

Australian
VANADIUM
LIMITED



Interim Financial Report

for the half-year ended 31 December 2024

ACN 116 221 740
and its controlled entities



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Acknowledgement of Country

Australian Vanadium Limited acknowledges the Traditional Custodians of the lands on which we work and we pay our respects to the Elders past and present. We celebrate the stories, traditions and the living cultures of Aboriginal and Torres Strait Islander people who also work and live on this land.



Corporate Information

ABN 90 116 221 740

Directors

Mr Cliff Lawrenson
Non-Executive Chair

Ms Jo Gaines
Non-Executive Director

Mr Daniel Harris
Non-Executive Director

Ms Miriam Stanborough AM
Non-Executive Director

Mr Peter Watson
Non-Executive Director

Chief Executive Officer

Mr Graham Arvidson

Chief Financial Officer

Mr Tom Plant

Joint Company Secretaries

Mr Neville Bassett

Mr Louis Mostert

Registered Office and Principal Place of Business

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Auditors

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Level 9, Mia Yellagonga Tower 2
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Perth WA 6000

Telephone: +61 8 6382 4600

Stock Exchange Listings

Australian Securities Exchange (ASX)
ASX Code: AVL



Directors' Report

The Board of Directors (the Board or the Directors) of Australian Vanadium Limited (AVL or the Company) and its controlled entities (the Consolidated Entity or the Group) are pleased to present their Directors' Report together with the condensed consolidated interim financial statements of the Group for the half-year ended 31 December 2024.

DIRECTORS

The following persons were Directors of the Company during the whole of the period up to the date of this report unless otherwise stated:

Mr Cliff Lawrenson
Non-Executive Chair

Ms Jo Gaines
Non-Executive Director

Mr Daniel Harris
Non-Executive Director

Ms Miriam Stanborough AM
Non-Executive Director

Ms Anna Sudlow
Non-Executive Director
(Resigned 31 December 2024)

Mr Peter Watson
Non-Executive Director

PRINCIPAL ACTIVITIES

The principal and continuing activities of the Group during the half-year consisted of:

	Upstream	Evaluation and feasibility of the Australian Vanadium Project
	Midstream	Vanadium electrolyte production
	Downstream	Sale, development and deployment of vanadium flow battery energy storage solutions by VSUN Energy



OPERATING AND FINANCIAL REVIEW

Review of Operations

During the half-year ended 31 December 2024, AVL continued to make considerable progress across its strategy of progressing the Australian Vanadium Project towards production, delivering commercial electrolyte from our manufacturing facility and expanding our downstream vanadium flow battery (VFB) battery energy storage (BESS) business activities. The Company's multi-pronged strategic focus positions it to capture value across the vanadium supply chain (depicted below), creating clear value opportunities for our shareholders.



UPSTREAM - AUSTRALIAN VANADIUM PROJECT

The Company's 100% owned Australian Vanadium Project (the Project) is a high-grade vanadium project of significant national importance located in Western Australia. The Company continues to advance the development of the Project, which includes a mine site and a crushing, milling and beneficiation plant (CMB plant or concentrator) located at Gabanintha, near Meekatharra and a processing plant at Tenindewa, near Geraldton.

Progress with Optimised Feasibility Study

In FY2024, the Company commenced an Optimised Feasibility Study (OFS), which is focussed on maximising the project value derived from integrating the Gabanintha Vanadium Project, which was acquired as part of the merger with Technology Metals Australia Limited, into the Australian Vanadium Project. The first phase of the OFS was successfully completed within the June quarter of 2024. As part of the second phase of the OFS, work during the period was conducted using AVL's updated Mineral Resource Estimate to develop a detailed mining plan focusing on optimising grade and strip ratio that will form the basis of design, providing a strong foundation for further work in the second phase of the OFS.

Building upon these outcomes, the second and final phase of the OFS continues with the definition of a preferred pathway that optimally balances production capacity, cost efficiency and long-term sustainability. This work focuses on finalising detailed project economics, including capital and operating cost estimates, along with completing the optimised engineering design for the mine, concentrator, processing plant and infrastructure.

Environmental Approval

Post period end, the Western Australian Minister for Environment, the Hon. Reece Whitby MLA, approved, under section 45 of the Environmental Protection Act 1986 (WA), the implementation of a proposal made by AVL's wholly owned subsidiary Technology Metals Australia Pty Ltd (formerly Technology Metals Australia Limited) relating to EPA Report 1755 for the Gabanintha Vanadium Project, which now forms part of the Australian Vanadium Project. This is an important milestone, and the decision provides EPA approval for the original Gabanintha Vanadium Project, comprising a mine, concentrator, processing plant, and other key infrastructure, including a bore field and camp.



Green Energy Major Project Status Granted

Also post the period end, the Australian Vanadium Project was selected as a lead agency advice and support project under Western Australian Government's Lead Agency Framework. The Lead Agency prioritisation framework is designed to focus the efforts of government towards the projects that are aligned with the State's decarbonisation and economic diversification agenda. The Green Energy Major Projects group has been established for State Government agencies to work together to develop clear assessment pathways and provide high-quality, fit-for-purpose, timely support for proponents and investors. This recognition strengthens AVL's ability to secure approvals efficiently, drive local job creation and establish Western Australia as a leader in the global critical minerals supply chain.

MIDSTREAM - VANADIUM ELECTROLYTE

AVL has built and commissioned a vanadium electrolyte manufacturing facility in Perth, Western Australia, that is capable of producing up to 33MWh per year equivalent vanadium electrolyte for VFBs.

AVL successfully deployed its first vanadium electrolyte into an operating battery with customer Horizon Power and continued the process of qualifying its vanadium electrolyte with several international VFB original equipment manufacturers (OEMs). Certification of electrolyte manufactured at AVL's facility paves the way for future commercial sales of electrolyte to global VFB OEMs.

During the period, the Company had the privilege of hosting The Hon Anthony Albanese MP, Prime Minister of Australia, The Hon Madeleine King MP, Minister for Resources and Ms Tracey Roberts MP, Member for Pearce, at the Company's vanadium electrolyte facility. The Federal Government's initiatives under the Modern Manufacturing Initiative - Manufacturing Translation Stream grant (MMI-T Grant) awarded in 2021 supported the construction of the electrolyte facility as part of a \$3.69 million grant. Earlier in the period, AVL also hosted The Hon Roger Cook MLA, the Premier of Western Australia, at the facility.

These visits provided an excellent opportunity to present AVL's comprehensive vanadium flow battery supply chain solution and update Federal and State leaders on its readiness to deliver competitive VFB BESS solutions tailored to the needs of the growing long-duration storage market. The presentation highlighted how the use of local manufacturing could contribute to economic activity and diversification while also enhancing the longevity and safety of BESS infrastructure.

DOWNSTREAM - VSUN ENERGY

VSUN Energy, a wholly owned subsidiary, has the capabilities and relationships with battery and equipment partners to deliver total energy storage solutions. The expansion of the Australian and global vanadium flow battery market presents significant new opportunities for additional consumption of high-purity vanadium products used in vanadium electrolyte.

During the half-year ended 31 December 2024, the Company continued to make significant progress in establishing the key partnerships required to underpin an energy storage solutions strategy for VSUN Energy. This involved multiple engagements with electricity market participants across the National Electricity Market and the Western Australian Wholesale Electricity Market who are seeking solutions for long duration energy storage. In addition, VSUN Energy has continued to work with VFB OEMs to optimise the development of grid-scale VFBs, alongside deployment contractors. As part of this process, VSUN Energy has engaged with potential funding partners, together with specialist consultants, to quantify the value of a VFB BESS to the electricity market.



Project Lumina

During the period, VSUN Energy completed Phase 1 of Project Lumina, an analysis to consider the potential competitiveness of VFB BESS solutions in the energy storage market. The outcome indicated the compelling merits of a scalable, turnkey, utility-scale 100MW VFB BESS solution with a levelised cost of storage (LCOS) of \$251/MWh for an 8-hour VFB BESS.

The Company also commenced Phase 2 of Project Lumina during the period, which will deliver the detailed design of a VFB BESS for use in Australian energy markets. Phase 2 is expected to refine the Phase 1 assumptions and develop an executable delivery strategy. Key aims of Phase 2 include:

- Development of a construction-ready, detailed design and delivery strategy for a commercial, turnkey, utility-scale 100MW VFB BESS on a 4-hour (100MW/400MWh) and 8-hour (100MW/800MWh) duration.
- Delivery of a definitive basis for estimates of LCOS, capital cost, operating cost and revenue opportunities, refining from the Phase 1 accuracy of $\pm 30\%$.
- Exploration of the option of a 'deconstructed' VFB BESS to drive optimised economic returns and to potentially extend operational life to 40 years and beyond.
- Optimisation of the design with a cost-effective means of independently scaling either power (MW) or duration (MWh of discharge) to capture opportunities emerging from the evolution of the Australian energy markets and deliver a competitive advantage via in-built optionality.

Related activities include continuing discussions with potential energy off-takers for the deployment of energy storage solutions, progressing land access arrangements for the future deployment of energy storage solutions, developing a funding strategy (debt and equity) to allow for the rapid deployment of energy storage solutions and determining the merits of deploying a VSUN Energy Build-Own-Operate business model, as well as delivering on an engineering, procurement and construction basis.

It is intended for Phase 2 to enable the Company and potential third-party investors to make a final investment decision on the deployment of utility-scale VFB BESS solutions by VSUN Energy in Q3 CY2025.

Proposed \$150 million investment in a utility-scale vanadium flow battery by WA Labor

The Company is pleased to note WA Labor's media release, made post period end, that a re-elected Cook Labor Government will invest \$150 million for a new, Western Australia-made, 50MW 10 hour (500MWh) vanadium battery in Kalgoorlie to reinforce the Goldfields' energy system further and create around 150 local jobs.

With AVL's vertically integrated vanadium strategy and the work being done on Project Lumina, the Company is well-positioned to pursue opportunities like this proposed Kalgoorlie battery.



Key appointments to support development of Project Lumina

To support the ongoing development of Project Lumina, VSUN Energy has established key relationships to underpin its energy storage solutions strategy. Strategic appointments during the period included:

- Leading Australian EPC contractors were appointed to Project Lumina. GenusPlus Group Ltd (Genus) has been appointed to provide early contractor involvement (ECI) services to develop the electrical connection of the VFB BESS and Sedgman Pty Limited (Sedgman), a CIMIC Group Company, has been appointed to provide ECI services in relation to the balance of plant design.
- Enerox GmbH (operating as CellCube), a global leader in VFB technology, has been appointed as the VFB technology provider for Project Lumina. With over 20 years of experience in designing and deploying its battery systems worldwide, CellCube is engaged to contribute its expertise to design VFB power units, develop associated engineering documentation and provide technical guidance. CellCube is expected to provide critical VFB componentry including the supply of power units in the implementation of Project Lumina.

The utilisation of well-established technology and building long term relationships with experienced providers such as Genus, Sedgman and CellCube will contribute to de-risking the deployment of VFB BESS units by VSUN Energy, providing confidence for end users of the technology.

Horizon Power VFB BESS project

VSUN Energy achieved a significant milestone in successfully commissioning and handing over a VFB BESS to Horizon Power at a site in Kununurra, Western Australia, with the first utilisation of a VFB containing vanadium electrolyte manufactured by AVL in Western Australia. The 220kWh VFB, designed to deliver up to 78kW of power, was purchased by Horizon Power, Western Australia's regional energy provider, for a long duration energy storage pilot. Using VFBs as a long duration energy storage solution could assist Horizon Power to accelerate the decarbonisation of its 140 energy networks spread throughout a service area covering 2.3 million square kilometres. The Kununurra VFB BESS was officially opened by the Hon Reece Whitby MLA, Minister for Energy, Divina D'Anna MLA, and Horizon Power Executive, Jennie Milne.

The VFB contains vanadium electrolyte manufactured by AVL at the Company's electrolyte manufacturing facility in Perth. This marks the first instance of AVL's vanadium electrolyte being used in an operational VFB and the first instance of AVL's electrolyte being approved for commercial use by a leading VFB manufacturer, Invinity Energy Systems plc, meeting stringent quality standards.

WORK HEALTH AND SAFETY

AVL achieved a Total Recordable Injury Frequency Rate of zero for the six months ended 31 December 2024. This covered the operation of the Company's vanadium electrolyte manufacturing facility, exploration activity and undertaking heritage surveys, all of which occurred during the reporting period and in collaboration with contracting partners.

This also marks 18 months without a recordable injury (lost time, restricted work or medical treatment) and no occurrences for the same period that are reportable to the Department of Energy, Mines, Industry Regulation and Safety under Work Health and Safety (Mines) Regulations 2022. This has been achieved by working closely with contracting partners, setting clear expectations, and conducting on-the-ground verification of activities being completed during periods of activity.



CORPORATE

Grant funding

AVL continues to benefit from grant funding from the Federal Government. To date, AVL has received \$24.5 million of the \$49 million grant under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream (MMI-C Grant).

The funding contributes to unlocking value in the Project during the OFS, allowing for enhanced project definition, detailed engineering of key infrastructure, progression of project approvals and other activities to minimise project execution risk.

Letter of Interest for finance support for the Australian Vanadium Project

AVL received a non-binding Letter of Interest from the Export-Import Bank of the United States (US EXIM) for up to US\$31 million in debt financing for the development and construction of the Project. US EXIM is the official export credit agency of the Federal Government of the United States.

US EXIM's support is related to the potential for equipment to be sourced from the U.S. for the Project. As part of the Company's OFS, AVL will continue to identify opportunities to expand the scope of the Project's U.S. content, including equipment, goods and services, which may increase the size of the potential financing offered by US EXIM.

The Letter of Interest is non-binding and future financing support from US EXIM, if any, is subject to EXIM's policies, procedures, due diligence and approval by US EXIM's board of directors.

Board change

Ms Anna Sudlow resigned as a Non-Executive Director effective 31 December 2024, due to increased commitments in her executive role elsewhere.

Annual General Meeting

The Company held its Annual General Meeting on 21 November 2024. All resolutions were passed on a poll.



DIVIDENDS

No dividends were paid or declared for the half-year ended 31 December 2024 and the Directors have not recommended the payment of a dividend.

FINANCIAL RESULTS AND POSITION

The condensed consolidated interim financial statements of the Group for the half-year ended 31 December 2024 have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

For the half-year ended 31 December 2024, the Group recorded an after-tax loss of \$6.1 million (31 December 2023: loss of \$5.9 million).

The Group had cash outflows from operating activities of \$7.9 million and cash outflows from investing activities of \$5.2 million for the half-year ended 31 December 2024 (31 December 2023: cash outflows from operating activities and investing activities of \$8.8 million and \$9.0 million respectively). Cashflow outflows from financing activities for the period were \$0.2 million (31 December 2023: cash inflows of \$15.1 million).

At 31 December 2024, the Group held cash and cash equivalents of \$23.1 million (30 June 2024: \$36.4 million), including \$11.7 million received under the MMI-C Grant, which is designated to be spent on eligible activities under the grant agreement and restricted cash of \$0.4 million. At 31 December 2024, the Group held net working capital (excluding grant liability) of \$17.3 million (30 June 2024: \$28.7 million).

The Group had outstanding commitments at 31 December 2024 of \$Nil relating to the Australian Vanadium Project and \$5.7 million of exploration obligations, all due within 12 months (refer to Note 10).

Considering the Group's positive cash position and its forecast cash flows over the next 12 months, the Directors expect that the Group can continue its business activities and meet its debts as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts have been made. The Directors, therefore, have determined it is appropriate for the consolidated financial statements of the Group for the half-year ended 31 December 2024 to be prepared on a going concern basis.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the period.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of period not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods except for the following, the financial effects of which have not been provided for in the condensed consolidated interim financial statements for the half-year ended 31 December 2024:

- On 13 January 2025, AVL secured EPA approval for the implementation of the Gabanintha Vanadium Project, which now forms part of the Australian Vanadium Project. The approval sets conditions in line with initiatives proposed by AVL.
- On 29 January 2025, the Australian Vanadium Project was selected as a lead agency advice and support project under the West Australian Government's Lead Agency Framework. The Lead Agency prioritisation framework is designed to focus the efforts of government towards the projects that are aligned with the State's decarbonisation and economic diversification agenda.



AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 12.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191 relating to the 'rounding-off' of amounts in the directors' report and financial report. Amounts in this Directors' Report and Financial Report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar, in accordance with the instrument.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Cliff Lawrenson
Non-Executive Chair

Perth
11 March 2025



AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF AUSTRALIAN VANADIUM LIMITED

As lead auditor for the review of Australian Vanadium Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Vanadium Limited and the entities it controlled during the period.

Glyn O'Brien
Director

BDO Audit Pty Ltd
Perth
11 March 2025

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2024

	Notes	31 December 2024 \$'000	31 December 2023 \$'000
Revenue from contracts with customers		11	-
Cost of sales		(13)	-
Gross profit		(2)	-
Other income		7	13
Interest revenue		748	221
Depreciation		(282)	(55)
Exploration and evaluation expenditure expensed		(17)	(38)
Amortisation of lease liability		(235)	(204)
Finance costs		(123)	(76)
Share based payments		(312)	(603)
Directors' fees and benefits expense		(310)	(186)
Employee benefits expense	3	(3,060)	(2,728)
General and administrative expenses		(2,497)	(2,268)
Loss before income tax expense		(6,083)	(5,924)
Income tax expense		-	-
Net loss after income tax expense for the half-year		(6,083)	(5,924)
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Movement in fair value of investment classified as fair value through OCI (FVOCI)		(19)	(56)
Total comprehensive loss for the half-year attributable to owners of Australian Vanadium Ltd		(6,102)	(5,980)
Basic and diluted loss per share		Cents (0.07)	Cents (0.12)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	31 December 2024 \$'000	30 June 2024 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		23,080	36,420
Trade and other receivables		978	522
Inventories		1,045	749
Total current assets		25,103	37,691
Non-current assets			
Plant and equipment	4	4,680	4,598
Exploration and evaluation asset	5	125,466	126,069
Financial assets		74	92
Right-of-use assets		2,543	1,884
Total non-current assets		132,763	132,643
TOTAL ASSETS		157,866	170,334
LIABILITIES			
Current liabilities			
Trade and other payables		7,093	8,329
Provisions		269	288
Grant liability	6	11,675	18,130
Lease liabilities		475	340
Total current liabilities		19,512	27,087
Non-current liabilities			
Provisions		607	589
Lease liabilities		2,287	1,712
Total non-current liabilities		2,894	2,301
TOTAL LIABILITIES		22,406	29,388
NET ASSETS		135,460	140,946
EQUITY			
Issued capital	7	231,796	231,051
Reserves	8	(353)	29
Accumulated losses		(95,983)	(90,134)
TOTAL EQUITY		135,460	140,946

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2024

	Issued Capital	Accumulated Losses	Fair Value Reserve	Share- Based Payment Reserve	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2023	135,569	(74,930)	(1,273)	1,123	60,489
Total loss for the year	-	(5,924)	-	-	(5,924)
Movement in fair value of investments recognised in equity	-	(56)	-	-	(56)
Total comprehensive loss for the period	-	(5,980)	-	-	(5,980)
Issued pursuant to institutional placement	15,671	-	-	-	15,671
Issued as consideration for services	-	-	-	-	-
Recognition of share-based payments	-	-	-	603	603
Share issue costs	(387)	-	-	-	(387)
Balance as at 31 December 2023	150,853	(80,910)	(1,273)	1,726	70,396
Balance as at 1 July 2024	231,051	(90,134)	(1,477)	1,506	140,946
Total loss for the period	-	(6,083)	-	-	(6,083)
Movement in fair value of investments recognised in equity	-	-	(19)	-	(19)
Total comprehensive loss for the period	-	(6,083)	(19)	-	(6,102)
Issued as consideration for services	131	-	-	-	131
Shares issued on conversion of performance rights	138	-	-	(138)	-
Recognition of share based payments (Note 10)	-	234	-	78	312
Performance bonus – shares issued	180	-	-	-	180
Cancellation of ordinary partly paid shares	(7)	-	-	-	(7)
Expiry of securities	303	-	-	(303)	-
Balance as at 31 December 2024	231,796	(95,983)	(1,496)	1,143	135,460

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2024

	31 December 2024 \$'000	31 December 2023 \$'000
Cash flows from operating activities		
Receipts from customers	89	-
Payments to suppliers and employees	(7,947)	(8,761)
Interest paid on leases	(100)	(73)
Exploration and evaluation expenditure expensed	(17)	(38)
Net receipts from other entities	48	65
Net cash used in operating activities	(7,927)	(8,807)
Cash flows from investing activities		
Interest received	748	221
Expenditure on mining interests	(8,718)	(4,144)
Receipts from Research and Development Tax Incentives	3,283	436
Payments for property, plant and equipment	(50)	(5,514)
Payments for other non-current assets	(492)	-
Net cash used in investing activities	(5,229)	(9,001)
Cash flows from financing activities		
Proceeds from issue of shares	-	15,671
Principal element of lease payments	(184)	(160)
Payment of capital raising costs	-	(387)
Net cash (used) / provided by financing activities	(184)	15,124
Net decrease in cash and cash equivalents	(13,340)	(2,684)
Cash and cash equivalents at the beginning of the period	36,420	26,874
Cash and cash equivalents at the end of the period	23,080	24,190

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2024

GENERAL INFORMATION

The condensed consolidated interim financial statements cover Australian Vanadium Limited as a Group and consist of Australian Vanadium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2024. The condensed consolidated interim financial statements are presented in Australian dollars, Australian Vanadium Limited's functional and presentation currency.

Australian Vanadium Limited is a public company limited by shares, incorporated and domiciled in Australia, whose shares are listed on ASX in Australia (ASX: AVL). Its registered office and principal place of business:

Australian Vanadium Limited
Level 2, 50 Kings Park Road, West Perth, Western Australia, 6005

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the condensed consolidated interim financial statements.

The condensed consolidated interim financial statements were authorised for issue in accordance with a resolution of directors on 11 March 2025. The Directors can amend and reissue the condensed consolidated interim financial statements.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

This condensed consolidated interim financial report for the half-year reporting ended 31 December 2024 has been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit-oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the half-year 31 December 2024 in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The principal accounting policies adopted are consistent with those of the previous financial year and the corresponding half-year, except for the policies provided throughout the notes to the financial statements.

(b) New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards or Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of the Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.



2. SEGMENT REPORTING

Description of segments

The Group identified its operating segments based on the internal reports reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and determining the allocation of resources. The operating segments of the Group are:

	Upstream	Australian Vanadium Project	Evaluation and feasibility of the Australian Vanadium Project
	Midstream	Electrolyte Plant	Vanadium electrolyte production
	Downstream	Energy Storage	Sale, development and deployment of vanadium flow battery energy storage solutions by VSUN Energy

The accounting policies used by the Group in reporting segments internally are the same as those contained throughout the notes to the financial statements and in the prior period.

Intersegment transactions were made at market rates. Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans and transactions are eliminated on consolidation.

Operating segment information

The following tables present segment information provided to the executive management team for the reportable segments for the half-years ended 31 December 2024 and 31 December 2023, respectively.

	 Upstream Australian Vanadium Project \$'000	 Midstream Electrolyte Plant \$'000	 Downstream Energy Storage \$'000	Unallocated \$'000	Total \$'000
31 December 2024					
Sales to external customers	-	11	-	-	11
Other revenue	-	-	-	-	-
Interest received	-	-	1	747	748
Total segment revenue	-	11	1	747	759
Total segment results	(124)	(382)	(1,079)	(4,264)	(5,849)
Total segment assets	74,552	4,996	2,133	76,185	157,866
Total segment liabilities	11,675	952	5,938	3,841	22,406
Depreciation and amortisation	(77)	(52)	(13)	(375)	(517)
Finance costs	(29)	(39)	-	(55)	(123)



2. SEGMENT REPORTING (continued)

	 Upstream Australian Vanadium Project \$'000	 Midstream Electrolyte Plant \$'000	 Downstream Energy Storage \$'000	Unallocated \$'000	Total \$'000
31 December 2023					
Sales to external customers	-	-	-	-	-
Other revenue	-	-	12	1	13
Interest received	-	-	1	220	221
Total segment revenue	-	-	13	221	234
Total segment results	(38)	(323)	(233)	(5,330)	(5,924)
Total segment assets	46,718	5,298	707	27,654	80,377
Total segment liabilities	1,707	526	139	7,609	9,981
Depreciation and amortisation	-	(59)	(14)	(186)	(259)
Finance costs	-	(22)	-	(54)	(76)

3. EMPLOYEE BENEFITS EXPENSE

	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Salaries and wages	2,460	2,321
Superannuation	254	207
Payroll tax	166	200
Non-cash short term incentive	180	-
	3,060	2,728

4. PLANT AND EQUIPMENT

	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Plant and equipment		
At cost	4,935	4,861
Accumulated depreciation	(996)	(728)
	3,939	4,133
Motor vehicles		
At cost	242	242
Accumulated depreciation	(113)	(99)
	129	143
Assets under construction		
At cost	612	322
	612	322
Total		
At cost	5,789	5,425
Accumulated depreciation	(1,109)	(827)
	4,680	4,598



5. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Balance at the beginning of the period	126,069	44,731
Acquisition of Technology Metals Australia Limited	-	79,206
Expenditure capitalised during the period at cost	9,135	10,973
Receipts for exploration and evaluation activities	(3,283)	(675)
Eligible grant expenditure recognised	(6,455)	(5,291)
Capitalised expenditure written off	-	(2,875)
Balance at the end of the period	125,466	126,069

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 exploitation, or alternatively, sale of the respective areas of interest, at amounts at least equal to book value. The Directors have assessed the carrying value of the projects for impairment triggers under AASB 6 'Exploration for and Evaluation of Mineral Resources' considering all available information and no impairment triggers were identified.

Receipts relate to the receipt of \$3.3 million in Research and Development Tax Incentives.

6. GRANT LIABILITY

	Consolidated	
	31 December 2024 \$'000	31 December 2023 \$'000
Carrying amount at the beginning of the period	18,130	9,959
Grant funds received	-	14,700
Eligible expenditure recognised	(6,455)	(6,529)
	11,675	18,130

The Company is the beneficiary of a \$49 million grant from the Australian Government under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream (MMI-C Grant) for the Australian Vanadium Project.

In the half-year ended 31 December 2024, the Group recognised \$6.5 million in eligible expenditure under the MMI-C Grant in relation to the Australian Vanadium Project, which was deducted from the cost of the exploration and evaluation asset in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*.

7. ISSUED CAPITAL

	Consolidated			
	31 December 2024 Number	30 June 2024 Number	31 December 2024 \$'000	30 June 2024 \$'000
Ordinary shares – fully paid	8,634,658,076	8,610,503,149	236,401	235,952
Ordinary shares – partly paid ¹	-	68,000,000	-	7
Share issue costs written off against issued capital	-	-	(4,605)	(4,908)
Total	8,634,658,076	8,678,503,149	231,796	231,051

1. The 68 million partly paid shares on issue at 30 June 2024 were cancelled on 21 November 2024 following shareholder approval at the Company's 2024 Annual General Meeting.



Movement in fully paid ordinary shares

	Number	\$'000
Opening balance as at 1 July 2023	4,364,911,176	140,082
Issue of shares for institutional placement	602,746,809	15,671
Issued under acquisition of Technology Metals Australia Limited	3,626,004,702	79,772
Issue of shares as consideration for services	948,795	32
Issue of shares on conversion of performance rights	15,891,667	395
Closing balance as at 30 June 2024	8,610,503,149	235,952
Issue of shares as consideration for services	8,679,489	131
Issue of shares on conversion of performance rights	3,633,332	138
Issue of shares – short term incentive	11,842,106	180
Closing balance as at 31 December 2024	8,634,658,076	236,401

Movement in partly paid ordinary shares

	Number	\$'000
Opening balance as at 1 July 2024 (\$0.0389 unpaid)	68,000,000	7
Partly paid ordinary shares cancelled during the period	(68,000,000)	(7)
Closing balance as at 31 December 2024	-	-
Share issue costs written off against capital	-	(4,605)
Group balance as at 31 December 2024	8,634,658,076	231,796

8. RESERVES

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Share based payment reserve	1,143	1,506
Fair value reserve	(1,496)	(1,477)
	(353)	29

Share-based payment reserve

The share-based payment reserve is used to record the value of equity benefits provided to employees and Directors as part of remuneration. When the securities are exercised, the amount in the share-based payment reserve is transferred to issued capital.

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Balance at the beginning of the period	1,506	1,122
Fair value of performance rights converted to ordinary shares	(138)	(394)
Share-based payment expense following the issue of performance rights – Non-Executive Directors	(7)	66
Share-based payment expense following the issue of performance rights – Executive KMP and employees	85	712
Expiry of securities	(303)	-
Balance at the end of the period	1,143	1,506



9. CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the period.

10. COMMITMENTS

In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. Whilst these costs are discretionary, the associated exploration and mining leases may be relinquished if the expenditure commitments are not met. 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.

	Consolidated	
	31 December 2024 \$'000	30 June 2024 \$'000
Minimum expenditure commitment on the tenements is:		
Payable no later than 1 year	856	828
Payable between 1 year and 5 years	4,872	4,573
	5,728	5,401

The Group has the following commitments in relation to the Australian Vanadium Project:

Payable no later than 1 year	-	1,056
Payable between 1 year and 5 years	-	-
	-	1,056

11. RELATED PARTY TRANSACTIONS

During the half-year ended 31 December 2024, the Company entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support. The agreement with Mr Watson is for an annual fee of \$100,000 inclusive of superannuation and payable in equal monthly instalments and is not for a fixed term.

12. EVENTS SUBSEQUENT TO REPORTING DATE

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of the half-year not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods with the exception of the following, the financial effects of which have not been provided for in the Interim Financial Report for the half-year ended 31 December 2024:

- On 13 January 2025, AVL secured EPA approval for the implementation of the Gabanintha Vanadium Project, which now forms part of the Australian Vanadium Project. The approval sets conditions in line with initiatives proposed by AVL.
- On 29 January 2025, the Australian Vanadium Project was selected as a lead agency advice and support project under the West Australian Government's Lead Agency Framework. The Lead Agency prioritisation framework is designed to focus the efforts of government towards the projects that are aligned with the State's decarbonisation and economic diversification agenda.



DIRECTORS' DECLARATION

In the opinion of the Directors of Australian Vanadium Limited:

- a. the condensed consolidated interim financial statements and notes set out on pages 13 to 22 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date.
- b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors.

Cliff Lawrenson
Non-Executive Chair

Perth
11 March 2025



INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Vanadium Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Vanadium Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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INDEPENDENT AUDITOR'S REVIEW REPORT



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 11 March 2025



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