ASX Announcement

AVL Appoints Metallurgical Consultant

Detailed Metallurgical Test Program commences

Highlights:

- **Appointment of AMEC Foster Wheeler as metallurgical consultants to the Company**
- **Detailed metallurgical test work programme commences using the Company's diamond core.**
- **Work to focus on vanadium concentrate quality and recovery.**
- **Preliminary flow sheet analysis and design will be conducted to feed into a pre-feasibility study in 2018.**

Australian Vanadium Limited (ASX:AVL, "the Company" or AVL") is pleased to announce that it has engaged a key consultant to assist with the activities of the Company as it seeks to advance the Gabanintha Vanadium Project.

In the resource update announced on 5 September 2017, AVL announced a Mineral Resource at Gabanintha comprising 179.6Mt at 0.75% vanadium pentoxide (V_2O_5), made up of a Measured Mineral Resource of 10.2Mt at 1.06% V_2O_5, an Indicated Mineral Resource of 25.4Mt at 0.62% V_2O_5, and an Inferred Mineral Resource of 144Mt at 0.75% V_2O_5.

The updated Mineral Resource provides strong support for advancing the project towards detailed feasibility.

Metallurgical Test Work

Previously, in November 2015, the Company released details of highly encouraging initial metallurgical test work conducted on RC (Reverse Circulation) samples collected from the 2015 Drilling Program (*ASX Announcement 7 December 2015: Outstanding metallurgical results*). A recommendation from the associated reports was to conduct detailed test work using core samples.

AVL is pleased to announce the commencement of detailed follow up test work using internationally recognised consultants AMEC Foster Wheeler. AMEC Foster Wheeler has extensive global experience and specific high-end vanadium ore concentration expertise based in Perth.

4 October 2017

ASX ANNOUNCEMENT

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Projects:

Gabanintha - Vanadium
Blesberg,South Africa - Lithium/Tantalum
Nowthanna Hill – Uranium/Vanadium
Coates - Vanadium

AMEC Foster Wheeler will manage the detailed program which aims to determine the nature of the mineralised domains present in the resource at Gabanintha.

This work will include geometallurgical characterisation, comminution, gravity and magnetic separation testwork.

Following the testwork program completion, AMEC Foster Wheeler will analyse flowsheet concepts and determine a preferred option to allow the company to commence preliminary project cost modelling.

Following the completion of the flowsheet definition phase the company will commence;

- A mining study, including pit optimisation and a preliminary economic assessment of an initial mine schedule.
- Incorporation of metallurgical test results and mining study results into a pre-feasibility study of a concentrate plant development at Gabanintha.
- Completion of a scoping study review of a full-scale vanadium processing facility.

Managing Director Vincent Algar commented, "Developing Gabanintha is our primary objective. We already have demonstrated suitable geology, size and grade and excellent concentrate recovery from our past work. This new work will seek to provide an improved understanding of the techno economic aspects of the project and move towards a final optimised design."

For further information, please contact:

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Competent Person Statement – Mineral Resource Estimation

The information in this report that relates to Mineral Resources is based on and fairly represents information compiled by Mr Lauritz Barnes, (Consultant with Trepanier Pty Ltd) and Mr Brian Davis (Consultant with Geologica Pty Ltd). Mr Davis is a shareholder of Australian Vanadium Limited. Mr Barnes and Mr Davis are members of the Australasian Institute of Mining and Metallurgy and have sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken to qualify as Competent Persons as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Specifically, Mr Barnes is the Competent Person for the estimation and Mr Davis is the Competent Person for the database, geological model and site visits. Mr Barnes and Mr Davis consent to the inclusion in this report of the matters based on their information in the form and context in which they appear.

The information is extracted from the report entitled "Significant vanadium resource upgrade at Gabanintha" released to ASX on 5 September 2017 and is available on the company website at www.australianvanadium.com.au.

The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resource or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the competent person's findings are presented has not been materially modified from the original market announcement.

Appendix 1 - Mineral Resource estimate by domain and resource classification using a nominal 0.4% V_2O_5 wireframed cut-off for low grade and nominal 0.7% V_2O_5 wireframed cut-off for high grade (total numbers may not add up due to rounding)

Zone	Classification	Mt	V_2O_5 %	Fe %	TiO_2 %	SiO_2 %	Al_2O_3 %	LOI %
High Grade	Measured	10.2	1.06	41.6	12.0	11.6	8.6	4.2
	Indicated	4.8	1.04	41.9	11.5	12.0	8.0	3.6
	Inferred	77.8	0.94	41.2	10.7	12.7	7.9	3.3
	Sub-total	**92.8**	**0.96**	**41.3**	**10.9**	**12.6**	**8.0**	**3.4**
Low Grade Zones 2-5	Measured	-	-	-	-	-	-	-
	Indicated	20.5	0.52	24.3	7.1	27.9	17.6	8.4
	Inferred	61.8	0.50	26.2	7.0	26.9	16.1	7.2
	Sub-total	**82.4**	**0.51**	**25.7**	**7.0**	**27.2**	**16.5**	**7.5**
Transported Zones 6-8	Measured	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-
	Inferred	4.5	0.66	28.4	7.2	24.5	16.6	8.4
	Sub-total	**4.5**	**0.66**	**28.4**	**7.2**	**24.5**	**16.6**	**8.4**
Total	Measured	10.2	1.06	41.6	12.0	11.6	8.6	4.2
	Indicated	25.4	0.62	27.7	7.9	24.9	15.8	7.5
	Inferred	144.1	0.75	34.4	9.0	19.2	11.7	5.2
	Sub-total	**179.6**	**0.75**	**33.8**	**9.0**	**19.6**	**12.1**	**5.4**