

Quarterly Activities Report for period ending 30th June 2017

Highlights:

- » Gabanintha Vanadium Project activity increasing:
 - Resource estimation underway – Scope of work significantly increased.
 - New metallurgical test work underway including cobalt recovery and magnetic separation test work on surface transported ore layers.
 - Neomet mineral recovery process to be tested with Sedgman Engineering – focus on multi element recovery (V, Ti, Fe) in oxidised horizons.
 - Environmental baseline studies ongoing with flora, fauna and stygofauna and troglofauna field sampling programs undertaken.
 - Discussions in relation to Mining Agreement commenced with Native Title claimant group.
- » Blesberg Feldspar-Lithium-Tantalum project first phase drilling and exploration activity completed:
 - Initial results indicate potential for high quality Microcline feldspar resource (glass and ceramic applications) with by-product tantalum, lithium and beryl concentrates.
 - Modelling, mineralogy and metallurgical test work planned for the September quarter.
- » VSUN Energy activity increasing:
 - Residential vanadium energy storage system production concept study underway.
 - New MOU's signed with Geniux and EPC Technologies.
 - Sale and marketing of VRB systems ongoing, increasing tender activity for Energy Storage Systems (ESS).

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ASX ANNOUNCEMENT

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Projects:

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



Activities for the June 2017 quarter for Australian Vanadium Limited (“AVL” or “the Company”) are as follows:

GABANINTHA VANADIUM PROJECT

Mineral Resource Update

During the quarter, an experienced resource consultancy was appointed to conduct a detailed mineral resource update.

This resource update will include;

- Estimation of vanadium and the inclusion of cobalt resource estimate;
- New interpretation of oxidation boundaries;
- Improved density distribution and revised resource categories;
- The addition of proximal alluvial resources; and
- Remodelling of the lithologic and ore type boundaries.

The resource update is due to be completed in August 2017 and is expected to lead to a larger and more robust total resource at Gabanintha. Further drilling is planned for the resource expansion program and will provide further geotechnical, hydrological and metallurgical data for the ongoing feasibility studies.

Mineral Recovery Test Work

On 27 June 2017, the Company announced that it has engaged with Sedgman to undertake a review of the behaviour of certain mineralised materials from Gabanintha using the low cost, high polymetallic recovery proprietary hydrometallurgical Neomet process.

The Company will send sample materials to be initially tested through a standard Neomet bench scale testing facility in the Montreal laboratory. The initial tests will be conducted free-of-charge to AVL.

The proprietary process has demonstrated its ability to extract and recover over 95% of secondary metals at a commercial grade, with a metal purity of over 99.5%. The process enables the extraction of V_2O_5 , TiO_2 and Fe_3O_2 from TVM (titaniferous vanadiferous magnetite) ores such as Gabanintha. The process seeks to generate maximum value of in-situ metal credits. A unique closed Hydrochloric acid (HCl) leaching circuit for acid regeneration and reuse/recycle is used in the process.

Initial test work will focus on Gabanintha’s high-grade oxide ROM (run of mine) ore. Oxide TVM ores generally show lower magnetic recovery to concentrate than transitional or fresh ore and therefore are not as economic to process using a traditional salt-roast pyrometallurgical process. AVL is evaluating both traditional and non-traditional processing routes as it looks to maximise the value of its world class TVM resource at Gabanintha.

Conducting an initial testing round with Sedgman opens up an opportunity to extract metal credits from the whole of the Gabanintha deposit. All studies undertaken to date have focused on magnetic concentration of its mineralised materials and the technically mature pyrometallurgical process. Pyrometallurgical processes are energy intensive, requiring ore to be roasted at $\sim 850^\circ C$ for 2 hours. Where possible, hydrometallurgical methods can be economically preferred substitutes in some situations, particularly when reagents such as acid can be efficiently recycled.

The near surface Gabanintha oxide ores can be accessed with a low stripping ratio in shallow open cut mining, relative to transitional and fresh ores which lie below them. The technology can combine low cost heap leaching with a closed HCl acid regeneration circuit for a high (V, Ti and Fe >95%) metal recovery.

New Metallurgical Test Work

In December 2015 (see ASX Announcement dated 7 December 2015), a round of beneficiation test work was conducted at Bureau Veritas Laboratories in Perth.

The consultants to AVL at the time recommended that additional tests be carried out as part of a detailed feasibility study, to determine the ultimate processing route and ideal blending strategy to follow during operations.

These tests include:

- Additional tests to assess variability of ore types, gravity upgrade techniques, de-sliming characteristics;
- Detailed evaluation of Fe, V and other metal ratios across the resource, to identify the maximum upgradability potential of the ore types;
- Test work to determine optimal grind recovery and fines minimisation, as well as maximisation of silica removal during beneficiation;
- Tests to optimise magnetic recovery circuits, and
- Evaluation of TiO₂ processing options.

The Company is preparing a test program with the assistance of an external metallurgical consultant. Selection of materials will occur from existing sample material including available diamond core. New sample material will be collected if required from planned new drilling programs at Gabanintha.

These programs are planned to commence and be completed in the second half of 2017.

Metallurgical tests are currently underway on samples of an extensive alluvial horizon previously identified at Gabanintha. The horizon has been identified in 36 drillholes including three diamond holes. This transported material has been formed by combined weathering and concentration of the high-grade and low-grade magnetite rich layers as they were exposed at surface over the eons.

The horizon is located above the main resource horizons and would form part of any pre-stripping to access the principal ore horizons in an open cut operation. Its potential extent and metallurgical properties are therefore of importance in any mining study. For more detail see ASX Announcement dated 13 June 2017.

The testing of sample material is currently underway to test the recovery of cobalt identified in non-magnetic concentrates. Results are awaited.

Environmental Studies

On 13 June 2017 AVL provided an update on the environmental study work at Gabanintha. The first of a two-season subterranean fauna study has been completed during the quarter. The goal of this survey was to establish whether or not stygofauna and/or troglofauna communities are present. Pastoral bores and wells have been investigated as part of this survey. The second part of this survey is planned for the end of the southern wet season in September 2017.

During the quarter, the Company also finalised the first part of a two-season level 2 flora and vegetation field study. The results of these studies will provide important baseline data and determine the need for further studies.

Water quality samples and water level data have also been collected. New locations for suitable water monitoring holes have been identified for drilling in the coming months.

The ongoing environmental and water studies are helping the company prepare for more detailed environmental impact assessments as the project advances to feasibility. Environmental base line information and conclusive studies are often the most time-critical steps in achieving project approval.

The Company is working to be ahead of schedule on these assessments.

Native Title Discussions

The Company is pleased to report the commencement of discussions with the relevant native title parties over the Gabanintha mining licence application area M 51/878. The Company has previously negotiated with the claimant group and looks forward to making considerable progress on the negotiation of a Mining Agreement with the Group and their representatives during the September and December Quarters. Site meetings and presentations will take place in Perth and in Meekatharra as required.

VSUN ENERGY

Australian Vanadium Limited's 100% owned subsidiary, VSUN Energy was launched in early 2016, (see ASX announcement dated 10 March 2016), with a remit to advance the profile of vanadium energy storage in Australia. The success of the company is evident in the increasing interest it receives from both within Australia and internationally.

VSUN Energy continues to market commercial vanadium energy storage systems suitable for business and stand-alone microgrids through to utility scale opportunities.

Residential Vanadium Redox Flow Batteries

The vanadium redox flow battery, (VRB), is a safe and stable energy storage device which offers the ability to store large amounts of energy for delivery over a period of many hours. VRBs provide very high cycle performance over an operating lifespan of over 20 years, with minimal degradation in performance during that time period. VRBs are also considered to be very safe, non-flammable devices which are attractive features for residential applications. It is these characteristics that make it a desirable option for the residential market.

VSUN Energy announced during the quarter (see ASX announcement dated 13 April 2017) plans to study the possible development of a residential VRB product in Australia.

VSUN Energy believes that the existence of a residential VRB product in developing markets, particularly Australia with its extremely high levels of residential rooftop generated solar energy, will have a consequential impact on the sales of larger VRB systems, as people become more comfortable and familiar with the robustness of the technology. Small scale VRBs are also ideally suited for standalone applications such as powering remote telecommunications facilities and irrigation pumping facilities.

In May 2017, VSUN Energy appointed Tony Fitzgerald, Director of TFMS (see ASX announcement dated 2 May 2017), to perform a strategic analysis of the residential storage market. Tony Fitzgerald is the Director of TFMS and provides advisory and technology commercialisation assistance.

The analysis undertaken by TFMS will cover a review of competitors in the residential energy storage marketplace and the points of difference a VRB can provide. It will analyse the financial structure and economic viability of local manufacture vs procurement. Potential funding and strategic partners will be assessed and recommendations made.

The strategic analysis is well advanced and should be finalised in the September quarter.

EPC Technologies MOU

In May 2017, the Company announced that it has signed a Memorandum of Understanding, (MOU) with EPC (Energy Performance and Control) Technologies (EPC) to facilitate opportunities for both companies. EPC provides select products and services focusing on clean energy optimisation and monetisation.

The agreement will allow for mutually beneficial opportunities for VSUN Energy and EPC's clients. EPC's suite of skills includes energy management services, engineering and consulting services, and power quality management solutions.

VSUN Energy has been able to draw on these skills to supplement its in-house knowledge, which enhances the ability of the company to provide the best solution to its clients. EPC's focus from a technology perspective is to recommend solutions in the best interest of their customers regardless of technology, and is increasingly uncovering opportunities where a VRB represents the most effective solution.

GENiUX MOU

In May 2017, the Company also announced that it had signed a MOU with GENiUX Pty Ltd. GENiUX is an end-to-end real estate clean technology solutions business with a focus on utilising affordable sustainability solutions. Part of its focus as a business is to work with residential, commercial and hospitality property developers to embed clean technology infrastructures into real estate developments, such as micro-grid energy schemes, and generate annuity income streams for investors from that embedded infrastructure.

The agreement has allowed the companies to begin to work together on projects which will enable occupants to utilize renewable energy, facilitated through the use of VRB technology.

BLESBERG FELDSPAR-LITHIUM-TANTALUM PROJECT

Project Background

The Blesberg Project is located approximately 80km north of Springbok in the remote Northern Cape Province of South Africa (see Figure 1). It lies at the western end of the Northern Cape Pegmatite Belt. This belt extends from Vioolsdrif in the west for about 450 km towards the east. The deposit is one of the largest known economically mineralised and exploited pegmatite deposits in the Pegmatite Belt.

Mining at Blesberg commenced in 1925. The main products from later mining were beryl, bismuth, tantalite-columbite, spodumene, feldspar and mica. Feldspar production from the mine was reported to be of very high quality, with the feldspar being pure white and unstained by iron oxide. Historical information about mine production quantities and quality is very limited, however a sample analysis of a 150 ton shipment of feldspar from the 1960s assayed 1.74% Li₂O (Schutte, I. Memoir 60 Geological Survey of South Africa, 1972).

Mining operations, which ceased last decade, have never exceeded a modest scale and as such no significant exploration drilling of the deposit and its depth potential has been undertaken. As with many other pegmatite fields globally, lithium was not considered in previous exploration and mining.

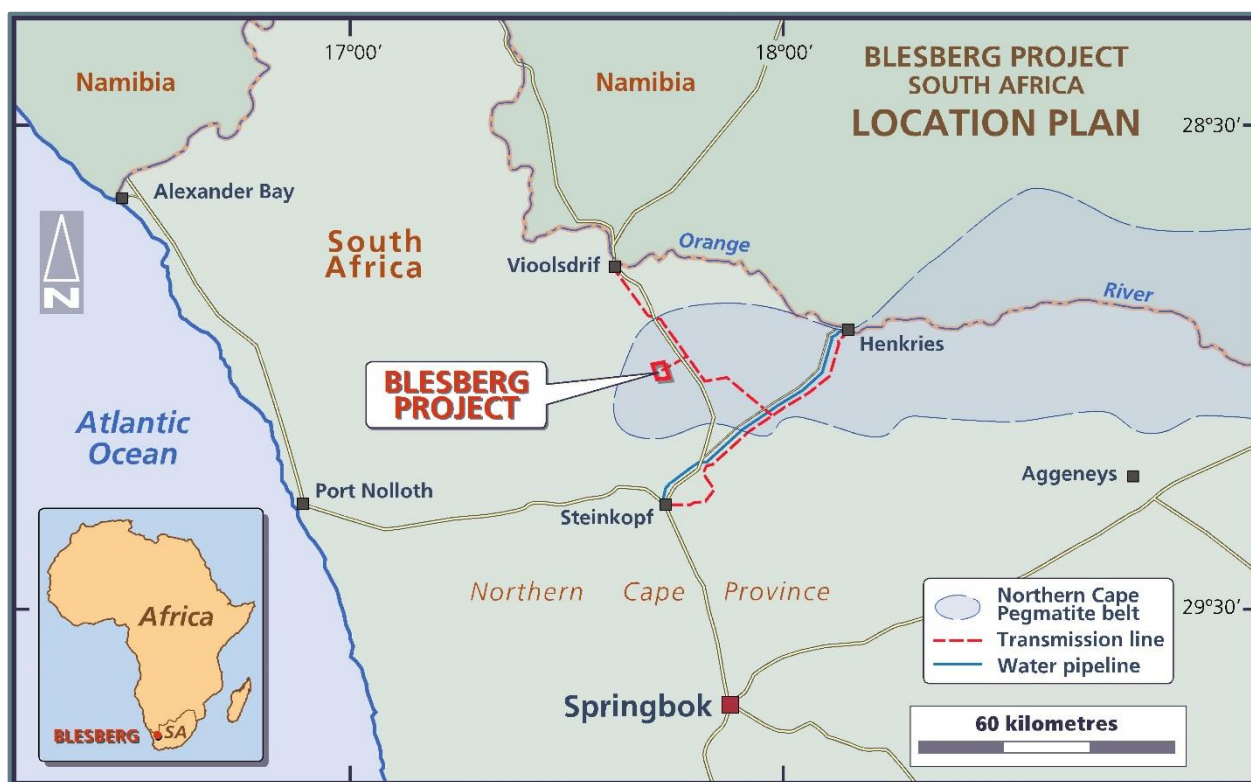


Figure 1 – Blesberg Lithium Project Location Map

Drilling

To the period ended 30 June 2017, the Company has completed 41 holes (3128m) of Reverse Circulation (RC) drilling, designed to calculate and report a mineral resource estimate in accordance with the 2012 JORC Code. 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. AVL's objective is to assess the value of the Lithium-Caesium-Tantalum (LCT) pegmatites at Blesberg, including the volume of ceramic grade feldspar and of high value by-products of spodumene, beryl and tantalite.

Laboratory assay results for the first 13 holes have been received in full. Results have been significantly delayed due to slow laboratory processing in South Africa and Canada.

The drilling confirms the extension of the pegmatite beyond the historical mine. The company is advancing the project towards feasibility to extract feldspar-lithium-beryl and tantalite.

RC drilling to evaluate the Noumas 1 pegmatite zone under the historic Blesberg mine and its NW extension under cover is complete. 41 RC drill holes have been completed for 3128m, successfully intersecting the pegmatite zone in all holes. High quality (clean white) feldspar was visible in all holes in addition to accessory spodumene, tantalite and beryl in some sections.

Exploration activity was extended with the use of mechanised trenches, to identify the pegmatites under areas of sand cover. Trenching activity at P1 (the western strike extension of Noumas 1) has exposed pegmatites with surface widths greater than 10m, directly along strike from the main Noumas pegmatite as it extends out under cover.

Drilling of trenched pegmatite exposures has increased the known strike length of the Main Noumas 1 zone to circa.1km in length with significant width of pegmatite intersected.

RC drilling finished in June with samples being periodically despatched during the programme to ALS laboratories in Johannesburg for analysis. The company is currently awaiting assay results from the remaining drilling samples.

Lithium, beryl and tantalum minerals have been identified in drill cuttings. Assays of these minerals in drilling to date have not been significant overall, supporting the highly zoned nature of the Blesberg pegmatites as observed in the historical workings. Tables 1-4 show intervals containing significant intersections identified by the assays and geological logging returned to date.

The Company is now focusing on the high quality and high-volume opportunity presented by the feldspar mineralisation and will include by-product extraction of lithium, beryl and tantalum minerals in further analysis and test work.

Laboratory Results

Work by the Company at Blesberg has focused on the lithium-tantalum opportunity with some analysis conducted of the feldspar potential. Drilling of the pegmatite at Blesberg has returned intervals of all target minerals and the feldspar was noted for its excellent quality. Lithium-tantalum (\pm beryllium) is present in minor to trace amounts only within the pegmatite assayed so far.

The review of drilling identified the following key information:

- The drilling database to date contains 303 x 1m pegmatite composite intercepts (RC). Of these;
 - 69 x 1m samples in 11 separate holes logged spodumene from trace (0.1%) to major (>65%) amounts, spodumene was noted often as strongly altered even at depth
 - 103 x 1m samples assayed over 200ppm Li with an average of 390ppm Li.
 - 136 x 1m samples assayed over 20ppm Ta with an average of 78ppm Ta.
 - 21 x 1m samples assayed over 200ppm Be with an average of 400ppm Be.
- All drill holes had composite pegmatite intercepts over 4m thickness. Of these;
 - 105 x 1m samples were >40% feldspar with a 65% average feldspar content.
 - 158 x 1m samples were >30% feldspar with a 59% average feldspar content.
 - 218 x 1m samples were >20% feldspar with a 49% average feldspar content.
 - 229 x 1m samples were >10% feldspar with a 47% average feldspar content.
 - 235 x 1m samples were >5% feldspar with a 47% average feldspar content.
- 3 separate drillholes report intersections above 800ppm Li, averaging 920ppm Li (Table 1).
- 4 separate drillholes report intersections above 100ppm Ta, averaging 1142ppm Ta (Table 2).
- 2 separate drillholes report intersections above 800ppm Be, averaging 1163ppm Be (Table 3).
- Maximum assay of 0.13% (1,320ppm) Li recorded in BBRC004 (79m-80m).
- Maximum assay of 0.82% (8,190ppm) Ta recorded in BBRC002 (70m-71m).
- Maximum assay of 0.15% (1,490ppm) Be recorded in BBRC009 (26m-27m).
- Significant Tantalum Intersections;
 - 8m @ 105ppm Ta from 46m to 54m in BBRC002, including 2m at 191ppm Ta from 47m to 49m in BBRC002 And 2m at 130ppm Ta from 50 to 52m in BBRC002.
 - 8m at 1532ppm Ta from 64m to 72m in BBRC002, including 5m at 2419ppm Ta from 67m to 72m in BBRC002.
 - 12m at 263ppm Ta from 28m to 40m in BBRC005 including 2m at 1000ppm Be from 37m to 39m in BBRC005.
 - 2m at 913ppm Be from 25m to 27m in BBRC009.

All accessory minerals occur within the pegmatite, indicating a by-product opportunity.

Table 1 Lithium intercepts exceeding 800ppm

Hole ID	M East	M North	RL (m)	From (m)	To (m)	Interval Width (m)	Li ppm	Intercept Description
BBRC 002	766060	6790764	759	69	70	1	820	1m @ 820ppm
BBRC 002			759	73	74	1	870	1m @ 870ppm
BBRC 002			759	88	89	1	820	1m @ 820ppm
BBRC 004	766084	6790741	760	65	66	1	880	1m @ 880ppm
BBRC 004			760	79	80	1	1320	1m @ 1320ppm
BBRC 013	765811	6790920	683	31	32	1	810	1m @ 810ppm

Table 2 Tantalum intercepts exceeding 100ppm

Hole ID	M East	M North	RL (m)	From (m)	To (m)	Interval Width (m)	Ta ppm	Intercept Description
BBRC 001	766065	6790780	759	39	40	1	330	1m @ 330ppm
BBRC 002	766060	6790764	759	47	49	2	191	2m @ 191ppm Inc. 1m @ 240ppm
BBRC 002			759	50	52	2	130	2m @ 130ppm Inc. 1m @ 149ppm
BBRC 002			759	67	72	5	2419	5m @ 2419ppm Inc. 1m @ 8190ppm. 1m @ 2880ppm, 1m @ 581ppm & 1m @ 321ppm
BBRC 005	765987	6790794	735	29	30	1	469	1m @ 469ppm
BBRC 005			735	35	36	1	539	1m @ 539ppm
BBRC 005			735	38	39	1	1645	1m @ 1645ppm
BBRC 009	765957	6790804	731	46	47	1	273	1m @ 273ppm

Table 3 Beryllium intercepts exceeding 800ppm

Hole ID	M East	M North	RL (m)	From (m)	To (m)	Interval Width (m)	Be ppm	Intercept Description
BBRC 005	765987	6790794	735	37	39	2	1000	2m @ 1000ppm Inc. 1m @ 1160ppm
BBRC 009	765957	6790804	731	26	27	1	1490	1m @ 1490ppm

Table 4 Feldspar intercepts exceeding 4m

Hole ID	M East	M North	RL (m)	From (m)	To (m)	Interval Width (m)	Logged Feldspar %	Intercept Description
BBRC 001	766065	6790780	759	18	35	17	22	17m @ 22%
BBRC 001			759	37	46	9	49	9m @ 49%
BBRC 001			759	54	58	4	28	4m @ 28%
BBRC 002	766060	6790764	759	0	4	4	45	4m @ 45%
BBRC 002			759	46	54	8	36	8m @ 36%
BBRC 002			759	64	74	10	76	10m @ 76%
BBRC 003	766087	6790751	760	41	54	13	42	13m @ 42%
BBRC 004	766084	6790741	760	0	4	4	25	4m @ 25%
BBRC 004			760	61	66	5	46	5m @ 46%
BBRC 005	765987	6790794	735	0	4	4	70	14m @ 70%
BBRC 005			735	28	42	14	81	14m @ 81%
BBRC 005			735	43	48	5	40	5m @ 40%
BBRC 006	765984	6790783	736	0	6	6	63	6m @ 63%
BBRC 006			736	54	61	7	64	7m @ 64%
BBRC 007	765992	6790757	738	65	69	4	62	4m @ 62%
BBRC 007			738	86	90	4	53	4m @ 53
BBRC 008	766028	6790763	749	0	8	8	60	8m @ 60%
BBRC 008			749	44	54	10	14	10m @ 14%
BBRC 008			749	68	72	4	71	4m @ 71%
BBRC 008A	766023	6790769	749	0	6	6	40	6m @ 40%
BBRC 009	765956	6790805	731	0	11	11	33	11m @ 33%
BBRC 009			731	24	39	15	57	15m @ 57%
BBRC 010	765956	6790802	731	0	6	6	40	6m @ 40%
BBRC 011	765953	6790789	730	0	5	5	42	5m @ 42%
BBRC 011			730	43	58	15	62	15m @ 62%
BBRC 012	765755	6790846	678	3	10	7	58	7m @ 58%
BBRC 012			678	120	136	16	39	16m @ 39%
BBRC 013	765811	6790920	683	6	10	4	40	4m @ 40%
BBRC 013			683	28	32	4	23	4m @ 23%
BBRC 013			683	46	55	9	44	9m @ 44%

Drillholes beneath the historical workings at Blesberg reveal that the mined Noumas 1 pegmatite is typically split into two regions, a northern and a southern limb. Neither limb is substantially or consistently thicker than the other and differences of dip are of a degree rather than fundamental. The limbs extend at depth in accordance to dip measurements taken within the historical workings with a tendency to shallow slightly at depth. Both limbs contain large amounts of feldspar, quartz and +/- mica and are occasionally supplemented with spodumene, tantalum and beryl. Figure 2a below represents a section from drillholes BBRC017 and BBRC018 and Plate 2 a chip tray from BBRC017

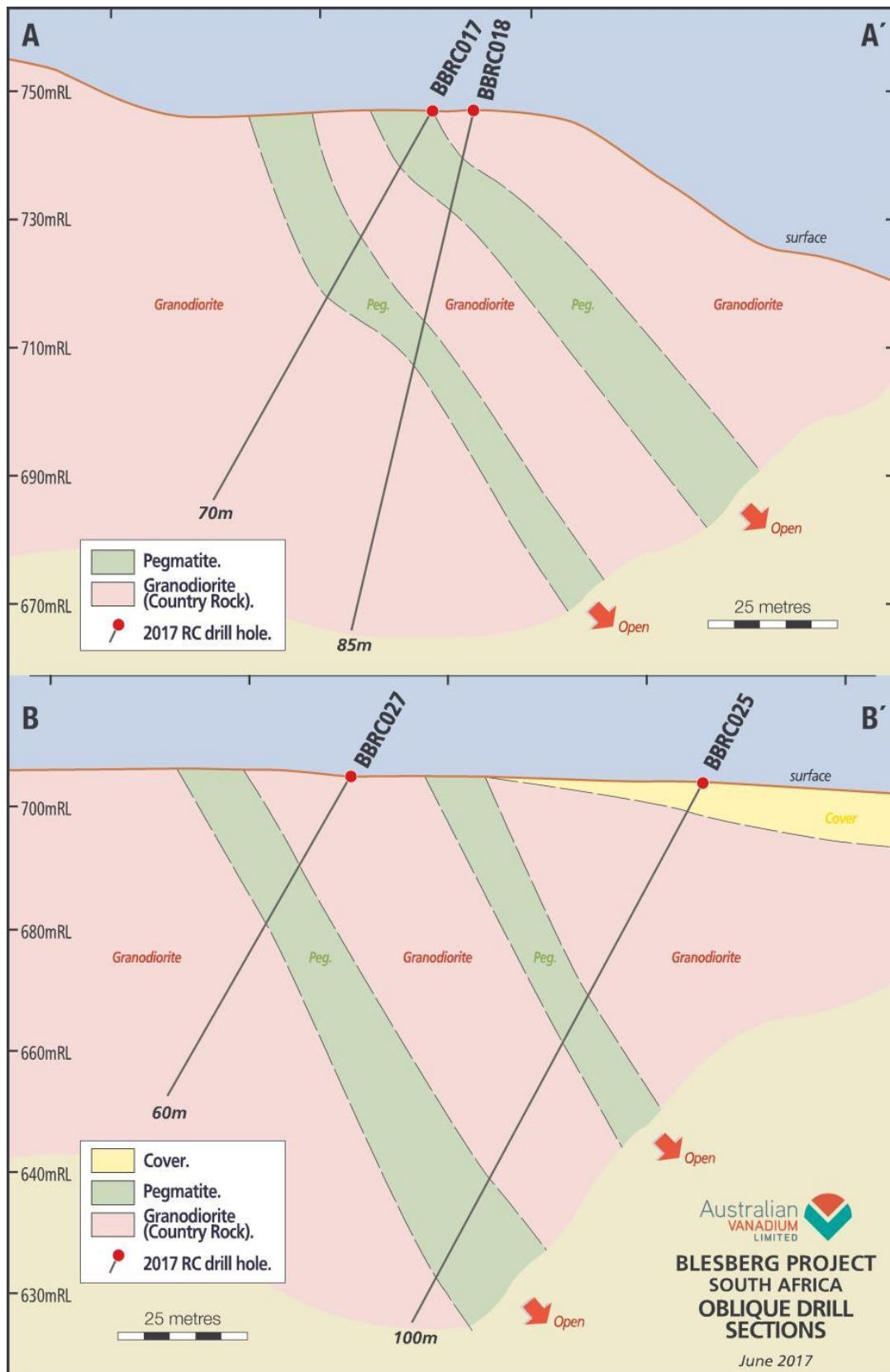


Figure 2a. Geological Section – Blesberg Historical workings looking SE

Figure 2b. Geological Section – P1 Area, NW extension of Blesberg looking SE

Drillholes underneath the pegmatite outcrop/subcrop also show a typical split into a northern and southern limb with the northern limb substantially thicker. The distance between the two limbs to the west is also substantially larger than on the hill and is occasionally complemented by a third NW striking pegmatite between the two limbs. Figure 2b above represents a section from drillholes BBRC025 and BBRC027 and Plate 3 shows a chip tray from BBRC025.



Plate 2. BBRC017 20-40m Chip tray



Plate 3. BBRC025 80-100m Chip tray

Commercial Feldspar Opportunity

Previous mining at Blesberg has extracted significant quantities of commercial feldspar. Blesberg is widely known in South Africa for its high-quality material, which is highly attractive to traders and end-users of commercial feldspar. Its coarse grain size and low iron content are an attractive feed for glass making.

The extension of the Blesberg pegmatite under shallow cover with this new drilling, making it potentially amenable to low cost open-cut mining is considered significant and will be further evaluated by the Company.

Table 4 shows the average feldspar content noted in logging on pegmatite intervals greater than 4m. Beneficiation work will focus on the separation of this material. Initial work has been conducted by the vendors and was reported on in May 2017 by the Company.

Important parameters for the evaluation include the RO and the R2O values. Results from composite feldspar samples from Blesberg to date show Al_2O_3 within $18\% \pm 2\%$; RO (CaO+MgO) was $<1\%$; R2O ($\text{Na}_2\text{O} + \text{K}_2\text{O} + \text{Li}_2\text{O} + \text{Rb}_2\text{O}$) was $>11\%$; and $\text{Al}_2\text{O}_3 + \text{K}_2\text{O} + \text{CaO} + \text{MgO}$ was $>30\%$, thereby meeting all the technical specifications of existing local purchasers of feldspar (see Company announcements dated 16 February 2017 and 18, April 2017).

The Company is working with a local South African consultancy with relationships and expertise in feldspar sales and initial samples have been taken for evaluation. The consultancy has a division dedicated to the permitting of mines by assisting in the environmental approval and mining right process. AVL and the group are advancing the collaboration towards a MOU regarding assistance with development of the site at Blesberg.

High quality commercial feldspar used in the ceramic and glass industry attracts prices ranging from US\$60 to US\$120 per tonne of product material. Extraction is normally by open cut mining and physical mineral processing methods to produce a specified product sizing. Differences in the physical characteristics of minor accessory minerals such as spodumene, tantalum and beryl offer an opportunity for their extraction using a range of methods.

CORPORATE

Bryah Resources Ltd

In January 2017, AVL announced that it had agreed to sell the precious and base metal rights in the Gabanintha Project, as well as its 100% equity in Peak Hill tenement (E52/3349) to Bryah Resources Limited (Bryah).

The consideration for the sale comprises:

- 5,000,000 ordinary shares in Bryah; and
- a 0.75% net smelter return royalty upon commencement of production.

Bryah lodged its prospectus with ASIC on 26 April 2017 and a supplementary prospectus on 17 July 2017. Bryah now expects an ASX quotation in September 2017. On completion of the IPO, AVL will hold a relevant interest in Bryah of between 6.67% - 8.93%.

Under the deal AVL retains all mineral rights to vanadium, titanium, chromium, uranium, lithium, tantalum, iron ore manganese and cobalt within the Gabanintha Project area and retains primary title over the licenses. The development by AVL of the world class high grade vanadium-titanium-iron project at Gabanintha will continue unabated.

Nowthanna Hill M51/771

The Nowthanna Uranium Vanadium Project is situated approximately 47 kilometres south east of Meekatharra. The project consists of tenement application M51/771 which covers a portion of the calcrete palaeochannel near the Quinn's Lake inland drainage. This same palaeochannel and lake contains the calcrete hosted uranium deposits at Nowthanna and Nowthanna South. The Company has held the tenement application since listing in 2007. The project is immediately adjacent to and contiguous with the Nowthanna Hill Uranium deposit owned by Toro Energy, located on retention licence application R51/3 and containing an Inferred Resource of 11.9 Mt at 399ppm U_3O_8 , containing 10.5Mlbs U_3O_8 reported to JORC 2012 standards and using a 200ppm U_3O_8 cutoff (Toro Energy Annual Report 2015, p13). In 2016, AVL successfully negotiated a mining project agreement with the Yugunga-Nya people, which will now enable the state to grant the mining lease.

The Company awaits the issue of the mining lease by the Government.

Cash Position

As at the 30 June 2017, the Company had \$1.526 million in cash and cash equivalents.

Subsequent to the end of quarter, (see ASX announcement 27 July 2017) the Company successfully completed a placement raising \$750,000 before costs via the issue of 50 million new shares at 1.5 cents per share with a 1:1 free attaching listed option (exercise price 2c / expiry 31 December 2018).

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 V₂O₅, Indicated Resources of 17.8Mt at 0.68% grade V₂O₅ and Inferred Resources of 66.7Mt at 0.83% grade V₂O₅, a total of 91.4Mt, grading 0.82% V₂O₅ and containing a discrete high-grade zone of 56.8Mt, grading 1.0% V₂O₅ reported in compliance with the JORC Code 2012 (see YRR ASX Announcement 10 November 2015).

Table 3 – Gabanintha Project 2015 Mineral Resource Estimation

Category	High Grade		Low Grade		Total	
	Material (Mt)	V ₂ O ₅ %	Material (Mt)	V ₂ O ₅ %	Material (Mt)	V ₂ O ₅ %
Measured	7.0	1.09	-	-	7.0	1.09
Indicated	4.3	1.07	13.4	0.55	17.8	0.68
Inferred	45.5	0.97	21.1	0.53	66.7	0.83
TOTAL	56.8	1.00	34.6	0.53	91.4	0.82

AVL is aiming to develop a local commercial 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 dated 21 December 2016).

Tenement Schedule

Tenement Information as Required by Listing Rule 5.3.3 For the Quarter Ended 30 June 2017					
Project	Location	Tenements	Economic Interest	Notes	Change in Quarter %
Western Australia	Gabanintha	E51/843	100% Granted		Nil
		E51/1396	100% Granted		Nil
		E51/1534	100% Granted		Nil
		E51/1576	100% Granted		Nil
		E51/1685	100% Granted		Nil
		E51/1694	100% Granted		Nil
		E51/1695	100% Granted		Nil
		P51/2566	100% Granted		Nil
		P51/2567	100% Granted		Nil
		P51/2634	100% Granted		Nil
		P51/2635	100% Granted		Nil
		P51/2636	100% Granted		Nil
			MLA51/878		
Western Australia	Nowthanna	MLA51/771		100% On application	Nil
Western Australia	Peak Hill	E52/3349	0.75% NSR Production Royalty		Nil
Western Australia	Coates	E70-4924-I		100% On application	Nil
South Africa	Blesberg	(NC) 940 PR		Earning 50.03%	Nil

Concept Study Parameters – Cautionary Statement

The Concept Study in this report (nominal +/- 50% accuracy) is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the current conclusions of the Concept Study will be realised. There is a moderate level of geological confidence associated with Measured Indicated and Inferred Mineral Resources and there is no certainty that further exploration and development work will result in the estimation of Ore Reserves or that the production target itself will be realised. The Company advises the Concept Study results and production targets reflected in this announcement are highly preliminary in nature as conclusions are drawn from the average grade of Measured, Indicated and Inferred Resources. A generic mining cost per tonne of material moved and an average resource grade has been used to determine overall mining and processing costs as opposed to a detailed mining block model evaluation to produce a detailed mining schedule.

Competent Person References

Competent Person Statement – Exploration Results Gabanintha

The information in this statement that relates to Exploration Results at Gabanintha 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.

Competent Person Statement – Mineral Resource Estimation

The information relating to the Gabanintha Project 2015 Mineral Resource estimate reported in this announcement is based on information compiled by Mr John Tyrrell. Mr Tyrrell is a Member of The Australian Institute of Mining and Metallurgy (AusIMM) and a full time employee of AMC (AMC Consultants Pty Ltd). Mr Tyrrell has more than 25 years' experience in the field of Mineral Resource Estimation. He has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and in resource model development 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. Tyrrell 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.

The information is extracted from the report entitled "Substantial high-grade vanadium resource highlights Gabanintha's world-class potential" released to ASX on 10 November 2015 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.

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.

Forward Looking Statements

This announcement may contain certain "forward-looking statements" which may not have been based solely on historical facts, but rather may be based on the Company's current expectations about future events and results. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, forward looking statements are subject to risks, uncertainties, assumptions and other factors which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to Resource risk, metal price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks in the countries and states in which we sell our product to, and government regulation and judicial outcomes. For more detailed discussion of such risks and other factors, see the Company's Annual Reports, as well as the Companies other filings. Readers should not place undue reliance on forward looking information. The Company does not undertake any obligation to release publicly any revisions to any "forward looking statement" to reflect events or circumstances after the date of this announcement, or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.