Australian VANADIUM LIMITED

Annual Report 2024

ACN 116 221 740

Contents

Forward-Looking Statements

This document may contain certain forward-looking statements with respect to matters including but not limited to the financial condition, results of operations and business of Australian Vanadium Limited (AVL or the Company) and certain of the plans and objectives of AVL with respect to these items. These forward-looking statements are not historical facts but rather are based on AVL's current expectations, estimates and projections about the industry in which AVL operates and its beliefs and assumptions. Words such as "anticipates," "considers," "expects," "intends," "plans," "believes," "seeks," "estimates", "guidance" and similar expressions are intended to identify forward looking statements and should be considered an at-risk statement. Such statements are subject to certain risks and uncertainties, particularly those risks or uncertainties inherent in the industry in which AVL operates. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and other factors, some of which are beyond the control of AVL, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Such risks include, but are not limited to resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our product to, and government regulation and judicial outcomes. For more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Company's other filings. AVL cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which relate only to events as of the date on which the statements are made.

Corporate Information

ABN 90 116 221 740

Directors

Mr Cliff Lawrenson
Non-Executive Chair

Ms Jo Gaines
Non-Executive Director (appointed 1 February 2024)

Mr Daniel Harris
Non-Executive Director

Ms Miriam Stanborough AM
Non-Executive Director

Ms Anna Sudlow
Non-Executive Director

Mr Peter Watson
Non-Executive Director

Mr Vincent Algar
Managing Director (retired 14 July 2023)

Chief Executive Officer

Mr Graham Arvidson

Chief Financial Officer

Mr Tom Plant

Joint Company Secretaries

Mr Neville Bassett

Mr Louis Mostert

Registered Office and Principal Place of Business

Level 2, 50 Kings Park Road
West Perth WA 6005
Telephone: +61 8 9321 5594
Facsimile: +61 8 6268 2699
Email: info@avl.au

Share Registry

Automic Pty Ltd
Level 5, 191 St George's Terrace
Perth WA 6000

Telephone (Australia): 1300 288 664
Telephone (international): +61 2 9698 5414

Auditors

BDO Audit Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000
Telephone: +61 8 6382 4600

Stock Exchange Listing

Australian Securities Exchange
ASX: AVL

Acknowledgement of Country

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

Letter from the Chair

Dear Shareholders,

As the global energy transition towards decarbonisation and electrification accelerates, Australian Vanadium Limited (AVL) is in an exciting and unique position to generate significant shareholder value via our exposure across all facets of the vanadium value chain.

The growing penetration of renewable energy generation is reducing the historic reliance on base load coal and gas power generation during daylight hours. However, the intermittent nature of renewables limits the ability to provide continuous clean power to consumers. As renewable power generation continues to increase, the need for grid scale, long duration energy storage will only continue to grow.

Vanadium flow batteries (VFBs) are a proven technology providing energy storage over a 4 to 12+ hour time frame, with minimal degradation in performance over an asset life of more than 30 years. China is already driving a move to VFB energy storage, with over 20GWh of VFB projects approved or under construction. By the end of 2025, VFBs are forecast to account for 15-20% of China's installed battery storage capacity.

In Australia, the National Battery Strategy that was recently announced by the Federal Government recognises the critical importance of energy storage to Australia's energy transition. The strategy highlights that over 43GW of energy storage will be required in the Australian grid by 2040 and VFBs can contribute meaningfully to that capacity. The National Battery Strategy also provides access to funding to help accelerate the rollout of battery storage, and AVL is actively pursuing strategies to access that funding.

With a large global and domestic opportunity for long duration energy storage, AVL continues to explore strategies to capture value across the vanadium supply chain.

During the year, AVL completed construction and commissioning of its first vanadium electrolyte manufacturing facility, which is now producing battery grade electrolyte. The ability to manufacture electrolyte, which can account for up to 60% of a VFB's capital cost depending on duration, provides a core competitive advantage that has helped to inform the strategic decision to grow AVL's presence in the domestic vanadium flow battery market. Our wholly owned subsidiary, VSUN Energy Pty Ltd (VSUN Energy), provides a total energy storage solution to end customers, and we are accelerating our efforts to grow this business to undertake utility scale projects.

AVL's ability to compete in the downstream sector of the VFB value chain is underpinned by the quality of AVL's 100% owned Australian Vanadium Project in Western Australia. The Project's scale and location in a stable jurisdiction ensure that it is uniquely positioned to satisfy the growing demand for vanadium both domestically and internationally. It is one of the most advanced vanadium development projects globally, and it is expected to be construction ready at the right time to match the surging demand for vanadium in VFBs.

The quality of our assets and opportunity is matched by the standard and energy of our exceptional team, capably led by CEO Graham Arvidson. We continue to attract some of the best talent in the industry, who are as excited as I am by the opportunities for vanadium flow batteries to offer a competitive advantage in the Australian market. I would like to take this opportunity to thank the AVL team for their dedication and endeavours over the year.

AVL remains firmly focused on the delivery of the Australian Vanadium Project and is confident in the Company's capacity to contribute to the global energy transition and deliver returns for our stakeholders.

Finally, I would like to thank our shareholders for your continued support and offer my sincere thanks to the Board and management team of AVL for your ongoing commitment to the Company.

Yours sincerely,

Cliff Lawrenson
Non-Executive Chair

Insights from the CEO

Dear Shareholders,

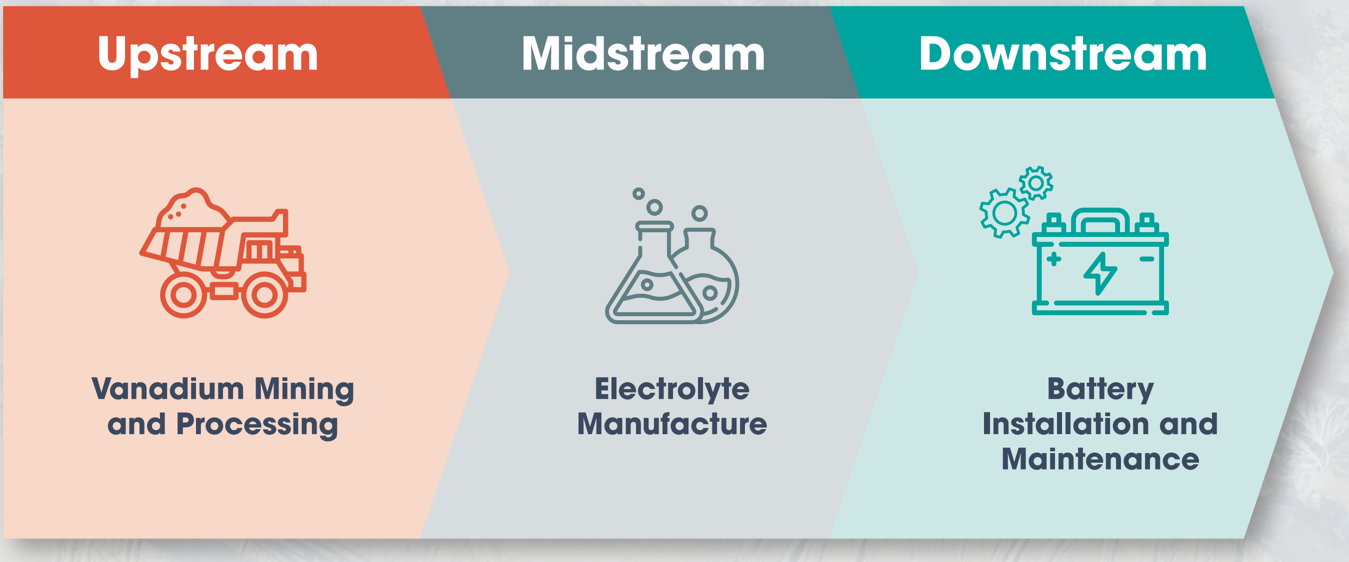
The growing global requirement for long duration energy storage provides a significant strategic opportunity for AVL to leverage the competitive advantage provided by the Australian Vanadium Project (the Project) and to consider our asset as a megawatt hour resource.

Vanadium flow batteries (VFBs) offer long duration energy storage with considerable benefits, including 30+ year asset life, minimal degradation of storage capacity, and the ability for multiple daily charge and discharge cycles with no fire risk. Importantly, VFBs are a proven technology designed here in Australia in the 1980s. AVL is uniquely positioned to capitalise on the significant opportunity to deliver competitive long-duration energy storage solutions in Australia. By leveraging the country's extensive mining, processing, and manufacturing expertise, AVL aims to create substantial value for our shareholders while playing a pivotal role in establishing an Australian sovereign supply chain for a critical mineral and technology vital to advancing Australia's energy transition.

Progressing the Australian Vanadium Project

FY2024 saw AVL make considerable progress across our strategy of progressing the Project towards production and expanding our downstream VSUN Energy battery business activities. Our multi-pronged strategic focus allows us to capture value across the vanadium supply chain (depicted below), creating clear value opportunities for our shareholders.

Vanadium supply chain



Upstream: Vanadium Mining and Processing

In February 2024, AVL implemented its merger with Technology Metals Australia Limited (TMT). Post merger, the Company appointed Wood Group to produce an Optimised Feasibility Study (OFS) to assess the optimal pathway forward for the development of the integrated project resulting from the consolidation of the adjoining projects on the one contiguous orebody. The first phase of the OFS delivered several milestones, namely:

- an updated mineral resource estimate (MRE) for the combined project of 395.4Mt at 0.77% V_2O_5 of which 61% of the updated high vanadium grade domain is now classified as Measured or Indicated, a 39% increase on previous estimates. The updated MRE also showed increased iron concentrate grades;
- identification of an optimal location to commence mining that is focused on higher vanadium and iron concentrate grades and favourable weathering attributes; and
- the decision to locate the processing plant at Tenindewa, near Geraldton in Western Australia.

The initial findings are aimed at delivering the most economic and value creating pathway for the development of the integrated project. AVL, in conjunction with Wood Group, continues to progress the OFS to finalise the detailed mining plan, optimise project infrastructure and complete the layout and key design criteria for the processing plant.

The OFS will enable AVL to have an up-to-date technical and economic study available for potential funding partners, including Australian Government agencies. In addition to the OFS, AVL has continued extensive work on a range of activities during the period including:

- proactively pursuing potential equity and debt funders for the Project;
- seeking commitments from potential offtake partners for vanadium and iron concentrate products from the project;
- conducting extensive work to progress environmental approvals for the Project;
- continuing to develop a strong relationship with the Traditional Owners of the lands on which the Project will be developed; and
- developing a sustainability strategy that ensures positive outcomes for the environment and the community.

We will continue progressing the OFS during the current financial year, focusing on securing the remaining activities required to bring the operation into production.

Midstream: Electrolyte Manufacture

During the year, we completed the construction of Western Australia's first vanadium electrolyte manufacturing facility.

The facility, located in Perth, has been designed to produce up to 33MWh per year equivalent of high purity electrolyte for vanadium flow batteries. The construction of the facility was supported by the majority of a $3.69 million Australian Government Modern Manufacturing Initiative grant which demonstrates the value of investing in domestic manufacturing capability, allowing more value from Western Australia's battery mineral endowment to be captured and retained in Australia.

Construction and subsequent operation of the facility demonstrates AVL's technical capabilities and ensures that the Company remains engaged with downstream aspects of the vanadium and VFB markets. With electrolyte being the single largest capital cost item in the deployment of VFBs, having a fully operational electrolyte facility is a core competitive advantage for AVL.

Downstream: Battery Installation and Maintenance

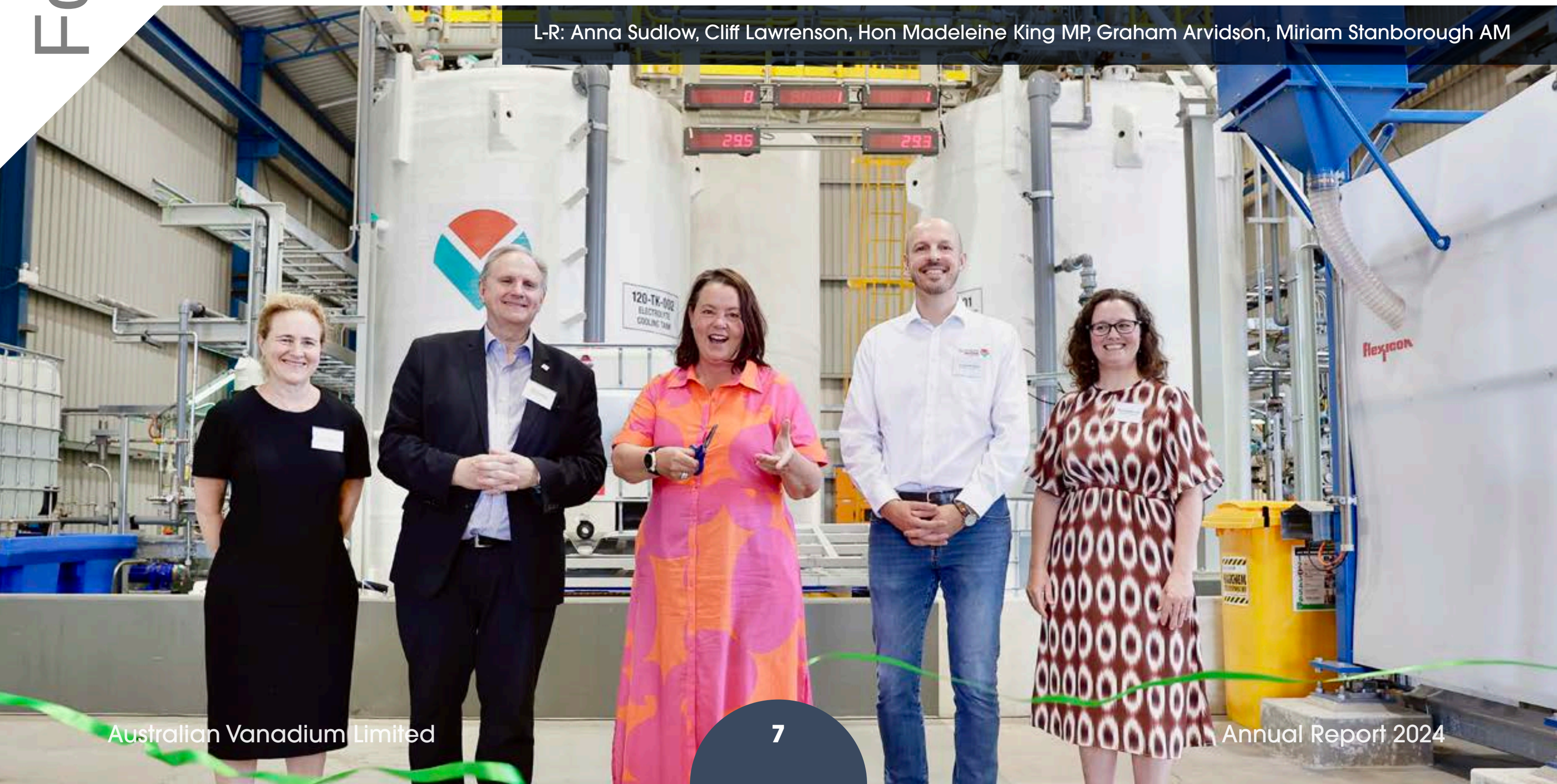
VSUN Energy has the capabilities and relationships with battery and equipment partners to deliver total energy storage solutions.

VSUN Energy further expanded its profile in the Australian vanadium flow battery market through an agreement with Western Australia's regional energy provider, Horizon Power, to supply and install a VFB for a long duration energy storage pilot in Kununurra, Western Australia. The VFB will increase Horizon Power's understanding of how this technology can provide long periods of 100% renewable energy supply in regional and remote energy systems across Western Australia.

VSUN Energy is commissioning a vanadium flow battery at ASX100-listed miner IGO Limited's Nova Nickel operation. The VFB will provide storage capacity to allow for carbon free electricity to be used 24/7 at the operation, reducing their CO_2 emissions as part of IGO's broader net-zero strategy.

The Company remains in ongoing discussions regarding several partnering opportunities with energy offtakers, technology providers, and financial partners for VSUN Energy to develop and deploy VFB storage solutions. Our clear and focused strategy will allow for rapid VSUN Energy deployment of VFBs to meet demand.

L-R: Anna Sudlow, Cliff Lawrenson, Hon Madeleine King MP, Graham Arvidson, Miriam Stanborough AM



Our People

The success of the AVL business includes the health, safety and well-being of all team members. AVL continues to develop its processes and culture to ensure a safe, diverse and inclusive workplace. The health, safety and environmental performance for the year included no recordable injuries and no regulatory reportable occurrences across any of the AVL work fronts.

AVL continues to build a team with world leading expertise across the full vanadium value chain, from mining through processing, electrolyte production, battery systems and into energy markets. During the period, AVL appointed Steve Banning as Principal Advisor and Dr Yifeng Li as Product Development Manager - BESS (Battery Energy Storage Systems) for VSUN Energy. These appointments will be pivotal to unlocking AVL's ambition to contribute to the uptake of vanadium flow batteries for use in large scale, long duration energy storage systems.

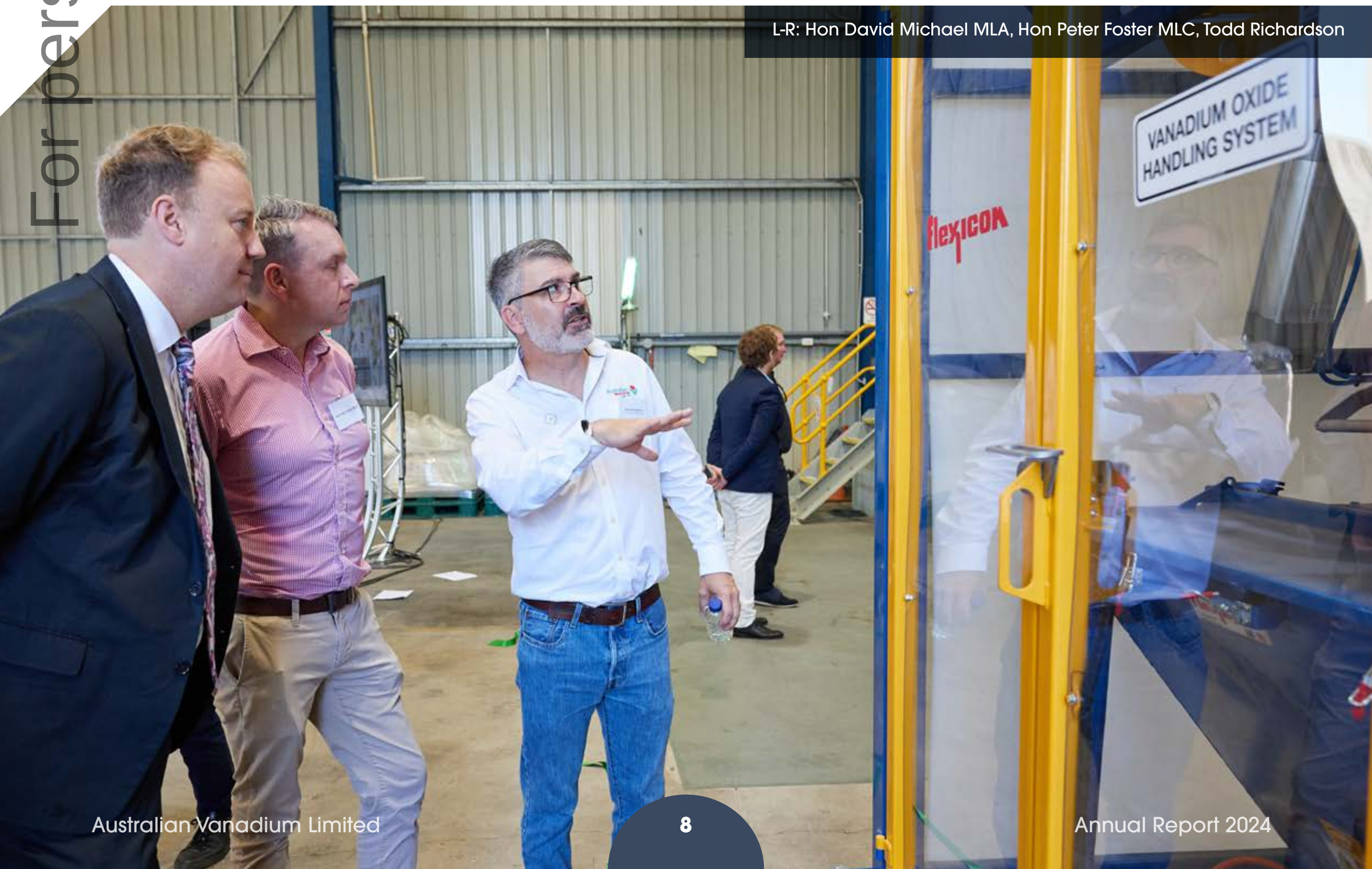
We have built an exceptional team at AVL, and I am proud to lead such a talented and dedicated group of people. I would like to take this opportunity to thank all our staff and contractors for their tireless and safe work during the year.

Funding and the balance sheet

The Company continues to benefit from a Federal Government grant of up to $49 million under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream, with AVL receiving the second progress payment of $14.7 million in June 2024. Access to this grant funding enables AVL to pursue opportunities to minimise project execution risk through enhanced project definition, such as full detailed engineering of key infrastructure and acceleration of project schedule, for example, by ordering long lead time equipment.

We remain engaged with other Australian Government agencies to provide further support for the Project, both in terms of debt and export finance assistance. I look forward to updating shareholders on our progress during the year. With a cash balance of $36.4 million at 30 June 2024, and the opportunity to access the remainder of the Federal Government grant, we remain well capitalised to progress project activities.

AVL is progressing with various project advancement options, including the initiation of discussions with potential strategic partners regarding possible investment at the project level.



L-R: Hon David Michael MLA, Hon Peter Foster MLC, Todd Richardson

Sustainability

Sustainable development is a principle that the Board, management and staff of AVL remain focused upon. We will continue to develop our environmental, social and governance (ESG) policies and goals and ensure that our reporting framework aligns with global industry best practice.

AVL is committed to working ethically and with respect for the environment and society to create sustainable results for all our stakeholders. Embedding ESG philosophies into the Company's approach to the Australian Vanadium Project's design, construction, and operation is paramount to its success.

The Company strives to deliver tangible outcomes and to genuinely live its values of Safety, Integrity, Excellence, Respect, Collaboration and Honesty.

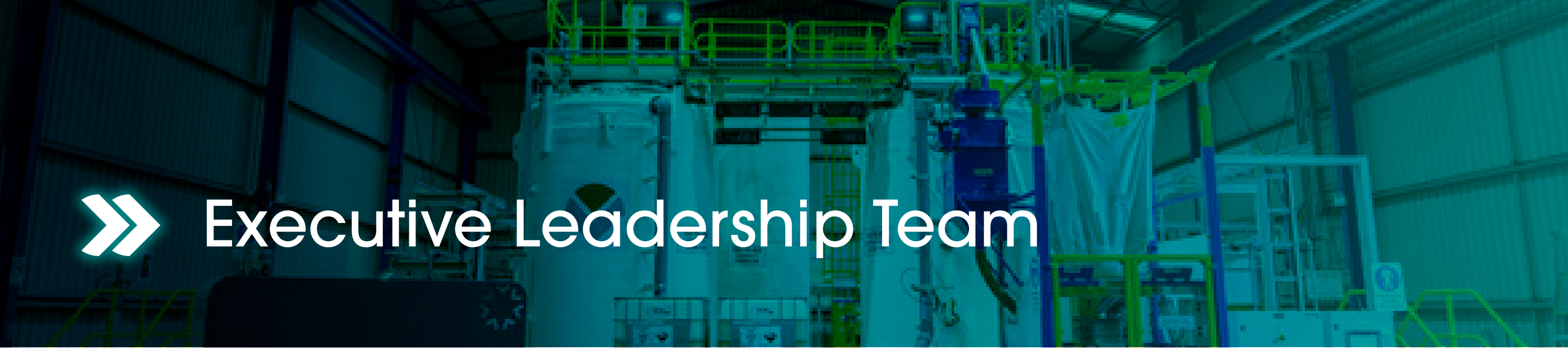
Outlook

The Australian Vanadium Project is uniquely positioned as one of the largest and lowest cost vanadium projects globally. With the growing opportunity for vanadium flow batteries generated by the need for long duration energy storage, AVL is uniquely positioned to generate value across the vanadium supply chain.

I would like to thank all of our stakeholders for your continued support of the Company and I look forward to updating all of you as we continue to progress the Project to production and expand our presence in the downstream VFB sector.

Yours sincerely,

Graham Arvidson
Chief Executive Officer



Executive Leadership Team

For personal use only

Australian Vanadium is staffed with highly credentialed personnel at both the Board and executive management levels and throughout the business. The executive leadership team has decades of experience in the minerals sector, spanning exploration, feasibility, design, development, and operation of mineral assets spanning vanadium, lithium, nickel, cobalt, and gold. The team is well placed to ensure the successful realisation of the Company's assets.

Graham Arvidson
Chief Executive Officer

BSc (Mech Eng), MBA, MSc (Mineral Economics), MIEAust CPEng, MAusIMM CPMet, PMP, GAICD

Mr Arvidson has 20 years of experience in the minerals sector spanning feasibility, evaluation, successful development and operation of mineral assets globally, including both upstream and downstream processing of vanadium and lithium.

Mr Arvidson has proven project development expertise, a deep Western Australian project development network specific to resource project development, commercial acumen borne of managing contracts from both the client and contractor side and extensive project management experience including tendering, negotiation, conforming and executing O&M, EPC, EPCM, and BOO forms of project delivery.

He is a passionate industry advocate for project development and operational excellence, supporting these causes as an Adjunct Lecturer for the University of Western Australia MBA programme, speaking as an industry practitioner on the topics of best practice in project management, operational excellence and commodity markets including vanadium and lithium.

Tom Plant
Chief Financial Officer

BCom, MBA, CA, MSc (Mineral Economics)

Mr Plant is a seasoned finance executive, with almost 30 years of experience in various corporate and commercial roles. He has a strong background in debt and equity funding solutions, investment evaluation and corporate transactions. Mr Plant's experience in these areas complements the existing capabilities in the AVL team as it progresses the Australian Vanadium Project.

Mr Plant is a Chartered Accountant (CAANZ) and holds an MBA from INSEAD, an MSc (Mineral Economics) from Curtin University, a Bachelor of Commerce from The University of Western Australia and a Graduate Diploma of Applied Corporate Governance and Risk Management from the Governance Institute of Australia.

Louis Mostert
Chief Legal and Commercial Officer, Joint Company Secretary

BEng (Hons), LLB (Hons), GAICD, FGIA

Mr Mostert has over 20 years of experience in project contracting and finance, corporate advisory, mergers and acquisitions, insurance management, dispute resolution, work health and safety, employment and industrial relations, intellectual property, corporate governance and compliance.

Mr Mostert graduated from the University of Western Australia with a Bachelor of Engineering (Hons) and a Bachelor of Laws (Hons) and has a Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is admitted as a barrister and solicitor of the Supreme Court of Western Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Governance Institute of Australia and a member of the Australian Institute of Company Directors.

Todd Richardson
Chief Operating Officer

BSc (Chem Eng), MBA

Mr Richardson is an expert in vanadium process design, commissioning and operations with over 25 years' experience in vanadium. He has an extensive background in operations management and technical services both in the USA and Australia in all phases of plant operation from process design through to commissioning, ramp up and operation.

Mr Richardson leads the development of AVL's world class vanadium project.

Ross Jennings
Chief Safety and People Officer

Mr Jennings has worked in the mining industry for over 18 years and has held leadership roles across operations, health, safety and emergency response. He has been involved in a variety of areas of the industry including exploration, construction, commissioning, maintenance, open cut and underground mining, nationally and internationally. Mr Jennings is a former British Army Non-commissioned officer and Princes Trust Award for Leadership recipient.

Mr Jennings is a member of the Australian Institute of Company Directors and is currently a board member for Teach Learn Grow. He is also a mentor for the Women in Mining and Resources WA and Pride Professionals WA. Ross holds formal qualifications in Health and Safety, Emergency Management, Environmental Management and Human Resources.

Flormirza Cabalteja
Executive General Manager Project Delivery – Downstream

BSc (Chem Eng)

Ms Cabalteja is a chemical engineer with over 17 years of experience in the refinery processing of nickel, cobalt, ammonium phosphate-based fertilizers and vanadium. Ms Cabalteja has extensive experience in both the technical management and operational aspects of these commodities.

Prior to joining AVL, Ms Cabalteja led the operations readiness function for the BHP Nickel Sulphate project and all engineering capital projects. This included managing the process design, HSE, process safety, operational systems, logistics, asset management, lab, and metallurgical accounting systems.

She held key roles in ensuring the safe delivery, commissioning, and handover to operations of the nickel sulphate plant. Subsequently, she managed the operations of the lab and packaging plant and interactions with integrated planning and marketing, which included end–to–end planning for production, sales, and product movement of all nickel and intermediate products. Ms Cabalteja has also worked at Midwest Vanadium, where she provided technical and commissioning support for the plant's refinery section.

Review of Operations

Upstream – The Australian Vanadium Project

The Company's 100% owned Australian Vanadium Project (the Project) is a high-grade, multi-decade vanadium project of significant national importance located in Western Australia.

The Project comprises two distinct sites. The first site is a proposed open-cut mine of the vanadium, titanium, magnetite orebody at Gabanintha, approximately 43 kilometres south-southeast of Meekatharra in Western Australia, with a crushing, milling and beneficiation (CMB) plant at the same location to produce vanadium magnetite concentrate.

The vanadium magnetite concentrate is proposed to be transported approximately 456 kilometres by road from the CMB plant to the second part of the Project, the processing plant which will be located at Tenindewa, approximately 80 kilometres east of Geraldton port in Western Australia.

Highlights

Health and Safety

Achieved a Total Recordable Injury Frequency Rate of zero. This covered the construction, commissioning and operation of the Company's vanadium electrolyte manufacturing facility, exploration activity and undertaking heritage surveys, all of which occurred during the reporting period and in collaboration with contracting partners.

Project development activity

Following the completion of the merger with TMT in February 2024, AVL commenced work on the OFS to integrate the two adjoining projects on a single orebody. The first phase of the OFS delivered several milestones, namely:

- an updated MRE for the combined project of 395.4Mt at 0.77% V_2O_5 of which 61% of the updated high vanadium grade domain is now classified as Measured or Indicated, a 39% increase on previous estimates. The updated MRE also showed increased iron concentrate grades;
- identification of an optimal location to commence mining that is focused on higher vanadium and iron concentrate grades and favourable weathering attributes; and
- the decision to locate the processing plant at Tenindewa, near Geraldton in Western Australia.

The second phase of the OFS is now underway, focusing on finalising the detailed mining plan using the results of the updated MRE, optimising all project infrastructure and completing the layout and key design criteria for the CMB plant at Gabanintha and processing plant at Tenindewa.

Metallurgical testwork confirmed average vanadium concentrate grades of up to 1.6% V_2O_5, suggesting a single high-grade project can be delivered from the combined projects.

Completion of pilot scale testwork that achieved 99.9% ultra-high purity V_2O_5 for specialty chemical, aerospace and defence applications.

Mining Agreement negotiations with the Traditional Owners of the mine site and CMB plant locations at Gabanintha are progressing, alongside environmental approvals. AVL continues to focus on executing the approval pathway to ensure that all Project changes are reflected in the EPA approval process.

Rezoning of the processing plant site at Tenindewa from 'Rural' to 'General Industry' is progressing through the Department of Planning, Lands and Heritage via the State Development Assessment Unit. Post-year end on 5 August 2024, the City of Greater Geraldton Council passed a resolution to support a local planning scheme amendment pursuant to the *Planning and Development Act 2005 (WA)* in relation to the rezoning of the site.

AVL continues to pursue multiple avenues for vanadium offtake, including relationships with traditional steel end users and commodity traders, along with potential new offtakers in the energy and defence sectors. The rapidly growing need for long duration energy storage in Australia, essential to support a renewable energy focused transition to net zero carbon emissions, presents an offtake opportunity for the Project. Current indications are that, at full production, AVL has the potential to produce vanadium electrolyte for up to 1.1 GWh of energy storage per year, approximately 18% of the Australian Energy Market Operator (AEMO) projected 6GWh per year growth for medium/long duration energy storage over the next 20 years. Consequently, AVL has the option for product from the Project to be largely consumed by the electrolyte market, primarily in Australia, through AVL's subsidiary VSUN Energy, offering an alternative offtake to traditional steel offtake which is often exposed to price fluctuations. Significant progress has also been made towards a binding offtake agreement for the Project's iron concentrate co-product.

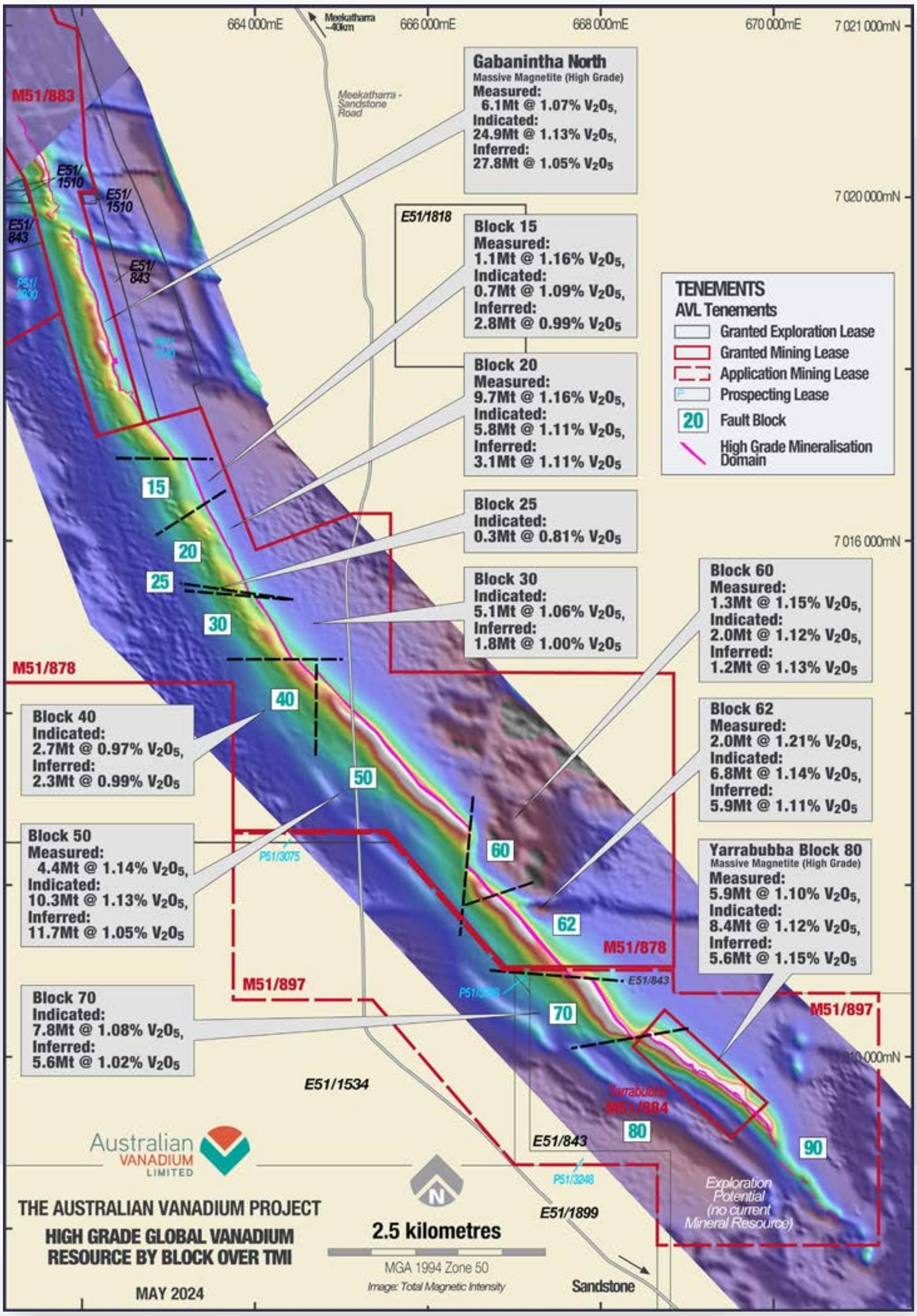
Updated Mineral Resource Estimate

In May 2024, the Company released an updated Mineral Resource Estimate (MRE), which combined AVL and TMT's previous MREs and incorporated additional reverse circulation drilling, diamond core drilling and downhole density data conducted during 2022.

The updated MRE reported 395.4Mt at 0.77% V_2O_5 and includes a high-grade (HG) domain of 173.2Mt at 1.09% V_2O_5, of which 105.4Mt at 1.12% V_2O_5 is classified as Measured or Indicated, a 39% increase on previous estimates.

The updated estimate includes a 107% increase in the Indicated HG category within southern Blocks 50 to 70 (refer to the image below for the total magnetic imagery (TMI) of the Project by block). Also included is a maiden Measured category mineral resource of 7.8Mt at 1.16% V_2O_5 within Blocks 50 to 62 in the HG domain, significantly improving the category of resources in those blocks to that previously reported in November 2021.

The updated MRE for the Project is detailed in the Mineral Resources and Ore Reserves Statement section of this Report.



Midstream – Electrolyte manufacture

AVL has built and is operating its first high purity vanadium electrolyte manufacturing facility, located in Perth, Western Australia. The facility can produce up to 33MWh per year equivalent of high purity electrolyte for vanadium flow batteries.

The first batch of vanadium electrolyte has been successfully produced and samples sent to VFB manufacturers for qualification.

Interested parties from Federal and State Governments, businesses and energy providers have visited the facility, which has provided an important showcase for the Company from both a vanadium electrolyte and VFB perspective as it seeks to execute its strategy in the mid and downstream stages of the vanadium value chain.

vsun energy

Downstream – VSUN Energy

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

Significant progress was made during the year in advancing the Group's downstream battery strategy, which will be executed by VSUN Energy. The Group also strengthened VSUN Energy's capabilities through key appointments: Steve Banning as Principal Advisor and Dr. Yifeng Li as Product Development Manager - BESS (Battery Energy Storage Systems). These appointments will be crucial in realising the Group's goal of promoting vanadium flow batteries for large-scale, long-duration energy storage systems.

In the coming year, the focus will be on leveraging local content and partnerships with energy offtake partners and technology providers to accelerate the deployment of vanadium flow batteries in Australia. Additionally, efforts will be made to advance funding discussions with potential strategic partners to support VSUN Energy's growth strategy.

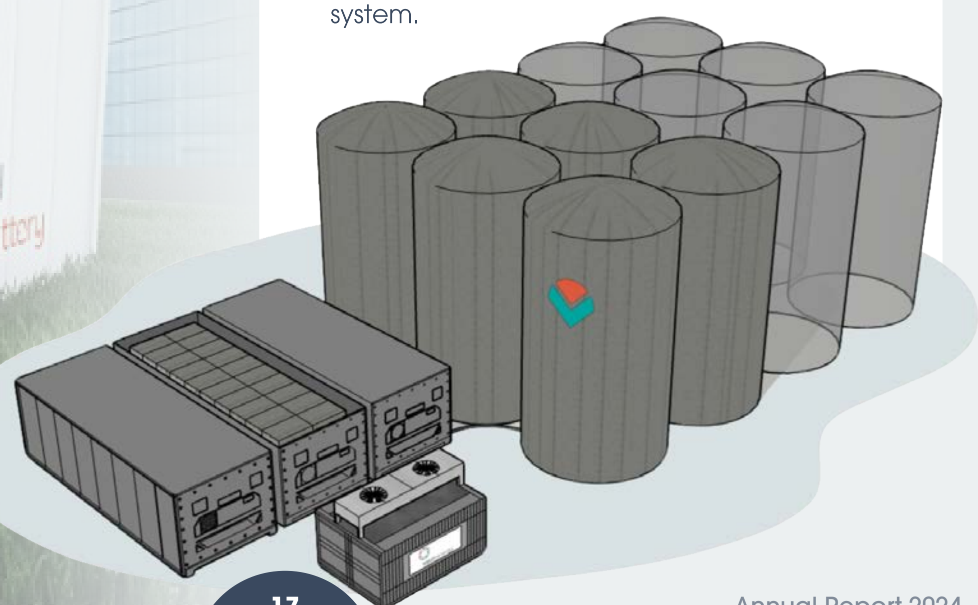
Highlights

During the year, VSUN Energy signed an agreement with Western Australia's regional energy provider, Horizon Power, for the supply, installation and commissioning of a vanadium flow battery for a pilot project in Kununurra, Western Australia. The use of long lasting, safe, stable and commercialised long duration energy storage, in the form of VFBs, will assist Horizon Power in accelerating the decarbonisation of its energy network, which covers 2.3 million square kilometres. The project is progressing well and will incorporate a proportion of vanadium electrolyte manufactured by AVL. Installation and commissioning of the battery will be undertaken during FY2025.

VSUN Energy has installed a standalone power system at the IGO (ASX: IGO) Nova Nickel Operation. The VFB for this project is currently being commissioned on site by the VSUN Energy team.

VSUN Energy is developing a prototype of a residential vanadium flow battery. This product is of interest to people who are seeking an alternative to a lithium-ion solution. The Company has taken the decision to design its own VFB, with the stacks having been purchased from a reputable supplier. The battery will be 5kW/15kWh, providing enough power to take an average house through the evening and into the morning until solar power generation resumes.

VSUN Energy is also working on a large-scale, fully engineered, and costed VFB that combines key internationally manufactured battery elements with locally sourced infrastructure such as electrolyte tanks. The image below provides an overview of the system.



Corporate

Business strategy

The growing global demand for long-duration energy storage presents a major strategic opportunity for AVL to leverage its competitive advantage: the long-life, high-grade Australian Vanadium Project, located in the Tier 1 mining jurisdiction of Western Australia. This asset, combined with AVL's vertical integration strategy, positions the Company as a key player in deploying vanadium flow battery solutions in Australia, with a unique ability to generate value across the entire vanadium value chain.

AVL's vertical integration strategy is designed to unlock value at every stage, from upstream mining and processing to downstream VFB development and deployment. The Company's mining and processing operations will ensure a reliable supply of high-purity vanadium oxides, while its midstream manufacturing capability supports the production of battery-grade vanadium electrolyte. Through its subsidiary, VSUN Energy, AVL will focus on forging partnerships to support the development and deployment of large-scale vanadium flow batteries across Australia. With vanadium electrolyte accounting for up to 60% of a VFB's capital cost, VSUN Energy holds a distinct competitive advantage in the Australian market. This holistic strategy enables AVL to meet the rising demand for sustainable, long-duration energy storage while maximising shareholder value and driving long-term growth across its integrated business operations.

The benefits of Vanadium Flow Batteries

Zero
Thermal event risk

4-10+
Hours of storage capacity

30+
Year asset life

>60%
Commercial end-of-life reuse and recyclability

Cost
Competitive on a Levelised Cost of Storage (LCOS) basis to lithium-ion batteries

100%
Depth of discharge

Zero
Operational warranty constraints

Proven
Nearly 20 years of grid-connected VFBs

Merger with Technology Metals Australia Limited

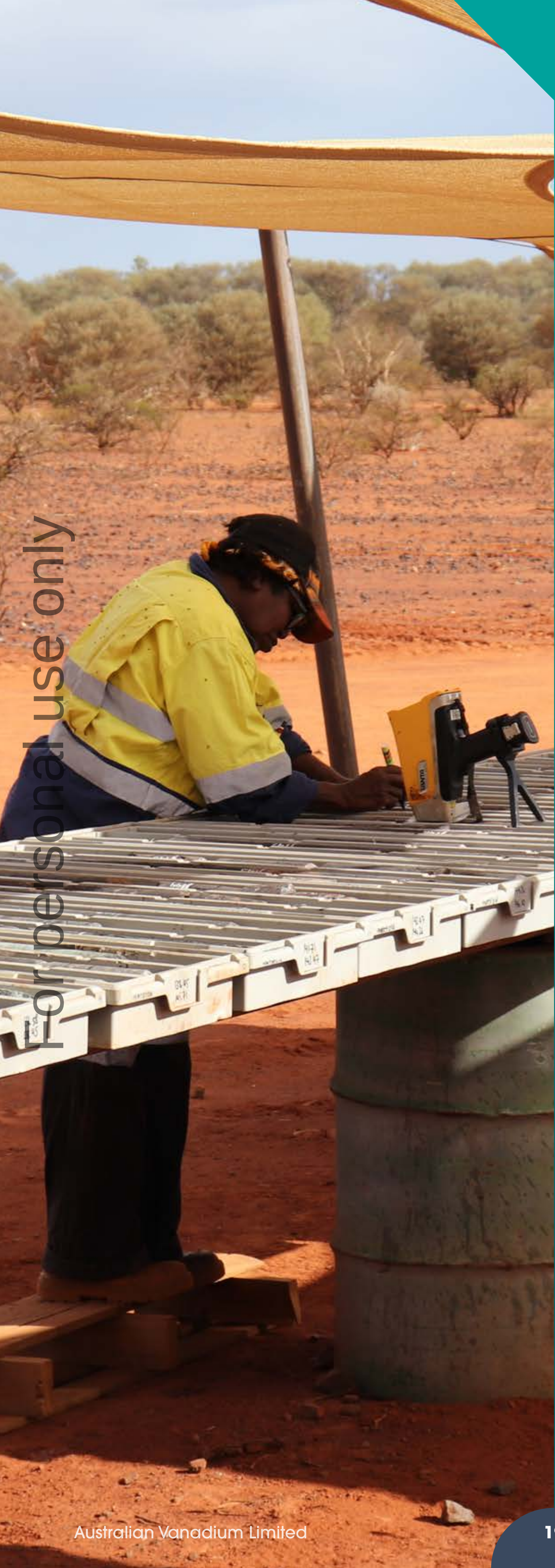
On 1 February 2024, the Company completed a merger with TMT via a scheme of arrangement under which the Company acquired 100% of the TMT shares on issue. The merger of AVL and TMT unlocks material benefits for all shareholders by consolidating adjoining projects on one contiguous orebody to create one of the world's largest and most advanced vanadium development projects.

Capital raising

On 26 September 2023, the Company successfully completed a $15.7 million share placement (before costs) to institutional investors at $0.026 per share. The placement was strongly supported by Resource Capital Fund VII LP and other institutional investors.

Grant funding

The Company is the beneficiary of a $49 million grant from the Australian Government under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream for the Australian Vanadium Project. On 20 June 2024, the Company announced the receipt of the second milestone payment of $14.7 million from the Australian Government under the grant. This represents the second of four milestone payments due under the grant.



Other projects and investments

Nowthanna Hill Uranium-Vanadium Project

The Nowthanna Hill Uranium-Vanadium Project is located 50 kilometres south of Meekatharra in Western Australia and is hosted in carnotite within silicified calcrete layers and carbonate-rich sandy clays. Vanadium and uranium are co-mineralised at Nowthanna Hill.

The project is located on granted mining lease M51/771 with an executed native title agreement. No new uranium mining is currently permitted in Western Australia.

Coates Nickel-Copper-PGE Project

The Coates Nickel-Copper-PGE Project is in the Coates Mafic Intrusive Complex near Wundowie, 80 kilometres north-east of Perth in Western Australia. The AVL tenement at the Coates Project covers 11.68 square kilometres over a southern extension of similar mafic-ultramafic rocks to the sequence that is host to the nickel-copper-PGE Julimar Project discovery by Chalice Mining Limited (ASX: CHN).

Bryah Resources Limited

Bryah Resources Limited (Bryah) is a gold, base metals and manganese exploration company with tenements exclusively in Western Australia. As at the date of this report, AVL holds 18.5 million shares in Bryah, which represents 4.25% of Bryah's undiluted shares on issue. In addition, AVL holds 3.08 million listed options (exercisable at $0.035 with an expiry date of 1 December 2025).

Risk

The Board is responsible for ensuring that risks, including emerging risks, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks identified by the Board.

The Board oversees and guides the Group's risk management framework, and the CEO is charged with implementing appropriate risk systems within the Company.

The Board is supported in its oversight of risk by the Audit and Risk Committee.

Risk appetite

AVL's risk appetite is the level of residual risk that it is willing to accept in pursuit of its strategy, which is established across our business activities. The Board regularly considers and approves the risk appetite developed by management. Understanding risk appetite across our strategic risks assists in decision making across AVL's business.

Material business risks

There are specific risks associated with the activities of the Group and general risks that are largely beyond the control of the Group and the Directors. The Group faces the usual risks encountered by companies engaged in exploration and evaluation activities and the development of mining operations. The risks are categorised as follows:

- Business risks
- Finance risks
- Market risks

The most significant risks identified that may have a material impact on AVL's ability to achieve its strategy and business plans and the market price of its shares are detailed below. They do not constitute an exhaustive list of risks involved with an investment in the Company.

The Group's material business risks are risk exposures and uncertainties that could have a material effect on AVL's financial and operating prospects and its ability to achieve its strategy and business plans. The material business risks for the Group are:

1. Business Risks

Development of the Australian Vanadium Project

The Group's ability to successfully develop and commercialise the Australian Vanadium Project may be affected by numerous factors, including but not limited to macro-economic conditions, obtaining the required approvals, ability to obtain sufficient funding (both debt and equity), customer offtakes, delays in commissioning or ramp up, cost overruns and the plant not performing in line with expectations.

If the Group is unable to mitigate these factors and others not listed here, this could result in:

- the Group not realising its development plans for the Australian Vanadium Project;
- the Group not realising the full potential of the Australian Vanadium Project; or
- the development of the Australian Vanadium Project costing more than expected or taking longer to realise than expected.

Ultimately, these factors could have an adverse impact on the Company's share price.

Offtake arrangements

There is no certainty that the Group will be able to enter into acceptable binding offtake agreements (based on counterparty, tonnage or price) or do so in a timely manner. Offtake agreements may also be entered into at a lower price than estimated and are subject to counterparty risk. Deterioration in Australia's trading relationships with potential offtake countries may adversely affect the Group's prospects for securing offtake agreements. Any of these circumstances may adversely impact the Group's financial performance and position, including the Group generating less revenue than anticipated.

In addition, the Group expects that the sale of V_2O_5 and iron concentrate may (at least under some sales contracts) be subject to commercial verification and qualification processes to ensure any material produced meets the specifications for supply required by customers.

The qualification process may require approval from multiple parties in the supply chain and not just those parties with whom the Group has contractual arrangements. Failure of the Group's material to qualify for purchase, or any unanticipated delay in qualifying the Group's material may adversely impact the Group's financial performance and position (including by resulting in the Group generating less revenue or profit than anticipated and/or incurring higher costs than anticipated).

Operating risk

The proposed activities, costs and use of the Group's cash resources are based on certain assumptions with respect to the method and timing of exploration, metallurgy and other technical tests, analysis and feasibility studies. By their nature, these estimates and assumptions are subject to significant uncertainties and accordingly, the actual costs may materially differ from the Group's estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Group's viability.

The proposed activities of the Group, including economic studies, are dependent on economic inputs from commodity prices, metallurgical tests and market tests, of which there is no guarantee of positive economics. It is a risk that studies may not be completed or delayed indefinitely, where key inputs show negative economic outcomes. No assurances can be given that the Group will achieve commercial viability through the successful:

- exploration and/or mining and processing of its mineral interests; or
- operation of its vanadium electrolyte manufacturing facility; or
- development and deployment of VFB storage solutions by VSUN Energy.

Until the Group can realise value from its projects, it will likely incur ongoing operating losses.

The Company has successfully piloted its flow sheet. It continues to conduct value and technical improvement refinements of its flow sheet at laboratory and pilot plant level working in conjunction with key (or preferred) OEM equipment suppliers and technology providers.

Investment in the Company should be considered in light of the risks, expenses and difficulties frequently encountered by companies at this stage of development, including factors such as design and construction of efficient mining and processing facilities within capital expenditure budgets and the nascent market for vanadium flow batteries.

With all mining operations, there can be a level of uncertainty and, therefore, risk associated with operating parameters and costs. This is also true with the scaling up of processing technology tested in pilot conditions. The nature of the technology risk is the cost of developing an economically viable commercial operation and production facility.

In addition, the early-stage nature of the vanadium flow battery market in Australia gives rise to a level of uncertainty as to future demand, the technical and economic viability of large grid-scale VFB energy storage solutions and risk associated with operating parameters and costs. The evolving nature of the Australian energy market, Australia's decarbonisation goals and the ongoing development of alternative energy storage applications are key sources of uncertainty for AVL's business.

Climate change

There are a number of climate-related factors that may affect the proposed operations and financial position of AVL.

The climate change risks particularly attributable to the Group and its activities include:

- the emergence of new or expanded regulations associated with the transition to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local, state, federal or international compliance regulations related to climate change mitigation efforts or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst various restraints on industry that may further impact the Group, its operations and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including increased frequency of severe weather events, which may damage AVL's assets and interrupt operations.

Mineral Resources and Ore Reserves

Mineral Resource and Ore Reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates, which were valid when originally calculated, may alter when new information or techniques become available. In addition, by their very nature, Mineral Resource and Ore Reserve estimates are imprecise and depend to some extent on interpretations, which may prove inaccurate. As further information becomes available through additional fieldwork and analysis, the Mineral Resource and Ore Reserve estimates are likely to change.

Accordingly, actual Mineral Resource and Ore Reserve may materially differ from these estimates and assumptions, and no assurances can be given that the Mineral Resource and Ore Reserve estimates, and the underlying assumptions will be realised. This could result in alterations to development and mining/ extraction plans, which may, in turn, affect the Group's operations, its financial performance and the value of its shares.

The Group engages external, independent, Competent Persons to prepare public Mineral Resource and Ore Reserve reports according to and conforming to the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results and Chapter 5 of the ASX listing rules. These follow standard industry guidelines on public disclosure and thus the process of determining its reserves and resources.

Exploration risk

Exploration is a high-risk activity that requires large amounts of expenditure over extended periods of time. The Group's exploration activities will also be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating plant and vehicles, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during exploration and evaluation are subject to the uncertainties associated with all sampling techniques and the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Title and tenure

Interests in mining and exploration tenements in Australia are governed by state legislation and are evidenced by the granting of leases or licences. The Group owns all tenements required to operate and develop the Australian Vanadium Project.

Each lease or licence is for a specific term and carries with it annual expenditure and reporting conditions as well as other conditions requiring compliance. Renewal of titles is made by way of application to the relevant department.

Whilst AVL expects that it will be able to satisfy the conditions for renewal of granted licences and leases, there is no guarantee that a renewal will be automatically granted other than in accordance with the applicable state mining legislation. In addition, the relevant department may impose conditions on any renewal, including the relinquishment of ground.

Consequently, AVL could lose title to, or its interest in, its tenements if licence conditions are not met or if expenditure commitments are not met.

Native Title, Aboriginal heritage and land claims risk

It is possible that, in relation to tenements in which AVL has an interest or may acquire such an interest, there may be areas over which legitimate Native Title rights exist, or which are subject to Native Title claims made under the *Native Title Act 1993 (Cth)* or Aboriginal land claims made under the *Aboriginal Heritage Act 1972 (WA)*. In such circumstances, the ability of AVL to progress from the exploration phase to the development and mining phases of the operation, may be adversely affected.

Further, it is possible that there will exist on AVL's mining tenements, areas containing sacred sites (archaeological) or sites of significance (ethnographic) to Aboriginal people in accordance with their traditions that are protected under the *Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth)*. As a result, land within the tenements may be subject to restrictions on exploration, mining or other uses and/or significant approval hurdles may apply.

AVL continues to work with the Traditional Owners to ensure these risks are reduced and managed through the completion of surveys with appointed members of the relevant Traditional Owner Groups and the development of a Cultural Heritage Management Plan specific to the regions where proposed work is being planned.

Legislative changes, government policy and approvals

Changes in government, monetary policies, taxation and other laws in Australia or internationally may impact the Group's operations and the value of its shares.

The Group requires government regulatory approvals for numerous facets of its operations. As at the date of this report, the Group is yet to receive all local, state and federal approvals and licences required for execution of the Australian Vanadium Project.

Delays and inactions, by local, state and federal governments or regulators may affect the Group's activities including such matters as access to lands and infrastructure, compliance with environmental regulations, construction activities, exploration and electricity network connections in respect of vanadium flow battery deployments.

No guarantee can be given that all necessary permits, approvals, authorisations, agreements or licences will be granted to AVL or will be renewed in the future as required or that where further permits, approvals, authorisations, agreements or licences are required, that they will be provided to the Group by government bodies.

Environment

The Australian Vanadium Project is, and future vanadium flow battery deployments by VSUN Energy are likely to be, subject to environmental laws and regulations, including statutory rehabilitation obligations that the Group must comply with in the future and which may be material. While AVL intends to comply with applicable laws and regulations and conduct its programs in a responsible manner with regard to the environment, there is the risk that the Group may incur liability for any breaches of these laws and regulations.

The Group also cannot predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Group's cost of doing business or affect its operations. There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments that could have a material adverse effect on the Group's business, financial condition and performance.

Occupational health and safety

Exploration, construction and production activities may expose AVL's staff and contractors to potentially hazardous working environments. If any of the Group's employees or contractors suffers injury or death, compensation payments or fines may be payable, and such incidents could result in the loss of a licence or permit required to carry on the business and may harm the Group's business and reputation.

Reliance on key management

The responsibility for overseeing the day-to-day operations and strategic management of the Group rests heavily on its senior management and key personnel. While the key management team is well-established and stable, the loss of such employees and high turnover could result in loss of knowledge, expertise and reduced productivity, which may have a detrimental impact on the Group and the Project.

Litigation risk

The Group is exposed to possible litigation risks, including contractual claims, native title claims, tenure disputes, environmental claims, occupational health and safety claims, intellectual property disputes and employee claims. Claims, litigation and disputes can be costly, including amounts payable in respect of judgments and settlements made against, or agreed to by, the Group. They can also take up significant time and attention from management and the Board. Accordingly, the Group's involvement in claims, litigation and disputes may have an adverse impact on its financial performance.

Supply chain

The success of AVL's principal business activities will depend on suppliers and contractors to provide raw materials, services, plant, equipment, and infrastructure as well as logistics providers to ensure products are delivered.

Failure of significant components of this supply chain could harm the Group's business and results of operations. Risks associated with contractors or service providers include:

- the counterparties being unable or unwilling to fulfil their obligations;
- the counterparties taking actions contrary to AVL's instructions or requests; or
- financial failure or default of such counterparties.

Finding replacement contractors or service providers on acceptable terms if they do not perform as AVL expects may materially and adversely affect operations and its financial performance.

2. Finance Risks

Additional requirements for capital

AVL is seeking to execute its vertical integration strategy, which involves developing its upstream Australian Vanadium Project, extending its vanadium electrolyte production capability and developing and deploying VFB energy solutions.

The Group's capital requirements depend on numerous factors, including whether it makes a final investment decision in relation to the Australian Vanadium Project and vanadium flow battery projects.

No decision has been made in relation to the development or the funding of the Australian Vanadium Project or any VFB projects, but AVL may seek to raise further funds through equity or debt financing, joint ventures, product offtake arrangements or other means. Failure to obtain sufficient financing for the Group's activities and its future projects may result in delay and indefinite postponement of exploration, development or production on the Group's properties or even loss of a property interest or an investment opportunity. There can be no assurance that additional finance will be available when needed or, if available, that the financing terms are favourable to the Group, and it might involve substantial dilution to shareholders. Further, any debt financing may involve restrictive covenants that limit the Group's operations and business strategy.

If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations, reevaluate its strategy or reduce expenditure, and this could have a material adverse effect on the Group's activities and outlook. Unfavourable market conditions may adversely affect the Group's ability to raise additional funding regardless of the Company's operating performance.

Future grant receipts

AVL has been awarded a $49 million grant from the Australian Government under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream (MMI-C Grant) for the Australian Vanadium Project. To date, the Company has received two of the four instalments, amounting to $24.5 million, with the remaining payments contingent on meeting specific project milestones. However, there is no assurance that these future milestones will be achieved as required by the MMI-C Grant agreement. Delays in project development, regulatory approvals, or unexpected operational issues could hinder progress, potentially jeopardising the Company's ability to access the remaining funds, or to do so in a timely manner. This could negatively impact AVL's funding position and its capacity to finance and advance the Project.

3. Market Risks

Substitution

Alternative solutions for long-duration energy storage

Vanadium flow batteries are a technically and commercially proven solution for long-duration energy storage applications, including at grid scale. AVL believes that large-scale vanadium flow batteries are projected to have a lower levelised cost of storage (LCOS) than the current benchmark utility-scale lithium batteries, driven by their 30+ year life and residual value in the form of the contained vanadium electrolyte.

A risk vanadium producers face is the potential substitution of VFBs for alternative long-duration energy storage solutions, including different battery technologies. The evolving energy storage landscape presents a range of competing solutions, each with its own advantages and capabilities. This substitution risk is affected by many factors beyond the control of the Group. Such factors include:

- capital expenditure, operating cost, disposal cost (if applicable) and LCOS competitiveness;
- technological advances;
- availability and price of inputs and resources including minerals, land, etc;
- application-specific suitability;
- market perception and familiarity; and
- regulatory and policy influences.

Steel additives

The steel industry heavily relies on using micro-alloys like vanadium and niobium to enhance the properties of high-strength, low-alloy (HSLA) steel. Currently, the steel market accounts for 85-90% of global vanadium and niobium demand.

A risk faced by vanadium producers is the potential for substituting vanadium with niobium or other similar alloying elements in the production of HSLA steel. This risk arises due to the similarities in the functional benefits of both vanadium and niobium in steel alloys, including increased strength, toughness, and improved corrosion resistance. For niobium in particular, the substitution risk is mitigated in that niobium cannot substitute satisfactorily in all micro-alloy applications of vanadium in a range of steel products.

This substitution risk is affected by many factors beyond the control of the Group. Such factors include price and price volatility of both vanadium and niobium, supply chain dynamics, technological advances and customer preferences.

If substitution were to occur in one or both aforementioned market segments, it could affect both the demand and price for vanadium products, such as the high-purity V_2O_5 that AVL proposes to produce from its Australian Vanadium Project. Ultimately, this could have an adverse impact on the Company's share price and its ability to fund its future activities.

Competition

Competition from other vanadium producers and explorers could impact the Group's potential future cash flow and earnings from the Australian Vanadium Project. This includes competition from both established producers and new market entrants. The development of new vanadium mining, processing and recovery facilities, along with increased competition and supply in the global vanadium market, could lower the price of this commodity. Additionally, the Group may face competition from other mining and exploration companies when seeking to acquire new projects essential for maintaining or boosting its future production levels. The Company's downstream operations might also be affected by new market entrants or existing vanadium producers adopting similar strategies.

Commodity prices and foreign exchange rates

If AVL successfully achieves mineral production from the Project, the revenue it will derive through the sale of its products will expose the potential income of the Group to commodity prices and exchange rate risks.

Commodity prices fluctuate and are affected by many factors beyond the control of the Group. Such factors include supply and demand for minerals, technological advancements, forward selling activities, costs of production, the price and availability of substitutes, the approach to pricing by competitors (i.e. aggressive pricing at or below the cost of production), geopolitical factors (including trade tensions), international hostilities and conflicts and other macroeconomic factors.

Unlike most base and precious metals, V_2O_5, which is expected to make up most of the Project's revenue, is not an exchange-traded commodity. Prices are determined by transactions between buyers and sellers. As such, there is a lack of transparency associated with the price of V_2O_5. However, there are a few independent price reporting agencies that track the V_2O_5 market.

While there are internationally recognised markets for certain benchmark iron ore products, the specifications of the iron concentrate co-product that is proposed to be produced by the Australian Vanadium Project are different to those of the benchmark products. Again, prices for this product will be determined by actual transactions between buyers and sellers.

Given the range of factors that contribute to the price of the Project's proposed products and the fact that the pricing of its products is subject to negotiation, it is particularly difficult for the Group to predict with any certainty the realised sales prices for its proposed products. The effect of changes in assumptions about future prices may include, amongst other things, changes to Mineral Resources Estimates and the assessment of the recoverable amount of the Group's assets.

Furthermore, foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. Prices of various commodities and goods and services may be denominated in US dollars, Euros or other foreign currencies, whereas the income and expenditure of the Group are and will be accounted for in Australian dollars, exposing the Group to the fluctuations and volatility of the rate of exchange between the Australian dollar and these currencies as determined in international markets.

Sustainability

AVL is committed to working ethically and with respect for the environment and society to create sustainable results for all our stakeholders. ESG is not a standalone discipline at AVL but an approach to be embedded throughout the Company's activities. AVL considers embedding ESG philosophies into its approach to the design, construction, and operation of the Project to be paramount to its success. With vanadium's significant role in the global energy transition, the Company's goal is to ensure our products are delivered with due consideration to the environment and the community, in addition to a high level of corporate stewardship.

During the 2025 financial year, the Company will perform a materiality assessment to identify and prioritise topics with the greatest material impact on stakeholders and operations. The results of this assessment will help to inform a decision on alignment with specific global and Australian ESG standards. The Company is preparing for mandatory reporting, which will apply to the Company in the coming years, with data to be collected before this time.

The Technical and Sustainability Committee is responsible for the oversight of the Company's health, safety, environment, community relations, social responsibility, and sustainability matters.

The Company strives to deliver tangible outcomes and to genuinely live the values of Safety, Integrity, Excellence, Respect, Collaboration and Honesty.

FY2024 key performance highlights

Achieved a **Total Recordable Injury Frequency Rate of zero**

Nil regulatory or externally reportable environmental events or incidents

Increased **Board diversity to 50% female and 50% male**

Established **salary benchmarking for all staff**

Continued to **support organisations helping our local communities** under the Company's Corporate Giving Standard

Completed requirements of **Exploration Manager (statutory appointment)** earlier than required by the Department of Energy, Mines, Industry Regulation and Safety

Mineral Resources and Ore Reserve Statement

The Australian Vanadium Project – Mineral Resource Statement

The Company's Exploration Results and Mineral Resource Estimates are reported in accordance with the ASX Listing Rules and the requirements and guidelines of the 2012 edition of The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 2012 JORC Code).

The Company's Mineral Resource Estimate for the Australian Vanadium Project as at 30 June 2024 and the comparatives as at 30 June 2023, as included in the 2023 Annual Report, are listed below in Tables 1 and 2, respectively. Both Mineral Resource Estimates are split by domain (High Grade (HG), Low Grade (LG) and transported).

The Competent Person Statement for the Mineral Resource Estimate is included on page 30 of this Annual Report.

The Company's Mineral Resource inventory increased during the year ended 30 June 2024 following the completion of the merger with TMT and the consolidation of the Company's Mineral Resource inventory with that of TMT and additional reverse circulation drilling, diamond core drilling and downhole density data conducted during 2022, as announced on 7 May 2024.

The updated MRE reported 395.4Mt at 0.77% V_2O_5 and includes a high-grade domain of 173.2Mt at 1.09% V_2O_5, of which 105.4Mt at 1.12% V_2O_5 is classified as Measured or Indicated, a 39% increase on previous estimates.

Mineral Resource Estimate as at 30 June 2024

Table 1: May 2024 Mineral Resource Estimate by Domain and Resource Classification

Domains	Category	Mt	V_2O_5 %	Fe %	TiO_2 %	SiO_2 %	Al_2O_3 %
	Measured	30.6	1.13	46.3	12.9	7.4	6.2
HG	Indicated	74.8	1.11	47.5	12.6	7.0	5.7
	Inferred	67.9	1.06	45.3	12.1	9.0	6.6
	Subtotal	**173.2**	**1.09**	**46.5**	**12.5**	**7.8**	**6.1**
	Measured	-	-	-	-	-	-
LG 2-5	Indicated	61.8	0.55	26.1	7.1	26.6	16.3
	Inferred	142.5	0.48	24.9	6.6	28.9	15.2
	Subtotal	**204.3**	**0.50**	**25.3**	**6.8**	**28.2**	**15.5**
	Measured	-	-	-	-	-	-
Trans 6-8	Indicated	-	-	-	-	-	-
	Inferred	17.9	0.65	31.0	7.3	24.1	14.4
	Subtotal	**17.9**	**0.65**	**31.0**	**7.3**	**24.1**	**14.4**
	Measured	30.6	1.13	46.3	12.9	7.4	6.2
Global	Indicated	136.6	0.85	37.8	10.1	15.8	10.5
	Inferred	228.2	0.66	31.4	8.3	22.6	12.6
	Total	**395.4**	**0.77**	**34.8**	**9.3**	**19.1**	**11.4**

Note: Totals may not add up due to rounding

The Company confirms that it is not aware of any new information or data that materially affects the Mineral Resource as reported on 7 May 2024, and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company carries out an annual review of its Mineral Resources and Ore Reserves, as required by the ASX Listing Rules. The review was carried out as at 30 June 2024.

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Mineral Resource Estimate as at 30 June 2023 – AVL[1]

Table 2: Mineral Resource Estimate as at 30 June 2023 by Domain and Resource Classification

Domains	Category	Mt	V_2O_5 %	Fe %	TiO_2 %	SiO_2 %	Al_2O_3 %
HG	Measured	11.3	1.14	43.8	13.0	9.2	7.5
	Indicated	27.5	1.10	45.4	12.5	8.5	6.5
	Inferred	56.8	1.04	44.6	11.9	9.4	6.9
	Subtotal	**95.6**	**1.07**	**44.7**	**12.2**	**9.1**	**6.8**
LG 2-5	Measured	-	-	-	-	-	-
	Indicated	54.9	0.50	24.9	6.8	27.6	17.1
	Inferred	73.6	0.48	25	6.4	28.7	15.4
	Subtotal	**128.5**	**0.49**	**24.9**	**6.6**	**28.2**	**16.1**
Trans 6-8	Measured	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-
	Inferred	14.9	0.66	29.0	7.8	24.5	15.1
	Subtotal	**14.9**	**0.66**	**29.0**	**7.8**	**24.5**	**15.1**
Global	Measured	11.3	1.14	43.8	13	7.5	3.7
	Indicated	82.4	0.70	31.7	8.7	13.5	6.2
	Inferred	145.3	0.71	33	8.7	12.0	5.4
	Total	**239.0**	**0.73**	**33.1**	**8.9**	**12.3**	**5.6**

Note: Totals may not add up due to rounding
1. It represents the MRE of AVL only and does not include the MRE of TMT as published in its 2023 Annual Report.

The Australian Vanadium Project – Ore Reserve Statement

On 6 April 2022, AVL published an Ore Reserve for the Australian Vanadium Project, which was used as the basis for the Company's Bankable Feasibility Study on the Project published at the same time[1]. This Ore Reserve, which was also reported in AVL's 2023 Annual Report as at 30 June 2023, is set out in Table 3 below.

On 1 February 2024, AVL completed its merger with Technology Metals Australia Limited (TMT), a strategic consolidation of adjoining projects across a single orebody, creating one of the world's largest and most advanced vanadium development projects. This increased the size of the project area from 165 square kilometres pre-merger to the current 352 square kilometres.

AVL notes that, prior to the merger, TMT had, on 5 August 2022, published a standalone Ore Reserve for its Murchison Technology Metals Project[2] and also reported that Ore Reserve in its 2023 Annual Report as at 30 June 2023.

Following the merger and the consolidation of the projects on the contiguous orebody, AVL announced it had initiated an Optimised Feasibility Study (OFS) to determine the best development pathway for the combined project and provide an updated technical and economic analysis. The OFS is ongoing as at the date of this Annual Report.

On 7 May 2024, AVL announced an updated MRE, integrating the AVL and TMT projects into a unified resource on the contiguous orebody. As stated above, the OFS study will include an updated technical and economic analysis of the combined project which will include seeking to convert some or all of the recently announced updated MRE to an Ore Reserve. The Company is targeting for an announcement of the results of the OFS (including a new Ore Reserve) in calendar year 2025.

1. Refer to ASX announcement dated 6 April 2022 'Bankable Feasibility Study for the Australian Vanadium Project'
2. Refer to ASX announcement dated 5 August 2022 'MTMP life increases to 25 years & maiden ilmenite reserve'

The Australian Vanadium Project – Ore Reserve Statement (continued)

Whilst the existing Ore Reserve originally announced by AVL on 6 April 2022 remains over a smaller portion of the now combined project area, in light of the larger project area, increased MRE and the ongoing OFS, the Directors do not consider further references to that Ore Reserve to be appropriate for the reasons outlined above.

Further, in July 2024, the Company announced the selection of the Tenindewa site as the optimal location for its processing plant. This chosen development pathway represents a significant departure from the approach assumed by TMT. Given this and the fact that the areas of interest previously held by TMT can now be developed without constraints, the Directors believe that further reference to the Ore Reserve previously published by TMT, is no longer appropriate. As such, a statement of Ore Reserves as at 30 June 2024 is not presented.

Ore Reserves as at 30 June 2023 - AVL

Table 3: Ore Reserve Statement as at April 2022, at a cut-off grade of 0.7% V_2O_5

Ore Reserve	Mt	V_2O_5 %	Fe %	TiO_2 %	SiO_2 %	LOI %	V_2O_5 production kt	Ore Reserve	Mt
Proved	10.5	1.11	61.6	12.8	9.5	3.7	70.9	Waste	238.5
Probable	20.4	1.07	63.4	12.2	9.2	3.0	152.9	Total Material	269.4
Total Ore	30.9	1.09	62.8	12.4	9.3	3.2	223.8	Strip Ratio	7.7

Note: Totals may not add up due to rounding

The Competent Person Statement for the above Ore Reserve is included on page 30 of this Annual Report.

Governance Arrangements and Internal Controls

The Company ensures that all Mineral Resource and Ore Reserves estimations are subject to appropriate governance and internal controls. The Company has appropriate systems in place and suitably qualified and competent geological consultants to complete any resource estimation or review to the required standards as outlined in the 2012 JORC Code. The Quality Assurance, Sampling Systems, Assay Procedures, Data Recording, Interpretation Standards and Resource Estimation Methods and other parameters set out in Table 1 of the 2012 JORC Code are closely followed. The Mineral Resource Estimate reported has been generated by independent external consultants, where appropriate, who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to determine the resource estimate. In addition, management carries out regular reviews and audits of internal processes and external contractors engaged by the Group.

The Company's policy is that all steps are recorded during the resource drilling program and then the estimation stage. All results from field logs and assays to database entries and modelling data are validated, reviewed and checked by independent and qualified geological personnel.

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 Ms Gemma Lee (Principal Geologist – Australian Vanadium Ltd). Mr Barnes is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and both Mr Barnes and Ms Lee are members of 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 Ms Lee is the Competent Person for the database, geological model and site visits. Mr Barnes and Ms Lee consent to the inclusion in this announcement of the matters based on their information in the form and context in which they appear.

The Annual Mineral Resource Estimate is based on and fairly represents the information and supporting documentation prepared by the above-mentioned Competent Persons. It is approved as a whole by Mr Lauritz Barnes.

Competent Person Statement – Exploration Results and Targets

The information in this report that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Ms Gemma Lee who is employed by Australian Vanadium Ltd as Principal Geologist. Ms Lee is a member of the Australian Institute of Geoscientists. Ms Lee has 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, Ms Lee consents 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 – Ore Reserves

The technical information in this report that relates to the Ore Reserve estimate for the Australian Vanadium Project is based on information compiled by Mr Ross Cheyne, an independent consultant to AVL. Mr Cheyne is a Fellow of the Australasian Institute of Mining and Metallurgy. He is an employee of Orelogy Consulting Pty Ltd. Mr Cheyne has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a competent person 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. Mr Cheyne consents to the inclusion in the report of the matters related to the Ore Reserve estimate in the form and context in which it appears.

Metallurgical Results

The information in this report that relates to Metallurgical Results is based on information compiled by independent consulting metallurgist Brian McNab (CP. B.Sc Extractive Metallurgy), Mr McNab is a Fellow of the Australasian Institute of Mining and Metallurgy and 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 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McNab consents to the inclusion in this report of the matters based on the information made available to him, in the form and context in which it appears.

Tenement Schedule

The Group's schedule of interests in mining tenements as required by ASX Listing Rule 5.20 (as at 15 August 2024).

Australian Vanadium Project

Tenement	Holder	Status	Location	Interest held by AVL Group
E51/843	Australian Vanadium Ltd	Granted	WA	100%[1]
E51/1534		Granted		100%[1]
E51/1899		Granted		100%
E51/1943		Granted		100%
E51/1944		Granted		100%
E51/2067		Granted		100%
E51/2215		Application		100%
L51/116		Granted		100%
L51/119		Application		100%
L51/130		Application		100%
L51/132		Application		100%
L51/133		Application		100%
M51/878		Granted		100%[1]
M51/897		Application		100%[1]
P51/3073		Granted		100%
P51/3074		Granted		100%
P51/3075		Granted		100%
P51/3076		Granted		100%
P51/3298		Application		100%
E51/1510-I	The Kop Ventures Pty Ltd[2]	Granted	WA	100%
E51/1818		Granted		100%
E51/2056		Application		100%
E51/2117		Application		100%
G51/29		Granted		100%
G51/30		Granted		100%
G51/31		Granted		100%
G51/32		Application		100%
G51/34		Application		100%
L51/101		Granted		100%
L51/102		Granted		100%
L51/117		Granted		100%
L51/121		Granted		100%
L51/123		Application		100%
L51/125		Application		100%
L51/128		Application		100%
L51/129		Application		100%
L51/134		Application		100%
L51/135		Granted		100%
M51/883		Granted		100%
M51/884		Granted		100%
P51/3140		Granted		100%

1 Mineral Rights for V/U/Co/Cr/Ti/Li/Ta/Mn and iron ore only. Bryah Resources Limited holds the mineral rights for all other minerals.
2 The Kop Ventures Pty Ltd is a wholly-owned subsidiary of Australian Vanadium Limited.

Coates

Tenement	Holder	Status	Location	Interest held by AVL Group
E70/4924-I	Australian Vanadium Ltd	Granted	WA	100%
E70/5588		Granted		100%
E70/5589		Application		100%

Nowthanna Hill

Tenement	Holder	Status	Location	Interest held by AVL Group
M51/771	Australian Vanadium Ltd	Granted	WA	100%

Royalties

Project	Tenement	Holder	Status	Location	Interest held by AVL Group
Peak Hill	E 52/3349	Bryah Resources Limited	Granted	WA	0.75% NSR Royalty
Tumblegum South	M 51/888	White Star Minerals Pty Ltd	Granted	WA	0.75% NSR Royalty

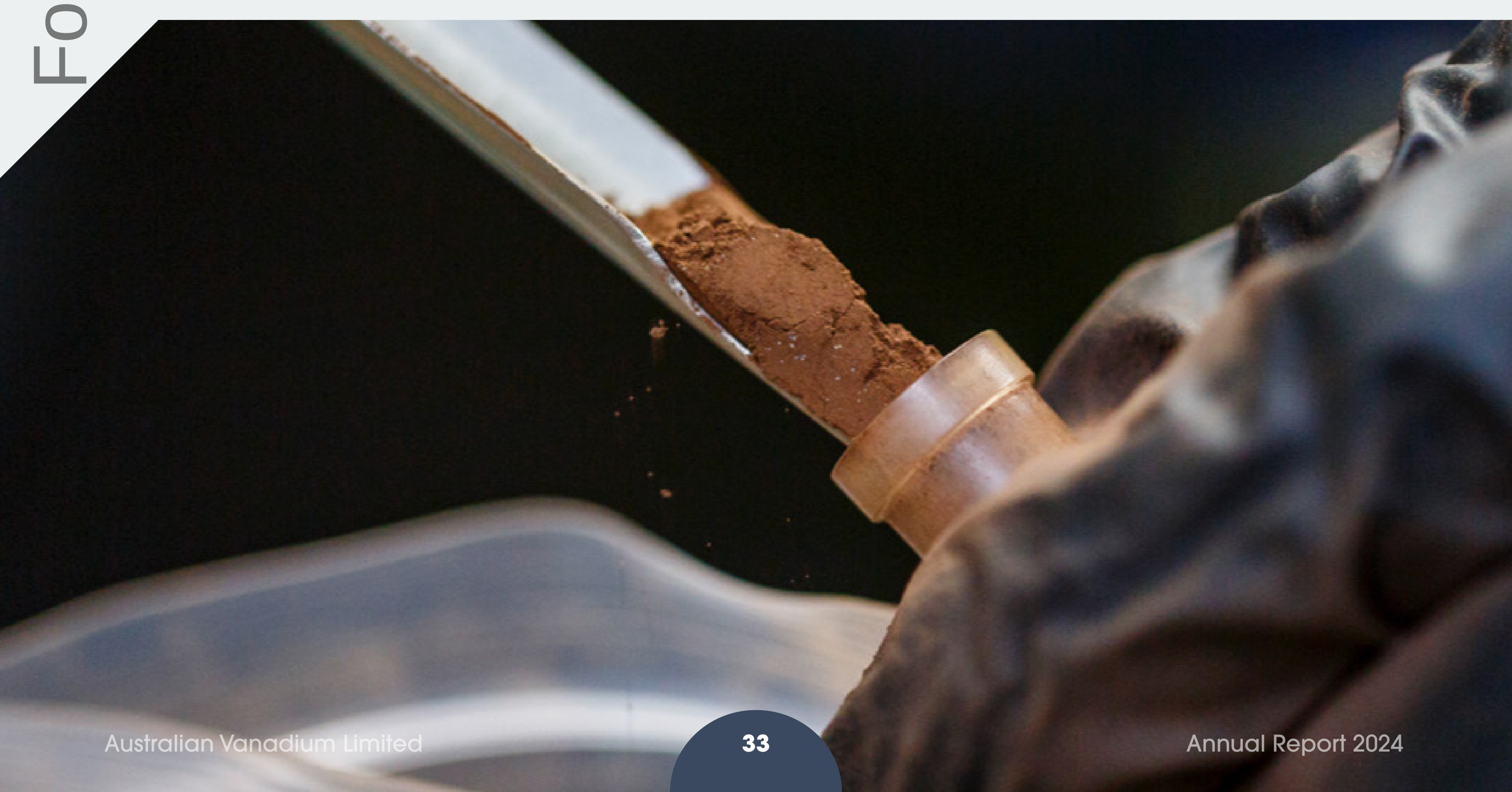
Directors' Report

The Board of Directors (the Board or the Directors) of Australian Vanadium Limited (AVL, the Company or Parent Entity) and its controlled entities (the Consolidated Entity or the Group) are pleased to present their Directors' Report together with the consolidated financial statements of the Group for the year ended 30 June 2024.

Directors

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

Mr Cliff Lawrenson	Non-Executive Chair
Ms Jo Gaines	Non-Executive Director (appointed 1 February 2024)
Mr Daniel Harris	Non-Executive Director
Ms Miriam Stanborough AM	Non-Executive Director
Ms Anna Sudlow	Non-Executive Director
Mr Peter Watson	Non-Executive Director
Mr Vincent Algar	Managing Director (retired 14 July 2023)



Information on Directors

The names, qualifications, experience and special responsibilities of the Directors in office during or since the end of the financial year are as follows:

Mr Cliff Lawrenson
Non-Executive Chair

BCom (Hons), FGIA

Mr Lawrenson was appointed Non-Executive Chair in October 2020. Mr Lawrenson is an experienced Non-Executive Director having served on or chaired public and private companies for over 15 years after a successful career in executive leadership, including in investment banking. Mr Lawrenson holds postgraduate qualifications in commerce and finance and has worked extensively in the resources and energy sectors across the world. He has a successful track record of leading strategic direction in companies and executing complex corporate transactions.

Special Responsibilities:

None

Current listed company Directorships:

Non-Executive Chair of Paladin Energy Ltd (ASX: PDN)

Former listed company Directorships:

Non-Executive Chair of Caspin Resources Ltd (ASX: CPN)

Non-Executive Chair of Canyon Resources Ltd (ASX: CAY)

Ms Jo Gaines
Non-Executive Director

B.Arts, GradDipOHS, GAICD

Ms Gaines is an experienced, highly regarded leader and strategic policy director, having previously worked as the Deputy Chief of Staff to the Premier of Western Australia. She was a leader in the development of the WA Recovery Plan in response to the COVID-19 pandemic. Prior to this position, Ms Gaines served as Branch Assistant Secretary for the Community and Public Sector Union/Civil Service Association for over 10 years.

Ms Gaines is a graduate of the Australian Institute of Company Directors and holds a Bachelor of Arts from the University of Western Australia and a Post Graduate Diploma in Occupational Health and Safety from Curtin University. Ms Gaines is currently the Executive Director of Gaines Advisory, Chair of the Government Employees Superannuation Board (GESB) and a director of DevelopmentWA.

Special Responsibilities:

- Member of the Technical & Sustainability Committee
- Member of the Remuneration, Nomination & Governance Committee

Current listed company Directorships:

None

Former listed company Directorships:

Non-Executive Director of Chalice Mining Limited (ASX: CHN)

Mr Daniel Harris
Non-Executive Director

BSc ChE

Mr Harris brings with him a vast amount of expertise in the vanadium industry and an understanding of the resource sector from both a technical and financial perspective. Recent roles include the interim CEO and Managing Director at Atlas Iron Limited, CEO & Chief Operating Officer at Atlantic Limited, Vice President & Head of Vanadium Assets at Evraz Group, Managing Director at Vametco Alloys, CEO and CFO of Strategic Minerals Corporation and as an independent technical and executive consultant to GSA Environmental Limited in the United Kingdom and Bushveld Vametco in South Africa.

Mr Harris was, until recently, an executive director of U.S. Vanadium LLC.

Special Responsibilities:

- Member of the Technical & Sustainability Committee
- Member of the Audit & Risk Committee
- Member of the Remuneration, Nomination & Governance Committee

Current listed company Directorships:

Non-Executive Director of QEM Limited (ASX: QEM)

Non-Executive Director of Red Hawk Mining Limited (ASX: RHK)

Former listed company Directorships:

None

Ms Miriam Stanborough AM
Non-Executive Director

BA (Hons), BE (Chem) (Hons), MSc (Mineral Economics), MAusIMM, GAICD

Ms Stanborough AM is a chemical engineer with over 25 years of experience in the mineral processing industry across a range of commodities. She has held senior roles at Monadelphous, Iluka Resources, Alcoa and WMC Resources. Her skill base spans innovation and technology, technical development, production management, project management, business improvement and government and community relations.

Ms Stanborough AM is currently chair of the Minerals Research Institute of Western Australia, and Deputy Chair of ChemCentre.

Special Responsibilities:

- Chair of the Remuneration, Nomination & Governance Committee
- Member of the Technical & Sustainability Committee

Current listed company Directorships:

Non-Executive Director of Pilbara Minerals Ltd (ASX: PLS)

Non-Executive Director of BCI Minerals Ltd (ASX: BCI)

Former listed company Directorships:

None

Ms Anna Sudlow
Non-Executive Director

BCom, CPA, MBA

Ms Sudlow is a corporate finance executive with experience in the mining and resources sectors across a range of commodities and jurisdictions. She holds a Bachelor of Commerce, is a Certified Practising Accountant (CPA) and holds a Master of Business Administration (MBA).

Ms Sudlow has held senior roles at Woodside Energy and Paladin Energy and has experience in strategy, capital management and funding, commercial analysis, business development, risk and financial reporting and governance.

Ms Sudlow is currently the CFO of Paladin Energy Limited.

Special Responsibilities:

- Chair of the Audit & Risk Committee
- Member of the Remuneration, Nomination & Governance Committee

Current listed company Directorships:

None

Former listed company Directorships:

None

Mr Peter Watson
Non-Executive Director

BEng (Hons) (Chem), FIEAust, Dip (Acct)

Mr Watson is a chemical engineer, with 40 years of experience in senior technical, project and management roles, in addition to corporate experience running ASX-listed companies. He has significant board-level experience, particularly regarding safety, governance, financial reporting, project oversight, risk management and strategy.

Mr Watson was the Managing Director and Chief Executive Officer of Sedgman Limited, an engineering, project delivery and operations company focused on the global minerals sector and listed on ASX prior to its acquisition by CIMIC Group Limited.

Special Responsibilities:

- Chair of the Technical & Sustainability Committee
- Member of the Audit & Risk Committee

Current listed company Directorships:

Non-Executive Director of Paladin Energy Ltd (ASX: PDN)

Former listed company Directorships:

Non-Executive Director of Strandline Resources Ltd (ASX: STA)

Non-Executive Director of New Century Resources Ltd (ASX: NZC)

Joint Company Secretaries

Mr Neville Bassett

Mr Bassett is a Chartered Accountant with over 35 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

Mr Louis Mostert

Mr Mostert graduated from the University of Western Australia with a Bachelor of Engineering (Hons) and a Bachelor of Laws (Hons) and has a Diploma of Applied Corporate Governance from the Governance Institute of Australia. He is admitted as a barrister and solicitor of the Supreme Court of Western Australia, a Fellow of the Chartered Institute of Secretaries, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Board and Committee Meetings

The number of Directors' meetings and meetings of committees held during the financial year and the number of meetings attended by each Director in the period they held office were:

Name	Board of Directors		Remuneration and Nomination Committee		Audit and Risk Committee		Technical and Sustainability Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Cliff Lawrenson	11	11	2	2	4	4	1	1
Jo Gaines[1]	3	2	1	-	2	1	-	-
Daniel Harris	11	11	2	2	4	4	1	1
Miriam Stanborough AM	11	11	2	2	4	4	1	1
Anna Sudlow	11	11	2	2	4	4	1	1
Peter Watson	11	10	2	2	4	4	1	1

1. Appointed 1 February 2024.

Principal Activities

During the year, the principal and continuing activities of the Group consisted of:

	Upstream	The advancement of the Australian Vanadium Project and exploration for vanadium/titanium and other economic resources
	Midstream	Vanadium electrolyte manufacture
	Downstream	Sale, development and deployment of VFB storage solutions

Refer to the Review of Operations on pages 13 to 19 of the Annual Report for further detail.

Dividends

No dividends were paid or declared for the year ended 30 June 2024 and the Directors have not recommended the payment of a dividend.

Review of Operations

A detailed review of the Group's operations for the year ended 30 June 2024 and its material business risks can be found in the Review of Operations on pages 13 to 19 of the Annual Report.

Financial Results and Position

The consolidated financial statements of the Group for the year ended 30 June 2024 have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and liabilities in the normal course of business.

For the year ended 30 June 2024, the Group recorded an after-tax loss of $15.2 million (2023: loss of $7.2 million).

The Group had cash outflows from operating activities of $8.7 million and cash inflows from investing activities of $3.2 million for the year ended 30 June 2024 (2023: cash outflows included operating activities of $6.8 million and investing activities of $0.1 million). Cash inflows from financing activities reflect the successful completion of a $15.7 million institutional placement announced on 26 September 2023, with Resource Capital Fund VII LP committing $15 million, and other institutional investors committing a further $0.7 million.

At 30 June 2024, the Group held cash and cash equivalents of $36.4 million (2023: $26.9 million) and had net working capital (excluding grant liability) of $28.7 million (2023: $23.4 million).

The Group had outstanding commitments at 30 June 2024 of $1.1 million relating to the Australian Vanadium Project and $0.8 million of exploration obligations, all due within 12 months (refer to Note 16).

Considering the Group's positive cash position and its forecast cash flows over the next 12 months, the Directors expect that the Group can continue its business activities and meet its debts as and when they fall due, subject to any changes to the underlying assumptions on which those forecasts have been made. The Directors, therefore, have determined it is appropriate for the consolidated financial statement of the Group for the ended 30 June 2024 to be prepared on a going concern basis.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs other than those noted elsewhere in this annual report.

Significant Events Since the End of the Financial Year

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of the year not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods except for the following, the financial effects of which have not been provided for in the consolidated financial statements for the year ended 30 June 2024:

- On 2 July 2024, AVL completed the first phase of its Optimised Feasibility Study for the Australian Vanadium Project with the determination of the optimal location for its processing plant and mining focus areas to maximise project value.
- On 26 July 2024, Mr Ian Prentice, Executive – Integration and former Managing Director of TMT departed the Company.
- On 6 August 2024, the Company announced that the City of Greater Geraldton supported a local planning scheme amendment which proposes to rezone the site for AVL's planned vanadium processing facility at Tenindewa, near Geraldton.
- On 13 August 2024, AVL announced that the Company received a total of $2.63 million from the Australian Federal Government's Research and Development (R&D) Tax Incentive Scheme in relation to R&D work undertaken by AVL and TMT in the 2022-23 tax year.
- On 22 August 2024, the Company announced it had entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support. The agreement with Mr Watson is for an annual fee of $100,000 inclusive of superannuation and payable in equal monthly instalments and is not for a fixed term.

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Significant Events Since the End of the Financial Year (continued)

- On 16 September 2024, AVL announced the successful completion of factory acceptance testing of a vanadium flow battery to be installed at a Horizon Power site in Kununurra, Western Australia. The battery contains vanadium electrolyte manufactured at the Company's electrolyte manufacturing facility in Perth, marking the first instance of AVL's vanadium electrolyte being used in an operational vanadium flow battery and the first instance of AVL electrolyte being approved for use by a leading VFB manufacturer, Invinity Energy Systems, meeting stringent quality standards.
- On 20 September 2024, it was announced that AVL had received a Letter of Interest from the Export-Import Bank of the United States for up to US$31 million in financing for the Australian Vanadium Project. The Letter of Interest reflects growing support for the strategic development of vanadium projects in Australia. Export-Import Bank of the United States is the official export credit agency of the Federal Government of the United States. The Letter of Interest does not contain conditions or terms for a formal financing agreement, and such conditions and terms remain subject to discussion and negotiation. The Letter of Interest also does not include a timeline for concluding a debt financing agreement.

Likely Developments And Expected Results

In the opinion of the Directors, the likely developments and expected results of the activities of the Group have been set out in the Insights from the CEO section and the Review of Operations on pages 5 to 9 and 13 to 19 respectively of the Annual Report.

Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

Shares Under Option

At the date of this report, there are no unissued ordinary shares of the Company under option.

Performance Rights Over Unissued Capital

Details of performance rights over unissued ordinary shares of the Company as at the date of this Report are[1]:

Expiry date	Vested and unexercised	Unvested	Number
10 April 2027	400,000	200,000	600,000
6 December 2027	-	30,000,000	30,000,000
26 July 2028	5,966,666	52,383,334	58,350,000
15 February 2029	-	36,400,000	36,400,000
12 July 2029	-	6,908,000	6,908,000
Total	**6,366,666**	**125,891,334**	**132,258,000**

1. Ms Jo Gaines, a Non-Executive Director of the Company, was granted 10,000,000 performance rights during the year ended 30 June 2024. Ms Gaines' performance rights will be issued subject to shareholder approval at the Company's Annual General Meeting and are therefore not included in the above table.

All performance rights were granted for nil consideration and vest subject to certain market and vesting conditions. Holders of performance rights are not entitled to dividends and are not entitled to vote in relation to the rights during the vesting period.

On vesting and notice of exercise, each right converts to one ordinary share.

No person entitled to exercise the performance rights had or has any right under the performance rights to participate in any other share issue of the Company or any other entity.

During the year ended 30 June 2024, 15,891,667 performance rights were converted to 15,891,667 ordinary shares.

Corporate Governance Statement

The Company's 2024 Corporate Governance Statement was released to the ASX on 30 September 2024 and is available at https://www.australianvanadium.com.au/about-us/corporate-governance/.

Environmental Legislation

The Group is subject to environmental legislation and obligations under the laws of the Commonwealth of Australia and the State of Western Australia.

The Group has policies and procedures in place that are designed to ensure that, where activities are subject to any particular and significant environmental regulation, those obligations are identified and appropriately addressed, and any breaches promptly notified.

So far as the Directors are aware, there have been no material breaches of the Group's licence conditions and environmental regulations to which the Group is subject during the year ended 30 June 2024 and to the date of this report.

Indemnification and Insurance of Directors and Officers

The Company has agreed, to the maximum extent permitted by law, to indemnify each of its Directors and Officers who have held office during the year, against all liabilities to a third party (other than the Company or a related body corporate of the Company) that may arise from their position as a Director or Officer of the Company or a related body corporate of the Company. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including legal costs incurred.

During the year the Group has paid insurance premiums in respect of a contract insuring Directors and Officers of the Group against a liability incurred as a Director or Officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the coverage and the amount of the premium.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Audit and Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

No non-audit services were provided by the Company's auditor, BDO Audit Pty Ltd, during the year. During the year, $72,707 was paid or payable for services provided by BDO Audit Pty Ltd (2023: $52,063). Details of amounts paid or payable to the auditor for services provided during the period by the auditor are outlined in Note 21 to the financial statements.

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Remuneration Report (Audited)

Introduction

The Directors present the Remuneration Report (Report) for the year ended 30 June 2024, which details remuneration information for Key Management Personnel (KMP) and key aspects of the Group's remuneration standard and framework for the financial year. This information has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The Report is structured as follows:

1. Who is covered by this Report
2. FY2024 highlights
3. Remuneration principles
4. Remuneration governance
5. FY2024 performance and impact on performance
6. Summary of performance rights held by Non-Executive Directors and Executive KMP
7. Executive KMP remuneration
8. Non-Executive Director remuneration
9. Remuneration expense for Executive KMP
10. Additional disclosure

1. Who is covered by this Report

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company. KMP comprise the Non-Executive and Executive Directors of the Company and key Executives. For the purposes of this report, the term Executive includes the CEO and other Executive KMP as listed in the table below.

The table below outlines the KMP of the Group and their movements during the year ended 30 June 2024:

Name	Role	Term as KMP
Non-Executive Directors		
Mr Cliff Lawrenson	Non-Executive Chair	Full financial year
Ms Jo Gaines	Non-Executive Director	Appointed 1 February 2024
Mr Daniel Harris	Non-Executive Director	Full financial year
Ms Miriam Stanborough AM	Non-Executive Director	Full financial year
Ms Anna Sudlow	Non-Executive Director	Full financial year
Mr Peter Watson	Non-Executive Director	Full financial year
Executive KMP		
Mr Graham Arvidson	Chief Executive Officer	Full financial year
Mr Louis Mostert	Chief Legal & Commercial Officer and Joint Company Secretary	Full financial year
Mr Tom Plant	Chief Financial Officer	Full financial year
Mr Todd Richardson	Chief Operating Officer	Full financial year
Mr Vincent Algar	Managing Director	Retired 14 July 2023

There were no other changes to KMP after the reporting date and before the date the financial report was authorised for issue.

2. FY2024 highlights

Area	Highlight	Reference
Corporate and Project	Completed the merger with TMT, consolidating adjoining projects on one contiguous orebody to create one of the world's largest and most advanced vanadium development projects. Commenced work on the OFS to assess the optimal pathway forward for the development of the combined projects and provide an up-to-date technical and economic study for potential funding partners. Enhanced focus on executing the Company's vertical integration strategy, which is designed to unlock value at every stage, from upstream mining and processing to downstream VFB development and deployment.	Review of Operations
Executive KMP fixed remuneration	For FY2025, increases in Executive KMP total fixed remuneration ranged from 0% to 10%.	Section 7
Short term incentives	A short term incentive was provided in performance shares to Messrs Graham Arvidson, Louis Mostert and Tom Plant or their respective nominees.	Sections 9 and 10.3
Long term incentives	No new performance rights were granted to Executive KMP during the year. 28,500,000 performance rights previously granted and reported in FY2023 were issued to Executive KMP during the financial year.	Section 10.3
Non-Executive Director remuneration	*Board fees* The aggregate fee pool limit of Non-Executive Directors increased by $250,000 to $750,000 with effect from 1 July 2023. The Board fee payable to the Non-Executive Chair increased in FY2024 from $95,000 to $141,000. There was no change to the Board fee payable to other Non-Executive Directors. Non-Executive Directors do not currently receive additional fees for participation in Board Committees. There is no increase in Board fees for FY2025. *Share-based payments* 10,000,000 performance rights previously granted in FY2023 to each of Ms Miriam Stanborough, Mr Peter Watson and Ms Anna Sudlow, Non-Executive Directors of the Company, were issued in FY2024 following shareholder approval of the issue at the Company's 2023 Annual General Meeting. Ms Jo Gaines was granted 10,000,000 performance rights during FY2024. As at 30 June 2024, the issue of these performance rights remains subject to shareholder approval at the Company's 2024 Annual General Meeting.	Section 8 Section 10.3 Section 8

3. Remuneration principles

The performance of the Group depends upon the quality of its Directors and Executives. The objectives of the Company's remuneration strategy are to:

- align the remuneration of employees with their responsibilities, their performance and the business and shareholder interests;
- attract, motivate and retain talented and high performing employees;
- support AVL's values and culture;
- provide fair and competitive remuneration levels relative to the market; and
- ensure no bias occurs at any point in the remuneration review process.

The Company's approach to remuneration is based on reward for performance, guided by the following three principles:

- the performance of the organisation;
- the performance of the business unit an employee contributes to; and
- the individual employee's performance and contribution.

Directors and Executives receive a superannuation guarantee contribution required by the government and do not receive additional retirement allowances. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and Executives is recognised at the cost to the Company (as measured in accordance with applicable accounting standards) and expensed, except where the remuneration of certain Executives whose time is spent on progressing the Project is capitalised to the Project. The Board believes that it has implemented suitable practices and procedures appropriate for an organisation of its size and maturity. As part of the Company's remuneration standard, the Company may issue performance rights to Directors and Executives.

4. Remuneration governance

KMP remuneration decision making is guided by the following remuneration governance framework:

Board of Directors (Board)	The Board is responsible for overseeing the remuneration framework for the Directors and Executives and delegates oversight of remuneration recommendations to the Remuneration, Nomination and Governance Committee.
Remuneration, Nomination and Governance Committee (RNG Committee)	The RNG Committee, which is made up of independent Non-Executive Directors, is responsible for making recommendations to the Board on remuneration arrangements for Non-Executive Directors and Executives. The remuneration of Non-Executive Directors and Executives is reviewed annually, taking into consideration independently sourced benchmarking data and factors such as the surrounding market conditions and sentiment, the Company's growth trajectory, strategic objectives, competency and skill set of individuals, scarcity of talent and changes in role complexities.
External remuneration consultants	The RNG Committee may, when it considers necessary or appropriate, obtain advice from external consultants or specialists in relation to remuneration related matters at the Company's expense. During the financial year, the Company did not engage any such advisers.

4. Remuneration governance (continued)

The following table outlines the members of the RNG Committee during the entire financial year, unless otherwise noted:

Name	Committee position
Ms Miriam Stanborough AM	Committee Chair
Ms Jo Gaines[1]	Committee member
Mr Daniel Harris	Committee member
Ms Anna Sudlow	Committee member

1. Appointed to the RNG Committee on 30 April 2024.

5. FY2024 performance and impact on performance

Executive remuneration is designed to link the strategic and business objectives of the Group with the creation of shareholder wealth. The table below shows the statutory measures of the Group's financial performance over the last five years as required by the *Corporations Act 2001*. However, given the nature of the Group's activities and the Project's stage of development, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration awarded to KMP. Consequently, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Measure		2024	2023	2022	2021	2020
Loss after tax	$'000	(15,204)	(7,240)	(5,036)	(3,141)	(2,714)
Basic and diluted loss per share	cps	(0.24)	(0.17)	(0.15)	(0.11)	(0.11)
Share price at start of year	$	0.033	0.032	0.019	0.009	0.013
Share price at end of year	$	0.015	0.033	0.032	0.019	0.009
Increase/(decrease) in share price	%	(55%)	3%	68%	111%	(31%)

6. Summary of performance rights held by Non-Executive Directors and Executive KMP[1]

As at 30 June 2024, the Company had 86,500,000 performance rights on issue to Non-Executive Directors[1] (30,000,000 rights) and to Executive KMP (56,500,000 rights). The table below provides the number of issued performance rights by tranche for Non-Executive Directors and Executive KMP. As at 30 June 2024, no Non-Executive Directors held any vested but unexercised performance rights.

		Number on issue		
	Vesting condition	Non-Executive Directors	Executive KMP	
		Unvested	Unvested	Vested and unexercised
Tranche 15	The Company achieves a share price of at least $0.10 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	9,999,999	10,000,000	-
Tranche 16	The Company achieves a share price of at least $0.15 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	9,999,999	10,000,000	-
Tranche 17	The Company achieves a share price of at least $0.20 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	10,000,002	10,000,000	-
Tranche 18	Final Investment Decision	-	12,000,000	-
Tranche 19	Achievement of Name Plate Capacity for the Australian Vanadium Project	-	12,500,000	-
Tranche 20	Continuous employment for 12 months from commencement of employment	-	-	2,000,000[2]
Total		**30,000,000**	**54,500,000**	**2,000,000**

1. Ms Jo Gaines, a Non-Executive Director of the Company, was granted 10,000,000 performance rights during the year ended 30 June 2024. Ms Gaines' performance rights will be issued subject to shareholder approval at the Company's Annual General Meeting and are therefore not included in the above table.

2. As at 30 June 2024, Mr Tom Plant had not exercised his right to convert 2,000,000 Tranche 20 performance rights, which had vested during the year, into ordinary shares.

Terms and conditions of performance rights held by Non-Executive Directors and Executive KMP

All performance rights granted or issued during the year ended 30 June 2024 were done so for nil consideration and vest subject to certain market and vesting conditions. Holders of performance rights are not entitled to dividends and are not entitled to vote in relation to the rights during the vesting period.

On vesting and notice of exercise, each right converts to one ordinary share.

Performance rights will be forfeited automatically if the recipient becomes a 'bad leaver', such as through resignation or termination for cause. Otherwise, the expiry date of the performance rights will be the earlier of six months from the recipient's date of departure or the original expiration date unless extended further by the Board at its discretion.

There have been no changes to the terms and conditions of performance rights issued or granted during the 2024 financial year.

7. Executive KMP remuneration

Overview

The Company's approach to Executive remuneration is to reward them in a way that is commensurate with their position and responsibilities, but also sufficient to attract, retain and incentivise the calibre of personnel required to deliver the Company's strategic objectives.

The objectives of the Company's executive remuneration structure are to:

- attract, motivate and retain a highly skilled executive team, who are incentivised to successfully deliver the strategic objectives of the Company;
- link remuneration with performance based on long-term objectives;
- provide fair and competitive remuneration levels relative to the market;
- reward individual performance and group performance, thus promoting a balance of individual performance and teamwork across the KMP and the organisation; and
- enable Executives to share in the upside of the Company's performance.

Elements of remuneration

Remuneration for Executives consists of fixed remuneration and performance-based variable remuneration over the short and long term. The following outlines the Company's approach to each remuneration component.

Total fixed remuneration (TFR)

TFR comprises base salary and superannuation where applicable, and for Executives, it is reviewed annually or on promotion.

Executive TFR is benchmarked annually against market data for comparable roles in comparable companies in the same industry having regard to market capitalisation, business complexity and maturity. The RNG Committee aims to position Executives at or near the median of its peer group, with flexibility to consider capability, experience, value to the organisation and performance of the Group and individual. The RNG Committee has access to external, independent advice where necessary.

Variable remuneration – short term incentives (STI)

The Company does not currently have a formal short term incentive plan. However, to attract and retain Executives, the Company may grant performance rights upon commencing employment. These rights typically vest after a continuous service period, usually 12 months. Granted at no cost, the rights convert into one ordinary share in the Company's capital upon meeting the vesting conditions and receipt of an exercise notice.

The Company's remuneration standard also allows the CEO to approve a performance incentive of up to 15% of TFR to Executives or other employees. At the Company's election, the payment may be made in shares under the Company's Employee Securities Incentive Plan (ESIP).

7. Executive KMP remuneration (continued)

Variable remuneration – long term incentives (LTI)

At the discretion of the Board, the Company provides an LTI opportunity to Executives through the grant of performance rights. Subject to meeting the relevant vesting conditions and a continued employment condition, the performance rights can vest into fully paid ordinary shares in the Company for no consideration. This LTI opportunity aims to incentivise Executives to deliver sustained increases in shareholder value over the long term.

The LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority and experience of the executive, and the responsibilities the executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or if the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Details of the performance rights issued to Executive KMP during the financial year and held by Executive KMP on 30 June 2024 are included in Sections 10.3 and 10.2, respectively, of this Report.

Contractual arrangements with Executive KMP

Current remuneration and other terms of employment for Executive KMP are formalised in employment contracts. Major provisions are set out below.

Executive	Total Fixed Remuneration $	Position	Date commenced and duration	Notice period	Termination payments
G Arvidson	482,865[1]	Chief Executive Officer	1 Nov 2022, ongoing contract	6 months' notice by either party, except in certain circumstances such as gross misconduct where no notice period applies.	Statutory entitlements, plus, if notice is given to terminate the agreement by either party, the Company may a) make a payment equal to the amount of remuneration payable in lieu of the notice period or b) direct the executive to serve out all or part of the notice and make a payment equal to the amount of remuneration payable in lieu of the balance of the notice period.
L Mostert	408,833[1]	Chief Legal & Commercial Officer and Joint Company Secretary	14 Feb 2023, ongoing contract		
T Plant	388,392[1]	Chief Financial Officer	6 Jun 2023, ongoing contract		
T Richardson	390,000	Chief Operating Officer	1 May 2023, ongoing contract		
V Algar	366,300[2]	Managing Director	1 Feb 2015, ongoing contract	3 months' notice to be given by Mr Algar. 6 months' notice by the Company, except in certain circumstances such as gross misconduct where no notice period applies.	12 months, inclusive of notice period

1. Effective 1 July 2024.
2. Mr Vincent Algar retired as Managing Director effective 14 July 2023.

For FY2025, increases in the TFR of Executive KMP ranged from 0% to 10%.

8. Non-Executive Director remuneration

Overview

The Company's Non-Executive Director fee policy is designed to attract and retain high-calibre directors who can discharge the roles and responsibilities required for good governance, strong oversight, independence and objectivity. The fees reflect the demands and responsibilities of the Directors whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate fee pool limit of Non-Executive Directors shall be determined from time to time by a general meeting. The latest determination was at last year's Annual General Meeting held on 16 November 2023, when shareholders approved an increase in the aggregate fee pool limit from $500,000 to $750,000, with effect from 1 July 2023.

The RNG Committee reviews Non-Executive Director remuneration annually against comparable companies in the same industry and may consider advice from external advisers if necessary. From time to time, the Committee will also review the appropriateness of the aggregate fee pool limit of Non-Executive Directors.

All Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms of appointment, including remuneration, relevant to the office of a director of the Company.

Non-Executive Director remuneration structure

The table below summarises the Non-Executive Director fees (including superannuation where applicable) for the year ended 30 June 2024 and 30 June 2023.

	2024	2023
Non-Executive Chair	$141,000	$95,000
Non-Executive Directors	$100,000	$100,000

There is no change to Directors' fees for the 2025 financial year.

Non-Executive Directors do not currently receive additional fees for participation in Board Committees.

Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation in accordance with applicable laws. There is no entitlement to compensation on termination of Non-Executive Directorships.

Non-Executive Directors' remuneration may include an incentive portion consisting of performance rights issued under the Company's ESIP, as considered appropriate by the Board and which may be subject to shareholder approval in accordance with ASX Listing Rules.

Separate from their duties as directors, Non-Executive Directors may perform extra services or make special exertions on behalf of AVL or its business, for which they may be separately remunerated (Additional Fees). Such arrangements, which are subject to Board approval, will be entered into pursuant to a separate agreement with the relevant Non-Executive Director and such compensation will be in addition to the Board fees referred to above.

8. Non-Executive Director remuneration (continued)

After year end, the Company announced it had entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support. The agreement with Mr Watson is for an annual fee of $100,000, including superannuation, payable in equal monthly instalments and is not for a fixed term.

Directors are entitled to be reimbursed for reasonable expenses incurred whilst engaged on Company business. Payments for, or reimbursement of, expenses and any Additional Fees are not included in the aforementioned fee pool limit.

The statutory disclosures required under the *Corporations Act 2001* and in accordance with the Accounting Standards are set out in the table below:

		Fixed remuneration			Variable remuneration		
	Year	Board fee $	Superannuation $	Total Board fees and superannuation $	Performance rights $	Total remuneration $	Performance related %
Cliff Lawrenson	**2024**	**148,917[1]**	**-**	**148,917**	**-**	**148,917**	**0%**
	2023	95,000	-	95,000	-	95,000	0%
Jo Gaines	**2024**	**41,667[2]**	**-**	**41,667**	**8,884**	**50,551**	**18%**
	2023	-	-	-	-	-	-
Daniel Harris	**2024**	**108,333[1]**	**-**	**108,333**	**-**	**108,333**	**0%**
	2023	100,000	-	100,000	-	100,000	0%
Miriam Stanborough AM	**2024**	**90,090**	**9,910**	**100,000**	**16,662[3]**	**116,662**	**14%**
	2023	34,691	3,643	38,334	17,455	55,789	31%
Anna Sudlow	**2024**	**97,522**	**2,515**	**100,037[4]**	**23,770[3]**	**123,807**	**19%**
	2023	7,541	792	8,333	4,473	12,806	35%
Peter Watson	**2024**	**100,000**	**38**	**100,038[4]**	**16,662[3]**	**116,700**	**14%**
	2023	34,691	3,643	38,334	17,455	55,789	31%
Total Non-Executive Directors	**2024**	**586,529**	**12,463**	**598,992**	**65,978**	**664,970**	**10%**
	2023	271,923	8,078	280,001	39,383	319,384	12%

1. Mr Cliff Lawrenson's and Mr Daniel Harris' reported Board fees for FY2024 are higher than the fees indicated in the Board fee summary table above due to timing. Due to a change in the date Board fees are paid from the first day of the following month to the middle of the current month, there were 13 pay periods in FY2024. No accruals were made at the end of FY2023 for the June 2023 Board fees of Messrs Lawrenson or Harris, which were paid on 1 July 2024. However, this payment is included in the FY2024 Board fees paid to Messrs Lawrenson and Harris.

2. Ms Jo Gaines was appointed effective 1 February 2024.

3. Performance rights are granted to Non-Executive Directors on appointment to the Board. In the year ended 30 June 2023, performance rights were granted to Ms Miriam Stanborough and Mr Peter Watson on 13 February 2023 and to Ms Anna Sudlow on 1 June 2023. In FY2023, the fair value of these rights was estimated based on the relevant grant dates. Shareholders approved the issue of these performance rights to Ms Stanborough, Mr Watson and Ms Anna Sudlow at the Company's 2023 Annual General Meeting on 16 November 2023. In accordance with AASB 2 *Share-Based Payments*, these performance rights were revalued as at the date the issue was approved by shareholders. In FY2024, the share-based payment expense reflects the adjustment to true up the expense based on the revised valuations.

4. On 30 June 2023, accruals were raised for the Board fees (including superannuation at 11%) for Ms Anna Sudlow and Mr Peter Watson. When the Board fees and accompanying superannuation was paid on 1 July 2024, the superannuation guarantee rate had increased to 11.5%.

8. Non-Executive Director remuneration (continued)

Performance rights granted to Non-Executive Directors during the year

During the period, the Company granted 10,000,000 performance rights to Ms Jo Gaines, who was appointed as a Non-Executive Director of the Company on 1 February 2024. As at 30 June 2024, the issue of these performance rights remains subject to shareholder approval at the Company's 2024 Annual General Meeting. These performance rights were issued under the Company's ESIP and are subject to the terms and conditions detailed in Section 6 of this Report.

The table below details the valuation assumptions used in estimating the fair value of the performance rights at the grant date:

	Tranche 15	Tranche 16	Tranche 17
Valuation methodology	Monte Carlo	Monte Carlo	Monte Carlo
Grant date	25 Jan 2024	25 Jan 2024	25 Jan 2024
Issue date	n/a	n/a	n/a
Number	3,333,333	3,333,333	3,333,334
Value of the underlying security at grant date	$0.020	$0.020	$0.020
Exercise price	Nil	Nil	Nil
Dividend yield	Nil	Nil	Nil
Risk free rate	3.725%	3.725%	3.725%
Volatility	75%	75%	75%
Expiry date	25 Jan 2029	25 Jan 2029	25 Jan 2029
Remaining performance period (months)	54	54	54
Fair value of performance right on grant date	$0.0125	$0.0101	$0.0084
Total fair value of performance right on grant date	$41,534	$33,829	$28,016

9. Remuneration expense for Executive KMP

The following table shows details of the remuneration expense recognised for the Group's Executive KMP for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Fixed remuneration				Variable remuneration			
	Year	Cash salary $	Post-employment benefits $	Annual and long service provision $	Other $	Performance rights $	Short-term incentive (performance shares)	Total $	Performance related %
Executive Directors									
Vincent Algar[1]	**2024**	**82,500**	**9,075**	**(47,342)**	**332,547**	**-**	**-**	**376,780**	**0%**
	2023	325,833	34,079	4,189	-	-	-	364,101	0%
Leslie Ingraham[2]	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2023	189,574	18,332	(33,333)	65,385	-	-	239,958	0%
Other Executive KMP									
Graham Arvidson	**2024**	**431,086**	**29,052**	**26,677**	**-**	**137,984**	**69,000**	**693,799**	**30%**
	2023	220,000	23,100	-	-	256,415	-	499,515	51%
Louis Mostert	**2024**	**333,333**	**36,798**	**17,171**	**-**	**76,545**	**55,500**	**519,347**	**25%**
	2023	118,327	12,424	-	-	57,096	-	187,847	30%
Tom Plant	**2024**	**332,915**	**28,721**	**14,493**	**-**	**141,090**	**55,500**	**572,719**	**34%**
	2023	23,019	2,417	-	-	13,298	-	38,734	34%
Todd Richardson	**2024**	**386,560**	**32,116**	**2,688**	**-**	**17,530**	**-**	**438,894**	**4%**
	2023	310,000	32,421	-	-	13,205	-	355,626	4%
Liesl Strachan[3]	**2024**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0%**
	2023	183,688	19,287	-	-	-	-	202,975	0%
Total Executive Directors and other Executive KMP	**2024**	**1,566,394**	**135,762**	**13,687**	**332,547**	**373,149**	**180,000**	**2,601,539**	**21%**
	2023	1,370,441	142,060	(29,144)	65,385	340,014	-	1,888,756	18%
Total Non-Executive Director remuneration	**2024**	**586,529**	**12,463**	**-**	**-**	**65,978**	**-**	**664,970**	**10%**
	2023	271,923	8,078	-	-	39,383	-	319,384	12%
Total KMP remuneration expensed	**2024**	**2,152,923**	**148,225**	**13,687**	**332,547**	**439,127**	**180,000**	**3,266,509**	**19%**
	2023	1,642,364	150,138	(29,144)	65,385	379,397	-	2,208,140	17%

1. Mr Vincent Algar retired effective 14 July 2023. Other benefits paid to Mr Algar in FY2024 include termination benefits and leave entitlements.
2. Mr Leslie Ingraham retired effective 8 March 2023. Mr Ingraham's leave entitlements were paid out on retirement and are included under cash salary.
3. Ms Liesl Strachan resigned as Chief Financial Officer effective 6 June 2023 and was no longer a KMP from that date.

10. Additional disclosure

10.1 Shareholdings of KMP

The number of ordinary shares in the Company held during the financial year by each Director and Executive KMP of the Group, including their personally related parties, are set out below:

	Balance at 1 July 2023	Held at commencement date	Exercise of performance rights	Net acquisitions/ (disposals)	Other	Balance at 30 June 2024
Non-Executive Directors						
Cliff Lawrenson	24,000,000	-	-	-	-	24,000,000
Jo Gaines[1]	-	100,000	-	-	-	100,000
Daniel Harris	22,500,000	-	-	-	-	22,500,000
Miriam Stanborough AM	1,400,000	-	-	-	-	1,400,000
Anna Sudlow	300,000	-	-	-	-	300,000
Peter Watson	-	-	-	500,000	-	500,000
Executives						
Graham Arvidson	-	-	6,000,000	-	-	6,000,000
Louis Mostert	-	-	2,000,000	-	-	2,000,000
Tom Plant	-	-	-	-	-	-
Todd Richardson	2,393,125	-	7,500,000	(100,000)	-	9,793,125
Vincent Algar[2]	55,666,436	-	-	-	(55,666,436)	-

1. Ms Gaines was appointed on 1 February 2024.
2. Mr Algar retired effective 14 July 2023. Mr Algar's shareholding has been removed from the list of KMP shareholdings at that time.

10.2 Reconciliation of performance rights and share options held by Non-Executive Directors and Executive KMP

Performance rights

The table below outlines movements in performance rights for Non-Executive Directors and Executive KMP during the year. No performance rights lapsed or were forfeited during the year.

	Year granted	Balance at 1 July 2023	Granted as compensation	Vested		Exercised	Balance at 30 June 2024: Number vested and exercisable	Balance at 30 June 2024: Unvested	Maximum value yet to vest[2]
		Number	Number	Number	%	Number	Number	Number	$
Non-Executive Directors									
Jo Gaines[1]	2024	-	10,000,000	-	-	-	-	10,000,000	94,495
Miriam Stanborough AM	2023	10,000,000	-	-	-	-	-	10,000,000	108,525
Anna Sudlow	2023	10,000,000	-	-	-	-	-	10,000,000	114,400
Peter Watson	2023	10,000,000	-	-	-	-	-	10,000,000	108,525
Executive KMP									
Graham Arvidson	2023	36,000,000	-	6,000,000	17%	(6,000,000)	-	30,000,000	340,720
Louis Mostert	2023	12,000,000	-	2,000,000	17%	(2,000,000)	-	10,000,000	143,316
Tom Plant	2023	12,000,000	-	2,000,000	17%	-	2,000,000	10,000,000	199,326
Todd Richardson	2022	7,500,000	-	7,500,000	100%	(7,500,000)	-	-	-
	2023	4,500,000	-	-	-	-	-	4,500,000	41,265

1. Ms Gaines was appointed on 1 February 2024. The Company has granted and accounted for the issue of 10,000,000 performance rights to Ms Gaines. These will be issued subject to shareholder approval at the Company's 2024 Annual General Meeting.
2. The maximum value of the performance rights yet to vest has been determined as the amount of the fair value of the rights at the grant date that is yet to be expensed. The minimum value of performance rights yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.
3. As at 30 June 2024, Mr Tom Plant had not exercised his right to convert 2,000,000 performance rights, which had vested during the year, into ordinary shares.

All performance rights are subject to the terms and conditions detailed in Section 6 of this Report

All equity transactions with KMP have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

10.2 Reconciliation of performance rights and share options held by Non-Executive Directors and Executive KMP (continued)

Share options

As at 30 June 2024, no options over unissued ordinary shares of the Company were held by Non-Executive Directors or Executive KMP.

No options over unissued ordinary shares of the Company were granted to or forfeited by Non-Executive Directors or Executive KMP during the year ended 30 June 2024.

10.3 Performance based remuneration issued, granted or forfeited during the year

Non-Executive Directors

In the year ended 30 June 2023, the Company granted 10,000,000 performance rights to each of Ms Miriam Stanborough, Mr Peter Watson and Ms Anna Sudlow, Non-Executive Directors of the Company. At 30 June 2023, these performance rights were subject to shareholder approval at the Company's 2023 Annual General Meeting. On 16 November 2023, shareholders approved the issue of these performance rights to Ms Stanborough, Mr Watson and Ms Anna Sudlow. In accordance with AASB 2 *Share-Based Payments*, these performance rights were revalued as at the date the issue was approved by shareholders.

These performance rights were issued under the Company's ESIP and are subject to the terms and conditions detailed in Section 6 of this Report.

The table below details the valuation assumptions used in estimating the fair value of the performance rights issued to Ms Stanborough, Mr Watson and Ms Anna Sudlow on 16 November 2023, the date the issue was approved by shareholders:

	Tranches 15, 16 and 17
Valuation methodology	Monte Carlo
Issue date (date of shareholder approval)	16 Nov 2023
Value of the underlying security at issue date	$0.023
Exercise price	Nil
Dividend yield	Nil
Risk free rate	4.15%
Volatility	80%
Expiry date	16 Nov 2028

10.3 Performance based remuneration issued, granted or forfeited during the year (continued)

The tables below detail the issued performance rights held by Non-Executive Directors as at 30 June 2024[1]:

Ms Miriam Stanborough AM	Tranche 15	Tranche 16	Tranche 17	Total
Number of rights	3,333,333	3,333,333	3,333,334	10,000,000
Remaining performance period (months)	52	52	52	-
Fair value per performance right	$0.0164	$0.0140	$0.0123	-
Total fair value of performance rights issued	$54,758	$46,778	$41,106	$142,642

Ms Anna Sudlow	Tranche 15	Tranche 16	Tranche 17	
Number of rights	3,333,333	3,333,333	3,333,334	10,000,000
Remaining performance period (months)	52	52	52	-
Fair value per performance right	$0.0164	$0.0140	$0.0123	-
Total fair value of performance rights issued	$54,758	$46,778	$41,106	$142,642

Mr Peter Watson				
Number	3,333,333	3,333,333	3,333,334	10,000,000
Remaining performance period (months)	52	52	52	-
Fair value per performance right	$0.0164	$0.0140	$0.0123	-
Total fair value of performance rights issued	$54,758	$46,778	$41,106	$142,642

1. Ms Gaines was appointed as a Non-Executive Director on 1 February 2024 and was granted 10,000,000 performance rights during the year, details of which can be found in Section 8 of this Report. As the issue of these rights remains subject to shareholder approval at the Company's 2024 Annual General Meeting, they have not been included in the above table.

Performance rights – Executive KMP

No new performance rights were granted to Executive KMP during FY2024.

On 26 July 2024, the Company issued 28,500,000 performance rights previously granted and reported in FY2023 to Messrs Louis Mostert (12,000,000), Tom Plant (12,000,000) and Todd Richardson (4,500,000). The rights were issued under the Company's ESIP and are subject to the terms and conditions detailed in Section 6 of this Report.

No performance rights previously granted were forfeited during the year.

Change in performance right valuation assumption

The Directors assessed that, as of 30 June 2024, the probability of the vesting condition for Tranche 19 performance rights granted before 30 June 2023 was 0%. Accordingly, the estimated fair value as at 30 June 2024 of the 12,500,000 Tranche 19 performance rights held by Executive KMP that are impacted has been revalued to nil.

10.3 Performance based remuneration issued, granted or forfeited during the year (continued)

Short term incentive (provided as performance shares)

Post the end of the financial year, the Board resolved to issue a short term incentive award provided in performance shares to Messrs Graham Arvidson, Louis Mostert and Tom Plant or their respective nominees under the Company's ESIP, as summarised in the below table. The shares were issued at the Company's share price of $0.0152, which equates to their fair value

Executive KMP	Shares	Fair value
Graham Arvidson	4,539,474	$69,000
Louis Mostert	3,651,316	$55,500
Tom Plant	3,651,316	$55,500

The performance shares were issued on 19 August 2024 and are not subject to any vesting conditions.

Share options

No options over unissued ordinary shares of the Company were granted to or forfeited by Non-Executive Directors or Executive KMP during the year ended 30 June 2024.

10.4 Conversion of performance rights previously granted as compensation

The table below shows the ordinary shares issued to Executive KMP during the reporting period on the conversion of performance rights previously granted as compensation.

Executives	Number of ordinary shares	Amount paid $/share
Graham Arvidson	6,000,000	Nil
Louis Mostert	2,000,000	Nil
Todd Richardson	7,500,000	Nil

As at 30 June 2024, Mr Tom Plant had not exercised his right to convert 2,000,000 Tranche 20 performance rights, which had vested during the year, into ordinary shares.

10.5 Other information

Loans with Directors and other KMP

There were no loans to, or from, Directors or other KMP, including their personally related parties, during the year ended 30 June 2024.

Transactions with Directors and Executive KMP

There were no transactions with any Directors or Executive KMP during the reporting period that were on more favourable terms than those available, or which might reasonably be expected to be available, to non-related parties on an arm's length basis.

After the end of the reporting period, the Company entered into a casual employment agreement with Mr Peter Watson to provide technical and project development support. The agreement with Mr Watson is for an annual fee of $100,000, including superannuation, payable in equal monthly instalments and is not for a fixed term. This fee is in addition to Mr Watson's Board fee detailed in Section 8 of this Report.

Use of remuneration consultants

The Company did not engage any external remuneration consultants during the financial year.

Voting of shareholders at last year's Annual General Meeting

The Remuneration Report for the financial year ended 30 June 2023 received positive shareholder support at the 2023 Annual General Meeting held on 16 November 2023 with a vote of 96.69% in favour.

Share trading policy

All KMP and employees are subject to the Company's securities Trading Policy which sets out the governance approach for dealing in the Company's securities. A copy is available at www.australianvanadium.com.au/about-us/corporate-governance/.

This concludes the audited Remuneration Report

Auditor's Declaration of Independence

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 59.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the Directors

Cliff Lawrenson
Chair

30 September 2024

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Australia

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

As lead auditor of Australian Vanadium Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

Glyn O'Brien

Director

BDO Audit Pty Ltd

Perth

30 September 2024

Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2024

	Notes	Consolidated 2024 $'000	Consolidated 2023 $'000
Revenue from contracts with customers		**-**	31
Cost of sales		**2**	(25)
Gross profit		**2**	6
Other income		**65**	377
Interest revenue		**778**	266
Depreciation	7(a)	**(358)**	(89)
Exploration and evaluation impairment	8	**-**	(251)
Exploration and evaluation expenditure expensed		**(1,074)**	-
Capitalised exploration and evaluation expenditure written off	8	**(2,875)**	-
Inventory write-down		**(632)**	(25)
Amortisation of lease liability		**(396)**	(234)
Finance costs		**(191)**	(86)
Increase in make good provision for leases		**(465)**	-
Share-based payments	14	**(810)**	(500)
Directors' fees and benefits expense		**(586)**	(280)
Employee benefits expense	3(a)	**(4,921)**	(2,245)
General and administrative expenses	3(b)	**(3,741)**	(4,179)
Loss before income tax expense		**(15,204)**	**(7,240)**
Income tax expense	4	**-**	-
Net loss after income tax expense for the year		**(15,204)**	**(7,240)**
Other comprehensive (loss)/income			
Items that will not be reclassified to profit or loss			
Movement in fair value of investment classified as fair value through OCI (FVOCI)		**(204)**	(200)
Total comprehensive loss for the year attributable to owners of Australian Vanadium Limited		**(15,408)**	(7,440)
		Cents	Cents
Basic and diluted loss per share	5	**(0.24)**	(0.17)

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

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Consolidated Statement of Financial Position

As at 30 June 2024

	Notes	Consolidated 2024 $'000	2023 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**36,420**	26,874
Trade and other receivables		**522**	1,671
Inventories		**749**	182
Total current assets		**37,691**	28,727
Non-current assets			
Plant and equipment	7	**4,598**	1,856
Exploration and evaluation asset	8	**126,069**	44,731
Financial assets		**92**	296
Right-of-use assets		**1,884**	1,815
Total non-current assets		**132,643**	48,698
TOTAL ASSETS		**170,334**	77,425
LIABILITIES			
Current liabilities			
Trade and other payables	9	**8,329**	4,867
Provisions		**288**	110
Grant liability	10	**18,130**	9,959
Lease liabilities		**340**	335
Total current liabilities		**27,087**	15,271
Non-current liabilities			
Provisions		**589**	129
Lease liabilities		**1,712**	1,536
Total non-current liabilities		**2,301**	1,665
TOTAL LIABILITIES		**29,388**	16,936
NET ASSETS		**140,946**	60,489
EQUITY			
Issued capital	12	**231,051**	135,569
Reserves	13	**29**	(150)
Accumulated losses		**(90,134)**	(74,930)
TOTAL EQUITY		**140,946**	60,489

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2024

	Consolidated				
	Issued Capital $'000	**Accumulated Losses $'000**	**Fair Value Reserve $'000**	**Share-Based Payment Reserve $'000**	**Total $'000**
Balance as at 1 July 2022	**127,026**	**(67,690)**	**(1,073)**	**2,270**	**60,533**
Total loss for the year	-	(7,240)	-		(7,240)
Movement in fair value of investments recognised in equity	-	-	(200)	-	(200)
Total comprehensive loss	**-**	**(7,240)**	**(200)**	**-**	**(7,440)**
Issued as consideration	47	-	-	-	47
Issued on exercise of options	6,938	-	-	-	6,938
Issued on conversion of performance rights (Note 13)	1,585	-	-	(1,585)	-
Recognition of share-based payments (Note 14)	-	-	-	437	437
Share issue costs	(26)	-	-	-	(26)
Balance as at 30 June 2023	**135,569**	**(74,930)**	**(1,273)**	**1,122**	**60,489**
Balance as at 1 July 2023	**135,569**	**(74,930)**	**(1,273)**	**1,122**	**60,489**
Total loss for the period	-	(15,204)	-	-	(15,204)
Movement in fair value of investments recognised in equity	-	-	(204)	-	(204)
Total comprehensive loss for the period	**-**	**(15,204)**	**(204)**	**-**	**(15,408)**
Issued pursuant to institutional placement	15,671	-	-	-	15,671
Issued as consideration for services	32	-	-	-	32
Recognition of share-based payments (Note 14)	-	-	-	778	778
Issued on conversion of performance rights (Note 13)	394	-	-	(394)	-
Issued under acquisition of Technology Metals Australia Limited (Note 11)	79,772	-	-	-	79,772
Share issue costs	(387)	-	-	-	(387)
Balance as at 30 June 2024	**231,051**	**(90,134)**	**(1,477)**	**1,506**	**140,946**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2024

	Notes	Consolidated 2024 $'000	2023 $'000
Cash flows from operating activities			
Payments to suppliers and employees		**(7,672)**	(7,170)
Interest paid on leases		**(177)**	(83)
Exploration and evaluation expenditure expensed		**(1,074)**	-
Net receipts from other entities		**261**	408
Net cash used in operating activities	6(a)	**(8,662)**	(6,845)
Cash flows from investing activities			
Interest received		**778**	266
Expenditure on mining interests		**(10,973)**	(8,209)
Receipts from Government grants		**15,622**	9,860
Receipts from Research and Development Tax Incentives		**675**	619
Payments for property, plant and equipment		**(7,072)**	(2,549)
Cash acquired upon acquisition of asset	11	**7,586**	-
Costs associated with acquisition of subsidiary		**(3,398)**	-
Payments for investments		**-**	(71)
Net cash provided by / (used in) investing activities		**3,218**	(84)
Cash flows from financing activities			
Proceeds from issue of shares	12	**15,671**	571
Proceeds from conversion of options		**-**	6,938
Repayment of lease liabilities		**(293)**	(124)
Payment of capital raising costs		**(388)**	(26)
Net cash provided by financing activities		**14,990**	7,359
Net increase in cash and cash equivalents		**9,546**	430
Cash and cash equivalents at the beginning of the year		**26,874**	26,444
Cash and cash equivalents at the end of the year	6	**36,420**	26,874

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

Notes to the Consolidated Financial Statements

GENERAL INFORMATION

The consolidated financial statements cover Australian Vanadium Limited as a Group and consist of Australian Vanadium Limited and the entities it controlled at the end of, or during, the year ended 30 June 2024.

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

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

Australian Vanadium Limited is a for-profit entity for the purpose of preparing the consolidated financial statements.

The Directors' report includes a description of the nature of the Group's operations and its principal activities, which is not part of the consolidated financial statements.

The consolidated financial statements were authorised for issue in accordance with a resolution of directors on 30 September 2024. The Directors have the power to amend and reissue the consolidated financial statements.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

(a) Statement of Compliance

The consolidated financial statements are general purpose financial statements prepared in accordance with the Corporations Act 2001, Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for the financial assets and liabilities (including derivative instruments), certain classes of property, plant and equipment, and investment property measured at fair value or revalued amount.

Unless otherwise noted, the consolidated financial statements are presented in Australian dollars, which is Australian Vanadium Limited's functional and presentation currency.

The accounting policies and methods of computation adopted in the preparation of the annual consolidated financial statements are consistent with those adopted and disclosed in the Group's 2023 annual financial report for the financial year ended 30 June 2023 except as discussed in Note (d) below.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(c) Going Concern

The consolidated financial statements of the Group for the year ended 30 June 2024 have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2024, the Group recorded an after-tax loss of $15.2 million (2023: loss of $7.2 million).

The Group had cash outflows from operating activities of $8.7 million and cash inflows from investing activities of $3.2 million for the year ended 30 June 2024 (2023: cash outflows included operating activities of $6.8 million and investing activities of $0.1 million). Cash inflows from financing activities reflect the successful completion of a $15.7 million institutional placement announced on 26 September 2023, with Resource Capital Fund VII LP committing $15 million, and other institutional investors committing a further $0.7 million.

At 30 June 2024, the Group held cash and cash equivalents of $36.4 million (2023: $26.9 million) and had net working capital (excluding grant liability) of $28.7 million (2023: $23.4 million).

The Group had outstanding commitments at 30 June 2024 of $1.1 million relating to the Australian Vanadium Project and $0.8 million of exploration obligations, all due within 12 months (refer to Note 16).

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

(d) New standards, interpretations and amendments adopted by the Group

The Group has adopted all of the new or amended Accounting Standards or Interpretations issued by AASB that are mandatory for the current reporting period. The adoption of these new or amended standards has not resulted in any change to the Group's accounting policies.

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

(e) Critical accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following estimates or judgments, which have the most significant effect on the amount recognised in the consolidated financial statements:

Impairment of non-financial assets

The Group's accounting policy in relation to impairment of non-financial assets is stated in Note 1(o). The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

During the financial year, AVL completed the construction of its vanadium electrolyte plant in Western Australia and transferred the asset from work in progress to plant and equipment. Post construction, AVL successfully produced one batch of vanadium electrolyte, some of which has been deployed into a vanadium flow battery that is being installed for a customer, Horizon Power. The vanadium electrolyte is undergoing qualification with numerous international vanadium flow battery manufacturers. Where appropriate, AVL will also seek to use its own vanadium electrolyte in future vanadium flow battery deployments. As the plant is not currently operating, Management assessed whether an impairment trigger exists and concluded that, given the aforementioned circumstances, no impairment trigger existed. No impairment triggers were identified in relation to other non-financial assets at 30 June 2024.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is stated in Note 1(n). The Directors continually assess the Group's exploration projects to determine the existence of any indications of impairment. Where any such indications are present, an impairment assessment is conducted under AASB 6 *Exploration for and Evaluation of Mineral Resources* and any resulting impairment is expensed to the consolidated statement of profit or loss and other comprehensive income. No impairment triggers were identified as at 30 June 2024. However, the Directors elected to write off certain capitalised expenditure ($2.9 million) that they believe is not expected to be recouped. This expenditure relates to TMT's processing plant and development pathway, which is no longer valid given the Company's decision to locate the Project's processing plant at Tenindewa.

Share-based payments

The Group's accounting policy for share-based payments is stated in Note 1(q). The fair value of share-based payments to employees and Directors is determined by an external valuer using the share price at grant date for those performance rights with non-market vesting conditions and a Monte Carlo valuation model for those with market vesting conditions. Refer to the Remuneration Report and Note 14 for details of estimates and assumptions used.

Directors regularly review the non-market-based performance conditions to assess the likelihood that share-based performance rights will vest. Directors assessed that, as of 30 June 2024, the probability of Tranche 19 performance rights (as defined in Note 14) issued before 30 June 2023 with the performance condition of the Australian Vanadium Project achieving nameplate capacity within five years from grant date was considered 0%.

Asset vs Business Acquisition

The Group must determine if a transaction or other event meets the definition of a business acquisition or the acquisition of an asset or a group of assets that does not constitute a business. This is assessed in terms of AASB 3 *Business Combinations* by applying the optional concentration test, assessing that substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets:

- a single identifiable asset must include any asset or group of assets that would be recognised and measured as a single identifiable asset in a business combination; and
- when assessing whether assets are similar, the Group considered the nature of each single identifiable asset and the risk associated with managing and creating outputs from the assets, that is, the risk characteristics.

On 1 February 2024, Australian Vanadium Limited completed the acquisition of 100% of Technology Metals Australia Limited and its subsidiaries (collectively, the Technology Metals Australia Group), with the issue of shares as consideration. Directors' judgement was required to classify this transaction as an asset acquisition rather than a business combination. As the acquisition of the acquired asset is not deemed to be a business combination, the transactions were accounted for as a share-based payment arrangement. Refer to Note 11 for further details.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

Leases and right of use assets

The Group's accounting policy for leases is stated in Note 1(m), and its accounting policy in relation to right of use assets is stated in Note 1(s). During the financial year, AVL completed the construction of its vanadium electrolyte plant in Western Australia and transferred the asset from work in progress to plant and equipment. As part of this process, the Directors reviewed the following assumptions that impact the Group's carrying value of the lease liability and right of use of its leased premises in Wangara, Western Australia, in which the vanadium electrolyte plant is located:

i. *Lease term:* The initial lease term is for five years, commencing 1 May 2023, with an option to extend the lease for a further term of five years. Directors initially accounted for the lease liability and right of use asset over the initial five-year lease term only. Following the completion of the electrolyte plant and the continued evolution of the Group's vertical integration strategy, which includes electrolyte production to support future vanadium flow battery deployments, the Directors now consider it reasonably certain that the Group will exercise the option to extend the lease for the additional five years; and

ii. *Make good provision for restoration costs:* the lease for the Wangara facility includes a make good provision whereby the Group is obligated, at the termination of the lease, to reinstate the leased premises to the condition it was in at the commencement of the lease. Based on an internal estimate of likely restoration costs, the Directors recognised a make good provision of $0.47 million, measured on a net present cost basis.

Income tax (deferred tax)

The potential deferred tax asset arising from the tax losses and temporary differences has not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer to Note 4(b)).

(f) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about Australian Vanadium Limited, the parent entity, is disclosed in Note 18.

(g) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(g) Principles of consolidation (continued)

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(h) Other income recognition

Other income is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured.

Interest income

Interest income is recognised on a time proportionate basis that considers the effective yield on the financial asset.

Research and Development Tax Incentive

The Research and Development Tax Incentive (R&DTI) is accounted for under AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. R&DTI that relates to exploration and evalaution or the acquisition or construction of an asset is offset against the associated assets' costs in the consolidated statement of financial position. R&DTI are recognised when received.

Government grants

Government grants are also accounted for under AASB 120. Grants related to construction or exploration and evaluation assets are offset against the associated assets' costs in the consolidated statement of financial position. Government grants are recognised when received.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Income tax

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Research and development tax offsets are recognised on receipt against deferred exploration expenditure.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred taxes

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Offsetting deferred tax balances

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(k) Goods and Services Tax (GST) and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case, it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from or payable to the tax authority are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

(l) Interest bearing liabilities

Interest bearing liabilities are recognised initially at fair value, net of directly attributable transaction costs.

After initial recognition, interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is recognised as a finance cost in the statement of profit or loss and other comprehensive income.

An interest bearing liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing interest bearing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(m) Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(n) Exploration and evaluation assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

(i) the rights to tenure of the area of interest are current; and

(ii) at least one of the following conditions is also met:

a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or by its sale; or

b. the exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs include the acquisition of rights to explore and costs associated with exploration and evaluation. General and administrative costs are only included in the measurement of exploration and evaluation costs, where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are carried as a non-current asset on the consolidated statement of financial position and are initially measured at cost. No amortisation is charged during the exploration and evaluation phase.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset is estimated to determine the extent of the impairment loss (if any).

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

A decision to proceed with the development of a particular area of interest is determined with reference to when the commercial viability and technical feasibility are demonstrated. Once a decision to proceed has occurred, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to mine development.

R&DTI received is accounted for as an offset against the exploration and evaluation asset in the statement of financial position.

(o) Impairment of non-financial assets

At each reporting date, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit (CGU) to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(o) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(p) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the period that remain unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost.

(q) Share-based payments

Share-based compensation payments are made available to Directors, consultants and employees (Participants) of the Group, whereby they render services in exchange for a share-based payment.

The fair value of these equity-settled transactions is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the Participants become unconditionally entitled to the award.

At each subsequent reporting date until vesting, the cumulative charge to the statement of profit or loss and other comprehensive income is the product of:

i. the grant date fair value of the award;

ii. the current best estimate of the number of performance rights that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and

iii. the expired portion of the vesting period.

The charge to the statement of profit or loss and other comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Share-based compensation payments are granted by the parent company to Participants. The expense recognised by the Group is the total expense associated with all such awards.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(q) Share-based payments (continued)

The fair value at grant date is independently determined using the share price at grant date for those performance rights with non-market vesting conditions and a Monte Carlo valuation model for those with market vesting conditions. The Monte Carlo valuation takes into account the term of the performance right or share, the impact of dilution, the share price at grant date, the expected price volatility of the underlying share, the risk-free interest rate, the expected dividend yield and the probability of market based vesting conditions being realised.

The fair value of the award granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to become exercisable. At each balance date, the entity revises its estimate of the number of awards that are expected to become exercisable. The employee benefit expense recognised each period, takes into account the most recent estimate.

Upon the exercise of awards, the balance of the share-based payment reserve relating to those awards is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are credited to share capital.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of diluted earnings per share.

(r) Earnings per share

Basic earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Plant and equipment

Plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant, and equipment.

1. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES (continued)

(s) Plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Right of use assets

The Group leases various buildings resulting in a right-of-use asset. Right-of-use assets are measured at cost and subsequently depreciated in line with the Group's accounting policy of like assets. Cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's estimated useful life to the Group. The estimated useful lives of plant and equipment are as follows for the current and preceding financial year:

Plant and equipment	5-10 years
Motor vehicles	8 years

During the financial year, AVL completed the construction of its vanadium electrolyte plant in Western Australia and transferred the asset from work in progress to plant and equipment. The Directors have determined that the depreciation period for the plant aligns with the depreciation period for plant and equipment, as outlined in the table above.

Depreciation is expensed as incurred unless it relates to an asset or operation in the construction phase, in which it is capitalised.

The assets' residual values and useful lives are reviewed and adjusted where appropriate at the end of each reporting period.

Derecognition

An item of plant and equipment is derecognised upon disposal or otherwise disposed of, or when its use is no longer expected to bring about future economic benefit to the Group.

Any gain or loss from derecognising the asset is included in the profit or loss in the period the item is derecognised.

Work in progress

The value of assets under construction is measured at the cost of the asset less impairment. The cost of the asset also includes the cost of assembly and replacement parts that are eligible for capitalisation. Depreciation does not commence until the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(t) Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

2. SEGMENT REPORTING

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

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

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

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

Operating segment information

The following tables present segment information provided to the executive management team for the reportable segments for the years ended 30 June 2024 and 30 June 2023, respectively.

30 June 2024	**Upstream** **Australian Vanadium Project $'000**	**Midstream** **Electrolyte Plant $'000**	**Downstream** **Energy Storage $'000**	**Unallocated $'000**	**Total $'000**
Sales to external customers	-	-	-	-	-
Other revenue	-	-	11	54	65
Interest received	-	-	1	777	778
Total segment revenue	**-**	**-**	**12**	**831**	**843**
Total segment results	**(4,058)**	**(738)**	**(1,167)**	**(9,241)**	**(15,204)**
Total segment assets	**126,069**	**5,048**	**857**	**38,360**	**170,334**
Total segment liabilities	**18,594**	**983**	**340**	**9,471**	**29,388**
Exploration write off	(2,875)	-	-	-	(2,875)
Inventory write off	-	-	(632)	-	(632)
Depreciation and amortisation	-	(344)	(27)	(383)	(754)
Finance costs	(27)	(81)	-	(83)	(191)

2. SEGMENT REPORTING (continued)

30 June 2023	Upstream Australian Vanadium Project $'000	Midstream Electrolyte Plant $'000	Downstream Energy Storage $'000	Unallocated $'000	Total $'000
Sales to external customers	-	-	31	-	31
Other revenue	251	-	-	126	377
Interest received	-	-	-	266	266
Total segment revenue	**251**	**-**	**31**	**392**	**674**
Total segment results	**(357)**	**-**	**(582)**	**(6,301)**	**(7,240)**
Total segment assets	**44,731**	**1,468**	**429**	**30,797**	**77,425**
Total segment liabilities	**11,682**	**572**	**216**	**4,466**	**16,936**
Impairment of exploration and evaluation asset	(251)	-	-	-	(251)
Inventory write-down	-	-	(25)	-	(25)
Realised foreign exchange loss	-	-	-	(1)	(1)
Depreciation and Amortisation	-	(30)	(30)	(263)	(323)
Finance Costs	-	(8)	-	(78)	(86)

3. OTHER EXPENSES

	Consolidated	
	2024 **$'000**	**2023** **$'000**
3(a) Employee benefits expense		
Salaries and wages	**4,104**	1,484
Superannuation	**399**	326
Payroll tax	**350**	386
Recruitment expenses	**68**	49
	4,921	2,245
3(b) General and administrative expenses		
Stock exchange and registry fees	**208**	195
Property and office facility expenses	**324**	300
Legal fees	**262**	515
Consultancy fees	**1,382**	1,473
Travel and accommodation	**305**	406
Other corporate and administrative expenses	**1,260**	1,290
	3,741	4,179

4. INCOME TAX

Australian Vanadium Limited and its wholly-owned Australian controlled entities formed a tax consolidation group with effect from 1 July 2021. Australian Vanadium Limited is the head entity of the tax consolidated group.

Members of the tax consolidated group have entered into a tax sharing agreement, which limits the joint and several liabilities of the wholly-owned entities in the case of a default by the head entity on its tax payment obligations.

TMT and its wholly-owned Australian controlled entities became members of the AVL tax consolidated group on completion of the merger on 1 February 2024 and acceded to the tax sharing agreement on 1 February 2024.

Members of the tax consolidated group have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Australian Vanadium Limited for any current tax payable assumed and are compensated by Australian Vanadium Limited for any current tax receivable.

Post completion of the merger, TMT and its wholly-owned Australian controlled entities acceded to the tax funding agreement on 1 February 2024.

4(a) Income tax expense

Major components of income tax expense for the years ended 30 June 2024 and 30 June 2023 are as follows:

	Consolidated	
	2024 $'000	**2023 $'000**
Income statement		
Current income		
Current income tax charge (benefit)	**(11,978)**	(4,241)
Current income tax not recognised	**(11,978)**	(4,241)
Research and development concession		-
Deferred income tax		
Relating to origination and reversal of temporary differences	**(13,539)**	(1,505)
Deferred tax benefit not recognised	**(13,539)**	1,505
Income tax expense (benefit) reported in income statement	-	-

4. INCOME TAX (continued)

4(a) Income tax expense (continued)

A reconciliation of income tax expense (benefit) applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the company's effective income tax rate for the years ended 30 June 2024 and 30 June 2023 is as follows:

	Consolidated	
	2024 $'000	**2023 $'000**
Accounting loss before tax from continuing operations	**(15,204)**	(7,240)
Accounting loss before income tax	**(15,204)**	(7,240)
At the statutory income rate of 25% (2023: 25%)	**(3,801)**	(1,810)
Add:		
Non-deductible expenses	**205**	73
Temporary differences and losses not recognised	**3,427**	1,892
Less:		
Non-assessable income		-
R&D tax offset	**169**	(155)
At effective income tax rate of 0% (2023: 0%)	-	-
Income tax expense reported in income statement	-	-
Total income tax expense	-	-

4(b) Deferred tax assets

Deferred tax assets/(liabilities) have not been recognised in respect of the following items:

	Consolidated	
	2024 $'000	**2023 $'000**
Liabilities:		
Inventory	**6**	(46)
Property, plant and equipment	**485**	(99)
Prepaid expenditure	**(1)**	(71)
Capitalised exploration expenditure	**(16,603)**	(10,971)
	(16,113)	(11,187)
Assets:		
Investments	**51**	251
Right of Use Assets	**42**	14
Trade and other payables	**12**	36
Provisions	**223**	64
Business related costs	**1,055**	486
Tax losses	**47,864**	29,930
	49,247	30,781
Net deferred tax	**33,134**	19,594

4. INCOME TAX (continued)

4(b) Deferred tax assets (continued)

The benefit of these losses has not been brought to account at 30 June 2024 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Company derives taxable income. The benefits will only be realised if:

a. The Company derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deduction for the losses to be realised;

b. The Company continues to comply with the conditions for the deductibility imposed by law; and

c. No changes in the tax legislation adversely affect the Company in realising the benefit of the losses.

5. LOSS PER SHARE

	Consolidated	
	2024	**2023**
	Cents	**Cents**
Basic loss per share	**(0.24)**	(0.17)
The earnings and weighted average number of ordinary shares used in the calculated of basic earnings per share are as follows:		
Net loss for the year ($'000)	**(15,204)**	(7,240)
Weighted average number of ordinary shares used in the calculation of basic EPS	**6,304,147,790**	4,256,353,081

The Company's diluted loss per share for the year is the same as its basic loss per share.

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2024 $'000	**2023 $'000**
Cash at bank	**1,754**	24,836
Short-term deposits	**34,666**	2,038
	36,420	26,874

6(a) Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated	
	2024 $'000	**2023 $'000**
Loss for the year	**(15,204)**	(7,240)
Non-cash flows in loss		
Interest expense on leases	**177**	83
Depreciation and amortisation	**754**	324
Exploration and evaluation impairment	**-**	251
Exploration and evaluation written off	**2,875**	-
Inventory write-down	**632**	25
Increase in make good provision for leases	**465**	-
Share-based payments	**810**	500
Foreign exchange	**(6)**	1
Changes in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	**1,149**	(406)
(Increase)/decrease in inventories	**(567)**	(182)
(Decrease)/increase in trade and other payables	**(385)**	(160)
Increase/(decrease) in provisions	**638**	(41)
Net cash outflow from operating activities	**(8,662)**	(6,845)

7. PLANT AND EQUIPMENT

	Consolidated 2024 $'000	Consolidated 2023 $'000
Plant and equipment		
At cost	**4,861**	573
Accumulated depreciation	**(728)**	(312)
	4,133	261
Motor vehicles		
At cost	**242**	231
Accumulated depreciation	**(99)**	(61)
	143	170
Assets under construction		
At cost	**322**	1,424
	322	1,424
Total		
At cost	**5,425**	2,229
Accumulated depreciation	**(827)**	(373)
	4,598	1,856

7(a) Movements in Carrying Amounts

Movements in the carrying amounts for each class of plant and equipment during the financial year:

	Plant & equipment $'000	Motor vehicles $'000	Assets under construction $'000	Total $'000
Balance at as at 1 July 2022	398	106	117	621
Additions	139	86	1,307	1,533
Transfer to inventory	(207)	-	-	(207)
Disposal	(2)	-	-	(2)
Depreciation expense	(67)	(22)	-	(89)
Balance as at 30 June 2023	**261**	**170**	**1,424**	**1,856**
Additions	65	-	4,041	4,106
Capitalisation of electrolyte plant[1]	4,124	-	(4,124)	-
TMT acquisition	5	11	-	16
Transfer to inventory	-	-	(502)	(502)
Asset under construction costs written off	-	-	(517)	(517)
Disposals	(2)	-	-	(2)
Depreciation expense	(320)	(38)	-	(358)
Balance as at 30 June 2024	**4,133**	**143**	**322**	**4,598**

1. In accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*, this reflects the capital cost of the electrolyte plant, net of the $2.4 million in total proceeds received for this initiative from the Australian Government under the Manufacturing Translation Stream – Resources Technology and Critical Minerals Processing Priority program.

8. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	2024 $'000	**2023 $'000**
Balance as at 1 July	**44,731**	35,627
Acquisition of Technology Metals Australia Limited (Note 11)	**79,206**	-
Expenditure capitalised during the period at cost	**10,973**	11,091
Receipts for exploration and evaluation activities	**(675)**	(619)
Eligible grant expenditure recognised	**(5,291)**	(1,117)
Capitalised expenditure written off	**(2,875)**	-
Impairment during period	**-**	(251)
Balance as at 30 June	**126,069**	44,731

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, the sale of the respective areas of interest, at amounts at least equal to book value. The Directors have assessed the carrying value of the projects for impairment triggers under AASB 6 *Exploration for and Evaluation of Mineral Resources* considering all available information, and no impairment triggers were identified. However, the Directors elected to write off certain capitalised expenditure ($2.9 million) that they believe is not expected to be recouped. This expenditure relates to TMT's processing plant and development pathway, which is no longer valid given the Company's decision to locate the Project's processing plant at Tenindewa.

Receipts relate to the receipt of $0.7 million in Research and Development Tax Incentive.

9. TRADE AND OTHER PAYABLES

	Consolidated	
	2024 $'000	**2023 $'000**
Current		
Trade payables	**2,447**	4,032
Accruals	**5,333**	466
Other liabilities	**549**	369
	8,329	4,867

Trade creditors are non-interest bearing and are typically settled on terms of up to 30 days. Due to the short-term nature of trade payables and accruals, their carrying value is assumed to approximate their fair value.

The accruals balance as at 30 June 2024 includes an estimate of $3.7 million for stamp duty payable in connection with the merger with Technology Metals Australia Limited, which is currently being assessed by the Western Australian Government. Refer to Note 11 for further details.

10. GRANT LIABILITY

	Consolidated	
	2024 $'000	**2023 $'000**
Carrying amount at the beginning of the year	**9,959**	2,582
Grant funds received	**14,700**	9,800
Eligible expenditure recognised	**(6,529)**	(2,423)
	18,130	9,959

The Company is the beneficiary of a $49 million grant from the Australian Government under the Modern Manufacturing Initiative – Manufacturing Collaboration Stream (MMI-C Grant) for the Australian Vanadium Project. The Company received $14.7 million during the year under the MMI-C Grant, the second of four instalments due under the MMI-C Grant.

In the year ended 30 June 2024, the Group recognised $5.3 million in eligible expenditure under the MMI-C Grant in relation to the Australian Vanadium Project, which was deducted from the cost of the exploration and evaluation asset in accordance with AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance*. Refer to Note 8 for further details.

In the year ended 30 June 2022, the Company was awarded a $3.7 million grant from the Australian Government under the Manufacturing Translation Stream – Resources Technology and Critical Minerals Processing Priority program (MMI-T Grant). The grant was provided to co-fund key initiatives, including the design and construction of the Company's vanadium electrolyte manufacturing plant, the development of a prototype residential vanadium flow battery, and the pilot of an ultra-high purity V2O5 manufacturing circuit.

In the year ended 30 June 2024, the Group recognised $1.2 million in eligible expenditure under the MMI-T Grant, which was deducted from the cost of the relevant assets in accordance with AASB 120. The MMI-T grant was closed out during the year and there is no liability associated with it as at 30 June 2024.

11. ACQUISITION OF ASSET

On 1 February 2024, the Group completed the acquisition of 100% of the Technology Metals Australia Group, for consideration of 3,626,004,702 shares (valued at $79.8 million, based on the fair value of the shares at the date of purchase), together with capitalised transactions costs of $7.1 million. The Technology Metals Australia Group holds several mining tenements and 100% of the Murchinson Technology Project.

In line with relevant accounting standards, the Company has treated the acquisition of the Technology Metals Australia Group as an asset acquisition transaction through the payment of shares. Where an acquisition does not meet the definition of a business combination, the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. Acquisition-related costs with regard to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured at their relative fair values at the acquisition date.

Details of the purchase consideration and purchase price allocation to net identifiable assets and liabilities acquired are as follows:

11. ACQUISITION OF ASSET (continued)

	1 February 2024 $'000
Exploration assets	79,206
Cash and cash equivalents	7,586
Trade and other receivables	912
Plant and equipment	16
Trade and other payables	(730)
Provisions	(112)
Consideration paid, inclusive of costs	**86,878**
Purchase consideration	
Value of shares issued[1]	79,772
Add: Transaction costs[2]	7,106
Total purchase consideration	**86,878**

1. As the acquisition of the acquired asset is not deemed a business combination, shares were issued for the value of the net assets acquired, inclusive of the transaction costs of the acquisition.

2. Transaction costs include an estimate of $3.7 million for stamp duty, which is currently being assessed by the Western Australian Government and has been accrued as of 30 June 2024.

12. ISSUED CAPITAL

	Consolidated			
	2024 Number	**2023 Number**	**2024 $'000**	**2023 $'000**
Ordinary shares – fully paid	8,610,503,149	4,364,911,176	235,952	140,082
Ordinary shares – partly paid	68,000,000	68,000,000	7	7
Share issue costs written off against issued capital	-	-	(4,908)	(4,520)
Total	**8,678,503,149**	**4,432,911,176**	**231,051**	**135,569**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote, and upon a poll, each share shall have one vote.

Partly paid shares

The partly paid shares are unquoted and were issued under a prospectus in 2009. The partly paid shares are paid to $0.0001 each with a current unpaid amount per partly paid share of $0.0389. Under the terms and conditions of the partly paid shares, the Company can make a maximum annual call of $0.005 per partly paid share.

On a poll, the partly paid shares confer a fraction of a vote pro-rata to the amount paid on an ordinary share in the Company. The ordinary shares issued on payment in full of the partly paid shares will rank pari-passu with all other ordinary shares of the Company.

Subsequent to year end, AVL made a call on the holders of unquoted partly paid shares of $0.005 per partly paid share. The call was payable no later than 16 August 2024. AVL did not receive any payments on the call. AVL is proceeding with the process for forfeiture and cancellation of the partly paid shares on issue.

12. ISSUED CAPITAL (continued)

Movement in fully paid ordinary shares

	Number	$'000
Opening balance as at 1 July 2022	3,940,855,932	131,513
Issue of shares as consideration for services	1,285,959	46
Issue of shares on conversion of performance rights	145,244,846	1,585
Issue of shares on exercise of options	277,524,439	6,938
Closing balance as at 30 June 2023	4,364,911,176	140,082
Issue of shares for institutional placement	602,746,809	15,671
Issued under acquisition of Technology Metals Australia Limited (Note 11)	3,626,004,702	79,772
Issue of shares as consideration for services	948,795	32
Issue of shares on conversion of performance rights	15,891,667	395
Closing balance as at 30 June 2024	**8,610,503,149**	**235,952**

On 2 October 2023, the Company issued 602,746,809 new ordinary shares to institutional shareholders.

On 1 February 2024, the Company issued 3,626,004,702 new ordinary shares to the shareholders of Technology Metals Australia Limited as consideration upon completion of the merger. Refer to Note 11 for further details.

Movement in partly paid shares ($0.0389 unpaid)

	Number	$'000
Opening balance as at 1 July 2022	68,000,000	7
Partly paid shares fully paid during the year	-	-
Closing balance as at 30 June 2023	68,000,000	7
Partly paid shares fully paid during the year	-	-
Closing balance as at 30 June 2024	**68,000,000**	**7**
Share issue costs written off against issued capital	-	(4,908)
Group balance as at 30 June 2024	**8,678,503,149**	**231,051**

13. RESERVES

	Consolidated 2024 $'000	Consolidated 2023 $'000
Fair value reserve	**(1,477)**	(1,273)
Share-based payment reserve	**1,506**	1,123
Balance as at 30 June	**29**	(150)

Fair value reserve

The fair value reserve records movements in financial assets classified as fair value through Other Comprehensive Income in accordance with AASB 9 *Financial Instruments.*

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance as at 1 July	**(1,273)**	(1,073)
Change in fair value of investments in Bryah Resources Ltd	**(204)**	(200)
Balance as at 30 June	**(1,477)**	(1,273)

Share-based payment reserve

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

	Consolidated 2024 $'000	Consolidated 2023 $'000
Balance as at 1 July	**1,122**	2,270
Fair value of performance rights converted to ordinary shares	**(394)**	(1,585)
Share-based payment expense following issue of performance rights – Directors	**66**	39
Share-based payment expense following issue of performance rights – Executive KMP and employees	**712**	398
Balance as at 30 June	**1,506**	1,122

Further information regarding the Group's share-based payments is contained in Note 14.

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14. SHARE-BASED PAYMENTS

Recognised share-based payment expense

Total expenses arising from share-based payment transactions recognised during the period as share-based payment expense in the consolidated statement of profit or loss and other comprehensive income are set out in the table below:

	Consolidated	
	2024 $	**2023 $**
Purchase of goods and services	**31,500**	63,000
Performance rights – Non-Executive Directors	**65,978**	39,383
Performance rights – Executive KMP	**373,149**	340,014
Performance rights – Employees	**338,702**	57,709
Share-based payment expense recognised in profit or loss	**809,329**	500,106

Reconciliation of movement in performance rights during the year

The following table shows the movement in performance rights during the year:

	2024 Number	**2023 Number**
Outstanding as at 1 July	**44,391,667**	153,636,513
Issued[1]	**98,350,000**	36,000,000
Forfeited/lapsed	**-**	-
Vested and exercised[2]	**(15,891,667)**	(145,244,846)
Outstanding as at 30 June	**126,850,000**	44,391,667

1. During the year ended 30 June 2024, 98,350,000 performance rights were issued to Non-Executive Directors and employees. In addition, 10,000,000 performance rights were granted to Ms Jo Gaines, a Non-Executive Director of the Company. Ms Gaines' performance rights will be issued subject to shareholder approval at the Company's Annual General Meeting and are therefore not included in the above table.
2. During the year ended 30 June 2024, 15,891,667 performance rights previously issued to Executive KMP and employees vested and were exercised through the issue of ordinary shares in the Company.

As at 30 June 2024, 5,200,000 performance rights had vested but were not yet exercised (2023: 13,900,000). These rights are included in the number of outstanding performance rights for the Company as at 30 June 2024.

14. SHARE-BASED PAYMENTS (continued)

Summary of performance rights on issue as at 30 June 2024[1]

The Company had 126,850,000 performance rights on issue as at 30 June 2024[1], including 5,200,000 rights that had vested and are exercisable but not exercised. The table below provides the number of issued performance rights by tranche, the vesting condition for each tranche and the valuation methodology used in determining the fair value of the performance rights.

Tranche	Vesting condition	Number on issue	Valuation methodology
Tranche 12	The Company achieves a share price of at least $0.08 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	100,000	Trinomial barrier option pricing model
Tranche 13	The Company achieves a share price of at least $0.09 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	100,000	Trinomial barrier option pricing model
Tranche 15	The Company achieves a share price of at least $0.10 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	26,043,331	Monte Carlo
Tranche 16	The Company achieves a share price of at least $0.15 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	26,043,331	Monte Carlo
Tranche 17	The Company achieves a share price of at least $0.20 VWAP over 20 consecutive trading days on which the Company's shares have actually traded	26,043,331	Monte Carlo
Tranche 18	Final Investment Decision	19,043,332	Share price on grant date
Tranche 19	Achievement of Name Plate Capacity for the Australian Vanadium Project	20,543,340	Share price on grant date
Tranche 20	Continuous employment for 12 months from commencement of employment	3,733,332	Share price on grant date
-	Vested and exercisable	5,200,000	n/a
Total		**126,850,000**	

1. Ms Jo Gaines, a Non-Executive Director of the Company, was granted 10,000,000 performance rights during the year ended 30 June 2024. Ms Gaines' performance rights will be issued subject to shareholder approval at the Company's Annual General Meeting and are therefore not included in the above table.

14. SHARE-BASED PAYMENTS (continued)

Summary of performance rights granted during the year

The table below summarises the performance rights granted to Non-Executive Directors and employees during the year ended 30 June 2024 by tranche and the weighted average fair value of the granted rights at the grant date. No performance rights were granted to Executive KMP during the year.

The valuation methodologies used to estimate the fair value of the performance rights are the same as detailed in the table above.

	Performance right tranche	Number granted	Weighted average fair value at grant date[1]
Non-Executive Directors[1]	Tranche 15	3,333,333[2]	$0.0125
	Tranche 16	3,333,333[2]	$0.0101
	Tranche 17	3,333,334[2]	$0.0084
Employees[2]	Tranche 15	2,617,998	$0.0140
	Tranche 16	2,617,998	$0.0118
	Tranche 17	2,617,998	$0.0102
	Tranche 18	3,017,998	$0.0197
	Tranche 19	3,218,010	$0.0193
	Tranche 20	3,217,998	$0.0193
Total		**27,308,000**	**-**

1. These performance rights were granted to Ms Jo Gaines on 25 January 2024. Ms Gaines was appointed as a non-executive director of the company on 1 February 2024.

2. As at 30 June 2024, 4,000,000 performance rights granted to employees during FY2024 were yet to be issued.

Valuation assumptions for performance rights granted or issued during the year

Terms and conditions of performance rights granted or issued during the year

All performance rights granted or issued during the year ended 30 June 2024 were granted for nil consideration and vest subject to certain market and vesting conditions. Holders of performance rights are not entitled to dividends and are not entitled to vote in relation to the rights during the vesting period.

On vesting and notice of exercise, each right converts to one ordinary share.

Performance rights will be forfeited automatically if the recipient becomes a 'bad leaver', such as through resignation or termination for cause. Otherwise, the expiry date of the performance rights will be the earlier of six months from the recipient's date of departure or the original expiration date unless extended further by the Board at its discretion.

There have been no changes to the terms and conditions of performance rights issued or granted during the 2024 financial year.

14. SHARE-BASED PAYMENTS (continued)

Performance rights issued to Non-Executive Directors during the year

In the year ended 30 June 2023, the Company granted 10,000,000 performance rights to each of Ms Miriam Stanborough, Mr Peter Watson and Ms Anna Sudlow, Non-Executive Directors of the Company. At 30 June 2023, these performance rights were subject to shareholder approval at the Company's 2023 Annual General Meeting. On 16 November 2023, shareholders approved the issue of these performance rights to Ms Stanborough, Mr Watson and Ms Anna Sudlow. In accordance with AASB 2 *Share-Based Payments*, these performance rights were revalued as at the date the issue was approved by shareholders.

These performance rights were issued under the Company's ESIP and are subject to the terms and conditions detailed above.

The table below details the valuation assumptions used in estimating the fair value of the performance rights issued to Ms Stanborough, Mr Watson and Ms Anna Sudlow on 16 November 2023, the date the issue was approved by shareholders:

	Tranche 15	Tranche 16	Tranche 17
Valuation methodology	Monte Carlo	Monte Carlo	Monte Carlo
Issue date (date of shareholder approval)	16 Nov 2023	16 Nov 2023	16 Nov 2023
Number of rights	9,999,999	9,999,999	10,000,002
Value of the underlying security at issue date	$0.023	$0.023	$0.023
Exercise price	Nil	Nil	Nil
Dividend yield	Nil	Nil	Nil
Risk free rate	4.148%	4.148%	4.148%
Volatility	80%	80%	80%
Expiry date	16 Nov 2028	16 Nov 2028	16 Nov 2028
Remaining performance period (months)	52	52	52
Fair value of performance right	$0.0164	$0.0140	$0.0123
Total fair value of performance rights	**$164,274**	**$140,334**	**$123,318**

14. SHARE-BASED PAYMENTS (continued)

Performance rights granted to Non-Executive Directors during the year

During the period, the Company granted 10,000,000 performance rights to Ms Jo Gaines, who was appointed as a Non-Executive Director of the Company on 1 February 2024. As at 30 June 2024, the issue of these performance rights remains subject to shareholder approval at the Company's 2024 Annual General Meeting.

The table below details the valuation assumptions used in estimating the fair value of the performance rights at the grant date:

	Tranche 15	Tranche 16	Tranche 17
Valuation methodology	Monte Carlo	Monte Carlo	Monte Carlo
Grant date	25 Jan 2024	25 Jan 2024	25 Jan 2024
Issue date	n/a	n/a	n/a
Number of rights	3,333,333	3,333,333	3,333,334
Value of the underlying security at grant date	$0.020	$0.020	$0.020
Exercise price	Nil	Nil	Nil
Dividend yield	Nil	Nil	Nil
Risk free rate	3.725%	3.725%	3.725%
Volatility	75%	75%	75%
Expiry date	25 Jan 2029	25 Jan 2029	25 Jan 2029
Remaining performance period (months)	54	54	54
Fair value of performance right	$0.0125	$0.0101	$0.0084
Total fair value of performance rights	**$41,534**	**$$33,829**	**$28,016**

Change in performance right valuation assumption

The Directors assessed that, as of 30 June 2024, the probability of the vesting condition for Tranche 19 performance rights with a vesting period that commenced prior to 30 June 2023 was 0%. Accordingly, the estimated fair value as at 30 June 2024 of the 16,810,000 Tranche 19 performance rights that are impacted has been revalued to nil.

The impact of this assumption change, which does not impact all Tranche 19 performance rights on issue, is reflected in the share-based payment expense in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

All other non-market related performance rights have been assessed at 100% probability of vesting.

15. CONTINGENT LIABILITIES

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

16. COMMITMENTS

In order to maintain current rights of tenure to exploration and mining tenements, the Group has certain obligations for payment. While these costs are discretionary, the associated exploration and mining leases may be relinquished if the expenditure commitments are not met. These obligations may be varied from time to time, subject to approval, and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the accounts.

	Consolidated	
	2024 $'000	**2023 $'000**
Minimum expenditure commitment on the tenements is:		
Payable no later than 1 year	**828**	633
Payable between 1 year and 5 years	**4,573**	2,746
	5,401	3,379

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

Payable no later than 1 year	**1,056**	874
Payable between 1 year and 5 years	**-**	-
	1,056	874

17. RELATED PARTY TRANSACTIONS

Parent entity

Australian Vanadium Limited is the parent entity of the Group.

Subsidiaries

Interests in subsidiaries are set out in Note 19.

Key management personnel compensation

The aggregate compensation made to Directors and other KMP of the Group is set out below:

	Consolidated	
	2024 $	**2023 $**
Short-term employee benefits	**2,346,610**	1,642,364
Post-employment benefits	**148,225**	150,138
Other long-term benefits	**-**	(29,144)
Termination benefits	**332,547**	65,385
Share-based payments	**439,127**	379,397
	3,266,509	2,208,140

Detailed remuneration disclosures are provided in the Remuneration Report on pages 41 to 57 of this Annual Report.

Transactions with other related parties

There were no transactions with other related parties during the year ended 30 June 2024.

Receivable from and payable to related parties

As at 30 June 2024, there were no outstanding receivables from or payables to related parties.

Loans to/from related parties

There were no loans to or from related parties, including KMP and their related entities, during the current and previous financial year.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

18. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, other than investments in subsidiaries, which have been recorded at cost less any impairments.

The individual financial statements for the parent entity, Australian Vanadium Limited, show the following aggregate amounts:

	PARENT	
	2024 $'000	2023 $'000
Statement of profit or loss and other comprehensive income		
Loss for the period	**(10,626)**	(6,884)
Other comprehensive income	**(204)**	(200)
Total comprehensive loss	**(10,830)**	(7,084)
Statement of financial position		
Assets		
Current assets	**36,518**	29,523
Non-current assets	**56,069**	47,109
Total assets	**92,587**	76,632
Liabilities		
Current liabilities	**26,696**	14,479
Non-current liabilities	**1,834**	1,664
Total liabilities	**28,530**	16,143
Net assets	**64,057**	60,489
Equity		
Issued capital	**231,051**	135,569
Reserves	**29**	(150)
Accumulated losses	**(167,023)**	(74,930)
Total equity	**64,057**	60,489

Guarantees

The parent entity did not have any guarantees in relation to the debts or other obligations of its subsidiaries as at 30 June 2024 and 30 June 2023.

As at 30 June 2024, the parent entity had outstanding bank guarantees of $395,934 (2023: $324,301) in relation to leases of premises in its own capacity.

Other commitments and contingencies

The parent entity has commitments as described in Note 16. The parent entity did not have any contingent liabilities at 30 June 2024 and 30 June 2023 other than those discussed in Note 15.

19. INTERESTS IN SUBSIDIARIES

The consolidated financial statements include the assets, liabilities and results of Australian Vanadium Limited (parent entity) and the following subsidiaries:

Entity Name	Principal place of business / country of incorporation	Ownership interest (%) 2024	2023	Party to Deed of Cross Guarantee
VSUN Energy Ltd	Australia	100%	100%	N/A
Technology Metals Australia Ltd	Australia	100%	0%[1]	N/A
The KOP Ventures Pty Ltd	Australia	100%	0%[1]	N/A
Australian Uranium Pty Ltd	Australia	100%	100%	N/A
Cabe Resources Pty Ltd	Australia	100%	100%	N/A
vLYTE Pty Ltd	Australia	100%	0%[1]	N/A
South African Lithium Pty Ltd	South Africa	100%	100%	N/A

1. These companies became subsidiaries of the Company on 1 February 2024 following the completion of its merger with the Technology Metals Australia Group. Refer to Note 11.

20. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks:

- Market risk (including foreign currency risk, commodity price risk and interest rate risk);
- Credit risk; and
- Liquidity risk.

This note presents information about the Group's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing these risks and capital management risk.

The Board is responsible for establishing and overseeing the risk management framework. The Board reviews and agrees on policies for managing the Group's financial risks where the risk is considered sufficiently material, as summarised below. Management monitors and manages the Group's financial risks through regular reviews of the risks and mitigating strategies.

The Group's principal financial instruments comprise cash and term deposits, the main purpose of which is to maximise interest earned at a low risk to the Group.

All financial assets and liabilities recognised in the consolidated statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes. The methods of estimating fair value are outlined in the Group's material accounting policies in Note 1.

20. FINANCIAL RISK MANAGEMENT (continued)

Financial risk management

Market risk

Foreign currency risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency other than the Australian dollar, the functional currency of the Group. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk is minimal, given it is in the pre-development phase, does not have international operations and has minimal non-Australian dollar-denominated expenditure.

Commodity price

Commodity price risk refers to the potential financial impact caused by fluctuations in the prices of production inputs (such as fuel, reagents, chemicals, energy, and other raw materials) and saleable commodity products (like V_2O_5 and iron concentrate). These price changes can affect profitability, as rising input costs increase production costs while declining commodity prices reduce sales revenue.

Given that the Group is in the pre-development phase, its exposure to commodity price risk is minimal. However, the Group's exposure to commodity price risk is expected to increase as it progresses towards production. The Group will monitor, evaluate and, if appropriate, take steps to mitigate its commodity price risk exposure at the appropriate time.

Interest rate

Interest rate risk is the risk that fair values and cash flows of the Group's financial instruments will be affected by changes in the market interest rates. The Group's main interest rate risk arises through its cash and cash equivalents and term deposits with financial institutions. The risk is managed by the Group by maintaining an appropriate spread of term deposit maturities. The Group has no interest-bearing borrowings, and therefore this risk is minimal.

The following tables summarise the sensitivity of the Group's financial assets and liabilities to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with all other variables held constant, post tax profit and equity would have been affected, as shown. The analysis has been performed on the same basis for 2024 and 2023.

20. FINANCIAL RISK MANAGEMENT (continued)

30 June 2024	Consolidated				
		Interest rate risk			
		+1%		-1%	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents[1]	36,420	364	364	(364)	(364)
Receivables[2]	522	-	-	-	-
Investments	92	-	-	-	-
Financial liabilities					
Trade and other payables	8,329	-	-	-	-
Lease liability	2,052	(21)	(21)	21	21
Grant liability	18,130	(181)	(181)	181	181

30 June 2023	Consolidated				
		Interest rate risk			
		+1%		-1%	
	Carrying amount $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets					
Cash and cash equivalents[1]	26,874	269	269	(269)	(269)
Receivables[2]	1,671	-	-	-	-
Investments	296	-	-	-	-
Financial liabilities					
Trade and other payables	4,867	-	-	-	-
Lease liability	1,871	(19)	(19)	19	19
Grant liability	9,959	(100)	(100)	100	100

1. Cash and cash equivalents are denominated in AUD and include floating rate deposits at call and short-term term deposits at fixed interest rates.
2. The receivables balance excludes prepayments and tax balances which do not meet the definition of financial assets and liabilities.

20. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial asset fails to meet its contractual obligations. Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, deposits with financial institutions, and credit exposure to customers, including outstanding receivables and committed transactions.

The carrying amounts of financial assets included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to those assets. The Group does not hold any credit derivatives to offset its credit exposure.

The Group limits its exposure to credit risk in relation to cash and cash equivalents and other financial assets by only utilising banks and financial institutions with acceptable credit ratings, as required by the Group's Treasury Investment Policy. The Group's cash deposits are all on-call or invested in term deposits with maturities of less than three months and attract a market interest rate for short-term deposits.

The Group limits its exposure to credit risk in relation to receivables by only trading with recognised, creditworthy third parties, and as such, collateral is not requested, nor is it the Group's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis so that the Group does not have significant exposure to bad debts.

There are no significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial liabilities as they fall due. The Group's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Board monitors liquidity levels on an ongoing basis.

The Group manages liquidity risk by maintaining adequate cash reserves and continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group did not have any undrawn credit facilities at its disposal as at balance date.

The current value and contractual cash outflow of trade payables is equal and due within 12 months.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, pay dividends to shareholders, issue new shares or sell assets.

As at 30 June 2024 and 30 June 2023, the Group had lease liabilities and trade payables but no borrowings.

There have been no changes in the strategy adopted by the Group to manage its capital since the prior year.

21. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by BDO Audit Pty Ltd (BDO) as the auditor of the parent entity, Australian Vanadium Limited, and its network firms:

	Consolidated	
	2024 **$**	**2023** **$**
Audit or review of the financial statements of the Group	**72,707**	45,000
Other services	**-**	7,063
	72,707	52,063

During the period, BDO Audit Pty Ltd was appointed as auditor following the resignation of BDO Audit (WA) Pty Ltd. The change of auditor arose as a result of BDO Audit (WA) Pty Ltd restructuring its audit practice, whereby audits will be conducted by BDO Audit Pty Ltd, an authorised audit company, rather than BDO Audit (WA) Pty Ltd.

22. EVENTS SUBSEQUENT TO THE REPORTING DATE

Other than disclosed below, the Directors are not aware of any other matter or circumstance since the end of the year not otherwise dealt with in this report that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent periods except for the following, the financial effects of which have not been provided for in the consolidated financial statements for the year ended 30 June 2024:

- On 2 July 2024, AVL completed the first phase of its Optimised Feasibility Study for the Australian Vanadium Project with the determination of the optimal location for its processing plant and mining focus areas to maximise project value.
- On 26 July 2024, Mr Ian Prentice, Executive – Integration and former Managing Director of TMT departed the Company.
- On 6 August 2024, the Company announced that the City of Greater Geraldton supported a local planning scheme amendment, which proposes to rezone the site for AVL's planned vanadium processing facility at Tenindewa, near Geraldton.
- On 13 August 2024, AVL announced that the Company received a total of $2.63 million from the Australian Federal Government's Research and Development (R&D) Tax Incentive Scheme in relation to R&D work undertaken by AVL and TMT in the 2022-23 tax year.
- On 22 August 2024, the Company announced it had entered into a casual employment agreement with Mr Peter Watson, a Non-Executive Director of the Company, to provide technical and project development support. The agreement with Mr Watson is for an annual fee of $100,000 inclusive of superannuation and payable in equal monthly instalments and is not for a fixed term.
- On 16 September 2024, AVL announced the successful completion of factory acceptance testing of a vanadium flow battery to be installed at a Horizon Power site on Kununurra, Western Australia. The battery contains vanadium electrolyte manufactured at the Company's electrolyte manufacturing facility in Perth marking the first instance of AVL's vanadium electrolyte being used in an operational vanadium flow battery and the first instance of AVL electrolyte being approved for use by a leading vanadium flow battery manufacturer, Invinity Energy Systems, meeting stringent quality standards.
- On 20 September 2024, it was announced that AVL had received a Letter of Interest from the Export-Import Bank of the United States for up to US$31 million in financing for the Australian Vanadium Project. The Letter of Interest reflects growing support for the strategic development of vanadium projects in Australia. Export-Import Bank of the United States is the official export credit agency of the Federal Government of the United States. The Letter of Interest does not contain conditions or terms for a formal financing agreement, and such conditions and terms remain subject to discussion and negotiation. The Letter of Interest also does not include a timeline for concluding a debt financing agreement.

Consolidated Entity Disclosure Statement

For the year ended 30 June 2024

The following table provides a list of all entities included in the Group's consolidated financial statements, prepared in accordance with the requirements of section 295(3A) of the *Corporations Act 2001*. The ownership interest is only disclosed for those entities that are a body corporate, representing the direct and indirect percentage share capital owned by the Company.

Entity name	Entity type	Body corporates		Tax residency	
		% of share capital	Place of business/ country of incorporation	Australian or foreign	Foreign jurisdiction
VSUN Energy Ltd	Body Corporate	100%	Australia	Australian	n/a
Technology Metals Australia Ltd	Body Corporate	100%	Australia	Australian	n/a
The KOP Ventures Pty Ltd	Body Corporate	100%	Australia	Australian	n/a
Australian Uranium Pty Ltd	Body Corporate	100%	Australia	Australian	n/a
Cabe Resources Pty Ltd	Body Corporate	100%	Australia	Australian	n/a
vLYTE Pty Ltd	Body Corporate	100%	Australia	Australian	n/a
South African Lithium Pty Ltd	Body Corporate	100%	South Africa	Foreign	South Africa

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Directors' Declaration

In the opinion of the Directors' of Australian Vanadium Limited:

a. The consolidated financial statements and notes set out on pages 61 to 99 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date.

b. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

c. The consolidated entity disclosure statement on page 100 is true and correct.

Note 1 confirms that the consolidated financial statements and notes thereto also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2024.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 295(5) of the *Corporations Act 2001.*

On behalf of the Directors.

Cliff Lawrenson
Non-Executive Chair

Perth | 30 September 2024

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INDEPENDENT AUDITOR'S REPORT

To the members of Australian Vanadium Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Australian Vanadium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
At 30 June 2024, we note that the carrying value of the Exploration and Evaluation Asset is significant to the financial statements, as disclosed in Note 8 of the Financial Report. As a result, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"). In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditures qualify for recognition; and • Whether facts and circumstances indicate that the exploration and evaluation assets should be tested for impairment. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6; • Considering whether any facts of circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 8 of the Financial Report.

Acquisition accounting – Technology Metals Limited

Key audit matter	How the matter was addressed in our audit
As disclosed in Note 11 of the Financial Report, the Group completed the acquisition of 100% of the issued capital in Technology Metals Limited during the year. The Group accounted for the transaction as an asset acquisition, after consideration and assessment of AASB 3 *Business Combinations* ("AASB 3"). The accounting for this acquisition is a key audit matter due to the significant value of the acquisition and the significant judgements and assumptions made by management, including: • Determination that the acquisition did not meeting the definition of a business combination in accordance with AASB 3 and therefore constituted an asset acquisition; and • Assessment of the fair value of the assets acquired and liabilities assumed at acquisition date.	Our audit procedures included, but were not limited to: • Reviewing key transaction documents to understand the key terms and conditions and consideration payable for the acquisition, and confirming our understanding with Management; • Reviewing Management's assessment of the acquisition as an asset acquisition and ensuring compliance with accounting standards; • Obtaining copies of the external valuation reports to assess the determination of the fair values of the assets and liabilities acquired; • Challenging Management's methodology and assumptions utilised to identify and determine the fair value of assets and liabilities acquired; • Assessing the competency and objectivity of external experts engaged by Management; and • Assessing the appropriateness of the related disclosures in Note 11 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 57 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Australian Vanadium Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 30 September 2024

Additional Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information is current as at 1 September 2024.

1. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

	Shares, Fully Paid Ordinary	
Range	**No of Holders**	**Number of shares**
1 – 1,000	261	41,801
1,001 – 5,000	232	800,154
5,001 – 10,000	1,018	8,465,091
10,001 – 100,000	9,361	424,091,773
100,001+	6,213	8,195,341,528
Total	**17,085**	**8,628,740,347**

Unmarketable Parcels

There were 5,700 holders of less than a marketable parcel of ordinary shares.

	Unlisted Shares, Partly Paid Ordinary	
Range	**No of Holders**	**Number of shares**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001+	5	68,000,000
Total	**5**	**68,000,000**

	Performance Rights	
Range	**No of Holders**	**Number of shares**
1 – 1,000	-	-
1,001 – 5,000	-	-
5,001 – 10,000	-	-
10,001 – 100,000	-	-
100,001+	19	132,258,000
Total	**19**	**132,258,000**

2. UNQUOTED SECURITIES

Holders of more than 20% of the abovementioned unquoted securities are:

Holder Name	Unlisted Shares, Partly Paid Ordinary
Woolmaton Pty Ltd <Woolmaton A/C>	16,000,000
Mr Muhamad Nur	15,000,000
Lisen Zhang	28,000,000

3. RESTRICTED SECURITIES

There are no restricted securities or securities subject to voluntary escrow as at 1 September 2024.

4. SUBSTANTIAL SHAREHOLDERS

The name of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Name	Number of Shares	% of Shares
Resource Capital Fund VII LP[1]	**920,048,826**	**18.52**

1. As released on ASX on 2 October 2023

5. ON MARKET SHARE BUY-BACK

There is no current on-market buy-back.

6. VOTING RIGHTS

All fully paid ordinary shares carry one vote per share without restriction.

7. TOP 20 SHAREHOLDERS AS AT 1 SEPTEMBER 2024

	Name	Number of Shares	% of Shares
1	Citicorp Nominees Pty Limited	1,774,385,225	20.56%
2	Mr Leendert Hoeksema	356,000,000	4.13%
3	BNP Paribas Noms Pty Ltd	339,771,018	3.94%
4	Standard Pastoral Company Pty Ltd	182,000,000	2.11%
5	BNP Paribas Nominees Pty Ltd <Clearstream>	166,200,326	1.93%
6	HSBC Custody Nominees (Australia) Limited	107,058,594	1.24%
7	Mr Chris Retzos	95,200,000	1.10%
8	Dr Adel Wagdi Awiss Morsi	95,000,000	1.10%
9	Kalemois Pty Ltd	64,937,212	0.75%
10	Station Nominees Pty Ltd <Station Super Fund A/C>	58,750,000	0.68%
11	Mr Hoang Huy Nguyen <Hoang Huy Nguyen Family A/C>	58,222,892	0.67%
12	BNP Paribas Nominees Pty Ltd <IB AU Noms Retailclient>	58,179,408	0.67%
13	Jeffress Nominees Pty Ltd	52,162,000	0.60%
14	Atasa Holdings Pty Ltd <TS3A Family A/C>	51,578,805	0.60%
15	Ms Giselle Lloyd	41,909,798	0.49%
16	Mr Keming He	40,406,178	0.47%
17	Khazanah Pty Ltd	38,284,316	0.44%
18	Mr Ian Prentice & Mrs Tracey Gay Prentice <I & T Prentice Family A/C>	33,474,074	0.39%
19	Mrs Susie Retzos	32,340,000	0.37%
20	Mr Richard Thomas Hayward Daly & Mrs Sarah Kay Daly <The Daly Family Super A/C>	32,287,178	0.37%
	Total	3,678,147,024	42.63
	Total Remaining Holders Balance	**8,628,740,347**	**57.37**

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