

ASX Announcement

Exploration Licence Granted over Coates Vanadium Deposit

AVL adds to its vanadium portfolio in Western Australia

Highlights:

- AVL has received approval of its application for exploration licence E70/4924-I over the Coates Vanadium deposit.
- The Coates Vanadium deposit is situated approximately 35km east of metropolitan Perth in the Shire of Wundowie.
- The unique geology of the Coates deposit shows vanadiferous magnetite developed in the weathering profile of an underlying gabbro in a laterite outcrop on a ridge.
- Previous metallurgical testwork produced favourable results.
- Historical mine planning was also completed although not undertaken.

Australian Vanadium Limited (ASX:AVL, “the Company” or AVL”) is pleased to announce that its recent application for Exploration Licence E70/4924-I over the Coates vanadium deposit has been approved by the Western Australian Department of Mines.

The deposit is situated approximately 35km east of the Perth metropolitan area in the Shire of Wundowie. See Figure 1.

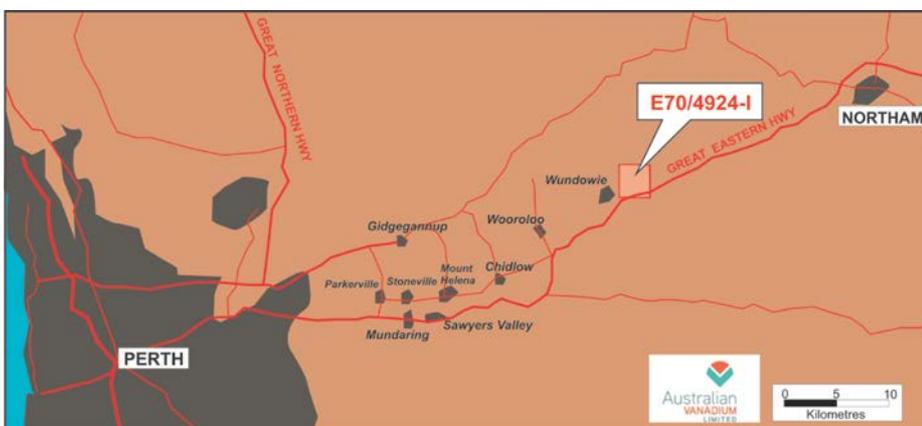


Figure 1: Location of Coates Vanadium tenement

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ASX ANNOUNCEMENT

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Projects:

Gabaintha – Vanadium
Coates - Vanadium
Blesberg – Feldspar/Lithium/Tantalum
Nowthanna Hill - Uranium/Vanadium



The geology of the Coates deposit is unique and shows that vanadiferous magnetite is developed from the weathering profile of an underlying gabbro in a laterite outcrop on a ridge. The Coates vanadium deposit occurs in magnetite lenses at the core of the layered Coates Gabbro. The gabbro is poorly exposed in an area of extensive lateritization, but appears to be between two granitic bodies. See Figure 2. The Coates Gabbro is about 1km long and up to 600m wide.

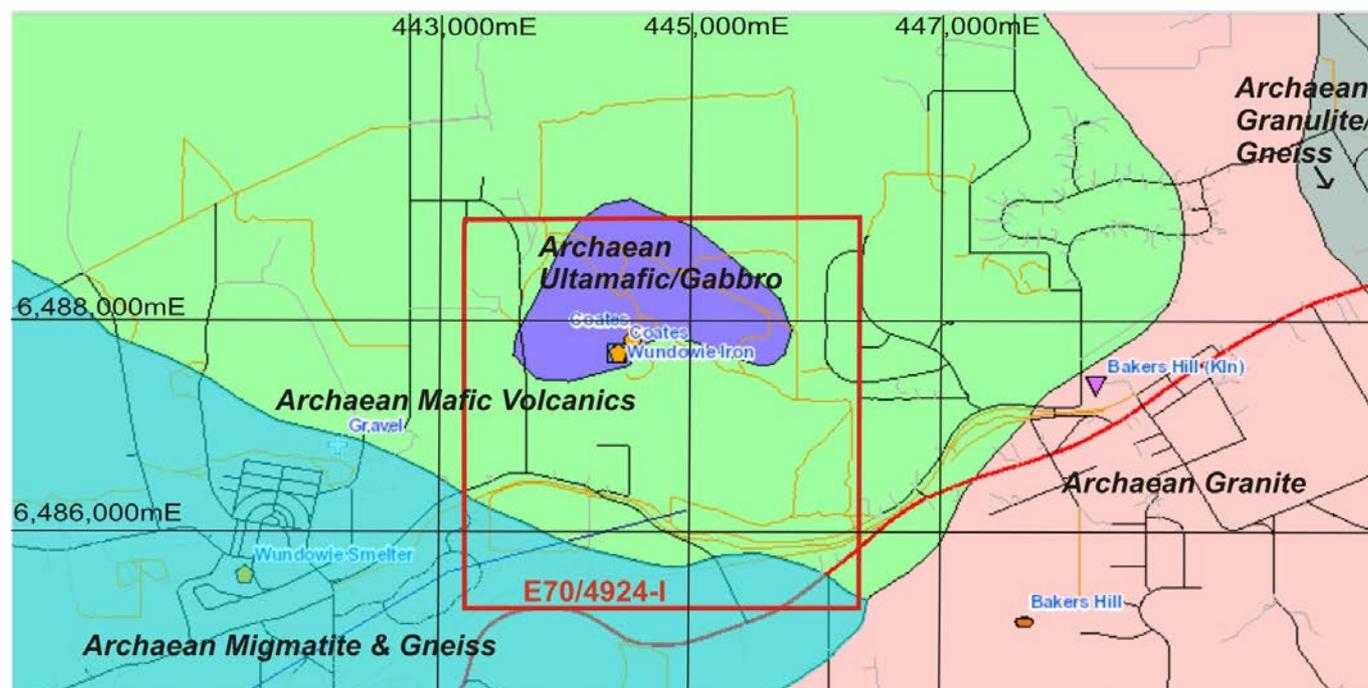


Figure 2: Geology of the Coates Vanadium tenement

Exploration at Coates was undertaken in the 1970s after its discovery in the early 1960s. The mineralisation at Coates was described in the 1978 Geological Survey of WA Mineral Resources Bulletin No. 11.

Metallurgical testwork was completed by AMDEL laboratories in 1975 (WAMEX reference A6977) on the Coates ore. Various tests were conducted including autogenous grind tests, sample grind size analysis and Davis Tube Recovery work. A total of 40 tonnes of ore was used for these tests.

The historical metallurgical test results indicated that a 58% recovery of vanadium at an approximate grade of 1.4% V_2O_5 , 3% TiO_2 , 67% Fe grade with 8% SiO_2 is achievable from bulk ore assaying 0.54% V_2O_5 , 4.75% TiO_2 , 25% Fe and 29% SiO_2 .

The main conclusions of the test work were:

- Satisfactory beneficiation can be achieved by fine grinding and wet magnetic separation.
- Grinding to 90% passing 20 microns is required to produce a concentrate of not more than 3% TiO_2 . This is at 58% vanadium recovery and at 50% iron recovery at a grade of 67.7% Fe. Agnew Clough Ltd was seeking a low-titanium product.
- The ore performed well as an autogenous grinding material but resulted in a fine product at 80% passing 78 microns.
- DTR work showed that up to 65% vanadium recovery can be achieved on head grades of 0.53-0.54% V_2O_5 from two bulk samples.
- The magnetic portion of the DTR test material had an average grade of 1.4% V_2O_5 .

Mining plans had also previously been produced by Agnew Clough Ltd on the Coates vanadium deposit, although no significant mining was undertaken.

Due to its close proximity to Perth, a portion of the exploration licence area is covered by nature reserve or semi-rural development, however Vacant Crown Land covers the eastern portion of the original Coates vanadium deposit.

Managing Director Vincent Algar said, “It was a nice surprise to find this historical vanadium deposit in Western Australia. The deposit, although small, looks to be reasonably accessible and is very close to Perth city. We will of course, need to undertake further exploration, as the data on the site is quite dated.”

For further information, please contact:

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About Australian Vanadium Limited

AVL is a diversified resource company with an integrated strategy with respect to energy storage, seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities as well as other energy storage metals exposure through the acquisition and evaluation of lithium/tantalum projects.

AVL is advancing the development of its 100%-owned, world-class Gabanintha vanadium project. The Gabanintha vanadium project is currently one of the highest-grade vanadium projects being advanced globally with existing Measured Resources of 7.0Mt at 1.09% grade V_2O_5 , Indicated Resources of 17.8Mt at 0.68% grade V_2O_5 and Inferred Resources of 66.7Mt at 0.83% grade V_2O_5 , a total of 91.4Mt, grading 0.82% V_2O_5 and containing a discrete high-grade zone of 56.8Mt, grading 1.0% V_2O_5 reported in compliance with the JORC Code 2012 (see YRR ASX Announcement 10 November 2015).

AVL has developed a local production capacity for high-purity vanadium electrolyte, which forms a key component of vanadium redox flow batteries (VRB).

AVL, through its 100%-owned subsidiary VSUN Energy Pty Ltd, is actively marketing VRB in Australia through a distribution agreement with world-leading flow battery manufacturer, GILDEMEISTER Energy Storage GmbH.

As part of its broader energy metals focus, AVL has also commenced a staged acquisition of a controlling 50.03% interest in the Blesberg Feldspar-Lithium-Tantalum Project in South Africa (see ASX Announcement 21 December 2016).

Competent Person Statement – Exploration Results

The information in this statement that relates to Exploration Results is based on information compiled by independent consulting geologist Brian Davis BSc DipEd who is a Member of The Australian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists and is employed by Geologica Pty Ltd.

Brian Davis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which is undertaken to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’.

Mr. Davis consents to the inclusion in the report of the matters based on the information made available to him, in the form and context in which it appears.