

2020

ANNUAL REPORT

ACN 116 221 740

ASX: AVL



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Corporate Directory

Directors

Vincent Algar (Managing Director)
Leslie Ingraham (Executive Director)
Brenton Lewis (Non-Executive Chairman)
Daniel Harris (Non-Executive Director)

Company Secretary

Neville Bassett

Registered Office

Level 1, 85 Havelock Street
West Perth WA 6005

Telephone

08 9321 5594

Facsimile

08 6268 2699

Share Registry

Automic Pty Ltd
Level 2
267 St Georges Terrace
Perth WA 6000

Telephone

1300 288 664

Auditors

Armada Audit & Assurance Pty Ltd
18 Sangiorgio Court
Osborne Park WA 6017

Securities Exchange Listing

Australian Vanadium Limited shares (AVL) are quoted on the Australian Securities Exchange (ASX).

Letter from The Chairman

Dear Fellow Shareholders,

On behalf of your Board of Directors, I have pleasure in presenting the 2020 Annual Report of Australian Vanadium Limited (“AVL” or the “Company”) for the 30 June 2020 financial year.

2020 has been an unprecedented year for everyone and our thoughts are with those around the world who have been affected in one way or another by the global pandemic.

AVL has been able to maintain its progress towards production from the Australian Vanadium Project in Western Australia and has been buoyed by support from both the Federal and State Governments.

The importance of understanding a deposit’s geology and the way to process it cannot be underestimated. The work our technical team has undertaken to ensure that the processing method is representative and fully scalable will be invaluable to project investors. The impact of increased vanadium recoveries and the potential for saleable co-products will add further to the Project’s robustness.

An updated Resource released this year has seen an overall increase of 9.5%, bringing the total Resource to 208 Million Tonnes. This is a result of focused additional drilling and an increased understanding of the geological setting. The growth in tonnages confirms the global significance of the Project.

A point of difference for AVL to its peers is the strength of both the internal and external teams working on the Project. We are lucky to have a breadth of experience in vanadium that is globally unparalleled in a company working towards production.

Around the world the interest in renewable energy remains unabated and the vanadium redox flow battery is gaining traction. Developments this year have included company mergers and investment in vanadium electrolyte leasing. It is pleasing to see VSUN Energy starting to have the success it deserves.

I would like to thank shareholders for their continuing support throughout the year and extend my sincere thanks to the Board, management and my colleagues for their contributions and efforts.

Yours faithfully,



Brenton Lewis, Chairman

Directors' Report

CORPORATE HIGHLIGHTS

The Australian Vanadium Project

- Mining Lease M51/878 has been granted by DMIRS with an initial term of 21 years.
- Mining Licence Application (MLA51/890) submitted over the Company's southern fault blocks.
- A Mineral Resource update brought the total Mineral Resource to 208.2Mt at 0.74% V₂O₅.
- A water access agreement was signed with Westgold Resources Ltd (ASX: WGX).
- Pilot Scale study delivered a concentrate quality of 1.44% V₂O₅ generated from initial pilot scale testing.
- Benchscale tests averaged 95% vanadium extraction for pelletised concentrate.
- Feasibility study innovations have resulted in multiple high-value pathways for an iron-titanium co-product generated from the Project.
- The Project was awarded Major Project Status by the Australian Federal Government and Lead Agency Status by the Western Australian State Government.
- An option agreement was signed over land east of the port city of Geraldton for the vanadium processing plant location.
- A Letter of Intent was signed with Hebei Yanshan Vanadium and Titanium Industry Technology Research Co Ltd, a subsidiary of HBIS Group Chengsteel to discuss a binding purchase and sale agreement for AVL's vanadium products.
- A non-binding MOU was signed with Enerox GmbH for vanadium pentoxide and vanadium electrolyte supply.

VSUN Energy

- 20kW/80kWh VRFB to be installed at an orchard in Pakenham, Victoria for Priest Bros.
- 80kW/320kWh VRFB to be installed at Meredith Dairy in Victoria.
- MOU and grant application for Strelley Community School in the Pilbara, Western Australia.
- VSUN Energy part of the Queensland Farmers' Federation group which is in receipt of a grant from the Federal Government's Regional and Remote Communities Reliability Fund. Value Added Reseller agreement signed with CellCube manufacturer Enerox GmbH.

Coates

- AVL formed a strategic alliance with Lithium Australia NL (ASX: LIT) and private company Mercator Metals Ltd to collaboratively advance exploration activities targeting Ni-Cu-PGE mineralisation at the Coates Project near Wundowie in Western Australia.
- Lithium Australia announced historical geological and geochemical information that it had compiled with AVL.
- Approved drilling program to include targeting for base metals and PGE.

Directors' Report (continued)

Corporate Matters

- In September 2019, \$5,194,975 was raised through a Share Purchase Plan and \$1,400,000 was raised through a Placement for a total of \$6,594,975.
- AVL received \$249,643 from the Australian Federal Government's Research and Development Tax Incentive Scheme for the 2017/2018 tax year. This was received in September 2019.
- AVL received \$1,834,184 from the Australian Federal Government's Research and Development Tax Incentive Scheme for the 2018/2019 tax year. This was received in June 2020.
- Government grants of \$574,936 were received during the year from the Department of Industry, Innovation and Science as part of the Cooperative Research Centres Projects ("CRC-P").
- On 25 September 2020, AVL announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs. Subject to shareholder approval, for every two shares issued under the Placement, one free attaching option will be issued. The options will have an exercise price of \$0.025 and will expire two years from the date of issue.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The outbreak and the response from Governments dealing with the pandemic has affected general activity levels within the global community and economies. The Company's Chairman and Non-Executive Director are located outside Western Australia and hence the crisis has had an impact on management as travel is currently not possible due to the mandatory government suspension of all international travel and the closure of the Western Australia border. The Company has utilised technology (e.g. video conferencing) to mitigate the effects of this disruption.

Australian Vanadium Limited introduced flexible work practices during the initial phase of the pandemic which enabled operations to quickly adapt with minimal disruption to the business. Employees at all levels of the business were asked to change the way they work, and how they interacted professionally and socially. There have been no COVID-19 cases identified amongst our employees. In the absence of a vaccine for the virus, the global operating environment remains volatile and the potential disruption to our suppliers and contractors, and further government restrictions, have the potential to adversely impact future operations of the Group.

The annual financial statements for the Group have been prepared based on assumptions and conditions prevalent at 30 June 2020. Given ongoing economic uncertainty, these assumptions could change in the future.

Directors' Report (continued)

REVIEW OF OPERATIONS

The following is a summary of activities undertaken by Australian Vanadium Ltd, (ASX: AVL, "the Company" or "AVL") during the period to the date of this report.

The Australian Vanadium Project

The Australian Vanadium Project (the Project) is located approximately 40km south of Meekatharra within the northern Murchison region of Western Australia. Access from Perth is via the Great Northern Highway and the Meekatharra-Sandstone Road.



Figure 1 Location of The Australian Vanadium Project

Mining Lease granted

Mining Lease M51/878 has been granted by DMIRS with an initial term of 21 years from 28 August 2020. The granting of the Mining Lease is a major milestone in the Company's pathway to development of the Project.

Directors' Report (continued)

New Mining Licence application

AVL submitted a new Mining Licence Application (MLA51/890) over the Company's southern fault blocks.

MLA 51/890 contains Inferred Resources in fault blocks 60 and 70 with:

- Total Mineral Resource of 27.5 Mt 0.76% V₂O₅;
- Including high-grade massive magnetite zone of 14.8 Mt at 0.99% V₂O₅; and
- 3D Magnetic Inversion model showing additional strike of 500m with potential for further high-quality resources pending drilling.

Previous drill results in southern fault blocks returned high-grade vanadium with only minor weathering, implying high magnetic recoveries and concentrate quality. The application provides flexibility for future infrastructure works and further optimisation of the Project's mine-life.

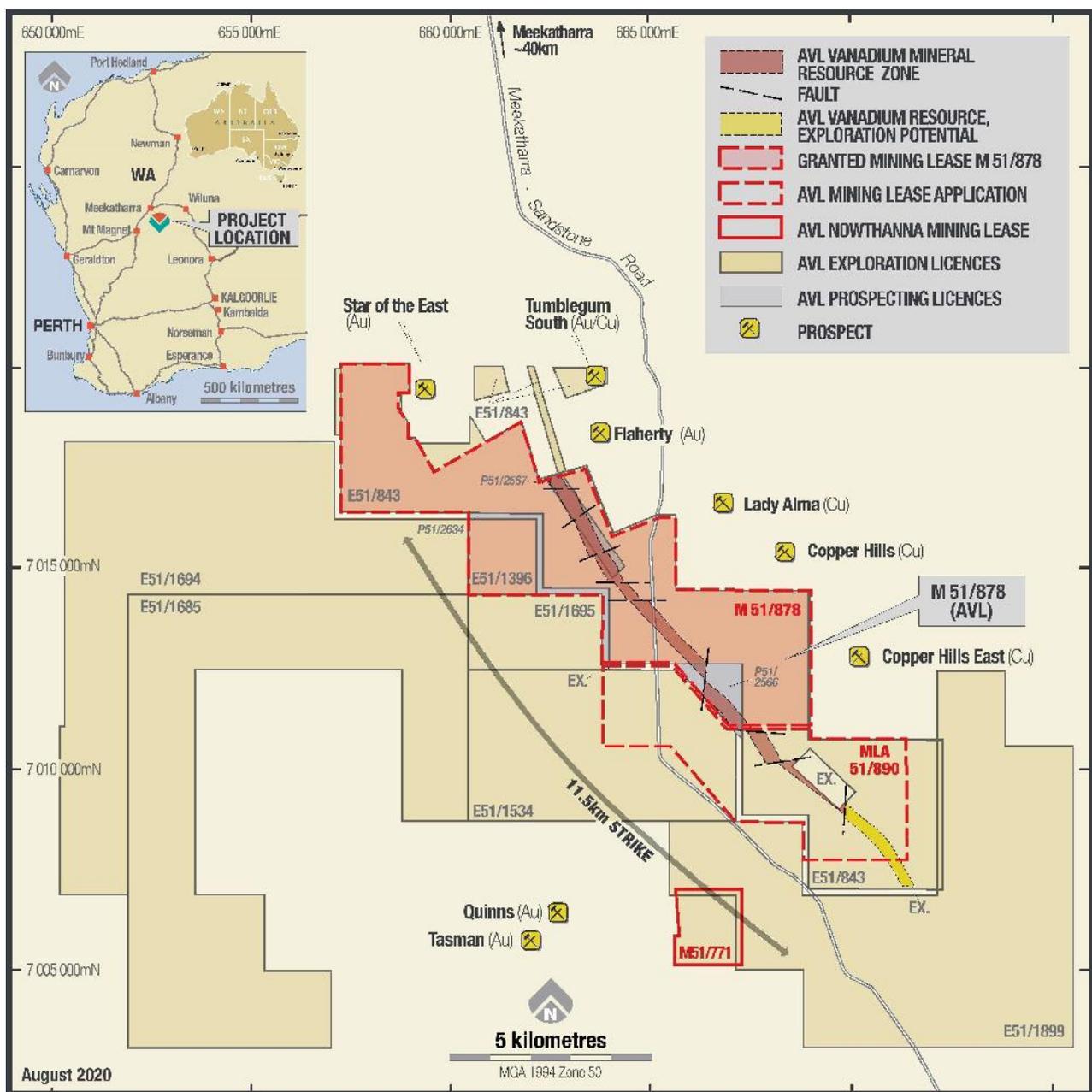


Figure 2 AVL Tenure over the Australian Vanadium Project and location of granted M 51/878

Directors' Report (continued)

Drilling results

Drilling work was undertaken during the year, with the following programs being included in the Mineral Resource update:

- Reverse Circulation (RC) drilling from late 2018 in fault block 6;
- RC pre-collar/Diamond tail drilling from January - April 2019 in fault blocks 17 and 20;
- The 13 RC holes completed in October 2019; and
- The 30 RC holes completed in December 2019.

Mineral Resource Update

A Mineral Resource update was announced on 4 March 2020. The update brought the total Mineral Resource to 208.2Mt at 0.74% V₂O₅ from massive and disseminated zones consisting of:

- Measured Mineral Resource of 10.1Mt at 1.14% V₂O₅,
- Indicated Mineral Resource of 69.6Mt at 0.72% V₂O₅, and
- Inferred Mineral Resource of 128.5Mt at 0.73% V₂O₅.

The revised Mineral Resource included a distinct massive magnetite high-grade zone of 87.9Mt at 1.06% V₂O₅ consisting of:

- Measured Mineral Resource of 10.1Mt at 1.14% V₂O₅,
- Indicated Mineral Resource of 25.1Mt at 1.10% V₂O₅, and
- Inferred Mineral Resource of 52.7Mt at 1.04% V₂O₅.

Successful conversion of 13Mt of existing high-grade Mineral Resources from Inferred to Indicated category strongly supports ongoing optimisation studies to extend life of mine. Detailed magnetic susceptibility analysis has outlined the opportunity for improved vanadium recovery (see Table 1 and 2, on pages 68 and 69 respectively).

Water Access Agreement with Westgold

AVL signed a co-operation and access agreement with Westgold Resources Limited (ASX: WGX) for access to excess water from Westgold's operations at Reedy's to support the Project. Potential benefits to arise from the agreement include:

- Reduced groundwater and environmental impacts.
- Substantial de-risking of the water volume and quality requirements.

In addition to water access, the agreement provides a platform for friendly collaboration over access and the use of new and existing roads to move ore, materials and products within the companies' tenements.

Directors' Report (continued)

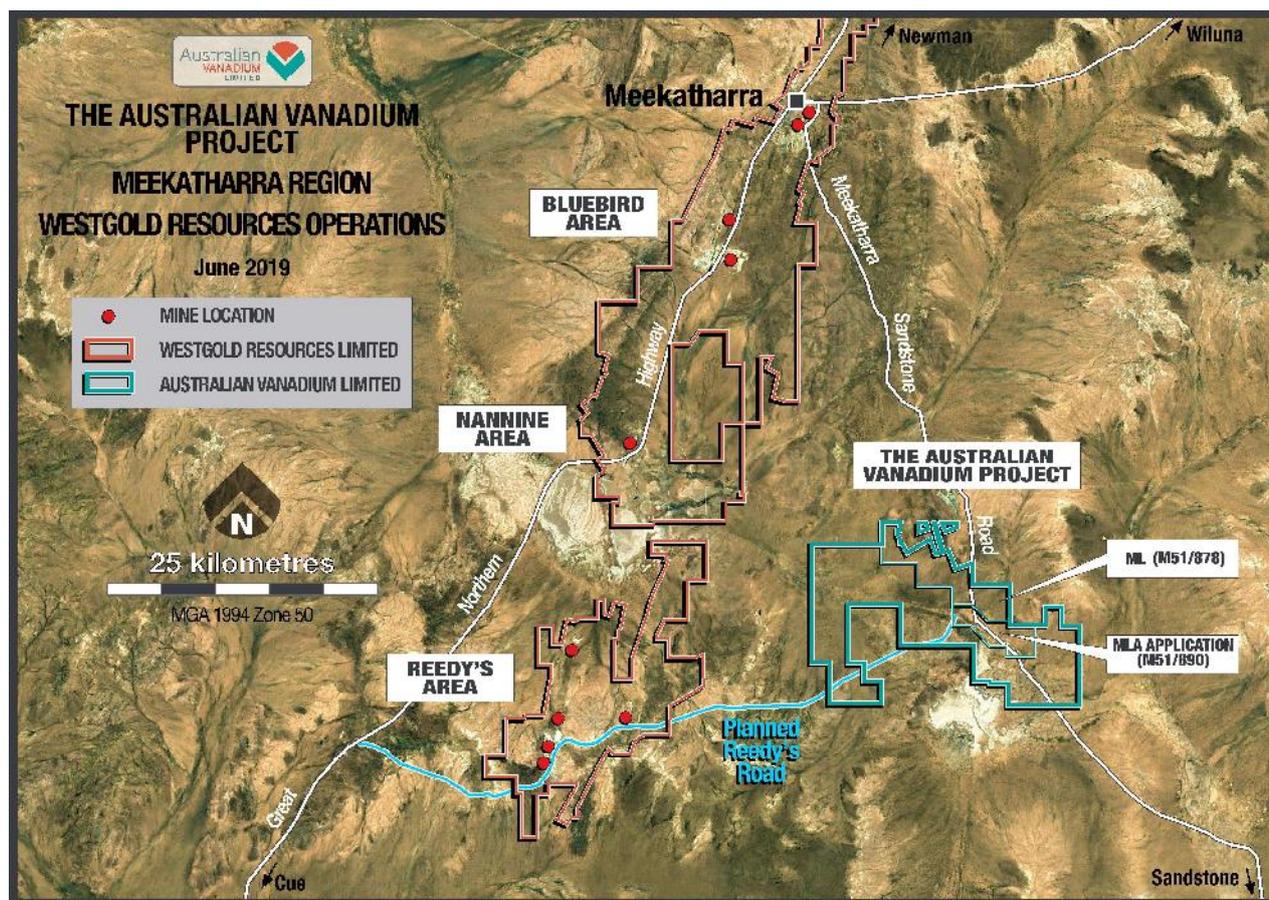


Figure 3 Westgold Resources and AVL Tenement Locations with planned road

Pilot Scale Study

Between January and April 2019, AVL collected 30 tonnes of oxide, transitional and fresh core samples from the Project. The drilling was undertaken to provide samples for a pilot scale metallurgical test program and to support a resource update.

During the past year AVL has worked through a range of tests for the Crushing, Milling and Beneficiation (CMB) process and the refinery processes. Key successes through the testwork period have included:

- High-purity 99.4% V_2O_5 was produced from pre-pilot testwork, confirming the outstanding quality of AVL's standard mine product when in operation.
- 93.3% average extraction was achieved through pilot scale roast and leach testwork, confirming benchscale test results.
- Vanadium concentrate generated from life-of mine average feed blend achieved 76% vanadium recovery at a grade of 1.37% V_2O_5 , with earlier years (0-5 years) achieving a 69% vanadium recovery at a grade of 1.39% V_2O_5 .
- The CMB pilot concentrates were exceptionally low in silica for a vanadiferous titanomagnetite (VTM) project. The Y0-5 concentrate having 1.83% SiO_2 (0.86% Si) and the LOM concentrate 1.68% SiO_2 (0.79% Si). A clean vanadium leachate is also essential to produce high purity vanadium oxides for vanadium redox flow batteries (VRFBs) and other specialty chemical applications.

Extensive pyrometallurgical pilot testwork has been undertaken to de-risk plant design and construction.

Directors' Report (continued)

Pellet Roast Results, improvement to PFS results

AVL's pre-feasibility vanadium roast leach extraction was 84.3%, based on benchscale testwork for a standard flowsheet which is well supported by documented industry performance. Vanadium leach extraction using a pelletised concentrate feed, achieved an average of 93.3% leach extraction. After allowing for scaling up, this is estimated to deliver an 8% relative improvement on the basis applied in the PFS. These test outcomes relate to the processing of concentrate designed to represent the average of the first five years of forecast production and build on results from previous AVL bench scale tests, where 587kg of concentrate was roasted in batches and similar vanadium leach extractions were observed.

AVL is finalising testing of the downstream hydrometallurgical circuit which will complete the metallurgical design. Various programs are underway with CRC-P partners Wood, ANSTO and ALS Metallurgy aimed at further innovating the process flowsheet to assure a competitive low-cost, low-risk outcome. Roasted concentrate already generated from the pilot program is being utilised for current CRC-P work.

Iron-Titanium Co-Product

Feasibility study innovations have resulted in multiple high-value pathways for an iron-titanium co-product generated from the Project. Funded by the CRC-P research grant, AVL is pursuing further value addition to the iron co-product that includes upgrading iron-titanium co-products by further removal of gangue and other techniques and developing a processing solution for separating titanium from the calcine.

Piloting testwork on the vanadium recovery flowsheet has enabled the production of representative samples of calcine which are being used for marketing and further characterisation testwork.

Potential markets include:

- Iron producers or specialty traders (sold as a blending feedstock) or high titanium iron concentrate for blast furnace refractory protection.
- Australian iron ore or concentrate producer for use as a silica blending control.
- High titanium iron pellet for blast furnace refractory protection.
- Moderate 58-64% Fe grade concentrate.
- 90-96% Fe as merchant pig iron or iron powder.
- 45-52% TiO₂ product for sale into the ilmenite market.
- Dense media for mineral separations.
- 92% TiO₂ product for sale into the rutile market.

Major Project Status and Lead Agency Status

On 6 September 2019, the Project was awarded Major Project Status by the Federal Government. The award provides formal recognition of the national strategic significance of the Project, through its contribution to economic growth, employment and contribution to regional Western Australia. The award gives AVL a single point of contact for assistance with navigating the approval process and relevant Government legislation.

Directors' Report (continued)

The Project was subsequently awarded Lead Agency Status by the Western Australian State Government through the Department of Mines, Industry Regulation and Safety (DMIRS). Lead Agency Status provides AVL with advice and assistance in the coordination of project approvals across government. Regular meetings are being held with DMIRS and the Department of Jobs, Tourism, Science and Innovation (JTSI) has also offered assistance to the Company.

Option agreement over land for vanadium processing plant

AVL has signed an option agreement over a potential location for its vanadium processing plant. The land is located inland from the port city of Geraldton (see Figure 1). The location allows AVL to access existing gas, water, road and rail infrastructure in the mid-west region. Domestic gas prices close to the coast are particularly attractive in comparison to prices elsewhere in the country and the world. The option agreement is renewable for two further one-year term extensions from October 2020.

Letter of Intent signed with Yanshan Vanadium Titanium

AVL signed a Letter of Intent with Hebei Yanshan Vanadium and Titanium Industry Technology Research Co Ltd, a subsidiary of HBIS Group Chengsteel (Yanshan Vanadium Titanium). The Letter of Intent confirms interest from both parties to discuss a binding purchase and sale agreement for AVL's vanadium products. A subsequent visit the Chengde headquarters of HBIS by Vincent Algar and Todd Richardson allowed for technical discussions that were undertaken regarding potential improvements to the Project's process, which Yanshan Vanadium Titanium believes could result in cost improvements.

Discussions between the two parties are ongoing to expand the terms of discussion. A pause to negotiations occurred due to COVID-19 restrictions.

MOU for vanadium offtake and electrolyte sales

In September 2020, AVL signed an MOU with CellCube VRFB manufacturer Enerox GmbH. The MOU includes development of:

- Vanadium pentoxide offtake arrangements to support global VRFB sales by Enerox;
- A vanadium electrolyte facility in Australia to supply Enerox battery installations, and
- Assistance with arrangement of vanadium electrolyte leasing.

COVID response – business strategy update

In March 2020, the Company provided an update on its business strategy to navigate through the global COVID-19 pandemic. Located in Western Australia, the Company has been fortunate to have had a low overall impact on its operations. Initial measures included reduced salaries for staff, redundancies where required, reduction of external consulting activity and a postponement of field-based activities relating to geotechnical work for site location and mine design.

In spite of the pandemic, the Company has maintained its focus on moving the Project forward towards production and navigated through the working environment that the world has found itself in by embracing online meetings and conference presentations.

Directors' Report (continued)

COMPLETION OF BANKABLE FEASIBILITY STUDY

The Company is currently in the process of completing a Bankable Feasibility Study for the Development of the Australian Vanadium Project at Meethatharra. AVL completed a Pre-Feasibility Study in November 2018. The Company has since undertaken extensive and rigorous pilot test work at local and overseas laboratories, the results of which will form the basis of the final processing design. Some delays have occurred from Covid-related slowdowns of test work, but overall the Company is progressing well to complete the Bankable Feasibility Study by mid-2021. Pending a positive finance decision and expedient environmental approval, long lead time item ordering, front end engineering design and construction will commence shortly afterwards.

VSUN Energy

VSUN Energy Pty Ltd is the Company's 100% owned subsidiary with the sole focus of developing the Australian market for vanadium redox flow batteries (VRFBs). The expansion of the Australian and global VRFB market opens up significant new opportunities for additional consumption of high-purity vanadium products used in vanadium electrolyte.

Metrowest MOU

In August 2019 AVL and VSUN Energy signed a non-binding MOU to facilitate the installation of energy storage solutions using VRFB technology. The companies continue to work with each other on potential projects. Metrowest has a strong background in Engineering, Procurement and Construction (EPC) and a deep knowledge in the power industry.

VRFB Installation at Priest Bros Orchard, Victoria

VSUN Energy secured the sale of a 20kW/80kWh VRFB to be installed at an orchard in Pakenham, Victoria. The system will be attached to an existing 60kW solar array which will be expanded by a further 100kW of solar generation. The system will provide a minimum of four hours of stored renewable energy with its designed configuration and will allow the client to increase their onsite renewable generation and consumption, far in excess of what would be capable with a standalone solar array. The sale is subject to the award of the Victorian on-farm energy grant under the Agriculture Investment Energy Plan which is awaiting approval.

VRFB Installation at Meredith Dairy, Victoria

VSUN Energy also secured the sale of an 80kW/320kWh VRFB to be installed at Meredith Dairy in Victoria. The system will be attached to a 450kW solar array. Meredith Dairy's goal is to have a sustainable operation with full power being supplied via onsite renewable generation. The sale is subject to the award of the Victorian on-farm energy grant under the Agriculture Investment Energy Plan which is awaiting approval. This part of the project is part one of a two stage project which will see the expansion of the battery system and additional PV installed.

Solar and VRFB Installation at Strelley Community School

VSUN Energy signed an MOU for a period of 12 months from September 2019 with Nomads Charitable & Educational Foundation (Nomads). VSUN Energy has applied for a grant from the Western Australian State Government to fund the installation of a renewable energy solution at Strelley Community School in the Pilbara region of Western Australia on behalf of Nomads. The result of the grant application is expected in September or October 2020.

Directors' Report (continued)

Queensland Farmers Federation Microgrid grant

VSUN Energy was included as part of a group of companies to receive a grant from the Federal Government's Regional and Remote Communities Reliability Fund in June 2020. VSUN Energy is included in the group to provide energy analysis and modelling for VRFBs as a potential battery storage solution. The project will consider the benefits of microgrids and energy storage to Queensland and New South Wales agricultural energy consumers and networks.

Other members of the group include Cotton Australia, ReAqua and Constructive Energy.

Reseller Agreement for CellCube VRFBs

In September 2020 VSUN Energy signed a Value Added Reseller (VAR) agreement with Enerox GmbH for the supply and installation of CellCube VRFBs. The VAR agreement provides VSUN Energy with the non-exclusive right to market, sell and install Enerox products in Australia for a period of 2 years. The Enerox CellCube has been installed in many locations around the world, with an installation of a 10kW/100kWh system in Busselton by VSUN Energy being the second CellCube VRFB to be installed in Australia.

VSUN Energy continues to offer batteries from a range of manufacturers to cover all size requirements.

Coates Project

The Coates vanadium deposit is situated approximately 35km east of metropolitan Perth in the Shire of Wundowie. Exploration at Coates was undertaken in the 1970s after its discovery in the early 1960s. Mining plans have previously been produced by Agnew Clough Ltd on the Coates vanadium deposit, although no significant mining was undertaken.

Planned drilling program

A Program of Works (PoW) on E70/4924-I over the Coates vanadium deposit was approved by DMIRS. The application was for drilling of up to 15 diamond core holes. AVL signed a joint venture agreement with private company Ultra Power Systems (UPS) which was terminated in May 2020 due to non-compliance with the terms of the agreement.

Palladium-Nickel-Copper potential

Further to the Chalice Gold Mines (ASX: CHN) Julimar project nickel-copper-platinum group elements (PGE) discovery 29km NNW of AVL's Coates tenement, the Company reviewed its planned exploration and drilling programs to include targeting for base metals and PGE.

Platinum Group Elements, among the rarest metals on earth, comprise ruthenium, rhodium, palladium, osmium, iridium, and platinum which are elements with high melting points, corrosion resistance and catalytic qualities.

Strategic alliance with Lithium Australia and Mercator Metals

AVL created a strategic alliance with Lithium Australia NL (ASX: LIT) and private company Mercator Metals Pty Ltd in May 2020 to collaboratively advance exploration activities targeting Ni-Cu-PGE mineralisation at the Coates Mafic Intrusive Complex. The companies' tenements adjoin each other and cover the mafic-ultramafic rock sequences containing the Coates Gabbro. The combined tenements provide a continuity for efficient exploration.

Directors' Report (continued)

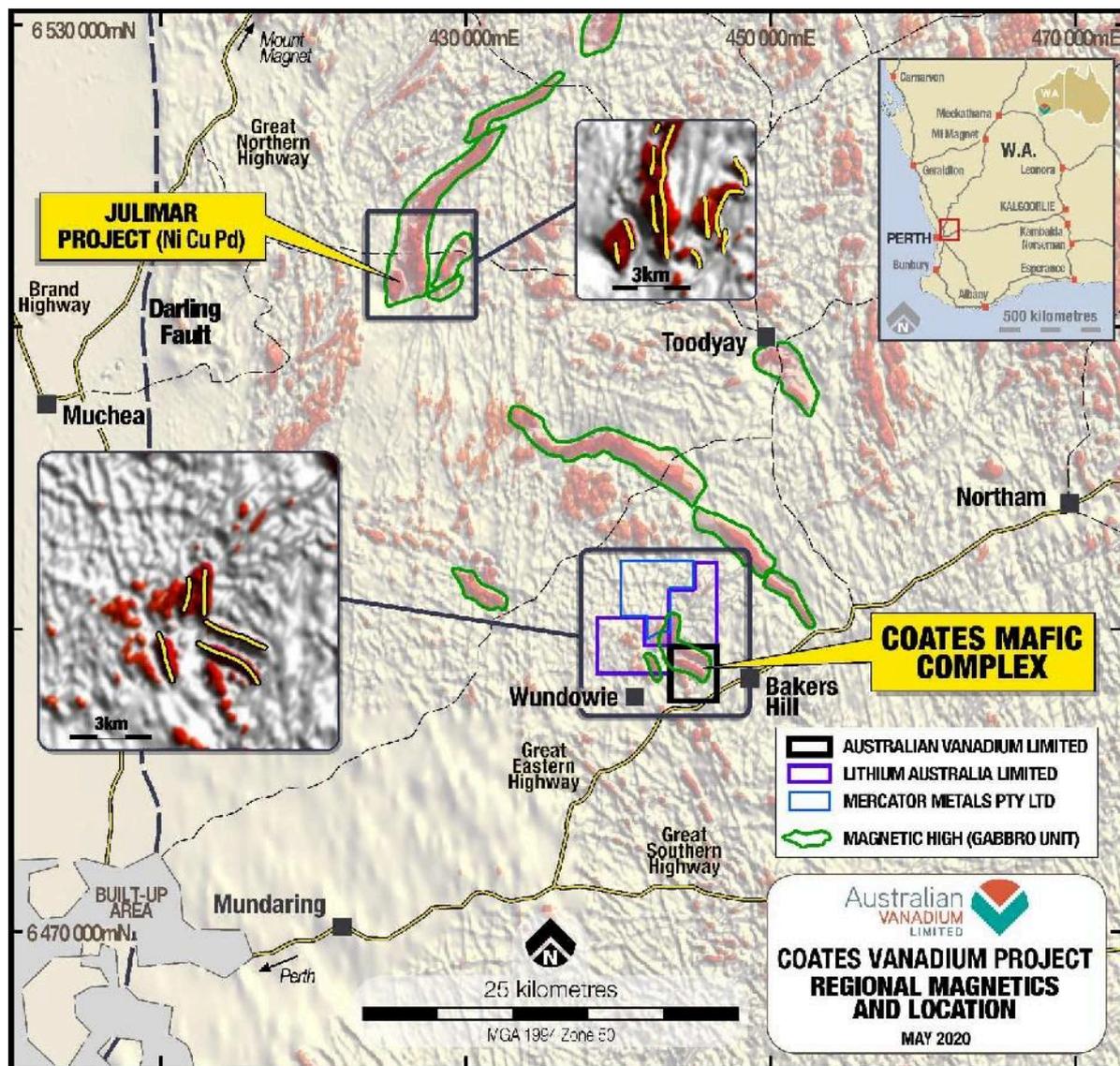


Figure 4 Location of Coates Project alongside known Base Metal, VTM and PGE Projects

Lithium Australia announced geochemistry results

In July 2020 Lithium Australia announced historical geological and geochemical information that it had compiled with AVL. This included geochemical analyses from 522 vacuum holes drilled within Mercator Minerals' R70/59 in 2013 which supports the exploration strategy for Ni, Cu, PGE and Au. Approvals for fieldwork are underway, with early modelling of available aeromagnetic data completed.

Bryah Resources Limited

AVL presently holds 11.25 million shares and 1.25 million listed options (expiry 31 October 2020, exercise price \$0.30) in Bryah, which represents a 9.27% holding in that company. Bryah Resources Limited is a gold, base metals and manganese exploration company with tenements exclusively in Western Australia.

Directors' Report (continued)

DIRECTORS

The names of the Directors of the Company in office during or since the end of the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Position
Vincent Algar	Managing Director
Leslie Ingraham	Executive Director
Brenton Lewis	Non-Executive Chairman
Daniel Harris	Non-Executive Director

The qualifications, experience and special responsibilities of each Director are as follows:

Vincent Algar – BSC (Hons) Geology MAusIMM

Mr Vincent Algar is a geologist by profession with over 28 years of experience in the mining industry spanning underground and open cut mining operations, greenfields exploration, project development and mining services in Western Australia and Southern Africa. He has significant experience in the management of publicly listed companies, which includes the entire compliance, marketing and management process and encompasses the development of internal geological and administrative systems, exploration planning and execution, plus project acquisition and deal completion.

During the past three years, Mr Algar was also a director of the following ASX listed companies:

- Nil.

Leslie Ingraham

Mr Ingraham has been in private business for over 30 years and is an experienced mineral prospector and professional investor. He has successfully worked as a consultant for both private companies and companies listed on the ASX. Core competencies include capital raising and shareholder liaison.

During the past three years, Mr Ingraham was also a director of the following ASX listed companies:

- Bryah Resources Limited – appointed 15 November 2017

Brenton Lewis – BBSM (Hons), MBSc

Mr Lewis is an academic who has spent the past 20 years in the tertiary education sector. He has held management positions including Head of Department and Head of Post-Graduate Studies. He has published, taught and researched in areas including ethics and psychopathology. He has been a consultant to various health agencies including the Hong Kong Hospital Authority and the WA Health Department. He has served on numerous boards of management including academic and non-government organisations.

During the past three years, Mr Lewis was also a director of the following ASX listed companies:

- Nil.

Directors' Report (continued)

Daniel Harris

Mr Harris brings with him a vast amount of expertise in the vanadium industry and an understanding of the resource sector from both a technical and financial perspective. Recent roles include the interim CEO and Managing Director at Atlas Iron Limited; CEO & Chief Operating Officer at Atlantic Ltd; Vice President & Head of Vanadium Assets at Evraz Group; Managing Director at Vametco Alloys; General Manager of Vanadium Operations at Strategic Minerals Corporation and as an independent technical and executive consultant to GSA Environmental Limited in the United Kingdom.

During the past three years, Mr Harris was a director of the following ASX listed companies:

- Atlas Iron Limited – appointed 6 May 2016
- Paladin Energy Limited – appointed 1 February 2018; resigned 11 December 2019
- QEM (Queensland Energy Minerals) – appointed 19 March 2018

COMPANY SECRETARY

Neville Bassett

Mr Bassett is a Chartered Accountant with over 35 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the Directors and executives in the shares and options of Australian Vanadium Limited were:

	Number of Ordinary Shares	Number of Options Over Ordinary Shares
Shares		
Vincent Algar ¹	7,663,436	-
Leslie Ingraham ²	30,478,774	-
Brenton Lewis ³	15,028,600	-
Daniel Harris ⁴	2,500,000	-
Todd Richardson ⁵	380,000	-

¹ Mr Algar also holds 21,000,000 performance rights which were cancelled on 10 July 2020.

² Mr Ingraham also holds 21,000,000 performance rights which were cancelled on 10 July 2020.

³ Mr Lewis also holds 12,000,000 performance rights which were cancelled on 10 July 2020.

⁴ On 8 July 2019, Mr Harris acquired 2,500,000 AVL shares on market at 1.4 cents per share. Mr Harris also holds 6,000,000 performance rights which were cancelled on 10 July 2020.

⁵ Mr Richardson holds 4,573,125 performance rights with an expiry date of 31 December 2020. Refer to Remuneration Report for further details.

Directors' Report (continued)

MEETINGS OF DIRECTORS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Number Eligible to Attend	Number Attended
<i>Directors</i>		
Vincent Algar	4	4
Leslie Ingraham	4	4
Brenton Lewis	4	4
Daniel Harris	4	4

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and Officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the *Corporations Act 2001*.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to various environmental laws and regulations under government legislation. The exploration tenements held by the Group are subject to these regulations and there have not been any known breaches of any environmental regulations during the year under review and up until the date of this report.

CORPORATE INFORMATION

Nature of Operations and Principal Activities

The principal continuing activities during the year of entities within the Consolidated Entity were exploration for vanadium/titanium and other economic resources, the development of vanadium electrolyte production and the sale of VRFB systems.

Directors' Report (continued)

Corporate Structure

Australian Vanadium Limited is a limited liability company that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Australian Vanadium Limited	Parent entity
VSUN Energy Pty Ltd	100% owned controlled entity
<i>Formerly Australian Vanadium Resources Pty Ltd</i>	
South African Lithium Pty Ltd	100% owned controlled entity
Australian Uranium Pty Ltd	100% owned controlled entity
Cabe Resources Limited	100% owned controlled entity

OPERATING AND FINANCIAL REVIEW

Operating Review

A review of operations for the financial year is contained within this Directors' Report. The consolidated loss after income tax for the financial year was \$2,713,630 (2019: \$5,216,688).

Financial Position

At 30 June 2020, the Group had cash reserves of \$5,541,703 (2019: \$4,417,373). The net assets of the Group have increased by \$3,413,016. The increase is largely due to the following factors:

- the issue of 573,476,491 new shares to raise \$6,594,975;
- the Group received \$2,083,827 in Research and Development Tax Incentive for the 2020 financial year of which \$1,834,184 was received in June 2020;
- ongoing exploration and evaluation of The Australian Vanadium Project;
- advancement of the vanadium in energy storage strategy;
- incurring overheads and running costs consistent with operating a listed company; and
- remuneration of key management personnel essential to the continued success of the Group.

Following balance date, the Company announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs. Subject to shareholder approval, for every two shares issued under the Placement, one free attaching option will be issued. The options will have an exercise price of \$0.025 and will expire two years from the date of issue.

Refer to Note 1(b) for further disclosures regarding the Group's financial position.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year are detailed in the Company's review of operations. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this Annual Report.

Directors' Report (continued)

EVENTS SUBSEQUENT TO REPORTING DATE

On 10 July 2020 the Company cancelled 60,000,000 performance rights on issue. The performance rights were issued on 12 July 2017 with vesting conditions relative to the determination of a JORC resource on the Company's Blesberg Lithium-Tantalum Project.

On 28 August 2020 the Company was granted Mining Lease M51/878 by the Western Australian Government Department of Mines, Industry Regulation and Safety for the Australian Vanadium Project. The initial term of the mining lease is 21 years.

On 25 September 2020, AVL announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs. Subject to shareholder approval, for every two shares issued under the Placement, one free attaching option will be issued. The options will have an exercise price of \$0.025 and will expire two years from the date of issue.

No other matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, other than as outlined in the Company's review of operations which is contained in this Annual Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its principal activity of exploration and evaluation, and associated activities as outlined in the Company's review of operations. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

Directors' Report (continued)

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Australian Vanadium Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the *Corporations Act 2001*.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those Key Management Personnel who are not Directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

Remuneration Policy

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in a general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the Consolidated Entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company Directors and Officers are remunerated to a level consistent with the size of the Company.

The Executive Directors and full-time Executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed. The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of its size and maturity. During the year the Company included a performance-based component of remuneration for the Directors.

Directors' Report (continued)

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-Executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination approved by shareholders was an aggregate compensation of \$500,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with ASX Listing Rules.

Separate from their duties as Directors, the Non-Executive Directors may undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the Non-Executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward Executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward Executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of Executives with those of shareholders;
- link rewards with the strategic goals and performance of the Company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate.

Directors' Report (continued)

Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long-term incentive portion as considered appropriate. Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice. The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay - Long Term Incentives

The objective of long-term incentives is to reward directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the Director's/Executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTIs) granted to directors and executives are delivered in the form of options or performance rights. LTIs granted to executives are delivered in the form of employee share options or performance rights. Options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting of options or rights is to reward executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTIs are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTIs granted is, in turn, dependent on the Company's recent share price performance, the seniority of the executive, and the responsibilities the executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Directors' Report (continued)

Employment Contracts of Directors and Senior Executives

The employment arrangements of the Non-Executive Chairman and Executive Directors are not formalised in a contract of employment. Remuneration and other terms of employment for the Chief Executive Officer/Managing Director are formalised in an employment contract. Major provisions are set out below.

Vincent Algar, Managing Director:

- Annual base salary of \$300,000 plus superannuation;
- Notice period required to be given by the Company or employee for termination of one month, except in the case of gross misconduct;
- Payment of termination benefit on termination by either party equal to the amount in lieu of the notice period.

Compensation Options Granted to Key Management Personnel

No options were granted to Directors or Executives during the year ended 30 June 2020.

Performance Rights and Shares Issued to Key Management Personnel on Exercise of Compensation Options

On 29 October 2019, 1,219 512 performance rights held by Mr Richardson converted to ordinary shares.

On 8 April 2020, Mr Richardson was granted a further 4,573,125 performance rights with a vesting date of 6 July 2020. These performance rights were subject to satisfying the vesting condition, being continuous employment from grant date to vesting date.

Compensation Options Lapsed During the Year

No options previously issued to Key Management Personnel lapsed during the year.

Directors' Report (continued)

Details of Remuneration for the Year

Details of the remuneration of Directors and specified Executives of Australian Vanadium Limited are set out in the following table. There are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

	Year	Short-Term	Post	Share-	Total	Performance Based Remuneration
		Benefits	Employment	Based		
		Salary & Fees	Super-annuation	Options & Rights		
<i>Directors</i>		\$	\$	\$	\$	%
Vincent Algar	2020	275,000	26,125	-	301,125	0
	2019	254,167	24,146	-	278,313	0
Leslie Ingraham ¹	2020	177,133	16,828	-	193,961	0
	2019	180,000	17,100	-	197,100	0
Brenton Lewis	2020	77,917	7,402	-	85,319	0
	2019	62,000	5,890	-	67,890	0
Daniel Harris	2020	81,250	-	-	81,250	0
	2019	70,000	-	-	70,000	0
Total Directors	2020	611,300	50,355	-	661,655	0
	2019	566,167	47,136	-	613,303	0
Executives						
Todd Richardson ² (Chief Operating Officer)	2020	275,577	26,180	42,648	344,405	12
	2019	254,167	24,146	34,146	312,459	11
Total Executives	2020	275,577	26,180	42,648	344,405	12
	2019	254,167	24,146	34,146	312,459	11
Key Management Personnel	2020	886,877	76,535	42,648	1,006,060	4
	2019	820,334	71,282	34,146	925,762	4

¹ The Group paid Streamline Capital Pty Ltd (a related party of Mr Leslie Ingraham) \$85,431 during the period (refer to Note 18b).

² On 8 April 2020, Mr Richardson was granted a further 4,573,125 performance rights with a vesting date of 6 July 2020. These performance rights were subject to satisfying the vesting condition, being continuous employment from grant date to vesting date. The performance rights were valued at the share price on grant date being 1 cent. A total of \$42,648 in share based payments was recognised to 30 June 2020 based on the vesting period.

No other performance-related payments were made during the year. Performance hurdles are not attached to remuneration options if issued, however the Board determines appropriate vesting periods to provide rewards over a period of time to Key Management Personnel.

Directors' Report (continued)

Share holdings of Key Management Personnel

	Balance 1 July 2019	Received as Remuneration	Options Exercised	Acquired/ (Disposed)	Net Change/ Other	Balance 30 June 2020
Directors						
Vincent Algar	7,663,436	-	-	-	-	7,663,436
Leslie Ingraham	30,478,774	-	-	-	-	30,478,774
Brenton Lewis	15,028,600	-	-	-	-	15,028,600
Daniel Harris ¹	-	-	-	2,500,000	-	2,500,000
Todd Richardson ²	380,000	-	-	(1,219,512)	1,219,512	380,000

¹ On 8 July 2019, Mr Harris acquired 2,500,000 AVL shares on market at 1.4 cents per share.

² On 29 October 2019, 1,219 512 performance rights held by Mr Richardson converted to ordinary shares.

Performance rights holdings of Key Management Personnel

	Balance 1 July 2019	Granted as Remuneration	Vested & Converted	Lapsed/ Cancelled	Balance 30 June 2020	Number Vested & Exercisable
Directors						
Vincent Algar ¹	21,000,000	-	-	-	21,000,000	-
Leslie Ingraham ²	21,000,000	-	-	-	21,000,000	-
Brenton Lewis ³	12,000,000	-	-	-	12,000,000	-
Daniel Harris ⁴	6,000,000	-	-	-	6,000,000	-
Todd Richardson ⁵	1,219,512	4,573,125	(1,219,512)	-	4,573,125	-

¹ Mr Algar held 21,000,000 performance rights (2019: 21,000,000) which were cancelled on 10 July 2020.

² Mr Ingraham held 21,000,000 performance rights (2019: 21,000,000) which were cancelled on 10 July 2020.

³ Mr Lewis held 12,000,000 performance rights (2019: 12,000,000) which were cancelled on 10 July 2020.

⁴ Mr Harris held 6,000,000 performance rights (2019: 6,000,000) which were cancelled on 10 July 2020.

⁵ During the year, Mr Richardson converted 1,219,512 performance rights into ordinary shares. Mr Richardson holds 4,573,125 performance rights (2019: 1,219,512) which expire 31 December 2020.

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Loans and Other Transactions with Key Management Personnel

There were no loans to or from, or other transactions with, Key Management Personnel.

SHARE OPTIONS

As at the date of this report, no options were outstanding over unissued ordinary shares.

Directors' Report (continued)

AUDITOR

Armada Audit & Assurance Pty Ltd continues in office in accordance with Section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

No non-audit services were provided by our auditors, Armada Audit & Assurance Pty Ltd during the year.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2020, as required under section 307C of the *Corporations Act 2001*, has been received and is included within the financial report.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'Brenton Lewis', with a long horizontal flourish extending to the right.

Brenton Lewis
Chairman
29 September 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	Consolidated	
		2020 \$	2019 \$
Other income	2(a)	187,056	232,940
Impairment of exploration and evaluation asset	9	-	(3,296,846)
Exploration and evaluation expenditure	9	(14,976)	-
Depreciation and amortisation	8(a) / 11	(120,430)	(62,661)
Finance costs	2(b)	(36,142)	-
Share-based payments	21	(189,080)	(206,466)
Directors' fees and benefits expenses		(166,569)	(137,890)
Realised foreign exchange (loss)/gain		(28,211)	-
Other expenses	2(c)	(2,345,278)	(1,745,765)
Loss before income tax expense		(2,713,630)	(5,216,688)
Income tax expense	3	-	-
Net loss for year		(2,713,630)	(5,216,688)
Other comprehensive income			
Other comprehensive income for the year, net of tax			
Items that cannot be subsequent reclassified to profit and loss			
Movement in fair value of investment classified as fair value through OCI	10	(67,500)	(240,000)
Total comprehensive loss attributable to members of Australian Vanadium Limited		(2,781,130)	(5,456,688)
		Cents	Cents
Basic/diluted earnings per share	5	(0.11)	(0.29)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2020

		CONSOLIDATED	
	Note	2020	2019
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	6	5,541,703	4,417,373
Trade and other receivables	7	225,196	374,678
Total current assets		5,766,899	4,792,051
Non-current assets			
Plant and equipment	8	238,863	278,477
Exploration and evaluation expenditure	9	23,479,022	21,750,919
Financial assets	10	540,000	457,500
Right-of-use assets	11(a)	151,343	-
Total non-current assets		24,409,228	22,486,896
TOTAL ASSETS		30,176,127	27,278,947
LIABILITIES			
Current liabilities			
Trade and other payables	12	461,179	1,286,637
Provisions	13	187,580	53,885
Lease liability	11(b)	106,098	-
Total current liabilities		754,857	1,340,522
Non-current liabilities			
Lease liability	11(b)	69,829	-
Total non-current liabilities		69,829	-
TOTAL LIABILITIES		824,686	1,340,522
NET ASSETS		29,351,441	25,938,425
EQUITY			
Issued capital	14	89,457,105	83,411,527
Reserves	14	(592,572)	(732,009)
Accumulated losses		(59,513,092)	(56,741,093)
TOTAL EQUITY		29,351,441	25,938,425

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	CONSOLIDATED			Total \$
	Issued Capital \$	Accumulated Losses \$	Other Reserves \$	
Balance as at 1 July 2018	76,177,333	(51,524,405)	(562,500)	24,090,428
Loss for the year	-	(5,216,688)	-	(5,216,688)
Total loss for the year	-	(5,216,688)	-	(5,216,688)
Movement in fair value of investments recognised in equity	-	-	(240,000)	(240,000)
Total comprehensive loss				(5,456,688)
Securities issued pursuant to placements	-	-	-	-
Shares issued on conversion of options	7,182,871	-	-	7,182,871
Shares issued as consideration	105,000	-	-	105,000
Securities issued on conversion of performance rights	30,975	-	-	30,975
Share based payments	-	-	70,491	70,491
Capital raising costs	(84,652)	-	-	(84,652)
Balance as at 30 June 2019	83,411,527	(56,741,093)	(732,009)	25,938,425
Opening balance adjustment on adoption of new accounting standard AASB16 Leases (note 1 c)	-	(58,369)	-	(58,369)
Balance as at 30 June 2019 Restated	83,411,527	(56,799,462)	(732,009)	25,880,056
Loss for the year	-	(2,713,630)	-	(2,713,630)
Total loss for the year	-	(2,713,630)	-	(2,713,630)
Movement in fair value of investments recognised in equity	-	-	(67,500)	(67,500)
Total comprehensive loss				(2,781,130)
Securities issued pursuant to placements	6,594,975	-	-	6,594,975
Shares issued on conversion of options	-	-	-	-
Shares issued as consideration	158,516	-	-	158,516
Securities issued on conversion of performance rights	27,099	-	-	27,099
Share based payments	-	-	206,937	206,937
Capital raising costs	(735,012)	-	-	(735,012)
Balance as at 30 June 2020	89,457,105	(59,513,092)	(592,572)	29,351,441

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	CONSOLIDATED	
		2020 \$	2019 \$
Cash flows from operating activities			
Payments to suppliers and employees		(3,184,662)	(1,894,039)
Interest received		50,219	124,991
Net receipts from other entities		122,842	124,547
Net cash used in operating activities	6(a)	(3,011,601)	(1,644,501)
Cash flows from investing activities			
Expenditure on mining interests		(4,421,517)	(6,126,233)
Receipts from Research and Development Tax Incentives and Government Grants		2,658,763	-
Payment for property plant & equipment		(3,470)	(62,850)
Net cash used in investing activities		(1,766,224)	(6,189,083)
Cash flows from financing activities			
Proceeds from issue of shares	14	6,594,975	7,182,871
Repayment of lease liabilities	11	(147,273)	-
Payment of capital raising costs		(545,547)	(84,696)
Net cash provided by financing activities		5,902,155	7,098,175
Net increase in cash held		1,124,330	(735,409)
Cash at beginning of the financial year		4,417,373	5,152,782
Cash at end of financial year	6	5,541,703	4,417,373

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Australian Vanadium Limited (the “Company”) and Controlled Entities (the “Consolidated Entity” or “Group”) for the year ended 30 June 2020.

Australian Vanadium Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is domiciled in Western Australia. The nature of operations and principal activities of the Group are described in the Directors' Report.

1(a) *Basis of Preparation*

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The Group's financial statements are presented in Australian dollars.

1(b) *Financial Position*

The financial report has been prepared on the going concern basis, which contemplates the continuation of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. The Group's primary source of funding is from capital raisings, equity funding and Research and Development Tax Incentives. The Group received \$2,083,827 in Research and Development Tax Incentive for the 2020 financial year of which \$1,834,184 was received in June 2020. Furthermore the Group received Government grants of \$574,936 for the year ended 30 June 2020. For the year ended 30 June 2020 the Group incurred a net loss of \$2,713,630 (2019: \$5,216,688) and had a working capital surplus of \$5,012,042 at 30 June 2020. The Group has a listed investment of \$540,000 (Note 10) that can be sold to generate further funds. The Group also has the ability to cut back and reduce discretionary costs and reduce/defer budgeted exploration expenditure as necessary.

On 25 September 2020, AVL announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs. Subject to shareholder approval, for every two shares issued under the Placement, one free attaching option will be issued. The options will have an exercise price of \$0.025 and will expire two years from the date of issue.

Notes to the Financial Statements (continued)

Based on the working capital surplus at 30 June 2020, the cash flow forecast prepared by management, the value of the listed shares, the \$5 million in firm commitments received on 25 September 2020 and the Group's ability to reduce discretionary costs and defer budgeted exploration costs, the Directors consider the going concern basis of preparation to be appropriate.

1(c) *Adoption of New and Revised Standards*

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The following new standard came into effect on 1 July 2019:

AASB 16 Leases

The Company has adopted AASB 16 *Leases* (AASB 16) from 1 July 2019. AASB 16 introduced a single, on balance sheet accounting model for lessees. As a result, the Company as a lessee will recognise right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The changes in the Company's accounting policies are set out below.

Significant accounting policy

The Company, as a lessee, will assess whether a contract is, or contains, a lease under AASB 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

If the contract is assessed to be, or contains, a lease, the Company will recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain re-measurements of the lease liability.

Depreciation is based on the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability, offset by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Recognition exemption - Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases with a lease term of 12 months or less and leases for low-value assets. The Company will recognise the payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements (continued)

1(c) Adoption of New and Revised Standards (continued)

Impact on transition

The Group has adopted AASB 16 *Leases* retrospectively from 1 July 2019 but has not restated comparatives for the June 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

The difference between the Lease Liability and the Right-of-Use Asset on date of initial application, being 1 July 2019, was adjusted to retained earnings as follows:

Total Lease Commitments at 30 June 2019	356,543
Value of Lease Liabilities on 1 July 2019 – measured based on the present value of the remaining lease payments using the lessee’s incremental borrowing rate at the date of initial application	287,058
Right-of-Use Asset on 1 July 2019 – measured as if the Standard had been applied since the commencement date of the lease using the lessee’s incremental borrowing rate at the date of initial application	228,689
Adjustment to Retained Earnings on 1 July 2019	58,369

Refer to Note 11 for further details regarding the Right of Use Assets and Lease Liabilities for the year ended 30 June 2020.

1(d) Statement of Compliance

The financial report was authorised for issue on 29 September 2020.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

Notes to the Financial Statements (continued)

1(e) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of Australian Vanadium Limited (“Company” or “Parent Entity”) and its subsidiaries as at 30 June each year (“Consolidated” or “Group”). Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries are accounted for at cost in the individual financial statements of Australian Vanadium Limited. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

1(f) *Other Income*

Interest Income

Interest earned is recognised as it accrues, taking into account the effective yield on the financial asset.

Research and Development Tax Incentive (“R&DTI”)

Income derived from successful R&D claims is recognised on receipt of payment. Research and Development Tax Incentive (“R&DTI”) are accounted for under AASB 120 *Government Grants*. R&DTI are recognised on receipt. R&DTI that relate to the acquisition or construction of an asset are deducted from the carrying amount of the asset in accordance with AASB 120.

Government Grants

Government grants are recognised as revenue when the conditions attached to the grant are satisfied. Grants that relate to construction of asset are deducted from the carrying amount of the asset in accordance with AASB 120

1(g) *Cash and Cash Equivalents*

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

1(h) *Trade and Other Receivables*

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. Impairment losses in respect of debtors is calculated on an expected credit losses method as required by AASB 9 *Financial Instruments*.

1(i) *Income Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Notes to the Financial Statements (continued)

1(i) *Income Tax (continued)*

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Notes to the Financial Statements (continued)

1(j) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1(k) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted. Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement (Financial Liabilities)

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 *Business Combinations* (AASB 3) applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

The Company does not measure any financial liabilities at fair value through profit or loss. All other financial liabilities are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount of initial recognition. A financial liability cannot be reclassified.

Notes to the Financial Statements (continued)

1(k) *Financial Instruments (continued)*

Classification and Subsequent Measurement (Financial Assets)

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (debt instruments)
- fair value through other comprehensive income (equity – no recycling); or
fair value through profit or loss

Based on the two primary criteria, being:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

The Group has financial assets that are measured at amortised cost including trade and other receivables and cash at bank (including term deposits). The Group investment in listed shares (note 10) is measured at fair value through other comprehensive income.

De-recognition

Financial Liabilities:

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial Assets:

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for de-recognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Association no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

Notes to the Financial Statements (continued)

Impairment

The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due, and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument. The Group uses the simplified approach to impairment, as applicable under AASB 9 for trade debtors.

1(l) Exploration and Evaluation Expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - b. the exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

Notes to the Financial Statements (continued)

1(m) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1(n) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Notes to the Financial Statements (continued)

1(o) *Share-Based Payment Transactions*

The Group may provide benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Australian Vanadium Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired, and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Notes to the Financial Statements (continued)

1(p) *Issued Capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1(q) *Segment Reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Group operates in two segments, being mineral exploration within Australia and the sale of VRB systems.

1(r) *Earnings Per Share*

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1(s) *Investments in Associates*

An associate is an entity over which the Consolidated Entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are accounted for in the parent entity using the cost method and in the Consolidated Entity using the equity method of accounting. Under the equity method, the investment in an associate is initially recorded at cost. The carrying amount of the investment is adjusted to recognise changes in the Consolidated Entity's share of net assets of the associate since the acquisition date. The Consolidated Entity's share of post-acquisition profits or losses is recognised in the statement of profit or loss and its share of post-acquisition movements in other comprehensive income is presented as part of the Consolidated Entity's other comprehensive income.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Financial Statements (continued)

1(t) *Plant and Equipment*

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	5 to 10 years
Motor vehicles	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(ii) Derecognition and Disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Notes to the Financial Statements (continued)

1(u) Significant Accounting Estimates and Judgments

Significant Accounting Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and Evaluation Assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(l). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement profit or loss and other comprehensive income.

Significant Accounting Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of Assets

In determining the recoverable amounts of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

ii) Deferred Tax

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Recognition, therefore, involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised.

iii) Share-Based Payment Transactions

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

Notes to the Financial Statements (continued)

2. REVENUE AND EXPENSES

	CONSOLIDATED	
	2020	2019
	\$	\$
2(a) Other Income		
Interest received	54,214	108,392
Gain/(loss) on asset sale	-	4,545
Lease income	732	6,343
R&D concession	-	113,660
Administrative services and other income	132,110	-
	187,056	232,940
2(b) Finance Costs		
Interest on leases	36,142	-
	36,142	-
2(c) Other Expenses		
Salaries and wages	918,967	431,977
Superannuation	126,198	130,257
Stock exchange and registry fees	83,238	111,512
Rent and office facility expenses	29,415	85,408
Legal fees	36,811	23,845
Audit and accounting fees	234,937	100,275
Travel and accommodation	145,831	192,113
Other corporate and administrative expenses	769,881	670,378
	2,345,278	1,745,765

Notes to the Financial Statements (continued)

3. INCOME TAX

3(a) Income Tax Expense

Major components of income tax expense for the years ended 30 June 2020 and 30 June 2019 are as follows:

	CONSOLIDATED	
	2020	2019
	\$	\$
Income statement		
<i>Current income</i>		
Current income tax charge (benefit)	2,029,778	2,681,786
Current income tax not recognised	(2,029,778)	(2,681,786)
Research and development concession	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	935,311	14,310,355
Deferred tax benefit not recognised	(935,311)	(14,310,355)
Income tax expense (benefit) reported in income statement	-	-

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2020 and 30 June 2019 is as follows:

	CONSOLIDATED	
	2020	2019
	\$	\$
Accounting profit (loss) before tax from continuing operations	(2,713,630)	(5,216,688)
Accounting profit (loss) before income tax	(2,713,630)	(5,216,688)
At the statutory income rate of 30% (2019: 30%)	(814,089)	(1,565,006)
Add:		
Non-deductible expenses	20,727	393,798
Temporary differences and losses not recognised	811,362	1,205,306
Less:		
Non-assessable income	(18,000)	-
R&D tax offset	-	(34,098)
At effective income tax rate of 0% (2019: 0%)	-	-
Income tax expense reported in income statement	-	-
Total income tax expense	-	-

Notes to the Financial Statements (continued)

3(b) Deferred Tax Assets

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	CONSOLIDATED	
	2020	2019
	\$	\$
Liabilities:		
Receivables	(1,618)	(419)
Property, plant and equipment	(5,680)	-
Prepaid expenditure	(22,490)	-
Capitalised exploration expenditure	(7,406,475)	(6,259,922)
	(7,436,263)	(6,260,341)
Assets:		
Investments	261,000	240,750
Right of Use Assets	7,375	-
Trade and other payables	13,441	13,616
Provisions	61,038	20,930
Business related costs	245,584	114,885
Tax losses	25,053,349	23,140,375
	25,641,787	23,530,556
Net Deferred Tax	18,205,524	17,270,215

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

4. AUDITORS' REMUNERATION

Amounts paid or due and payable to Armada Audit & Assurance Pty Ltd for:

	CONSOLIDATED	
	2020	2019
	\$	\$
Audit and review	27,750	15,300
	27,750	15,300

Notes to the Financial Statements (continued)

5. EARNINGS PER SHARE

	CONSOLIDATED	
	2020	2019
	\$	\$
	Cents	Cents
Basic earnings per share	(0.11)	(0.29)
<i>The earnings and weighted average number of ordinary shares used in the calculated of basic earnings per share is as follows:</i>		
Net loss for the year	(2,713,630)	(5,216,688)
Weighted average number of ordinary shares used in the calculation of basic EPS	2,413,741,848	1,807,558,351

6. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2020	2019
	\$	\$
Cash at bank	3,430,304	3,503,605
Short-term deposits	2,111,399	913,768
	5,541,703	4,417,373
Cash at bank earns interest at floating rates based on daily deposit rates. Cash and cash equivalents for the purpose of the statement of cash flows are comprised of cash at bank and short-term deposits.		

6(a) Reconciliation of Loss for the Year to Net Cash Flows from Operating Activities

Loss for the year	(2,713,630)	(5,216,688)
Non-cash flows in profit/loss		
Interest Expense on Leases	36,142	-
Depreciation and amortisation	120,430	62,661
Impairment of exploration and evaluation	-	3,296,846
Gain/loss on sale of asset	-	(4,545)
Share based payments	189,080	206,466
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	149,482	(197,658)
Increase/(decrease) in trade and other payables	(926,800)	169,924
Increase/(decrease) in provisions	133,695	38,493
Net cash flows from operating activities	(3,011,601)	(1,644,501)

6(b) Non-Cash Financing and Investing Activities

In the year the following non-cash financing and investing activities occurred:

	CONSOLIDATED	
	2020	2019
	\$	\$
Shares issued as consideration for share issue costs	189,464	-
Fair value of performance rights converted to shares	(25,175)	-
Fair value of performance rights issued to employees	42,648	70,491
	206,937	70,491

Notes to the Financial Statements (continued)

7. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED	
	2020	2019
	\$	\$
Current		
GST receivable	37,312	237,493
Other receivables	136,566	33,499
Trade debtors	67,199	119,567
Less: provision for doubtful debts	(15,881)	(15,881)
	225,196	374,678

Other receivables are non-interest bearing and generally repayable within 12 months. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. PLANT & EQUIPMENT

	CONSOLIDATED	
	2020	2019
	\$	\$
Plant and equipment		
At cost	390,020	386,550
Accumulated depreciation	(177,290)	(141,275)
	212,730	245,275
Motor vehicles		
At cost	60,600	60,600
Accumulated depreciation	(34,467)	(27,398)
	26,133	33,202
Total		
At cost	450,620	447,150
Accumulated depreciation	(211,757)	(168,673)
	238,863	278,477

8(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment during the financial year:

	Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2018	267,332	10,956	278,288
Additions	29,250	33,600	62,850
Depreciation expense	(51,307)	(11,354)	(62,661)
Balance at 30 June 2019	245,275	33,202	278,477
Additions	3,470	-	3,470
Depreciation expense	(36,015)	(7,069)	(43,084)
Balance at 30 June 2020	212,730	26,133	238,863

Notes to the Financial Statements (continued)

9. EXPLORATION AND EVALUATION EXPENDITURE

	CONSOLIDATED	
	2020	2019
	\$	\$
Expenditure brought forward ¹	21,750,919	17,940,501
Less expenditure recouped on sale of asset	-	-
Add expenditure incurred on purchase of asset	-	-
Receipts for exploration and mining activities ³	(2,658,763)	-
Expenditure incurred during the year	4,401,842	7,107,264
Amounts expensed during the period	(14,976)	-
Impairment during the period ²	-	(3,296,846)
Expenditure carried forward	23,479,022	21,750,919

¹ The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploration, or alternatively, sale of the respective areas of interest, at amounts at least equal to the carrying value.

² The Directors made the decision to fully impair the carrying value of AVL's investment in the Blesberg Project in the 2019 Financial Year. The directors considered that there is limited potential for the carrying amount to be fully recoverable as the resource potential of this area of interest is very limited.

³ Receipts include \$2,083,827 in Research and Development Tax Incentive received for the 2020 financial year and 574,936 in government grants related to exploration and evaluation expenditure.

10. FINANCIAL ASSETS

	CONSOLIDATED	
	2020	2019
	\$	\$
Purchase price of investment in Bryah Resources	1,410,000	1,260,000
Fair value movement	(870,000)	(802,500)
Investments at fair value	540,000	457,500

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying Amount of Investment	
				2020	2019	2020	2019
				%	%	\$	\$
Bryah Resources Limited ¹	Mineral Exploration	Australia	Listed: Ordinary	9.27	11.76	540,000	457,500

¹ Investments in Bryah Resources Limited has been classified as an equity instrument at FVTOCI in accordance with AASB 9 *Financial Instruments* with the movements in the investment presented in Other Comprehensive Income. The fair value movement of \$67,500 has been recognised in Equity in accordance with AASB 9 *Financial Instruments*.

Notes to the Financial Statements (continued)

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

11(a) Right-of-Use Assets

	CONSOLIDATED	
	2020	2019
	\$	\$
Current		
Property leases	228,689	-
Less: accumulated amortisation	(77,346)	-
	151,343	-

11(b) Lease Liabilities

Lease payments due on 1 July 2019 for leases previously treated as operating leases under AASB 17 is as follows:

	CONSOLIDATED	
	2020	2019
	\$	\$
Lease liability on 1 July 2019 being the present value of the remaining lease payments using the lessee's incremental borrowing rate at the date of initial application	287,058	-
Less: lease payments	(147,273)	-
Add: interest on lease liability	36,142	-
	175,927	-

Lease liabilities are presented in the Consolidated Statement of Financial Position as follows:

	CONSOLIDATED	
	2020	2019
	\$	\$
Current	106,098	-
Non-Current	69,829	-
	175,927	-

12. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2020	2019
	\$	\$
Current		
Trade payables and accruals	441,459	1,137,811
Payroll tax	5,676	117,618
Fringe benefits tax	14,044	31,208
	461,179	1,286,637

Trade creditors are non-interest bearing and are normally settled on 30-day terms. Due to the short-term nature of trade payables and accruals, their carrying value is assumed to approximate their fair value.

Notes to the Financial Statements (continued)

13. PROVISIONS

	CONSOLIDATED	
	2020	2019
	\$	\$
<i>Current</i>		
Employee entitlements	187,580	53,885
	187,580	53,885

14. ISSUED CAPITAL AND RESERVES

14(a) Issued and Paid Up Capital

	CONSOLIDATED	
	2020	2019
	\$	\$
Ordinary shares – fully paid	91,422,486	84,641,896
Ordinary shares – partly paid	8,000	8,000
Share issue costs written off against issued capital	(1,973,381)	(1,238,369)
	89,457,105	83,411,527

14(b) Movement in Ordinary Shares on Issue

	2020	2020	2019	2019
	Number	\$	Number	\$
<i>(i) Ordinary shares – fully paid</i>				
Balance at beginning of year	1,973,843,787	84,641,896	1,609,123,019	77,323,050
Issue of ordinary shares on conversion of listed options	-	-	359,143,538	7,182,871
Issue of ordinary shares via placements	573,476,491	6,594,975	-	-
Issue of ordinary shares as consideration for acquisition of exploration licences	5,000,000	50,000	-	-
Issue of ordinary shares as consideration for option fee for land acquisition	1,231,926	14,007	-	-
Issue of ordinary shares as consideration for corporate and consulting services received from suppliers	10,060,770	94,509	5,000,000	105,000
Issue of ordinary shares on conversion of performance rights	2,709,858	27,099	577,230	30,975
Balance at end of year	2,566,322,832	91,422,486	1,973,843,787	84,641,896
<i>(ii) Ordinary shares – partly paid (\$0.0389 unpaid)</i>				
Balance at beginning of year	80,000,000	8,000	80,000,000	8,000
Balance at end of year	80,000,000	8,000	80,000,000	8,000
Total issued shares	2,646,322,832	91,430,486	2,053,843,787	84,649,896

Notes to the Financial Statements (continued)

14(c) Terms and Conditions of Issued Capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Fully paid ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Options and partly paid ordinary shares do not entitle their holder to any voting rights.

14(d) Share Options

At 30 June 2020, the following options over unissued ordinary shares were outstanding:

No. shares under option	Class of shares under option	Exercise price (\$)	Expiry date of options
111,449,273	Ordinary	0.02	30 September 2020

14(e) Performance Rights

At 30 June 2020, the following performance rights were outstanding:

	CONSOLIDATED	
	2020 No.	2019 No.
Opening performance rights	102,709,868	100,769,548
Performance rights expired 30 June 2019 ¹	(192,308)	(577,230)
Performance rights expired 19 December 2019	(40,000,000)	-
Performance rights expired 31 December 2019 ¹	(2,517,550)	2,517,550
Performance rights expiring 31 December 2020 ²	4,573,125	-
Closing performance rights	64,573,135	102,709,868

¹ Converted to ordinary shares during the period.

² Vesting condition in respect of rights granted to staff require continuous employment from grant date of rights to 6 July 2020.

14(f) Fair Value Reserve

The fair value reserve records movements in financial assets classified as fair value through Other Comprehensive Income in accordance with AASB 9 *Financial Instruments*.

	CONSOLIDATED	
	2020 \$	2019 \$
Balance at the beginning of the year	(802,500)	(562,500)
Change in fair value of investments	(67,500)	(240,000)
Balance at end of the year	(870,000)	(802,500)

Notes to the Financial Statements (continued)

14(g) Share-Based Payment Reserve

The share-based payments reserve is used to recognise the fair value of options or performance rights issued.

	CONSOLIDATED	
	2020	2019
	\$	\$
Balance at the beginning of the year	70,491	-
Fair value of options recognised in share issue costs ¹	189,464	-
Fair value of performance rights converted to shares	(25,175)	-
Fair value of performance rights issued to employees ²	42,648	70,491
Balance at the end of the year	277,428	70,491

The share-based payment reserve records the cumulative value of services received for the issue of share options and/or performance rights. When the securities are exercised the amount in the share-based payment reserve is transferred to share capital.

¹The Company issued 111,449,273 options during the year as consideration for underwriting services provided. The options issued have been valued using a Black-Scholes model with the following parameters:

- Option exercise price: \$0.02
- Underlying share price at issue: \$0.012
- Volatility: 91%
- Effective interest rate: 0.72%
- Expiry date: 30 September 2020
- Fair value of option \$.0017

The total fair value of the options issued to the brokers on grant date being \$189,464.

²The Company issued 4,573,125 performance rights (exercise price: \$nil; expiry date: 31 December 2020) during the year which have been valued using the share price on grant date being 1 cent. The performance rights vest on completion of continuous employment with the Company, being 6 July 2020. The total amount recognised in equity over the vesting period to 30 June 2020 being \$42,648.

15. COMMITMENTS

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the accounts.

Exploration Commitments	CONSOLIDATED	
	2020	2019
	\$	\$
<i>Minimum expenditure commitment on the tenements is:</i>		
Payable no later than 1 year	701,760	329,460
Payable between 1 year and 5 years	3,217,040	1,687,840
	3,918,800	2,017,300

Notes to the Financial Statements (continued)

16. CONTINGENT LIABILITIES

It is possible that native title, as defined in the *Native Title Act 1993*, might exist over land in which the Group has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Group. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over Group tenements.

17. SEGMENT INFORMATION

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group has identified two operating segments for 2020 being:

Exploration	Consisting of The Australian Vanadium Project and other exploration projects
Energy storage	VSUN Energy Pty Limited's vanadium redox flow battery marketing and sales activities.

Segment revenues, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and primarily consist of plant and equipment and project tenements. Segment liabilities consist primarily of trade and other creditors and employee entitlements.

The following table presents revenue, expenditure and asset information regarding operating segments for the year ended 30 June 2020.

	Exploration Consolidated \$	Energy Storage \$	Unallocated \$	Total \$
Sales to external customers	-	732	-	732
Other revenue	-	10,000	176,324	186,324
Total segment revenue	-	10,732	176,324	187,056
Total segment results	(796,025)	(192,169)	(1,725,436)	(2,713,630)
Total segment assets	23,479,022	127,488	6,569,617	30,176,127
Total segment liabilities	808,292	4,962	11,432	824,686
Depreciation and amortisation	-	(13,647)	(106,783)	(120,430)
Finance costs	-	-	(36,142)	(36,142)
Interest income	-	-	54,214	54,214

Notes to the Financial Statements (continued)

18. RELATED PARTY TRANSACTIONS

18(a) Subsidiaries

The consolidated financial statements include the financial statements of Australian Vanadium Limited and the subsidiaries listed in the following table.

	Country of Incorporation	Equity 2020 %	Holding 2019 %	Principal Activities
Australian Uranium Pty Ltd	Australia	100	100	Mineral exploration
Cabe Resources Ltd	Australia	100	100	Mineral exploration
VSUN Energy Pty Ltd ¹	Australia	100	100	Energy storage
South African Lithium Pty Ltd	South Africa	100	100	Mineral exploration

¹ Formerly Australian Vanadium Resources Pty Ltd.

18(b) Director-Related Entities

The Group engaged the following entities during the financial year for the following services on normal commercial terms:

- Streamline Capital Pty Ltd (a company wholly owned by Mr Leslie Ingraham) - expenses totalling \$85,431 paid for rental of storage facility for the year ended 30 June 2020 (amount owing at 30 June 2020: \$nil).

Notes to the Financial Statements (continued)

19. PARENT ENTITY DISCLOSURES

19(a) Summary Financial Information

	PARENT	
	2020 \$	2019 \$
Assets		
Current assets	5,776,564	4,566,572
Non-current assets	24,283,280	22,481,343
Total assets	30,059,844	27,047,915
Liabilities		
Current liabilities	831,429	1,109,490
Total Liabilities	831,429	1,109,490
Equity		
Issued capital	89,457,062	83,411,483
Reserves	(592,572)	(732,009)
Accumulated losses	(59,636,075)	(56,741,049)
Total equity	29,228,415	25,938,425
Financial performance		
Loss for the year	(2,895,026)	(5,471,775)
Other comprehensive income	(67,500)	(240,000)
Total comprehensive loss	(2,962,526)	(5,711,775)

19(b) Guarantees

Australian Vanadium Limited has not entered into any guarantees.

19(c) Other Commitments and Contingencies

Australian Vanadium Limited (parent entity) has exploration commitments and operating lease commitments as described in Note 15. It has no contingent liabilities other than those discussed in Note 16.

Notes to the Financial Statements (continued)

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

20(a) Compensation of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel.

	CONSOLIDATED	
	2020	2019
	\$	\$
<i>Director and executive disclosures</i>		
<i>Compensation of key management personnel</i>		
Short-term personnel benefits	886,877	820,334
Post-employment benefits	76,535	71,282
Share based payments	42,648	34,146
	1,006,060	925,762

20(b) Loans and Other Transactions with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year. Other transactions with key management personnel are described in Note 18(b).

21. SHARE-BASED PAYMENTS

21(a) Share-Based Payments Expensed

A total of \$189,080 was expensed as share-based payments for the period ended 30 June 2020 (2019: \$206,466). Refer to Note 14(e) for disclosure of the vesting conditions and Note 14(g) for disclosure on the method of valuing the rights.

	CONSOLIDATED	
	2020	2019
	\$	\$
<i>Share-Based Payments</i>		
Conversion of performance rights to shares during the period	1,923	30,975
Shares issued for option fee on land acquisition	17,509	-
Shares issued for Exploration & Evaluation assets	50,000	
Shares issued in consideration for services rendered	77,000	105,000
Performance rights issued fully vested during the period ²	42,648	70,491
Share based payments expensed recognised in profit or loss	189,080	206,466

21(b) Summary of Options Granted as Share-Based Payments

The Company issued 111,449,273 options (a total valuation of \$189,464) during the year as consideration for underwriting services provided. The cost was recognised in equity. The options issued have been valued using a Black-Scholes model with the following parameters:

- Option exercise price: \$0.02
- Underlying share price at issue: \$0.012
- Volatility: 91%
- Effective interest rate: 0.72%
- Expiry date: 30 September 2020

Notes to the Financial Statements (continued)

21(c) Performance Rights

No Performance Rights were granted to Directors during the year ended 30 June 2020 (2019: nil).

The Company issued 4,573,125 performance rights to an Executive (exercise price: \$nil; expiry date: 31 December 2020) during the year which have been valued using the share price at issue being 1 cent per share. The performance rights vest on completion of continuous employment with the Company, being 6 July 2020. A total of \$42,648 was recognised to 30 June 2020.

22. FINANCIAL RISK MANAGEMENT

The Consolidated Entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. The Consolidated Entity manages its exposure to key financial risks in accordance with the Consolidated Entity's financial risk management policy. The objective of the policy is to support the delivery of the Consolidated Entity's financial targets while protecting future financial security.

The main risks arising from the Consolidated Entity's financial instruments are interest rate risk, credit risk and liquidity risk. The Consolidated Entity does not speculate in the trading of derivative instruments. The Consolidated Entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

22(a) Interest Rate Risk

The Consolidated Entity's exposure to risks of changes in market interest rates relates primarily to the Consolidated Entity's cash balances. The Consolidated Entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Consolidated Entity has no interest-bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

Notes to the Financial Statements (continued)

At the reporting date, the Consolidated Entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

	CONSOLIDATED	
	2020	2019
	\$	\$
Financial assets		
Cash and cash equivalents (interest bearing accounts)	5,541,703	4,417,373
	5,541,703	4,417,373

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity relating to financial assets of the Consolidated Entity would have been affected as follows:

	CONSOLIDATED	
	2020	2019
	\$	\$
Estimates of reasonably possible movements:		
Post tax profit – higher/(lower)		
+0.5%	25,719	24,739
-0.5%	(25,719)	(24,739)
Equity – higher/(lower)		
+0.5%	25,719	24,739
-0.5%	(25,719)	(24,739)

22(b) Liquidity Risk

The Consolidated Entity has no significant exposure to liquidity risk as there is effectively no debt. The Consolidated Entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

22(c) Credit Risk

Credit risk arises from the financial assets of the Consolidated Entity, which comprise deposits with banks and trade and other receivables. The Consolidated Entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amounts of financial assets included in the statement of financial position represents the Consolidated Entity's maximum exposure to credit risk in relation to those assets.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure. The Consolidated Entity trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Consolidated Entity's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the Consolidated Entity.

Notes to the Financial Statements (continued)

22(d) *Capital Management Risk*

Management controls the capital of the Consolidated Entity in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

The Consolidated Entity has no external loan debt facilities other than trade payables. There have been no changes in the strategy adopted by management to control capital of the Consolidated Entity since the prior year.

22(e) *Commodity Price and Foreign Currency Risk*

The Consolidated Entity's exposure to price and currency risk is minimal given the Consolidated Entity is still in the exploration phase.

22(f) *Fair Value*

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

23. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 10 July 2020 the Company cancelled 60,000,000 performance rights on issue. The performance rights were issued on 12 July 2017 with vesting conditions relative to the determination of a JORC resource on the Company's Blesberg Lithium-Tantalum Project.

On 28 August 2020 the Company was granted Mining Lease M51/878 by the Western Australian Government Department of Mines, Industry Regulation and Safety for the Australian Vanadium Project. The initial term of the mining lease is 21 years.

On 25 September 2020, AVL announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs. Subject to shareholder approval, for every two shares issued under the Placement, one free attaching option will be issued. The options will have an exercise price of \$0.025 and will expire two years from the date of issue.

No other matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, other than as outlined in the Company's review of operations which is contained in this Annual Report.

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 27 to 60 are in accordance with *the Corporations Act 2001* including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of the performance for the year ended on that date, and
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and chief financial officer pursuant to Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



Brenton Lewis, Chairman
29 September 2020

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF
AUSTRALIAN VANADIUM LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

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Nigel Dias
Director
Perth, 29 September 2020

Independent Auditor's Report To the Members of Australian Vanadium Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian Vanadium Limited ('the Company') and its subsidiaries ('the Group') which comprises the consolidated statement of financial position as at 30 June 2020, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Australian Vanadium Limited is in accordance with the *Corporation Act 2001*, including

- Giving a true and fair view of the Group's financial position as at 30 June 2020, and of its financial performance and cash flows for the year then ended and;
- Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has given to directors of the Company, would be in the same terms if given as at the time of this auditor's report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separated opinion on these matters.

Key Audit Matter

How our audit addressed the key audit matter

Future Funding - Refer to Note 1 (b)

Our Procedures, amongst others, included:

The Group's primary activity is exploration for and evaluation of mineral resources which is primarily funded via equity raisings as the Group does not yet have any revenue generating activities.

- We obtained management's cash flow forecast. We evaluated the reliability and completeness of management's forecasts by comparing them to the group's future plans and operating conditions.
- We checked and observed that the Group has sufficient cash to meet its minimum exploration expenditure commitments;
- We observed and confirmed that management has the ability to reduce its discretionary costs and exploration costs to conserve the Group's cash reserves;
- We performed a sensitivity analysis on management's cash flow forecast by varying key assumptions within the forecast;
- We obtained ASX Announcements and other information subsequent to year end to assess the impact of any additional facts or information on management's assumptions; and
- We verified the firm commitments of \$5 million dollars (before costs) received on 25 September 2020 directly with the lead manager/broker of the placement.

As disclosed in Note 1 (b) for the year ended 30 June 2020 the Group incurred a net loss of \$2,713,630 and had a working capital surplus of \$5,012,042 at 30 June 2020. The Group has a listed investment of \$540,000 that can be sold to generate further funds.

Furthermore, on 25 September 2020, the Group announced that it had received firm commitments for the placement of 357,142,857 ordinary fully paid shares at a price of \$0.014 per share to raise \$5 million before costs.

The adequacy of funding and liquidity as well as the relevant impact on the going concern assessment is a key audit matter due to the significance of management estimates and judgement to this estimate.



ARMADA
AUDITING

T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

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Exploration and Evaluation Assets - Note 9

At 30 June 2020, the Group's carrying value of Exploration and Evaluation Assets was \$23,479,022.

The exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amounts. Any impairment losses are then measured in accordance with *AASB 136 Impairment of Assets*.

This area is a key audit matter as significant judgement is required in determining whether:

- The capitalised Exploration and Evaluation assets meet the recognition criteria in terms of *AASB 6 Exploration for and Evaluation of Mineral Resources*; and
- Facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6.

Our Procedures, amongst others, included:

- We checked that the period for the rights to explore the areas of interest have not expired or will not expire in the near future without an expectation of renewal;
- We obtained evidence of the future intention for the relevant areas of interest, including checking future budgeted expenditure and related work programmes;
- We checked the ability of the Group to meet its minimum exploration expenditure commitments;
- We checked whether any data exists that indicates the exploration for and evaluation of mineral resources in the specific area of interest have not led to the discovery of commercially viable quantities of mineral resources and the Group has decided to discontinue such activities in the specific area; and
- We also assessed the appropriateness of the accounting treatment and disclosure in terms of AASB 6.

Information Other than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

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Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporation Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so. The Board are also responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of auditor's report.



ARMADA
AUDITING

T (08) 6165 4090 F (08) 6165 4067
A 18 Sangiorgio Court Osborne Park WA 6017
P Locked Bag 4 Osborne Park DC WA 6916
E info@armada.com.au

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Australian Vanadium Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

*Armada Audit
& Assurance*

ARMADA AUDIT & ASSURANCE PTY LTD

Nigel Dias
Director

Perth, Dated 29 September 2020

TAX & ACCOUNTING | AUDITING | BUSINESS MANAGEMENT | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

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Annual Mineral Resource Statement

1. THE AUSTRALIAN VANADIUM PROJECT - MINERAL RESOURCE STATEMENT

A summary of the Mineral Resources at The Australian Vanadium Project as at 30 June 2020 is shown in Table 1 below.

The updated Mineral Resource estimation was carried out Trepanier Pty Ltd and Geologica Pty Ltd, resulting in the estimation of Measured, Indicated, and Inferred Mineral Resources. All mineralised domains, are reported above 0.4% V₂O₅ for the low-grade ore zones and above 0.7% V₂O₅ within the high-grade zones.

The Mineral Resource estimate consists of:

- 208.2 million tonnes at 0.74% V₂O₅ containing 1,557,110 tonnes of V₂O₅;
- A discrete massive high-grade zone of 87.9 million tonnes at 1.06% V₂O₅ containing 939,320 tonnes of V₂O₅;
- Discrete low-grade zones of 104.8 million tonnes at 0.49% V₂O₅ containing 617,790 tonnes of V₂O₅, and
- Combined Measured and Indicated Mineral Resources of 79.7 Million tonnes at 0.77% V₂O₅ in low and high-grade zones containing 616,260 tonnes of V₂O₅.

Table 1 The Australian Vanadium Project Mineral Resources Statement (as at 30 June 2020)

Zone	Classification	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
	Sub-total	87.9	1.06	44.7	12.2	9.2	6.8	3.2
LG 2-5	Measured	-	-	-	-	-	-	-
	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
	Sub-total	104.8	0.49	25.1	6.6	28.0	16.1	7.2
Transported 6-8	Measured	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-
	Inferred	15.6	0.65	28.4	7.7	24.9	15.4	7.9
	Sub-total	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
	Sub-total	208.2	0.74	33.6	9.0	19.8	12.1	5.6

2. MATERIAL CHANGES AND RESOURCE STATEMENT COMPARISON

A comparison between the 2019 and 2020 Mineral Resource Estimates for The Australian Vanadium Project is shown in Table 2 below.

Table 2 The Australian Vanadium Project Comparison Between 2019 and 2020 Mineral Resource Estimates

JORC Class	Resource Tonnes Million	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
<i>Estimate as at 30 June 2020</i>							
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
Total	208.2	0.74	33.6	9.0	19.8	12.1	5.6
<i>Estimate as at 30 June 2019</i>							
Measured	10.2	1.11	42.7	12.6	10.2	8.0	3.9
Indicated	40.7	0.66	30.3	8.3	22.5	14.8	7.1
Inferred	132.7	0.77	34.8	9.2	18.5	11.5	5.1
Total	183.6	0.76	34.3	9.2	18.9	12.1	5.5

The updated estimation represented a 9.5% increase in the overall Resource, a 1% decrease in the Measured Resource, a 71% increase in Inferred Resource and a 115% increase in the Indicated Resource categories for the Project compared to the 2019 estimation.

The revised estimate was produced following Reverse Circulation (RC) drilling from late 2018 in fault block 6; RC pre-collar/Diamond tail drilling from January - April 2019 in fault blocks 17 and 20; 13 RC holes completed in October 2019; and 30 RC holes completed in December 2019.

The Group is not aware of any new information or data that materially affects the information as previously released and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

3. GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

The Group has appropriate systems in place and suitably qualified and competent geological consultants to complete any resource estimation or review to the required standards as shown in the 2012 JORC Code Guidelines. The Quality Assurance, Sampling Systems, Assay Procedures, Data Recording, Interpretation Standards and Resource Estimation Methods and other parameters as set out in Table 1 of the JORC Code 2012 Guidelines are closely followed. The mineral resources reported have been generated by independent external consultants where appropriate who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to determine the resource estimate. In addition, management carries out regular reviews and audits of internal processes and external contractors that have been engaged by the group.

The Company policy is that all steps are recorded during the resource drilling program and then the estimation stage. All results from field logs and assays to database entries and modelling data are validated, reviewed and checked by independent and qualified geological personnel.

Competent Person Statement – Mineral Resource Estimation

The information in this report relating to The Australian Vanadium Project Mineral Resource estimate reported 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 Davis is a shareholder of Australian Vanadium Limited. Mr Barnes and Mr Davis are members of the Australasian Institute of Mining and Metallurgy and 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 report of the matters based on their information in the form and context in which they appear.

Competent Person Statement – Exploration Results and Exploration Targets

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Brian Davis (Consultant with Geologica Pty Ltd). Mr Davis is a shareholder of Australian Vanadium Limited. Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and has 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 Davis consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Competent Person Statement – Metallurgical Results

The information in this report that relates to Metallurgical Results is based on information compiled by independent consulting metallurgist Brian McNab (CP. B.Sc Extractive Metal-lurgy), Mr McNab is a Member of AusIMM. Brian McNab is employed by Wood Mining and Metals. Mr McNab has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken, to qualify as a Competent Person as defined in the JORC 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McNab consents to the inclusion in this report of the matters based on the information made available to him, in the form and context in which it appears.

4. SCHEDULE OF INTERESTS IN MINING TENEMENTS AS AT 10 SEPTEMBER 2020

Project	Tenement	Area	Equity	Annual Expenditure Commitment
Australian Vanadium	E51/843	12 blocks	100% ¹	\$70,000
Australian Vanadium	E51/1534	8 blocks	100% ¹	\$50,000
Australian Vanadium	E51/1685	15 blocks	100% ¹	\$30,000
Australian Vanadium	E51/1694	14 blocks	100% ¹	\$30,000
Australian Vanadium	E51/1695	2 blocks	100% ¹	\$20,000
Australian Vanadium	E51/1899	16 blocks	100% ¹	\$20,000
Australian Vanadium	E51/1943	5 blocks	100% ¹	\$15,000
Australian Vanadium	E51/1944	1 block	100% ¹	\$10,000
Australian Vanadium	M51/878	3,561.91 ha	100% ¹	\$356,200
Australian Vanadium	P51/3073	175.12 ha	100% ¹	\$7,040
Australian Vanadium	P51/3074	46.37 ha	100% ¹	\$2,000
Australian Vanadium	P51/3075	26.59 ha	100% ¹	\$2,000
Australian Vanadium	P51/3076	123.53 ha	100% ¹	\$4,960
Australian Vanadium	M51/890	1,811.82 ha	100% ¹	Application
Tumblegum South	M51/888	70.9 ha	100% ¹	Application
Coates	E70/4924-I	4 blocks	100%	\$20,000
Coates	E70/5588	3 blocks	100%	Application
Coates	E70/5589	15 blocks	100%	Application
Nowthanna Hill	M51/771	301.0 ha	100%	\$30,100
Blesberg	(NC) 940 PR	887 ha	Nil ²	-
Total				\$667,300

¹ Mineral Rights for V/U/Co/Cr/Ti/Li/Ta/Mn & iron ore only.

Bryah Resources Limited retains 100% rights all minerals except V/U/Co/Cr/Ti/Li/Ta/Mn & iron ore on The Australian Vanadium Project and Tumblegum South.

² AVL has the right to acquire up to 50.03% interest in the holding company that owns 100% interest in Prospecting Right (NC) 940 PR

ASX Additional Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information is current as at 10 September 2020.

1. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Listed Shares, Fully Paid Ordinary		
Range	No of Holders	Number of shares
1 – 1,000	159	29,323
1,001 – 5,000	172	518,988
5,001 – 10,000	273	2,484,823
10,001 – 100,000	3,320	159,858,478
100,001+	2,771	2,403,431,220
Total	6,695	2,566,322,832

Unlisted Shares, Partly Paid Ordinary		
Range	No of Holders	Number of shares
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001+	5	80,000,000
Total	5	80,000,000

Unmarketable Parcels

There were 2,017 holders of less than a marketable parcel of ordinary shares.

2. UNQUOTED SECURITIES

Holders of more than 20% of the abovementioned unquoted securities are:

Holder Name	Unlisted Shares, Partly Paid Ordinary
Woolmaton Pty Ltd <Woolmaton A/C>	28,000,000
Lisen Zhang	28,000,000

3. RESTRICTED SECURITIES

There are no restricted securities or securities subject to voluntary escrow as at 10 September 2020.

4. SUBSTANTIAL SHAREHOLDERS

There were no substantial holders as at 10 September 2020.

5. CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is located on its website at: australianvanadium.com.au

6. TOP 20 SHAREHOLDERS AS AT 30 JUNE 2020

	Name	Number of Shares	% of Shares
1	J P Morgan Nominees Australia Limited	90,142,889	3.51
2	Mr John McDonald & Mr Shaun McDonald <Southland Snipe SF A/C>	61,290,308	2.39
3	HSBC Custody Nominees (Australia) Limited	61,146,941	2.38
4	Citicorp Nominees Pty Ltd	50,538,816	1.97
5	Pinny Pty Ltd	36,500,000	1.42
6	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	32,292,673	1.30
7	Mr Peter James Muir	30,000,001	1.17
8	Mr Leendert Hoeksema & Mrs Aaltje Hoeksema	30,000,000	1.17
9	Mr Neale Parsons	24,000,000	0.94
10	Pet FC Pty Ltd <Pet FC A/C>	21,000,000	0.82
11	Mr Nigel Charles Redvers Duffey <Trading Account A/C>	20,000,000	0.78
11	Jalein Pty Ltd <Elbaja A/C>	20,000,000	0.78
12	CS Third Nominees Pty Limited <HSBC Cust Nom AU Ltd 13 A/C>	18,203,757	0.71
13	Machlo Nominees Pty Ltd	18,197,472	0.71
14	Mr Charles Michael Higgins	15,054,348	0.59
15	Mr Robert Glyn Salathiel + Mrs Danielle Louise Salathiel <RD Salathiel S/F A/C>	13,966,424	0.54
16	Mr Brenton James Lewis	13,778,600	0.54
17	Ms Anne Maree Endean	13,200,348	0.51
18	Mr Dean Andrew Kent <Wattle A/C>	12,000,000	0.47
19	Mr Brenton David Witcombe	10,643,791	0.41
20	Mr Robert Nesser & Ms Gayle Ellis <Nesser Super Fund A/C>	10,400,000	0.41
	Total	603,356,368	23.51
	Total Remaining Holders Balance	1,962,966,464	76.49