-</b>	<b>(2,619,494)</b>	<b>(2,619,494)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issued Capital	955,000	-	-	955,000
Share Issue costs	(18,450)	-	-	(18,450)
Purchase of 49.69% of the SPD Vanadium Project	8,488,327	-	-	8,488,327
Shares issued in lieu of services provided	192,400	-	-	192,400
Share based Payments	1,843,381	-	-	1,843,381
<b>Balance at 31 December 2019</b>	<b>24,033,208</b>	<b>6,116,608</b>	<b>(8,101,543)</b>	<b>22,048,273</b>
<b>At 1 July 2018</b>				
	6,640,448	677,985	(1,609,817)	5,708,616
Loss for the period	-	-	(3,191,754)	(3,191,754)
<b>Total comprehensive loss for the year after tax</b>	<b>-</b>	<b>-</b>	<b>(3,191,754)</b>	<b>(3,191,754)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Conversion of options	82,625	-	-	82,625
Shares issued in lieu of services provided	6,000	1,120,720	-	1,126,720
Share-based payment transactions	589,050	395,061	-	984,111
Purchase of 24.26% of the SPD Vanadium Project	3,789,555	3,922,842	-	7,712,397
<b>Balance at 31 December 2018</b>	<b>11,107,678</b>	<b>6,116,608</b>	<b>(4,801,571)</b>	<b>12,422,715</b>

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

# VANADIUM RESOURCES LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

	31-Dec-19	31-Dec-18
	\$	\$
<b>Cash flows from in operating activities</b>		
Payments to suppliers and employees	(704,531)	(730,962)
Interest received	356	36,018
GST refund	27,779	4,902
<b>Net cash flows used in operating activities</b>	<b>(676,396)</b>	<b>(690,042)</b>
<b>Cash flows from investing activities</b>		
Payments for capitalised exploration and evaluation	(493,946)	(1,669,545)
Payments for costs related to the acquisition of in SPD Vanadium Project	(85,542)	(116,120)
Payments for plant and equipment	-	(8,490)
<b>Net cash flows used in investing activities</b>	<b>(579,488)</b>	<b>(1,794,155)</b>
<b>Cash flows from financing activities</b>		
Proceeds from the issue of shares	955,000	82,625
Payment of loan receivable	-	(10,339)
<b>Net cash flows provided by financing activities</b>	<b>955,000</b>	<b>72,286</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(300,884)</b>	<b>(2,411,911)</b>
Cash and cash equivalents at the beginning of the year	930,583	4,336,356
<b>Cash and cash equivalents at the end of the year</b>	<b>629,699</b>	<b>1,924,445</b>

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**

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

**Significant accounting judgements and key estimates**

The preparation of the interim financial report requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgments made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2019.

**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. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

**AASB 16 Leases**

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

**Impact of adoption**

The consolidated entity has adopted AASB 16 from 1 July 2019 using the retrospective modified approach and as such the comparatives have not been restated. There was no impact of adoption on opening accumulated losses as 1 July 2019.

**NOTE 2: GOING CONCERN**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$2,619,494 and had net cash outflows from operating and investing activities of \$676,396 and \$579,488 respectively for the half-year ended 31 December 2019. As at 31 December 2019, the Group had cash of \$629,699 and net current assets of \$518,909. The ability of the consolidated entity to continue as a going concern and being able to continue to fund its operating activities is dependent on raising additional equity.

These conditions indicate significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The ability to issue additional shares under the Corporation Act 2001 to raise further working capital; and
- The consolidated entity plans to re-organise its operations for the next 12 months, including scaling back corporate overheads and other aspects of its cost base, in order to curtail expenditure, in the event that financial projections indicate that available cash will be insufficient to meet projected expenditure.

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated does not continue as a going concern.

**NOTE 3: OPERATING SEGMENTS**

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the Chief Operating Decision Maker (the Board of Directors) in allocating resources and have concluded that at this time there are no separately identifiable operating segments.

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The information presented in the financial report in the same information that is viewed by the Board of Directors.

The consolidated entity is currently operating in one business segment being an administrative entity in the exploration sector and two geographic segments being Australia and South Africa.

2019	Australia	South Africa	Total
	\$	\$	\$
Other revenue	356	-	356
Total segment revenue	356	-	356
Loss before income tax expense	(2,551,589)	(67,905)	(2,619,494)
Total Segment Assets	1,033,154	21,171,553	22,204,707
Total Segment Liabilities	(156,434)	-	(156,434)

**NOTE 4: SHARE BASED PAYMENT EXPENSE**

On 26 July 2019, the Company issued 111,688,512 ordinary shares as consideration for the additional equity interest in Vanadium Resources (Pty) Ltd to increase its interest in the Steelpoortdrift up to 73.95% (but holding 50% until approval is obtained from the Minister of Mineral Resources in South Africa to attain a controlling interest in the Project).

On 26 July 2019 the Company issued 1,400,000 ordinary shares and on 15 November 2019 the Company issued a further 1,400,000 ordinary shares, for services provided by consultant.

	<b>31-Dec-19</b>	31-Dec-18
	\$	\$
Option expense recognised	-	395,061
Consideration for the acquisition of Steelpoort (Pty) Ltd	<b>1,843,381</b>	589,050
Consideration for lead manager	-	1,120,628
Consideration for services provided	<b>192,400</b>	-
	<b>2,035,781</b>	2,104,739
Options recognised as an Investment in Associate	-	3,922,842

**NOTE 5: SHARE OF PROFITS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

	<b>31-Dec-19</b>	31-Dec-18
	\$	\$
Share of loss - associates	<b>67,905</b>	<b>2,156</b>

**NOTE 6: EXPLORATION & EVALUATION EXPENDITURE**

	<b>31-Dec-19</b>	30-Jun-19
	\$	\$
Opening Balance	<b>4,150,369</b>	1,320,686
Exploration cost capitalised during the period	<b>646,225</b>	2,829,683
Impairment expense	<b>(146,454)</b>	-
	<b>4,650,140</b>	4,150,369

## NOTE 7: ISSUED CAPITAL

	31-Dec-19	30-Jun-19
	\$	\$
<b>Issued and paid up Capital</b>		
Ordinary Shares Fully Paid	<b>24,033,208</b>	12,572,550

	31 December 2019		30 June 2019	
	No. of Shares	\$	No. of Shares	\$
<b>Movement in ordinary shares on issue</b>				
Balance at the beginning of the period	212,960,386	12,572,550	166,260,491	6,640,448
Conversion of options at \$0.054	-	-	2,668,097	144,077
Consideration for Steelpoort (Pty) Ltd	24,255,008	1,843,381	3,465,001	589,050
Consideration for services provided	3,550,000	192,400	40,000	6,000
Consideration for Vanadium Resources Pty Ltd	111,688,512	8,488,327	22,291,502	3,789,555
Issue of Shares - \$.085 placement	1,823,532	155,000	18,235,295	1,550,000
Issue of Shares - \$.040 placement	20,000,000	800,000	-	-
Capital raising costs	-	(18,450)	-	(146,580)
Balance at the end of period	<b>374,277,438</b>	<b>24,033,208</b>	212,960,386	12,572,550

## NOTE 8: CONTINGENCIES AND COMMITMENTS

The consolidated entity has met a series of milestones comprising the establishment of a JORC-compliant Measured Resource and the completion of studies (scoping, pre-feasibility and feasibility). Presently, the consolidated entity owns 50% of the issued share capital in Vanadium Resources (Pty) Ltd and will not gain control of a further 23.95%, to bring its interest in Vanadium Resources (Pty) Ltd to a total of 73.95% until ministerial approval by the South African Department of Mineral Resources has been granted to the consolidated entity to acquire a controlling interest in the project through its shareholding in Vanadium Resources (Pty) Ltd.

Other than the above, there are no changes in the consolidated entity's contingencies and commitments from 30 June 2019.



## NOTE 9: INTERESTS IN ASSOCIATE

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	Principle place of business	Ownership Interest	
		31-Dec-19	30-Jun-19
		%	%
Vanadium Resources (Pty) Ltd	South Africa	50.0	24.26

*Summarise financial information*

	Vanadium Resources (Pty) Ltd	
	31-Dec-19	30-Jun-19
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	545,477	575,385
Total assets	545,477	575,385
Non-current liabilities	809,538	673,860
Total liabilities	809,538	673,860
Net Liabilities	(264,062)	(98,475)

	31-Dec-19	31-Dec-18
	\$	\$
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	27,283	10,506
Expenses	(180,606)	(19,392)
Profit/(loss) before income tax	(153,323)	(8,886)
Income tax expense	-	-
Profit/(loss) after income tax	(153,323)	(8,886)
Other comprehensive income/(loss)	-	-
Total comprehensive income/(loss)	(153,323)	(8,886)

	31-Dec-19	30-Jun-19
	\$	\$
<i>Reconciliation of the consolidated entity's carrying amount</i>		
Opening carrying amount	7,820,461	7,828,517
Costs capitalised	8,573,869	-
Share of loss after income tax	(67,905)	(8,056)
Closing carrying amount	16,326,425	7,820,461

## NOTE 10: DIVIDENDS

No dividends were paid or proposed to be paid to members during the half-year ended 31 December 2019.

**NOTE 11: EVENTS AFTER THE END OF THE INTERIM PERIOD**

**Change of Company Secretary**

In January 2020, Ms Kyla Garic was appointed as Company Secretary and Mr Mauro Piccini resigned as Company Secretary.

**Appointment of Vanadium expert**

In March 2020, the Company engaged Mr Leslie John Ford to act as lead consultant to conduct the required study and investigation to complete a scoping study towards production.

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

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In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



**William Oliver**  
**Managing Director**  
**13 March 2020**



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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Vanadium Resources Limited which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Vanadium Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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### *Independence*

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

### *Conclusion*

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

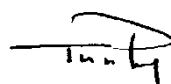
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2, which indicates that the consolidated entity incurred a net loss of \$2,619,494 and had net cash outflows from operating activities and investing activities of \$676,396 and \$579,488 respectively for the half-year ended 31 December 2019. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 13 March 2020

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