

ASX ANNOUNCEMENT

22<sup>ND</sup> MARCH 2021

## ESG CONSULTANT APPOINTED TO MAP SUSTAINABILITY PATHWAY FOR AVL

*Globally recognised consultancy Advisian to undertake Environmental, Social and Governance gap analysis for AVL as part of its Bankable Feasibility Study*

### KEY POINTS

- Environmental, Social and Governance (ESG) consultancy appointed
- Global consultancy Advisian to undertake gap analysis as part of Bankable Feasibility Study (BFS)
- AVL has a existing strong focus on ESG areas such as:
  - Green hydrogen strategy for emission reduction
  - Renewable energy focused subsidiary VSUN Energy
  - Active community engagement in areas of planned operations in the Mid West Region
- AVL's ESG roadmap to be outlined effectively for investors
- Outcomes will inform the development of a detailed plan for AVL to operate in a sustainable and ethical manner as it moves towards production of vanadium from the Australian Vanadium Project
- ESG goals are high on the agenda of investors globally and include:
  - Scope 1 emissions reduction
  - Ethical and good governance business practices
  - Social and environmental responsibility for local communities
- Final roadmap recommendations will be incorporated into the BFS implementation plan
- Vanadium as a critical, steel and battery metal is a strong contributor to global emission reduction and sustainable use of metals

Australian Vanadium Limited (ASX: AVL, "the Company" or "AVL") is pleased to announce that has appointed global consultancy Advisian, part of the Worley Group, to undertake an initial gap analysis

of the Company's ESG performance. This analysis is a critical initial step towards developing an ESG roadmap and strategy.

Managing Director, Vincent Algar comments, 'As a global community, it is important that businesses behave in a responsible and sustainable manner to ensure the positive future of our planet. AVL has a strong history in the three areas of ESG and this review will help us to see where any gaps are and to articulate our story to the wide investment market. Ethical investment is where investment for the Australian Vanadium Project will come from and we want to make sure that we are able to help our funding partners to comply with the Equator Principles and have comfort that our goals are aligned.'

Advisian President, Adrian Smith comments, 'We're very excited to work with AVL to help with the sustainable development of the battery metals industry, which will be a vital enabler of the energy transition'.

A strong ESG framework is essential to enable a transparent plan for the way the Company conducts itself. Environmental obligations under the regulations of the Environmental Protection Authority are robust, but the Company can work on further mitigation strategies through areas such as adoption of renewable energy, further developing its green hydrogen strategy<sup>1</sup> and looking for innovative solutions to water supply.

From a social perspective, engaging with the local communities of Meekatharra and Mullewa, including Traditional Owners, pastoralists and interested parties from an economic and government perspective, is a crucial part of AVL's strategy as the Company brings the Project into production. Adding economic benefit to the region will come through providing individual employment and opportunities for businesses in the region. AVL is a member of the Meekatharra Industry Group which was set up by the Federal Government to drive opportunities, particularly for Indigenous people, in the Meekatharra region. AVL is also an active member of the the Mid-West Chamber of Commerce based in Geraldton.

Strong governance of a company is critical to its success and provides the best opportunity for investor gain. AVL is formalising its internal processes to ensure that, as the Company grows and moves towards production, it can withstand the rigours of due diligence which will be required for successful Project funding.

Vanadium itself has a specific ESG role to play, particularly from an environmental perspective. The addition of vanadium to steel for use in construction results in an annual global carbon emission

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<sup>1</sup> See ASX announcement dated 12<sup>th</sup> November 2020 'AVL Launches Green Hydrogen Strategy' and ASX announcement dated 25<sup>th</sup> November 2020 'Green hydrogen offtake MOU with ATCO'

reduction equivalent to planting 260,000,000 trees<sup>2</sup>. Vanadium's role in the sustainable vanadium redox flow battery allows for a greater penetration of renewable energy.

The completion of an ESG gap analysis, followed by a roadmap that can be followed through the Project's lifespan, will allow AVL to ensure that it is operating in the most sustainable manner that it can and ensuring the Project's longevity and success.

For further information, please contact:

**Vincent Algar, Managing Director** +61 8 9321 5594

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

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<sup>2</sup> Kumar, P.P., Santos, D.A., Braham, E.J., Sellers, D.G., Banerjee S., Dixit, M.K. (2021). Punching above its weight: life cycle energy accounting and environmental assessment of vanadium microalloying in reinforcement bar steel. Environmental Science: Processes & Impacts. 2021 (2), 275-290.

## ABOUT AUSTRALIAN VANADIUM LTD

AVL is a resource company focused on vanadium, seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities. AVL is advancing the development of its world-class Australian Vanadium Project at Gabanintha. The Australian Vanadium Project is currently one of the highest-grade vanadium projects being advanced globally, with 208.2Mt at 0.74% vanadium pentoxide ( $V_2O_5$ ), containing a high-grade zone of 87.9Mt at 1.06%  $V_2O_5$ , reported in compliance with the JORC Code 2012 (see ASX announcement dated 4<sup>th</sup> March 2020 '*Total Vanadium Resource at the Australian Vanadium Project Rises to 208 Million Tonnes*' and ASX announcement dated 22<sup>nd</sup> December 2020 '*Technical and Financial PFS Update*').

VSUN Energy is AVL's 100% owned subsidiary which is focused on developing the market for vanadium redox flow batteries for energy storage.

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

## APPENDIX 1

The Australian Vanadium Project – Mineral Resource estimate by domain and resource classification using a nominal 0.4% V<sub>2</sub>O<sub>5</sub> wireframed cut-off for low-grade and nominal 0.7% V<sub>2</sub>O<sub>5</sub> wireframed cut-off for high-grade (total numbers may not add up due to rounding).

2020 Feb	Category	Mt	V <sub>2</sub> O <sub>5</sub> %	Fe %	TiO <sub>2</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %
<b>HG</b>	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
	<b>Subtotal</b>	<b>87.9</b>	<b>1.06</b>	<b>44.7</b>	<b>12.2</b>	<b>9.2</b>	<b>6.8</b>	<b>3.2</b>
<b>LG 2-5</b>	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
	<b>Subtotal</b>	<b>104.8</b>	<b>0.49</b>	<b>25.1</b>	<b>6.6</b>	<b>28.0</b>	<b>16.1</b>	<b>7.2</b>
<b>Trans 6-8</b>	Inferred	15.6	0.65	28.4	7.7	24.9	15.4	7.9
	<b>Subtotal</b>	<b>15.6</b>	<b>0.65</b>	<b>28.4</b>	<b>7.7</b>	<b>24.9</b>	<b>15.4</b>	<b>7.9</b>
<b>Total</b>	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
	<b>Subtotal</b>	<b>208.2</b>	<b>0.74</b>	<b>33.6</b>	<b>9.0</b>	<b>19.8</b>	<b>12.1</b>	<b>5.6</b>

The Australian Vanadium Project - Ore Reserve Statement as at December 2020, at a cut-off grade of 0.7% V<sub>2</sub>O<sub>5</sub>

Ore Reserve	Mt	V <sub>2</sub> O <sub>5</sub> %	Fe <sub>2</sub> O <sub>3</sub> %	TiO <sub>2</sub> %	SiO <sub>2</sub> %	LOI%	V <sub>2</sub> O <sub>5</sub> production kt	Ore Reserve	Mt
Proved	9.8	1.08	59.9	12.4	8.7	3.5	63.2	Waste	244.5
Probable	22.4	1.04	61.7	11.8	8.3	2.8	158.9	Total Material	276.7
<b>Total Ore</b>	<b>32.1</b>	<b>1.05</b>	<b>61.2</b>	<b>12.0</b>	<b>8.4</b>	<b>3.0</b>	<b>222.1</b>	Strip Ratio	7.6

### **COMPETENT PERSON STATEMENT — MINERAL RESOURCE ESTIMATION**

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

### **COMPETENT PERSON STATEMENT — ORE RESERVES**

The technical information in this announcement that relates to the Ore Reserve estimate for the Project is based on information compiled by Mr Ross Cheyne, an independent consultant to AVL. Mr Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy. He is an employee and Director of Orelogy Mine Consulting Pty Ltd. Mr Cheyne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Cheyne consents to the inclusion in the announcement of the matters related to the Ore Reserve estimate in the form and context in which it appears.