

AVL BUSINESS STRATEGY UPDATE

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) provides this update on its business strategy during the COVID-19 coronavirus global crisis.

The Company has taken steps to protect the health of its staff and the communities in which we live and work, as well as minimising the financial impact on the Company during this time.

To protect the Company during this period of uncertainty, AVL has instigated cost reduction strategies and will be scaling back some work until the business environment improves. Conditions will be reviewed frequently to enable a ramp up of activity when appropriate. The programme of works allows progression of the Australian Vanadium Project (“the Project”), while safeguarding the financial health of the Company. The measures taken to ensure the Company is in a strong position at the end of the crisis include:

- 50% reduction in salaries for the Managing Director and Chief Operating Officer.
- Up to 50% reduction in fees for non-executive directors and key consultants.
- Salary reductions for remaining staff after redundancies were completed.
- Significant reduction of external consulting activity.
- Postponement of field-based activities relating to geotechnical work for site location and mine design.

The Company’s financial position is healthy, with over \$4.5 million in cash reserves following a successful and well-supported capital raise in 2019.

High priority work which is key to maintaining the Project’s timeline will continue, including:

- Native Title negotiations in relation to the Mining Agreement and grant of the Mining Licence (currently being undertaken via teleconference).
- Completion of vanadium roast-leach and hydrometallurgical test work to finalise the Project flowsheet.
- Generating a new Mining Reserve using the recently upgraded Mineral Resources and updating the Project’s financial modelling.
- Active online strategic investor meetings and company presentations.
- VSUN Energy pursuing renewable project leads using Vanadium Redox Flow Batteries.
- Maintaining relationships with the Company’s stakeholders globally.

Managing Director Vincent Algar commented on the AVL plan, “We understand the concerns our shareholders have in these turbulent markets and have taken early actions to ensure a sound financial position is assured and that the Company can continue to advance technical and Project finance work. The AVL team has proved its ability to maintain a strong presence in the market and we will continue to do this through this difficult period for the whole economy.

The long-term outlook for vanadium and the Australian Vanadium Project remains strong. AVL is committed to developing a world-class, low cost vanadium production mining facility and is well positioned to achieve it.

We wish all our shareholders and interested parties well during this time.”

For further information, please contact:

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This announcement has been approved in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

ABOUT AUSTRALIAN VANADIUM LIMITED

AVL is an Australian owned resource company focused on production of high value vanadium products in Australia. AVL is 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 and intends to produce a value-added vanadium product in Australia prior to sale to steel, battery and specialty chemical customers.

AVL has developed a local production capability for ultra-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 the VRFB in Australia.