

Launch of Vision Blue Resources, closure of US\$60m fundraising and first investment in NextSource Materials

Highlights

- Vision Blue Resources launched by Sir Mick Davis to rapidly build a portfolio of strategically significant investments in battery mineral assets
- First fundraising of US\$60m concluded in 5 weeks to complete imminent transactions
- Initial investment of US\$29.5m in NextSource Materials to:
 - Bring high quality Molo Project in Madagascar into production in less than 1 year, with significant further expansion potential
 - Investigate potential to produce purified graphite for lithium-ion batteries in electric vehicles
- Pipeline of future investments already identified with further fundraisings by VBR expected in 2021 in response to expressions of investor interest

London 8, February 2021

Vision Blue Resources ("VBR" or "Vision Blue") announces that it has raised an initial US\$60m and made its first investment of US\$29.5m in NextSource Materials ("NextSource"), which is developing one of the largest and highest quality flake graphite deposits in the world.

Vision Blue was created by Sir Mick Davis in December 2020 to capitalise on the structural change in battery mineral demand underway globally by acquiring a portfolio of strategically significant investments in battery mineral assets.

VBR has already identified a number of attractive opportunities and expects to rapidly grow its portfolio. VBR is targeting investments across battery minerals in assets that are either near production or late-stage exploration and where VBR is able to work with existing management teams and shareholders to create significant value. In particular, VBR will prioritise assets with phased development growth potential that can become increasingly significant in the market through incremental expansion and that utilise well understood processing technologies with low-risk logistics solutions.

VBR's thesis is that the growing adoption of Electric Vehicles and Energy Storage Systems will create a surge in battery mineral demand that is unprecedented for a number of commodities. The impact of demand driven by government regulation and a global consensus to urgently reduce emissions is likely to lead to an unprecedented surge in prices and revenues to those mining companies with the right assets.

At the same time, the mining industry is not prepared to meet this demand due to a shortage of capital investment and industry dynamics which mean battery mineral projects do not meet the return criteria of major mining companies. Vision Blue is positioned to provide an alternative source of capital to rapidly advance projects utilising the experienced technical and financial team it has available and leveraging its credentials and industry relationships.

NextSource Materials

NextSource is developing its 100%-owned Molo Project in southern Madagascar, a feasibility-stage and fully permitted flake graphite project that ranks as one of the largest-known and highest quality deposits in the world. Studies conducted by NextSource indicate that the Molo Project has one of the lowest mine capital costs and will be a lowest-quartile producer due to its low-cost, open pit operation with negligible stripping ratio.

VBR's investment of US\$29.5m will be used to fund the construction of Phase I of the Molo Project, to fast track the completion of two technical studies in order to confirm the capital and operating costs for both Phase II mine expansion, and for a value-added graphite processing plant to produce spheronized, purified graphite for lithium-ion batteries in electric vehicles. The Phase I construction is expected to be completed within one year and will produce 17,000 t/pa of 98% purity graphite suitable for all end market applications.

VBR's investment comprises an initial investment of US\$6.1m to acquire newly issued shares at a purchase price of CAD\$0.065 per Common Share representing 16.7% of NextSource's shares outstanding via a private placement. Thereafter, VBR has committed to investing a second equity tranche totalling US\$12.4m, subject to shareholder approval, through a non-brokered private placement at CAD\$0.07 per Unit.

VBR will also invest a further US\$11m in a royalty financing to acquire a royalty on sales of graphite ("SuperFlake®") from the Molo Project.

Following closing of the transaction, Mick Davis will be appointed Chairman of NextSource and VBR will also have the right to propose an additional Board Director for election.

Mick Davis said: "We have been pleased by the level of investor interest in Vision Blue's unique approach to creating value from the next phase of the mining industry's evolution. We have raised US\$60m to complete this first investment as well as additional transactions that are imminent. We have also received significant additional expressions of interest to invest in Vision Blue's future fundraisings and we expect to return to the market later in 2021.

"The impact of rapidly growing demand for battery minerals is likely to lead to a surge in demand for specific commodities that will dwarf anything the mining industry has ever seen before, including the commodity impact of China's industrialisation in the last 20 years. In combination with this surge in demand, a failure to develop new sources of supply highlights the need to ensure that critical mining assets are immediately financed and brought to production.

"Vision Blue is uniquely positioned to take advantage of this emerging trend as we are nimble enough to access the opportunities currently present in battery minerals whilst having access to the financial firepower to undertake larger transactions when the timing is opportune. Today's announcement clearly shows our ability to raise and deploy capital on an accelerated basis.

“NextSource’s Molo Project has the potential to become one of the lowest cost producers of high-quality graphite in the world and a tier one multi-generational asset. The good work already completed by NextSource’s team mean that the initial stage of the Project has been substantially de-risked, and we are confident that production can begin within a year.

The demand outlook for graphite is the strongest for all battery minerals with no credible substitution risk and the potential for a sixfold increase in global annual demand. In addition to supplying traditional markets for graphite and rapidly growing electric battery materials markets the Project is well positioned to meet demand for heat dissipating materials in modern electronics systems including increasing needs for 5G rollouts.”

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About Vision Blue Resources

Vision Blue was founded in December 2020 by Sir Mick Davis to identify and capture opportunities in battery and technology minerals linked to EV & Grid Storage growth.

Vision Blue will target companies in established mining jurisdictions, with well advanced assets (mostly post feasibility study) that are scalable, have low logistics and processing risks and can be brought into production rapidly. VBR aims to work with existing management teams to provide critical growth capital, technical support, experience in securing future finance, and delivery of ultimate exit strategy. Where possible, VBR will utilise a phased development approach based upon a self-financed expansion to achieve large scale revenue and cash flows.

Sir Mick Davis

Sir Mick Davis holds a number of directorships at private companies and is a highly successful mining executive accredited with building Xstrata plc into one of the largest mining companies in the world prior to its acquisition by Glencore plc. Before listing Xstrata on the LSE as CEO he was CFO of Billiton plc and Chairman of Billiton Coal which he joined from the position of Eskom CFO.

During his career in mining he has raised over US\$40bn from global capital markets and successfully completed over US\$120bn of corporate transactions, including the creation of the Ingwe Coal Corporation in South Africa; the listing of Billiton on the LSE; the merger of BHP and Billiton; as well as numerous transactions at Xstrata culminating in the sale to Glencore plc.

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Sir Mick Davis is a Chartered Accountant by profession, and holds an honours degree in Commerce from Rhodes University, South Africa and an Honorary Doctorate from Bar Ilan University, Israel.