

AVL EXTENDS GERALDTON REGION VANADIUM PROCESSING PLANT LAND OPTION

Land option agreement extension reaffirms unique processing plant coastal location strategy

KEY POINTS

- AVL has signed a one year extension to an option agreement for land to locate its processing plant near to the port city of Geraldton in Western Australia.
- Strong Federal, State and Local Government support for the location, offering increased Mid-West region employment opportunities.
- Ability to use existing gas, water, road and rail infrastructure.
- Close to Mid-West industry services platform.
- Benefits to flow through to the communities of Mullewa and Geraldton.

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) has signed a one year extension with the land owner of the proposed location for its vanadium processing plant near Geraldton in Western Australia.

In October 2019¹, AVL announced that it had signed an option agreement for land to locate the processing plant for the Australian Vanadium Project (“the Project”) near to the port city of Geraldton in Western Australia. The Project minesite is located approximately 40kms south of the mining town of Meekatharra in Western Australia. To ensure a low-cost operation, AVL will undertake crushing, milling and beneficiation of vanadium bearing magnetite ore at the minesite location and transport the resulting concentrate to the proposed processing plant outside Geraldton, where final refinement to high-quality, high-value vanadium products will take place.

A unique value proposition resulting from this arrangement is that the Company is able to consider the sale of a titanium concentrate by-product which will be generated after extraction of high purity

¹ See ASX announcement dated 29th October 2019 ‘Option Agreement to Locate Vanadium Processing Plant near Geraldton, WA’

vanadium products. The potential for sale of iron-titanium by-products is one of the globally unique opportunities provided by the coastal location of the plant.



Figure 1 - Proposed Location of Processing Plant

Managing Director, Vincent Algar commented, “During our 2019 feasibility work we identified a potentially valuable opportunity in locating our vanadium processing plant near Geraldton. This resulted in us searching for and securing a suitable location for our plant west of Mullewa, near Geraldton. Over the past year, as is shown in this announcement, we have confirmed that this processing plant location is ideal for the Company. The extension of our option over the relevant land, for a modest option fee, is a logical step as we move forward with our feasibility work and towards production.”

The physical and infrastructure benefits of the processing plant’s location include:

- Access to cheaper and more competitive natural gas and the associated capital cost reduction of not needing to build a gas pipeline to the minesite.

- The opportunity for power at the minesite to have a large component of renewable energy, including a vanadium redox flow battery.
- Significantly reduced minesite water requirements by approximately one third of total water used.
- A reduced minesite camp, due to reduced numbers of personnel required onsite and workers at the Geraldton location living locally, preferably at their homes.
- Reduced construction costs for the processing plant and cheaper transportation costs of reagents.

The extension agreement provides a one year extension of the original option agreement signed on 21st October 2019. The option payment for the second term is 1% of the Purchase Price, with half payable in cash and half in AVL shares. The number of shares issued will be based on the volume weighted average share price over the previous five trading days prior to the payment of the option fee. The land size is calculated at 1,334 acres, with the purchase price of \$2,100 per acre. All terms in the original option agreement remain valid.

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 Managing Director Vincent Algar.

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. 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 with an Ore Reserve of 18.24Mt at 1.04% V_2O_5 comprised of a Proved Reserve of 9.82Mt at 1.07% V_2O_5 and a Probable Reserve of 8.42Mt at 1.01% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 19 December 2018 'Gabanintha Pre-Feasibility Study and Maiden Ore Reserve' and ASX announcement dated 4 March 2020 'Total Vanadium Resource at the Australian Vanadium Project Rises to 208 Million Tonnes').

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning

the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

VSUN Energy is a 100% owned subsidiary of AVL, focused on developing the vanadium redox flow battery market.

APPENDIX 1

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

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

COMPETENT PERSON STATEMENT — MINERAL RESOURCE ESTIMATION

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