VANADIUM RESOURCES LIMITED
ABN 47 618 307 887

ANNUAL REPORT

FOR THE YEAR ENDED

30 JUNE 2020

CONTENTS

CORPORATE DIRECTORY

Board of Directors

Mr Jurie Wessels	Non-Executive Chairman
Mr Bill Oliver	Managing Director
Mr Nico Van Der Hoven	Non-Executive Director
Mr Michael Davy	Non-Executive Director

Company Secretary

Ms Kyla Garic

Registered Office and Principal Place of Business

Level 1
33 Ord Street
West Perth WA 6005

Telephone: 08 9420 9300
Website: www.vr8.global

Stock Exchange Listing
Listed on the Australian Securities Exchange (ASX Code: VR8)

Auditors

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

Solicitors

Steinepreis Paganin
16 Milligan Street
Perth WA 6000

Bankers

Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Share Registry

Automic Share Registry
Level 2/267 St Georges Terrace
Perth WA 6000
Telephone: 08 9324 2099

Your Directors present their report together with the financial statements of Vanadium Resources Limited ("the Company" or "VR8") and its subsidiaries (the "Group") for the financial year ended 30 June 2020.

DIRECTORS

The names and particulars of the Directors who held office during or since the end of the year and at the date of this report are as disclosed below. Directors held office for this entire period unless otherwise stated.

Name	Position	Appointment Date	Resignation Date
Mr Jurie Wessels	Non-Executive Chairman	26 July 2019	-
Mr Bill Oliver	Managing Director	31 March 2017	-
Mr Nico Van Der Hoven	Non-Executive Director	26 July 2019	-
Mr Michael Davy	Non-Executive Director	1 December 2019	-
Mr Patrick Burke	Non-Executive Director	28 June 2017	27 November 2019
Mr Jeremy King	Non-Executive Chairman	31 March 2017	26 July 2019
Mr Luigi Matteucci	Non-Executive Director	4 March 2019	26 July 2019

Mr Jurie Wessels | Non-Executive Chairman

BA, LLB

(Appointed 26 July 2019)

Mr Jurie Wessels has 23 years' experience in the exploration industry and co-founded a number of exploration and mining companies, including Bauba Resources Ltd (BAU.J), GoldStone Resources Ltd (GRL.L) and Vanadium Resources Ltd. Mr Wessels has significant experience in the sourcing and assessment of exploration and exploitation projects and in the governance, funding and management of resource companies. Mr Wessels explored for various minerals in Africa, South America and Europe and practised as a minerals lawyer up to 2003 but still is admitted as an attorney (non-practising) and a notary of the High Court of South Africa.

Mr Bill Oliver | Managing Director

BSc. (Hons), GDipAppFin, MAIG, MAusIMM

(Appointed 31 March 2017)

Mr Bill Oliver is a geologist with 20 years of experience in the international resources industry working for both major and junior companies. He has substantial experience in the design and evaluation of resource definition programmes as well as co-ordinating all levels of feasibility studies. He has direct experience with bulk commodities having led large scale resource definition projects for Rio Tinto Iron Ore and in his role as a director of Celsius Coal Ltd.

Mr Oliver has spent recent years evaluating and assessing several projects across Africa including being responsible for the identification, acquisition and development into production of the Konongo Gold Project while Managing Director of Signature Metals Ltd. He is also fluent in Portuguese having lived and worked in Portugal while managing exploration across a range of commodities for Iberian Resources.

Mr Oliver holds an honours degree in Geology from the University of Western Australia as well as a postgraduate diploma in finance and investment from FINSIA.

During the past three years, Mr Oliver held the following directorships in other ASX listed companies: Minbos Resources Limited (current), Celsius Resources Limited (current), Vulcan Energy Resources Limited (resigned 19 November 2019), Aldoro Resources Limited (resigned 20 November 2019) and Orion Gold NL (resigned 18 April 2018).

Mr Nico Van Der Hoven | Non-Executive Director

BA, LLB

(Appointed 26 July 2019)

Mr Nico Van Der Hoven is a businessman and entrepreneur holding degrees in Commerce (BCom) & Law (LLB) and has over 30 years' experience in exploration and mining, having co-founded and operated 5 mines over this period. Nico is also the founding member of Hernic Chrome, Bauba Resources Ltd (BAU.J), Vanadium Resources (Pty) Ltd and GoldStone Resources Ltd (GRL.L). He currently acts as Chairman of Bauba Resources Ltd, an active chrome mining company and platinum explorer. As Chairman of an active miner Mr Van Der Hoven has hands-on local experience in mining, beneficiation and shipping to export markets that will be invaluable in progressing the project. In addition, Mr Van Der Hoven brings skills with exposure to marketing and trading a wide range of commodities including negotiating offtake agreements.

Mr Michael Davy | Non-Executive Director

BCom (Acc)

(Appointed 1 December 2019)

Mr Michael Davy is an Australian executive and Accountant with over 16 years' experience across a range of industries. Mr Davy previously held a senior management role in Australia for Songa Offshore (listed Norwegian Oil and Gas drilling company), where he assisted with the start-up of the Australian operations and managed the finance team for a two rig operation with multi-hundred million dollar revenues. Prior to that Mr Davy had worked in Australia and London for other large organisations overseeing various finance functions.

Mr Davy is currently a director and owner of a number of successful private businesses all under his personal management. During the past three years, Mr Davy has held the following directorships in other ASX listed companies: Raiden Resources Limited (current), Riversgold Limited (resigned 24 June 2020) and Jadar Lithium Limited (resigned 15 April 2019).

Mr Patrick Burke | Non-Executive Chairman

(Appointed 28 June 2017, resigned 27 November 2019)

Mr Patrick Burke has extensive legal and corporate advisory experience and over the last 15 years has acted as a Director for a large number of ASX, NASDAQ and AIM listed companies. His legal expertise is in corporate, commercial and securities law in particular, capital raisings and mergers and acquisitions. His corporate advisory experience includes identification and assessment of acquisition targets, strategic advice, deal structuring and pricing, funding, due diligence and execution.

During the past three years, Mr Burke held the following directorships in other ASX listed companies: Meteoric Resources NL (current), Triton Minerals Limited (current), Mandrake Resources Limited (current), Vulcan Energy Resources Limited (resigned 31 December 2019), Transcendence Technologies Limited (resigned 20 November 2019), WestWater Resources, Inc. (resigned 4 April 2019), Bligh Resources Limited (resigned 28 November 2018), ATC Alloys Limited (resigned 1 June 2018) and Pan Pacific Petroleum NL (resigned 13 November 2017).

Mr Jeremy King | Non-Executive Chairman

LLB

(Appointed 31 March 2017, resigned 26 July 2019)

Mr Jeremy King is a corporate lawyer and adviser with over 20 years' experience in domestic and international legal, financial and corporate matters. Mr King is a director of a boutique corporate advisory and compliance business where he specialises in corporate and strategic advice and managing legal issues associated with clients. He spent several years in London where he worked with Allen and Overy LLP and Debevoise & Plimpton LLP and has extensive experience, particularly in relation to cross border private equity, leveraged buy-out acquisitions and acting for banks, financial institutions and corporate issuers in respect of various debt and equity capital raisings. He regularly advises ASX listed companies on corporate and commercial matters.

During the past three years, Mr King held the following directorships in other ASX listed companies: Botanics Holdings Limited (current), Transcendence Technologies Limited (current), Smart Parking Limited (current), EHR Resources Limited (current), Sultan Resources Limited (current), Aldoro Resources Limited (resigned November 2019), DTI Group Limited (resigned January 2019), Pure Minerals Limited (resigned November 2018) and Aquaint Capital Holdings Limited (resigned October 2017).

Mr Luigi Matteucci | Non-Executive Director

(Appointed 4 March 2019, resigned 26 July 2019)

Mr Luigi Matteucci served as financial director of Highveld Steel and Vanadium Corporation (Highveld) for nearly 30 years. During this period, Highveld was the world's largest producer of vanadium at its Witbank based vanadium plant. Mr Matteucci was responsible for executing a number of successful initiatives across Highveld's steel and vanadium business.

Mr Matteucci is a qualified chartered accountant and consults on strategic and business development initiatives in the engineering and mining fields. He currently serves on the Boards of a number of listed and unlisted companies in South Africa.

COMPANY SECRETARY

Ms Kyla Garic

(Appointed 22 January 2020)

Ms Kyla Garic is a Director of Onyx Corporate. Onyx provides Chief Financial Officer, Financial Accounting and Company Secretarial services to listed and unlisted companies. Previously Kyla worked for a joint venture of Cleanaway Waste Management Limited (ASX: CWY) (formerly Transpacific Industries Limited) and Bentleys in the Audit division. Kyla holds a BCom, MAcc, GradDipCA, holds a Certificate of Public Practice and is a Chartered Secretary and a Fellow of the Governance Institute.

Mr Mauro Piccini

(Appointed 28 November 2017, resigned 22 January 2020)

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

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

Director	Ordinary Shares	Listed Share Options	Unlisted Share Options
Mr Jurie Wessels	44,981,437	-	10,857,587
Mr Bill Oliver	828,236	294,118	9,240,000
Mr Nico Van Der Hoven	44,981,437	-	10,857,587
Mr Michael Davy	13,474,564	-	1,524,830
Total	**104,265,674**	**294,118**	**32,480,004**

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was advancing the Steelpoortdrift Vanadium Project in South Africa.

REVIEW AND RESULTS OF OPERATIONS

During the year the Company focussed on completion of a Scoping Study into the viability of producing vanadium pentoxide from the Steelpoortdrift Vanadium Project in South Africa. The study investigated downstream processing using the conventional salt roast-leaching process to extract vanadium pentoxide from the vanadiferous titanomagnetite present at surface at the project.

The Scoping Study is based on the updated Mineral Resource for the Steelpoortdrift Vanadium Project which was completed in April 2020 of 662 million tonnes at a whole rock (or in situ) grade of 0.77% V2O5 (classified as Measured, Indicated and Inferred, see ASX release dated 29 April 2020). Significantly the Mineral Resource includes a high grade, near surface component of 188Mt at 1.23 per cent V2O5.

The Company completed a targeted infill drilling programme in the latter half of 2019 comprising 23 holes for 1,154 metres focussed on the near surface mineralisation within and around the conceptual pit shell determined in earlier mining studies (refer ASX Announcement 19 November 2019). Drilling results received from the reserve drilling included (note these are in situ, or pre-concentrate grades):

- 8m at 1.24% V_2O_5 , 9.64% TiO_2 from 27m (VRC072)
  within a wider interval of 44m at 0.77% V_2O_5 from 7m
- 9m at 1.20% V_2O_5 , 9.41% TiO_2 from 12m (VRC073)
  within a wider interval of 36m at 0.83% V_2O_5 from 0m (surface)
- 10m at 1.18% V_2O_5 , 9.29% TiO_2 from 2m (VRC068)
  within a wider interval of 27m at 0.87% V_2O_5 from 0m (surface)
- 11m at 1.17% V_2O_5 , 9.40% TiO_2 from 0m (surface, VRC065)
  within a wider interval of 30m at 0.87% V_2O_5 from 0m (surface)
- 9m at 1.17% V_2O_5 , 9.27% TiO_2 from 8m (VRC066)
  within a wider interval of 29m at 0.80% V_2O_5 from 0m (surface)
- 10m at 1.12% V2O5 , 7.53% TiO2 from 57m (VRC069)
  within a wider interval of 29m at 0.80% V2O5 from 0m (surface)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

- 8m at 1.12% V_2O_5 , 7.58% TiO_2 from 28m (VRC060)
- 9m at 1.06% V_2O_5 , 7.11% TiO_2 from 53m (VRC071)
- 15m at 0.99% V_2O_5 , 6.32% TiO_2 from 76m (VRC057)

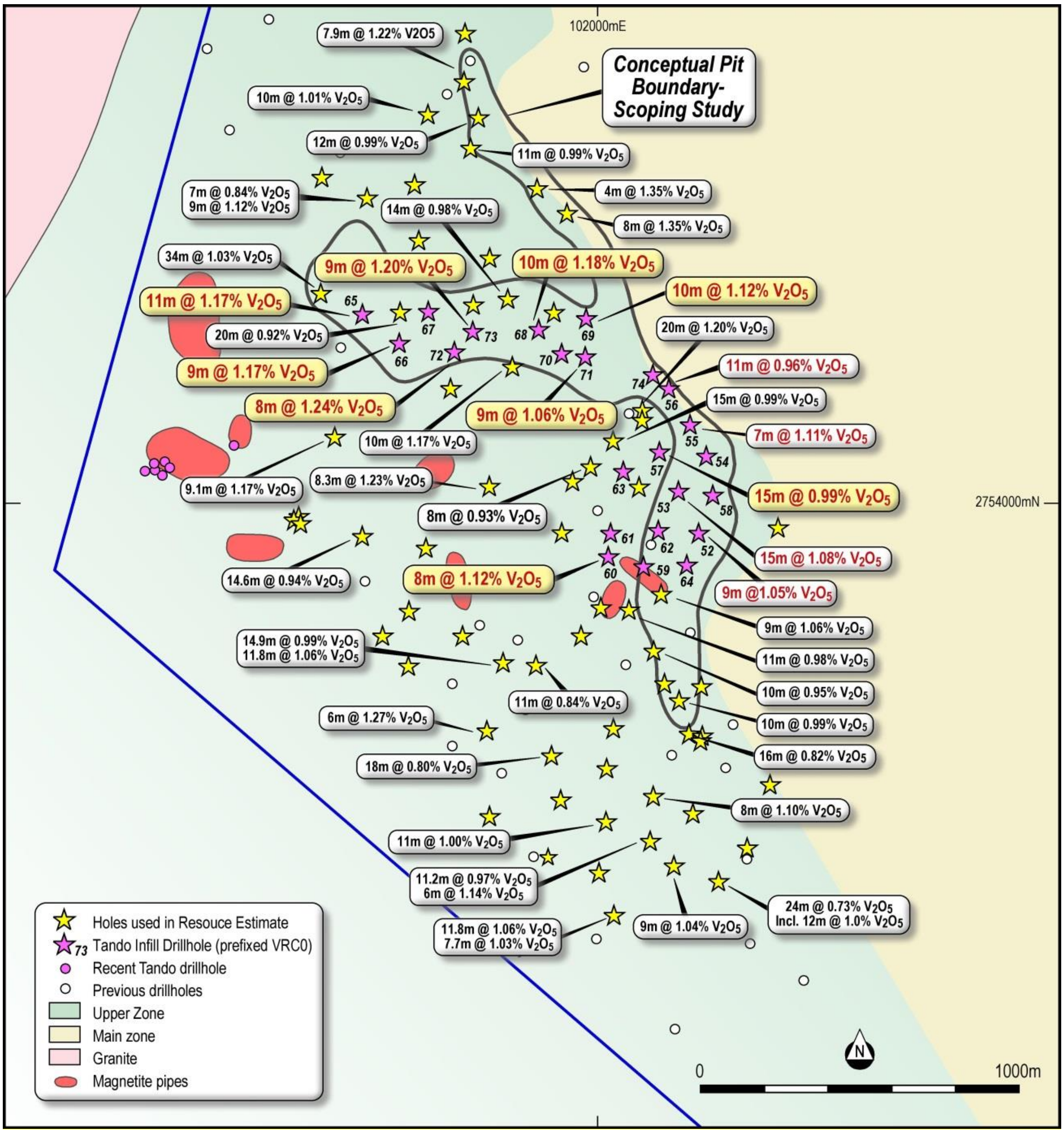

Figure 1. Drilling Completed at the SPD Project and selected results (whole-rock/unprocessed).

Samples from these drillholes were composited to form representative bulk samples of Steelpoortdrift mineralisation. These samples formed the basis of the metallurgical testwork for the Scoping Study. Initial work aimed to upgrade the concentrate produced from the project. Previous testwork produced concentrate grading +2% V2O5 (refer ASX Announcement 18 March 2019) and testwork in the current year, and the addition of a cleaning stage successfully reduced the quantities of deleterious silica and alumina while maintaining the very high grade +2% V2O5 in the concentrate (refer Table 1 and ASX Announcement 24 June 2020).

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Table 1*. Concentrate results from cleaner trials*

	Initial Concentrate	Upgraded Concentrate
V_2O_5 %	**2.2**	**2.2**
Fe %	**54.6**	**58.3**
TiO_2 %	12.0	12.3
SiO_2 %	**3.2**	**1.2**
Al_2O_3 %	4.8	3.4

Samples were then used to test the amenability of the concentrate to the established, conventional salt roast – leaching method already used in South Africa at Bushveld's Vametco Operations and Glencore's Rhovan Operations. Results from this initial batch of testwork were excellent with recoveries above 80% achieved under standard operating conditions (refer Table 2 and ASX Announcement 24 July 2020).

Table 2*. Extraction results from roasting trials*

	Salt Dosage (wt%)		Roasting Temperature (°C)	Vanadium Extraction (%)
	Na_2CO_3	Na_2SO_4		
Method 1	6.0		1100	**89.1**
Method 2	6.0		1150	**88.4**
Method 3	5.1	1.2	1150	**87.3**

NB: 2 trials completed for each method, average extraction results presented.

The Company continued marketing the project globally during the reporting period, with VR8 management undertaking a comprehensive Asian marketing tour in September 2019 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 and 16 April 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.

While the COVID pandemic has restricted further travel the Company has continued to engage with a number of interested parties, especially as it progressed the initial downstream testwork. Subsequent to the reporting period the Company signed a marketing agreement with Pelagic Resources Group to aid in the identification and completion of strategic partnerships and investment transactions to develop the Steelpoortdrift Vanadium Project. The Company looks forward to investigating such opportunities based on the results of the Scoping Study.

On 27 November 2019 Mr Patrick Burke resigned as Non Executive Chair of the Company. Mr Jurie Wessels was appointed Non Executive Chair and Mr Michael Davy joined the board as a Non-Executive Director on 1 December 2019.

FINANCIAL PERFORMANCE

The financial results of the Group for the year ended 30 June 2020 are:

	30-June-20 **$**	30-June-19 $
Cash and cash equivalents	**248,860**	930,583
Net Assets	**21,800,860**	13,207,109
Revenue	**524**	34,489
Net loss after tax	**(2,866,907)**	(3,872,232)

DIVIDENDS

There were no dividends paid or recommended during the financial year ended 30 June 2020 (FY19: Nil)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the period, 51,099,038 listed options exercisable at $0.054 expired on the 8 December 2019.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has not significantly impacted the group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, in particular the South African Government, such as maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from above and as described in the Review and Results of Operations, there were no significant changes in the state of affairs during the financial year.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 24 July 2020 the Company announced results of downstream testwork on samples, confirming Steelpoortdrift concentrate suitable for conventional salt roast-leach processing.

On 30 July 2020, the Company announced a marketing and investment mandate with Pelagic Resources Group, a global commodity merchant that holds customer relationships with Chinese state owned enterprises, global assets allocators and large international commodity merchants. The purpose of the mandate is to introduce clients to VR8, to promote and conclude strategic partnerships and investment transactions to develop the Steelpoortdrift Vanadium project. Pelagic's success fee will include marketing rights for a period of 5 years of 50% of V_2O_5 products and/or concentrate produced at Steelpoortdrift, demonstrating confidence in the quality of the Company's products.

On 27 August 2020 the Company announced that it had secured funding of A$500,000 (before costs) via the issue of a convertible loan facility to the Directors and shareholders of the Company. At the sole election of the Company, the loan and accrued interest is either to be repaid or, subject to the receipt of prior shareholder approval, converted into stock at a price equal to the last capital raising before the Company decides to convert the loan minus a 15% discount. The convertible note facility is unsecured and bears interest at 10% per annum, repayable on the earlier to occur of the maturity date of 12 months or the provision of written notice by the lender upon the occurrence of an event of default.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD (CONTINUED)

At the same time the Company has also entered into a policy of insurance to provide an environmental rehabilitation guarantee on behalf of the Company. The guarantee may allow the Company to withdraw cash resources of ZAR5,000,000 (approx.. A$410,000 before costs), which is currently serving as a guarantee for rehabilitation of future mining works at the Steelpoortdrift Vanadium Project. The guarantee and premium are to be finalised subject to a technical review by the provider and regulations of the South African Department of Mineral Resources and Energy (DMRE). The guarantee is not subject to conditions outside of the existing guarantee as defined by the requirements of the DMRE. The costs of the guarantee, whilst no mining is taking place, is A$20,800 per annum.

On 21 September 2020, the Company entered into a trading halt pending the release of the results of the Steelpoortdrift Vanadium Project. On 23 September 2020, the scoping study results were released and confirm viability of vanadium pentoxide production at Steelpoortdrift at current prices.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company plans to implement parallel development strategies, rapidly advancing the world class Steelpoortdrift Vanadium Project to initial production of a high quality concentrate and concurrently develop the further commercialisation of Steelpoortdrift through studies into downstream processing of this concentrate to produce value added specialist products suitable for the steel, renewable energy and industrial minerals markets.

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 Direct held office are:

Director	Number Eligible to Attend	Number Attended
Mr Jurie Wessels	5	5
Mr Bill Oliver	5	5
Mr Nico Van Der Hoven	5	5
Mr Michael Davy	2	2
Mr Patrick Burke	3	3
Mr Jeremy King	-	-
Mr Luigi Matteucci	-	-

Due to the size and scale of the Company, there is no separate Remuneration Committee, Nomination Committee or Audit and Risk Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, refer to the Corporate Governance Statement.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2020 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 audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the parent company.

Voting and comments made at the company's 2019 Annual General Meeting ('AGM')

For purposes of the Corporations Act, the Company received a first strike at its 2019 AGM as more than 25% of the votes were cast against the Company's remuneration report. Following receipt of the first strike at the 2019 AGM, the Board considered the remuneration policies of the Group and considered them appropriate for an entity of its size and profile.

Key Management Personnel of the Group during or since the end of the financial year were:

Name	Position	Appointment Date	Resignation Date
Mr Jurie Wessels	Non-Executive Chairman	26 July 2019	-
Mr Bill Oliver	Managing Director	31 March 2017	-
Mr Nico Van Der Hoven	Non-Executive Director	26 July 2019	-
Mr Michael Davy	Non-Executive Director	1 December 2019	-
Mr Patrick Burke	Non-Executive Director	28 June 2017	27 November 2019
Mr Jeremy King	Non-Executive Chairman	31 March 2017	26 July 2019
Mr Luigi Matteucci	Non-Executive Director	4 March 2019	26 July 2019

The Remuneration Report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Service Agreements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Loans with KMP
I Other Transactions with KMP
J Additional Information

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of the Group comprise of the Board of Directors.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

B Remuneration Governance, Structure and Approvals

The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of a separate remuneration committee. Accordingly, all matters are considered by the full Board of Directors, in accordance with the remuneration committee charter, responsibilities include:

- approving the Company's remuneration framework for directors
- remuneration packages for senior executives
- operation of incentive and equity-based remuneration plans for senior executives and other employees, including the appropriateness of performance hurdles and total payments proposed to be made to senior executives
- superannuation arrangements for directors, senior executives and other employees
- remuneration by gender

During the financial year, the Company did not engage any remuneration consultants.

- Non-Executive Remuneration Structure

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall be no more than A$300,000 and any change is subject to approval by Shareholders at a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1 and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

B Remuneration Governance, Structure and Approvals (Continued)

- Executive Remuneration Structure

The nature and amount of remuneration of executives is assessed on a periodic basis with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to executives having regard to the performance of the Group, the performance of the executives and the general pay environment.

At the date of this report the Company has one appointed executive, being Mr Oliver as the Managing Director. The terms of the executive arrangement is under "Section E – Service Agreements".

C Remuneration and Performance

The following table shows the gross revenue, losses, earnings per share ("EPS") and share price of the Group:

	30-Jun-20	30-Jun-19
Revenue ($)	**524**	34,489
Net (loss) after tax ($)	**(2,866,907)**	(3,872,232)
EPS ($)	**(0.81)**	(2.04)
Share price	**0.020**	0.076

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary
b) Variable Short-Term Incentives
c) Variable Long-Term Incentives

The combination of these comprise key management personnel's total remuneration.

a) **Fixed Remuneration – Base Salary**

The fixed remuneration for each executive is influenced by the nature and responsibilities of each role and the knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. There is no guaranteed pay increase included in any key management personnel's contract.

C Remuneration and Performance (Continued)

b) Variable Remuneration – Short -Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. No bonus payments were made during the financial year.

c) Variable Remuneration – Long-Term Incentives (LTI)

Options may be issued at the Board's discretion. There were no options issued during the financial year.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1 – Remuneration of KMP of the Group is set out below:

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other	Superannuation	Options	
30 June 2020	$	$	$	$	$	$
Directors						
Mr Jurie Wessels	60,000	-	-	-	-	60,000
Mr Bill Oliver[1]	95,000	-	-	-	-	95,000
Mr Nico Van Der Hoven	60,000	-	-	-	-	60,000
Mr Michael Davy	21,000	-	-	-	-	21,000
Mr Patrick Burke	21,000	-	-	-	-	21,000
Mr Jeremy King[2]	3,000	-	-	-	-	3,000
Mr Luigi Matteucci	5,000	-	-	-	-	5,000
Total	**265,000**	**-**	**-**	**-**	**-**	**265,000**

	Short-term Employee Benefits			Post-Employment	Share Based Payments	Total
	Salary & fees	Non-monetary benefits	Other (i)	Superannuation	Options(ii)	
30 June 2019	$	$	$	$	$	$
Directors						
Mr Bill Oliver[1]	220,833	-	125,000	-	158,024	503,857
Mr Jeremy King[2]	52,000	-	30,000	9,215	118,518	209,733
Mr Patrick Burke	96,000	-	80,000	-	118,518	294,518
Mr Luigi Matteucci	20,781	-	-	-	-	20,781
Total	**389,614**	**-**	**235,000**	**9,215**	**395,060**	**1,028,889**

(i) Consulting fees paid in relation to work performed on the acquisition of SPD Vanadium Project.
(ii) The value of the options granted was calculated at grant date using the Black Scholes method. The amounts disclosed as part of remuneration were options issued on 30 November 2017, with a 12 month vesting period.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

[1] Director fees were paid to Billandbry Consulting Pty Ltd, company controlled by Bill Oliver
[2] Director fees were paid to Bushwood Nominees Pty Ltd, company controlled by Jeremy King

D Details of Remuneration (Continued)

Table 2 – Relative proportion of fixed vs variable remuneration expense

Directors	Fixed Remuneration		At Risk – STI (%)		At Risk – LTI (%)	
	2020	2019	**2020**	2019	**2020**	2019
Mr Jurie Wessels	100%	-	-	-	-	-
Mr Bill Oliver	100%	44%	-	31%	-	-
Mr Nico Van Der Hoven	100%	-	-	-	-	-
Mr Michael Davy	100%	-	-	-	-	-
Mr Patrick Burke	100%	33%	-	40%	-	-
Mr Jeremy King	100%	25%	-	57%	-	-
Mr Luigi Matteucci	100%	100%	-	100%	-	-

Table 3 – Shareholdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 01/07/2019	Granted as Remuneration	Net Change – Other	Balance at appointment/ (resignation) date	Balance at 30/06/2020
Directors					
Mr Jurie Wessels	-	-	-	44,981,437	44,981,437
Mr Bill Oliver	240,000	-	588,236	-	828,236
Mr Nico Van Der Hoven	-	-	-	44,981,437	44,981,437
Mr Michael Davy	-	-	1,500,000	11,974,564	13,474,564
Mr Patrick Burke	150,000	-	588,236	(738,236)	-
Mr Jeremy King	300,000	-	588,236	(888,236)	-
Mr Luigi Matteucci	-	-	-	-	-
Total	**690,000**	**-**	**3,264,708**	**100,310,966**	**104,265,674**

Table 4 – Option holdings of KMP (direct and indirect holdings)

30 June 2020	Balance at 01/07/2019	Issued as Remuneration	Net Change - Other	Balance at appointment/ (resignation) date	Balance at 30/06/2020	Vested & Exercisable
Directors						
Mr Jurie Wessels	-	-	-	10,857,587	10,857,587	10,857,587
Mr Bill Oliver	9,240,000	-	294,118	-	9,534,118	9,534,118
Mr Nico Van Der Hoven	-	-	-	10,857,587	10,857,587	10,857,587
Mr Michael Davy	-	-	-	1,524,830	1,524,830	1,524,830
Mr Patrick Burke	6,930,000	-	294,118	(7,224,118)	-	-
Mr Jeremy King	6,930,000	-	294,118	(7,224,118)	-	-
Total	**23,100,000**	**-**	**882,354**	**8,791,768**	**32,774,122**	**32,774,122**

E Service Agreements

- Jurie Wessels – Non-Executive Chairman
  - Contract: Commenced on 26 July 2019
  - Director's Fee: $60,000 per annum
  - Term: No fixed term

- Bill Oliver – Managing Director
  - Contract: Commenced on 1 May 2019 – 30 September 2019
  - Director's Fee: $200,000 per annum
  - Term: No fixed term.
  - Contract: Commenced on 1 October 2019
  - Director's Fee: $60,000 per annum
  - Term: No fixed term.

- Nico Van Der Hoven – Non-Executive Director
  - Contract: Commenced on 26 July 2019
  - Director's Fee: $60,000 per annum
  - Term: No fixed term

- Michael Davy – Non-Executive Director
  - Contract: Commenced on 1 December 2019
  - Director's Fee: $36,000 per annum
  - Term: No fixed term

- Jeremy King – Non-Executive Director
  - Contract: Commenced on 1 May 2019 – 26 July 2019 (Resigned)
  - Director's Fee: $36,000 per annum
  - Term: No fixed term

- Patrick Burke – Non-Executive Director
  - Contract: Commenced on 1 May 2019 – 30 September 2019
  - Director's Fee: $60,000 per annum
  - Term: No fixed term
  - Contract: Commenced on 1 October 2019 – 27 November 2019 (Resigned)
  - Director's Fee: $36,000 per annum
  - Term: No fixed term

F Share-based Compensation

The Company may reward Directors for their performance and align their remuneration with the creation of shareholder wealth by issuing share options. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

The value of the options granted was calculated at grant date using the Black Scholes method. The amount expensed in 2019 of $395,061 disclosed as part of remuneration was vesting for options issued on 30 November 2017. Total vesting was over a 12 month period.

No options were granted as remuneration to directors during the financial year.

G Equity Instruments Issued on Exercise of Remuneration Options

No remuneration options were exercised during the financial year.

H Loans with KMP

There were no loans made to any KMP during the year ended 30 June 2020.

I Other Transactions with KMP

Purchase and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. The Company acquired the following service from entity that are controlled by member for the Company's KMP.

Some Directors, or former Directors of the Company, hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity name	Nature of transactions	Transaction value		Payable balance	
		30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Mirador Corporate Pty Ltd	Company secretarial and financial management services	63,714	96,000	-	-

Company secretarial and financial management services of $63,714 were paid to Mirador Corporate Pty Ltd for the year ended 30 June 2020. Mirador Corporate Pty Ltd is a company controlled by former director Jeremy King.

Terms and conditions

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

J Additional Information

The earnings of the consolidated group for the five years to 30 June 2020 are summarised below:

	2020	2019	2018	2017*
	$	$	$	$
Sales Revenue	**-**	-	-	-
EBITDA	**(2,866,058)**	(3,871,574)	(1,603,361)	(6,456)
EBIT	**(2,866,907)**	(3,872,232)	(1,603,361)	(6,456)
Profit/(Loss) after income tax	**(2,866,907)**	(3,872,232)	(1,603,361)	(6,456)
Share Price ($)	**0.020**	0.076	0.17	-
EPS (cents per share)	**(0.81)**	(2.04)	(1.41)	(0.29)

*The company was incorporated on 31 March 2017.

[End of Audited Remuneration Report]

CORPORATE GOVERNANCE – DIVERSITY MEASURABLE

The Company has not yet set measurable objectives for achieving gender diversity. The Company is currently not of a size that justifies the establishment of measurable diversity objectives. As the Company develops, the Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new Directors, senior executives and employees.

An executive office holding below the Board level, this being the position of Company Secretary, is held by a female contractor to the Company.

Full details of the Company's Diversity Policy can be found on the Corporate Governance page of the Company's website.

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 food 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 year, 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 Company is not currently subject to any specific environmental regulation. There have been no known significant breaches of environmental regulations during the year and up until the date of this report.

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.

AUDITOR

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and included within these financial statements.

SHARES UNDER OPTION

At the date of this report there were the following unissued ordinary shares for which options were outstanding:

- 10,029,413 listed options expiring 1 June 2021, exercisable at 12 cents each;
- 23,100,000 unlisted options expiring 19 December 2020, exercisable at 5.4 cents each;
- 10,000,000 unlisted options expiring 1 December 2021, exercisable at 5.3 cents and
- 41,580,001 unlisted options expiring 26 September 2021, exercisable at 10.08 cents each.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares of Vanadium Resources Limited issued during or since the year ended 30 June 2020 on the exercise of options.

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 year by the auditor are outlined in Note 21 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.

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

On behalf of the directors

Bill Oliver
Managing Director
25 September 2020

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Vanadium Resources Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 25 September 2020

TUTU PHONG
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL-YEAR ENDED 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
Revenue from continuing operations			
Other income	4	**524**	34,489
Expenses			
Consulting and legal fees		**(45,515)**	(699,711)
Share and company registry		**(88,123)**	(93,901)
Other expenses		**(199,791)**	(85,498)
Share based payments	5	**(2,035,781)**	(2,104,739)
Directors fees		**(54,500)**	(320,821)
Company secretary and financial management		**(85,089)**	(98,958)
Professional fees		**(48,716)**	(48,034)
Travel expenses		**(37,334)**	(303,483)
Impairment of capitalised expenditure		**(139,692)**	(142,862)
Depreciation		**(849)**	(658)
Share of losses of associates accounted for using the equity method	6	**(132,041)**	(8,056)
Loss from continuing operations before income tax		**(2,866,907)**	(3,872,232)
Income tax expense		**-**	-
Loss from continuing operations after income tax		**(2,866,907)**	(3,872,232)
Other comprehensive income		**-**	-
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss attributable to the members of Vanadium Resources Limited		**(2,866,907)**	(3,872,232)
Loss per share for the year attributable to the members Vanadium Resources Limited:			
Basic loss per share (cents)	8	**(0.81)**	(2.04)
Diluted loss per share (cents)	8	**(0.81)**	(2.04)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	30 June 2020 $	30 June 2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	9	**248,860**	930,583
Trade and other receivables	10	**32,490**	80,856
Total Current Assets		**281,350**	1,011,440
ASSETS			
Non-Current Assets			
Exploration and evaluation assets	12	**4,698,902**	4,150,369
Investments accounted for using the equity method	13	**16,262,565**	7,820,461
Plant and equipment		**6,982**	7,831
Other receivables	10(a)	**647,621**	544,968
Total Non-Current Assets		**21,616,070**	12,523,629
TOTAL ASSETS		**21,897,420**	13,535,068
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**96,560**	327,959
Total Current Liabilities		**96,560**	327,959
TOTAL LIABILITIES		**96,560**	327,959
NET ASSETS		**21,800,860**	13,207,109
EQUITY			
Issued capital	14	**24,033,208**	12,572,550
Reserves	15	**5,995,358**	6,116,608
Accumulated losses		**(8,227,706)**	(5,482,049)
TOTAL EQUITY		**21,800,860**	13,207,109

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
At 1 July 2019	**12,572,550**	**6,116,608**	**(5,482,049)**	**13,207,109**
Loss for the period			(2,866,907)	(2,866,907)
Total comprehensive loss for the year after tax	-	-	(2,866,907)	(2,866,907)
Transactions with owners in their capacity as owners:				
Issued capital	955,000	-	-	955,000
Share issue costs	(18,450)	-	-	(18,450)
Purchase 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
Expiry of share based payment options	-	(121,250)	121,250	-
Balance at 30 June 2020	**24,033,208**	**5,995,358**	**(8,227,706)**	**21,800,860**

	Issued Capital	Reserves	Accumulated Losses	Total Equity
	$	$	$	$
At 1 July 2018	**6,640,448**	**677,985**	**(1,609,817)**	**5,708,616**
Loss for the year	-	-	(3,872,232)	(3,872,232)
Total comprehensive loss for the year after tax	-	-	(3,872,232)	(3,872,232)
Transactions with owners in their capacity as owners:				
Issued capital	1,550,000	-	-	1,550,000
Share issue costs	(146,580)	-	-	(146,580)
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
Conversion of Options	144,077	-	-	144,077
Purchase of the SPD Vanadium Project	3,789,555	3,922,842	-	7,712,397
Balance at 30 June 2019	12,572,550	6,116,608	(5,482,049)	13,207,109

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	**30 June 2020 $**	30 June 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		**(686,131)**	(1,390,570)
Interest received		**524**	37,601
GST refund		**39,700**	2,916
Payments for plant and equipment		**-**	(8,490)
Net cash flows used in operating activities	9	**(645,907)**	(1,358,543)
Cash flows from investing activities			
Payments for exploration and evaluation		**(886,547)**	(2,961,521)
Payments for costs related to the acquisition of in SPD Vanadium Project		**(85,819)**	(116,120)
Cash deposit on rehabilitation guarantee and other deposits		**-**	(517,086)
Net cash flows used in investing activities		**(972,366)**	(3,594,727)
Cash flows from financing activities			
Proceeds from the issue of shares		**955,000**	1,550,000
Share issue costs		**(18,450)**	(146,575)
Proceeds from option entitlement issue		**-**	144,072
Net cash flows provided by financing activities		**936,550**	1,547,497
Net decrease in cash and cash equivalents		**(681,723)**	(3,405,773)
Cash and cash equivalents at the beginning of the year		**930,583**	4,336,356
Cash and cash equivalents at the end of the year	9	**248,860**	930,583

The accompanying notes form part of these financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Vanadium Resources Limited (referred to as "Company" or "parent entity") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Consolidated Group" or the "Group").

(b) Basis of Preparation

i. Statement of compliance

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

ii. Basis of measurement

Historical Cost Convention

The financial statements have been prepared under the historical costs convention, expect for where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

iii. Going Concern

The financial report is prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group has incurred a net loss of $2,866,907 (2019: loss $3,872,232) and net cash outflows from operating and investing activities of $645,907 and $972,366 respectively for the year ended 30 June 2020. The Company has cash on hand of $248,860 and net current assets of $184,790 at 30 June 2020. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds. These factors indicate a material uncertainty which may cast significant doubt as to whether the Group 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 it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- the ability to drawdown on additional funding from the $500,000 non-recourse loan facility secured from Directors and Shareholders, and
- The ability to issue additional shares under the Corporations Act 2001 to raise further working capital

Accordingly, the Directors believe that the Group 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 Group does not continue as a going concern.

iv. 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 23.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of Preparation (continued)

v. Adoption of new and revised accounting standards

As at 1 July 2019, the Group adopted AASB 16 Leases. The adoption of this standard did not have any impact on the Group as the Group has not entered into operating leases that were required to be recognised under this new standard.

Any new or amended Accounting Standards and Interpretations that are not yet mandatory have not been early adopted.

vi. New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)
The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 January 2020 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the consolidated group has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the consolidated group may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the consolidated group's financial statements.

vii. Changes to the Company's accounting policies

There were no changes to the Group's accounting policies as a result of the adoption of new accounting standards applicable for the year ended 30 June 2020.

viii. 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 Group'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) Associates

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates (continued)

The consolidated group 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.

(d) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Vanadium Resources Limited ('Company' or 'parent entity') as at 30 June 2020 and the results of all subsidiaries for the year then ended.

Subsidiaries are all entities (including special purpose entities) over which the consolidated group 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 group controls another entity.

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

Intercompany transactions, balances and unrealised gains on transactions between consolidated group 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 group.

The acquisition method of accounting is used to account for business combinations by the consolidated group. 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.

(e) 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.

(f) Foreign Currency Translation

i. Functional and presentation currency

Items included in the financial statements of each of the consolidated group's entities are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Australian dollars, unless otherwise stated, which is also the Parent's functional currency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Foreign Currency Translation (continued)

ii. 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 year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

iii. Consolidated group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of profit or loss and other comprehensive income account are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(g) Interest and Other Income

i. Interest

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset. If not received at the end of reporting period, it is reflected in the statement of financial position as a receivable.

ii. Other income

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

(h) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and the adjustments recognised in prior periods where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Income Tax

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying

amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(i) Exploration and evaluation expenditure

i. Exploration and evaluation assets - acquired

Exploration and evaluation assets compromise of acquisition of mineral rights and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if facts or circumstances suggest that the carrying amount exceeds the recoverable amount.

ii. Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

(j) Cash and Cash Equivalents

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily convertible to cash, net of outstanding bank overdrafts.

(k) 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. All other receivables are classified as non-current assets. The consolidated group has applied the simplified approach to measuring the expected credit losses, which uses a lifetime expected loss allowance. To measure expected credit losses, trade receivables have been grouped on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) 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 group 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, it's carrying value is written off.

i. 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.

ii. Financial assets at fair value through other comprehensive income

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

iii. Impairment of financial assets

The consolidated group 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 group'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.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(n) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group. Trade payables are usually settled within 30 days of recognition.

(o) Employee Benefits

i. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

ii. 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 recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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 the 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(p) 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, that 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 group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Share-based Payments (continued)

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:

- 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.
- 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 group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated group 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.

(p) Issued Capital

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Earnings Per Share

i. Basic earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to owners 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 and excluding treasury shares.

ii. Diluted earnings per share

Diluted earnings per share adjust 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(r) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables area 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 statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of amount of GST recoverable, or payable to, the tax authorities.

(s) 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 group'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 group'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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Dividends

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

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Share based payments

The consolidated group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by 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 share-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.

(b) Exploration and evaluation costs

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development 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. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

(c) Investments accounted for using the equity method

As detailed in Note 20, due to Vanadium Resources having issued the full consideration but control pending, the Company continues to account for the investment in Vanadium Resources (Pty) Ltd (VanRes) under the equity method of accounting.

NOTE 3: SEGMENT INFORMATION

The consolidated group operates within two geographical segments within mining exploration being Australia and South Africa. The segment information provided to the chief operating decision makers ("CODM"), being the Board of Directors is as follows:

Year ended 30 June 2020	Australia	South Africa	Total
	$	$	$
Other revenue	524	-	524
Loss before income tax expense	(2,683,479)	(183,429)	(2,866,907)
Total Segment Assets	2,668,844	19,228,576	21,897,420
Total Segment Liabilities	(96,560)	-	(96,560)

The Board considers its business operations in mineral exploration to be its primary reporting function. Results are analysed as a whole by the CODM. Consequently, revenue, profit, net assets and total assets for the operating segment are reflected in this financial report.

NOTE 4: REVENUE	**2020**	2019
	$	$
Other income		
Interest income	**524**	31,573
Fee income	**-**	2,916
	524	34,489

NOTE 5: EXPENSES	**2020**	2019
	$	$
Share based payments expense		
Prior options expense	**-**	(395,061)
Consideration for Steelpoortvan Pty Ltd	**(1,843,381)**	(589,050)
Lead manager options	**-**	(1,120,628)
Consideration for services provided	**(192,400)**	-
	(2,035,781)	(2,104,739)

NOTE 6: SHARE OF LOSS OF ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Share of loss - associates	**(132,041)**	(8,056)

NOTE 7: INCOME TAX

(a)	The components of tax expense comprise:		
	Current tax	**-**	-
	Deferred tax	**-**	-
	Income tax expense reported in the of profit or loss and other comprehensive income	**-**	-
(b)	The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:		
	Income tax expense/(benefit) on operating loss at 27.5% (2019: 30%)	**(788,400)**	(1,161,670)
	Non-deductible items		
	Non-deductible expenditure	**627,170**	819,279
	Benefits from tax loss not brought to account	**347,680**	443,936
	Temporary differences not recognised	**(186,450)**	(101,545)
	Income tax attributable to operating income/(loss)	**-**	-
	The applicable weighted average effective tax rates are as follows:	**Nil%**	Nil%
	Balance of franking account at year end	**Nil**	Nil
(c)	**Deferred tax assets**		
	Tax losses	**1,216,395**	948,759
	Blackhole expenditure	**89,986**	128,252
	Other	**68,649**	88,790
	Unrecognised deferred tax asset	**1,375,030**	1,165,801
	Set-off deferred tax liabilities	**-**	-
	Net deferred tax assets	**1,375,030**	1,165,801
	Less deferred tax assets not recognised	**(1,375,030)**	(1,165,801)
	Net assets	**-**	-

NOTE 7: INCOME TAX (continued)	2020 $	2019 $
(d) **Deferred tax liabilities**		
Exploration expenditure	**445,260**	321,124
Other	**33,476**	18,117
Set-off deferred tax assets	**(478,736)**	(339,241)
Net deferred tax liabilities	**-**	-
Tax losses		
Unused tax losses and temporary differences for which no deferred tax asset has been recognised	**5,000,108**	3,886,003

The benefit for tax losses will only be obtained if:

i. The Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
ii. The Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
iii. There are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

At 30 June 2020, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

NOTE 8: LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020 $	2019 $
Net loss for the year	**(2,866,907)**	(3,872,232)
Weighted average number of ordinary shares for basic and diluted loss per share	**356,035,273**	189,355,084

Options on issue are considered anti-dilutive to the earnings per share as the Company is in a loss-making position.

Continuing operations		
• Basic and diluted loss per share (cents)	**(0.81)**	(2.04)

NOTE 9: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
Cash at bank and in hand	**248,860**	930,583

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.

The Group's exposure to interest rate and credit risks is disclosed in Note 16.

Reconciliation of cash flow from operations with loss before income tax

	2020	2019
Loss for the financial year	**(2,866,907)**	(3,872,232)
Non-cash flows in loss:		
- Share-based payments	**2,035,781**	2,104,739
- Impairment of capitalised expenditure	**139,692**	142,862
- Share of loss of associate using equity method	**132,041**	8,056
- Foreign currency translation	**97,889**	(27,882)
- Other non-cash items	**(1,372)**	(12,762)
Changes in assets and liabilities		
- Trade and other receivables	**48,366**	53,748
- Trade and other payables	**(231,397)**	244,928
Cash flow from operations	**(645,907)**	(1,358,543)

Non-cash financing and Investing Activities

i. Share Issue:

As disclosed in note 14(a) 111,688,512 shares were issued on 26 July 2019 at $0.076 as part consideration for the purchase of Vanadium Resources (Pty) Ltd.

NOTE 10: TRADE AND OTHER RECEIVABLES

	2020	2019
GST receivable (net)	**8,646**	48,346
Other deposits and receivables (i)	**23,844**	32,510
	32,490	80,856

NOTE 10(a): TRADE AND OTHER RECEIVABLES

	2020	2019
Other deposits	**28,972**	28,972
Cash rehabilitation guarantee (ii)	**418,035**	515,996
Loan to Vanadium Resources (Pty) Ltd	**200,614**	-
	647,621	544,968

ii. Other receivables are non-interesting bearing and are generally on terms of 30 days.
iii. The cash rehabilitation guarantee is controlled by Vanadium Resources Limited; it was paid on behalf of the project to secure the right to mine and will subsequently reclassified as cash when refunded.

Allowance for expected credit losses

No expected credit losses have been recognised by the consolidated group for the year ended 30 June 2020.

NOTE 11: TRADE AND OTHER PAYABLES	2020 $	2019 $
Trade payables (i)	**75,060**	302,026
Accrued expenses	**21,500**	25,933
	96,560	327,959

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

NOTE 12: EXPLORATION AND EVALUATION

	2020	2019
Opening balance	**4,150,369**	1,320,686
Exploration expenditure written off	**(139,692)**	-
Additions capitalised during the period	**688,225**	2,829,683
	4,698,902	4,150,369

NOTE 13: INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	2020	2019
Investment in associate (refer to note 24)	**16,262,565**	7,820,461

NOTE 14: ISSUED CAPITAL	**2020**		2019	
	No. of Shares	**$**	No. of Shares	$
Ordinary shares – fully paid	374,277,438	24,033,208	212,960,386	12,572,550

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the share held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

NOTE 14: ISSUED CAPITAL (continued)

(a) Movement reconciliation	Date	Issue Price	Number	$
At 30 June 2018			**166,260,491**	**6,640,448**
Issue of shares on exercise of options	27 July 2018	$0.054	101,364	5,474
Issue of shares on exercise of options	16 August 2018	$0.054	711,864	38,441
Issue of shares on exercise of options	7 September 2018	$0.054	716,864	38,711
Consideration for Steelpoortvan Pty Ltd	27 September 2018	$0.17	3,465,001	589,050
Consideration for services provided	27 September 2018	$0.15	40,000	6,000
Consideration for 24.26% of Vanadium Resources (Pty) Ltd	27 September 2018	$0.17	22,291,502	3,789,555
Issue of shares on exercise of options	15 February 2018	$0.054	250,000	13,500
Issue of shares on exercise of options	8 April 2019	$0.054	888,005	47,951
Issue of Shares - placement	21 May 2019	$0.085	18,235,295	1,550,000
Capital raising costs			-	(146,580)
At 30 June 2019			212,960,386	12,572,550
Issue of Shares - placement	26 July 2019	$0.085	1,764,708	150,000
Consideration for Vanadium Resources (Pty) Ltd	26 July 2019	$0.076	111,688,512	8,488,327
Consideration for Steelpoortvan Pty Ltd	26 July 2019	$0.076	24,255,008	1,843,381
Consideration for services provided	26 July 2019	$0.076	1,400,000	106,400
Issue of Shares - placement	15 November 2019	$0.04	20,000,000	800,000
Consideration for services provided	15 November 2019	$0.04	2,150,000	86,000
Issue of Shares - placement	15 November 2019	$0.085	58,824	5,000
Capital raising costs			-	(18,450)
At 30 June 2020			**374,277,438**	24,033,208

NOTE 15: RESERVES	2020 $	2019 $
Movement reconciliation of share-based payments reserve		
Balance at the beginning of the year	**6,116,608**	677,985
Equity settled share-based payment transactions	**-**	395,061
Expiry of options	**(121,250)**	-
Consideration for lead manager	**-**	1,120,720
Options recognised as an Investment in Associate	**-**	3,922,842
Balance at the end of the year	**5,995,358**	6,116,608

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

NOTE 16: 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 and liquidity 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:

	2020	2019
Financial Assets		
Cash and cash equivalents	**248,860**	930,583
Trade and other receivables	**680,111**	625,825
	928,971	1,556,408
Financial Liabilities		
Trade and other payables	**96,560**	327,959

(a) Market risk

i. Foreign exchange risk

The currency risk is the risk that the value of financial instruments will fluctuate due to change in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian Dollar (AUD), the Group's functional currency. The Group's policy is not to enter into any currency hedging transactions.

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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:

	2020		2019	
	Weighted average interest rate *	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	0.04%	248,860	0.58%	930,583

(*) This interest rate represents the average interest rate for the period.

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, using the observed range of historical rates for the preceding five-year period.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

Judgements of reasonably possible movements: Profit higher/(lower)	**2020 $**	2019 $
+ 1.0% (100 basis points)	**2,489**	9,306
- 1.0% (100 basis points)	**(2,489)**	(9,306)

(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.

NOTE 16: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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:

	6 months $	6-12 months $	1-5 years $	> 5 years $	Total $
2020					
Trade and other payables	96,560	-	-	-	96,560
2019					
Trade and other payables	327,959	-	-	-	327,959

(d) Capital risk management

The consolidated group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated 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. There were no changes to the Company's approach to capital management during the year. 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 17: RELATED PARTY DISCLOSURE

(a) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2020 $	2019 $
Short-term employee benefits	**265,000**	624,614
Post-employment benefits	**-**	9,215
Share-based payments	**-**	395,060
	265,000	1,028,889

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

NOTE 17: RELATED PARTY DISCLOSURE (continued)

(b) Other Transactions with related parties

Purchase and sales to related parties are made on terms equivalent to those that prevail in arm's length transactions. The Company acquired the following service from entity that are controlled by member for the Company's KMP.

Some Directors, or former Directors of the Company, hold or have held positions in other companies, where it is considered they control or significantly influence the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Entity name	Nature of transactions	Transaction value		Payable balance	
		30-Jun-20	30-Jun-19	30-Jun-20	30-Jun-19
Mirador Corporate Pty Ltd	Company secretarial and financial management services	63,714	96,000	-	-

Company secretarial and financial management services of $63,714 were paid to Mirador Corporate Pty Ltd for the year ended 30 June 2020. Mirador Corporate Pty Ltd is a company controlled by former director Jeremy King.

Terms and conditions

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

NOTE 18: SHARE-BASED PAYMENTS

(a) Recognised share-based payment transactions	**2020** **$**	2019 $
Options issued to Directors	**-**	395,061
Consideration for the acquisition of Steelpoortvan Pty Ltd (i)	**1,843,381**	589,050
Consideration for lead manager (ii)	**-**	1,120,628
Consideration for services provided	**192,400**	-
Options recognised in profit or loss	**2,035,781**	2,104,739
Options recognised as an Investment in Associate	**-**	3,922,842

i. On 26 July 2019, the Company issued 24,255,008 ordinary shares for consideration for the acquisition of Steelpoortvan Pty Ltd.
ii. On 26 July 2019 the Company issued 1,400,000 ordinary shares and on 15 November 2019 the Company issued a further 2,150,000 ordinary shares, for services provided by consultants.

NOTE 18: SHARE-BASED PAYMENTS (continued)

(b) Summary of options granted during the year

There were no share based payment options granted during the year ended 30 June 2020; options issued in prior reporting periods have no impact on profit or loss for the year ended 30 June 2020.

At 30 June 2020 the following equity settled share based payment options were on issue:

Options	Issue Date	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired during the year	Balance at the end of the year
Directors	19/12/2017	19/12/2020	0.054	23,100,000	-	-	-	23,100,000
Lead manager	26/09/2018	26/09/2021	0.108	9,240,000	-	-	-	9,240,000
Consideration	26/09/2018	26/09/2021	0.108	32,340,001	-	-	-	32,340,001
				64,680,001	-	-	-	64,680,001

The options issued during the year ended 30 June 2019 to the lead managers and as consideration for its investment in Vanadium Resources (Pty) Ltd, have been valued using the Black-Scholes model. The model and assumptions are as follow:

30 June 2019:

Grant date share price	0.170
Exercise price	0.108
Expected volatility	100%
Grant date	20 August 2018
Expiry date	26 September 2021
Dividend yield	0.00%
Risk free rate	2.02%
Black-Scholes Valuation	0.1213
Total Fair Value of Options	$5,043,562
Number of Options Issued	41,580,001

NOTE 19: COMMITMENTS

	2020	2019
	$	$
Exploration commitments		
Within one year	**-**	192,555
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	-	192,555

NOTE 20: CONTINGENCIES AND COMMITMENTS

The consolidated group 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 group 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 group to acquire a controlling interest in the project through its shareholding in Vanadium Resources (Pty) Ltd.

There are no other contingent assets or contingent liabilities as at 30 June 2020 (2019: nil):

NOTE 21: AUDITOR'S REMUNERATION

	2020 $	2019 $
Amounts received or due and receivable by RSM Australia Partners for:		
Audit and review of the annual and half-year financial report	**34,500**	36,000
Other services - RSM Australia Pty Ltd for:		
- Income tax return	**11,900**	9,550
Other services - RSM South Africa Pty Ltd for:		
- Tax advice	**-**	2,484
	46,400	48,034

NOTE 22: INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	Country of Incorporation	Ownership interest 2020	2019
Steelpoortvan Pty Ltd	Dormant	Australia	100%	100%
VMS Resources Pty Ltd	Exploration	Australia	100%	100%

NOTE 23: PARENT ENTITY

	2020 $	2019 $
Assets		
Current assets	**281,350**	1,555,060
Non-current assets	**21,622,485**	11,980,008
Total assets	**21,903,835**	13,535,068
Liabilities		
Current liabilities		
Total liabilities	**96,560**	327,959
	96,650	327,959
Equity		
Contributed equity	**24,033,208**	12,572,550
Reserves	**5,995,358**	6,116,608
Accumulated losses	**(8,221,291)**	(5,482,049)
Total equity	**21,807,275**	13,207,109
Loss for the year	**(2,734,867)**	(3,872,237)
Total comprehensive loss	**(2,734,867)**	(3,872,237)

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2020 and 30 June 2019.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2020 and 30 June 2019.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 24: 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 group are set out below:

Name	Principle place of business	2020	2019
Vanadium Resources (Pty) Ltd	South Africa	**50.0%**	24.26%

	2020 $	2019 $
Summarised statement of financial position		
Current assets	**576,740**	575,385
Total assets	**576,740**	575,385
Non- current liabilities	**925,859**	673,860
Total liabilities	**925,859**	673,860
(Net Liabilities)	**(349,119)**	(98,475)
Summarised statement of profit or loss and other comprehensive income		
Revenue	**51,116**	32,052
Expenses	**(336,699)**	(65,259)
Loss before income tax	**(285,583)**	(33,207)
Income tax expense	**-**	-
Loss after income tax	**(285,583)**	(33,207)
Other comprehensive loss	**-**	-
Total comprehensive loss	**(285,583)**	(33,207)
Reconciliation of the carrying amount in the consolidated group's interest in Vanadium Resources (Pty) Ltd		
Opening carrying amount	**7,820,461**	7,828,517
Costs capitalised	**8,574,144**	-
Share of loss after income tax	**(132,041)**	(8,056)
Closing carrying amount	**16,262,564**	7,820,461

NOTE 25: EVENTS AFTER THE REPORTING DATE

On 24 July 2020 the Company announced results of downstream testwork on samples, confirming Steelpoortdrift concentrate suitable for conventional salt roast-leach processing.

On 30 July 2020, the Company announced a marketing and investment mandate with Pelagic Resources Group, a global commodity merchant that holds customer relationships with Chinese state owned enterprises, global assets allocators and large international commodity merchants. The purpose of the mandate is to introduce clients to VR8, to promote and conclude strategic partnerships and investment transactions to develop the Steelpoortdrift Vanadium project. Pelagic's success fee will include marketing rights for a period of 5 years of 50% of V2O5 products and/or concentrate produced at Steelpoortdrift, demonstrating confidence in the quality of the Company's products.

NOTE 25: EVENTS AFTER THE REPORTING DATE (continued)

On 27 August 2020 the Company announced that it had secured funding of A$500,000 (before costs) via the issue of a convertible loan facility to the Directors and shareholders of the Company. At the sole election of the Company, the loan and accrued interest is either to be repaid or, subject to the receipt of prior shareholder approval, converted into stock at a price equal to the last capital raising before the Company decides to convert the loan minus a 15% discount. The convertible note facility is unsecured and bears interest at 10% per annum, repayable on the earlier to occur of the maturity date of 12 months or the provision of written notice by the lender upon the occurrence of an event of default.

At the same time the Company has also entered into a policy of insurance to provide an environmental rehabilitation guarantee on behalf of the Company. The guarantee may allow the Company to withdraw cash resources of ZAR5,000,000 (approx.. A$410,000 before costs), which is currently serving as a guarantee for rehabilitation of future mining works at the Steelpoortdrift Vanadium Project. The guarantee and premium is to be finalised subject to a technical review by the provider and regulations of the South African Department of Mineral Resources and Energy (DMRE). The guarantee is not subject to conditions outside of the existing guarantee as defined by the requirements of the DMRE. The costs of the guarantee, whilst no mining is taking place, is A$20,800 per annum.

On 21 September 2020, the Company entered into a trading halt pending the release of the results of the Steelpoortdrift Vanadium Project. On 23 September 2020, the scoping study results were released and confirm viability of vanadium pentoxide production at Steelpoortdrift at current prices.

Other than the above, there has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

DIRECTORS' DECLARATION FOR THE YEAR ENDED 30 JUNE 2020

In the Directors' opinion:

1. The consolidated financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:

   a) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) giving a true and fair view of the consolidated group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and

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

3. This declaration has been made after receiving the declaration required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Bill Oliver
Managing Director

25 September 2020

RSM Australia Partners

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

Opinion

We have audited the financial report of Vanadium Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, 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 2020 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Group incurred a net loss of $2,866,907 and had cash outflow from operating and investing activities of $645,907 and $972,366 respectively for the year ended 30 June 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
Exploration and Evaluation Expenditure Refer to Note 12 in the financial statements	
The Group has capitalised exploration and evaluation expenditure with a carrying value of $4,698,902 as at 30 June 2020. 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 expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Obtaining evidence that the Group has valid rights to explore in the specific area of interest; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Assessing and evaluating management's assessment of the impairment loss recognised for those tenements that have been relinquished; • Assessing and evaluating management's assessment that no indicators of impairment existed for those tenements where the Group continues to have rights of tenure; • Enquiring with management and reviewing budgets and other supporting documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; and • Through discussions with management and reviewing relevant supporting documentation, assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of an economically recoverable mineral reserve may be assessed.
Investment in Associate using the Equity Method Refer to Note 13 and 24 in the financial statements	
During the year, the Group acquired an additional 25.74% in Vanadium Resources Pty Ltd for a consideration of $8,574,144 to bring the total investment in Vanadium Resources Pty Ltd to $16,262,565 at 30 June 2020. The accounting for this investment is considered to be a key audit matter because it involved the exercise of judgment in relation to: • Determining the type of transaction and whether the investment is a joint arrangement as defined by AASB 11 *Joint Arrangements* and properly recognised under AASB 128 *Investments in Associates and Joint Ventures*;	Our audit procedures included: • Reviewing the binding heads of agreement to understand the key terms and conditions; • Evaluating the measurement and recognition criteria determined by management in accordance with AASB 11 and AASB 128; • Evaluating the management's determination of the fair value of the investment; • Evaluating management's determination of possible indicators of impairment in the investment at reporting date; and • Assessing the appropriateness of the disclosures in the financial report in respect of the investment.

• Determining the rights and obligations arising from the arrangement and its method of recognition as either a joint operation or joint venture; • Determining the fair value of the consideration paid, including recognition and measurement under AASB 2 *Share-based Payment*; and • Determining whether there were impairment indicators in the investment at reporting date and, if so, judgments applied to determine and quantify any impairment loss	

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 2020, 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/auditors_responsibilities/ar2.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 within the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Vanadium Resources Limited, for the year ended 30 June 2020, 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

TUTU PHONG
Partner

Perth, WA
Dated: 25 September 2020

Additional information required by the ASX Listing Rules and not disclosed elsewhere in this report is set out below. The information is effective as at 15 September 2020.

Corporate Governance

The Company's 2020 Corporate Governance Statement can be accessed at https://vr8.global/corporate-governance

Ordinary Share Capital

374,277,438 fully paid ordinary shares are held by 682 individual holders.

Voting Rights

Subject to the ASX Listing Rules, the Company's constitution and any special rights or restrictions attached to a share, at a meeting of shareholders, voting rights attached to each class of equity security are as follows:

- **Ordinary shares:** On a show of hands each shareholder present at a meeting of shareholders in person or by proxy shall have one vote and, on a poll, has one vote for each fully paid share held.
- **Options, Performance Shares and Performance Rights:** Options and Performance Shares do not carry any voting rights.

Twenty Largest Shareholders

Rank	Name	Holding	%
1	Kumane Investments Pty Ltd	44,981,437	12.02%
2	Danterne Pty Ltd	44,981,437	12.02%
3	AMA CASA PROPS 122 PROPRIETARY LIMITED	27,283,825	7.29%
4	NDARAMA INVESTMENTS (PRIVATE) LIMITED	16,733,315	4.47%
5	PAPILLON HOLDINGS PTY LTD <THE VML NO 1 A/C>	16,050,000	4.29%
6	ROMFAL SIFAT PTY LTD <THE FIZMAIL FAMILY A/C>	15,319,773	4.09%
7	Davy Corp Pty Ltd <Davy Investment A/C>	13,474,564	3.60%
8	RIMOYNE PTY LTD	12,637,133	3.38%
9	SNOWBALL 3 PTY LTD <ANTONIO TORRESAN SUPER A/C>	7,000,000	1.87%
10	MR SAM ROBIN HAMMOND	6,358,193	1.70%
11	SANGREAL HOLDINGS PTY LTD <ROBERTO CRISAFIO SF A/C>	5,000,000	1.34%
12	MR DARREN CARTER	4,900,000	1.31%
13	MAINVIEW HOLDINGS PTY LTD	4,582,548	1.22%
14	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	4,484,331	1.20%
15	NORTHLEW INVESTMENTS LIMITED	4,416,667	1.18%
16	RUSSELL BROOKS LIMITED	4,416,667	1.18%
17	TOMARNIC LIMITED	4,416,666	1.18%
18	GOLDEN DAWN LIMITED	3,954,000	1.06%
19	VANTAGE HOUSE LIMITED	3,578,244	0.96%
20	MALCORA PTY LTD	3,179,439	0.85%
Total top 20 holders of fully paid ordinary shares		**247,748,239**	**66.19%**
Total remaining holders balance		**126,529,199**	**33.81%**

Substantial Shareholders

The names of Vanadium Resources Limited's substantial holders and number of shares in which each has a relevant interest, as disclosed in substantial holding notices received by Vanadium Resources Limited as at 15 September 2020, are listed below:

Holder Name	Holding Balance	% IC
Kumane Investments Pty Ltd	44,981,437	12.02%
Danterne Pty Ltd	44,981,437	12.02%
AMA CASA PROPS 122 PROPRIETARY LIMITED	27,283,825	7.29%

Distribution of Shares

A distribution schedule of the number of holders of shares is set out below.

	Fully Paid Ordinary Shares		
Range	No. Holders	Total Units	%
1 - 1,000	43	2,977	0.00%
1,001 - 5,000	40	158,761	0.04%
5,001 - 10,000	61	482,966	0.13%
10,001 - 100,000	290	11,187,118	2.99%
100,001 and Over	248	362,445,616	96.84%
Total	**682**	**374,277,438**	**100.00%**

Restricted Securities

As at 15 September 2020 there were no securities subject to escrow.

Unquoted Securities and Distribution

As at 15 September 2020 the Company has on issue 84,709,414 Unlisted Options.

There are nil holders holding more than 20% of an unlisted class of security.

23,100,000 Unquoted options expiring 19/12/2020 at $0.054 escrowed until 03/11/2019 – 3 holders

	Unlisted Options exercisable at $0.054 each on or before 19 December 2020		
Range	No. Holders	Total Units	%
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	0	0	0.00%
100,001 and Over	3	23,100,000	100.00%
Total	**3**	**23,100,000**	**100.00%**

41,580,001 Unquoted options expiring 26/09/2021 at $0.108 – 12 holders

	Unlisted Options exercisable at $0.108 each on or before 26 September 2021		
Range	No. Holders	Total Units	%
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	0	0	0.00%
100,001 and Over	12	41,580,001	100.00%
Total	**12**	**41,580,001**	**100.00%**

10,000,000 Unquoted options expiring 01/12/2021 at $0.053 – 17 holders

	Unlisted Options exercisable at $0.053 each on or before 1 December 2021		
Range	No. Holders	Total Units	%
1 – 1,000	0	0	0.00%
1,001 – 5,000	0	0	0.00%
5,001 – 10,000	0	0	0.00%
10,001 – 100,000	2	150,345	1.50%
100,001 and Over	15	9,849,655	98.50%
Total	**17**	**10,000,000**	**100.00%**

Listed Options

10,029,413 Listed options expiring 01/06/2021 at $0.12 – 51 holders

	Listed Options exercisable at $0.12 each on or before 1 June 2021		
Range	**No. Holders**	**Total Units**	**%**
1 – 1,000	0	0	0.00%
1,001 – 5,000	1	1,797	0.02%
5,001 – 10,000	1	10,000	0.10%
10,001 – 100,000	25	1,506,340	15.02%
100,001 and Over	24	8,511,276	84.86%
Total	**51**	**10,029,413**	**100.00%**

Twenty largest listed option holders

Rank	Name	Holding	%
1	M & K KORKIDAS PTY LTD <M&K KORKIDAS P/L S/FUND A/C>	1,946,884	19.41%
2	MR DARREN CARTER	1,200,000	11.96%
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	850,000	8.48%
4	CITICORP NOMINEES PTY LIMITED	502,853	5.01%
5	VANTAGE HOUSE LIMITED	442,647	4.41%
6	MR WILLIAM ALAN OLIVER & MRS BRYONY NICOLLE NORMAN OLIVER <BANDB SUPER A/C>	294,118	2.93%
7	MR JEREMY PHILIP KING	294,118	2.93%
8	ROWAN HALL PTY LTD <ROWAN HALL INVESTMENT A/C>	294,118	2.93%
9	QUINTERO GROUP LIMITED	251,165	2.50%
10	MR BRETT JAMES RUDD	250,000	2.49%
11	MELBOR PTY LTD <RJW FAMILY A/C>	250,000	2.49%
12	MR DAVID JOHN BARRETT	200,000	1.99%
13	OX GLOBAL INVESTMENTS LTD	175,000	1.74%
14	TOTAL ASSET MANAGEMENT SOLUTIONS PTY LTD	175,000	1.74%
15	TIALING PTY LTD <TIALING SUPER FUND A/C>	169,976	1.69%
16	MR THOMAS FRANCIS CORR	150,000	1.50%
17	METIS PTY LTD	150,000	1.50%
18	PRIMSTON PTY LTD	147,500	1.47%
19	HG MULTI INVESTMENTS PTY LTD <THE STRUCTURED A/C>	145,000	1.45%
20	ACETOP HOLDINGS PTY LTD	145,000	1.45%
Total top 20 holders of listed options		**8,033,379**	**80%**
Total remaining holders balance		**1,996,034**	**20%**

Unmarketable Parcels

Holdings of less than a marketable parcel of ordinary shares:

Holders: 580

Units: 44,746,440

On-market Buy Back

There is currently no on-market buy-back program.

Schedule of Tenements

PERMIT NAME	PERMIT NUMBER	REGISTERED HOLDER / APPLICANT	AREA IN km^2	PERMIT STATUS	PERMIT EXPIRY	INTEREST / CONTRACTUAL RIGHT
Pilbara Region, Western Australia						
Quartz Bore	E47/3352	VMS Resources Pty Ltd	15	Granted	21/12/2021	100%
Limpopo Region, South Africa						
Steelpoortdrift KT365	10095MR	Vanadium Resources (Pty) Ltd	24.6	Granted	04/09/2048	Right to own 73.95%