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Australian  
**VANADIUM**  
LIMITED

ACN 116 221 740

**Half Year Report**

31 December 2021

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## Corporate Directory

### Directors

Cliff Lawrenson (Non-Executive Chair)

Vincent Algar (Managing Director and CEO)

Leslie Ingraham (Executive Director)

Daniel Harris (Non-Executive Director)

### Secretary

Neville Bassett

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### Australian Securities Exchange

Australian Vanadium Limited shares (AVL) are listed on the Australian Securities Exchange.

## Directors' Report

Your directors submit the financial report of Australian Vanadium Limited ("AVL" or the "Company") and its subsidiaries (the "Consolidated Entity" or "Group") for the half-year ended 31 December 2021. This report should be read in conjunction with the 2021 Annual Report and announcements to the Australian Securities Exchange. In order to comply with the provisions of the Corporations Act 2001, the directors' report as follows:

### DIRECTORS

The names of the Directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

- Cliff Lawrenson (Non-executive Chair)
- Vincent Algar (Managing Director and CEO)
- Leslie Ingraham (Executive Director)
- Daniel Harris (Non-executive Director)

### REVIEW OF OPERATIONS

The net loss for the half-year attributed to members of Australian Vanadium Limited was \$2,363,632 (31 December 2020 - loss of \$1,149,498).

### HIGHLIGHTS

The Company's operations during the half-year were focused on progressing the Australian Vanadium Project towards production. AVL is developing each stage of its vertically integrated mining, vanadium processing and battery strategy in parallel, with the assistance of 100% owned subsidiary VSUN Energy Pty Ltd and partners such as US Vanadium LLC and Primero engineering group, in addition to a variety of battery manufacturers.

A summary of the main activities for the half-year included:

#### The Australian Vanadium Project

In November 2021 AVL updated the Mineral Resource for the Australian Vanadium Project ("the Project"). The revised Mineral Resource includes a geologically distinct, massive vanadium-bearing magnetite high-grade (HG) zone which is the focus of current economic studies.

- **Total vanadium Mineral Resource increased by 14.8% to 239Mt at 0.73% V<sub>2</sub>O<sub>5</sub> comprising:**
  - Measured: 11.3Mt at 1.14% V<sub>2</sub>O<sub>5</sub>,
  - Indicated: 82.4Mt at 0.70% V<sub>2</sub>O<sub>5</sub>, and
  - Inferred: 145.3Mt at 0.71% V<sub>2</sub>O<sub>5</sub>.
- **High-grade vanadium zone tonnage increased by 8.6% to 95.6Mt at 1.07% V<sub>2</sub>O<sub>5</sub> comprising:**
  - Measured: 11.3Mt at 1.14% V<sub>2</sub>O<sub>5</sub>,
  - Indicated: 27.5Mt at 1.10% V<sub>2</sub>O<sub>5</sub>, and
  - Inferred: 56.8Mt at 1.04% V<sub>2</sub>O<sub>5</sub>.

Vanadium Titanium Magnetite deposits such as AVL's Project display a clear correlation between iron content and density. New information captured and analysed by AVL was used to upgrade and increase the vanadium resources

at the Project. Density measurement and analysis is a critical and key component of mineral resource estimation and is used to de-risk mining and processing.

Overall, the total Mineral Resource increased by 30.8Mt (14.8%). The deposit remains open at depth and if required in the future, there is potential to convert further Inferred Resources located along the Company’s 11.5km of strike length (see Figure 1) to the Measured and Indicated categories.

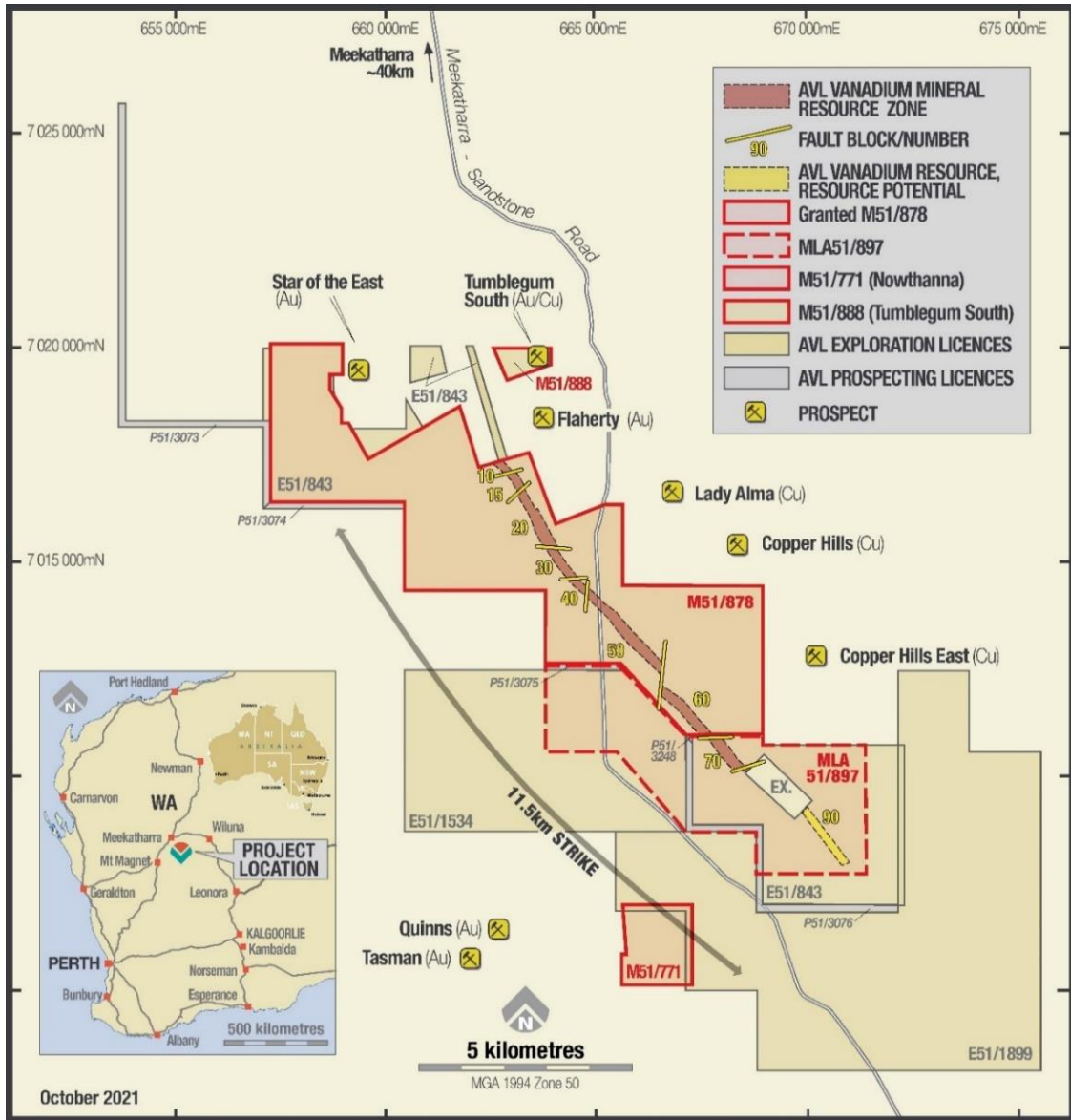


Figure 1 - The Australian Vanadium Project Site Location

The potential for increased vanadium resources and higher FeTi coproduct grades in the southern blocks at the Project provides further opportunity for growth. Additional studies and testwork from the southern resource blocks have delivered positive outcomes and have further progressed metallurgical characterisation. The results are significant in understanding the effect of material variability and potential value of the southern blocks’ feed to the proposed beneficiation plant at the Project. Work outcomes show opportunity for increased grades and increased recoveries of Fe and V<sub>2</sub>O<sub>5</sub> in the concentrate.(see Figure 2)

The technical work that the AVL team has undertaken has provided the Company with a unique understanding of the mining recoveries that can be achieved. The southern blocks offer an opportunity to increase the planned 25-

year life of the Project and contribute additional tonnes and grades of both vanadium and FeTi coproduct for the Company.

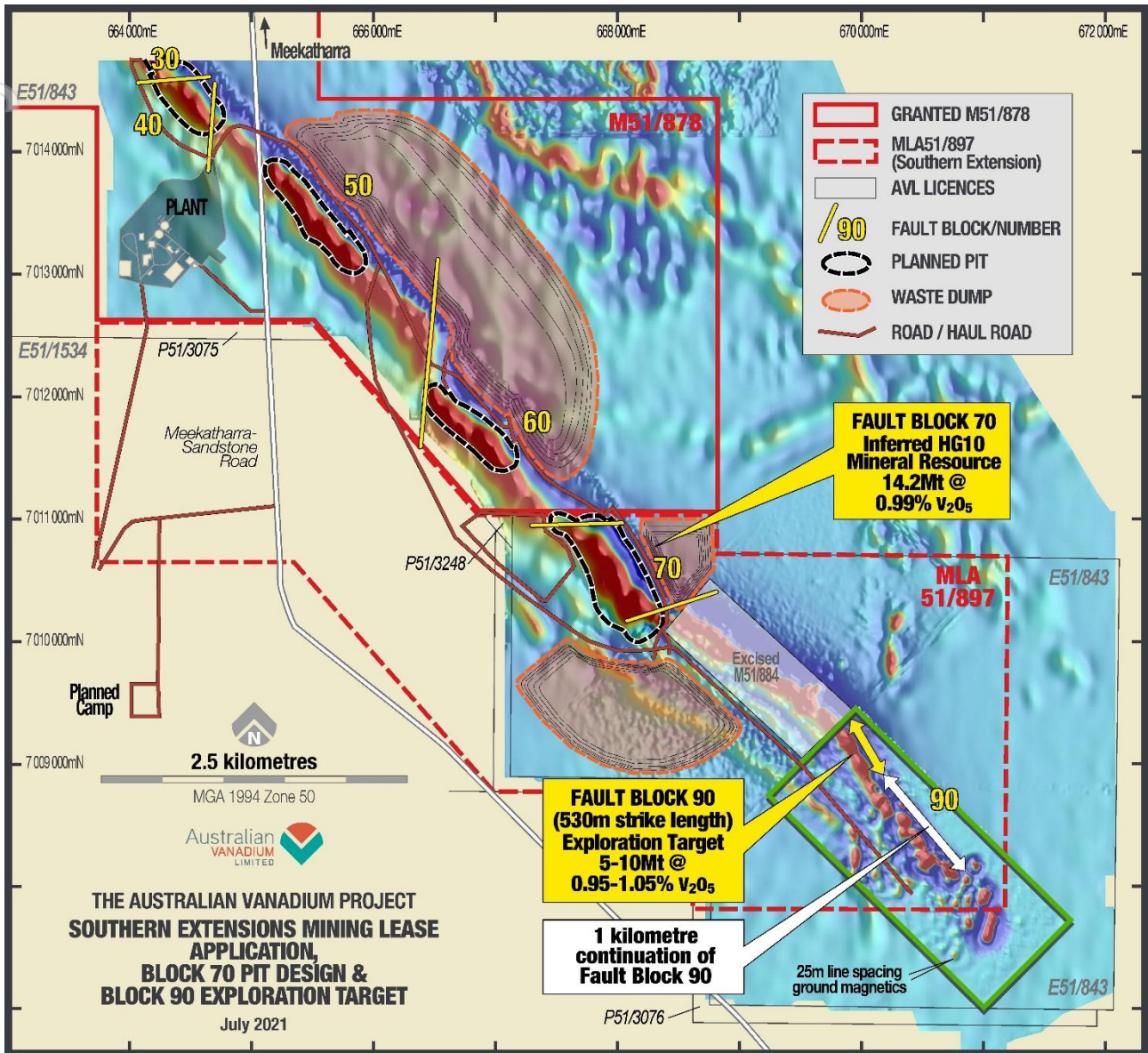


Figure 2 - Proposed Site layout for Block 70 ML 51/897 and Block 90 Exploration Target and Potential Extension<sup>1</sup>

### Technical studies

The AVL team is in the process of completing a Bankable Feasibility Study. According to the JORC Code this is also known as a Definitive Feasibility Study or Feasibility Study (Clause 40 of the JORC Code 2012). “The results of the study may reasonably serve as the basis for a final decision by a proponent or financial institution to proceed with, or finance, the development of the project. The confidence level of the study will be higher than that of a Pre-Feasibility Study.”

<sup>1</sup>The potential quantity and grade of the Exploration Target is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource. It is uncertain if further exploration will result in the estimation of a Mineral Resource.

The technical work that has been undertaken by the AVL team has also de-risked the Project and provided valuable inputs into the Bankable Feasibility Study (BFS). The results of an extensive water leach pilot were released in July 2021, providing an overall combined roast and leach vanadium extraction of 92%, a key differentiator for AVL's pellet roast and leach processing circuit.

The water-leach and wash processes impressively removed 99% of soluble vanadium from the Fe-Ti coproduct, enhancing its value for direct use in steelmaking.

The unique AVL mechanical water leach circuit has been shown to provide a viable, cost-effective design, maximising onshore Australian extraction of the high value, critical mineral vanadium. The success of the water-based leach of AVL's pelletised concentrate compares very favourably to other global operations that process vanadium from vanadium titanium magnetite deposits. Combined roast/leach extractions reported elsewhere are generally under 90%, with extractions usually in the low to mid 80s<sup>2</sup>, supporting a significant advantage for the Australian Vanadium Project, with a demonstrated overall vanadium extraction of 92%.

The final phase of metallurgical testwork and process engineering design for the Project produced high purity V<sub>2</sub>O<sub>5</sub> averaging 99.5%. The V<sub>2</sub>O<sub>5</sub> was produced as an end-product from sequential beneficiation, pyrometallurgy and hydrometallurgy pilot programs. Testwork confirmed that the ammonium metavanadate (AMV) precipitation process is the optimal method for the Project. The work enables AVL to target the high-purity market for defence steel alloys and the battery market.

A sample of V<sub>2</sub>O<sub>5</sub>, alongside AVL's pelletised vanadium concentrate and a sample of ore is shown in Figure 3.



**Figure 3 - Sample of V<sub>2</sub>O<sub>5</sub> precipitate generated from pilot program alongside roasted pellets and a vanadium ore sample**

<sup>2</sup> Largo Resources News Release, 12 May 2021. <https://www.largoresources.com/> and Competent Persons' Report on the Vametco Vanadium Mine, North West Province, South Africa 10 January 2020. <https://www.bushveldminerals.com/technical-reports/>

The AMV precipitation process was selected over other options due to its applicability to high-purity leach solutions, such as those generated in AVL’s pilot program. It is conducted at ambient temperature, near-neutral pH and has simple process control requirements. Silica is removed beforehand by a well-established method known as “desilication”, achieved by the addition of aluminium sulfate to the leach solution, leading to selective silica precipitation and removal. The final metallurgical process is to heat the AMV precipitate at 650°C to convert it to high-purity V<sub>2</sub>O<sub>5</sub>.

AVL differentiates itself from its peers by demonstrating a detailed technical understanding of the proposed processes that will be built. The ability to produce V<sub>2</sub>O<sub>5</sub> at this purity opens opportunities for AVL’s vanadium in both critical minerals and battery minerals markets.

**Processing Plant**

AVL has made a strategic decision to locate its processing plant close to the port city of Geraldton in the Mid West region of Western Australia, at a site west of Mullewa called Tenindewa (see Figure 4).



**Figure 4 - Location of AVL Mining Project and Processing Plant**

In November 2021 AVL announced that it had signed a one-year extension to the option agreement over the land where the processing plant will be located. Water drilling at the site has been completed and a secure water source has been identified to independently supply the site. Subsequent to the half year reporting period, a Development Application has been submitted to the State Development and Assessment Unit for the Tenindewa processing facility under a temporary streamlined planning approvals process (Part 17 of the Planning and Development Act 2005).

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

- Access to cheaper natural gas.
- Capital cost reduction by removing the need to build a gas pipeline to the mine site.
- The opportunity for power at the mine site to have a large component of renewable energy, including a vanadium redox flow battery.
- Significantly reduced mine site water requirements by as much as one third of total Project’s water requirements.



- A smaller mine site camp due to reduced numbers of personnel required at the mine site and the ability for processing plant employees to live locally.
- Reduced construction costs for the processing plant and lower transportation costs of reagents.

A unique value proposition resulting from this arrangement is that the Company is able to sell the iron titanium coproduct (FeTi coproduct) generated after extraction of high purity vanadium products. The potential for sale of the bulk FeTi coproduct is one of the globally unique opportunities provided by the near coastal location of the plant and its proximity to the Geraldton port. The first Letter of Intent for the FeTi coproduct has been signed with Shenglong Metallurgy International Pte Limited, the commercial arm of a 12 million tonne per annum (Mtpa) steel producer located in southern China's Fangchenggang port.

### **Federal Government Grant Funding**

In July 2021 AVL was awarded \$3.69M of Federal Government grant matched funding under the Australian Government's Resources Technology and Critical Minerals Processing National Manufacturing Priority roadmap to:

- Include a high-purity processing circuit to produce battery, chemical and master-alloy grade vanadium pentoxide as part of the development of the Australian Vanadium Project.
- Build and operate a commercial vanadium electrolyte plant based in WA, with an initial capacity of 33MWh per annum, to support the rollout of vanadium redox flow batteries (VRFBs) in Australia.
- Manufacture prototype/demonstration residential and stand-alone power systems (SPS) based on VRFB technology, for distribution into Australian energy markets.

### **Vanadium Electrolyte Manufacturing**

Further to the grant funding for building and operating a commercial vanadium electrolyte plant being awarded, AVL signed an agreement with U.S. Vanadium LLC (USV) for supply of vanadium oxides and a licence to the low cost USV vanadium electrolyte manufacturing technology. Under the agreement, high purity vanadium oxides can be sourced from either USV or AVL and be used to produce vanadium electrolyte for Australian battery installations.

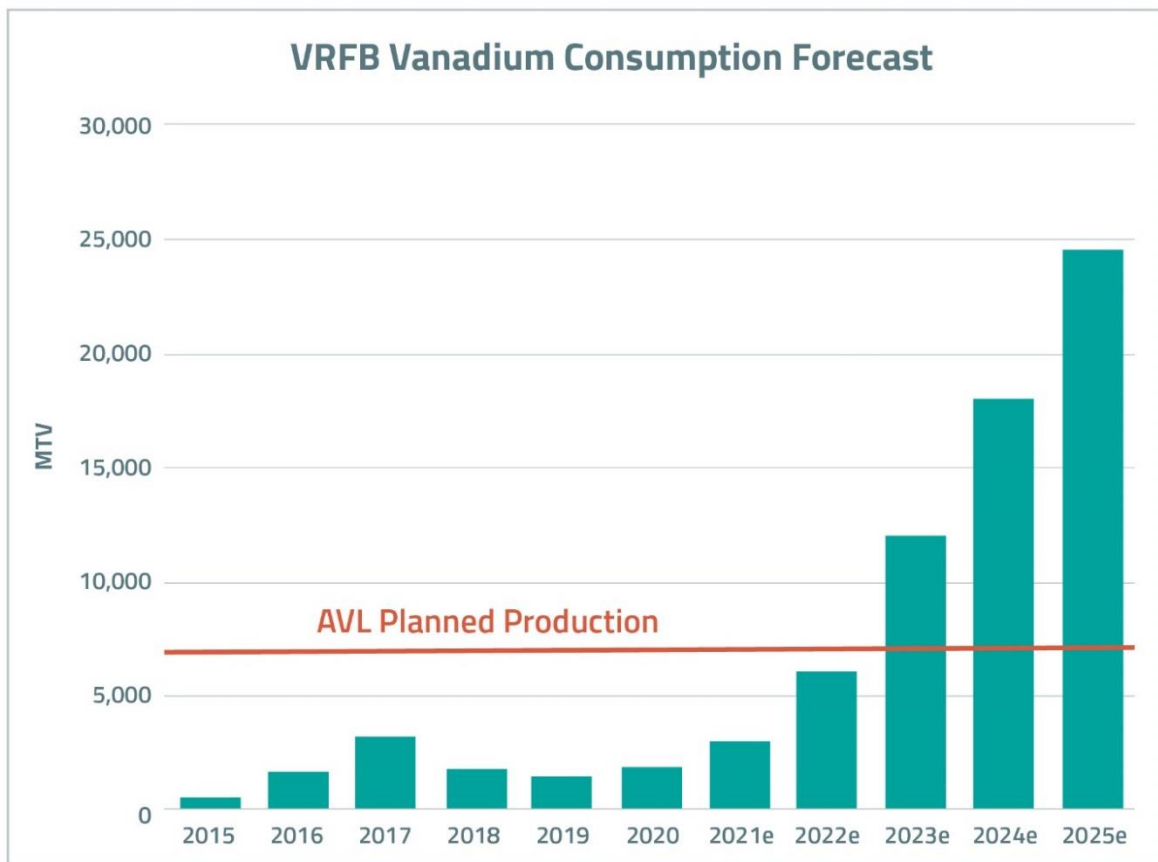


**Figure 5 - USV's New VRFB Electrolyte Production Facility in Hot Springs, Arkansas.**

The Company subsequently appointed Western Australian engineering group Primero (a subsidiary of NRW Holdings), to undertake the Early Contractor Involvement (ECI) for the building of the vanadium electrolyte manufacturing plant. This forms stage 1 of the plant build process, with stage 2 being the engineering, procurement, and construction (EPC).

The ECI stage incorporates analysis of the USV plant design, including alignment with Australian standards, design layouts and EPC contract preparation. Primero is also working with AVL to review potential locations for the plant.

The steel market currently consumes most of the world’s vanadium production. VRFBs are anticipated to grow rapidly (see Figure 6) and this new demand is expected reach 25,000 tonnes of vanadium and account for over 15% of global vanadium consumption by 2025.



Source: TTP Squared, Inc.

Figure 6 - VRFB Global Vanadium Consumption Forecast

**Vanadium Offtake MOU**

In November 2021 AVL signed a Memorandum of Understanding (MOU) with Spanish VRFB manufacturer E22, a subsidiary of global solar and battery specialist Gransolar Group. The MOU provides a basis for opportunities relating to supply of vanadium products (V<sub>2</sub>O<sub>5</sub>) to E22 in Spain to support global VRFB sales and supply of vanadium electrolyte for use in E22’s VRFBs installed in Australia. Further details are provided in the VSUN Energy section below.

**Project Financing**

A key step on AVL’s pathway to production has been the appointment of global structured finance specialist HCF International, in partnership with Grant Thornton Australia, to secure funding to support the development of the

Project. HCF has extensive experience in providing structured finance advisory and raising substantial amounts of capital for the global mining sector, having raised over USD 12 billion in project financing since 2003. HCF, in collaboration with Grant Thornton, delivers significant execution capability across both international and Australian financial markets. The Project will be funded with a combination of debt and equity.

HCF and Grant Thornton Have extensive relationships in the debt sector and offer AVL the ability secure project finance for the full development of the Project.

### VSUN Energy

VSUN Energy had a busy half year, beginning with the arrival of three 5kW/30kWh VRFBs from V-Flow Tech in Singapore. The batteries were destined for three projects in Western Australia - the Beverley Caravan Park, an off-grid residential customer and a test site that was being developed by one of WA's energy utilities. The batteries were initially installed at the AVL workshop and a test was undertaken using an electric vehicle (EV) charger supplied by Gemtek Group alongside two of their EVs and a Tesla driven by Federal Minister Patrick Gorman.



**Figure 7 - VSUN Energy Operations Manager Zamien Sumich, Gemtek Group Commercial Manager Florian Popp, Patrick Gorman MP and Vincent Algar, AVL Managing Director at the EV charging trial using a VRFB**

In November 2021 an MOU was signed with Spanish VRFB manufacturer E22 which enables VSUN Energy to offer E22's batteries for sale. VSUN Energy offers VRFBs ranging in size from 5kW/30kWh through to multi-megawatt hour systems through its relationships with a variety of manufacturers. The company is also working on developing a VRFB suitable for the residential market, which has been supported by the Federal government's manufacturing grant.

Later in November AVL announced that IGO Limited (ASX: IGO) will trial VSUN Energy's standalone power system (SPS) at its Nova Nickel Operation. The SPS is currently being built and will include a 60kW/300kWh VRFB from E22. The SPS will be used to power a bore pump with a target of 100% renewable energy use. VRFBs are particularly well suited as an SPS due to the following attributes:

- **Non-flammable** – safe to be operated in areas prone to bushfire and other sensitive areas.
- **High cycle life** – the VRFB can be cycled tens of thousands of times with virtually no degradation in capacity. With a lifespan exceeding 20 years, the VRFB has longevity that matches renewable energy generation sources such as solar PV and will not require replacement multiple times over the life of a project.
- **Sustainability** - at the end of the project, the VRFB can be fully recycled. The power unit of the battery is able to be recycled whilst the electrolyte can either be reused in another battery or have the vanadium reclaimed for use within the steel industry. AVL will have the capability to recycle the electrolyte onsite in WA as part of AVL's fully integrated VRFB strategy.
- **High temperature tolerance** - the VRFB has a wider operating temperature range than most other energy storage technologies, giving it the ability to be deployed in all regions of Australia.
- **Flexibility** – the VRFB can be used in a variety of roles over its lifespan and is only limited by the control system being used.

The SPS is being provided to IGO at no charge, with the option to purchase or rent the system at the end of the trial.

The SPS is being funded through the Federal government manufacturing grant and matched funding. VSUN Energy is in discussions with other mining companies and customers in the agricultural sector who would be able to utilise a VRFB based SPS and will be able to share the findings from the IGO project with them.

In December 2021 AVL announced that VSUN Energy would install one of the 5kW/30kWh VRFBs at Water Corporation's Innovation Hub in Shenton Park, WA. The battery has been installed to power a water purification chlorinator and will also provide the opportunity for tests to be undertaken for use in pumping and other settings.

Water Corporation is the principal supplier of water, wastewater, drainage and bulk irrigation services in Western Australia. The trial forms part of VSUN Energy's rollout of systems, demonstrating the commercial and technical viability of VRFB in long duration energy storage and carbon footprint reduction through displacement of fossil fuel based systems.

VSUN Energy will be working with Water Corporation to test, collect data and provide suitable options for potential future use cases for VRFBs throughout Water Corporation's operations. Of particular interest are remote pumping applications and for supplying power to remote offgrid energy loads, currently powered by diesel generators.

### Coates Project

The Coates Project is located near Wundowie, 80km NE of Perth in WA. It hosts a vanadium-titanium magnetite deposit (VTM). The project covers a southern extension of similar mafic-ultramafic rocks to the sequence that is host to the Chalice Gold Mines' nickel-copper-PGE Julimar Project (ASX:CHN) 29 km NNW of Coates.

Whilst AVL's main focus is on the development of the Australian Vanadium Project, the exploration team has been able to spend some time progressing the Coates Project.

AVL is exploring for nickel, base metals, gold and platinum group elements (PGEs) at the project. Initial soil survey highlighted prospective sequence of Ni, Cu, PGE bearing rock which is untested by recent exploration. Copper

anomalism at the project is comparable with significant soil signatures at Chalice Gold Mines' Julimar Project and there are elevated nickel and chrome in soils with a new PGE anomaly identified in NW of soil grid.

During August 2021, AVL participated in a SkyTEM airborne electromagnetic (AEM) survey over the greater Coates Mafic Complex, which was organized by Charger Metals. Three conductors were identified by AEM survey, with the largest having a strike length of 1,900 metres.

200m of historical diamond drill core from Coates Project has been secured for PGE and base metals analysis. AVL has previously released detailed high resolution XRF scans from a sample of the core, showing the presence of copper sulphides and sharp mafic/gabbro phases, confirming the complex nature of the intrusion, and supporting the potential for mineralisation.

AVL has further phases of field and desktop work planned at the Coates Project.

### **Bryah Resources Limited (ASX: BYH)**

AVL is a large shareholder in Bryah Resources Limited (Bryah), owning 4.97% of BYH shares. Bryah owns a suite of mineral rights over the Australian Vanadium Project including nickel, copper and gold. AVL retains the minerals rights to vanadium, titanium, iron and cobalt. AVL also holds a 0.75% Net Smelter Return royalty upon commencement of production by Bryah.

In June 2021 Bryah reported a 31.3 million tonne nickel-copper-cobalt Mineral Resource at the Australian Vanadium Project<sup>3</sup>. AVL and Bryah are working together to maximise the recovery of minerals from the Project, with Bryah taking the lead on further studies relating to the base metal recovery circuit.

Bryah resources has a 49.9% stake in the Bryah Manganese Joint Venture with OM Holdings, a global leading Manganese Production and Allow Company. Bryah have managed the joint venture and along with OM Holdings, plan to bring the Horseshoe Manganese Field back into production, where exploration has identified multiple new mineral deposits. Manganese is a critical metal and is used in steel strengthening alloys and increasingly in the Energy Storage Market as a component in Electric Vehicle Batteries.

### **Corporate**

In August 2021 AVL completed a placement of 348,000,000 ordinary fully paid shares in the Company at a price of \$0.025 each, to raise \$8.7 million before costs. For every share issued under the placement, one free attaching listed option was issued. The options are in the same class as the Company's existing listed options and are traded under the ASX code: AVLOA. The options have an exercise price of \$0.025 and expire on 18 December 2022.

The Shares were placed to institutional and sophisticated investors that qualify under section 708 of the Corporations Act. The capital raising was managed by 180 Markets.

## **SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

Significant changes in the state of affairs of the consolidated entity during the half-year are detailed under the heading 'Review of Operations' of this report. In the opinion of the Directors, there were no other significant changes in the state of affairs of the consolidated entity that occurred during the half-year under review not otherwise disclosed in this report or in the financial report.

<sup>3</sup> See AVL's ASX announcement dated 1<sup>st</sup> June 2021 'Bryah Resources (ASX: BYH) Reports 31.3 Million Tonne Nickel-Copper-Cobalt Mineral Resource at the Australian Vanadium Project'.

## DIVIDENDS

No dividends have been declared or paid during the half-year ended 31 December 2021 or in the prior period, and the Directors do not recommend the payment of a dividend in respect of the half-year ended 31 December 2021.

## EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2022, 12,720,797 options were converted into ordinary shares at \$0.025 per share raising \$318,020 (before costs).

On 17 February 2022, 6,080,012 fully vested performance rights issued under the Australian Vanadium Employee Incentive Plan were exercised for nil consideration. Each right entitled the holder to one ordinary share.

There are no further matters or circumstances that have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

## AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the review for the half-year ended 31 December 2021 is included within this financial report.

Signed on behalf of the Directors



**Cliff Lawrenson**  
**Non-Executive Chairman**  
Perth, 10 March 2022

### **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.

### **Competent Person Statement – Exploration Results and Targets**

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Brian Davis (Consultant with Geologica Pty Ltd) and Ms Gemma Lee who is employed by Australian Vanadium Ltd as a Resource Geologist. Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and Ms Lee is a member of the Australian Institute of Geoscientists. Both Mr Davis and Ms Lee 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 Davis and Ms Lee consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

### **Competent Person Statement – Metallurgical Results**

The information in this announcement that relates to Metallurgical Results is based on information compiled by independent consulting metallurgist Brian McNab (CP. BSc Extractive Metallurgy). Mr McNab is a Member of AusIMM. He is employed by Wood Mining and Metals. Mr McNab has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken, to qualify as a Competent Person as defined in the JORC 2012 Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McNab consents to the inclusion in the announcement of the matters based on the information made available to him, in the form and context in which it appears.



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*strength in numbers*

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001  
TO THE DIRECTORS OF**

**AUSTRALIAN VANADIUM LIMITED**

As lead auditor for the review of Australian Vanadium Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief there have been:

- i) No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) 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 half-year ended 31 December 2021.

*Armada Audit  
& Assurance*

**ARMADA AUDIT & ASSURANCE PTY LTD**

**NIGEL DIAS**

**DIRECTOR**

**Perth, Dated 10 March 2022**

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## Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half year ended 31 December 2021

	Consolidated	
	31 December 2021	31 December 2020
	\$	\$
<b>Revenue</b>		
Other Income	25,679	115,131
	<b>25,679</b>	<b>115,131</b>
<b>Expenses</b>		
Exploration and evaluation expenditure	(74,540)	(12,999)
Depreciation	(54,049)	(66,949)
Finance costs	(5,403)	(13,302)
Share Based Payments	(546,145)	(24,845)
Directors fees and benefits expenses	(50,000)	(50,000)
Wages and salaries (incl superannuation)	(636,151)	(612,372)
Consulting fees	(204,598)	(101,796)
Professional fees	(294,814)	(69,248)
Other corporate and administrative expenses	(523,611)	(313,118)
<b>Loss before income tax expense from continuing operation</b>	<b>(2,363,632)</b>	<b>(1,149,498)</b>
Income Tax Expense	-	-
<b>Loss after income tax expense for the half year</b>	<b>(2,363,632)</b>	<b>(1,149,498)</b>
<b>Other Comprehensive Income/(Loss)</b>		
Other comprehensive income/(loss) that is not allowed to be reclassified to the statement of profit and loss	(101,250)	281,250
<b>Total comprehensive loss for the half year</b>	<b>(2,464,882)</b>	<b>(868,248)</b>
	<b>Cents</b>	<b>Cents</b>
<b>Basic/ diluted earnings per share</b>	<b>(0.07)</b>	<b>(0.04)</b>

The accompanying notes form part of these condensed consolidated financial statements.

# Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	Consolidated	
		31 December 2021	30 June 2021
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		5,790,088	3,495,613
Trade and other receivables		802,279	567,337
<b>Total Current Assets</b>		<b>6,592,367</b>	<b>4,062,950</b>
<b>Non-current assets</b>			
Plant and equipment		409,658	238,775
Right-of-use assets		58,418	83,320
Exploration and evaluation expenditure	2	33,477,784	28,502,403
Financial assets		562,500	663,750
<b>Total non-current assets</b>		<b>34,508,360</b>	<b>29,488,248</b>
<b>TOTAL ASSETS</b>		<b>41,100,727</b>	<b>33,551,198</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		1,631,468	1,888,174
Lease liability		40,558	44,288
Grant liability	3	1,475,279	-
Provisions		278,903	189,928
<b>Total current liabilities</b>		<b>3,426,208</b>	<b>2,122,390</b>
<b>Non-current liabilities</b>			
Lease liability		11,931	32,896
<b>Total non-current liabilities</b>		<b>11,931</b>	<b>32,896</b>
<b>TOTAL LIABILITIES</b>		<b>3,438,139</b>	<b>2,155,286</b>
<b>NET ASSETS</b>		<b>37,662,588</b>	<b>31,395,912</b>
<b>EQUITY</b>			
Issued capital	4	102,073,391	94,152,977
Reserves		606,673	(103,221)
Accumulated Losses		(65,017,476)	(62,653,844)
<b>TOTAL EQUITY</b>		<b>37,662,588</b>	<b>31,395,912</b>

The accompanying notes form part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2021

	Issued Capital	Accumulated Losses	Consolidated Asset Revaluation Reserve	Other Reserves	Total
	\$	\$	\$	\$	\$
<b>Balance as at 1 July 2020</b>	<b>89,457,105</b>	<b>(59,513,092)</b>	<b>(870,000)</b>	<b>277,428</b>	<b>29,351,441</b>
Loss for the period	-	(1,149,498)	-	-	(1,149,498)
Movement in fair value of investments recognised in equity	-	-	281,250	-	281,250
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(1,149,498)</b>	<b>281,250</b>	<b>-</b>	<b>(868,248)</b>
Shares issued as consideration	28,000	-	-	-	28,000
Shares issued pursuant to placements	5,000,000	-	-	-	5,000,000
Shares issued on conversion of Performance Rights	45,731	-	-	-	45,731
Share based payments	-	-	-	16,613	16,613
Capital Raising Cost	(388,937)	-	-	-	(388,937)
<b>Balance as at 31 December 2020</b>	<b>94,141,899</b>	<b>(60,662,590)</b>	<b>(588,750)</b>	<b>294,041</b>	<b>33,184,600</b>
<b>Balance as at 1 July 2021</b>	<b>94,152,977</b>	<b>(62,653,844)</b>	<b>(746,250)</b>	<b>643,029</b>	<b>31,395,912</b>
Loss for the period	-	(2,363,632)	-	-	(2,363,632)
Movement in fair value of investments recognised in equity	-	-	(101,250)	-	(101,250)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(2,363,632)</b>	<b>(101,250)</b>	<b>-</b>	<b>(2,464,882)</b>
Shares issued as consideration <sup>1</sup>	54,007	-	-	-	54,007
Shares issued pursuant to placements <sup>1</sup>	8,700,000	-	-	-	8,700,000
Recognition of share based payments – for services provided by third parties <sup>2</sup>	-	-	-	265,000	265,000
Recognition of share based payments – employees <sup>2</sup>	-	-	-	468,348	468,348
Recognition of share based payments – directors <sup>2</sup>	-	-	-	77,796	77,796
Capital Raising Cost	(833,593)	-	-	-	(833,593)
<b>Balance as at 31 December 2021</b>	<b>102,073,391</b>	<b>(65,017,476)</b>	<b>(847,500)</b>	<b>1,454,173</b>	<b>37,662,588</b>

1. Refer to Note 4

2. Refer to Note 5

The accompanying notes form part of these condensed consolidated financial statements.

## Condensed Consolidated Statement of Cash Flows

For the half year ended 31 December 2021

	Notes	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(2,181,797)	(1,263,636)
Interest paid on leases		(5,403)	(24,487)
Interest received		1,330	13,871
Receipts from customers		17,849	90,612
<b>Net cash used in operating activities</b>		<b>(2,168,021)</b>	<b>(1,183,640)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration and mining interests		(5,012,934)	(1,928,295)
Receipts from Research and Development Tax Incentives and Government Grants		1,585,079	165,623
Proceeds from disposal of property plant and equipment		6,500	-
Payments for property plant and equipment		(222,860)	(39,178)
<b>Net cash used in investing activities</b>		<b>(3,644,215)</b>	<b>(1,801,850)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		8,700,000	5,000,000
Payment of capital raising costs		(568,594)	(351,437)
Repayment of lease liabilities		(24,695)	(51,255)
<b>Net cash provided by financing activities</b>		<b>8,106,711</b>	<b>4,597,308</b>
Net increase in cash held		2,294,475	1,611,818
Cash at beginning of the period		3,495,613	5,541,703
<b>Cash at end of the period</b>		<b>5,790,088</b>	<b>7,153,521</b>

The accompanying notes form part of these condensed consolidated financial statements.

# Notes to the Financial Statements

## 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

This consolidated interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by Australian Vanadium Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies have been consistently applied with those of the previous financial periods and corresponding interim reporting period, except in relation to the matters disclosed below.

### Going Concern

The half year report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Group incurred a loss of \$2,363,632 for the period ended 31 December 2021 (2020: \$1,149,498) and net cash outflows from operating activities of \$2,168,021 (2020: \$1,183,640).

The Group had a working capital surplus of \$3,166,159 at 31 December 2021. The Group has a listed investment of \$562,500 at 31 December 2021 that can be sold to generate further funds

The Group has exploration commitments due within the next 12 months. The ability of the Company to continue to pay its debts as and when they fall due is principally dependent upon the Group successfully raising additional share capital, full and/or partial divestment of assets, or reducing expenditure in line with available funding. The Directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate.

### Adoption of New and Revised Accounting Standards

In the half-year ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2021. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

### Significant Accounting Estimates and Judgments

The Group makes certain estimates and assumptions concerning the future which, by definition, will seldom represent actual results. The estimates and assumption that have a significant inherent risk in respect of estimates based on

future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

**(a) Exploration and evaluation expenditure**

Exploration and evaluation costs have been capitalised in accordance with the requirements of AASB 6. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the Statement of Profit or Loss and Other Comprehensive Income.

**(b) Share-based payment transactions**

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to Note 5 for further information.

## 2. DEFERRED EXPLORATION EXPENDITURE

	31 December 2021 \$	30 June 2021 \$
<b>Deferred exploration expenditure</b>		
Expenditure brought forward	28,502,403	23,479,022
Receipts for exploration and mining activities*	(109,800)	(1,304,552)
Expenditure incurred during the period	5,159,721	6,976,596
Expenditure written off during period	(74,540)	(648,663)
<b>Expenditure carried forward</b>	<b>33,477,784</b>	<b>28,502,403</b>

\*Receipts of \$109,800 is government grants related to exploration and evaluation expenditure.

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.

## 3. GRANT LIABILITY

On 29 July 2021 the Company received the initial payment of a grant from the Australian Government under the Manufacturing Translation Stream – Resources Technology and Critical Minerals Processing Priority scheme. The amount of \$1,475,279 is recognised as a liability at 31 December 2021.

## 4. ISSUED CAPITAL

	Notes	31 December 2021 \$	30 June 2021 \$
<b>Issued and paid up capital</b>			
Ordinary shares - fully paid	4(i)	105,263,224	96,509,217
Ordinary shares - partly paid	4(ii)	8,000	8,000
Share issue costs written off against issued capital		(3,197,833)	(2,364,240)
		<b>102,073,391</b>	<b>94,152,977</b>
<b>Movement in ordinary share in issue</b>			
(i) Ordinary share - fully paid		<b>No.</b>	<b>\$</b>
Balance at beginning of period		2,931,158,814	96,509,217
Movement			
- Issue of ordinary shares via placements*		348,000,000	8,700,000
- Issue of ordinary shares as consideration for option fee for land acquisition		583,625	14,007
- Issue of ordinary shares in lieu of services rendered		1,666,667	40,000
<b>Balance at end of Period</b>		<b>3,281,409,106</b>	<b>105,263,224</b>
(ii) Ordinary share - partly paid (\$0.0389 unpaid)			
Balance at beginning of period		80,000,000	8,000
Movement		-	-
<b>Balance at end of Period</b>		<b>80,000,000</b>	<b>8,000</b>

## 4. ISSUED CAPITAL (continued)

\*The Company issued 348,000,000 shares to shareholders and 348,000,000 options to shareholders on the basis of one free option for one share subscribed for and issued in the Placement. The total funds raised from the placement being \$8,700,000

## 5. SHARE BASED PAYMENTS

Share based payments reserve		31 December 2021 \$	30 June 2021 \$
	Notes		
Balance at the beginning of the period		643,029	277,428
Fair value of options recognised in share issue costs	5(i)	265,000	37,500
Fair value of performance rights converted to shares		-	(58,731)
Fair value of performance rights issued to directors	5(ii)	77,796	370,749
Fair value of performance rights issued to employees	5(iii)	468,348	16,083
Balance at the end of the period		1,454,173	643,029

### i. Options Issued to Brokers

The Company issued 25,000,000 options during the half year as consideration for underwriting services provided.

The options issued have been valued using a binomial model with the following parameters:

- Grant date: 24 November 2021
- Option exercise price: \$0.025
- Underlying share price at issue: \$0.026
- Volatility: 100.08%
- Effective interest rate: 0.535%
- Expiry date: 18 December 2022
- Fair value of option \$0.0106

with the total fair value of the options issued to the brokers on grant date being \$265,000. The cost has been recognised in equity as a capital raising cost.

### ii. Performance Rights Issued to Directors

On 2 December 2020 the Company issued 124,000,000 performance rights to Directors in four equal tranches of 31,000,000 under the Australian Vanadium Employee Incentive Plan adopted at the Company's Annual General Meeting held on 25 November 2020. The performance rights have been valued using a binomial model using the following inputs:

		Tranche 1	Tranche 2	Tranche 3	Tranche 4
Expected volatility	%	107.63%	107.63%	107.63%	107.63%
Risk-free interest rate	%	0.335%	0.335%	0.335%	0.335%
Expected life	Years	5.0	5.0	5.0	5.0
Expiry date		2-Dec-25	2-Dec-25	2-Dec-25	2-Dec-25
Exercise price	\$	Nil	Nil	Nil	Nil
Underlying share price	\$	0.013	0.013	0.013	0.013
Fair value of performance right	\$	0.009	0.009	0.008	0.008



The performance rights were granted for nil consideration and vest subject to certain market performance conditions and service conditions being met as follows:

- Service condition – the service condition is met if employment with Australian Vanadium Ltd is continuous for the period commencing on the grant date until the date the rights vest; and
- Market based vesting conditions – vesting conditions must be met for the applicable performance period to trigger the Board consideration of whether the performance rights should vest. For the specific tranches above the vesting conditions are:
  - Tranche 1 – share price of at least \$0.025 over 20 consecutive trading days on which the Company's shares have actually traded and this vesting condition was met at 30 June 2021;
  - Tranche 2 – share price of at least \$0.03 over 20 consecutive trading days on which the Company's shares have actually traded;
  - Tranche 3 – share price of at least \$0.04 over 20 consecutive trading days on which the Company's shares have actually traded; and
  - Tranche 4 – share price of at least \$0.05 over 20 consecutive trading days on which the Company's shares have actually traded.

The total amount cumulatively recognised in equity to 31 December 2021 being \$448,545 and the total expense for the half year ended 31 December 2021 being \$77,796.

iii. Performance Rights Issued to Employees

On 30 July 2021 the Company issued 35,116,525 performance rights to employees under the Australian Vanadium Employee Incentive Plan adopted at the Company's Annual General Meeting held on 25 November 2020. The performance rights have been valued using a binomial model using the following inputs:

Grant date		5-Jul-21
Expected volatility	%	101.81%
Risk-free interest rate	%	0.56%
Expected life	Years	5.0
Expiry date		29-Jul-26
Exercise price	\$	Nil
Underlying share price	\$	0.02
Fair value of performance right	\$	0.02

The fair value of the performance rights granted is \$702,331 with the total amount recognised in equity over the vesting period to 31 December 2021 being \$468,348. The performance rights were granted for nil consideration and vest subject to certain market performance conditions and service conditions being met as follows: Service condition – the service condition is met if employment with Australian Vanadium Ltd is continuous for the period commencing on the grant date until the date the rights vest; and the market conditions for the various tranches are listed below

- Tranche 5 - 5,808,262 vest on continuous employment from grant date to 31 December 2021. This tranche vested at 31 December 2021;
- Tranche 6 - 2,250,000 vest on completion of the bankable feasibility study on the Australian Vanadium Project;
- Tranche 7 - 7,686,088 vest when the Company achieves a share price of at least \$0.025 VWAP over 20 consecutive trading days on which the Company's shares have actually traded. This tranche vested at 31 December 2021;
- Tranche 8 - 7,686,088 vest when the Company achieves a share price of at least \$0.03 VWAP over 20 consecutive trading days on which the Company's shares have actually traded and;
- Tranche 9 - 7,686,088 vest when the Company achieves a share price of at least \$0.03 VWAP over 20 consecutive trading days on which the Company's shares have actually traded;
- Tranche 10: 4,000,000 vest when the Company achieves a share price of at least \$0.05 VWAP over 20 consecutive trading days on which the Company's shares have actually traded.

## 6. SEGMENT INFORMATION

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group has identified two operating segments for 2021 being:

1. **Exploration** – consisting of the Australian Vanadium Project and other exploration projects, and
2. **Energy Storage** - VSUN Energy Pty Limited's vanadium redox flow battery sales activities.

Segment revenues, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and primarily consist of plant and equipment and project tenements. Segment liabilities consist primarily of trade and other creditors and employee benefits.

The following tables present revenue, expenditure and asset information regarding operating segments for the half-year ended 31 December 2021 and 31 December 2020.

December 2021	Exploration \$	Energy Storage \$	Unallocated \$	Total \$
Sales to External Customers	-	-	-	-
Other Revenue	-	-	25,679	25,679
<b>Total Segment Revenue</b>	-	-	<b>25,679</b>	<b>25,679</b>
<b>Total Segment Results</b>	<b>(523,490)</b>	<b>(109,976)</b>	<b>(1,730,166)</b>	<b>(2,363,632)</b>
<b>Total Segment Assets</b>	<b>33,477,784</b>	<b>274,994</b>	<b>7,347,949</b>	<b>41,100,727</b>
<b>Total Segment Liabilities</b>	<b>1,885,633</b>	<b>4,100</b>	<b>1,548,406</b>	<b>3,438,139</b>
Write off on Exploration Assets	(74,540)	-	-	(74,540)
Depreciation and Amortisation	-	(13,027)	(41,022)	(54,049)
Finance Costs	-	-	(5,403)	(5,403)
Interest Income	-	-	-	-

Dec 2020	Exploration \$	Energy Storage \$	Unallocated \$	Total \$
Sales to External Customers	-	-	-	-
Other Revenue	-	10,000	105,131	115,131
<b>Total Segment Revenue</b>	-	<b>10,000</b>	<b>105,131</b>	<b>115,131</b>
<b>Total Segment Results</b>	<b>(472,750)</b>	<b>(57,848)</b>	<b>(618,900)</b>	<b>(1,149,498)</b>
<b>Total Segment Assets</b>	<b>26,022,288</b>	<b>165,887</b>	<b>8,520,822</b>	<b>34,708,997</b>
<b>Total Segment Liabilities</b>	<b>1,368,501</b>	<b>1,916</b>	<b>153,980</b>	<b>1,524,397</b>
Write off on Exploration Assets	(12,999)	-	-	(12,999)
Depreciation and Amortisation	-	(11,180)	(55,769)	(66,949)
Finance Costs	-	-	(13,302)	(13,302)
Interest Income	-	-	13,871	13,871

## 7. CONTINGENT LIABILITIES

On 21 October 2019 the Company signed an option agreement with Wyalong Pastoral Co Pty Ltd to purchase a site of 1,334 acres (subject to survey) inland from Geraldton, which has been identified as a possible location for its vanadium processing plant. A second one year extension was signed in November 2021, as permitted under the original option agreement. The purchase price for the land will be \$2,100 per acre, to be calculated on the surveyed area.

## 8. EVENTS SUBSEQUENT TO REPORTING DATE

On 27 January 2022, 12,720,797 options were converted into ordinary shares at \$0.025 per share raising \$318,020 (before costs).

On 17 February 2022, 6,080,012 fully vested performance rights issued under the Australian Vanadium Employee Incentive Plan were exercised for nil consideration. Each right entitled the holder to one ordinary share.

There are no further matters or circumstances that have arisen since the end of the half-year, which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in subsequent financial periods.

## 9. RELATED PARTY TRANSACTIONS

Aside from the directors' remuneration including the performance rights issued to Directors, as disclosed in Note 5, there were no related party transactions in the half year ended 31 December 2021. The financial report for the year ended 30 June 2021 provides further details on the nature of previous related party transactions.

## Directors' Declaration

In the opinion of the directors of Australian Vanadium Limited (the "Consolidated Entity" or "Group") :

1. The financial statements and notes thereto of the consolidated entity, as set out within this financial report, are in accordance with the Corporations Act 2001 including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
  - b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 and of its performance for the half-year then ended.
2. In the directors' opinion, 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 signed in accordance with a resolution of the Board of Directors.



**Cliff Lawrenson**  
**Non-Executive Chairman**  
Perth, 10 March 2022



**ARMADA**  
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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 accompanying half-year financial report of Australian Vanadium Limited ('the Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at half-year end from time to time during the half-year.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Australian Vanadium Limited is not in accordance with the *Corporations Act 2001* including:

- (a) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) 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 Responsibility for the Review of the Half-Year Financial Report* section of our report. We are independent of the Group in accordance with the 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 our 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 Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

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### **Directors' Responsibility for the Half-Year Financial Report**

The Directors of the Group 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 is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility for the Review of the Half-Year 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 2021 and its 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 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.

*Armada Audit  
& Assurance*

**ARMADA AUDIT & ASSURANCE PTY LTD**

**NIGEL DIAS**

**DIRECTOR**

**Perth, Dated 10 March 2022**

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## MINERAL RESOURCE

Table 1 - The Australian Vanadium Project Mineral Resource Estimate at November 2021 by Domain and Resource Classification<sup>4</sup>

Domains	Category	Mt	V <sub>2</sub> O <sub>5</sub> %	Fe %	TiO <sub>2</sub> %	SiO <sub>2</sub> %	Al <sub>2</sub> O <sub>3</sub> %	LOI %
HG 10	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
	<b>Subtotal</b>	<b>95.6</b>	<b>1.07</b>	<b>44.7</b>	<b>12.2</b>	<b>9.1</b>	<b>6.8</b>	<b>3.2</b>
LG 2-5	Measured	-	-	-	-	-	-	-
	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
	<b>Subtotal</b>	<b>128.5</b>	<b>0.49</b>	<b>24.9</b>	<b>6.6</b>	<b>28.2</b>	<b>16.1</b>	<b>7.2</b>
Trans 6-8	Measured	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-
	Inferred	14.9	0.66	29.0	7.8	24.5	15.1	7.8
	<b>Subtotal</b>	<b>14.9</b>	<b>0.66</b>	<b>29.0</b>	<b>7.8</b>	<b>24.5</b>	<b>15.1</b>	<b>7.8</b>
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
	<b>Subtotal</b>	<b>239.0</b>	<b>0.73</b>	<b>33.1</b>	<b>8.9</b>	<b>20.4</b>	<b>12.3</b>	<b>5.6</b>

<sup>4</sup> Using a nominal 0.4% V<sub>2</sub>O<sub>5</sub> wireframed cut-off for low grade and nominal 0.7% V<sub>2</sub>O<sub>5</sub> wireframed cut-off for high grade (total numbers may not add up due to rounding).

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