



TECHNOLOGY
METALS AUSTRALIA LIMITED

ASX Announcement

27 April 2020

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Directors

Michael Fry:
Chairman

Ian Prentice:
Managing Director

Sonu Cheema:
Director and Company Secretary

Issued Capital

106,906,712 ("TMT") Fully Paid
Ordinary Shares

14,888,750 – Quoted Options
("TMTO") exercisable at \$0.40 on or
before 24 May 2020

6,008,334 – Unquoted Options –
various exercise prices and dates

ASX Code: TMT, TMTO

FRA Code: TN6



FIRST BINDING OFFTAKE SECURED FOR GABANINTHA VANADIUM PROJECT

HIGHLIGHTS

- TECHNOLOGY METALS SIGNS BINDING OFFTAKE WITH CNMC (NINGXIA) ORIENT GROUP COMPANY LTD.
- A KEY MILESTONE IN TMT'S STRATEGY OF DELIVERING THE GVP AS THE WORLD'S NEXT PRIMARY VANADIUM MINE.
- TAKE-OR-PAY OFFTAKE QUANTITY OF 2,000TPA (4.4Mlb pa) V₂O₅ (~16% of forecast annual average production); SCOPE TO INCREASE QUANTITY AT THE BUYERS REQUEST.
- THREE YEAR OFFTAKE TERM WITH AN OPTION TO RENEW FOR A FURTHER THREE YEARS (see page 4 for details).
- PRICING REFERENCED TO THE PUBLISHED EUROPEAN AND CHINESE DOMESTIC V₂O₅ PRICE (see page 4 for details).
- DISCUSSIONS ONGOING WITH CNMNC'S SISTER COMPANY NFC REGARDING EPC AND ASSOCIATED FUNDING.

BACKGROUND

Technology Metals Australia Limited (ASX: **TMT**) ("**Technology Metals**" or the "**Company**") is pleased to announce the execution of a binding vanadium pentoxide Offtake Agreement ("**Agreement**") with CNMC (Ningxia) Orient Group Company Ltd. ("**CNMNC**") over vanadium production from its wholly owned globally significant, long life, low cost, large scale Gabanintha Vanadium Project ("**Project**" or "**GVP**").

CNMNC's vanadium alloy production business, CNMC Ningxia Orient Group Special Materials Co., Ltd., produces vanadium nitrogen alloys ("**VN**") and ferrovanadium ("**FeV**") for use in the Chinese steel industry.

During the period of negotiating the Agreement, CNMNC introduced the Company to its parent entity, China Nonferrous Metal Mining (Group) Co., Ltd. ("**CNMC**"), to discuss Project support, including scope for financing and EPC arrangements via its sister company, China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd ("**NFC**").

TMT Managing Director Ian Prentice commented; "We are very pleased to have executed our first binding Offtake Agreement with CNMNC and look forward to a long, mutually beneficial partnership. The collaborative and co-operative approach of the negotiations bodes very well for the companies' future relationship. This Agreement is a key milestone for progressing the development of GVP, including EPC and financing discussions, and underscores the importance of delivering a very high quality DFS and a very high purity vanadium pentoxide (**V₂O₅**) product".

Mr Yi Junping, General Manager of CNMNC Special Materials Co., Ltd. & Party Secretary Commented; "We are very pleased to have established this offtake relationship with Technology Metals Australia, securing such a high quality product from a Tier 1 mining jurisdiction, and very much look forward to working with Ian and his team as they progress the development of the world class high quality, low-cost Gabanintha Vanadium Project".

CNMNC, a rare metal manufacturer headquartered in Shizuishan, Ningxia Province, Peoples Republic of China, was established in 1965 and is a controlled subsidiary of CNMC. CNMNC is a top ten producer of vanadium alloys in China, producing both vanadium-nitrogen ("VN") and ferrovanadium ("FeV") for the Chinese domestic steel industry. In 2018 CNMNC produced approximately 2,000 tonnes of VN and 1,500 tonnes of FeV based on consumption of approximately 4,000 tonnes of V_2O_5 . Existing expansion plans would see VN production increasing to approximately 3,000 tonnes per annum and overall V_2O_5 consumption increasing to approximately 6,000 tonnes per annum.



Figure 1: TMT Managing Director Ian Prentice (centre) with Mr Yi Junping, General Manager of CNMNC's Special Materials Branch, to his right and members of CNMNC's staff and TMT's advisers

CNMNC operates six (6) state of the art vanadium-nitrogen push kilns, an example of which is shown in the figure 2 (a) below. It operates a separate ferrovanadium plant as shown in figure 2 (b) and has capability to produce vanadium metal in the chambers shown in figure 2 (c).



Figure 2: CNMNC's Vanadium Production Facilities

This binding Agreement is a key step in delivering certainty on volume and pricing of product sales, creating a strong foundation for GVP's financing and development. The minimum annual sales quantity of 2,000Tpa (4.4 Mlb pa) on a take-or-pay basis equates to about 16% of the GVP's forecast annual average production. These sales would generate annual revenue of approximately A\$50 million, or A\$300 million over the full six year term of the agreement, based on the current European V₂O₅ price of US\$7.18/lb¹ as quoted on FerroAlloyNet.com and a 0.64 AUD / USD exchange rate. The Agreement is subject to terms and conditions typical of similar agreements (see page 4 for details).

Executing this Agreement with a high quality counterparty such as CNMNC is a strong endorsement of the Company's strategy to develop the World class large scale, low cost, long life Gabanintha Vanadium Project and underscores TMT's intention to become a high purity vanadium pentoxide producer of choice.

CNMNC is engaged in research, development and production of vanadium, tantalum, niobium, and high-tech alloy products, and has won more than 100 national, provincial and ministerial level scientific and technological awards in mainland China. At present CNMNC has more than 3,200 employees across its various operational divisions, has developed more than 40 product category lines with more than 300 products based on independent intellectual property rights and has applied for 233 patents. CNMNC is the largest producer of tantalum and niobium alloys in China.

CNMNC's parent entity CNMC, founded in 1983, is a large-scale enterprise under the management of the State-owned Assets Supervision and Administration Commission (SASAC) of the State Council of the People's Republic of China. Its major businesses include the development of nonferrous metal mineral resources, construction engineering, and relevant trade and technological services.

TMT has also had discussions with CNMNC's sister company, China Nonferrous Metal Industry's Foreign Engineering and Construction Co., Ltd. ("**NFC**"), one of China's leading international construction and engineering groups. NFC, which is listed on the Shenzhen Stock Exchange, builds, owns and operates base metal mines, processing plants and smelters around the world. Following execution of the binding offtake Agreement with CNMNC, the Company anticipates that NFC will progress a proposal regarding the provision of EPC arrangements, including undertaking relevant components of the FEED study in collaboration with other Project stakeholders, and investigation of funding solutions in support of the GVP's development. Discussions on these matters are at a very early stage and may not lead to a mutually beneficial outcome, however they demonstrate the importance of further developing the Company's relationship with the CNMC group.

MOU WITH SHAANXI FENGYUAN EXTENDED DUE TO COVID-19

The Company continues to progress discussions with regard to offtake agreements for additional quantities of V₂O₅ production from its wholly owned GVP with a range of counterparties, including the previously announced offtake MOU with Shaanxi Fengyuan Vanadium Technology Development Co., Ltd. ("**Fengyuan**").

Offtake discussions are progressing with Fengyuan, albeit that the travel restrictions imposed as part of the management of the COVID-19 pandemic have resulted in these discussions being held via teleconference rather than in person. The travel restrictions have also impacted on Fengyuan's due diligence timeline, particularly with regard to its proposed GVP site visit. As such the Company and Fengyuan have mutually agreed to maintain the MOU in full effect until the end of June 2020 to enable the orderly progression of discussions with regard to the draft offtake agreement, and if travel restrictions permit, completion of the due diligence process.

1 – The mid-point of the quoted European vanadium pentoxide price range as of 24 April 2020 (source: FerroAlloyNet.com)

KEY TERMS DEFINED IN THE TMT – CNMNC BINDING OFFTAKE AGREEMENT

The binding vanadium pentoxide Offtake Agreement ("**Agreement**") between TMT's wholly owned subsidiary The Kop Ventures Pty Ltd (as Seller), TMT (as guarantor of the obligations of the Seller) and CNMNC (as Buyer) includes terms and conditions typical of similar agreements, including:

- Minimum annual quantity of V₂O₅ to be purchased of 2,000Tpa (+/- 10% at the Seller's election) on a take-or-pay basis (or such quantity of product that is available, up to 2,000Tpa, during the ramp-up and commissioning phase),
- CNMNC has the option to request an additional quantity of V₂O₅ post the satisfaction of the conditions precedent, with the terms of any additional supply to be separately agreed,
- Agreed pricing structure using an Index Price mechanism based on the published European FOB price per lb of V₂O₅ in USD, subject to the Index Price not exceeding the Chinese Domestic price per lb of V₂O₅ in USD, less any applicable taxes,
- A right for TMT to temporarily suspend deliveries in the event of a sustained downturn in V₂O₅ price, with the parties to negotiate amendments to the Agreement in good faith to lift the temporary suspension,
- Standard product specifications to be met for delivery to CNMNC,
- A three year term from commencement of production, with an option to extend for a further three years, with the annual quantity and pricing to apply during any extension period to be reviewed on an annual basis and adjusted if agreed by the parties,
- Conditions precedent relating to receipt of approvals, grant of tenure, project funding and TMT Board decision to proceed, to be either satisfied or waived by TMT by 30 June 2021,
- A right for CNMNC to terminate the Agreement if the first delivery of V₂O₅ is not made on or before 31 March 2023,
- A right for TMT to terminate the Agreement if negotiations to lift a temporary suspension are not successful,
- Mutual rights of termination apply in the event of default by the other party (including any default in payment by CNMNC), and
- The Agreement is governed by the law in force in Western Australia, with any disputes resolved by arbitration administered by the Hong Kong International Arbitration Centre.

For, and on behalf of, the Board of the Company, and authorised for release to ASX by

Ian Prentice

Managing Director

Technology Metals Australia Limited

Shareholders and other interested parties can speak to Mr Sonu Cheema if they have any queries in relation to this announcement:

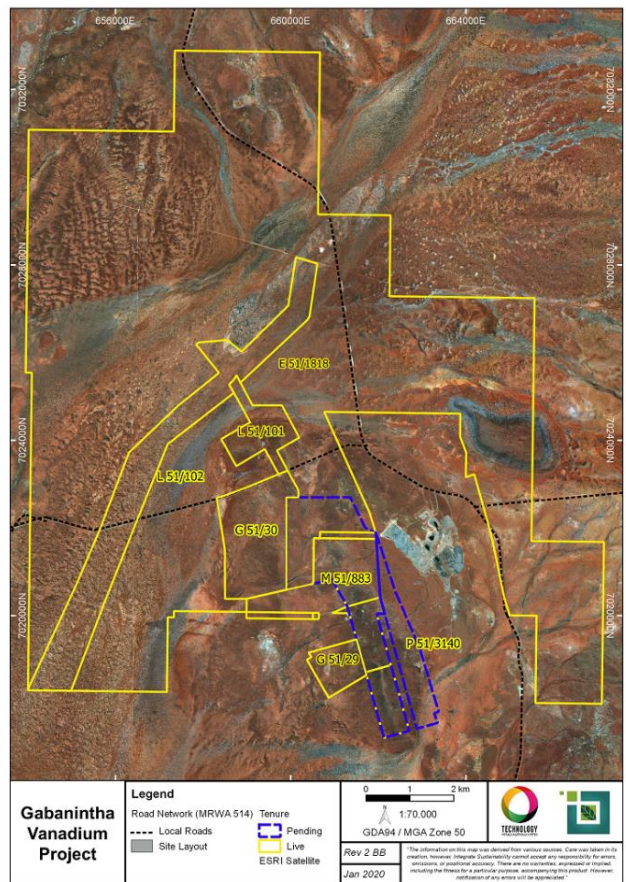
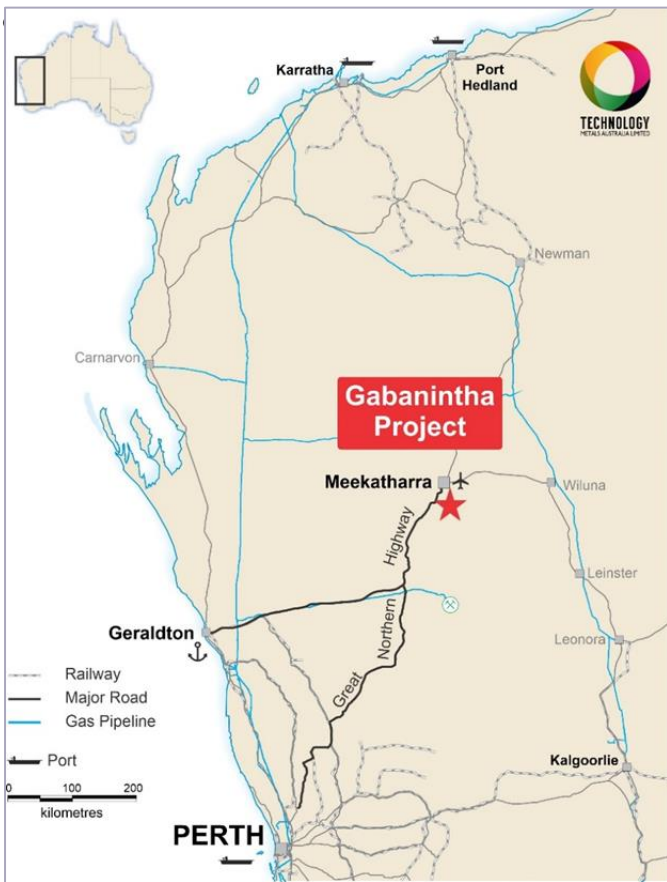
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About Technology Metals Australia Limited

Technology Metals Australia Limited (ASX: TMT) was incorporated on 20 May 2016 for the primary purpose of identifying exploration projects in Australia and overseas with the aim of discovering commercially significant mineral deposits. The Company's primary exploration focus has been on the Gabanintha Vanadium Project located 40 km south east of Meekatharra in the mid-west region of Western Australia with the aim to develop this project to supply high-quality V₂O₅ flake product to both the steel market and the emerging vanadium redox battery (VRB) market.

The Project consists of eleven granted tenements and three applications (including two Mining Leases) divided between the Northern Block of Tenements (12 tenements) and the Southern Tenement (2 tenements). Vanadium mineralisation is hosted by a north west – south east trending layered mafic igneous unit with a distinct magnetic signature. Mineralisation at Gabanintha is similar to the Windimurra Vanadium Deposit, located 270km to the south, and the Barrambie Vanadium-Titanium Deposit, located 155km to the south east. The key difference between Gabanintha and these deposits is the consistent presence of the high-grade, coarse grained massive vanadium – titanium – magnetite basal unit, which results in an overall higher grade for the Gabanintha Vanadium Project.



GVP Location and Tenure

Data from the Company's 2017 and 2018 drilling programs including 111 RC holes and 53 HQ and PQ diamond holes at the Northern Block and 23 RC holes (for 2,232 m) at the Southern Tenement) has been used by independent geological consultants CSA Global to generate a global Inferred and Indicated Mineral Resource estimate for the Project, reported in accordance with the JORC Code 2012 edition. The Resource estimate confirms the position of the Gabanintha Vanadium Project as one of the highest grade vanadium projects in the world.

Global Mineral Resource estimate for the Gabanintha Vanadium Project as at 27 March 2019

Material Type	Classification	Tonnage (Mt)	V ₂ O ₅ %	Fe%	Al ₂ O ₃ %	SiO ₂ %	TiO ₂ %	LOI %	P%	S%
Massive Magnetite	Measured (North)	1.2	1.0	44.7	6.2	10.4	11.4	0.0	0.009	0.2
	Indicated (North)	18.5	1.1	49.1	5.2	5.8	12.9	-0.1	0.007	0.2
	Inferred (North)	41.0	1.1	47.7	5.6	7.1	12.6	0.3	0.008	0.2
	Inferred (South)	10.4	1.1	49.1	4.9	5.9	12.6	-0.4	0.004	0.3
	Total Inferred	51.5	1.1	48.0	5.5	6.9	12.6	0.1	0.007	0.2
	Massive Global	71.2	1.1	48.2	5.4	6.7	12.7	0.1	0.007	0.2
Disseminated / Banded Magnetite	Indicated (North)	10.3	0.6	28.6	13.1	25.5	7.5	3.0	0.030	0.2
	Inferred (North)	38.5	0.5	27.1	12.7	27.4	6.9	3.3	0.027	0.2
	Inferred (South)	11.1	0.6	30.2	11.9	23.4	7.7	2.4	0.012	0.4
	Total Inferred	49.6	0.6	27.8	12.5	26.5	7.1	3.1	0.024	0.2
	Diss / Band Global	59.9	0.6	27.9	12.6	26.4	7.2	3.1	0.025	0.2
Combined	Global Combined	131	0.9	39.0	8.7	15.7	10.1	1.4	0.015	0.2

* Note: The Mineral Resource was estimated within constraining wireframe solids using a nominal 0.9% V₂O₅ lower cut-off grade for the basal massive magnetite zone and using a nominal 0.4% V₂O₅ lower cut-off grade for the banded and disseminated mineralisation zones. The Mineral Resource is quoted from all classified blocks within these wireframe solids above a lower cut-off grade of 0.4% V₂O₅. Differences may occur due to rounding

Data from the global Mineral Resource and the recently completed DFS on the Gabanintha Vanadium Project were used by independent consultants CSA Global to generate a Proven and Probable Ore Reserve estimate based on the Measured and Indicated Mineral Resource of 30.1 Mt at 0.9% V₂O₅ located within the Northern Block of tenements at Gabanintha.

Ore Reserve Estimate as at July 2019

Reserve Category	Tonnes (Mt)	Grade V ₂ O ₅ %	Contained V ₂ O ₅ Tonnes (Mt)
Proven	1.1	0.96	0.01
Probable	28.5	0.88	0.25
Total	29.6	0.88	0.26

- Note: Includes allowance for mining recovery (98% for massive magnetite ore and 95% for banded and disseminated ore) and mining dilution applied as a 1 metre dilution skin; resulting in a North Pit dilution for massive magnetite ore of 13% at 0.45% V₂O₅, and North Pit dilution for banded and disseminated ore of 29% at 0.0% V₂O₅; a Central Pit dilution for massive magnetite ore of 10% at 0.46% V₂O₅, and Central Pit dilution for banded and disseminated ore of 20% at 0.0% V₂O₅.)
- Rounding errors may occur

Capital Structure	
Fully Paid Ordinary Shares on Issue	106.906m
Unquoted Options (\$0.35 – 12/01/21 expiry)	2.75m
Quoted Options (\$0.40 – 24/05/20 expiry)	14.889m
Unquoted Options (\$0.40 – 24/05/20 expiry)	3.258m

Forward-Looking Statements

This document includes forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning Technology Metal Australia Limited's planned exploration programs, corporate activities and any, and all, statements that are not historical facts. When used in this document, words such as "could," "plan," "estimate," "expect," "intend," "may", "potential," "should" and similar expressions are forward-looking statements. Technology Metal Australia Limited believes that it has a reasonable basis for its forward-looking statements; however, forward-looking statements involve risks and uncertainties and no assurance can be given that actual future results will be consistent with these forward-looking statements. All figures presented in this document are unaudited and this document does not contain any forecasts of profitability or loss.

Competent Persons Statement

The information in this report that relates to Exploration Results are based on information compiled by Mr Ian Prentice. Mr Prentice is Managing Director of the Company and a member of the Australian Institute of Mining and Metallurgy. Mr Prentice has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("**JORC Code**"). Mr Prentice consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on information compiled by Mr Grant Louw. Mr Louw is a Principal Consultant with CSA Global and a Member of the Australian Institute of Geoscientists. Mr Louw has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this report and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("**JORC Code**"). Mr Louw consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information that relates to Ore Reserves is based on information compiled by Mr Daniel Grosso and reviewed by Mr Karl van Olden, both employees of CSA Global Pty Ltd. Mr van Olden takes overall responsibility for the Report as Competent Person. Mr van Olden is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC (2012 Edition). The Competent Person, Karl van Olden has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

The information in this report that relates to the Processing and Metallurgy for the Gabanintha project is based on and fairly represents, information and supporting documentation compiled by Mr Brett Morgan and reviewed by Mr Damian Connelly, both employees of METS Engineering Group Pty Ltd. Mr Connelly takes overall responsibility for the Report as Competent Person. Mr Connelly is a Fellow of The Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. The Competent Person, Damian Connelly consents to the inclusion in the report of the matters based on his information in the form and context in which it appears