

18 September 2017

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

Section 708A(5) Notice and Appendix 3B

Australian Vanadium Limited (“the Company”) is pleased to announce that it has reached agreement for the placement of 67,000,000 ordinary fully paid shares (“Shares”), together with, subject to shareholder approval, 67,000,000 free attaching listed options exercisable at \$0.02 each on or before 31 December 2018 (“Options”), to raise \$1,005,000 before costs (“Placement”).

The funds raised will assist the Company in achieving the objective of a development decision at its flagship Gabanintha Vanadium deposit in Western Australia. The Company is advancing the project towards feasibility and approval. With rising demand for vanadium in steel and energy storage applications, AVL is well placed to advance off-take discussions with key market participants.

The Placement, to sophisticated and professional investors, will be completed in two tranches, with 67,000,000 Shares being issued under the Company’s available placement capacity under ASX Listing Rule 7.1A, with the 67,000,000 free attaching Options subject to shareholder approval.

An Appendix 3B in relation to the issue of the Shares is attached.

In accordance with the requirements of ASX Listing Rule 3.10.5A, the Company advises the following particulars in respect to the issue of the 67,000,000 Shares pursuant to ASX Listing Rule 7.1A:

(a) Details of dilution:

The dilutive effect of the Placement on existing shareholders of the Company is as follows:

	Shares	Dilution
Shares on issue pre Placement	1,316,734,216	
Shares issued under LR 7.1A capacity	67,000,000	4.84%
Total Shares on issue post Placement	1,383,734,216	

(b) Reasons for issue of Shares as a placement under rule 7.1A:

The Company completed the placement under rule 7.1A so as to secure selected sophisticated and professional investors with a long term commitment to the Company, together with other potential value add.

For personal use only

(c) Details of any underwriting arrangements:

Not applicable

(d) Details of other fees:

Not applicable

Section 708A(5) Notice

The Company gives this notice pursuant to Section 708A (5) of the Corporations Act 2001 (the “Act”).

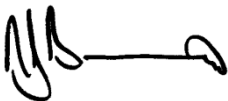
The securities were issued without disclosure to investors under Part 6D.2, in reliance of Section 708A (5) of the Act.

The Company, as at the date of this notice, has complied with:

- (a) the provisions of Chapter 2M of the Act as they apply to the Company; and
- (b) Section 674 of the Act.

As at the date of this notice, there is no “excluded information” (as defined in Section 708A(7) and (8) of the Act), required to be disclosed by the Company.

Yours faithfully



N J Bassett
Company Secretary

For personal use only

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Australian Vanadium Limited

ABN

90 116 221 740

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Ordinary fully paid shares |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 67,000,000 ordinary fully paid shares |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Equal with existing ordinary fully paid shares |

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

For personal use only

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>Yes – The shares will rank equally in all respects with ordinary fully paid shares currently on issue.</p>
<p>5 Issue price or consideration</p>	<p>Shares - \$0.015 Subject to shareholder approval, free attaching listed options on a one for one basis.</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The funds raised will assist the Company in achieving the objective of a development decision at its flagship Gabanintha Vanadium deposit in Western Australia and for general working capital.</p> <p>67,000,000 free attaching listed options will be issued subject to shareholder approval.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>23 November 2016</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>67,000,000</p>
<p>6d Number of +securities issued with security holder approval under rule 7.1A</p>	<p>Nil</p>

+ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	Nil							
6f	Number of +securities issued under an exception in rule 7.2	Nil							
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	Yes: - Issue date: 18 September 2017 - Issue price: \$0.015 (share and listed option) - VWAP: \$0.02 (share and listed option) - Source: IRESS							
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A							
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 7,510,132 Listing Rule 7.1A – 54,673,421							
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	18 September 2017							
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Number</th> <th style="text-align: left;">+Class</th> </tr> </thead> <tbody> <tr> <td>1,383,734,216</td> <td>Ordinary shares</td> </tr> <tr> <td>310,884,557</td> <td>Options (31/12/2018; \$0.02)</td> </tr> </tbody> </table>		Number	+Class	1,383,734,216	Ordinary shares	310,884,557	Options (31/12/2018; \$0.02)
Number	+Class								
1,383,734,216	Ordinary shares								
310,884,557	Options (31/12/2018; \$0.02)								

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	80,000,000	Partly paid shares
	141,960,353	Options exercisable at \$0.014712 each on or before 31/12/2017
	15,000,000	Performance Rights expiring 2 February 2020
	40,000,000	Class A Performance Rights expiring 19 June 2018 (1:1 ratio)
	40,000,000	Class B Performance Rights expiring 19 December 2019 (1:1 ratio)
	20,000,000	Performance Rights expiring 19 December 2019 (1:1 ratio)
	20,000,000	Performance Rights expiring 19 December 2020 (1:1 ratio)
	20,000,000	Performance Rights expiring 19 December 2021 (1:1 ratio)
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A	

Part 2 - Pro rata issue

11 Is security holder approval required?	-
12 Is the issue renounceable or non-renounceable?	-
13 Ratio in which the +securities will be offered	-
14 +Class of +securities to which the offer relates	-
15 +Record date to determine entitlements	-
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	-
17 Policy for deciding entitlements in relation to fractions	-

+ See chapter 19 for defined terms.

For personal use only

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	-	
19	Closing date for receipt of acceptances or renunciations	-	
20	Names of any underwriters	-	
21	Amount of any underwriting fee or commission	-	
22	Names of any brokers to the issue	-	
23	Fee or commission payable to the broker to the issue	-	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	-	
25	If the issue is contingent on security holders' approval, the date of the meeting	-	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	-	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	-	
28	Date rights trading will begin (if applicable)	-	
29	Date rights trading will end (if applicable)	-	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	-	

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance? -
- 32 How do security holders dispose of their entitlements (except by sale through a broker)? -
- 33 ⁺Issue date -

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of ⁺securities
(tick one)
- (a) ⁺Securities described in Part 1
- (b) All other ⁺securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

For personal use only

Entities that have ticked box 34(b)

38 Number of +securities for which +quotation is sought -

39 +Class of +securities for which quotation is sought -

40 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?

If the additional +securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another +security, clearly identify that other +security)

	Number	+Class
42 Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	-	

+ See chapter 19 for defined terms.

For personal use only

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here: N J Bassett
Company secretary

Date: 18 September 2017

Print name: Neville John Bassett

== == == == ==

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital																			
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated																			
Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue	1,091,115,374																		
Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid +ordinary securities that became fully paid in that 12 month period 	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Issue of shares on exercise of options (22/9/16)</td> <td style="text-align: right;">8,178,842</td> </tr> <tr> <td>Issue of shares on exercise of options (24/10/16)</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Issue of shares on exercise of options (16/2/17)</td> <td style="text-align: right;">25,000,000</td> </tr> <tr> <td>Issue of shares on exercise of options (3/3/17)</td> <td style="text-align: right;">4,190,000</td> </tr> <tr> <td>Issue of shares on exercise of options (30/3/17)</td> <td style="text-align: right;">2,000,000</td> </tr> <tr> <td>Issue of shares (15/11/16)</td> <td style="text-align: right;">7,000,000</td> </tr> <tr> <td>Issue of shares (20/12/16)</td> <td style="text-align: right;">70,000,000</td> </tr> <tr> <td>Issue of shares (15/3/17)</td> <td style="text-align: right;">6,250,000</td> </tr> <tr> <td>Issue of shares on exercise of options (13/7/17)</td> <td style="text-align: right;">1,000,000</td> </tr> </table>	Issue of shares on exercise of options (22/9/16)	8,178,842	Issue of shares on exercise of options (24/10/16)	2,000,000	Issue of shares on exercise of options (16/2/17)	25,000,000	Issue of shares on exercise of options (3/3/17)	4,190,000	Issue of shares on exercise of options (30/3/17)	2,000,000	Issue of shares (15/11/16)	7,000,000	Issue of shares (20/12/16)	70,000,000	Issue of shares (15/3/17)	6,250,000	Issue of shares on exercise of options (13/7/17)	1,000,000
Issue of shares on exercise of options (22/9/16)	8,178,842																		
Issue of shares on exercise of options (24/10/16)	2,000,000																		
Issue of shares on exercise of options (16/2/17)	25,000,000																		
Issue of shares on exercise of options (3/3/17)	4,190,000																		
Issue of shares on exercise of options (30/3/17)	2,000,000																		
Issue of shares (15/11/16)	7,000,000																		
Issue of shares (20/12/16)	70,000,000																		
Issue of shares (15/3/17)	6,250,000																		
Issue of shares on exercise of options (13/7/17)	1,000,000																		
Note: <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 																			
Subtract the number of fully paid +ordinary securities cancelled during that 12 month period	Nil																		
“A”	1,216,734,216																		

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”									
“B”	0.15 <i>[Note: this value cannot be changed]</i>								
Multiply “A” by 0.15	182,510,132								
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used									
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<table> <tr> <td>Share issue – 25/7/2017</td> <td>50,000,000</td> </tr> <tr> <td>Option issue – 25/7/2017</td> <td>50,000,000</td> </tr> <tr> <td>Share issue – 7/8/2017</td> <td>50,000,000</td> </tr> <tr> <td>Option issue – 7/8/2017</td> <td>25,000,000</td> </tr> </table>	Share issue – 25/7/2017	50,000,000	Option issue – 25/7/2017	50,000,000	Share issue – 7/8/2017	50,000,000	Option issue – 7/8/2017	25,000,000
Share issue – 25/7/2017	50,000,000								
Option issue – 25/7/2017	50,000,000								
Share issue – 7/8/2017	50,000,000								
Option issue – 7/8/2017	25,000,000								
“C”	175,000,000								
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1									
“A” x 0.15 <i>Note: number must be same as shown in Step 2</i>	182,510,132								
Subtract “C” <i>Note: number must be same as shown in Step 3</i>	175,000,000								
Total [“A” x 0.15] – “C”	7,510,132 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>								

+ See chapter 19 for defined terms.

For personal use only

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	1,216,734,216
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	121,673,421
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	Share issue – 18/9/2017 67,000,000
“E”	67,000,000

+ See chapter 19 for defined terms.

For personal use only

Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	121,673,421
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	67,000,000
Total ["A" x 0.10] – "E" <i>Note: this is the remaining placement capacity under rule 7.1A</i>	54,673,421

+ See chapter 19 for defined terms.

For personal use only