

\$6.6M RAISED FROM SUCCESSFUL SPP & PLACEMENT

Key Points

- \$6.6 million raised to advance The Australian Vanadium Project
- Funds to be used to complete DFS and conduct in-fill drilling aimed at extending the Project's lifespan
- Ongoing focus on positioning AVL as a global, low cost vanadium producer via optimising capital and operating costs
- AVL continuing discussions with prospective off-take, finance and Joint Venture partners
- Commonwealth Government Major Project Status award to assist progress of Project approvals

Australian Vanadium Limited (ASX: AVL, "**the Company**" or "**AVL**") is pleased to advise the results of the Company's Share Purchase Plan ("**SPP**") announced on 21 August 2019 and a top-up placement of new shares ("**Placement**") to sophisticated and professional investors at the same price as the SPP. The SPP was well supported and attracted strong participation, with AVL having received applications from 13% of eligible shareholders at a value of \$5.2 million. This has been supplemented by a Placement raising a further \$1.4 million.

The total amount raised from the combined SPP and Placement was \$6.6 million which, combined with existing funds on hand, positions AVL to advance The Australian Vanadium Project ("**Project**") through the completion of the Definitive Feasibility Study and to conduct further infill drilling of existing Inferred Resources with the aim of extending the current planned mine life.

Patersons Securities Limited acted as underwriter to the SPP and Lead Manager to the Placement. Patersons was informed that there was no shortfall from the SPP.

The SPP provided eligible shareholders the opportunity to apply for up to \$15,000 of new fully paid ordinary shares in AVL at a price of \$0.0115 per share. All eligible shareholders who applied for new shares in the SPP will be allotted new shares equal to their application amount in accordance with the SPP terms and conditions. The issue of shares under both the SPP and placement will take place on Thursday 26 September, with new shares trading on Friday 27 September 2019. 450,250,404 new shares will be

issued under the SPP and a further 123,226,087 new shares will be issued for the Placement, making a total of 573,476,491 new shares to be issued. The Placement shares are issued by the Company within its existing capacity under Listing Rule 7.1.

Funds raised will allow the Company to progress with planned work to advance the Project, including:

- Completing pilot studies and the Definitive Feasibility Study (“DFS”).
- Continuing technical studies designed to optimise the processing circuit and establish further value-added outcomes.
- Further optimising of capital and operating costs, with the goal of becoming one of the lowest cost vanadium producers globally.
- Expanding the Mineral Reserve base from the currently defined 17-year mine life via low-cost infill drilling of existing Inferred Resources to facilitate extensions to the Project life.

AVL is working with Metso on innovative pelletising work for the roast section of the processing plant¹, with increased recoveries being seen in recent testwork. Environmental studies are progressing towards a robust submission to the Environment Protection Authority, with additional environmental work, including flora and fauna surveys being undertaken on a proposed pipeline route for water delivery from Westgold’s nearby operations in the Murchison. AVL recently signed a Memorandum of Understanding with Westgold Resources Limited (ASX: WGX) to co-operate on supply of Life-of-Mine water requirements for the Project².

The new funding will allow the Company’s 100% owned subsidiary, VSUN Energy, to progress further opportunities for the sale and deployment of vanadium redox flow batteries (“VRFBs”). The recent news of a VRFB sale to an orchard in Victoria³ and a grant application for a remote Western Australian Community School⁴ further support the progress the company is making in building the uptake of VRFBs in Australia.

AVL’s Managing Director, Vincent Algar commented, “The success of both the SPP and the Placement demonstrates great confidence in AVL from its shareholders and in The Australian Vanadium Project. With the award of Major Project Status by the Australian Government⁵ and recent technical advances, the confidence of management and prospective investors continues to grow. We are actively engaged in very positive discussions with prospective off-take, finance and Joint Venture partners.

¹ See ASX announcement dated 30 August 2019 ‘World-Leading Kiln Supplier to Conduct Vanadium Pilot Roast Work for AVL’

² See ASX announcement dated 25 June 2019 ‘AVL Secures Key Project Water Supply Opportunity’

³ See ASX announcement dated 4 September 2019 ‘AVL Secures Vanadium Redox Flow Battery Sale’

⁴ See ASX announcement dated 13 September 2019 ‘MOU Signed for Remote Renewable Energy System’

⁵ See ASX announcement dated 6 September 2019 ‘Major Project Status Awarded to The Australian Vanadium Project’

The Australian Vanadium Project has the potential to be a multi-generational vanadium producing mine. We are confident that the work we are undertaking will bring value to our shareholders, both existing and new. The team continues to progress this world class Project, with the goal of becoming a successful, low-cost vanadium producer.”

For further information, please contact:

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ABOUT AUSTRALIAN VANADIUM

AVL is a resource company focused on vanadium, seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities. AVL is advancing the development of its world-class Australian Vanadium Project. The Australian Vanadium Project is currently one of the highest-grade vanadium projects being advanced globally with 183.6Mt at 0.76% vanadium pentoxide (V_2O_5), containing a high-grade zone of 96.7Mt at 1% V_2O_5 with an Ore Reserve of 18.24Mt at 1.04% V_2O_5 comprised of a Proved Reserve of 9.82Mt at 1.07% V_2O_5 and a Probable Reserve of 8.42Mt at 1.01% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 19 December 2018 '*Gabanintha Pre-Feasibility Study and Maiden Ore Reserve*').

AVL has developed a local production capacity for high-purity vanadium electrolyte, which forms a key component of vanadium redox flow batteries (VRFB). AVL, through its 100% owned subsidiary VSUN Energy Pty Ltd, is actively marketing VRFB in Australia.