

AUSTRALIAN VANADIUM PROJECT AWARDED LEAD AGENCY RECOGNITION IN WA

Western Australian State Government awards AVL Lead Agency Status to support the development of The Australian Vanadium Project.

KEY POINTS

- AVL has been awarded Lead Agency Status by the Western Australian Government.
- The Department of Mines, Industry Regulation and Safety will provide AVL with advice and assistance in the coordination of project approvals across government.
- Lead Agency Status complements the Major Project Status previously awarded to the Australian Vanadium Project by the Federal Government.
- Award highlights the global significance of vanadium as a critical mineral.

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) is pleased to announce that it has been awarded Lead Agency Status by the Department of Mines, Industry Regulation and Safety (“DMIRS”) for the Australian Vanadium Project (“the Project”). The award provides State recognition in addition to the Major Project Status awarded by the Federal Government in September 2019¹.

DMIRS, Western Australia’s lead agency for the regulation of the resources sector, offers a Lead Agency Framework which provides a single point of contact within the State Government, that provides assistance and coordination of the government’s approvals process. Assistance offered includes multi-agency project briefings. Through the application process, the Department of Jobs, Tourism, Science and Innovation (JTSI) has also offered its assistance to the Company.

Vanadium is on the critical minerals list for Australia, the US, the UK and the EU.

¹ See ASX announcement dated 6th September 2019 ‘Major Project Status Awarded to the Australian Vanadium Project’

The Western Australian government has a strong focus on battery metals, with the Future Battery Industry Strategy being its commitment to grow the State into a leading exporter of the components required for batteries, which includes vanadium.

Australian Vanadium Ltd is currently progressing through the feasibility studies required to bring its high-grade vanadium project into production. A robust Pre-Feasibility Study has been released and a pilot scale study with the intention to prove the process at scale, is nearing completion. The Company has a team of internal and external vanadium experts who are developing the Project in the most economically efficient and robust manner possible. The Project has a significant resource base which supports an initial 17-year mine life and is defined over a 2.5km portion of an 11km area of vanadium mineralisation.

Managing Director Vincent Algar comments, “Formal recognition of the importance of The Australian Vanadium Project to Western Australia by the State Government is a crucial step forward. The status provides greater certainty to those considering an investment in the Project, which is already located in a Tier 1 global mining destination. AVL has defined a vanadium project of significant size and economic potential. Official endorsement by the Western Australian Government complements the previously received Federal Government Major Project Status. Assistance with the approval process will be most welcome.

We have built a strong relationship with the Western Australian Minister for Mines and Petroleum Bill Johnston and his office and thank them for their ongoing support of vanadium and our Project.”

Minister Johnston congratulated Australian Vanadium Ltd on being awarded Lead Agency Status. “Vanadium is proving to be a key component in battery technology and renewable energy storage and has been influential in forming the Western Australian Future Battery Industry Strategy, which was officially launched in January 2019,” he said. “Australian Vanadium’s Project demonstrates that Western Australia continues to be the leading jurisdiction for the ethical and sustainable production of battery and critical minerals.”

The Project will have a significant effect on the Western Australian economy, with 500 jobs created during construction and 240 jobs during production. Those jobs will be split across the Meekatharra minesite where the crushing, milling and beneficiation plant will be located and the Geraldton processing plant site (see Figure 1). Utilising a job multiplier of 4, which is standard to the mining industry, the estimated jobs for the entire project is around 3,000.



Figure 1 - The Australian Vanadium Project Location Sites

Vanadium is a critical metal mainly used to strengthen steel, in construction steel and in highly specialised master alloys used in aerospace applications. Alongside this global demand there is a growing market for vanadium in energy storage, using the Australian-invented vanadium redox flow battery (VRFB) technology. AVL has a vertically integrated strategy, with its 100% owned subsidiary VSUN Energy tasked with increasing the knowledge and uptake of the VRFB. The Company has also installed a vanadium electrolyte plant at the University of Western Australia, where it has made battery-grade vanadium electrolyte.

In February this year² AVL was awarded a highly competitive Federal Government CRC-P grant to partly fund industry-leading critical metals research aimed at improving the efficiency of vanadium

² See ASX announcement dated 10th February 2020 'AVL Awarded \$1.25 Million Vanadium Research and Development Grant'

processing. This research includes developing innovative solutions for an ultra-high purity vanadium pentoxide production path for use in battery, catalyst and aerospace applications.

In addition to the jobs linked to the Project's development, there is opportunity for many downstream jobs to be created through vanadium electrolyte production for VRFBs and installation of these batteries through AVL's subsidiary VSUN Energy. There is also potential for VRFB battery manufacture in Australia, as the VRFB is a much less complicated battery to build compared to lithium ion batteries. The VRFB offers an ideal long-life solution for large grid scale storage applications. Vanadium electrolyte can be re-used and does not need to go to landfill or undergo complex recycling, offering a sustainable solution for renewable energy storage and redeployment.

The Company has commenced engagement with its appointed Lead Agency representative, with a focus on identifying specific areas of co-operation and benefit.

For further information, please contact:

Vincent Algar, Managing Director

Tel: +61 8 9321 5594

This announcement has been approved in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

ABOUT AUSTRALIAN VANADIUM LIMITED

AVL is an Australian-owned resource company focused on production of high value vanadium products in Australia. AVL is seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities. AVL is advancing the development of its world-class Australian Vanadium Project and intends to produce a value-added vanadium product in Australia prior to sale to steel, battery and specialty chemical customers.

The Australian Vanadium Project is currently one of the highest-grade vanadium projects being advanced globally, with 208.2Mt at 0.74% vanadium pentoxide (V_2O_5) and containing a high-grade zone of 87.9Mt at 1.06% V_2O_5 reported in compliance with the JORC Code 2012 (see ASX announcement dated 4th March 2020 '*Total Vanadium Resource at The Australian Vanadium Project Rises to 208 Million Tonnes*').

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

AVL has developed a local production capability for ultra-high purity vanadium electrolyte, which forms a key component of vanadium redox flow batteries (VRFB). AVL, through its 100% owned subsidiary VSUN Energy Pty Ltd, is actively marketing the VRFB in Australia.

APPENDIX 1

The Australian Vanadium Project – Mineral Resource estimate by domain and resource classification using a nominal 0.4% V₂O₅ wireframed cut-off for low-grade and nominal 0.7% V₂O₅ wireframed cut-off for high-grade (total numbers may not add up due to rounding).

2020 Feb	Category	Mt	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
HG	Measured	10.1	1.14	43.9	13.0	9.2	7.5	3.7
	Indicated	25.1	1.10	45.4	12.5	8.5	6.5	2.9
	Inferred	52.7	1.04	44.6	11.9	9.4	6.9	3.3
	Subtotal	87.9	1.06	44.7	12.2	9.2	6.8	3.2
LG 2-5	Indicated	44.5	0.51	25.0	6.8	27.4	17.0	7.9
	Inferred	60.3	0.48	25.2	6.5	28.5	15.3	6.7
	Subtotal	104.8	0.49	25.1	6.6	28.0	16.1	7.2
Trans 6-8	Inferred	15.6	0.65	28.4	7.7	24.9	15.4	7.9
	Subtotal	15.6	0.65	28.4	7.7	24.9	15.4	7.9
Total	Measured	10.1	1.14	43.9	13.0	9.2	7.5	3.7
	Indicated	69.6	0.72	32.4	8.9	20.6	13.2	6.1
	Inferred	128.5	0.73	33.5	8.8	20.2	11.9	5.4
	Subtotal	208.2	0.74	33.6	9.0	19.8	12.1	5.6

COMPETENT PERSON STATEMENT — MINERAL RESOURCE ESTIMATION

The information in this announcement that relates to Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd) and Mr Brian Davis (Consultant with Geologica Pty Ltd). Mr Barnes and Mr Davis are both members of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG). Both have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Barnes is the Competent Person for the estimation and Mr Davis is the Competent Person for the database, geological model and site visits. Mr Barnes and Mr Davis consent to the inclusion in this announcement of the matters based on their information in the form and context in which they appear.