

VSUN Energy EOI updates

Expression of Interest submitted to Victorian Government

Highlights:

- **EOI submitted to Victoria Government for energy storage phase 1 in March 2017**
- **EOI to be submitted for energy storage phase 2**
- **Response to Victorian Government Stand Alone Power System panel tender underway**
- **EOI to be submitted to South Australian Government for 100MW/100MWh energy storage**

Australian Vanadium Limited (ASX: AVL, “the Company” or AVL”) wishes to update the market on its activities with regard to the recent government interest in energy storage. VSUN Energy, AVL’s 100% owned subsidiary, sells vanadium flow battery energy storage solutions through a dealership agreement with GILDEMEISTER energy storage GmbH, (see ASX announcement dated 11 April 2016).

At the beginning of March, VSUN Energy, submitted a response to the Victorian Government’s call for an Expression of Interest (“EOI”) to deploy 20MW of battery storage in western Victoria.

VSUN Energy is currently preparing a response to the EOI released earlier this week which seeks the deployment of an additional 80MW of energy storage capacity across Victoria’s electricity network.

The Victorian Government has also requested tender responses to establish a panel of providers to supply Stand Alone Power Systems, for which VSUN Energy is preparing a response.

As has been widely reported in the media this week, the South Australian Government has requested EOIs for 100MW/100MWh of energy storage. The EOI request has stated that ‘Respondents may, in addition, propose alternative battery sizing and power to energy configurations.’

VSUN Energy is preparing an EOI response to the South Australian Government utilising vanadium flow batteries which offer a 1:4 ratio of power to energy storage.

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ASX ANNOUNCEMENT

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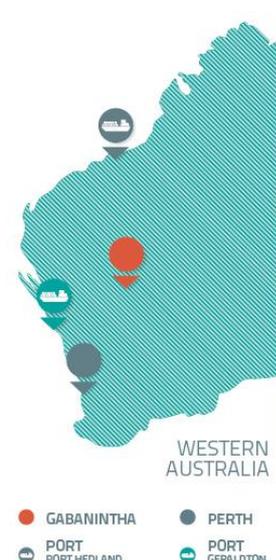
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Projects:

Gabarintha – Vanadium/Cobalt
Blesberg, South Africa - Lithium/Tantalum
Nowthanna Hill – Uranium/Vanadium



AVL Strategic Objectives

AVL's vertical integration strategy, which is focused on vanadium and other battery metals, includes four pillars of activity to drive cashflow generation and shareholder value. These are:

- Progressing the Company's flagship Gabanintha vanadium project in Western Australia, through the identification of cornerstone investors and the completion of additional studies.
- Growing AVL's subsidiary, VSUN Energy Pty Ltd to deliver additional vanadium battery sales into the many niches being identified in the commercial energy storage sector across Australia.
- The planned production and sale of high-purity vanadium electrolyte – a core component of flow batteries, to be achieved through the development of an Australian vanadium electrolyte plant.
- Investigation of other potential battery metal projects around the world, with the latest acquisition being the Blesberg lithium-tantalum project (see ASX Announcement dated 4 November 2016).

The Company is broadening its strategic focus to encompass the wider energy storage minerals market by this initial acquisition of a quality lithium asset at Blesberg in South Africa and investigation into cobalt assays at the Gabanintha site (see ASX Announcement dated 16 March 2017). It is apparent that there is exceptional growth underway in energy storage markets, including storage raw materials. AVL intends to utilise its knowledge and structure to generate additional shareholder wealth by the development of a project pipeline. This strategy offers both diversification and opportunity to shareholders.

For further information, please contact:

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