

GRANT FUNDING FOR NICKEL-COPPER-PGE-GOLD DRILLING AT COATES PROJECT

AVL successful applicant in Round 23 of WA Government Exploration Incentive Scheme (EIS)

KEY POINTS

- Government of Western Australia EIS to fund up to \$112,500 of drilling at the Coates Nickel-Copper-Platinum Group Elements-Gold Project.
- The Ni-Cu-PGE-Au Project is located around the 100% AVL owned Coates vanadium deposit, approximately 35km north east of Perth in the Shire of Northam near Wundowie.
- The Coates Project is located 29km south east of the Ni-Cu-PGE-Au discoveries by Chalice Gold Mines (ASX: CHN) in a similar geological setting.
- The co-funded drilling program to obtain multi-element data from eleven geochemical and mineralogical drillholes including downhole geophysics.
- AVL has extended its tenement holding in the area, with the grant of E70/5588 along strike to the north of the main Coates intrusion.
- Drilling program approval in place for EIS work to commence.

Australian Vanadium Limited (ASX: AVL, “the Company” or “AVL”) is pleased to announce that its application has been successful in Round 23 of the Government of Western Australia’s Exploration Incentive Scheme (EIS) program for the 2021/22 Financial Year. The program is designed to test for Ni-Cu-PGE-Au mineralisation at AVL’s Coates Project, south east of the Julimar PGE discoveries in Western Australia.

The Company will receive grant funding of up to \$112,500 from the Department of Mines, Industry Regulation and Safety (DMIRS) as a contribution towards drilling costs at the Coates Ni-Cu-PGE-Au Project which is located north east of Perth (see Figure 1).

Managing Director, Vincent Algar, comments, “While AVL’s main focus remains on the development of the Australian Vanadium Project, our geological data review of the Coates Mafic Complex identified its significant similarity and potential to the Ni-Cu-PGE-Au discoveries such as those at

Julimar and Yarahwindah and the associated discovery opportunity. The excellent exploration incentive scheme run by the WA Government will assist with drilling work in this exciting region.”

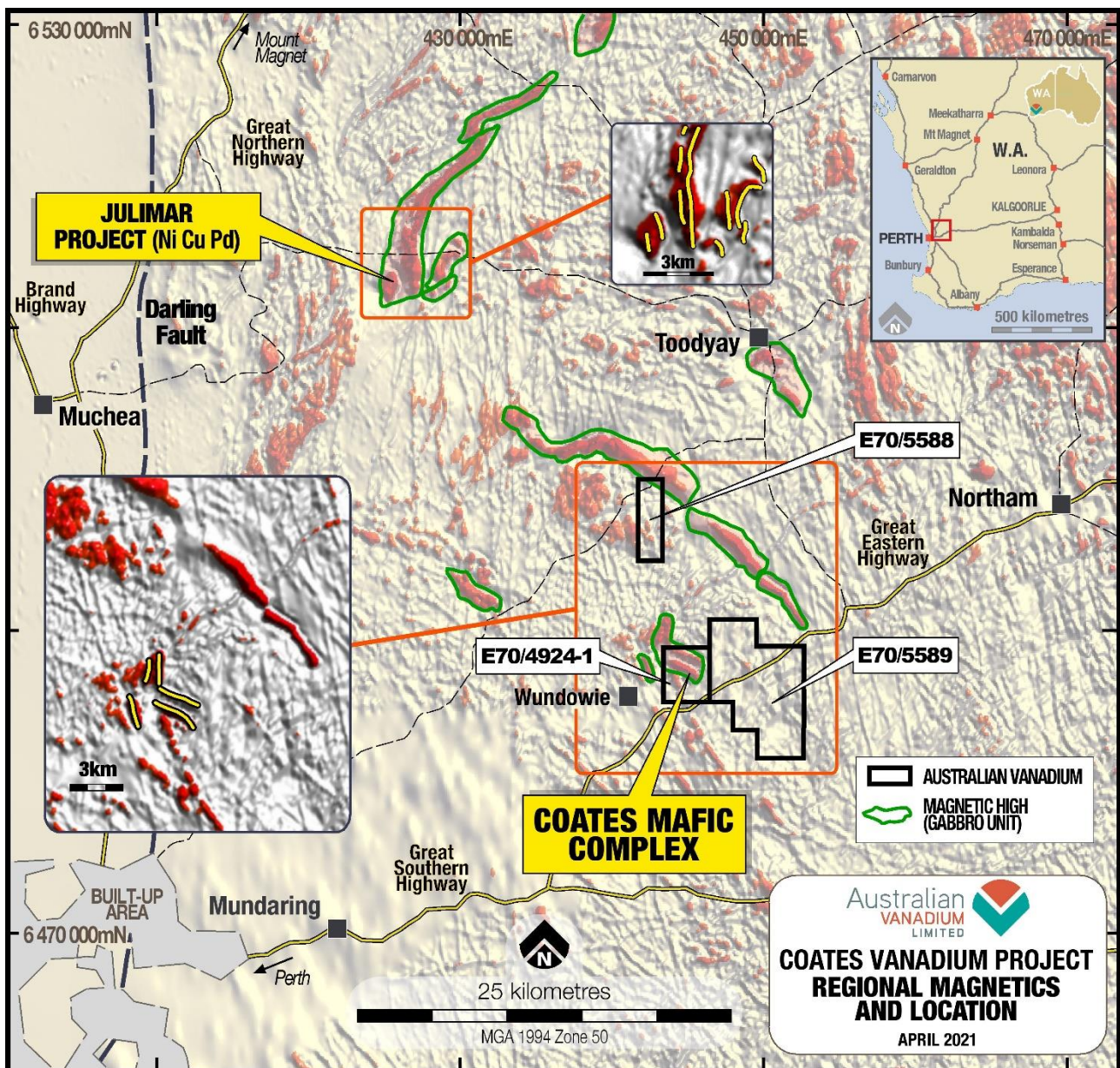


Figure 1 Coates Mafic Complex Location with Chalice Gold Mines Julimar Discovery shown on 80m GSWA Aeromagnetics Imagery¹

Under the co-funded drilling program, the Company will drill eleven drill holes across the intrusion with Reverse Circulation (RC) to 60 - 75 metres depth, followed by diamond drilling of NQ core to maximum total hole depths of between 120 and 300 metres. Holes are planned to achieve full

¹ Brett JW, 2020, 80 m Magnetic Merged Grid of Western Australia 2020 version 1: Geological Survey of Western Australia, www.dmp.wa.gov.au/geophysics

stratigraphic coverage of the gabbro sequence. Downhole ElectroMagnetics (EM) will be used to evaluate the rocks around the drill holes for conductors.

Recent soil sampling has been undertaken at the Coates Project as part of the ongoing program of evaluation. Soil sampling programs will continue to outline geochemical targets in tandem with the EIS program. The Company has drilling locations approved for the proposed program and the EIS drilling will commence when internal resources are available. The program timetable must be concluded and reported with one year of grant.

The program will include downhole EM surveys to identify nearby conductors. This technique has been highly successful in the identification of mineralised bodies in recent exploration in this region. Airborne or ground based EM surveys are also planned for the project, but are not part of the EIS project funding.

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This announcement has been produced in accordance with the Company's published continuous disclosure policy and has been approved by the Board.

ABOUT AUSTRALIAN VANADIUM LTD

AVL is a resource company focused on vanadium, seeking to offer investors a unique exposure to all aspects of the vanadium value chain – from resource through to steel and energy storage opportunities. AVL is advancing the development of its world-class Australian Vanadium Project at Gabanintha. The Australian Vanadium Project is currently one of the highest-grade vanadium projects being advanced globally, with 208.2Mt at 0.74% vanadium pentoxide (V_2O_5), containing a high-grade zone of 87.9Mt at 1.06% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 4th March 2020 *‘Total Vanadium Resource at the Australian Vanadium Project Rises to 208 Million Tonnes’* and ASX announcement dated 22nd December 2020 *‘Technical and Financial PFS Update’*).

VSUN Energy is AVL’s 100% owned subsidiary which is focused on developing the market for vanadium redox flow batteries for energy storage.

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 Resources 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 have not been materially modified from the original market announcement.

COMPETENT PERSON STATEMENT – EXPLORATION STRATEGY

The information in this statement that relates to Exploration Results 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.

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 Company’s 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.