

ASX ANNOUNCEMENT

20TH MAY 2022

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PLACEMENT & SPP TO RAISE UP TO \$27.5M

KEY POINTS

- Placement to institutional, professional and sophisticated investors raises \$20m at an issue price of \$0.047 per share
- Planned share purchase plan to eligible shareholders to raise up to an additional \$7.5m at the same issue price as the placement
- Funds to be used predominantly to finance ongoing work at the Australian Vanadium Project and develop key downstream markets ahead of finalising debt financing and a Final Investment Decision

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) is pleased to announce that it has received firm commitments from existing and new institutional, professional and sophisticated investors to subscribe for approximately 425.5 million new fully paid ordinary shares in the Company (**Shares**) at a price of \$0.047 each, to raise \$20 million before costs (**Placement**).

The Placement is being undertaken in conjunction with a Share Purchase Plan (**SPP**) which will give existing eligible shareholders with a registered address in Australia or New Zealand the opportunity to subscribe for new Shares to raise up to an additional \$7.5 million (before costs).

Funds raised under the Placement and SPP will be used to finance ongoing work at the Company’s Australian Vanadium Project and to develop key downstream markets ahead of finalising debt financing and a Final Investment Decision, with funds specifically applied towards:¹

Description	Amount
Australian Vanadium Project development	\$15.5M
Electrolyte plant engineering and construction, standalone power system and residential VRFB	\$4M
VSUN Energy business development	\$2M
Ultra-high purity vanadium integration	\$2M
Working capital (including costs)	\$4M
Total	\$27.5M

Managing Director, Vincent Algar comments, “We are extremely pleased with the overwhelming support we have received for this capital raising. The capital raising saw new institutional and sophisticated investors join the register, as well as receiving strong participation from AVL’s existing shareholders. We are also pleased to provide an opportunity for our valued retail investors to participate in the capital raising through the offer of the SPP. The funds raised through the Placement and the SPP will ensure that the Company remains well funded while we implement the next phases of the development program for the Australian Vanadium Project.”

¹ Assumes the SPP raises the target amount of \$7.5 million

PLACEMENT DETAILS

AVL has undertaken a non-underwritten single tranche Placement of approximately 425.5 million new Shares to raise \$20 million (before costs). New Shares will be issued at an offer price of \$0.047 per Share, which represents a:

- 17.5% discount to the last closing price of AVL Shares on ASX of \$0.057 on 17 May 2022 (being the last day on which AVL Shares traded before this announcement)
- 17.4% discount to the 5-day volume weighted average price (**VWAP**)
- 22.2% discount to the 15-day VWAP

The issue of Shares under the Placement is not subject to AVL shareholder approval as the issuance will comprise 79,000,000 Shares under the Company's ASX Listing Rule 7.1 issue capacity and 346,531,915 Shares under the Company's ASX Listing Rule 7.1A issue capacity.

SPP DETAILS

The non-underwritten SPP aims to raise up to an additional \$7.5 million² (before costs) and will enable all AVL shareholders with a registered address in Australia or New Zealand as at 5.00pm (Perth time) on the Record Date of Thursday 19th May 2022 (**Eligible Shareholders**) the opportunity to apply for new Shares at the same offer price as the Placement.

Eligible Shareholders will be offered the opportunity under the SPP to apply for up to \$30,000 worth of new Shares (subject to a scale back policy which will be set out in the SPP Offer Booklet), irrespective of the size of their shareholding, and without incurring brokerage or transaction costs.

New Shares issued under the SPP will rank equally with AVL's existing Shares on issue. The terms and conditions of the SPP will be set out in a SPP Offer Booklet (and accompanying Application Form) that will be released on ASX and provided to Eligible Shareholders in accordance with the timetable.

Applications must be made and payment must be received by 5.00pm (Perth time) on Thursday 16th June 2022. Payment instructions will be included in the SPP Offer Booklet and on the Application Form.

Canaccord Genuity (Australia) Limited is acting as Lead Manager to the Placement and the SPP.

INDICATIVE TIMETABLE

An indicative timetable of key dates in relation to the Placement and SPP is detailed below.

Event	Indicative Date (2022)
SPP Record Date	5.00pm on Thursday, 19 May
Announcement of Placement and SPP	Friday, 20 May
Dispatch SPP Offer Documents and SPP Opens	Thursday 26 May
Settlement of Placement Shares	Friday, 27 May
Allotment of Placement Shares	Monday, 30 May
SPP Closes	5.00pm on Thursday, 16 June
Announcement of SPP Results	Wednesday, 22 June
Issue of SPP Shares	Thursday, 23 June

Note: The timetable above is indicative only and may be subject to change. All times and dates refer to Perth time. AVL reserves the right to amend any or all of these dates and times without notice or cancel the SPP at any time before new Shares are issued, subject to the *Corporations Act 2001* (Cth), the ASX Listing Rules and other applicable laws. The Company encourages Eligible Shareholders who wish to participate in the SPP to act promptly in submitting their applications.

² AVL may decide to accept applications (in whole or in part) that result in the SPP raising more than this target amount at its absolute discretion, subject to the limits prescribed in the ASX Listing Rules.

FURTHER INFORMATION

Further details of the Placement and SPP are set out in the Investor Presentation which has also been lodged on the ASX today. The Investor Presentation contains important information including key risks and foreign offer restrictions in respect of the Placement and SPP. For other questions, investors should consult their broker, solicitor, accountant, tax adviser, financial adviser, or other professional adviser.

All dollar amounts in this announcement are in Australian dollars unless otherwise indicated.

For further information regarding AVL please visit www.australianvanadium.com.au

Vincent Algar, Managing Director

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

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 one of the most advanced vanadium projects being developed globally, with 239Mt at 0.73% vanadium pentoxide (V_2O_5), containing a high-grade zone of 95.6Mt at 1.07% V_2O_5 and an Ore Reserve of 30.9Mt at 1.09% V_2O_5 comprised of a Proved Reserve of 5Mt at 1.11% V_2O_5 and a Probable Reserve of 20.4Mt at 1.07% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 1st November 2021 '*Mineral Resource Update at the Australian Vanadium Project*' and ASX announcement dated 6th April 2022 '*Bankable Feasibility Study for the Australian Vanadium Project*').

VSUN Energy is AVL's 100% owned subsidiary which is focused on developing the market for vanadium redox flow batteries for energy storage. The companies are also working together to produce and supply vanadium electrolyte for the batteries.

APPENDIX 1

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

Zone	Category	Mt	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
HG	Measured	11.3	1.14	43.8	13.0	9.2	7.5	3.7
	Indicated	27.5	1.10	45.4	12.5	8.5	6.5	2.9
	Inferred	56.8	1.04	44.6	11.9	9.4	6.9	3.3
	Subtotal	95.6	1.07	44.7	12.2	9.1	6.8	3.2
LG	Indicated	54.9	0.50	24.9	6.8	27.6	17.1	7.9
	Inferred	73.6	0.48	25.0	6.4	28.7	15.4	6.6
	Subtotal	128.5	0.49	24.9	6.6	28.2	16.1	7.2
Transported	Inferred	14.9	0.66	29.0	7.8	24.5	15.1	7.8
	Subtotal	14.9	0.66	29.0	7.8	24.5	15.1	7.8
Total	Measured	11.3	1.14	43.8	13.0	9.2	7.5	3.7
	Indicated	82.4	0.70	31.7	8.7	21.2	13.5	6.2
	Inferred	145.3	0.71	33.0	8.7	20.7	12.0	5.4
	Subtotal	239.0	0.73	33.1	8.9	20.4	12.3	5.6

The Australian Vanadium Project - Ore Reserve Statement as at April 2022, at a cut-off grade of 0.7% V₂O₅.

Ore Reserve	Mt	V ₂ O ₅ %	Fe%	TiO ₂ %	SiO ₂ %	LOI%	V ₂ O ₅ production kt	Ore Reserve	Mt
Proved	10.5	1.11	61.6	12.8	9.5	3.7	70.9	Waste	238.5
Probable	20.4	1.07	63.4	12.2	9.2	3.0	152.9	Total Material	269.4
Total Ore	30.9	1.09	62.8	12.4	9.3	3.2	223.8	Strip Ratio	7.7

ASX CHAPTER 5 COMPLIANCE AND CAUTIONARY AND FORWARD LOOKING STATEMENTS

ASX Listing Rules 5.19 and 5.23

ASX Listing Rule 5.19

The information in this announcement relating to production targets, or forecast financial information derived from a production target, is extracted from the announcement entitled 'Bankable Feasibility Study for the Australian Vanadium Project' released to the ASX on 6th April 2022 which is available on the Company's website www.australianvanadium.com.au.

The Company confirms that all material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the original market announcement continue to apply and have not materially changed.

ASX Listing Rule 5.23

The information in this announcement relating to exploration results and mineral resource and ore reserve estimates for the Australian Vanadium Project is extracted from the announcement entitled 'Bankable Feasibility Study for the Australian Vanadium Project' released to the ASX on 6th April 2022 which is available on the Company's website www.australianvanadium.com.au.

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 that all material assumptions and technical parameters underpinning the estimates in the original 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.

Forward-Looking Statements

This release may contain certain forward-looking statements with respect to matters including but not limited to the financial condition, results of operations and business of AVL and certain of the plans and objectives of AVL with respect to these items.

These forward-looking statements are not historical facts but rather are based on AVL's current expectations, estimates and projections about the industry in which AVL operates and its beliefs and assumptions.

Words such as "anticipates," "considers," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the industry in which AVL operates.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of AVL, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such risks include, but are not limited to resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our product to, and government regulation and judicial outcomes. For more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings.

AVL cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of AVL only as of the date of this release.

The forward-looking statements made in this announcement relate only to events as of the date on which the statements are made.

AVL will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this announcement except as required by law or by any appropriate regulatory authority.

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.