



Group Management Report (Unaudited)

Transition

Empowering the
European Energy and
Mobility Transition

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1. MANAGEMENT REPORT

1.1 BUSINESS MODEL AND CORPORATE PROFILE

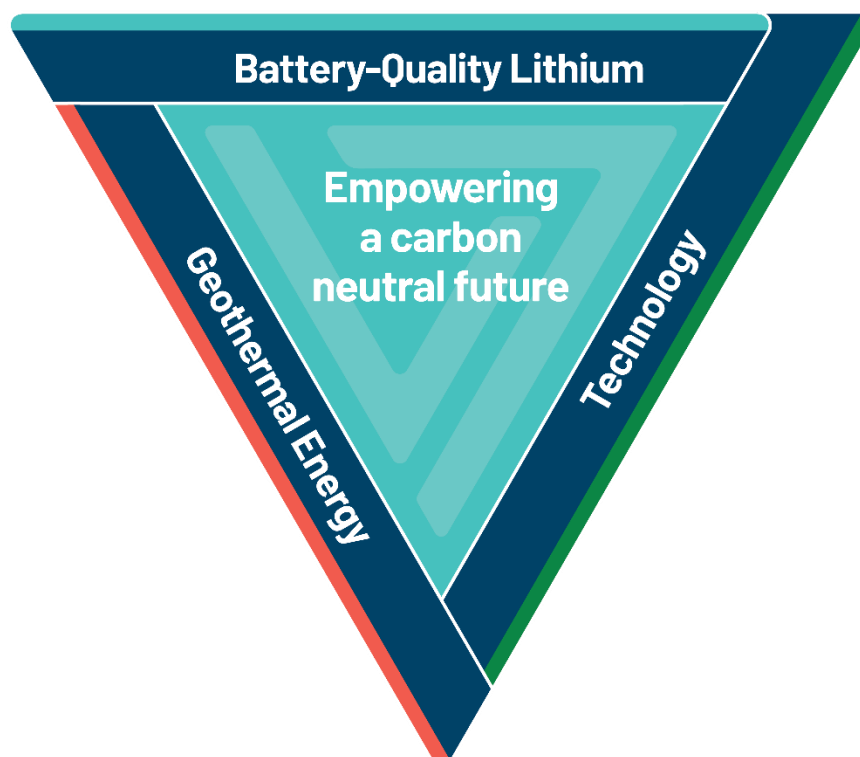
ABOUT VULCAN ENERGY

Vulcan Energy Resources Limited (the Company, Vulcan, Vulcan Energy or Vulcan Group) is building the world's first carbon neutral, integrated lithium and renewable energy business to decarbonise battery production. Vulcan's Lionheart Project, located in the Upper Rhine Valley Brine Field bordering Germany and France, is the largest lithium resource in Europe¹ and a tier-one lithium project globally.

Harnessing natural heat to produce lithium from sub-surface brines and to power conversion to battery-quality material and using its in-house industry-leading technology VULSORB®, Vulcan is building a local, low-cost source of sustainable lithium for European electric vehicle batteries.

DETERMINED FOR A BETTER TOMORROW

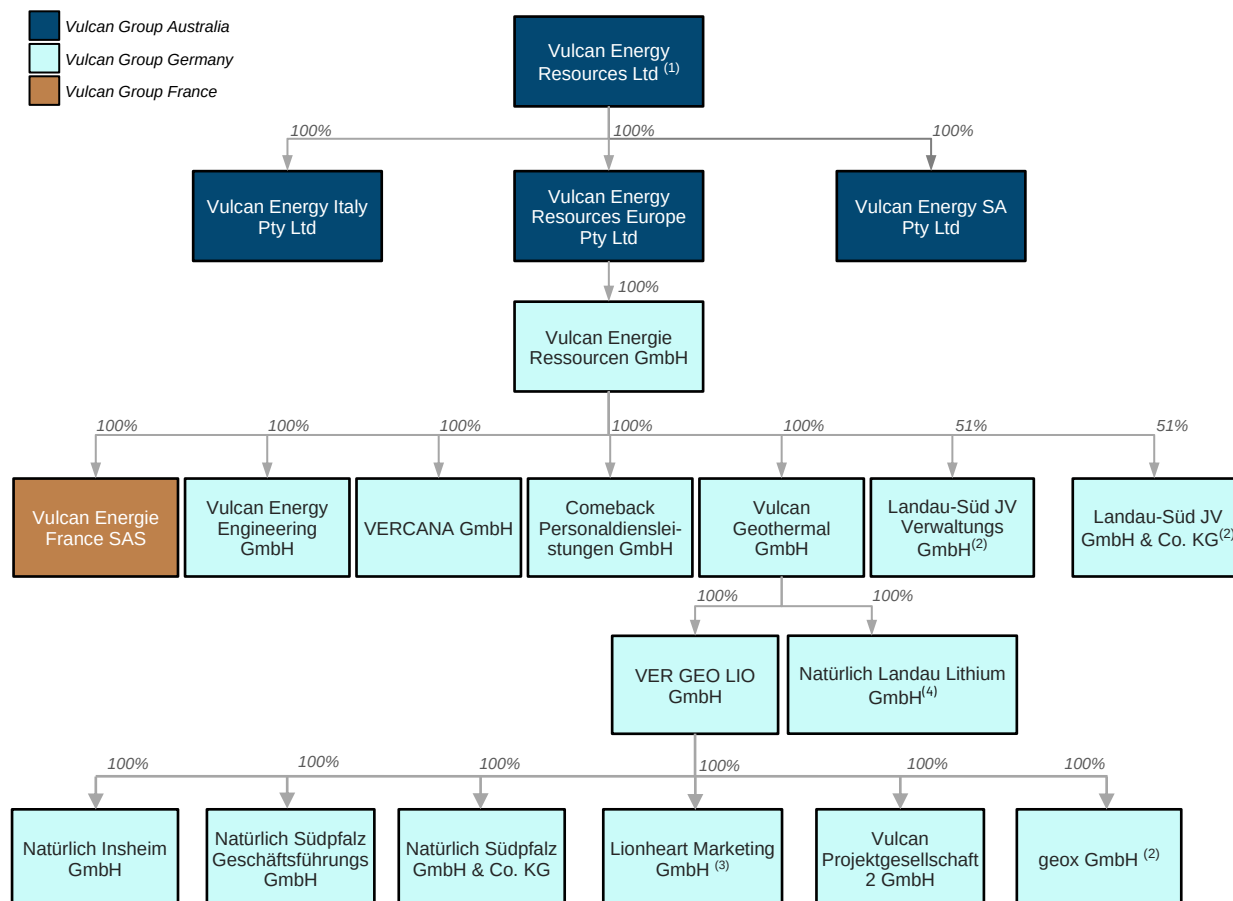
For more information, please go to: <https://v-er.eu>



¹ On a lithium carbonate equivalent (LCE) basis, according to public information, as estimated and reported in accordance with the JORC Code 2012. See Appendix 4 of Vulcan's Equity Raise Presentation dated 11 December 2024 for comparison information

1.2 GROUP STRUCTURE

Vulcan Energy Resources Limited is the parent company of the Vulcan Group, with its registered office located at Level 11, 1 Spring Street, Perth, Western Australia. The Vulcan Group is outlined in the chart and table below.



⁽¹⁾ Vulcan Energy Resources Ltd also holds a minority interest in Kuniko Limited.

⁽²⁾ The acquisition of geox by VER GEO LIO GmbH and of the relevant shares/interests of Landau-Süd JV Verwaltungs GmbH and Landau-Süd JV GmbH & Co. KG, respectively, has not yet completed.

⁽³⁾ By agreement notarised 2 December 2024 it was agreed to rename Vulcan Lily Lithium Geschäftsführungs GmbH to Lionheart Marketing GmbH.

⁽⁴⁾ This entity was renamed from Vulcan Projektgesellschaft 3 GmbH to Natürlich Landau Lithium GmbH on 12 February 2025.

⁽⁵⁾ Vulcan Energy Subsurface merged into Vulcan Energie Ressourcen GmbH 8 October 2024.

SUBSIDIARIES

Entity	Location	Primary activity	Date of foundation or acquisition	Ownership Interest 31 December 2024 (%)	Ownership Interest 31 December 2023 (%)
Vulcan Energie Ressourcen GmbH	Karlsruhe	Operating entity	September 26, 2019	100	100
Vulcan Energy Resources Europe Pty Limited	Perth	Operating entity	October 11, 2019	100	100
Vulcan Energy Subsurface Solutions GmbH*	Karlsruhe	Operating entity	July 2, 2021	100	100
Vulcan Energy Engineering GmbH	Augsburg	Group holding	July 2, 2021	100	100
Vulcan Geothermal GmbH	Karlsruhe	Group holding	July 09, 2021	100	100
VER GEO LIO GmbH	Karlsruhe	Group holding	July 12, 2021	100	100
Vercana GmbH	Karlsruhe	Operating entity	December 09, 2021	100	100
Natürlich Insheim GmbH	Karlsruhe	Operating entity	December 31, 2021	100	100
Vulcan Energy Italy Pty Limited	Perth	Group holding	July 5, 2021	100	100
Comeback Personaldienstleistungen GmbH	Lingen	Operating entity	February 1, 2023	100	100
Vulcan Projektgesellschaft 3 GmbH**	Karlsruhe	Operating entity	April 26, 2023	100	100
Vulcan Projektgesellschaft 2 GmbH	Karlsruhe	Operating entity	April 26, 2023	100	100
Natürlich Südpfalz Geschäftsführungs GmbH	Landau i.d. Pfalz	Operating entity	December 28, 2022	100	100
Natürlich Südpfalz GmbH & Co. KG	Landau i.d. Pfalz	Operating entity	February 7, 2023	100	100
Lionheart Marketing GmbH***	Karlsruhe	Operating entity	December 28, 2022	100	100
Landau-Süd Joint Venture GmbH & Co KG	Karlsruhe	Group holding	March 17, 2023	51	51
Landau-Süd Joint Venture Verwaltungs GmbH	Karlsruhe	Group holding	March 17, 2023	51	51
Vulcan Energie France SAS	Haguenau	Operating entity	June 22, 2022	100	100
Vulcan Energy SA Pty Limited	Perth	Group holding	September 23, 2023	100	100

Table 1 Vulcan Group entities

*Vulcan Energy Subsurface Solutions was merged into Vulcan Energie Ressourcen GmbH on 8 October 2024.

** This entity was renamed to Natürlich Landau Lithium GmbH on 12 February 2025.

*** This entity was renamed from Vulcan Lily Lithium Geschäftsführungs GmbH, on 2 December 2024.

Notes: (1) as announced on 27 September 2024, Vulcan has executed an agreement for the conditional acquisition of 100% of geox GmbH (geox). This acquisition of geox by VER GEO LIO GmbH and of the relevant shares/interests of Landau-Süd JV Verwaltungs GmbH and Landau-Süd JV GmbH & Co. KG is yet to be completed. (2) The entity Vulcan Lily Lithium (Höchst) GmbH & Co. KG was dissolved on 2 December 2024.

1.3 MANAGEMENT STRATEGY AND OBJECTIVES

The Company is aiming to build an integrated renewable energy and lithium production business using sustainably heated lithium brine and converting it into sustainable lithium chemicals – the end product of which is V-LiON™, Vulcan's sustainable lithium product, and a core component in battery electric vehicle (BEV) batteries.

Vulcan's Company objectives for 2025 are as follows:

- Start construction of Lionheart plants, Geothermal and Lithium Extraction Plant (G-LEP) and Central Lithium Plant (CLP)
- Close of Phase One financing
- Commence drilling
- V-LiON™ – commence product qualification with offtake partners
- Secure funding from Europe for new project development and technology division
- All land secured and permits received for the Phase One Lionheart Project.

1.4 MANAGEMENT SYSTEMS AND STEERING

The Company's internal management system is based on five core performance indicators. These are influenced by the Company's strategic goals and monitored on a regular basis. The following indicators are essential for steering the Company:

- Strong cash position
- Capital expenditure
- Operating expenses
- Building a world-class team
- Low carbon position.

Management excluded revenue and EBITDA from the core performance indicators for 2024, as these indicators are less informative given the development stage of the Company.

The Company had a cash position of €97.1 million on 31 December 2024, up from €78.7 million on 31 December 2023. The increase in cash during the financial year was principally due to net proceeds from the issue of shares of €131.6 million, partially offset by outflows for plant and equipment of €58.3 million, exploration and evaluation outflows of €12.0 million and operating cash outflows of €30.7 million.

Capital expenditure (CAPEX) for the 12-month financial year ended 31 December 2024 was €74.0 million, comprising €65.0 million of property, plant and equipment expenditure and €9.0 million

of exploration and evaluation expenditure. This was down from CAPEX of €90.4 million in the financial year ended 31 December 2023, comprising €71.7 million of property, plant and equipment expenditure and €18.7 million of exploration and evaluation expenditure. The decrease in CAPEX relates to the Company's focus on cash preservation throughout the debt and project-level equity financing process. Property, plant and equipment expenditure predominantly related to drill casings equipment, Schleidberg well site preparation, refurbishment costs for Vulcan's two electric drill rigs, and construction of the optimisation plants (Lithium Extraction Optimisation Plant (LEOP) and Central Lithium Electrolysis Optimisation Plant (CLEOP)) and Lithium Extraction Plant (LEP).

Operating expenditure (OPEX) increased to €67.7 million in the financial year ending 31 December 2024, up from €62.8 million in the financial year ending 31 December 2023. The increase in OPEX relates to an increase in employee benefit expenses during the financial year due to an average² FTE during FY24 of 366 compared to 314 in FY23. The rise in OPEX was also attributable to an increase in depreciation expense as the Company completed construction of LEOP and CLEOP and commenced production at both optimisation plants.

The Company's management distinguishes between the segments (refer to 2.2.7 Segment Information) concerning the performance indicators. An appropriate cash position is required to develop the operations in Germany and to cover supporting corporate costs at the German and Australian level. CAPEX is a reasonable KPI for Australia and Germany as the Company is in the development phase. OPEX is also used to steer the segments of Australia and Germany.

The Australian Vulcan business has been certified as carbon neutral by Climate Active since 2020, with the German operations certified in 2021. The 2022 certification has been completed through Climate Impact Partners' carbon neutral label.

During the reporting period, Vulcan, together with ERM, a leading sustainability consulting firm, updated its Environmental and Social Impact Assessment (ESIA). An ESIA is a prerequisite for raising sustainable debt finance and is an important third-party validation of forecasted environmental and social impacts. In this updated ESIA, the Project continues to have no potential impact greater than "minor" post-mitigation measures being implemented and will have some positive social impacts. This supports Vulcan's vision for a project with a lower environmental impact, especially in regard to carbon, water and land footprint, compared to alternative lithium extraction and processing operations. Vulcan will continue to work on implementing the mitigation measures recommended by the ESIA.

1.5 INNOVATION, RESEARCH AND DEVELOPMENT AND TECHNOLOGY

The Company aims to supply sustainable lithium alongside baseload renewable heat and power, achieving a significantly lower environmental impact compared to legacy methods of lithium

² The average FTE for a fiscal year is used in accounting to smooth workforce fluctuations, ensure accurate cost allocation, improve comparability, aid financial forecasting, and meet regulatory requirements

extraction. Innovation is a fundamental pillar in successfully delivering continuous advancements in technology and efficiency.

Vulcan is engaged in several publicly funded research, development and innovation (R&D+I) initiatives conducted at Vulcan Labs and the Company's geothermal power plant. These projects focus on optimising output efficiency in combined power and heat production, ensuring sustainable and high-performance operations. The key objectives of these initiatives include:

- Gaining a comprehensive understanding of reservoir properties to optimise reservoir development and to assess and control reservoir productivity towards a deep understanding of the reservoir-operations interactions to mitigate risks
- Increase efficiency for baseload heat and electricity production
- Optimise efficiency for lithium production from brine with a carbon neutral footprint.

Vulcan collaborates with internationally acknowledged research partners (such as Potsdam Geoforschungszentrum, Karlsruhe Institute of Technology, TU Darmstadt and other renowned institutions), as well as with strong industrial partners.

Most of these research, development and innovation projects are publicly supported by the European Commission and Germany.

KEY R&D+I FUNDED PROJECTS DURING THE REPORTING PERIOD

#	Title	Content
1	GeoSmart (EU)	Major geothermal (R&D) project on a European level, concluded in September 2024. • Smart technologies for geothermal to enhance competitiveness and agile operation • Natürlich Insheim will serve as a demonstration site to deliver district heating, optimise electricity and heat production, and test hybrid heat exchangers for future wells / power plants.
2	Effgeo (Germany)	Improving the efficiency of geothermal power plants via simulation and demonstration tests. • Identification and development of efficiency-increasing measures.
3	GreGEO (Germany) Project coordinator Concluded	Glass fibre reinforced epoxy casing system for geothermal application aims to develop a new well completion strategy to provide a corrosion-resistant alternative to steel.
4	GeoThermScaling (Germany)	Development, evaluation and testing of advanced iron-boride based coating for deep geothermal applications.
5	Mobiflow (Germany)	Testing and marketing of mobile devices to measure heat capacity of brine.
6	KlimProMem (Germany)	Process development for the climate neutral production of basic chemicals based on biogenic carbon dioxide, renewable electricity and geothermal process heat using innovative membrane processes using the example of alkali carbonates.
7	CRM Geothermal (EU)	Critical raw material from geothermal fluids: occurrence, enrichment, extraction.

8	GeoPro (EU)	Advanced understanding and modelling of geofluid properties that has wide applicability across most geothermal installations. Obtain a better understanding of carbon dioxide-solubility under plant operational conditions and the possible link between local micro-degassing, scaling and corrosion.
9	Reflect (EU)	Redefining geothermal fluid properties at extreme conditions. Get a better understanding of the geothermal fluid properties.
10	EVA	Removal of scaling in pipes using electric impulse technology.
11	EIKE (Germany) Concluded	Inhibitor development to cope with scales and corrosion challenges in operation to increase heat output and lower maintenance. Assessing the impact of a colder geothermal brine regarding scaling and corrosion and the chemical treatments efficiency.
12	PERFORM II	Improving geothermal system performance through filter technology development.
13	ZeroCaLi (Germany)(as of 1/2025)	Data based optimisation of facilities to produce CO ₂ -neutral LHM from geothermal LiCl solutions: by using extraction and electrolysis.

Table 2 Overview of key R&D+I publicly funded projects during FY24

TECHNOLOGY

Adsorption-Type Direct Lithium Extraction (A-DLE) is the fastest growing form of lithium production, due to cost and product quality advantages, currently with 10% global market share and growing³. A-DLE technology works by selectively adsorbing lithium from brine, a process that takes only hours rather than days and weeks, therefore significantly improving production efficiency.

With LEOP operational since April 2024, Vulcan has conducted three years of successful piloting work from 2021-23, as well as several thousand non-stop cycles both at brine pressure and no pressure. Continuous improvements continue to flow from Vulcan Technology's laboratories, pilot plants and optimisation plants.

The Company uses its proprietary in-house lithium extraction technology, VULSORB®, which is an optimised, high-performance adsorbent, highlighting Vulcan's substantial in-house technological capability. With over 90% (up to 95%) efficiency, VULSORB® stands as the highest performance lithium production technology on the market, as tested by Vulcan on lithium-bearing brines, including its current use at the upstream LEOP (Figure 1). This means that Europe can produce its own locally sourced lithium for BEVs and do so with a carbon neutral footprint.

In addition, the manufacturing process for VULSORB® is environmentally friendly, as most of the reagents are recycled. Opportunities for Vulcan to use its own produced lithium to manufacture future adsorbent technology once in production further reduce Vulcan's carbon footprint and operating costs while fulfilling EU's circular economy goals. Vulcan is exploring opportunities to licence VULSORB® to third parties and expand its technology as a future value stream.

³ Fastmarkets 2023-2030 DLE Forecast



Figure 1 Vulcan's A-DLE unit at the upstream LEOP in Landau, Germany

2. ECONOMIC REPORT

2.1 MACROECONOMIC ENVIRONMENT

In 2024, the European macroeconomic landscape was shaped by a complex interplay of moderate gross domestic product (GDP) growth, inflationary pressures and supply chain challenges. Following a period of economic recovery, GDP growth across the European Union (EU) remains slow, hindered by geopolitical uncertainties and structural adjustments within key industries. Inflation rates, although showing signs of stabilisation, continue to impact production costs and consumer spending, making price stability a priority for the European Central Bank.

Supply chain disruptions, intensified by geopolitical tensions and shifting trade policies, have emphasised the need for a more resilient and self-sufficient European industrial strategy. Key tensions and trade policy shifts include the US-China trade conflict, the Russian war in Ukraine, ongoing trade disputes between China and the EU over BEVs⁴, China's export restrictions on critical raw materials⁵, as well as lithium extraction and refining technologies to reduce the West's ability to produce lithium cheaply and gain strategic independence. The lithium supply chain, an essential component of Europe's green energy and mobility transition, is particularly affected.

⁴ <https://www.reuters.com/business/autos-transportation/eu-slaps-tariffs-chinese-evs-risking-beijing-payback-2024-10-29/>

⁵ <https://www.reuters.com/markets/commodities/china-bans-exports-gallium-germanium-antimony-us-2024-12-03/>

The EU targets new cars to be fully electric by 2035⁶, which may lead to a 57-fold increase⁷ in lithium demand for Europe. As a result, Europe's automotive industry, a key driver of economic growth, is undergoing a profound transformation and shifting towards lithium-ion battery technology to meet electrification and decarbonisation targets. However, 97% of the lithium used in the EU is currently imported from China⁸, highlighting Europe's heavy dependence and the urgent need to diversify and onshore the lithium supply chain.

Recognising the strategic importance of lithium, the EU introduced the Critical Raw Materials Act (CRMA), which entered into force on 23 May 2024⁹. This regulatory framework aims to strengthen domestic supply, reduce reliance on single suppliers and consolidate the sustainability and circularity of critical raw material supply chains in the EU. Under the CRMA, strategic projects have been introduced with the aim of increasing EU capacity to extract, process and recycle strategic raw materials and diversify EU supplies from third countries¹⁰. This policy tailwind may further fast-track the permitting process and funding for strategic projects such as Vulcan's. The policy aligns with the broader objectives of the Green Deal and the desire for greater industrial competitiveness.

In addition to the CRMA, the Draghi Report on European Competitiveness has further emphasised the need for stronger industrial policy and investment in strategic sectors to secure Europe's long-term economic resilience¹¹. Alongside this, the Clean Industrial Plan, which will be introduced as part of the Green Deal Industrial Strategy in early 2025¹², seeks to provide a regulatory and financial framework to support domestic clean-tech manufacturing and reduce reliance on non-EU suppliers¹³.

2.1.1 LITHIUM MARKET

In 2024, lithium prices continued to fluctuate, reflecting the ongoing challenge to balance supply and demand in a rapidly expanding industry. Further volatility is expected in the lithium market during the next few years as supply and demand fluctuate in a fast-growing environment, causing rises and falls in lithium pricing. However, the Company remains in an advantageous position due to its long-term offtake agreements secured with leading European-based automakers.

As the lithium market matures into its next phase of growth, major global companies, including Rio Tinto¹⁴ and ExxonMobil¹⁵ are, with Vulcan, entering the lithium brine space, recognising lithium's strategic importance in the clean energy and mobility transition, particularly for BEV batteries. The global lithium market is projected to grow at a compound annual growth rate (CAGR) of 10% until 2040¹⁶. Adsorption-Type Direct Lithium Extraction (A-DLE) from brine is one

⁶ https://ec.europa.eu/commission/presscorner/detail/en/ip_22_6462

⁷ <https://bit.ly/3Czins3>

⁸ https://europa.eu/newsroom/ecpc-failover/pdf/speech-24-977_en.pdf

⁹ https://ec.europa.eu/commission/presscorner/detail/en/ip_24_2748

¹⁰ <https://bit.ly/3CpIhG>

¹¹ <https://bit.ly/3CpInGk>

¹² https://commission.europa.eu/topics/eu-competitiveness/clean-industrial-deal_en

¹³ <https://www.politico.eu/article/eu-clean-industrial-deal-to-cover-six-themes-from-energy-prices-to-trade/>

¹⁴ <https://www.riotinto.com/en/news/releases/2024/rio-tinto-to-acquire-arcadium-lithium>

¹⁵ <https://www.reuters.com/markets/commodities/exxon-aims-begin-lithium-production-by-2026-arkansas-source-2023-11-11/>

¹⁶ Source: BMI Analysis

of the preferred types of lithium production for large companies due to its low cost of production, scalability, product purity and sustainability credentials. Hence, the A-DLE market share of lithium production is currently 10% and is expected to grow in the upcoming years¹⁷.

LITHIUM SUPPLY DEMAND BALANCE

In terms of lithium market balance, BMI expects the global supply growth will not keep up with the pace of demand for lithium from 2028. This gap will continue increasing, resulting in a 1.4 million tonnes of LCE supply deficit by 2040 (Figure 2).

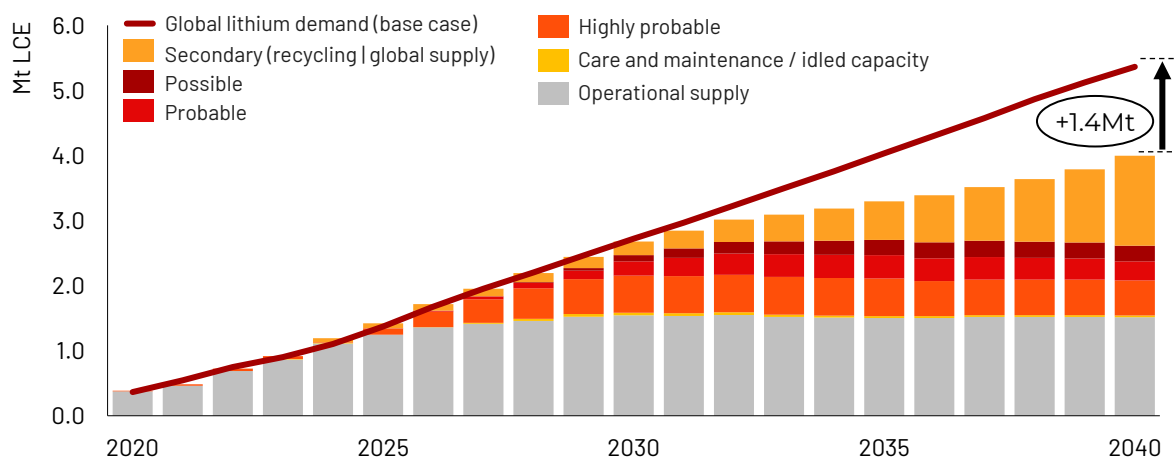


Figure 2 Lithium supply demand balance (global)¹⁸

Additionally, it is expected that the current deficit for European supply will continue to grow throughout the forecast period, representing a supply shortfall of 0.5 million tonnes of LCE by 2040 (Figure 3).

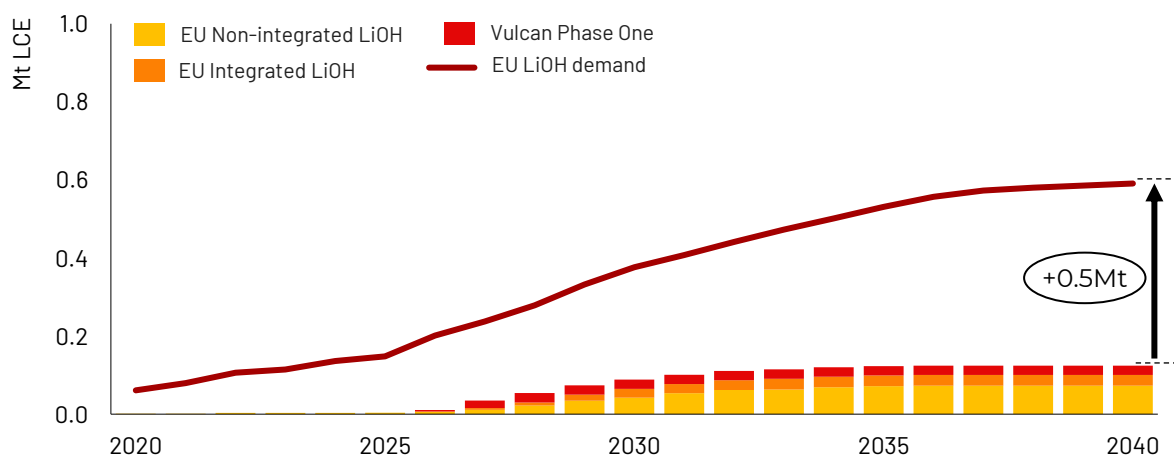


Figure 3 Lithium hydroxide supply / demand balance (Europe)¹⁹

¹⁷ <https://source.benchmarkminerals.com/article/rise-of-dle-will-open-up-new-sources-of-lithium-supply-this-decade>

¹⁸ Source: BMI Analysis

¹⁹ Source: BMI Analysis

LITHIUM DEMAND

Lithium is an essential material in the transition to a low-carbon economy and is the core component of the lithium-ion battery. There has been a drive by the EU to regionalise the supply of this critical mineral, not only to secure domestic consumption requirements and reduce the reliance on foreign supply but also to shorten supply chains, control traceability and improve the environmental, social and governance (ESG) production footprint.

With BEVs being championed to help decarbonisation efforts, lithium-ion batteries have seen significant development and production growth over recent years. Lithium-ion batteries are the industry-favoured technology type for BEVs, given their energy storage capacity-to-weight ratio, cost and performance, relative to other technologies.

Sales of BEVs and plug-in hybrid electric vehicles (PHEVs) have grown significantly in recent years. By January end, 2025 sales of BEV's rose 34% in Europe sending a strong signal for the year ahead²⁰ and are expected to represent the majority of car sales globally from 2027, with Benchmark Minerals (BMI) forecasting the sale of BEVs to grow from 25 million units in 2023 to 51 million units by 2027 (Figure 3).

While the growth of BEV uptake is the consensus expectation, views vary as to how rapidly these sales will gain momentum. This has implications for the lithium supply/demand balance in terms of the quantity needed by a certain time and the ease with which projects can gain finance and start production. Although this variability implies high uncertainty, BMI expects key levers such as legislative changes, emission and electrification targets, green financing (i.e. funding obtained for projects that have positive environmental benefits), and technology diversification from original equipment manufacturers (OEMs) will drive lithium growth in the near term.

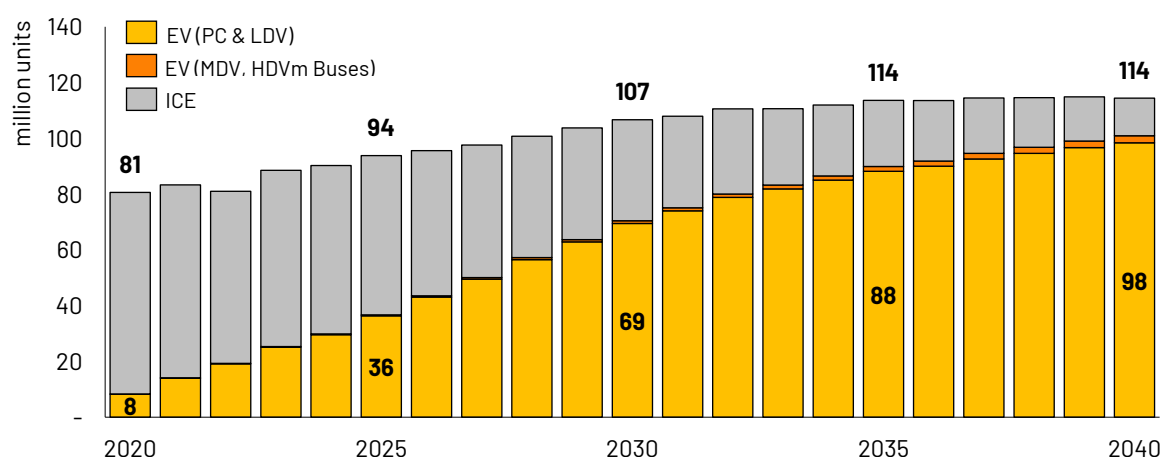


Figure 4 Global EV sales; forecast for BEVs and PHEVs²¹

BEV penetration rates in Europe are forecast to grow strongly from 2025 onwards (Figure 4), particularly as legislative mandates begin to take hold, and European automakers begin shifting a greater percentage of production towards zero-emission vehicles. For example, Germany is targeting 15 million BEVs on the road by 2030 and the UK is seeking to phase out all internal combustion engine (ICE) vehicles by 2035 and is targeting zero-emission vehicle sales of 22% by

²⁰ <https://www.electrive.com/2025/02/25/january-figures-ev-sales-up-by-a-third-across-the-eu/>

²¹ Source: BMI Analysis

2024, 52% by 2028 and 80% by 2030²². Additionally, European OEMs may have their own accelerated targets for greater BEV/PHEV sales in Europe.

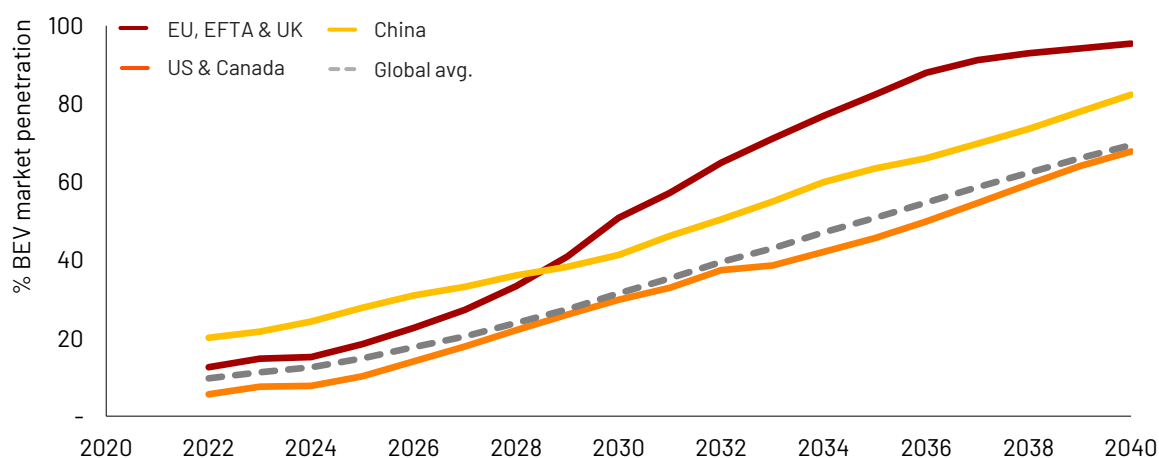


Figure 5 BEV market penetration forecast²³

LOW-COST LITHIUM PRODUCTION

The key factor in determining the profitability of Phase One Lionheart will be the Project's cost of production relative to other operations. BMI's cost curve (Figure 6) presents a positive view of the Company's cost advantage, showing the Project's low-cost operations in the first quartile of production cost. Vulcan's OPEX is estimated at €4,030/t LHM, which sits in the lowest cost quartile for highly competitive supply – driven by A-DLE lithium recoveries and low-cost energy. Being based in Europe and supplying a European customer base, the Project would also avoid any existing, planned or proposed import restrictions, tariffs and duties which might apply to imports from other suppliers.

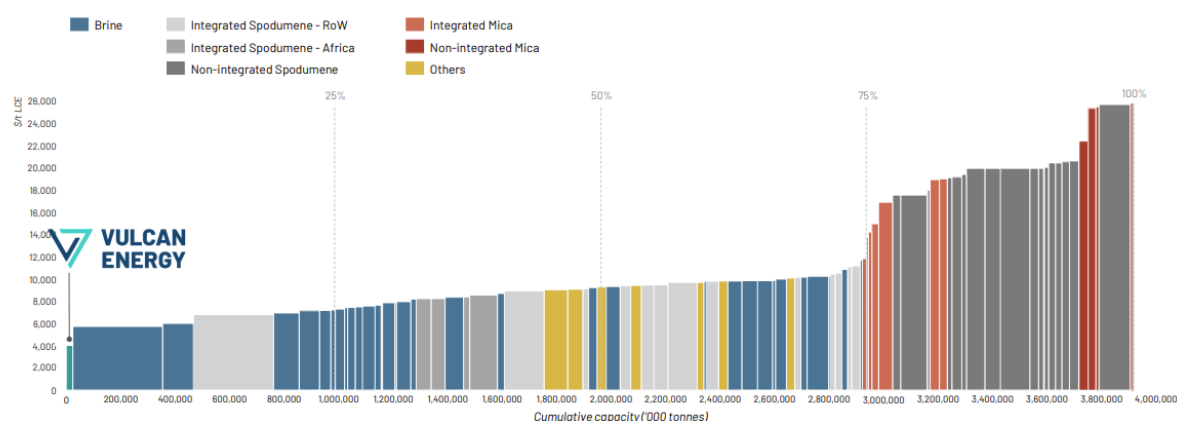


Figure 6 Global projected lithium hydroxide C1 cost curve²⁴

²² Source: BMI Analysis

²³ Source: BMI Analysis

²⁴ Source: Benchmark Mineral Intelligence

DELIVERING SUSTAINABLE LITHIUM FROM EUROPE, FOR EUROPE

Vulcan believes Phase One Lionheart Project is strategically well positioned to benefit from the increasing demand for lithium in Europe. The advantages of A-DLE production combined with renewable geothermal heat and power offer a low-OPEX solution that makes economic and environmental sense generating diversified strengths to Vulcan's business model.

One of these strengths is Vulcan's ESG credentials across a range of metrics, including the co-production of geothermal renewable energy in the form of power and heat, which differentiates Vulcan's Project from other potential European lithium projects (Figure 7)²⁵. Due to its ESG credentials, Phase One of the Project is expected to be attractive to customers and provides Vulcan with a competitive advantage.

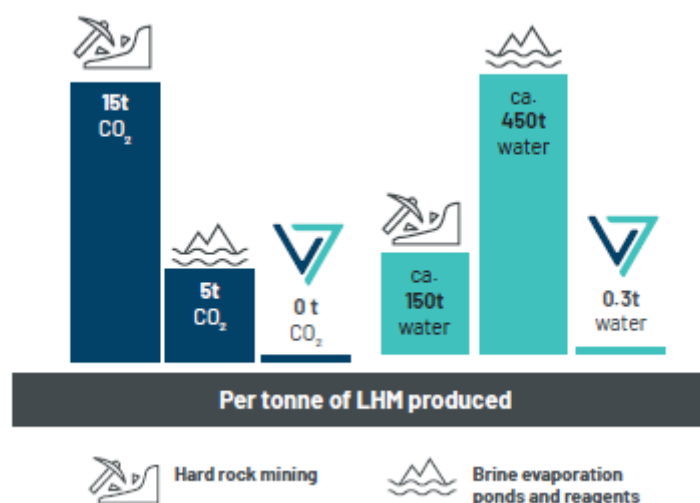


Figure 7 ESG metrics (Phase One) The source for this data was provided by Minviro

2.1.2 ENERGY MARKET

Fluctuating prices and an increasing shift towards renewable energy sources shaped Germany's energy market in 2024. With volatile energy prices influenced by global market conditions and geopolitical tensions, securing a reliable, low-carbon energy supply remains an important future step. The German energy mix in 2024 reflects this transition, with electricity generation from renewable sources growing significantly to 62.7% in 2024²⁶ (Figure 8).

²⁵ Minviro, BMI Analysis

²⁶ <https://bit.ly/4h00zZg>

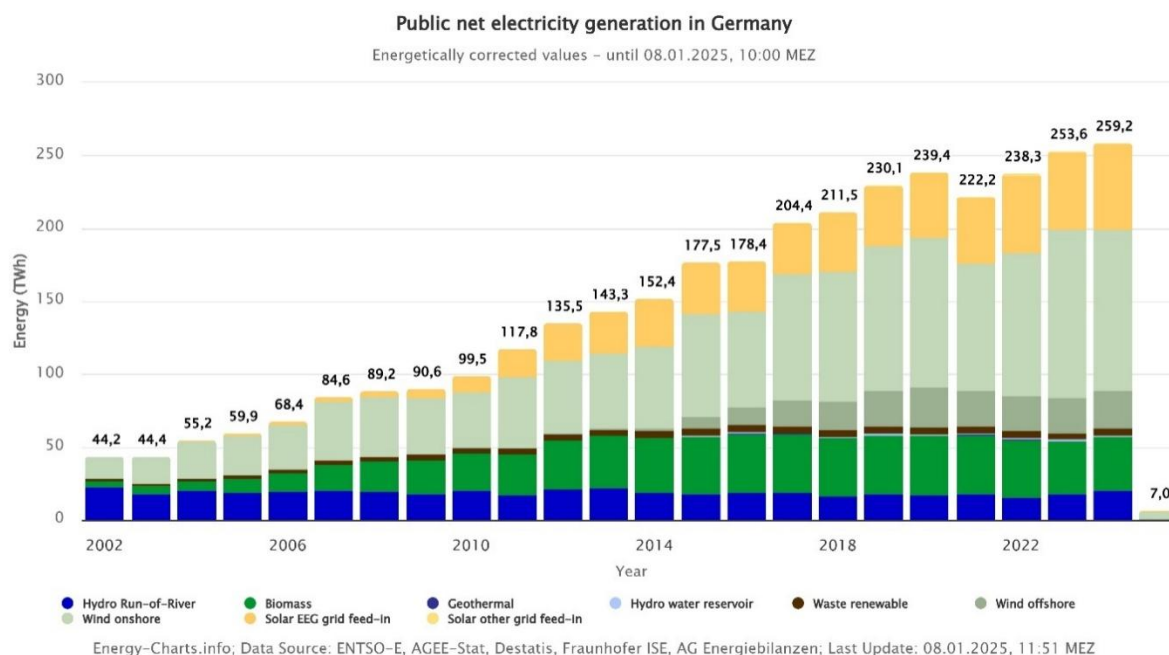


Figure 8 Public net electricity generation in Germany

Decarbonising electricity is relatively simple, however, reducing emissions from heating remains a major challenge. In Germany, heating makes up more than half of the country's final energy consumption²⁷, yet only about 15% of heat comes from renewable sources²⁸. Therefore, expanding domestic energy production, particularly for heating, is essential for Germany's energy security and meeting its goal to be carbon neutral by 2045.

The market potential for geothermal heating in Germany is approximately 25% of total heat demand, according to the Fraunhofer Institute²⁹. This means unprecedented amounts of geothermal production need to be built. To support this, Germany has introduced the Geothermal Acceleration Law³⁰, streamlining development processes for geothermal projects, which was approved by the Federal Government in September 2024³¹. At the EU level, there is increasing recognition of geothermal energy's potential, with the European Council approving conclusions on promoting geothermal energy, including faster permits and easier access to finance³².

The Company aims to support this transition by supplying geothermal renewable energy to local communities and industry, as demonstrated through its partnership with BASF SE announced in November 2024 to deliver 2000–2500 GWh/a of heat, significantly reducing on-site CO₂ emissions³³. The Company anticipates that geothermal renewable energy will play an important part in achieving Europe and Germany's energy security and independence.

²⁷ <https://bit.ly/4aL3ZcR>

²⁸ https://www.bmwk.de/Redaktion/EN/Publikationen/Energie/renewable-energy-sources-in-figures.pdf?__blob=publicationFile&v=1

²⁹ Fraunhofer Institute, Roadmap deep geothermal energy in Germany, p. 22

³⁰ <https://bit.ly/3WRTLBM>

³¹ <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2024/09/20240904-umsetzung-der-waermewende.html>

³² <https://bit.ly/413LVr4>

³³ <https://api.investi.com.au/api/announcements/vul/34dff560-6f8.pdf>

ENERGY PRICING FEED-IN TARIFFS

According to Vulcan's Feed-in contract for the Natürlichs Insheim power plant, the geothermal electric power fixed feed-in tariff for 2024 was at least €0.252 per kWh³⁴.

2.2 REVIEW OF OPERATIONS

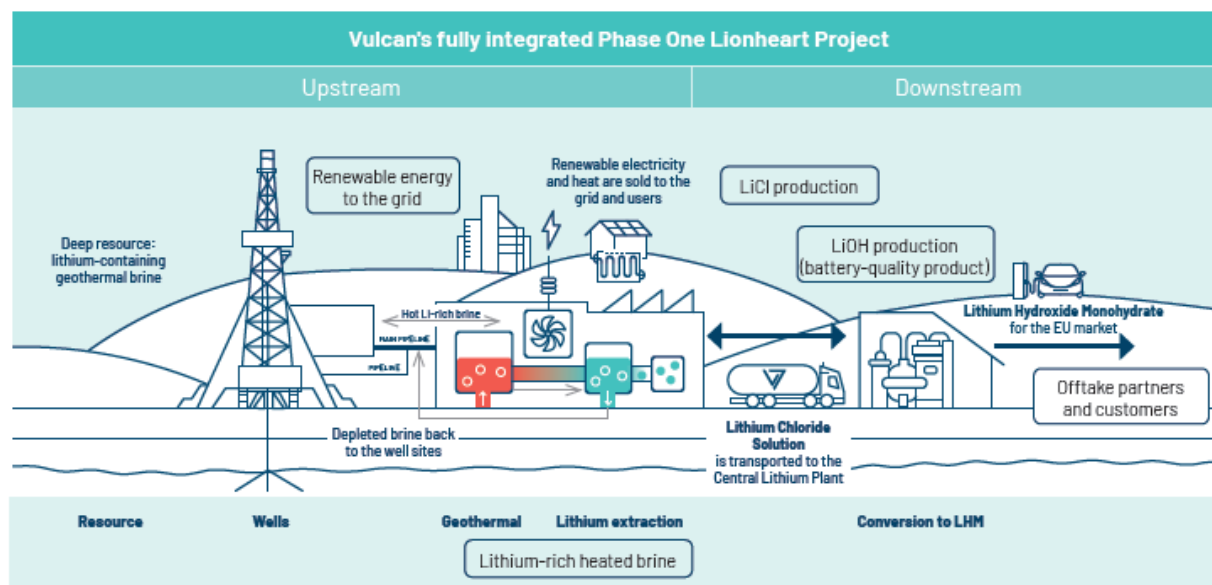


Figure 9 Vulcan's integrated upstream and downstream value chain

HEALTH, SAFETY, ENVIRONMENT AND QUALITY (HSEQ)

During the reporting period, the Company recorded one lost time incident (LTI) and maintained a zero-fatality record. Committed to a zero-harm culture, Vulcan continues to prioritise the safety and well-being of its employees, contractors, stakeholders and communities.

Vulcan's German subsidiary, Vulcan Energie Ressourcen GmbH, also maintained the ISO 45001 (occupational health and safety), ISO 14001 (environmental management) and ISO 9001 (quality management) certifications.

Throughout 2024, Vulcan focused on core initiatives to drive Vulcan's safety culture, including:

- Scorecard reporting, including key performance indicators (KPIs), leading and lagging indicators
- Continuing implementation of safety leadership rounds and HSEQ tours were conducted by HSEQ professionals
- Care Moments communication program and a site-wide last-minute risk analysis process for all operational onsite attendees to complete before the start of any activity on site
- International Association of Oil and Gas Producers (IOGP) life-saving rules implemented company-wide, aligned with industry best practices.

³⁴ https://www.gesetze-im-internet.de/eeg_2014/_45.html

EXECUTION OF VULCAN'S STRATEGY: 1 JANUARY TO 31 DECEMBER 2024 SNAPSHOT

HIGHLIGHTS: 2024 KEY MILESTONES

- **First lithium chemicals domestically produced from a local source in Europe, for Europe³⁵:** Start of production (SOP) of lithium chloride (LiCl) at Vulcan's Lithium Extraction Optimisation Plant (LEOP) on 10 April 2024. The SOP followed three years and more than 10,000 hours of successful in-house A-DLE piloting
- **Start of lithium hydroxide production at downstream optimisation plant, CLEOP³⁶:** The first lithium hydroxide produced from the processing of high purity lithium chloride concentrate extracted from brines at its upstream optimisation plant, representing the first sustainable lithium hydroxide fully domestically produced in Europe, in one integrated supply chain
- **Official opening of CLEOP³⁷:** The Company opened the plant on 8 November 2024 in a ceremony attended by several local, national and international guests from politics, OEMs and industry, including Deputy Prime Minister of Hessen, Mr Kaweh Mansoori, and Australian Ambassador to Germany, Ms Natasha Smith
- **European Investment Bank Board approval³⁸:** The Board of the EIB approved its participation in the Phase One debt financing process, with the financing potentially amounting to up to €500m (~A\$819m), pending completion of final due diligence, signing of legal documentation and final internal approval
- **Conditional debt commitment letter for €879m (~A\$1.45bn)³⁹:** Export Finance Australia (EFA) and seven commercial banks executed a conditional commitment letter, together with a credit pre-approved term sheet setting out the key terms and conditions of the proposed debt financing
- **Fully underwritten institutional Placement of €100m (A\$164m)⁴⁰:** The Company successfully completed a Placement which raised €100m. Proceeds from the Placement will provide sufficient working capital for the Company to finalise its full strategic equity and debt Project financing package
- **Strategic investments:⁴¹** Investments totalling €40m were received from strategic investors including Hancock Prospecting Pty Ltd (HPPL) and CIMIC Group (CIMIC), demonstrating strong support for the lithium value chain globally and for the execution of Phase One of the Project
- **Completion of Engineering, Procurement and Construction management (EPCM) validation by Sedgman and HOCHTIEF:** The validation work for the EPCM contract for Phase One was completed by CIMIC company Sedgman and HOCHTIEF during the reporting period, including a review of scope, cost and schedule
- **€100m of funding secured from Federal Ministry of Economics and Climate Protection of Germany⁴²:** The Company was awarded €100m from the German Federal Ministry of

³⁵ <https://api.investi.com.au/api/announcements/vul/16999da3-dff.pdf>

³⁶ <https://api.investi.com.au/api/announcements/vul/e6ff50e2-a94.pdf>

³⁷ <https://v-er.eu/blog/vulcan-opens-downstream-lithium-hydroxide-optimisation-plant/>

³⁸ EIB board approval <https://api.investi.com.au/api/announcements/vul/2d09929d-9f1.pdf>

³⁹ €879m (~A\$1.45bn) conditional debt commitment letter signed for Phase One Lionheart Project <https://api.investi.com.au/api/announcements/vul/c9bf0bd8-285.pdf>

⁴⁰ Successful placement <https://api.investi.com.au/api/announcements/vul/22c89089-c5d.pdf>

⁴¹ Strategic investments: Investments totaling €40 million received from strategic investors including CIMIC Group (CIMIC) and Hancock Prospecting Pty Ltd (HPPL), demonstrating strong support of the lithium value chain globally and for the execution of Phase One of the Project

⁴² <https://api.investi.com.au/api/announcements/vul/df8fe2a6-e01.pdf>

Economics and Climate Protection (BMWK) and the European Recovery and Resilience Facility via the German Recovery and Resilience Plan (the BEW Funding) for its HEAT4LANDAU Project



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- **Conditional 100% acquisition of geox GmbH:** geox is the owner and operator of geothermal wells and renewable energy generation assets in Landau, Germany, with the acquisition by Vulcan to consolidate and simplify ownership of the Phase One Lionheart Project's upstream renewable energy and lithium assets
- **BASF SE (BASF) partnership⁴³:** The Company signed a partnership agreement in November 2024 with BASF, one of the world's largest chemical producers, to collaborate on the development of a renewable heat project to supply BASF with baseload heat from a future phase of production
- **Memoranda of Understanding (MoU) with ABB and JordProxa:** The signing of the MoU with ABB focuses on the electrical and automation delivery requirements of Vulcan's Phase One Project, while the MoU with JordProxa is for the technology and process components for the lithium extraction plant and central lithium plant of the Project.
- **Positive support from Landau City Council⁴⁴:** The Council voted with a substantial majority in favour of the land development plan for the industrial estate containing Vulcan's planned Phase One Geothermal and Lithium Extraction Plant (G-LEP) location. Furthermore, the Company signed an option agreement with the City in November 2024 to secure the property for the upstream geothermal and lithium plant for Phase One
- **Completion and subsequent rating of Green Financing Framework⁴⁵:** In conjunction with the Company's ESG co-ordinator, Natixis CIB, the Green Financing Framework was completed and assessed by a leading international ratings agency, S&P Global. The Framework was awarded Dark Green status, the highest ever received by a Metals and Mining company
- **Key personnel appointments⁴⁶:** The Company made several appointments at the executive and Board levels during the reporting period. Ms Felicity Gooding was appointed to the role of Group Chief Financial Officer (CFO) in January 2024 and Executive Director on 1 January 2025, and Mr Angus Barker was appointed Non-Executive Director in September 2024. Both Ms Gooding and Mr Barker bring substantial commercial experience, including large-scale project financing, and mergers and acquisitions, capital markets, and strategic advisory.

Further details on all FY24 milestones can be found at <https://v-er.eu/announcements/>

⁴³ <https://api.investi.com.au/api/announcements/vul/34dff560-6f8.pdf>

⁴⁴ <https://v-er.eu/blog/vulcan-energy-and-the-city-of-landau-jointly-sign-option-agreement/>

⁴⁵ <https://api.investi.com.au/api/announcements/vul/ce92da70-187.pdf>

⁴⁶ <https://api.investi.com.au/api/announcements/vul/dae2d84d-59d.pdf>

2.2.1 RESOURCES AND RESERVE ESTIMATES

The total licence area increased following the granting of lithium and geothermal energy licences in the Alsace region of France. This licence area of 463 km² expands Vulcan's licence area from 1,771 km² to 2,234 km² in the URVBF between Germany and France.

The Company reports on its estimates of Mineral Resources and Ore Reserves in compliance with the JORC Code, the ASX Listing Rules, German Securities Trading Act, European Regulation No. 596/2014, and other applicable regulations.

The Company's Resource and reserves are estimated, reviewed and signed off on by external consultants and external, independent Competent Persons GLJ Ltd⁴⁷.

LOCATION

The Upper Rhine Valley Brine Field (URVBF) is a brine producing geothermal field which contains Europe's largest lithium resource (according to public, JORC-compliant data). It includes an estimate of 27.7 million tonnes (Mt) of contained lithium carbonate equivalent (LCE)⁴⁸.

The URVBF is a large, 300 km-long graben system with consistent geothermal lithium reservoirs in sedimentary rock. It is a well-known mature field with multiple chemical parks and more than 1,000 existing wells.

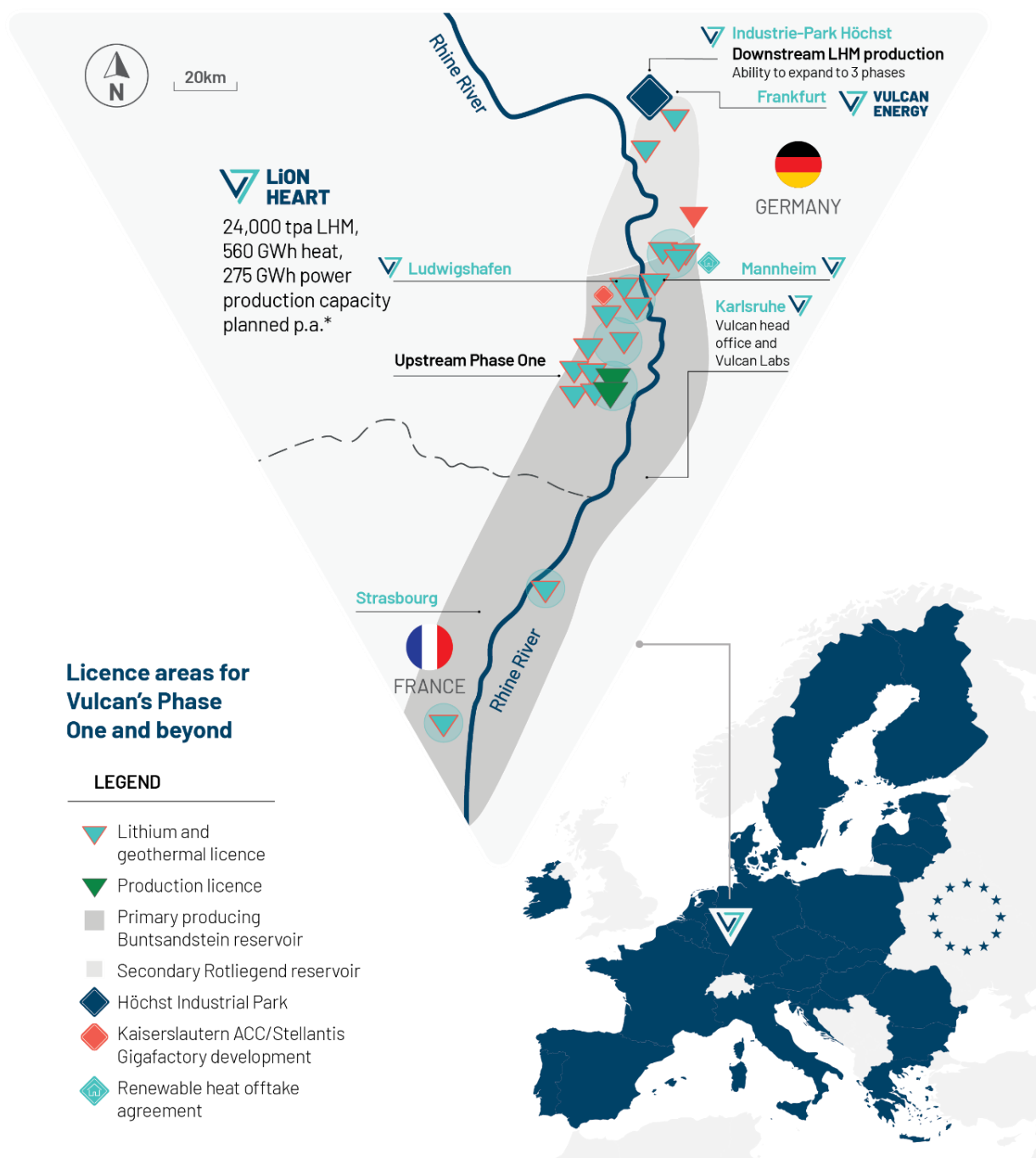
Vulcan's Phase One Lionheart Project is located within the centre of the URVBF, where Vulcan already has some existing operational geothermal wells, and is adding more to increase production as part of the Phase One development.

In addition to high lithium grades, the URVBF's geothermal brine reservoir is capable of generating renewable heat. The process of pumping brine to the surface at a geothermal plant generates renewable heat which can be used or sold directly or used to produce electricity. Because of its natural conditions, the URVBF is a particularly well-suited location for the operation of geothermal plants.

The location of the Company's dual-purpose geothermal lithium project, in the heart of Europe's automotive and emerging battery industry, gives the Project the potential advantage of a very short product transport distance, as well as the ability to electrify product transportation.

⁴⁷ The Resource and Reserve information should be read in conjunction with the Competent Person Statement in the Appendix

⁴⁸ Comprising 11.2Mt lithium carbonate equivalent (LCE) of Measured and Indicated Resource and 16.5Mt LCE of Inferred, at a grade of 175mg/l Li. On a lithium carbonate equivalent (LCE) basis, according to public information, as estimated and reported in accordance with the JORC Code 2012. See Appendix 4 of Vulcan's Equity Raise Presentation dated 11 December 2024 for comparison information



Overview map of Vulcan's licence areas in the Upper Rhine Valley. On a lithium carbonate equivalent (LCE) basis, according to public information, as estimated and reported in accordance with the JORC Code 2012. See Appendix 4 of Vulcan's Equity Raise Presentation dated 11 December 2024 for comparison information.

Figure 10 License area for Phase One and beyond

*Refer to Competent Person Statement within the Appendix of this Report. Please also refer to the risk factors contained in the Prospectus dated 18 December 2024, including those risks associated with resource exploration and development projects.

2.2.2 VULCAN'S PROJECT LICENCE TABLE

Vulcan holds 17 granted licences in the URVBF, for a total secured licence area of 2,234 km², which can be expanded in stages. This allows Vulcan to grow production in a phased manner.

Name	State	Resources applied for	Area (km ²)	Expiry	Ownership As at 30 June 2024	Change in ownership	Type
Ried	Hessen	Geothermal, brine & lithium	289.92	7.2025	100 % VER GmbH	N/A	exploration
Luftbrücke	Hessen	Geothermal, brine & lithium	207.25	9.2026	100 % VER GmbH	N/A	exploration
Rift-Nord	RLP	Geothermal & lithium	61.83 (VER share), 149.74 km ² total	6.2027	50 % VER GmbH, 50 % GET, Vulcan has rights to develop production projects with 100% ownership in the licence area	N/A	exploration
Waldnerturm	BW	Geothermal, brine & lithium	20.43	12.2026	100 % VER GmbH	N/A	exploration
Lampertheim II	Hessen	Geothermal, brine & lithium	1.99	7.2026	100 % VER GmbH	N/A	exploration
Ortenau II	BW	Geothermal, brine & lithium	374.1	12.2025	100 % VER GmbH	N/A	exploration
Mannheim	BW	Geothermal, brine & lithium	144.49	6.2027	100 % VER Pty Ltd	N/A	exploration
Taro	RLP	Geothermal	32.68	8.2025	100% GGH (part of VER Group)	N/A	exploration
Lisbeth	RLP	Lithium		9.2027	100 % VER GmbH	N/A	exploration
Ludwig	RLP	Geothermal & lithium	96.34	12.2027	100 % VER GmbH	N/A	exploration
Therese	RLP	Geothermal & lithium	81.12	12.2027	100 % VER GmbH	N/A	exploration
Lampertheim	Hessen	Geothermal, brine & lithium	108.03	7.2026	100 % VER GmbH	N/A	exploration
Kerner	RLP	Geothermal & lithium	72.26	12.2027	100 % VER GmbH	N/A	exploration
Löwenherz	RLP	Geothermal & lithium	75.43	12.2026	100 % VER GmbH	N/A	exploration
Flaggenturm 2023	RLP	Geothermal	166.75	12.2027	100 % VER GmbH	N/A	exploration
Fuchsmantel 2023	RLP	Lithium		7.2025	100 % VER GmbH	N/A	exploration
Landau-Süd	RLP	Geothermal	19.41	5.2034	Agreement signed by Vulcan to acquire 100%	N/A	production
Ilka	RLP	Lithium		11.2025	Agreement signed by Vulcan to acquire 100%	N/A	exploration
Insheim	RLP	Geothermal	19	11.2037	100 % Natürlich Insheim GmbH	N/A	production
LiThermEx	RLP	Lithium		3.2025*	100 % Natürlich Insheim GmbH	N/A	exploration
Kachelhoffa	FR	Geothermal	463.34	7.2029	100% Vulcan Énergie France	N/A	exploration
Kachelhoffa minéral	FR	Lithium		7.2029	100 % Vulcan Énergie France	N/A	exploration
Cesano	IT	Geothermal & Lithium	11.46	01.2027	50% Vulcan Energy Italy Pty Ltd., 50 % Enel Green Power	N/A	exploration
Boccaleone	IT	Geothermal & Lithium	4.31	07.2025	50 % Vulcan Energy Italy Pty Ltd., 50 % Enel Green Power	N/A	exploration

Table 3 Vulcan's licences as at 31 December 24, with the licences of Phase One shaded in grey. *Vulcan has submitted an extension application for this licence

*Vulcan has submitted an extension application for this licence.

2.2.3 GEOTHERMAL AND RENEWABLE ENERGY OPERATIONS

During the reporting period, Vulcan's operating Natürlich Insheim geothermal plant and wells generated approximately 18,500 MWh of renewable electrical energy, avoiding 7,284 tonnes of CO₂ equivalent emissions⁴⁹ (location based) or 5,990 tonnes of CO₂ equivalent emissions (market based) on the grid. These avoided emissions are not included in Vulcan's current carbon neutral certificates.

The Natürlich Insheim plant (Figure 11) has the capacity to produce up to 4.8 MW of renewable power. There are two operating wells located at this plant, one for production of the 165°C hot brine and one for reinjection of cooled brine. The wells were drilled between 2008 and 2010. The plant has been in operation since 2012.

To underline Vulcan's commitment to play a leading role in the German heat transition, Natürlich Insheim is currently being redesigned to be able to produce district heating in the future as well. This will allow the supply of carbon neutral district heating to nearby municipalities.

The GEOSMART Project also concluded during the reporting period. Co-funded by the European Union, Vulcan Energy, and 18 other partners from across Europe, the GEOSMART Project was established to develop and demonstrate solutions for the geothermal energy sector. As part of the initiative, the Company installed a thermal energy storage system in September 2024 at the Natürlich Insheim geothermal renewable energy plant, designed to deliver reliable, baseload geothermal renewable heating to local communities.

Vulcan signed an agreement to finalise the consolidation of the Company's ownership of upstream Phase One lithium and renewable energy assets with the conditional 100% acquisition of geox GmbH. The geox GmbH is the owner and operator of geothermal wells, renewable energy generation assets and a geothermal and lithium licence around the City of Landau, co-located with Vulcan's lithium optimisation plant. Once completed, the conditional acquisition will replace an existing JV agreement and will allow for more efficient operation of Phase One alongside Vulcan's other upstream operations.

⁴⁹ Under the GHG Protocol Methodology, there are two methods available for calculating Scope 2 emissions, emissions from purchased electricity, steam, heating and cooling. Location-based reflects the average emissions intensity of grids on which energy consumption occurs. Market-based reflects emissions from electricity that companies have purposely chosen (or their lack of choice).

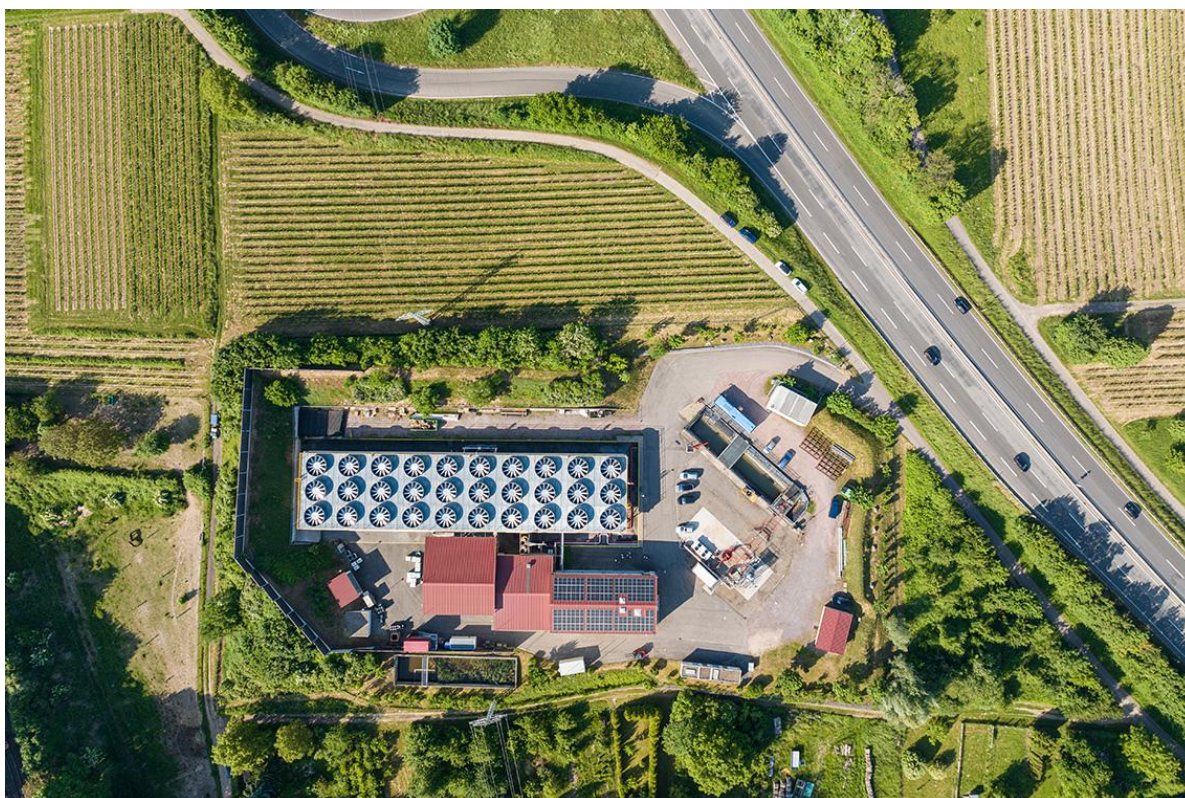


Figure 11 Aerial shot of Vulkan's Natürlich Insheim operating geothermal renewable energy plant and wells

WELL DELIVERY

Increasing brine production from deep wells to augment Vulkan's existing brine production is a key part of Phase One, with the Company's first new well site located at Schleidberg, near Landau, Germany.

During the reporting period, the Schleidberg well site preparation continued with the well pad and crew camp construction preparation completed and access roads constructed.

In December 2024, the Special Operation Plan for drilling and monitoring the first new wells at the Schleidberg well site was approved, together with approval for the mobilisation of Vulkan's electric V20 drilling rig to the well site.



Figure 12 Aerial shot of the Phase One Schleidberg

2.2.4 OPTIMISATION PLANTS

Vulcan's optimisation plants consist of two operations: the LEOP near Landau, Germany, and the CLEOP located just 130 km north in Industrial Park Höchst, Frankfurt, Germany.

On 10 April 2024, Vulcan started production of the first lithium chloride product at LEOP, heralding the first lithium chemicals domestically produced from a local source in Europe for Europe. The plant is showing strong results, with consistently over 90% (up to 95%) lithium extraction efficiency from its Adsorption-type Direct Lithium Extraction (A-DLE) unit, replicating what Vulcan has seen in its lab and pilot plant operations, and in line with its commercial plant expectations and financing model.



Figure 13 Reverse osmosis unit at Vulcan's upstream LEOP



Figure 14 Electrolysis unit at Vulcan's downstream CLEOP in Frankfurt-Höchst



Figure 15 Vulcan's Co-Founder, Dr Horst Kreuter, Co-Founder and Executive Chair, Dr Francis Wedin, Lord Mayor of Frankfurt, Mike Josef, Vulcan's Managing Director and CEO, Cris Moreno, and Deputy Prime Minister of Hessen, Kaweh Mansoori, during the CLEOP opening on 8 November 2024

On 7 November 2024, Vulcan commenced lithium hydroxide production towards product qualification at the Company's downstream CLEOP. This represents the first sustainable lithium hydroxide fully domestically produced in Europe, including upstream raw material, in one integrated supply chain.

The plant was officially opened on 8 November 2024 in a ceremony attended by several local, national, and international guests from politics and industry, including Deputy Prime Minister of Hesse Kaweh Mansoori and Australian Ambassador to Germany Natasha Smith. This highlights the significance of the occasion to Germany, greater Europe, and Australia.

The LEOP and CLEOP serve as training facilities for Vulcan's production team, ensuring operational readiness for the start of commercial production. The CLEOP will also serve as a product testing and qualification facility for its off-take partners.

2.2.5 PHASE ONE AND FUTURE PHASE DEVELOPMENT

PHASE ONE LIONHEART PROJECT

Throughout the reporting period, progress continued on Phase One execution, including engineering works for remaining Phase One areas, as well as the establishing of new partnerships.

The Company successfully completed its validation work for the Engineering, Procurement and Construction Management (EPCM) contract for Phase One. The EPCM validation was carried out by CIMIC company Sedgman and HOCHTIEF, which has a leading position in Europe and a rapidly expanding presence in energy transition and sustainable infrastructure markets.

The validation included a review of scope, cost, and schedule, validating the Bridging Engineering Study, with no material increase in capital requirement and schedule duration and allowing finalisation of preparations for EPCM award. Importantly, there were only minor adjustments to specific estimates, confirming accuracy of the initial projections and timeline.

The Company and the City of Landau signed an option agreement on 26 November 2024 to secure the property in the D12 development plan in the City of Landau. The reservation of the area in the Am Messegelände Südost Industrial Park represents a step towards the implementation of the planned integrated geothermal and lithium plant. This plant will provide carbon neutral heat and sustainable lithium for the region, while also making an important contribution to the energy transition.

The Company also entered into a Memorandum of Understanding (MoU) with JordProxa for the technology and process components for the Lithium Extraction and Central Lithium Plants for Phase One. JordProxa, an Australian headquartered international company, is a leader in custom water processing, crystallisation and evaporation plant and systems, playing a key role in meeting the challenges of high purity, sustainability, and value to meet the increasing demand for lithium-ion and other battery metals. The partnership has the dual objective of delivering Phase One Lionheart Project on time with improved cost performance, and optimisation for the lithium process portion of the project development.

Vulcan signed an MoU with multinational electrical engineering company, ABB, on the electrical and automation delivery requirements of the Project. ABB is to identify, develop and propose the best solutions to the electrical and automation portion of the Phase One project development, in optimising processes, shortening delivery times, and reducing and improving cost performance.

During the reporting period, the Company also announced a partnership with NORAM Electrolysis Systems (NESI), a global leader in the environmentally favourable process of producing battery grade LHM through electrolysis. Under the agreement, NESI applies its proprietary NORSCAND® Electrolysis Technology to Vulcan's downstream CLEOP facility, using electricity to force the necessary chemical reactions to produce battery-quality lithium.

The Company also entered into an MoU with industrial software provider, AVEVA, to establish a digital framework for Phase One. Under the terms of the MoU, Vulcan will leverage AVEVA's expertise to future-proof its information systems architecture, facilitating project execution and engineering integration.

STAKEHOLDER ENGAGEMENT

Meaningful engagement with all Vulcan's stakeholders is key to its success and ongoing licence to operate. Vulcan aims to facilitate the European shift towards sustainable energy and mobility, ensuring that people will also benefit from the move away from fossil fuels.

Shared value may include benefits such as job creation, energy security, cost savings and improved public health. By illustrating Vulcan's role in delivering access to renewable alternatives, the Team can demonstrate how the Company creates shared value beyond that of shareholders alone.

During 2024 Vulcan engaged with its internal and external stakeholder groups through a variety of activities and channels, some ongoing and some one-off, to provide information on the Company's activities, operations and plans for the future.

VULCAN COMMUNITIES

Vulcan is committed to working with communities and stakeholders to ensure positive and long-lasting outcomes. Vulcan acknowledges the importance of understanding and mitigating potential negative impacts of its operations. Where the ESIA identified potential impacts of the Project, it confirmed that planned mitigations will reduce these impacts to minor levels.

As operations grow and evolve, the Team continues to maintain an open dialogue with all Vulcan stakeholders to communicate the Company's direction, potential impacts and benefits and to identify, acknowledge and resolve any queries or concerns in transparent manner.

COMMUNITY ENGAGEMENT

In 2024, a key focus of community engagement was the communities of Insheim and Landau. These are near the sites of Vulcan's Insheim power plant, the LEOP, and the future site of the planned Geothermal and Lithium Extraction Plant (G-LEP), with its six brine-fed production sites.

Vulcan ran a series of community engagement events and sponsored sporting events in Insheim and Landau over the course of the year. These events provided an opportunity to explain the benefits of district heating for the community and the potential for new local jobs, as well as plans to mitigate the impact of construction and heavy vehicle movements.

As part of Vulcan's grievance mechanism, project-specific email addresses have been introduced for the seismic surveying and drilling stages. Vulcan is committed to helping students gain valuable work experience and transition seamlessly into the workforce. Whether pursuing a bachelor's or master's degree, students have the opportunity to join Vulcan as working students or interns, contributing directly to the Team's success and supporting the respective departments.

In 2024, 20 students completed work experience at Vulcan, gaining hands-on experience and professional insights. Additionally, Vulcan offers students the chance to write their thesis with

the Company, fostering a strong connection between academic theory and real-world practice. Through these initiatives, Vulcan ensures that students are well-prepared for their future careers while bringing fresh perspectives to the Company.

GOVERNMENT ENGAGEMENT

As Vulcan moves towards Project execution, engagement with the local and Federal German Government in 2024 focused on supporting the development of domestic renewable heating and critical raw materials projects, such as Vulcan's. This is being further bolstered through the Critical Raw Materials Act.

Vulcan continued its well established good working relationship with regional authorities and the State Mining Authority and welcomed the measures taken by the EU and the German Government to promote projects for critical raw materials.

Representatives from all levels of German government attended a variety of official Vulcan site visits in 2024. This included the opening of CLEOP which was attended by local and national ministers, industry leaders and the Australian Ambassador to Germany, which Vulcan believes highlights the significance of the Project to both Germany and Australia.

Read more about Vulcan's stakeholder engagement in the 2024 Sustainability Report accessible via the corporate website: <https://v-er.eu>.

FUTURE PHASE DEVELOPMENT

Vulcan continues to develop its licence areas in a phased approach. After Phase One Lionheart, further phases are planned to fully leverage the large, exclusive licence area that Vulcan has secured in the URVBF.

Key to this strategy is the staged agreement with BASF to collaborate on the development of a renewable heat project to supply BASF with baseload heat (refer to Phase One Lionheart Project development). Vulcan will seek to replicate this model across the URVBF across all its licence areas, building affordable renewable heating production for local stakeholders to decarbonise European industry and the public heating sector and aiming to add additional sustainable lithium production to the resulting renewable heat infrastructure.



Figure 16 Vulcan and BASF sign agreement in the presence of local politicians and utility representatives

The Company is also planning to expand its activities further on the French side of the URVBF, which accounts for roughly one-third of the URVBF and contains both geothermal energy and lithium-rich brine. Historical data and sampling coming from existing geothermal operations in the region indicate brine composition in Alsace, France, is materially the same as the brine composition across the border at Vulcan's operations in Germany.

During the reporting period, the Company was granted its first lithium and geothermal energy licences in the Alsace region of France. The five-year licences encompass several large industrial areas, including factories and chemical parks in Mulhouse, that require renewable energy and sustainable heating solutions. This includes a factory owned by Stellantis, Vulcan's largest customer and major shareholder. Vulcan is already in discussions with potential investment partners about participation in Vulcan's French licences.

The Company also has a heat offtake agreement for 240 to 350 GWh per annum of renewable heat with MVV, the City of Mannheim's energy provider. Following indications that it wishes to increase the heat supplied under this agreement, discussions continue with the City of Mannheim regarding the terms of its heat offtake agreement, including the start date. Additionally, the licence was extended for a further three years.

Discussions regarding further heat offtake agreements were also conducted within the Ried and Taro licence areas, including with Neustadt and der Weinstraße as part of the latter. Pending permitting approvals, sourcing a suitable land plot for a production well site to provide geothermal brine production is intended to form part of this agreement.

An agreement has been reached within the Ortenau licence area with the mining authority of Rhineland-Palatinate, the regional mining authority, Regierungspräsidium Freiburg, and most of the local mayors. This will allow the commencement of a 3D seismic survey, and work is also progressing on a jointly organised subsequent public information campaign, financing proposal, and permitting work.

2.2.6 CORPORATE

FINANCING PROGRESS

Throughout 2024, the Company advanced its project financing process. In June €40 million was raised from strategic investors, including HPPL and CIMIC and in December 2024, Vulcan announced the successful completion of a fully underwritten institutional placement, raising €100 million from existing and new institutional investors.

In December, Vulcan also secured €879 million conditional debt commitments with Export Finance Australia and seven commercial banks to finance Phase One of the Project and the Board of the European Investment Bank approved up to €500 million in financing.

The Company has applied for several grant schemes, which it believes it is well positioned to receive based on its sector-leading economic and sustainability credentials. During 2024 the Company was awarded €100 million from the German Federal Ministry of Economics and Climate Protection (BMWK) and the European Recovery and Resilience Facility via the German Recovery and Resilience Plan (BEW Funding) for its HEAT4LANDAU Project. The Company also secured a €10 million short-term credit facility with BNP Paribas during the reporting period to provide interim flexibility before financing completion.



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2.2.7 SEGMENT INFORMATION

The consolidated entity is organised into three operating segments based on geographical location: Germany, other European countries, and Australia. These operating segments are based on the internal reports that are reviewed and used by the Key Management Personnel (who are identified as the Chief Operating Decision Makers, or CODM) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The CODM reviews Revenue, operating expenses, EBITDA (earnings before interest, tax, depreciation, and amortisation), capital expenses and cashflow.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. The information reported to the CODM is provided on a monthly basis.

TYPES OF PRODUCTS AND SERVICES

- Germany: The supply of geothermal energy, exploration, and development relating to the Phase One Lionheart Project and future phases of integrated sustainable lithium and renewable energy project, engineering services, drilling personnel outsourcing and technology development
- France and Italy: Exploration relating to geothermal energy and lithium
- Australia: Administration.

2.3 FINANCIAL OVERVIEW

The financial results of the Group for the financial year ending 31 December 2024 are as follows:

2.3.1 EARNINGS PERFORMANCE

Summary of results for the year ended 31 December 2024 and the year ended 31 December 2023:

	Financial year to 31 Dec 24 € '000	Financial year to 31 Dec 23 € '000
Revenue from continuing operations	8,119	6,783
Other income	1,433	1,191
Gain on discontinuation of equity accounting	-	3,874
Loss from equity accounts investments	(92)	(456)
Other own work capitalised	12,560	18,877
Raw materials and purchased services	(750)	(2,593)
Employee benefit expenses	(37,459)	(30,170)
Depreciation and amortisation expenses	(9,597)	(5,869)
Impairment expenses	-	(1,144)
Share Based Payment expense	(851)	(1,688)
Other expenses	(19,085)	(21,294)
Net foreign exchange profit	1,456	299
Finance income	1,889	3,558
Interest Expense	(173)	(172)
Loss before income tax expense	(42,550)	(28,804)
Income tax benefit / (expense)	192	1,841
Loss after income tax for the Period	(42,358)	(26,963)
EBITDA	(34,669)	(26,321)

REVENUE FROM CONTINUING OPERATIONS

During the financial year ended 31 December 2024, the Group's revenue increased to €8.1 million (financial year ended 31 December 2023: €6.8 million). The Group had drilling personnel revenue of €2.2 million from Comeback Personnel GmbH, which Vulcan took control of effective 1 February 2023 (financial year ended 31 December 2023: €2.6 million), Insheim geothermal energy revenue of €4.6 million (financial year ended 31 December 2023: €4.0 million) and engineering services revenue of €1.3 million (financial year ended 31 December 2023: €0. m).

OTHER INCOME

Other income of €1.4 million comprised predominantly of government grants and refunded input taxes, and was broadly consistent with prior financial year other income of €1.1 million.

FINANCE INCOME AND NET FOREIGN EXCHANGE

The Group had interest income of €1.9 million on cash held for the financial year ended 31 December 2024 (financial year ended 31 December 2023: €3.6 million). The decrease in interest income was due to a lower average cash balance throughout FY24 compared to FY23.

A net foreign exchange gain of €1.5 million was recorded during the year ended 31 December 2024, up from €0.3 million in the prior year, as a result of the revaluation of Australian dollar cash into Euro.

OTHER OWN WORK CAPITALISED

Time spent by engineers on Vulcan projects have been capitalised to exploration and evaluation expenditure and plant and equipment. Vercana staff costs relating to drill rig refurbishment have been capitalised, and labour costs of the Managing Director and Chief Executive Officer are also partially capitalised. These costs are reflected as Other Own Work capitalised in the Consolidated Statement of Profit and Loss totalling €12.6million for the financial year ended 31 December 2024 (31 December 2023: €18.9million). The decrease from the prior year was due to a decrease in costs charged to project, largely due to the completion of construction of LEOP.

Other Own Work capitalised does not relate to any external revenue or any profit margin charge to intercompany transactions.

GAIN ON DISCONTINUATION OF EQUITY ACCOUNTING

During the previous financial year ended 31 December 2023, Vulcan began fair valuing its investment in Kuniko Ltd which was previously equity accounted. The fair value accounting treatment arose due to Vulcan's diluted investment in Kuniko Ltd during the financial year 2023. The treatment resulted in a one-off gain of €3.9 million during the year ended 31 December 2023, which was not replicated in FY24.

EXPENSES

Raw materials and purchased services decreased to €0.8 million for the financial year ended 31 December 2024 (31 December 2023: €2.6 million), due to a planned shutdown of the Insheim power plant in May & June 2024. Employee costs were €37.5 million for the financial year to 31 December 2024 and €30.2 million for the year ended 31 December 2023, attributable to the level of full-time equivalent staff which increased from an average of 314 in FY23 to 366 in FY24, as the Phase One Lionheart Project moved into development.

Depreciation increased during the financial year to 31 December 2024 to €9.6 million from €5.9 million for the year ended 31 December 2023, reflecting the commencement of depreciation of LEOP and CLEOP. Costs of approximately €56.7 million were reclassified from assets under construction to plant and equipment as the optimisation plants were available for use and started production.

During the financial year to 31 December 2023, there was an impairment expense of €1.1 million related to the impairment of goodwill relating to the acquisition of Vulcan Energy Engineering GmbH (formerly Global Engineering & Consulting GmbH). There were no impairments recognised in the year ended 31 December 2024.

Other expenses decreased to €19.1 million for the financial year ended 31 December 2024 (31 December 2023: €21.3 million). The decrease was due to one-off costs in the prior year, including Project debt financing adviser fees (which are capitalised as borrowing costs in FY24) and non-recurring fees relating to the acquisition of Combeack Personaldienstleistungen GmbH.

Non-cash share-based payments relating to short- and long-term incentives amounted to €0.9 million for the financial year ended 31 December 2024, down from €1.7 million in the prior period. Share-based payments related to performance rights granted to executive and non-executive staff during the current and prior periods, and the reduction in the expense compared to the prior period is due to the lapsing and expense reversal of 670,000 performance rights issued in prior years, partially offset by issues of new performance rights in the current period.

LOSS BEFORE INCOME TAX

The net loss before tax was €42.6 million for the financial year, increased from €28.8 million in the prior year. The loss increased due to an increase in average FTE compared to the preceding year, a reduction in labour costs charged to capital projects, depreciation of PPE since the start of production at LEOP and CLEOP, and a one-off gain on equity-accounted investment in the prior year, not replicated in FY24.

EBITDA

EBITDA was € (34.7) million for the financial year ended 31 December 2024, down from € (26.3) million in the prior year. The decrease in EBITDA compared to the prior period was reflective of the increased activity in the development of the Company's Phase One Lionheart Project, including the addition of technical and administrative staff.

EBITDA for Germany was €(29.5) million, Australia €(5.0) million and Other European €(0.2) million.

2.3.2 CASH FLOWS AND FINANCIAL POSITION

CURRENCY MANAGEMENT OF THE VULCAN GROUP

The financial management of the Vulcan Group is conducted in Australia and Germany. The primary objectives of Vulcan's financial management are to achieve a sustained increase in corporate value and ensure the Group's liquidity. The management of currency helps to reduce volatility in its earnings. The Company converted its Australia dollar funds to Euros during the 2024 year to reduce currency risk. The Australian dollar funds were derived from equity raisings during the year.

LIQUIDITY AND CAPITAL EXPENDITURES OF THE VULCAN GROUP

Vulcan Group Summary Statements of Cash Flows	12 months To 31 Dec 24 € 000's	12 months To 31 Dec 23 € 000's
Net cash used in operating activities	(30,679)	(24,331)
Net cash used in investing activities	(75,983)	(92,460)
Net cash used in financing activities	125,147	62,755
Cash and cash equivalents at beginning of the Period	78,728	134,107
Effect of exchange rate fluctuations	(159)	(1,343)
Closing cash on 31 December	97,054	78,728

NET CASH USED IN OPERATING ACTIVITIES

The net operating cash outflow from continuing operations for the financial year ending 31 December 2024 amounted to €30.7 million compared to €24.3 million for the period ended 31 December 2023. The increase in operating outflows reflects the additional operational costs associated with growth of the Phase One Lionheart Project, including an increase in full-time equivalent staff.

NET CASH USED IN INVESTING ACTIVITIES

Investing activities in the financial year led to a cash outflow of €76.0 million compared to €92.5 million for the financial year ended 31 December 2023. Significant cash outflows for the financial year included capital expenditure on the following development projects:

- Construction costs towards completion of CLEOP;
- Refurbishment of two electric drill rigs;
- Schleidberg well site preparation;
- Development of the LEP and interconnected pipeline and power (ICPP);
- Geosmart project;
- Drill casings equipment.

NET CASH FROM FINANCING ACTIVITIES

During the financial year, the Group issued shares to institutional and strategic investors, raising net proceeds of €131.6 million (31 December 2023: €64.6 million). Outflows for Project financing costs in FY24 were €5.3 million, which were treated as operating outflows in the prior year.

ASSET AND CAPITAL STRUCTURE OF THE VULCAN GROUP

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
Current assets	109,710	86,071
Non-current assets	271,318	210,812
Total assets	381,028	296,883
Equity	351,552	268,281
Current liabilities	22,873	20,785
Non-current liabilities	6,603	7,817
Total liabilities	29,476	28,602
Total equity and liabilities	381,028	296,883

Current assets increased by €23.6 million to €109.7 million due to an €18.3 million increase in cash, as a result of the issue of shares during the period.

Non-current assets increased by €60.5 million to €271.3 million. The increase was principally due to capitalised expenditure on the following development projects:

- Construction costs towards completion of CLEOP;
- Purchased drill casings equipment;
- Refurbishment of two Vercana electric drill rigs;
- Development of the LEP and interconnected pipeline and power (ICPP);
- Schleidberg well site preparation;
- The Geosmart project at Insheim.

Current liabilities increased by €2.1 million to €22.9 million primarily due to the classification of deferred income as current in FY24, as opposed to non-current in FY23. Deferred income relates to grants received. The income is recognised when the spending conditions attached to the grants are satisfied. The conditions relating to grants at 31 December 2024 are validated before 31 December 2025, as opposed the prior year, when the conditions are validated subsequent to 31 December 2024, resulting in non-current classification.

Non-current liabilities decreased to €6.6 million from €7.8 million in the prior year, principally due to the classification of deferred income as current in FY24, as opposed to non-current in FY23, partially offset by a €1.7 million recognition of a restoration and rehabilitation provision for the Phase One Project operations.

CAPITAL EXPENDITURES

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
Software	87	328
Plant & Equipment	8,606	1,955
Assets under construction	56,270	66,163
Land and building	28	3,211
Exploration & evaluation	9,037	18,776
TOTAL	74,028	90,433
Assets reclassified to mine properties in development	80,415	-

SOFTWARE

The Group invested an immaterial amount in financial and geological software systems during the financial year, as most investment in these systems occurred in prior years.

PLANT AND EQUIPMENT

Plant and equipment additions for the period relate to expenditure on the optimisation plants, (LEOP and CLEOP) which commenced start of production in April 2024 and November 2024 respectively.

ASSETS UNDER CONSTRUCTION

During the financial year ended 31 December 2024, the Group's assets under construction additions relate to drill casings equipment, refurbishment of Vercana's electric drill rigs, construction of the LEP and investment in the Geosmart project. Costs of €39.6 million were reclassified to mine properties in development, as the Company completed evaluation procedures and entered the development phase in relation to the Phase Lionheart Project. This assessment was made due to the start of production at CLEOP, and the likelihood of securing financing for the Phase One Lionheart Project.

LAND AND BUILDINGS

Capital expenditures on land and buildings were immaterial in the financial year, however prior year acquisitions related to the acquisition of land parcels relating to production well locations in Schleidberg, Trappelberg, and 40 Morgen.

EXPLORATION AND EVALUATION ASSETS

The largest expenditures for exploration and evaluation during the financial year ended 31 December 2024 related to planning for the upcoming project execution and interpretation costs. Interpretation costs include capitalised costs from Vulcan Energie Ressourcen GmbH staff costs where time was allocated to Vulcan licence areas. Approximately €39.7 million of capitalised exploration and evaluation costs were reclassified to mine properties in development as the Company completed evaluation procedures and entered the development phase in relation to the Phase Lionheart Project.

MINE PROPERTIES IN DEVELOPMENT

Due to the start of production at CLEOP, and progress towards securing financing for the Phase One Lionheart Project, the Company deemed the technical feasibility and commercial viability of the Project is demonstrable, therefore completing evaluation procedures and entering the development phase. As a result, €39.7 million of capitalised exploration and evaluation costs were reclassified to mine properties in development, in addition to €39.6 million of assets under construction. A restoration and rehabilitation provision for the Phase One Project operations was also recognised for €1.7 million, of which €1.1 million related to mine properties in development.

CAPITAL EXPENDITURE SEGMENTS

In accordance with the segments disclosed in the Company's Consolidated Financial Statements, capital expenditure relates entirely to the Germany segment.

2.3.3 KEY PERFORMANCE MEASURES

FINANCIAL PERFORMANCE MEASURES

	31 Dec 2024 € 000's	31 Dec 2023 € 000's
Cash position	97.1	78.7
Operating expenditures	67.7	62.8
Capital expenditures	74.0	90.4

CASH POSITION

On 31 December 2024, the Company maintained a cash position of €97.1 million. Cash increased during the financial year from €78.7 million to €97.1 million, reflecting proceeds from the issue of shares to institutional and strategic investors during the period, partially offset by operational and capital expenditure outflows relating to development of the Phase One Lionheart Project.

Cash was held in Australia (€90.7million), Germany (€6.1 million) and other European countries (€0.3 million).

OPERATING EXPENSES

Operating expenditures are the ongoing cost of running a business. These include raw materials for the Natürlich Insheim power plant and purchased services, employee benefits, depreciation and amortisation, share-based payments, impairment, and other expenses.

Operating expenses for the financial year ended 31 December 2024 were €67.7 million, compared with €62.7 million for the financial year ended 31 December 2023. Operating expenses increased from the prior period reflecting the ramp up of Phase One Lionheart operations in Germany, including personnel increasing from an average 314 FTE in the prior financial year to 366 FTE in the current financial year.

Operating expenses relating to the Germany segment were €61.1 million (31 December 2023: €52.5 million), Australia €6.2 million (31 December 2023: €10.0 million), and other European countries €0.4 million (31 December 2023: €0.2 million).

CAPITAL EXPENDITURES

Capital expenditures are the purchase of goods or services that will be used to improve a company's performance in the future. Capital expenditure includes investment in tangible and intangible assets before depreciation and disposals. During the financial year ended 31 December 2024, the Company incurred €74.0 million on capital expenditure (31 December 2023: €90.4 million). Please refer to section 2.3.2 for a breakdown of the Group's capital expenditure including by segment.

NON-FINANCIAL PERFORMANCE MEASURES

BUILDING A WORLD-CLASS TEAM

The Vulcan team continues to grow across geothermal renewable energy and lithium battery chemicals business units and totalled 375 FTE people on 31 December 2024, an increase from 371 FTE on 31 December 2023. The average FTE throughout FY24 was 366 FTE compared to 314 FTE in FY23.

CARBON NEUTRAL POSITION

As Vulcan scales up, the Company will continue to expand its data reporting and be able to provide year on year comparisons. Vulcan will continue to work on achieving carbon neutral certification across all operations through each year in the four-year period and endeavor to remain in the lowest quartile for absolute GHG emissions (Scope 1, 2, 3) comparative to peers.

3. MATTERS SUBSEQUENT TO THE REPORTING PERIOD

BOARD CHANGES

Group CFO Felicity Gooding was appointed Executive Director, and Non-Executive Director Angus Barker was appointed as Lead Independent Director and Deputy Chair, both effective 1 January 2025. Mr Barker also assumed the role of Chair of the People and Performance Committee (PPC) on 1 January 2025, along with non-executive directors Josephine Bush and Dr Günter Hilken who will also be appointed as new PPC members. Mr Barker has also replaced Ranya Alkadamani as Chair of the Nominations Committee and joined the Audit, Risk and Environmental, Social and Governance (ARESG) Committee, which is chaired by Josephine Bush, on 1 January 2025.

START OF PRODUCTION OF BATTERY-QUALITY LITHIUM HYDROXIDE MONOHYDRATE

On 13 January 2025, the Company announced the production of the first battery-quality lithium hydroxide monohydrate (LHM) at the downstream optimisation plant, by processing high-purity lithium chloride concentrate extracted from brine at the upstream A-DLE optimisation plant in Landau, Germany. This represents the first fully integrated, battery-quality LHM produced in Europe, from resource to final product.

CLOSE OF SHARE PURCHASE PLAN

The Company's Share Purchase Plan (SPP), announced in December 2024, closed on 20 January 2025. Under the SPP, shareholders validly subscribed for ~€4.9m (~A\$8m) new fully paid ordinary shares in the Company at an offer price of A\$5.85 per SPP share.

JOINT 2D SEISMIC SURVEY WITH BASF SE (BASF)

The Ludwigshafen City Council and Frankenthal City Council unanimously approved the start of the seismic campaign for a future phase of development in the joint development area (designated Ludwigsland) with BASF on 13 January 2025 and 21 January 2025, respectively. These decisions mark the first major milestone in Vulcan and BASF's joint project.

START OF V20 DRILL RIG MOBILISATION TO FIRST NEW PRODUCTION WELL SITE FOR PHASE ONE

The Company announced the start of execution works on its integrated Phase One renewable energy and lithium project on 4 February 2025, with mobilisation of its V20 drilling rig to the Phase One Schleiberg well site near Landau, Germany.

APPROVAL OF MAIN OPERATING PLAN TO CONSTRUCT COMMERCIAL LITHIUM EXTRACTION PLANT

In February Vulcan received the approval of the Main Operating Plan for the construction of the Lithium Extraction Plant (LEP) in the town of Landau in the state of Rhineland-Palatinate, Germany, paving the way for execution of the Company's integrated Geothermal and Lithium Extraction Plant (G-LEP), with preparatory measures on the site now imminent.

4. OUTLOOK, OPPORTUNITIES AND RISKS

LITHIUM OUTLOOK FOR THE NEXT 12 MONTHS

Over the next 12 months, The Company faces a dynamic landscape shaped by BEV market trends, lithium supply and pricing forecasts, and evolving battery technologies.

Global BEV sales are anticipated to surpass 20 million units in 2025⁵⁰, with China leading this growth. Chinese BEV sales are projected to increase by over 20%, exceeding 12 million units and potentially outpacing legacy internal combustion engine vehicle sales within the country. In Western Europe, BEV sales are expected to rise by 40% to 2.7 million units, accounting for 22% of the market⁵¹. In January 2025 BEV sales rose 34%⁵² signalling a strong year ahead.

The lithium market is currently experiencing volatility, with prices declining during 2024 due to oversupply and softer than expected BEV demand outside China. Analysts predict this

⁵⁰ https://www.reuters.com/business/autos-transportation/ev-car-sales-top-20-million-2025-research-firm-says-2025-01-28/?utm_source=chatgpt.com

⁵¹ https://www.ft.com/content/c6423ebf-3b26-4445-aef0-1ed9d25ddb99?utm_source=chatgpt.com

⁵² <https://www.electrive.com/2025/02/25/january-figures-ev-sales-up-by-a-third-across-the-eu/>

oversupply may persist into 2025, with a surplus narrowing to 33,000 metric tons⁵³, down from 84,000 metric tons in 2024.⁵⁴ Price recovery may not occur until the latter half of 2026, according to multiple analysts.

The Company however remains optimistic about the long-term prospects of the lithium market, viewing the growth in lithium batteries, particularly for BEVs, as a structural shift. The Company emphasises the importance of maintaining low operating costs to remain profitable amid price fluctuations. With a robust customer base, Vulcan is positioned to mitigate the impacts of market volatility.

GEOHERMAL RENEWABLE ENERGY FOR THE NEXT 12 MONTHS

As of 2022, geothermal energy constituted less than 3% of the EU's energy production. However, with recent policy initiatives and technological advancements, this share is expected to increase. In Germany, while specific figures for geothermal energy's contribution are modest, the country's commitment to phasing out fossil fuels by 2045 and achieving 80% renewable energy in electricity supply by 2030 underscores the growing importance of geothermal energy in the national energy strategy.

The German government's legislative efforts to streamline approval processes and the EU's strategic focus on geothermal energy provide a favourable environment for investment and development in the sector. Geothermal energy offers a stable and local energy source, reducing reliance on imported fuels and enhancing energy independence.

Despite these opportunities, challenges remain. Navigating the regulatory landscape can still pose difficulties, potentially leading to project delays. Additionally, geological uncertainties and the potential for induced seismicity require thorough site assessments and can affect project viability.

Vulcan stands to benefit from the increased focus on geothermal energy and the push for domestic supply chain resilience of critical raw materials. As an integrated lithium and renewable energy company, Vulcan's dual focus aligns with Germany's energy transition goals, positioning it advantageously in the evolving market.

4.1 CORPORATE OUTLOOK

OPERATIONS

The V20 drill rig was mobilised in February 2025 to Vulcan's Schleiberg well site. Following assembly, routine commissioning procedures and technical testing will be carried out to ensure safe operation. Vulcan is targeting to commence well execution in Q2 2025.

⁵³ https://investingnews.com/daily/resource-investing/battery-metals-investing/lithium-investing/lithium-forecast/?utm_source=chatgpt.com

⁵⁴ https://www.argusmedia.com/en/news-and-insights/latest-market-news/2646612-lithium-prices-unlikely-to-recover-in-2025?utm_source=chatgpt.com

The pending acquisition of geox GmbH will provide access to the Landau Süd licence and well site, consolidating Vulcan's remaining upstream production assets already under full ownership. The acquisition is expected to contribute approximately 20% of Phase One brine production, supplying lithium for battery manufacturing and renewable heat and power for local consumers.

The Company will continue operations of its Lithium Extraction Optimisation Plant and Central Lithium Electrolysis Optimisation Plant, with LHM product testing expected to commence with future offtakers. Upon finalising financing, the Company plans to begin construction of its integrated Geothermal and Lithium Extraction Plant (G-LEP) in Landau, Germany, in 2025. Simultaneously, the Company would also commence construction on its commercial downstream Central Lithium Plant in CLP in Höchst.

CASH POSITION

With a cash position of €97.1 million as at December 2024, the Company believes it is reasonably foreseeable that the consolidated entity will continue as a going concern.

CAPITAL EXPENDITURE

The Company is targeting to substantially increase capital expenditure in financial year 2025 upon successful project financing. This capital expenditure will be to commence drilling and construction of the Phase One Lionheart Project.

OPERATING EXPENSES

An increase in operational expenditure will largely follow the planned increase in headcount to ensure the start of the execution of Phase One of its integrated renewable energy and sustainable lithium projects.

4.2 RISK REPORT

4.2.1 RISK MANAGEMENT SYSTEM

Vulcan's approach to opportunity and risk management is underpinned by the Company's focus on integrity across the industry globally. Vulcan commits to being respectful, authentic, and trustworthy to each other and to external groups. The Lionheart Project is highly complex and involves many known and unknown risks, some of which are beyond the Company's control. Vulcan is committed to ensuring it has the right measures in place to mitigate these risks and the right team to execute the project and capitalise on opportunities.

AUDIT, RISK AND ESG COMMITTEE

The role of the Audit, Risk, and ESG Committee is to assist the Board in monitoring and reviewing matters of significance affecting financial reporting, including sustainability and climate-related reporting, financial statements, accounting policies, compliance, and disclosure practices. Relatedly, the Audit, Risk and ESG Committee, in conjunction with the Board, is responsible for overseeing the establishment and implementation of effective risk management and internal control systems to manage the Company's material business risks and for reviewing and monitoring the Company's application of those systems. The Company has built an

enterprise-wide risk management based on the Committee of Sponsoring Organisations' (COSO) framework, an initiative which is being led by management and then reviewed by the Audit, Risk and ESG Committee.

The Audit, Risk and ESG Committee devotes time at its meetings to fulfilling the roles and responsibilities associated with overseeing risk and maintaining the entity's risk management framework and associated internal compliance and control procedures.

During the financial year, the committee members were Josephine Bush (Chair), Gavin Rezos, and Dr. Heidi Grön. The Committee oversees the Company's risk management systems, practices, and procedures to ensure effective risk identification and management, as well as compliance with internal guidelines and external requirements. This includes monitoring climate-related and broader sustainability risks and evaluating management's performance in addressing them.

The Committee Charter, available on the Company's website at <https://v-er.eu>, sets the risk parameters and defines the Audit, Risk, and ESG Committee's function, composition, mode of operation, authority, and responsibilities.

As per the Audit, Risk and ESG Committee Charter, during FY24 the Audit, Risk and ESG Committee undertook a review that satisfied itself that the Company's risk management framework continued to be sound.

PEOPLE AND PERFORMANCE COMMITTEE

During the financial year ending 31 December 2024, the People and Performance Committee (PPC) comprised Ranya Alkadamani (Chair), Gavin Rezos, Annie Liu (until her retirement in September 2024) and Angus Barker (in September 2024 following his appointment and the retirement of Ms Liu), all of whom are independent apart from Mr Rezos.⁵⁵

The PPC meets regularly during the year. The role of the PPC is to develop a remuneration strategy, framework and policy and to provide remuneration recommendations for executive and non-executive directors to the Board. The Executive Chair and CEO attend certain Committee meetings by invitation, where management input is required. Neither the Executive Chair nor the MD & CEO are involved in the final decision related to their own remuneration arrangements.

PROJECTS OVERSIGHT COMMITTEE

The Projects Oversight Committee (POC) is responsible for regularly reviewing the status of nominated projects and ensuring the application of appropriate corporate governance frameworks and risk management practices. Given Vulcan's progress, the Board determined that establishing this committee, with a specific focus on the development and execution of the

⁵⁵ As of 1 January 2025, following the resignations of Ms Liu (13 September 2024), Ms Alkadamani (31 December 2024) and Mr Rezos (31 December 2024), the Company's People and Performance Committee consists of Angus Barker (Chair), Josephine Bush and Dr Günter Hilken.

project program, would provide more targeted risk oversight and ensure the application of robust corporate governance and risk management frameworks.

During the reporting period, the POC committee members were Mark Skelton (Chair) (until his retirement in February 2024), Dr Günter Hilken (Chair following Mr Skelton's resignation), and Dr Heidi Grön.

The Committee also reviews and advises on whether projects have appropriate leadership and direction, aligned with the strategic objectives of the Company. Additionally, it ensures that the governance and management processes for projects are consistent with the broader processes used at the business and Company level, such as risk management.

INTERNAL CONTROL SYSTEM FOR GROUP ACCOUNTING AND FINANCIAL REPORTING

Vulcan's leadership team is responsible for internal controls within the business. Examples of internal controls at Vulcan include the segregation of duties for recording and paying invoices, dual payment authorisations in all jurisdictions, and pre-approval for goods and service purchase requisitions in accordance with the delegations of authority. Senior management reviews financial reports against budget and forecast, investigating any unusual movements.

The Company has established a Supply Chain Council to review and approve significant purchase orders and contracts. In FY23, Vulcan Energie Ressourcen GmbH, as the holding Company for the German operating entities, received ISO 14001:2015 Environmental Management System (EMS) and ISO 9001 Quality Management System (QMS) certification. Certification to these international standards represents best practice and helps ensure Vulcan's internal systems are robust.

The Company performs regular reconciliations of bank accounts, supplier statements, and credit cards to identify cleared or pending items and minimise the risk of potential fraud or errors.

Preparing the financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts. Management continually evaluates these judgments and estimates about assets, liabilities, contingent liabilities, revenue, and expenses. These evaluations are based on historical experience and various factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group's activities expose it to various financial risks related to financial assets and liabilities on its balance sheet, including market risk (foreign exchange and interest rate risks), credit risk, and liquidity risk. The Group's risk management program minimises the impact of financial market unpredictability on its performance.

Different methods are used to measure and manage risks:

- **Market risk:** Monitoring exposure to interest rate and foreign exchange fluctuations and assessing market forecasts for interest rates and currency movements
- **Credit risk:** Ageing analysis and monitoring of specific credit allowances
- **Liquidity risk:** Developing and reviewing future cash flow forecasts.

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

The Board reviews and approves policies for managing each of these risks, which are detailed in the Consolidated Financial Statements in the Company's Annual Report, available on the Company's website at <https://v-er.eu>.

4.2.2 FINANCIAL REPORTING OPPORTUNITIES AND RISKS

GLOBAL LITHIUM MARKET

RISK (MEDIUM)

Lithium prices are subject to unpredictable fluctuations, driven in part by changes in the balance of global supply and demand as well as international, economic and geopolitical trends and developments. Any material decreases or significant volatility in the price of, or demand, for lithium could have a detrimental effect on the Company's business, its ability to raise equity and debt finance and share price.

OPPORTUNITY (HIGH)

Vulcan's integrated renewable energy and sustainable lithium project offers a strong competitive advantage through low-cost production and innovative processes. The use of geothermal brine as a dual-purpose feedstock for both lithium extraction and renewable energy generation significantly reduces costs while maintaining sustainability. Efficient lithium adsorption processes eliminate the need for large volumes of reagents, such as sulphuric acid or soda ash; electrolysis-based lithium upgrading, powered by renewable energy, avoids high-impact reagents such as sodium hydroxide or lime. Despite short-term price volatility, long-term lithium demand is expected to grow due to rising BEV battery production. Vulcan is strategically positioned to benefit from these market trends. While challenges exist, Vulcan's innovative, low-cost and sustainable production process strengthens its ability to capitalise on future opportunities in the growing lithium market.

FUNDING

RISK (MEDIUM)

As the Company does not currently generate significant revenue, significant external funding will be required to continue current operations and support further implementation of the Project. Should Vulcan be unable to enter into the envisaged financing agreements or to comply with the terms of the existing financing arrangements or those financing agreements it intends to enter into with various lenders at the project level or to obtain additional financing as needed on acceptable terms or at all, it may need to abandon its development plans or reduce and/or change their scope which may, in turn, adversely affect operations. Moreover, the amount of capital required in future phases will be determined and refined as the Company advances the Project. In particular, as feasibility studies on future phases are less advanced, there remains significant uncertainty regarding the funding requirements beyond Phase One.

OPPORTUNITY (MEDIUM)

The Company's cost position relative to its peers is competitive. The Company believes the integrated renewable energy and sustainable lithium Project is crucial for Europe, both from an energy security perspective and due to the need to have a local, reliable supply of critical raw materials such as lithium. With these macro policy tailwinds in the Company's favour, Vulcan expects to be able to fund the Phase One Lionheart Project at a cost that is reasonable for the Company's shareholders. In addition, Vulcan has applied for public funding schemes. While the Company's focus is on debt and project level equity, it seeks to include different funding programmes into the overall financing process.

VALUE CHAIN RISK (MEDIUM)

Vulcan operates along a value chain to extract and produce lithium and, as a result, faces risks along the entire value chain. Current and expected future operations of Vulcan include a broad range of activities including exploration, appraisal, development and possible lithium production. These activities may be affected by a range of factors, including the acquisition and/or delineation of economically recoverable mineralisation and heat, geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns and workforce availability, as well as risks arising from unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services, the COVID-19 pandemic and any other possible future outbreaks of diseases or pandemics as well as the Russia-Ukraine Conflict and its repercussions.

OPPORTUNITY (HIGH)

Local supply of geothermal renewable energy and heating assists Germany's transition to decrease reliance on imported energy. This tailwind puts Vulcan in a strong position to benefit from government support and funding, as received for its Heat4Landau project in November of the reporting period. Disruptions to the global supply chain and European Union regulation surrounding carbon pricing and the potential for border control adjustments for imported products mean that European OEMs prefer local suppliers with less disruption risk.



Funded by the European Union - NextGenerationEU. The expressed Views and opinions expressed are solely those of the author(s) and do not necessarily reflect the views of the European Union or the European Commission. Neither the European Union nor the European Commission can be held responsible for them.

GEOPOLITICAL RISK (LOW)

Geopolitical developments, changes and updates of trade and public health policy and developments of defence and security policy of the US, Russia, China and other countries, may adversely affect, the availability and price of equipment, components and energy, supply chains,

international trade, financing conditions and the global economy at large, which may have a detrimental effect on the Company. In its current phase, Vulcan is sensitive to geopolitical developments, changes and updates of trade policy and developments of defence and security policy of the US, Russia, China and other countries. In addition, the Company is reliant on the availability, steady supply and the stability and/or predictability of the prices of equipment and components, some of which need to be shipped a long-way or from overseas. As a result, it is dependent on stable supply chains, open seaways and favourable trade policies for deliveries of equipment and components.

OPPORTUNITY (HIGH)

On a policy level, in January 2024 the European Parliament overwhelmingly endorsed a call for an EU strategy on geothermal energy, with 531 votes in favour and only two against. Currently, just 0.2% of Europe's electricity is generated from geothermal energy, positioning it as a largely untapped renewable resource with significant development potential.

At the federal level, the German government has set an ambitious target to boost the country's geothermal energy production tenfold to 100 terawatt-hours and to add 100 new geothermal projects by 2030. By the same timeline, Vulcan aims to provide renewable geothermal heat to multiple district heating and industrial customers, enabling a substantial shift away from imported energy sources. As an integrated renewable energy and sustainable lithium business, Vulcan sees this accelerated push for geothermal energy as a key tailwind for its Phase One and Phase Two projects, and beyond. These projects will supply affordable baseload renewable energy to local communities while creating thousands of direct and indirect job opportunities.

Throughout 2024 Vulcan demonstrated a fully domestically produced lithium supply chain is possible in Germany for Europe. Policy developments both at an EU and German federal level to build resilient domestic supply chains for lithium continue to provide tailwind for Vulcan and in its supply of sustainable lithium for Europe's mobility transition.

RESOURCES AND RESERVE ESTIMATES RISK (MEDIUM)

The Resource estimates relating to the Company's current and future projects are subject to certain assumptions and interpretations which may prove to be inaccurate. Any material deviations may result in alterations to development plans which may, in turn, adversely affect the Company's operations. Technical studies (such as pre-feasibility studies and definitive feasibility studies) are often used to demonstrate the technical and economic viability of a mineral deposit. Technical studies are subject to material uncertainties, in particular for projects in the exploration and correspondingly early phases, such as the case for Vulcan.

OPPORTUNITY (MEDIUM)

Vulcan utilises its team's considerable local geological expertise, as well as state-of-the-art 3D seismic data and, where possible, its existing production/reinjection wells, to construct the most accurate models it can. Vulcan reports on its estimates of Mineral Resources and Ore

Reserves in compliance with the JORC Code, the ASX Listing Rules German Securities Trading Act, European Regulation No. 596/2014, and other applicable regulations. Vulcan's Resource and Reserve estimates are estimated and signed off by external consultants GLJ Ltd.

There may be upside to Vulcan's modelled lithium-in-brine amounts, and furthermore, there may be an opportunity to add further Resources and Reserves in Vulcan's other licence areas throughout the URVBF in the future. Compared to the PFS mineral resource estimation, Vulcan has increased its mineral resource estimate to 27.7 million tonnes of LCE in 10 out of 17 licence areas.

LICENCING AND PERMITTING RISK (MEDIUM)

There is no guarantee the Company will be able to obtain all required approvals, licences, permits and land for lithium and geothermal renewable energy production in time or at all. The Company currently holds all exploration licences required to undertake its exploration programs, and a geothermal production licence at the Insheim Plant. Permitting for Phase One of the Project area is a carefully planned and iterative process through project execution. However, many of the lithium and geothermal energy rights and interests held by the Company are subject to the need for ongoing or new governmental approvals, licences and permits as the Project advances and the scope of operations change. No guarantee can be given that approvals, licences, or permits will be maintained or granted (at all or in a timely fashion), or, if they are maintained or granted, that the Company will be in a position to comply with all conditions that are imposed or that they will not be challenged by third parties.

OPPORTUNITY (HIGH)

To address potential permitting delays and ensure the timely development of the Lionheart Project, Vulcan Energy is taking a proactive and strategic approach. This involves early and continuous engagement with local authorities, stakeholders and regulatory bodies to streamline the permitting process. Dedicated project teams are focused on securing the required approvals at every phase of the project while maintaining close collaboration with city councils and local communities to facilitate transparent communication and build long-term partnerships.

CLIMATE CHANGE RISK (LOW)

The Company's geothermal projects are subject to climate change risks. While one of the primary purposes of the Project is to avoid carbon emissions in the lithium supply chain, there are a number of climate-related factors that may affect the operations and proposed activities of Vulcan. Climate change may cause certain physical and environmental risks that cannot always be reasonably predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events, as well as longer-term physical risks such as shifting climate patterns. Higher temperatures prevailing over increasing periods of time, as a result of anticipated global warming, may negatively impact the efficiency of the processes in geothermal plants used in the energy production business of the Company.

OPPORTUNITY (HIGH)

The Company set a carbon neutral standard set from the beginning: Vulcan's strategy and project development have been built around achieving carbon neutrality through its integrated renewable energy and sustainable lithium Project. As a result, many aspects that would typically be considered risks for most companies are seen as opportunities for Vulcan.

Located within the EU, Vulcan benefits from some of the world's most supportive climate-related legislation, aimed at facilitating the transition to a carbon neutral economy by 2050. Already a renewable energy producer, Vulcan will soon become a sustainable lithium producer at a time when BEV adoption is at its most ambitious.

Vulcan's lithium resource is one of the largest in the world, with plans to supply at least 24,000 tonnes of battery-quality LHM annually at full Phase One capacity. The favourable environmental footprint of Vulcan's integrated renewable energy and sustainable lithium Lionheart Project was confirmed in a 2024 study by Minviro.

PERSONNEL RISK (MEDIUM)

The Company may lose its directors or other key personnel or may be unable to recruit or retain qualified personnel for key positions. Without such directors or key personnel Vulcan may not be able to successfully manage, develop and operate its business. While Vulcan's strong environmental ethics have proven to be an effective recruitment tool to date, there can be no assurance the Company's efforts to retain and motivate its directors and key employees or attract and retain other highly qualified technical personnel will continue to be successful. In order to achieve its strategic goals, the Company is targeting a significant increase in the number of staff over the next three to five years as it is planned to transition to an execution and production company.

OPPORTUNITY (HIGH)

To address these challenges, Vulcan will implement a comprehensive strategy focused on competitive compensation, internal development programs and succession planning to retain key personnel. Expanding outreach initiatives to tap into international talent pools and building partnerships with universities and technical institutions specialising in renewable energy and chemical engineering will enhance recruitment efforts. Strengthening employer branding will also position Vulcan as an employer of choice in the energy transition and battery materials sectors. Workforce planning and strategic use of consultants will provide flexibility and control costs as Vulcan transitions into an execution and production company, with significant workforce expansion planned over the next three to five years.

SAFETY RISK (MEDIUM)

The Company's operations involve the use of heavy machinery, gas and chemical substances. Any technical or human error could harm physical integrity, life or property and, as a result, could have a material adverse effect on the business, results of operations, prospects and reputation. While the Company has implemented a variety of health and safety measures to help prevent

damage to individuals or property arising from its construction, drilling and transport activities and use of heavy machinery or handling of chemicals, such activities are distinctly complex and inherently risky.

OPPORTUNITY (HIGH)

Vulcan is committed to mitigating these risks through a proactive and multifaceted approach that prioritises safety, operational excellence and financial protection. The company continuously enhances its health and safety protocols to ensure the well-being of its employees and stakeholders. Preventive measures include comprehensive safety training, advanced monitoring systems, risk assessments and the implementation of best practices across all operations. Emergency response plans and regular audits further reinforce Vulcan's safety-first culture and improve its capacity to respond effectively to incidents.

To address operational complexity, Vulcan has established cross-functional teams comprising engineering, operations and safety experts who work collaboratively to monitor project execution, ensuring adherence to rigorous standards. The Company leverages technology to optimise processes, minimise risks and streamline operations. The use of electrolysis-based lithium upgrading powered by renewable energy, for instance, not only reduces environmental impact but also lowers the risk associated with handling hazardous reagents such as sodium hydroxide or lime.

Vulcan also remains vigilant in managing its insurance strategies. Regular reviews are conducted to ensure policies align with evolving operational risks, and the Company maintains relationships with reputable insurers to secure broad and reliable coverage. In parallel, Vulcan actively evaluates the cost-benefit of self-insurance for certain low-probability but high-impact risks to maintain financial resilience.

By adopting these comprehensive measures, Vulcan aims to mitigate safety and operational risks while safeguarding its long-term business objectives, ensuring that the Company is well positioned for sustainable growth in the lithium market.

CYBER SECURITY RISK (HIGH)

The Company may fail to maintain the integrity of its IT systems and successfully protect them against potential cyber-attacks, security breaches or other instances of intentional or unintentional disruption. Vulcan uses, collects and stores multiple types of data including personal data. The integrity, availability and reliability of such data may be subject to intentional or unintentional disruption. Given the increasing sophistication and scope of potential cyber-attacks, these attacks could result in significant security breaches that could compromise sensitive information and financial transactions or cause systems to be unavailable for a period of time. The Company's IT department has implemented several risk mitigation processes to protect the Company and its stakeholders from the possibility of a cyber security breach.

OPPORTUNITY (HIGH)

To mitigate cybersecurity risks, Vulcan will strengthen its cybersecurity framework with advanced threat prevention technologies, continuous 24/7 monitoring and regular audits to

proactively address vulnerabilities. A comprehensive incident response and business continuity plan will ensure rapid containment and recovery in case of breaches. Employee training and awareness campaigns will help reduce human error, while data protection measures such as encryption, secure backups and data loss prevention will safeguard sensitive information and ensure compliance with data regulations. Additionally, Vulcan will enhance vendor risk management and collaborate with external experts to stay ahead of evolving threats, ensuring operational resilience and stakeholder protection.

5. TAKEOVER RELEVANT INFORMATION

INFORMATION ON SUBSCRIBED CAPITAL

1. The composition of the subscribed capital, separately showing the rights and duties that each class entails as well as the proportion of the capital held.

As at 31 December 2024 the issued capital of Vulcan Energy Resources Limited comprised⁵⁶

- 214,527,816 fully paid ordinary shares (**Shares**)
- 3,304,506 unquoted performance rights (**Performance Rights**) (of various classes).

Refer also to the ASX Additional Information and Remuneration Report sections of Vulcan Energy Resources Limited's (**Vulcan or the Company**) Annual Reporting Suite 1 January 2024 to 31 December 2024 (**2024 Annual Report**).

The Shares are governed by the Company's Constitution, the Australian Corporations Act, the ASX Listing Rules and Australian general law. All Shares carry full dividend rights. Each Share carries one vote at a meeting of the Company's shareholders. Except for the restrictions set forth in lockup agreements of the Company from time to time, the Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of either the Australian Corporations Act or the ASX Listing Rules. In the case of insolvency, a person's liability as a shareholder is limited to any amount unpaid on their Shares.

Each Performance Right, subject to the satisfaction of the applicable vesting criteria before the expiry date, entitles the holder to elect to receive one Share for nil consideration by notifying the Company of such election.

2. Restrictions on voting rights or on the transfer of shares of stock, also as may result from agreements made among shareholders, insofar as the Company's board of management is aware of them.

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a meeting of the Company's shareholders (each a **Shareholder**):

- Each Shareholder entitled to vote may vote in person or by proxy, attorney, or corporate representative

⁵⁶ As at the date of this Report, the number of securities on issue was 217,574,820 Shares and 3,150,799 Performance Rights.

- On a show of hands, every person presents who is a Shareholder or a proxy, attorney or corporate representative of a Shareholder has one vote
- On a poll, each Shareholder who is present in person or by proxy, attorney, or corporate representative has one vote in respect of each Share held by that person, or in respect of which that person is appointed a proxy, attorney, or corporate representative (but, in respect of partly paid shares, will have such number of votes as bears the same proportion to the total of such shares registered in the Shareholders' name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

3. Direct or indirect participating interests in the capital that comprise more than ten per cent of the voting rights.

Refer to the ASX Additional Information section of the 2024 Annual Report.

4. The holders of shares of stock endowed with special rights granting powers of control and a description of such special rights.

Not applicable. See sections (1) and (2) above for details of the rights attaching to the Company's securities.

5. The nature of the voting control if employees hold a share in the capital and do not directly exercise their rights of control.

The employees participating in the capital of the Company may exercise their control rights directly themselves.

6. The stipulations of the law and of the statutes regarding the appointment of the members of the board of management and their removal from office, as well as the stipulations regarding amendments to the statutes.

Subject to the Company's Constitution, the Company may elect a person as a Director by resolution passed at a general meeting of Shareholders. A Director elected at a general meeting of Shareholders is taken to have been elected with effect immediately after the end of that meeting unless the resolution by which the Director was appointed or elected specifies a different time.

At the Company's annual general meeting of Shareholders each year, one third of the Directors (other than the Managing Director) or, if their number is not a multiple of three, then the number nearest one-third, must retire from office (and each such Director who retires is eligible to seek re-election at that annual general Shareholders' meeting).

In addition, no Director (except the Managing Director) may hold office without re-election past the longer of (i) the third annual general meeting of Shareholders following their appointment or election, and (ii) three years.

The Directors to retire at each annual general meeting of Shareholders are those who have been in office the longest since their last election. Where persons have become Directors on the same day, unless otherwise agreed amongst themselves, the Directors to retire by rotation will be determined by drawing lots.

The Directors may also, at any time, appoint a person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed holds office only until the next annual general meeting of Shareholders and is then eligible for re-election (but will not be considered in determining the Directors who are to retire by rotation (if any) at that meeting).

Any proposed modification of the Company's Constitution must be approved by a special resolution of the Company's Shareholders (that is, passed by at least 75% of the votes cast by Shareholders entitled to vote on the resolution).

7. The powers of the board of management, particularly regarding the possibility of issuing shares of stock or repurchasing them.

The role of the Company's Board of Directors is to provide overall strategic guidance and effective oversight of management.

Subject to any specific requirements under the Australian Corporations Act, the ASX Listing Rules or the Company's Constitution, the Board of Directors may exercise all the powers of the Company (including the power to issue shares) except for those which require approval of the general meeting of shareholders. The Company's Board of Directors is permitted under the Company's Constitution to delegate any of their powers to one or more persons or committees.

Under Australian law, the Directors of the Company are subject to certain duties, including to act in good faith in the interests of the Company, to act for a proper purpose, not to fetter their discretion, to exercise care, skill, and diligence, to avoid conflicts of interest, not to use their position to their advantage, and not to misappropriate company property. Pursuant to section 14.1 of the Company's Constitution, the Company's Board of Directors is to comprise not less than three and not more than nine Directors (excluding any alternate Directors). The quorum for a meeting of the Board of Directors is two Directors.

Under the Australian Corporations Act, the Company does not have an authorised share capital, and there is generally no limit under the Australian Corporations Act or the Constitution on the power of the Directors to issue Shares or other securities.

Subject to specified exceptions, the ASX Listing Rules restrict a Company admitted to the official list of ASX from issuing, or agreeing to issue, more than 15% of the company's total number of securities (calculated according to a prescribed equation) in any rolling 12-month period without obtaining shareholder approval.

8. Material agreements of the parent undertaking that are subject to a change of control clause in the event of a takeover bid and the effects resulting therefrom.

Not included.

9. Compensation agreements the parent undertaking has concluded with the members of the board of management or with employees for the case of a takeover bid.

The Company currently has no specific compensation agreements with its Board, management, or employees in the case of a successful takeover bid.

6. FURTHER INFORMATION

6.1 CORPORATE GOVERNANCE STATEMENT

As a sustainability-centric company, Vulcan is committed to the highest standards of corporate governance practice and regulatory compliance and promotes ethical and responsible decision-making.

As an ASX listed Company, Vulcan's Board of Directors believes that the Company's policies and practices comply with the majority of the recommendations set out in the ASX Corporate Governance Principles and Recommendations – 4th Edition (Recommendations).

A copy of Vulcan's 2024 Corporate Governance Statement can be found on the Company's website at <https://v-er.eu>.

6.2 DIVERSITY

As part of an industry that relies heavily on STEM skills, Vulcan sees that there is a significant gender imbalance in the pool of potential hires (in line with German STEM education statistics), which show that women are still a minority of students in these courses⁵⁷. Vulcan endeavours to continuously improve diversity statistics across the business and is proud to have surpassed the gender diversity target of 40% female representation at the board level during the period. In addition, Vulcan achieved strong levels of diversity in terms of nationality in 2024, spanning 38 different nationalities.

Looking forward, the Company has identified that the leadership team is a key target area for improvement in the coming years. Due to its reliance on heavy manual labour, Vulcan's in-house drilling company Vercana is less gender diverse than other parts of the business. For this reason, it is important to disaggregate diversity statistics, so as not to obscure the performance of other Vulcan divisions.

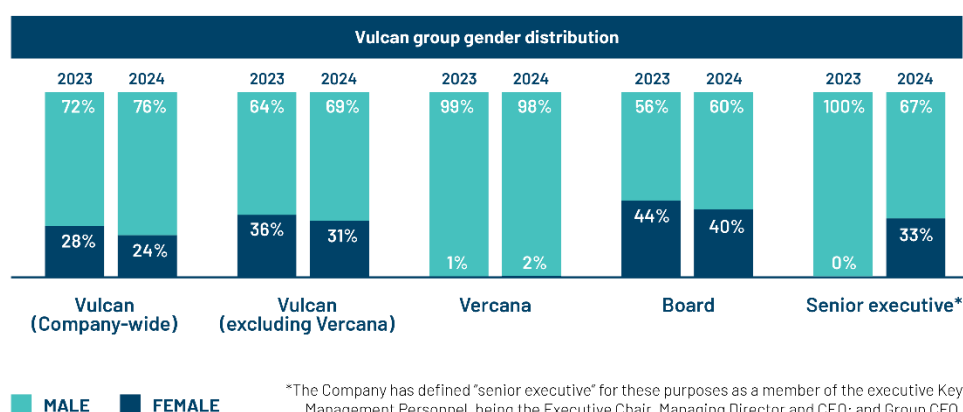


Table 4 Vulcan's diversity statistics currently and at the end of the reporting period; *Excluding Vulcan's drill team

*The Company has defined "senior executive" for these purposes as a member of the executive Key Management Personnel, being the Executive Chair, Managing Director and CEO; and Group CFO. Further information about the Company wide diversity targets can be found in Vulcan's FY25 Sustainability Report and 2024 Annual Report at <https://v-er.eu>.

⁵⁷ 6.5% fewer students starting a STEM course in the academic year of 2021 – German Federal Statistical Office (destatis.de)

6.3 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVE

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, liabilities and financial position results of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.



Dr Francis Wedin
Executive Chair

25 March 2025

7. APPENDIX 1

COMPETENT PERSON STATEMENT

The information in this Report that relates to Mineral Resources and Ore Reserves, and any Exploration Results and Production Targets is extracted from the ASX announcement made by Vulcan on 16 November 2023 ("Positive Zero Carbon Lithium™ Project Bridging Study Results")⁵⁸, which is available to view on Vulcan's website at <https://v-er.eu>. Vulcan confirms that:

- A. In respect of estimates of Mineral Resources and Ore Reserves, and any Exploration Results and Production Targets, included in this Report:
 - It is not aware of any new information or data that materially affects the information included in the original market announcement, and that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed; and
 - The form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement; and
- B. All material assumptions underpinning any production targets (and any forecast financial information derived from such production targets) included in this announcement continue to apply and have not materially changed.

⁵⁸ <https://api.investi.com.au/api/announcements/vul/22623520-1b3.pdf>

<https://v-er.eu>
ABN 38 624 223 132

