

27 September 2018

# Tando completes acquisition of SPD Vanadium Project

**Plus, drilling of high-grade vanadium pipes at SPD to start in mid-October**

Tando Resources (ASX:TNO) is pleased to announce more significant progress in its plan to become a major vanadium producer, with the Company completing the acquisition of the SPD Vanadium Project in South Africa.

Under the acquisition agreements, Tando can acquire up to 73.95 per cent of the SPD Vanadium Project by meeting a series of milestones comprising the establishment of a JORC-compliant Measured Resource, and completion of Scoping, Pre-feasibility and Definitive Feasibility Studies (see Table below for details).

Tando is well advanced in its strategy to establish the JORC Resource. The Company's maiden drilling program is underway, with the first holes intersecting the mineralised units (see ASX announcement dated 17 September 2018).

Phase 1 of the program is expected to be completed within a fortnight. To fast-track drilling, another diamond core rig has been mobilised, meaning three rigs are now drilling out the high grade "foreign resource" of 513Mt at 0.78% V<sub>2</sub>O<sub>5</sub> at SPD (refer Appendix 1).

In addition, the highly anticipated drilling of the high-grade vanadium pipes surrounding the SPD deposit will start in mid-October.

Samples taken from these pipes, which start from the surface, have returned extremely high grades of vanadium, highlighting their potential to underpin a low-cost direct shipping ore (DSO) operation which could generate early cashflow for Tando (see ASX release dated June 20, 2018).

Tando Managing Director Bill Oliver said the Company's strategy at SPD was proceeding exactly to plan.

"We are delighted with the rapid progress we are making on the ground," Mr Oliver said. "And with the vanadium price trebling in the past 18 months, we see an opportunity to create substantial value for shareholders."



	Milestone 1: Satisfaction of Conditions Precedent /Completion	Milestone 2: Measured Resource	Milestone 3: Scoping Study	Milestone 4: Pre-Feasibility Study	Milestone 5: Definitive Feasibility Study
No. of Consideration Shares to be issued	25,756,503 (issued 26 September 2018)	28,528,502	19,635,002	4,460,003	30,261,006
No. of Consideration Options to be issued	-	-	-	32,340,001	20,559,006
No of Transaction Options to be issued	32,430,001 (issued 26 September 2018)	-	-	-	-
Tando Interest in SPD Vanadium Project	24.26%	27.79%	36.98%	51.77%	73.95%

*Note: Refer Appendix 2 for definition of the terms used in this table*

Tando is pleased to advise that with Completion achieved, the Board has confirmed Mr Oliver as Managing Director going forward. Given the significant transition which has resulted from the SPD acquisition, Mr Oliver's salary has been increased to \$240,000p.a. in line with the expanded responsibilities and greater demands placed on him.

**For and on behalf of the board:**

Mauro Piccini  
Company Secretary

**Media**

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## APPENDIX 1.

The resource for the SPD Vanadium Project as shown in Table 1 was estimated by GEMECS Pty Ltd based on all available drilling data in accordance with the SAMREC Code (2007) and is therefore a “qualifying foreign resource estimate” as defined in the ASX Listing Rules (further detail below and in the ASX Announcement of 22 March 2018). The resource was classed as inferred under the SAMREC Code. Bill Oliver, Managing Director of Tando, is acting as the Competent Person and has reviewed reports and data compiled and used in the resource estimation. The authors of the report on the 2010 exploration activities and resource estimate have confirmed that there are no material changes to the resource or underlying data since the date of the report (June 2010), and that the information presented here is consistent with the data it reported.

*Table 1. SPD Vanadium Project resource (classed as inferred under the SAMREC Code).*

Reef	Avg Thickness (m)	Tonnes (Mt)	Whole Rock V <sub>2</sub> O <sub>5</sub> %	Mt%	Magnetic Tonnes	V <sub>2</sub> O <sub>5</sub> % in Magnetite
Upper Layer	24	184.2	0.73	42.4	78.1	1.99
Lower Layer	22	329.1	0.81	41.6	136.0	2.20
<b>Averages &amp; Totals</b>	<b>23</b>	<b>513.3</b>	<b>0.78</b>	<b>41.9</b>	<b>215.0</b>	<b>2.09</b>

**Table 1 Notes:** While this foreign resource is not reported in compliance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (**JORC Code**), it is the Company's opinion (and the opinion of the Competent Person for this document), that the data quality and validation criteria, as well as the resource methodology and check procedures, are reliable and consistent with criteria as defined by the JORC Code. All tabulated data has been rounded to one decimal place for tonnage and two decimal places for grades. %V<sub>2</sub>O<sub>5</sub> is derived from XRF analysis by multiplying %V by 1.785.

The resource for the SPD Vanadium Project is based on two phases of drilling detailed in the ASX Announcement of 22 March 2018 (also refer Figure 1). Initial exploration by Vantech in 1997 comprised 16 diamond core drill holes for 1051.6m as well as detailed geological mapping. Exploration by VanRes comprised 23 RC drillholes for 1,073m and 2 diamond core drillholes for 278m drilled in 2010. Best whole-rock drilling results from the SPD Vanadium Project include:

- 9m at 1.34% V<sub>2</sub>O<sub>5</sub> + 10.5% TiO<sub>2</sub> from 9m (SFR019)
- 13m at 1.13% V<sub>2</sub>O<sub>5</sub> + 7.43% TiO<sub>2</sub> from 10m (SFR017)
- 14m at 1.08% V<sub>2</sub>O<sub>5</sub> + 7.07% TiO<sub>2</sub> from 9m (SFR013)
- 20m at 0.96% V<sub>2</sub>O<sub>5</sub> + 8.35% TiO<sub>2</sub> from 11m (SFR011)
- 15m at 0.92% V<sub>2</sub>O<sub>5</sub> + 6.44% TiO<sub>2</sub> from 8m (SFR018)
- 12.2m at 0.90% V<sub>2</sub>O<sub>5</sub> from 127.2m & 26.9m at 0.80% V<sub>2</sub>O<sub>5</sub> from 43.1m (SFDD001)

Drill samples were passed through a Davis Tube to obtain a magnetic concentrate. Vanadium and titanium content analyses in the concentrate are very consistent, **averaging 2% V<sub>2</sub>O<sub>5</sub> and 13% TiO<sub>2</sub>** (ASX Announcement 22 March 2018).



The Competent Person has not yet completed sufficient review on the qualifying foreign resource estimate to classify it in accordance with the JORC Code at this time and consequently it is uncertain that, following evaluation and/or further exploration work that the qualifying foreign resource estimate will be able to be reported as a Mineral Resource in accordance with the JORC Code. As detailed in this announcement the Company plans to implement a drilling programme to establish a Mineral Resource and, provided results are consistent with previous drilling, carry out further drilling aimed at increasing the confidence in the Mineral Resource.



## Appendix 2

### Milestones

The Consideration Shares, Consideration Options and Transaction Options will be issued progressively upon satisfaction of the milestones set out below:

- (a) **Milestone 1:** satisfaction of all conditions precedent to the Acquisition Agreements. This has been achieved and the consideration issued;
- (b) **Milestone 2:** achievement of a **Measured Resource** (as defined in the JORC Code (2012 Edition)) of at least 75 million tonnes at least 0.78% V<sub>2</sub>O<sub>5</sub> and/or 1.8% V<sub>2</sub>O<sub>5</sub> in magnetic concentrate post high and low magnetic separation within 24 months from the date of the Acquisition Agreements;
- (c) **Milestone 3:** completion of a **Scoping Study** (as defined in the JORC Code (2012 Edition)) within 36 months from the date of the Acquisition Agreements, which contains a positive conclusion as to VanRes' capacity to develop the project as a commercial enterprise;
- (d) **Milestone 4:** completion of a **Pre-Feasibility Study** (as defined in the JORC Code (2012 Edition)) within 48 months from the date of the Acquisition Agreements, which contains a positive conclusion as to VanRes' capacity to develop the project as a commercial enterprise; and
- (e) **Milestone 5:** completion of a **Definitive Feasibility Study** (as defined in the JORC Code (2012 Edition)) within 60 months from the date of the Acquisition Agreements, which contains a positive conclusion as to VanRes' capacity to develop the project as a commercial enterprise,

**Consideration Options** have a nil exercise price and are exercisable on or before 26 September 2023

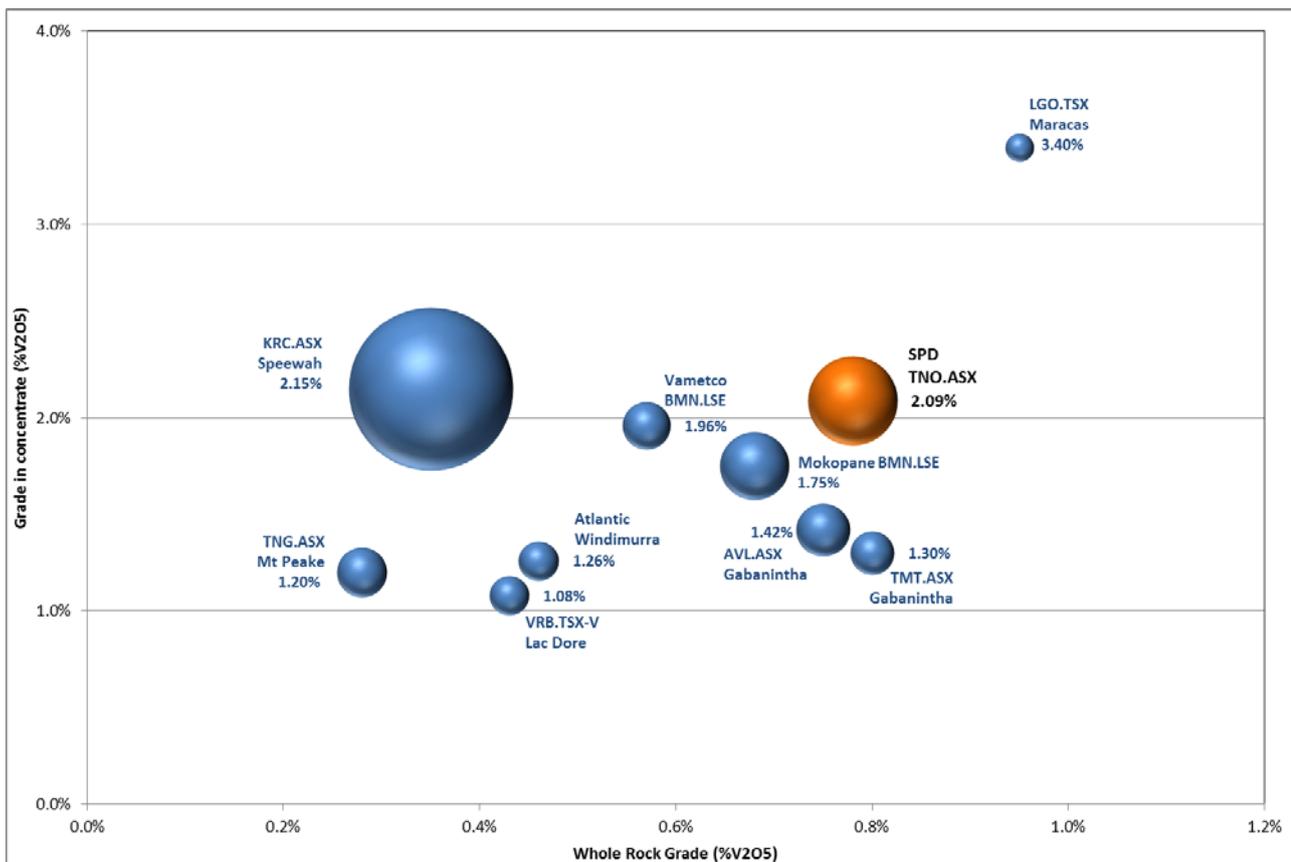
**Transaction Options** are exercisable at 10.8c on or before 26 September 2021



## Appendix 3

### Background on the SPD Vanadium Project

Global vanadium projects are summarised in Figure 3. Currently approximately 85% of the world's vanadium is produced in China, Russia and South Africa. The SPD Vanadium Project is located in one of these producing regions and has the potential to be globally significant based on its tonnage and grade in concentrate (Figure 1).

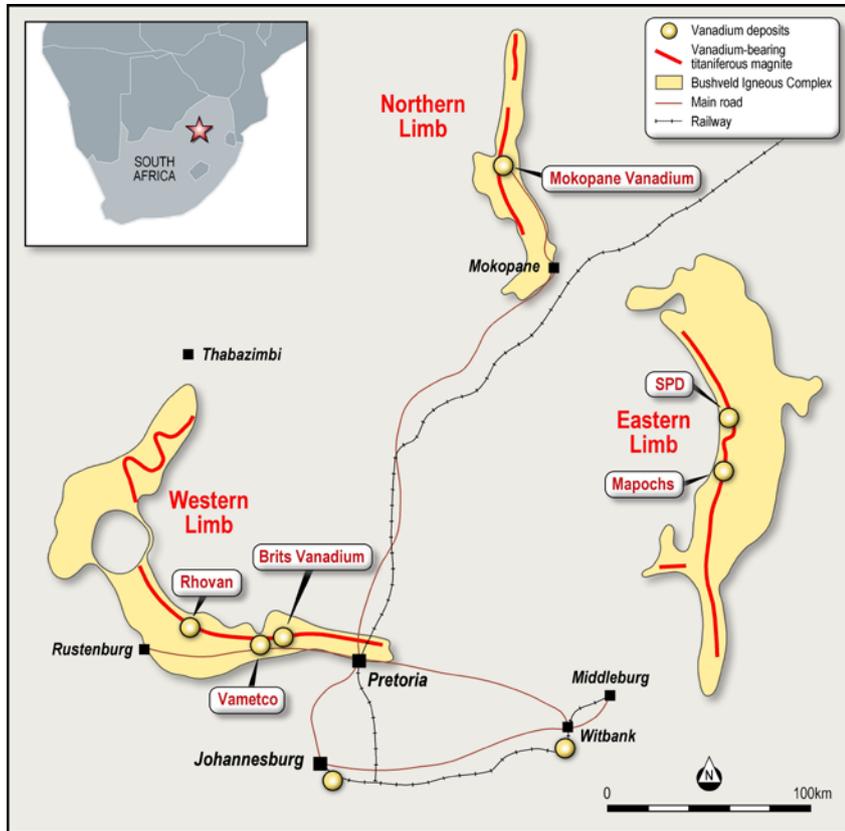


**Figure 1.** Global vanadium projects categorised by resource grade and grade in concentrate. Label states concentrate grade based on reported testwork. Bubble size denotes tonnage. Tonnes and grade based on reported total resources, due to different host exchanges these are reported under differing reporting regimes (JORC, 43-101 or SAMREC). Source: Company websites, ASX / TSX / LSE announcements.

The SPD Vanadium Project is located in a similar geological setting to the mining operations of Rhovan (Glencore), Vametco (Bushveld Minerals) and Mapochs (International Resources Ltd) in the Gauteng and Limpopo provinces of South Africa (Figure 2). Both the Rhovan and Vametco processing plants include refining to generate products used in the global steel making industry and aim to develop downstream processing to produce materials used in the battery market. The SPD Vanadium Project



is located only 30km from the currently dormant Mapochs mine which has a processing plant and railway infrastructure.



**Figure 2.** Location of the SPD Vanadium Project and other vanadium deposits in the Bushveld Igneous Complex.

The region around the SPD Vanadium Project contains critical infrastructure such as:

- High voltage power lines and sub stations operated by the state provider ESKOM,
- Water resources including the De Hoop Dam 15km south of the project,
- Rail links,
- Sealed roads around the project area,
- Mining service companies and support business in the immediate area,
- Available skilled workforce within the local community and the region.

The SPD Vanadium Project was discovered in the 1990's during a regional exploration campaign to find new supply for active vanadium operations including the Kennedy's Vale Mine. Vanadium mineralisation at the SPD Project is hosted in two vaniferous titanomagnetite layers. Initial exploration by Vantech in 1997 comprised 16 diamond core drill holes for 1051.6m as well as detailed geological mapping (ASX Announcement 22 March 2018).

VanRes held a prospecting right over the SPD Project from 2009 until 2015 when an application for a Mining Right was lodged. Exploration by VanRes comprised 23 RC drillholes for 1,073m and 2 diamond core drillholes for 278m drilled in 2010, culminating the estimation of a resource under the SAMREC Code (Table 1).



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