

Extra

**Australian Vanadium expects to commission Gabanintha in early 2021**

Tracy Yang

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Australian Vanadium Ltd. is looking to complete a pre-feasibility study on its flagship Gabanintha project in Western Australia by July, with first production expected in early 2021, Managing Director Vincent Algar said.

Algar said in an interview with S&P Global Market Intelligence that the company is also working on government approvals this year and will be seeking financing partners in the second half.

"In the second half of the year, we will start to look for the approval, which should take anywhere between one year and 18 months," he said.

Algar added that the company expects a mining license to be ready this year, with construction expected to kick off in 2019. "By then we should be able to tell the market how much we are going to produce and the economic promises."

The company is building relationships with potential financing partners and is looking to initiate concrete discussions after completion of a pre-feasibility study, he said. Resource estimates at Gabanintha were increased 96% to 179.6 million tonnes at 0.75% vanadium pentoxide in September 2017.

"We would like to have an off-take partner who [will be] able to finance the project through," Algar said, noting that the company will be seeking to sell an up to 30% stake in the project in exchange for the financing.

The executive said some Chinese companies have expressed interest in financing the project. "I think the reality is that there will be a Chinese partner at some point as a lot of demand, either from steel side or the battery side, is from China."

China is driving investments in vanadium for renewable energy storage, while a revised standard on the strength of steel rebar products in the country is expected to see vanadium demand surge in following years, Algar said.

"While [China's] overall steel consumption may be flat, construction steel and rebar steel has had a consistent growth," he added.

Algar expects vanadium prices to stay at high levels in the following years, due to the strong demand outlook and lack of new supply. "The price is on a good run. We think it will sustain for four to six years, which will encourage [producers] to get some good projects [online], he said, adding, "Because we're targeting a long-term project, we're not trying to catch the run."

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