

ASX ANNOUNCEMENT

25TH NOVEMBER 2020

GREEN HYDROGEN OFFTAKE MOU WITH ATCO

Offtake of green hydrogen to be used in vanadium processing to reduce carbon emissions

KEY POINTS

- **MOU signed with ATCO for supply of green hydrogen.**
- **Introduction of 10% green hydrogen to the gas pipeline for vanadium processing.**
- **Potential for reduced carbon emissions for the Australian Vanadium Project.**
- **Other areas of mutual interest will also be explored.**

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) is pleased to advise that it has signed an MOU with ATCO Australia for the supply of green hydrogen for AVL’s planned processing plant which is to be located near Geraldton. ATCO is one of seven proponents shortlisted by the Australian Renewable Energy Agency (ARENA) under the Renewable Hydrogen Deployment Round to develop a project for the commercial scale production of hydrogen gas in Australia.

The MOU provides a basis for negotiations to establish a binding offtake agreement, with the intention for ATCO to supply 10% of the total gas requirements with green hydrogen.

Managing Director Vincent Algar comments, *“As we progress the Australian Vanadium Project towards production, our social and environmental approach becomes of increasing importance to stakeholders and investors. Working with a company of ATCO’s calibre will enable AVL to use green hydrogen in the natural gas supply, thereby reducing our carbon footprint. We are excited to be part of creating local industrial consumption markets for an emerging hydrogen industry in Western Australia.”*

ATCO’s Managing Director, Australia, Pat Creaghan, said *“Green hydrogen represents a great opportunity for Western Australia, and certainly has a role to play in the future energy mix globally. We’re pleased to be working with AVL to assist them to decarbonise their business.”*



Figure 1 ATCO's Clean Energy Innovation Hub in Jandakot, WA

AVL recently launched its green hydrogen strategy¹, with a range of opportunities that offer the potential to reduce carbon emissions for the Australian Vanadium Project ("Project").

The proposed Project includes open pit mining, crushing, milling and beneficiation at AVL's site located approximately 40km south-east of Meekatharra and 740km north-east of Perth and a processing plant for final conversion to high-quality vanadium pentoxide for use in steel, specialty alloys and battery markets, which is to be located at Tenindewa, between Mullewa and Geraldton (see Figure 1).

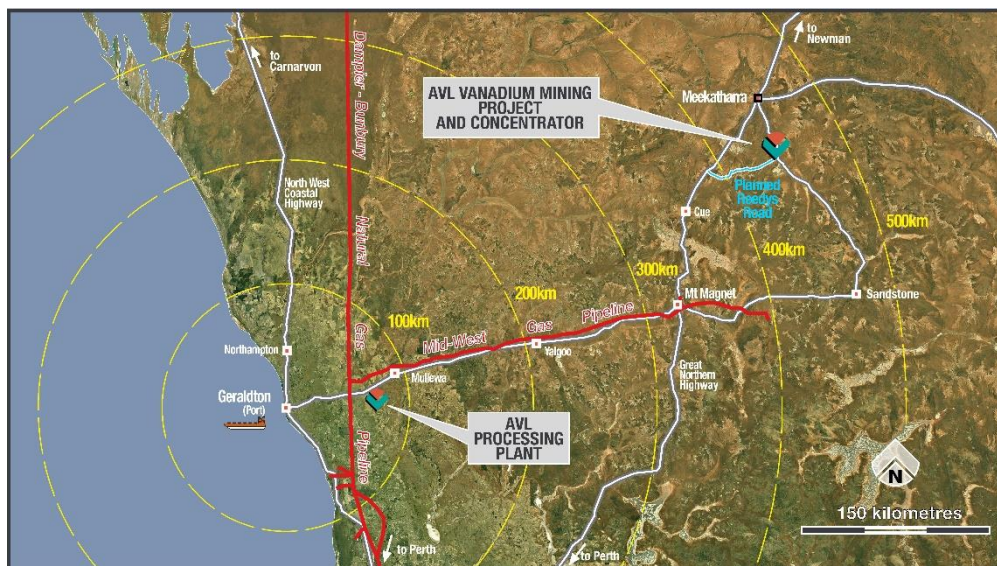


Figure 2 Location of The Australian Vanadium Project

The MOU is for a period of 2 years and is non-binding. The supply period is for an initial 10 years, with the option to renew for a further term of 10 years. Any binding agreement will be subject to due

¹ See ASX announcement dated 12th November 2020 'AVL Launches Green Hydrogen Strategy'

diligence and conditional upon both ATCO's development of its proposed hydrogen production facility and the Project's positive final investment decision. The minimum quantity of green hydrogen will be agreed and will be contracted on a Take-or-Pay arrangement. Pricing is to be confirmed, with pricing intended to be based on 2020 figures and with an annual escalation with reference to the consumer price index. Under the terms of the MOU, either party may terminate the agreement for any reason by giving no less than 30 days written notice.

ATCO and AVL also wish to explore other opportunities with mutual benefit within the parties' expertise.

AVL's intention is to explore the use of green hydrogen for both vanadium processing and transportation, with the economic parameters a key driver in any decision making.

For further information, please contact:

Vincent Algar, Managing Director

+61 8 9321 5594

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

ABOUT AUSTRALIAN VANADIUM LTD

AVL is a resource company focused on vanadium, seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities. AVL is advancing the development of its world-class Australian Vanadium Project at Gabanintha. The Australian Vanadium Project is currently one of the highest-grade vanadium projects being advanced globally with 208.2Mt at 0.74% vanadium pentoxide (V_2O_5), containing a high-grade zone of 87.9Mt at 1.06% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 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*’).

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

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

ABOUT ATCO

ATCO provides integrated energy, housing, transportation and infrastructure solutions.

The company offers comprehensive solutions and service excellence in:

- Structures & Logistics — workforce housing, innovative modular facilities, construction, site support services, and logistics and operations management
- Energy Infrastructure – electricity generation, transmission, and distribution; natural gas transmission, distribution and infrastructure development; energy storage and industrial water solutions; and electricity and natural gas retail sales
- Transportation – ports and transportation logistics
- Commercial Real Estate

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.