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Australian Vanadium Ltd moves into lithium-tantalum in South Africa

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The company intends to commence an exploration program including drilling on the Blesberg project as soon as possible.



Australian Vanadium has dialled into South Africa.

Australian Vanadium Ltd (ASX:AVL) has exercised its option to acquire a controlling 50.03% interest in the Blesberg lithium-tantalum project located in South Africa.

The decision follows the successful completion of a due diligence process including a review of the results of a new sampling program of the pegmatite zone within the Blesberg mine open pit.

Samples recorded grades of up to 6.42% lithium oxide.

The company intends to commence an exploration program including drilling on the Blesberg project as soon as possible.

Settlement of the acquisition is due to be completed in December 2016.

Planned work program

The exploration program to be undertaken over the coming months will consist of:

- 3-D modelling and drill-hole design and planning;
- Reverse circulation and/or diamond drilling and sample analysis;
- Mapping and sampling of additional pegmatite zones across the Prospecting Right area;
- Evaluation of all potential economic minerals present at Blesberg, including feldspar, tantalum, beryl, caesium and lithium potential;
- Determination of an accurate exploration target at Blesberg (including the main Noumas I pegmatite and adjacent pegmatite bodies), and
- Volumetric and analytical assessment of the current dump and ramp material at Blesberg.

Blesberg project

The Blesberg Project is located 80 kilometres north of Springbok on the western end of the Northern Cape pegmatite belt.

The deposit is one of the largest known economically mineralised and exploited pegmatite deposits in the belt.

Mining at Blesberg commenced in 1925 when it was worked mainly for bismuth.

The main pegmatite at the Blesberg mine is referred to as Noumas I and is the site of the most extensive excavation from historical mining activities

Six of the spodumene samples collected as part of the due diligence reported lithium contents of between 1.27% and 6.42% lithium oxide.

Acquisition details

AVL has already paid an option fee of 7 million AVL shares and with the exercising of the option it is now required to pay:

- 70 million AVL shares;
- 80 million performance rights;
- Allow the vendor to retain a 1.0% net smelter royalty;
- US\$1 million over three tranches; and
- Fund the exploration earn-in valued at US\$2 million by June 2018.

Analysis

The exercising of the option expands on AVL's vertical integration strategy which to date has focused on vanadium.

The Blesberg project broadens the company's strategic focus to encompass the wider energy storage minerals market.

The move offers both diversification and opportunity for AVL shareholders.

The project acquisition provides AVL with an advanced asset given it includes the historic Blesberg mine, one of the largest known mineralised pegmatite deposits in the Northern Cape pegmatite belt.

Although limited production information is available, there is evidence of a 1960s shipment of 150 tonnes assaying 1.74% lithium oxide.

The mine is located close to sealed highway access and is connected on-site to grid power.

Results from the first drilling program will be highly anticipated by the market.

Shares in AVL are trading up 85% year to date.



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