

# Vanadium foes become friends

Technology Metals Australia Ltd (TMT) managing director Ian Prentice knew a business combination with Australian Vanadium Ltd (AVL) was inevitable, he just wasn't sure how it would happen.

Prentice revealed what had been on his mind for a "reasonable period of time" after Australia's two most advanced vanadium developers agreed to join forces via a \$217 million scheme of arrangement, under which AVL is set to acquire 100% of the TMT shares on issue.

If the scheme is approved and implemented, TMT shareholders will emerge with 42% of the combined group, pending any dilution associated with AVL's concurrent \$15 million institution placement.

The merger is likely to be finalised early next year following next month's scheduled scheme meeting.

Speaking to **Paydirt** last month, Prentice confirmed the consolidation of the Gabanintha orebody, about 50km south of Meekatharra, under single ownership had been a long time coming.

"We've always had that back of your mind thinking around how do we actually maximise the value of this orebody, especially when you've got two companies that own adjacent parts of it," Prentice said.

"The logic has always been there, I think the question has been more about timing than anything else. It's one of those cliched things where timing is always right and timing is always wrong, and you can always come up with reasons to have done it 12 months ago or to look at it again in 12 months time. For us, everything now lines up and this is the time to go and do it.

"You also have to put that timing in context. This merger doesn't mean it detracts each individual project. We've still got cracking projects individually and we're both running our own individual races with a clear strategy of how we're going to develop those projects. But does this create a better project, create more value and simplify the whole process? Clearly the answer is yes, and I know Graham [Arvidson, AVL chief executive] would say the same."

At the time of print, TMT had received written support for the merger from at least 26% of its shareholding, including Resource Capital Fund which controls about 18% of the register.

Post the merger, Prentice will join AVL's executive team with an initial focus on the integration of the two adjoining projects. TMT's Murchison technology metals pro-

ject hosts a resource of 153.7mt @ 0.8% V2O5, while AVL's namesake project contains 239mt @ 0.73% V2O5.

TMT's Dave English (chief operating officer), John McDougall (exploration manager) and Brett Morgan (senior metallurgist) are also part of a working group with their AVL counterparts Todd Richardson (chief operating officer), Gemma Lee (principal geologist) and Nigel Dilkes (mining/technical services manager) focused on delivery of the integrated optimisation strategy.

plicable to the overall merged project," he said.

"Things like our last announcement around infrastructure, the road agreement we've got with the shire, all of that stands regardless. The environmental approvals, there's a pathway we're both already on, it all just comes together.

"For shareholders on both sides, we don't see a material change in timelines coming from this merger."

While TMT's impending exit from the ASX is somewhat bittersweet for Prentice,



**Technology Metals Australia and Australian Vanadium have agreed to a \$217 million merger to jointly develop their respective slices of the high-grade Gabanintha vanadium orebody**

"One of the things Graham and I have been talking about is while we've got these two great projects and we're going to be merging the best of them together, we're also bringing together some really great vanadium industry knowledge into the one conversation," Prentice said.

"Bringing all that expertise under the one roof was really important because vanadium is not a commodity that everyone is digging up and producing at the moment."

The combined group is expected to have a pro forma cash position of \$52.1 million and a resource base representing more than 25 years of mine life.

Prentice insisted almost all of the progress both TMT and AVL have made individually, including environmental permitting and engineering design, could be carried forward into the enhanced development strategy.

"We don't think we're going to lose significant time because we've both done a lot of work that we think is going to be ap-

ple also believes the merger with AVL is the right step forward, especially when he reflects on the significant developments which have occurred in the vanadium sector since the company's IPO in late 2016.

"Back then, the market had very little knowledge of vanadium batteries, it was all about the steel industry in China," Prentice recalled.

"Obviously that story has evolved dramatically, particularly over the last few years. Today it's something like 10% of vanadium goes into batteries, as opposed to just 1% when we started.

"It's been pretty phenomenal to see that growth and just the general awareness around vanadium. There's a lot more conversations around long-duration energy storage now, that certainly wasn't the case even just two years ago. Investors now clearly think vanadium is part of the solution."

– Michael Washbourne