

ASX Announcement

Blesberg Lithium Drilling Underway

First Modern Lithium Exploration Program at known LCT pegmatite

Highlights:

- Lithium and Feldspar drilling underway in 4,000m RC, 500m diamond drilling program
- Drilling is targeting vertical and strike extension of exposed Lithium-Caesium-Tantalum Pegmatite (LCT) at Blesberg

Australian Vanadium Limited (ASX:AVL, “the Company” or “AVL”) is pleased to announce the commencement of drilling at the Blesberg Lithium –Tantalum-Feldspar project in the Northern Cape Province of South Africa. Drilling is planned to test the lateral extension and depth of the Noumas 1 pegmatite zone under the current historic Blesberg mine. This is the first modern drilling programme to be undertaken at the Blesberg mine.

The initial programme, which will comprise 4,000m of Reverse Circulation (RC) and 500m of diamond core drilling is intended to allow the Company to calculate and report a mineral resource estimate in accordance with the 2012 JORC Code.



Figure 1. RC drill rig set up at BBRC001 location, Pegmatite excavation visible in background

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ASX ANNOUNCEMENT

Australian Vanadium Limited

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Projects:

Gabanimtha - Vanadium
Blesberg – Lithium/Tantalum
Nowthanna Hill- Uranium/ Vanadium



Drilling programme underway

The Company has appointed an experienced South African drilling contractor to carry out the initial exploration drilling. AVL has planned a comprehensive drill program (see Figure 2) to allow initial drill testing of the project's main pegmatite target. All earthworks in preparation for drilling have been completed and drilling commenced on Monday 20th March. Exploration drilling to test priority extension targets will form part of the initial drilling.

The programme has been designed to achieve a drill intersection spacing of 50m, sufficient to allow good resolution of the pegmatite geometry and mineral distribution.

Information from the drill program will assist the Company to resolve:

- The lateral extent and depth of the Noumas 1 pegmatite under the current Blesberg Mine;
- The lateral extent and depth of the adjacent pegmatite bodies under the current Blesberg Mine;
- The lateral extent and depth of the Noumas 1 pegmatite extension to the west of the current Blesberg Mine on the alluvial plain, and
- Volumetric and analytical assessment of the current dump and ramp material at Blesberg.

AVL will report progress on the drilling activities as they advance.

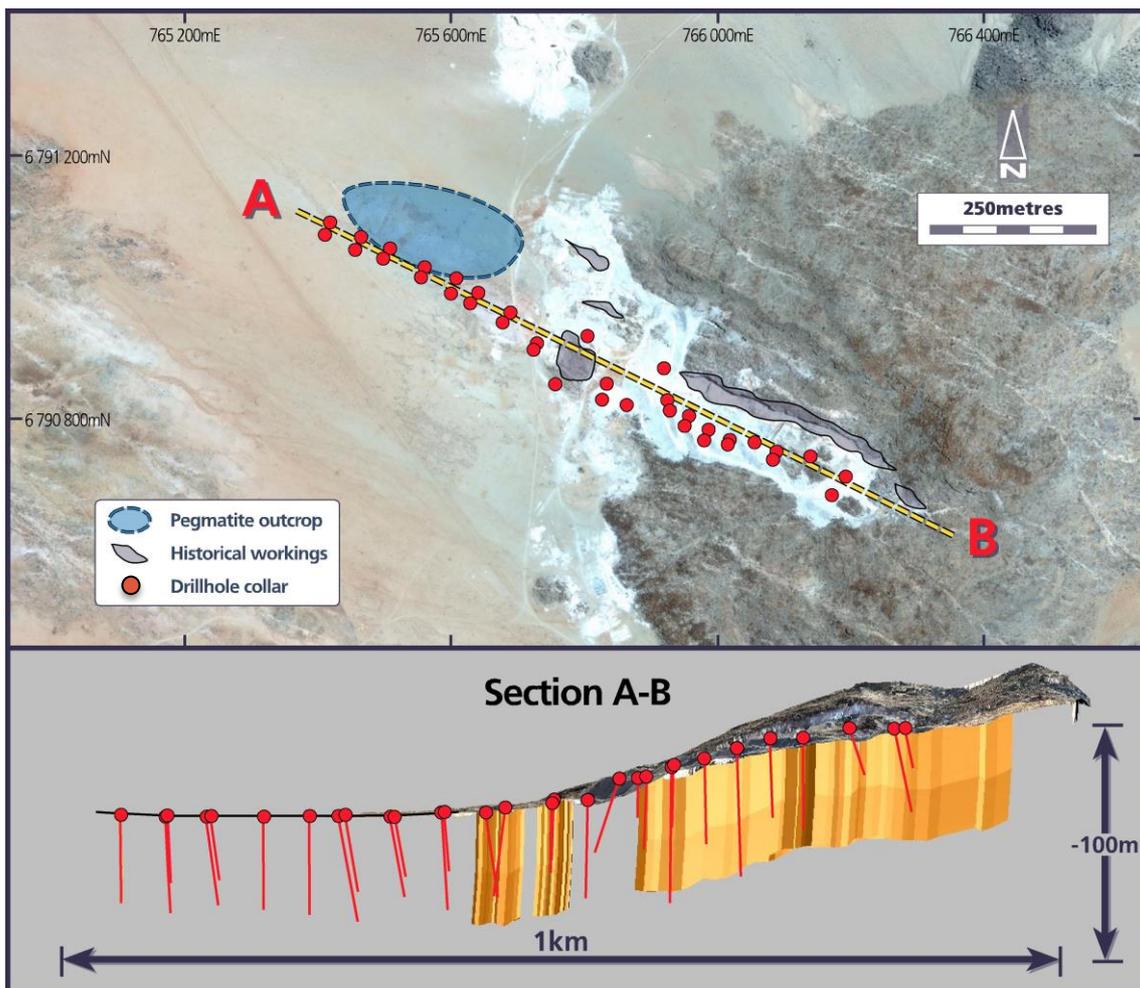


Figure 2 – Blesberg Hill showing old mine workings and outcropping pegmatite with inset pegmatite projections and planned drill holes

Blesberg Project Overview

The Blesberg Project is located approximately 80km north of Springbok in the remote Northern Cape Province of South Africa (see Figure 3). It lies at 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 Pegmatite Belt.

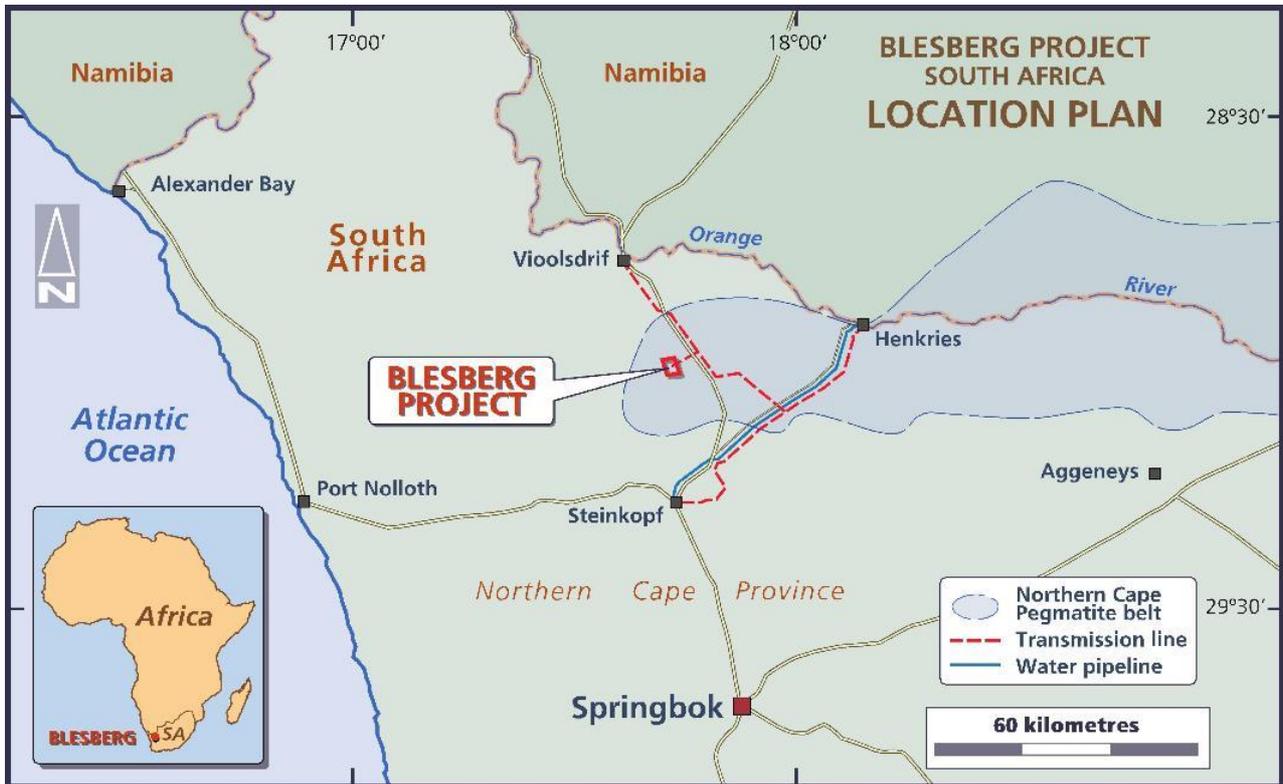


Figure 3 – Location Map

Further information

Please visit our [website](#) for further information or 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 Lithium-Tantalum Project in South Africa (see ASX Announcement 21 December 2016).

Competent Person Statement – Blesberg Exploration Program

The information relating to the Blesberg Lithium-Tantalum Project exploration program reported in this announcement is based on information compiled by Mr Vincent Algar. Mr Algar is a Member of The Australian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of the Company. Mr Algar has more than 25 years' experience in the field of mineral exploration. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration 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. Algar 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.