



## **SHARE PURCHASE PLAN**

**TO RAISE UP TO A\$6,809,761**

**CLOSING DATE: 5.00pm (Perth Time) on Monday, 16 September 2019**

This document is important and requires your immediate attention. Carefully read this document in full and consult your stockbroker, solicitor, accountant, licensed financial advisor or other professional advisor if you are in any doubt as to what to do.

This document is not a Prospectus. It does not contain all the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the New Shares offered by this document. This document does not take into account the individual investment objectives, financial situation or particular needs of each Eligible Shareholder.

This document provides details of the Australian Vanadium Limited Share Purchase Plan and explains how Eligible Shareholders can participate.

Each Eligible Shareholder has the opportunity to participate in the Australian Vanadium Limited Share Purchase Plan by applying for up to A\$15,000 worth of new ordinary shares in Australian Vanadium Limited, without incurring brokerage or other transaction costs.

Dear Shareholder,

**Australian Vanadium Limited - Share Purchase Plan**

On behalf of the Board of Australian Vanadium Limited (ACN 116 221 740) (**Company**), I am pleased to offer you the opportunity to subscribe for fully paid ordinary shares in the Company (**Shares**) under a Share Purchase Plan (**SPP**).

The Company is offering eligible shareholders the opportunity to apply under the SPP for up to \$15,000 worth of Shares at an issue price of \$0.0115 per Share (**Issue Price**).

Shareholders will be eligible to participate in the SPP if they have a registered address in Australia or New Zealand, or any other jurisdiction where in the reasonable opinion of the Company it is lawful and practical for the Company to offer Shares, as at 5pm (AWST) on Tuesday, 20 August 2019.

The Issue Price represents a 18.8% discount to the volume weighted average market price of Shares over the last five days on which sales of Shares were recorded on ASX immediately prior to the announcement of the SPP.

Applications for new Shares under the SPP will be made on the enclosed Application Form. The Offer of Shares under the SPP is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the Corporations Act.

The SPP is partially underwritten to the value of \$3.5 million by Patersons Securities Limited. See section 15 of the SPP for further information.

**Important Information**

The SPP is governed by the enclosed terms and conditions. The Board urges you to read these terms and conditions carefully and in their entirety, together with announcements made by the Company to ASX, before deciding whether to participate in the SPP.

If you are uncertain whether Shares are a suitable investment for you, you should consult your financial or other professional adviser. The Board recommends that you obtain your own financial advice in relation to the SPP and consider price movements of Shares in the Company prior to electing to participate in the SPP.

**Enquiries**

If you have any enquiries in relation to your Application Form or the Plan, please call the Company Secretary on +61 (08) 9321 5594. Applications must be received by no later than at 5.00pm (AWST) on Monday, 16 September 2019.

Yours faithfully,

Vincent Algar  
Managing Director  
Australian Vanadium Limited

**AUSTRALIAN VANADIUM LIMITED (ACN 116 221 740)**

**SHARE PURCHASE PLAN TERMS AND CONDITIONS**

These terms and conditions are the terms and conditions of the Australian Vanadium Limited (ACN 116 221 740) (**Company**) 2019 Share Purchase Plan and are binding on any shareholder providing a completed Share Purchase Plan Application Form to the Company.

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## **1. Offer**

The Offer is an invitation to apply for fully paid ordinary shares in the Company (**Shares**) up to a maximum subscription of \$15,000 at an issue price of \$0.0115 per Share (**New Shares**) (**Offer**).

The Offer to each eligible shareholder is made on the same terms and conditions.

The Offer is non-renounceable.

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## **2. Eligibility**

You are only eligible to apply for New Shares (**Eligible Shareholder**) if:

- (a) your registered address in the Company's register of members is in Australia or New Zealand or any other jurisdiction where in the reasonable opinion of the Company it is lawful and practical for the Company to offer New Shares; and
- (b) you were registered as a holder of Shares as at 5.00pm AWST on Tuesday, 20 August 2019.

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## **3. Issue Price**

The issue price for each New Share under the Offer is \$0.0115 per Share.

In accordance with the requirements of ASIC Class Order [CO 09/425], the Company confirms that the issue price is less than the market price of Shares during a 'specified period' in the 30 days before the date of the Offer (such specified period being the 5 days in which trading in Shares occurred prior to the date of announcing the Offer).

In accordance with ASX Listing Rule 7.2 Exception 15, the issue price is equal to or greater than 80% of the volume weighted average price for the 5 days in which trading in the Shares occurred before the date of the announcement of the Offer.

## 4. Number of New Shares

### 4.1 Application amount

If you are an Eligible Shareholder, you can apply for up to a maximum of \$15,000 worth of New Shares. Eligible Shareholders can select one of the following alternatives:

Offer	Value	Number of Shares
A	\$1,000	86,957
B	\$2,500	217,392
C	\$5,000	434,783
D	\$7,500	652,174
E	\$10,000	869,566
F	\$15,000	1,304,348

### 4.2 \$15,000 maximum

The total costs of New Shares purchased by each Eligible Shareholder (including through joint holding(s), multiple share accounts or any holding in which they have a beneficial interest/s) must not exceed \$15,000.

The Company reserves the right to issue to an Eligible Shareholder less New Shares than the number specified in an Application Form for whatever reason, including to avoid the possible subscription of over \$15,000 worth of New Shares by a shareholder through multiple applications or joint holdings.

No fractions of New Shares will be issued.

### 4.3 Maximum number of New Shares to be issued

- (a) **ASX Listing Rules limitation:** In accordance with ASX Listing Rule 7.2 Exception 15, the total number of New Shares under the Offer must not exceed 30% of the number of Shares on issue, being 592,153,136 New Shares.
- (b) **Scaleback**
  - (i) The Company reserves the right to determine the amount it raises through the SPP, including the right to scale back applications (**Scaleback**).
  - (ii) If there is a Scaleback, you may not receive all the New Shares for which you have applied. Each applicant will be treated equally and scaled back on a pro rata basis. If a Scaleback produces a fractional number when applied to your parcel, the number of New Shares you will be issued will be rounded down.
  - (iii) The Company will refund to you by direct credit deposit to your nominated bank account (where you have given your nomination to the Share Registry) or by cheque, the difference between your application money and the total offer price for the New Shares issued to you.

- (c) **Board discretion:** The Board reserves its right to reject or scale back any applications in whole or in part. The Board reserves absolute discretion regarding the final amount raised under the Offer (subject to the maximum permitted under the ASX Listing Rules). If there is a rejection or scale back, your application monies may be greater than the value of New Shares issued to you under the Plan, in which case the excess application monies will be refunded to you, without interest.

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## 5. Participation costs

You must pay the issue price per New Share and any fees or charges incurred by you in completing the Application Form, for example, bank fees or fees of professional advisors. No commission is payable by the Company on the issue of the New Shares and no brokerage applies.

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## 6. Rights Attaching

The rights and obligations of the New Shares are contained in the Constitution of the Company (which is available for inspection at the registered office of the Company during the period of the Offer or on the ASX website here: <https://www.australianvanadium.com.au/wp-content/uploads/2019/08/AVL-Constitution.pdf>). The New Shares will be issued on the same terms as all other ordinary shares in the Company and the Company will apply for the New Shares to be quoted on ASX. If the New Shares are not quoted on ASX, the New Shares will not be issued and funds will be refunded.

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## 7. Allotment of New Shares

Subject to these terms and conditions, the New Shares will be allotted as soon as possible after the Offer closing date. The Company will send or cause to be sent to you a holding statement in due course. An indicative timetable is set out in Section 12.

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## 8. Payment for New Shares

All amounts in this Offer are expressed in Australian dollars. You must pay for the New Shares by cheque in Australian dollars made payable to “Australian Vanadium Limited” or by BPay® following the instructions on the Application Form and below.

You should note that the Company may elect to close the Offer at any time, or extend the Closing Date. Accordingly, the Company encourages Shareholders to submit their applications as soon as practicable.

### 8.1 Payment by Cheque

To take up this Offer:

- (a) complete the enclosed personalised Application Form specifying the total subscription price for those New Shares; and
- (b) send the completed Application Form such that it is received by no later than 5pm (AWST) on the Closing Date of Monday, 16 September 2019, with your cheque made payable to **Australian Vanadium Limited**, and crossed Not Negotiable to the Company’s share registry at:

Automatic Registry Services Pty Ltd  
GPO Box 5193  
Sydney NSW 2001  
AUSTRALIA

Please provide a cheque for the exact amount. If you do not provide the exact amount, the Company reserves the right to return your Application Form and cheque (in which case you will receive no New Shares) or issue you a lesser number of New Shares and (if necessary) return a portion of your funds. No interest will be paid on money returned.

## 8.2 Payment by BPay®

Alternatively, you can use the BPay® facility as set out on the Application Form. Please note that New Zealand Shareholders having an Australian bank account can also use BPay®. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPay®. It is your responsibility to check that the amount you wish to pay via BPay® does not exceed your limit. Shareholders are responsible for making sure that any BPay® payments are made in time to become cleared funds in the account before 5pm (AWST) on the Closing Date.

Applicants are encouraged to pay by BPay®.

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## 9. Risk

New Shares are a speculative investment and the market price may change between the date you apply for New Shares and the date of issue of New Shares to you. Accordingly, the value of New Shares applied for may rise or fall.

This Offer is not a prospectus and does not require the types of disclosures required under the Corporations Act. You must rely on your own knowledge of the Company, previous disclosures made by the Company to ASX, and, if necessary, consult your professional advisor when deciding whether or not to participate in the Offer.

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## 10. Privacy

By receiving completed Application Forms, the Company collects personal information about shareholders. The Company will use this information for the purposes of processing the Application Form and updating the records of the Company. Unless required by the law, the Company will not disclose the personal information for another purpose without the consent of the shareholder. Except as stated by the law, shareholders are able to access, upon request, their personal information held by the Company. For further information about how we manage your personal information or if you wish to obtain a copy of the Company's privacy policy, please contact us.

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## 11. Use of Funds

The Board presently intends that the funds raised from the Offer will be applied towards:

- (a) development of the Company's Australian Vanadium Project;
- (b) resource and reserve updates; and



- (c) general working capital (including corporate and administration costs).

As with any intended budget or use of funds, this is a statement of current intentions as at the date of this Offer. Intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

## 12. Important Dates

The important dates in relation to this Offer are summarised below.

Event	Date
Record Date (5pm AWST)	Tuesday, 20 August 2019
Announcement of SPP	Wednesday, 21 August 2019
Dispatch of Offer Document and Application Form & Offer Opening Date	Monday, 26 August 2019
Offer closing date (5pm AWST)	Monday, 16 September 2019
Allotment and quotation of New Shares and Shortfall Shares (if applicable)	Monday, 23 September 2019

These above dates are indicative only. The Company may vary the dates and times of the Offer by lodging a revised notice with ASX.

New Shares issued under the Offer will be issued as soon as practicable after the Offer closing date. Application for quotation on ASX of the New Shares will be made immediately following the issue of those Shares.

## 13. Joint Holders

If you are a joint holder of existing Shares, you are taken to be a single registered holder of existing Shares for the purposes of determining whether you are an Eligible Shareholder and joint holders are entitled to participate in the Offer in respect of that single holding only.

## 14. Custodians

Eligible shareholders who hold Shares as a "custodian" (as defined in ASIC Class Order 09/425) (**Custodian**) may participate in the Offer on behalf of one or more persons whom the Custodian holds Shares on behalf of (**Custodian Beneficiaries**). If a Custodian applies for New Shares on behalf of a Custodian Beneficiary, the Company may not issue New Shares to the Custodian under the Offer unless the Custodian gives the following (or substantially the following) (**Custodian Certificate**) in writing to the Company. The Company will supply an appropriate Custodian Certificate upon request to the Company Secretary,

- (a) either or both of the following:
- (i) that the Custodian holds the Shares on behalf of one or more persons that are not custodians (**Participating Beneficiaries**); or

- (ii) that another custodian (**Downstream Custodian**) holds beneficial interests in Shares on behalf of a Participating Beneficiary, and the Custodian holds the Shares to which those beneficial interests relate on behalf of the Downstream Custodian or another custodian,

on the Record Date and that each Participating Beneficiary has subsequently instructed the following persons:

- (iii) where sub-paragraph (a)(i) applies – the Custodian; and
- (iv) where sub-paragraph (a)(ii) applies – the Downstream Custodian, to apply for New Shares under the Offer on their behalf;
- (b) the number of Participating Beneficiaries;
- (c) the name and address of each Participating Beneficiary, and that each Participating Beneficiary's address is located in Australia or New Zealand;
- (d) that each Custodian Beneficiary is not in the United States and that the Custodian has not sent any materials relating to the Offer to any person in the United States;
- (e) in respect of each Participating Beneficiary:
  - (i) where sub-paragraph (a)(i) applies – the number of Shares that the Custodian holds on their behalf; and
  - (ii) where sub-paragraph (a)(ii) applies – the number of Shares to which the beneficial interests relate;
- (f) in respect of each Participating Beneficiary:
  - (i) where sub-paragraph (a)(i) applies – the number or the dollar amount of New Shares they instructed the Custodian to apply for on their behalf; and
  - (ii) where sub-paragraph (a)(ii) applies – the number or the dollar amount of New Shares they instructed the Downstream Custodian to apply for on their behalf;
- (g) there are no Participating Beneficiaries in respect of which the total of the application price for the following exceeds \$15,000:
  - (i) the New Shares applied for by the Custodian under the Offer in accordance with the instructions referred to in sub-paragraph (f); and
  - (ii) any other Shares issued to the Custodian in the 12 months before the application as a result of an instruction given by them to the Custodian or the Downstream Custodian to apply for Shares on their behalf under an arrangement similar to the Offer;
- (h) that a copy of this offer was given to each Participating Beneficiary; and
- (i) where sub-paragraph (a)(ii) applies – the name and address of each Custodian who holds beneficial interests in the Shares held by the Custodian in relation to each Participating Beneficiary.



## 15. Underwriting

The Offer is partially underwritten by Patersons Securities Limited (ACN 008 896 311) (**Underwriter**) to the value of \$3.5 million (**Underwritten Amount**).

In the event that Eligible Shareholders do not subscribe for New Shares under the Offer to the value of the Underwritten Amount, the Company will place to the Underwriter (or their nominees) that number of New Shares which, when added to the value of New Shares subscribed for under the Offer, will equal the Underwritten Amount (**Shortfall Shares**), provided that the number of Shortfall Shares does not exceed the Company's placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A.

In addition, upon completion of the Offer and subject to the Company's remaining available placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A, the Company may, at the Underwriter's election, undertake a separate placement of Shares to raise up to a further circa \$4 million (before costs) (**Top-Up Placement**). The Top-Up Placement will be at the same Issue Price as New Shares under the Offer and will be conducted by the Underwriter as lead manager to the Top-Up Placement. The Top-Up Placement is not underwritten.

The Underwriter will be paid a fee of 6% of the total gross amount raised under the Offer and the Top-Up Placement (if any) and will also receive one (1) unlisted option exercisable at 2c on or before 30 September 2020 for every three (3) New Shares underwritten, plus an additional 10,000,000 unlisted options exercisable at 2c on or before 30 September 2020 (**Underwriter Options**). The Underwriter will also be paid a lead management fee of \$60,000 (plus GST).

The Underwriter Options will be granted to the Underwriter (or their nominees) utilising the Company's available placement capacity pursuant to ASX Listing Rules 7.1.

The underwriting agreement dated 20 August 2019 between the Underwriter and the Company contains customary conditions, warranties and undertakings and is subject to termination events including:

- (a) at any time after the date of the underwriting agreement until the date of allocation of New Shares to the value of the Underwritten Amount:
  - (i) any of the All Ordinaries Index or the Standard & Poors/ASX Small Resources Index (as published by ASX) are at 7.5% or more below its respective level as at the close of business on the business day prior to the date of the underwriting agreement; or
  - (ii) the Company's Shares trade lower than the Issue Price at the close of two consecutive trading days; and
- (b) other customary termination events for an agreement of this nature.

## 16. Additional provisions

### 16.1 Amendments

The Company may amend the terms of the Offer at any time. Any material amendments will be announced to the ASX.

## **16.2 Termination**

The Company may terminate or otherwise withdraw the Offer at any time. Any termination or withdrawal will be announced to the ASX, and any application monies received will be refunded without interest.

## **16.3 Interpretation**

The Company may act or omit to act in relation to the Offer (including applying the terms of the Offer) in its absolute discretion. The Company may settle any difficulty of question of fact or interpretation in relation to the Offer in any matter it thinks fit, whether generally or in relation to any participant, application or Share. The Company's decision will be conclusive and binding. The Company reserves the right to waive strict compliance with the terms of the Offer. The Board or any delegate may exercise the powers of the Company under the terms of the Offer.

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

SRN/HIN: [HolderNumber]

ASX Code: AVL

Record Date: 5:00pm (WST) 20 August 2019

Minimum value available to purchase: A\$1,000

Maximum value available to purchase: A\$15,000

## SHARE PURCHASE PLAN APPLICATION FORM

**IMPORTANT: OFFER CLOSSES 5.00PM (WST) ON MONDAY 16 SEPTEMBER 2019 (UNLESS VARIED)**

### 1: SELECT THE VALUE OF FULLY PAID SHARES APPLIED FOR (please mark "X" to indicate one choice only)

I/We being registered as the holder of ordinary fully paid Shares in Australian Vanadium Limited as at the above record date, do hereby apply for the number of new ordinary fully paid Shares in name of Australian Vanadium Limited as indicated below at the Offer Price of \$0.0115 per fully paid Share in accordance with the Terms and Conditions of the Australian Vanadium Limited Share Purchase Plan.

	\$ APPLIED FOR	NO OF SHARES		\$ APPLIED FOR	NO OF SHARES
Offer A	<input type="checkbox"/> A\$1,000	86,957	Offer B	<input type="checkbox"/> A\$2,500	217,392
Offer C	<input type="checkbox"/> A\$5,000	434,783	Offer D	<input type="checkbox"/> A\$7,500	652,174
Offer E	<input type="checkbox"/> A\$10,000	869,566	Offer F	<input type="checkbox"/> A\$15,000	1,304,348

### 2. MAKE YOUR PAYMENT

#### Payment by BPAY



Billor Code: 236265

Ref No: [BPayCRN]

Contact your financial institution to make your payment from your cheque or savings account.

#### Payment by Cheque

Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Australian Vanadium Limited" and crossed "Not Negotiable". Return your cheque and this application form to: Automic Group, GPO Box 5193 Sydney NSW 2001 by Closing Date.

Cheque Number	BSB	Account Number
<input type="text"/>	<input type="text"/>	<input type="text"/>

### 3: PROVIDE YOUR CONTACT DETAILS

Telephone Number

( )

Contact Name (PLEASE PRINT)

Email Address

**SUPPORT YOUR COMPANY:** By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible).

# INSTRUCTIONS FOR COMPLETION OF THIS FORM

The right to participate in the Offer under the Share Purchase Plan is optional and is available exclusively to shareholders who are registered as holders of fully paid ordinary shares in the Company as at the record date, whose address is in Australia or New Zealand and who are not acting for the account or benefit of a person in the United States (Eligible Shareholders).

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over A\$15,000. Fully paid Shares allotted under the Plan will be issued as soon as practicable after the Closing Date of the Offer.

If the Company rejects or scales-back an application or purported application, the Company will return to the Shareholder the relevant application monies, without interest.

## HOW TO APPLY FOR FULLY PAID SHARES UNDER THE SPP

### 1 Select the Value of Fully Paid Shares Applied For

Select the value of new fully paid Shares you wish to apply for by placing an "X" alongside the dollar value of your choice. You can only indicate one choice. Should you indicate more than one choice then it will be at the discretion of the company as to which dollar value you will be deemed to have selected.

### 2 Payment

**Payment by BPAY:** You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number quoted on the front of this form. Multiple acceptances must be paid separately. Applicants should be aware of their financial institution's cut-off time (the payment must be made to be processed overnight).

**It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.**

**You do not need to return this form if you have made payment via BPAY®. Your BPAY® reference number will process your payment to your entitlement electronically and you will be deemed to have applied for such shares for which you have paid.**

**Payment by Cheque:** Cheques must be drawn on an Australian branch of a financial institution in Australian currency, made payable to "Australian Vanadium Limited" and crossed "Not Negotiable". Please ensure sufficient funds are held in your account. If you provide a cheque for an incorrect amount the Company may treat you as applying for as many New Shares as your cheque will pay for.

**Return your cheque and this application form to Automic Group by 5.00pm (WST) on Monday, 16 September 2019**

#### BY MAIL

Australian Vanadium Limited  
C/- Automic Group  
GPO Box 5193  
Sydney NSW 2001

#### BY HAND DELIVERY (Between Sydney office hours 9:00am – 5:00pm AEST)

Australian Vanadium Limited  
Level 5  
126 Phillip Street  
Sydney NSW 2000

### 3 Contact Details

Please enter a contact number we may reach you on between the hours of 9:00am and 5:00pm. We may use this number to contact you regarding your application for new fully paid Shares, if necessary.

## CERTIFICATION

By making payment of the application monies, I/we hereby:

- Acknowledge that I/we have read and understood the terms of the Share Purchase Plan;
- Agree to be bound by the Terms of the Constitution of the Company and the Share Purchase Plan;
- Agree to accept any lesser number of the new fully paid Shares than the number of fully paid Shares applied for; and
- Certify that the amount of fully paid Shares subscribed for by me/us pursuant to the SPP does not exceed the A\$15,000, taking into account the fully paid Shares the subject of this application and any other securities applied for by me/us under the SPP or any other similar arrangement within the 12 months prior to this application including joint and other beneficial interests.

**If you require further information on how to complete this Share Purchase Plan Application Form, please contact Automic on 1300 288 664 between 9:00am and 5:00pm.**