

Gabanintha Drilling Progress update and New Strategic Tenement Acquisitions

Highlights:

- **PFS Drilling progress:**
 - 1089m for 14 RC holes completed
 - Diamond drill component commencing
 - Geotechnical and environmental hole surveying underway
 - Assays and Mineral Resource update to follow
- **New strategic tenement pegged at southern end of Gabanintha vanadium deposit. Tenement further increases AVL's significant ground-holding in Gabanintha area**
- **License prospective for extensions to the Gabanintha vanadium deposit and for gold, copper and uranium**

Australian Vanadium Limited (ASX: AVL, "the Company" or AVL") is pleased to announce the completion of the first phase of a RC drilling program and commencement of diamond drilling at its flagship vanadium project near Meekatharra. The project is currently the subject of a Pre-Feasibility Study (PFS) and the field program is collecting essential information for resource, geotechnical, environmental, hydrology and tailings storage.

The Company has pegged a new exploration licence adjacent to its Gabanintha vanadium mineral resource near Meekatharra, further strengthening the Company's dominant mineral rights position in the Gabanintha area.

The licence (E51/1899) lies to the south of the Company's Gabanintha vanadium-titanium-iron mineral resource and to the east of its Nowthanna Hill project which contains both uranium and vanadium (Figure 2).

Managing Director Vincent Algar comments, 'The addition of this strategic tenement provides AVL with potential to define additional mineral resources and consolidates accessibility to all of our deposits in the Gabanintha area.'

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ASX ANNOUNCEMENT

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Projects:

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



Drilling Progress at Gabanintha

The Company has completed 1089m of RC drilling in 14 drillholes. Eleven of the holes have targeted infill drilling on the resource and a conversion of Inferred to Indicated resources. All holes intersected the massive magnetite horizon as planned. Samples have been despatched to a laboratory in Perth for analysis. Information will be incorporated into the resource model and an updated resource estimate will be published.

Three of the drillholes are RC pre-collar holes to be followed up by a short diamond drilling program. The purpose of this drilling campaign is to resolve key parameters required for successful and safe, long-term open pit design and to target a conversion of Inferred to Indicated resources. The Company has appointed an experienced diamond drilling contractor. RC and diamond holes will be used in the existing resource area to identify geotechnical structures using downhole Televiewer® technology.

Drilling is designed to intersect the mineralisation and will provide further supporting information for the mineral resource. Diamond drilling into the western proposed pit wall by way of two (2) diamond drill holes in a south-westerly direction will provide key geotechnical information on pit wall angles and free-dig boundaries in the waste material.



Figure1. RC Chip logging and RC Drilling at Gabanintha, September 2018

New Tenement

The new tenement covers an area of 49.7 square kilometres. AVL now holds over 240 square kilometres in 8 exploration licences over the Gabanintha area. Mining Licence application MLA51/878 (area over 35km²) overlies a 9.5km section of the Gabanintha vanadium deposit.

Interpretation of the magnetic images from regional geophysical airborne surveys registered with GSWA suggests that the Gabanintha Shear Zone and the copper-gold mineralisation strike line extends

into the Company's new tenement. In addition, there is a possible extension of the Gabanintha vanadium mineralisation. Satellite and aerial photography indicate that the tenement has extensive coverage of surficial alluvium which thickens southwards and is inter-bedded with calcrete of the Cogla Downs – Nowthanna inland drainage, known for its uranium deposits. Magnetic responses are more under thickening cover, but present enticing exploration targets for the known mineralisation in the area.

Monument Mining, a Toronto Stock Exchange listed company, holds the adjacent tenement to the north-west of the newly acquired land. This tenement hosts the Gabanintha Shear Zone which contains gold and copper mineralisation, previously mined at the Gabanintha gold mine, Tumblegum and Copper Hills locations to the North West of the new licence. Toro Energy, an ASX listed gold and uranium exploration/development company holds a portion of the Nowthanna Hill Uranium deposit adjacent to AVL's M51/771. The Toro portion of the Nowthanna Hill deposit hosts a JORC Compliant Inferred Resource of 13.5Mt at 399ppm U_3O_8 (11.9Mlbs U_3O_8) at a 200ppm U_3O_8 cut off. (See Toro Annual Report 017). AVL is currently undertaking a Mineral Resource estimate on Nowthanna Hill with Consultants SRK.

Pre-feasibility Study

AVL is currently undertaking a high-quality pre-feasibility study (PFS) for the Gabanintha vanadium deposit. A well supported base case has been identified and is nearing completion. Several alternatives to the base case are being explored in-depth to ensure a robust, low cost operation. Once complete, this study will allow AVL to move quickly to pilot testing and a definitive feasibility study (DFS). The AVL team includes vanadium experts with years of direct vanadium operations experience in successful projects throughout the world. This team is committed to designing and building a viable project that is sustainable throughout the traditionally volatile vanadium price cycles.

For further information, please contact:

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Competent Person's Statement

The information in this report that relates to Exploration Results and Exploration Targets is based on and fairly represents information and supporting documentation prepared by Mr Brian Davis (Consultant with Geologica Pty Ltd). Mr Davis is a shareholder of Australian Vanadium Limited. Mr Davis is a member of the Australasian Institute of Mining and Metallurgy and has 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 Davis consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

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.

Details of the current Mineral Resource estimate for Gabanintha are contained in this release in Table 1. The information that refers to Mineral Resources in this statement was prepared and first disclosed under the JORC Code 2004. Additional drilling in 2015 was incorporated and modelled into a revised and updated resource estimate to comply with the JORC Code 2012. The Gabanintha Mineral Resource was last revised under the JORC Code 2012 on 5th September 2017 by independent consultants Trepanier Pty Ltd and is compared in this ASX announcement in Table 3. Additional data, particularly metallurgical, sulphide and base metal assays as well as revised interpretations of lithological, weathering profile and density data have now been incorporated and modelled into a revised and updated mineral resource estimate.

Table 1 Gabanintha Project – Mineral Resource estimate by domain and resource classification using a nominal 0.4% V₂O₅ wireframed cut-off for low grade and nominal 0.7% V₂O₅ wireframed cut-off for high grade (total numbers may not add up due to rounding)

Zone	Classification	Mt	V ₂ O ₅ %	Fe %	TiO ₂ %	SiO ₂ %	Al ₂ O ₃ %	LOI %
HG 10	Measured	10.1	1.11	42.7	12.6	10.3	8.0	4.0
	Indicated	4.9	1.09	43.3	12.1	10.5	7.8	3.7
	Inferred	78.6	0.98	42.4	11.2	11.4	7.6	3.4
	Sub-total	93.6	1.00	42.5	11.4	11.3	7.6	3.5
LG 2-5	Measured	-	-	-	-	-	-	-
	Indicated	19.1	0.51	23.9	7.0	27.8	18.1	8.7
	Inferred	58.5	0.49	25.5	6.7	27.5	16.5	7.4
	Sub-total	77.5	0.50	25.1	6.8	27.5	16.9	7.7
Transported 6-8	Measured	-	-	-	-	-	-	-
	Indicated	-	-	-	-	-	-	-
	Inferred	4.3	0.65	28.1	7.2	24.7	16.7	8.5
	Sub-total	4.3	0.65	28.1	7.2	24.7	16.7	8.5
Total	Measured	10.1	1.11	42.7	12.6	10.3	8.0	4.0
	Indicated	24.0	0.63	27.9	8.0	24.2	16.0	7.7
	Inferred	141.4	0.77	35.0	9.2	18.5	11.5	5.2
	Sub-total	175.5	0.77	34.5	9.3	18.8	11.9	5.5

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