

ASX Announcement

Australian Vanadium launches Rights Issue to advance battery market and studies on high-grade WA vanadium project

- ✓ **Non-renounceable 1 for 3 Rights Issue at 1.3c to raise up to \$3.32M (before costs)**
- ✓ **Raising will enable Australian Vanadium to rapidly advance its vanadium battery marketing division and progress to building a vanadium electrolyte plant in Australia**
- ✓ **Funds raised will be combined with Australian Vanadium's existing cash on hand to give the company a substantial war chest to advance the vertically integrated vanadium strategy**
- ✓ **Proceeds will help advance economic and processing studies on the Gabanintha high-grade vanadium project near Meekatharra in WA**
- ✓ **Shareholders will receive 1 free attaching listed option for every new share issued expiring 31 December 2018 with an exercise price of 2c per ordinary share**
- ✓ **Australian Vanadium's strategy is aimed at enabling it to take advantage of the rapid development of commercial Vanadium Redox Flow Batteries**

Australian Vanadium Limited (ASX: AVL) is pleased to announce a one-for-three non-renounceable rights issue to raise up to \$3.32M at 1.3c per share, with 1 free attaching option for every new share issued. The issue is partially underwritten by CPS Capital to \$500,000.

The Rights Issue offer price represents a discount of 22% to the 5 day volume weighted average price of \$1.66c. For every new share, shareholders will receive one free attaching option with an exercise price of 2 cents and expiry date of 31 December 2018. The Company intends to list the new options.

The proceeds will be used to fund AVL's vanadium battery market development and sales, as well as a feasibility study for an AVL electrolyte plant. Funds will also focus on the next stages of evaluation at Australian Vanadium's rapidly emerging Gabanintha vanadium project near Meekatharra in WA and for general working capital. Studies are expected to commence in Q2 2016 and will build on the outstanding Gabanintha resource estimate released last year.

The Mineral Resource estimate, completed in compliance with the JORC Code 2012¹, shows Gabanintha is a high-grade deposit with the critical mass needed to underpin a world-class vanadium project. Gabanintha's Mineral Resource stands at 91.4 million tonnes grading 0.8 per cent V₂O₅ and contains a substantial high-grade zone of 56.8 million tonnes grading 1% V₂O₅.

¹ ASX Announcement 10 November 2015: Substantial high-grade vanadium resource highlights Gabanintha's world-class potential. There has been no material change in these estimates.

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ASX ANNOUNCEMENT

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Projects:

Gabanintha Vanadium
Gabanintha Gold, Copper



The proceeds of the raising will also enable Australian Vanadium to advance its activities to become a marketer and distributor of vanadium batteries. Australian Vanadium has recently entered into key agreements² to facilitate future co-operation in developing the Australian vanadium flow battery technology and installations.

Australian Vanadium Chief Executive Vincent Algar said that in light of the strong resource estimate and the booming energy storage market, the Company wanted to proceed rapidly on all fronts.

“With the foundation for a world-class project now established, this raising will give us the funding required to advance our vanadium battery marketing and project studies,” Mr Algar said.

Raising Details

The right comprises 1 new share for every 3 existing shares held by eligible shareholders on 17 March 2016 (Record Date), at an issue price of 1.3c per share, with 1 free attaching option (exercisable at 2c on or before 31 December 2018) for every new share issued, to raise up to approximately \$3.32M (before costs). The issue will be partially underwritten by CPS Capital Group.

Funds raised from the Rights Issue will be used primarily to develop the Vanadium Battery Market in Australia, Commence studies into the production of vanadium battery electrolyte and advancing mining and scoping studies on the mineral resources at Gabanintha.

Shareholders on the Record Date with a registered address in Australia and New Zealand will be entitled to participate. Eligible shareholders may also apply for additional shares in excess of their entitlement.

The proposed timetable for the Rights Issue is as follows:

Prospectus lodged with ASIC and ASX	9 March 2016
Ex Date – Shares trade ex Entitlement	16 March 2016
Record date to determine Entitlement (Record Date)	17 March 2016
Prospectus with Entitlement and Acceptance Form dispatched	21 March 2016
Offer opens for receipt of Applications	21 March 2016
Closing date for acceptances (Closing Date)	1 April 2016
Notify ASX of Shortfall	6 April 2016
Issue of New Shares	8 April 2016
Dispatch of shareholding statements	8 April 2016
Normal trading of New Shares expected to commence	11 April 2016

The Directors may extend the Closing Date by giving at least 3 Business Days’ notice to ASX prior to the Closing Date, subject to the Corporations Act and Listing Rules. As such the date the New Shares are expected to commence trading on ASX may vary.

Further information on the Rights Issue will be set out in a prospectus for the Rights Issue, which will be lodged with ASIC on or about 9 March 2016 and mailed to eligible shareholders shortly after the Record Date. Persons should consider the prospectus before deciding whether to acquire securities and will need to complete a personalised entitlement and acceptance form that will accompany the prospectus.

For further information, please contact:

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² ASX Release 23 February 2016; AVL signs MOU with GILDEMEISTER energy Storage GmbH and ASX Release 25 February 2016; AVL Signs MOU with Sun Connect.