

ASX ANNOUNCEMENT

11TH MAY 2022

SALE OF COATES NICKEL-COPPER-PGE AND NOWTHANNA HILL URANIUM PROJECTS

Option agreement creates new and focused opportunity for advancing exploration

KEY POINTS

- Option agreement signed with Mining Green Metals Limited to acquire a 100% interest in Coates and Nowthanna Hill projects
- Mining Green Metals is aiming to list on the Australian Securities Exchange (ASX) in 2022
- Coates Project near Wundowie 80km NE of Perth in WA holds exploration potential for nickel, base metals, gold and platinum group elements (PGEs)
- The Coates Project covers similar mafic-ultramafic rocks sequences that host the Chalice Gold Mines' nickel-copper-PGE Julimar project (ASX: CHN) 29 km NNW of Coates
- The Nowthanna Hill uranium project has a granted mining licence and Mineral Resource Estimate
- The Nowthanna Hill project site is located south and southeast of the Company's Australian Vanadium Project and is contiguous with the Toro Energy Limited (ASX: TOE) Nowthanna Uranium Deposit

Australian Vanadium Limited (ASX: AVL, "the Company" or "AVL") is pleased to announce that it has signed an option agreement (Option) with Mining Green Metals Limited (MGM) for MGM to acquire a 100% interest in the Coates Project and Nowthanna Hill Project tenements, application and associated mining information.

Managing Director, Vincent Algar comments, *"With AVL's primary focus being the development of the Australian Vanadium Project at Gabanintha, the option agreement offers AVL shareholders continued exposure to exploration success at the Coates and Nowthanna Hill projects in a focused exploration company. AVL will retain an interest in the projects and be able to benefit from the suite of potential minerals at Coates which are currently in high and growing demand and the future potential from the Nowthanna Hill Project."*

The Option will provide the following benefits to AVL and its shareholders:

- AVL to receive 6,500,000 fully paid ordinary shares in MGM
- A 0.75% net smelter return royalty from the value of the minerals mined (Coates Project)
- A cash payment of \$190,000.

The tenements included in the Option are:

- E70/4924-I (Coates Project)
- E70/5588 (Coates Project)
- ELA 70/5589 (upon grant); (Coates Project) and
- M51/771 (Nowthanna Hill Project).

MGM may exercise the Option by giving written notice exercising the Option to AVL at any time between the period commencing on the execution date and ending 12 months after the execution date. If the Option is not exercised by MGM during the option exercise period, the Option shall lapse.

If MGM exercises the Option, completion of the acquisition is subject to, and conditional on the satisfaction of the following conditions precedent on or before the period ending 2 months after the date of the option exercise notice:

- (a) MGM advising AVL that it has completed its due diligence investigations on the Tenements and Application to the satisfaction of MGM in its absolute discretion;
- (b) MGM having received listing approval from ASX for its shares to be admitted to the official list of ASX, subject only to completion of the Acquisition and such other conditions as are acceptable to MGM (acting reasonably); and
- (c) AVL either obtaining approval from its shareholders, if necessary, or ASX providing written advice to AVL that such shareholder approval is not required.

Historical exploration at the Coates Project has exclusively focused on vanadium mineralisation, which is the reason AVL pegged it in 2017. Subsequent and significant recent Ni-Cu-PGE discoveries in the region have supported AVL's expansion of exploration for nickel, base metals, gold and PGEs at the Coates project (location and tenure shown in Figure 1).

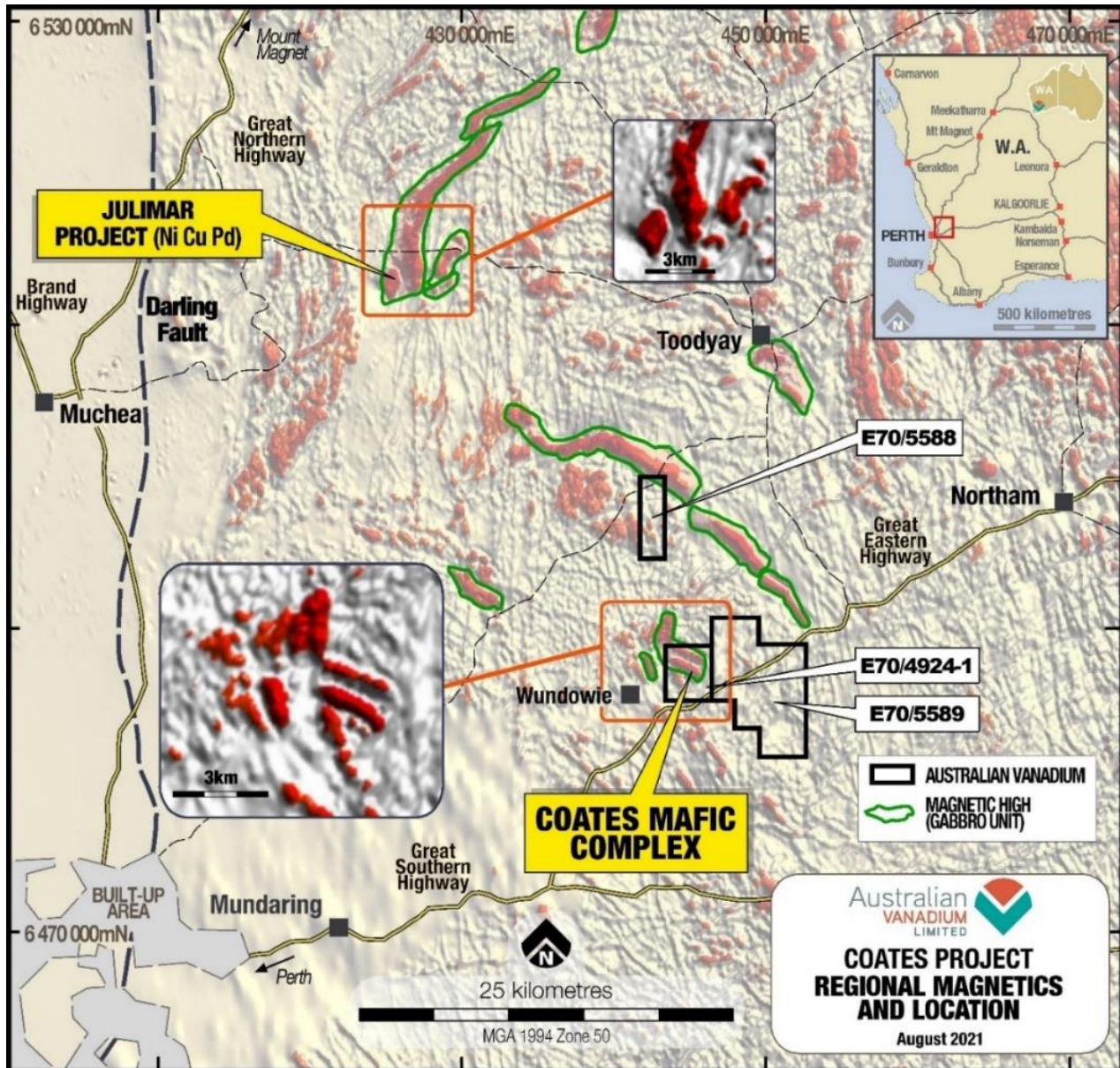


Figure 1 Coates Mafic Complex Location and Tenure showing proximity and magnetic similarity to Chalice Gold Mines Julimar Discovery on 80m GSWA Aeromagnetics Imagery¹

The AVL tenement E70/4924-I at the Coates Project covers 11.68 km² over a southern extension of similar mafic-ultramafic rocks to the sequence that is host to the nickel-copper-PGE Julimar Project discovery by Chalice Gold Mines Limited (ASX: CHN).

Among the rarest metals on earth, PGEs comprise ruthenium, rhodium, palladium, osmium, iridium, and platinum, which are elements with high melting points, corrosion resistance and catalytic qualities.

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

The Nowthanna Hill uranium-vanadium deposit is located 50km south of Meekatharra in Western Australia (see Figure 2) and is hosted within calcrete and clay deposits, formed within the inland drainage as a result of the weathering of granites containing high background radiation.

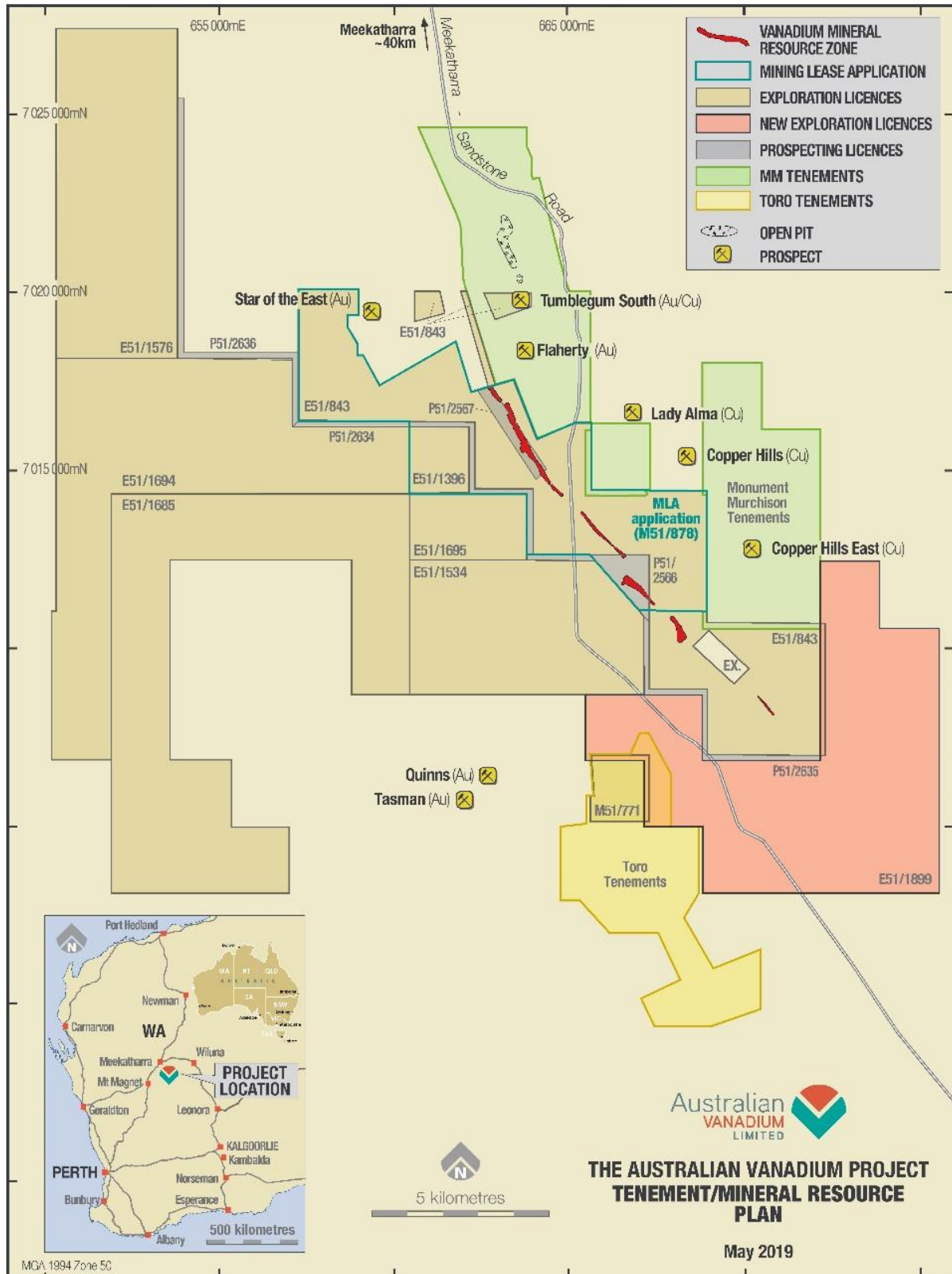


Figure 2 AVL's Australian Vanadium Project and Nowthanna Hill Project Tenements

The deposit is similar to the Cogla Downs and Yeelirie uranium deposits of the Murchison and Northern Goldfields.

In 2019 AVL updated the vanadium and uranium Mineral Resource Estimate for the Nowthanna Hill Project² to comply with JORC Code 2012 guidelines and prepare the project for sale.

For further information, please contact:

Vincent Algar, Managing Director +61 8 9321 5594

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

² See ASX announcement dated 31st May 2019 'Nowthanna Hill Mineral Resource Estimate for Vanadium and Uranium'

ABOUT AUSTRALIAN VANADIUM

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 one of the most advanced vanadium projects being developed globally, with 239Mt at 0.73% vanadium pentoxide (V_2O_5), containing a high-grade zone of 95.6Mt at 1.07% V_2O_5 and an Ore Reserve of 30.9Mt at 1.09% V_2O_5 comprised of a Proved Reserve of 5Mt at 1.11% V_2O_5 and a Probable Reserve of 20.4Mt at 1.07% V_2O_5 , reported in compliance with the JORC Code 2012 (see ASX announcement dated 1st November 2021 ‘*Mineral Resource Update at the Australian Vanadium Project*’ and ASX announcement dated 6th April 2022 ‘*Bankable Feasibility Study for the Australian Vanadium Project*’).

VSUN Energy is AVL’s 100% owned subsidiary which is focused on developing the market for vanadium redox flow batteries for energy storage. The companies are also working together to produce and supply vanadium electrolyte for the batteries.

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 or material assumptions underpinning production targets, that all material assumptions and technical parameters underpinning the estimates or production targets 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 RESULTS COATES PROJECT

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.

COMPETENT PERSON STATEMENT – MINERAL RESOURCE ESTIMATES NOWTHANNA HILL PROJECT

The Mineral Resource estimation results in this report are based on information compiled by Mr Vincent Algar and reviewed by Messrs Alex Aitken, David Slater and Daniel Guibal. Mr Vincent Algar is a member of the Australasian Institute of Mining and Metallurgy (AusIMM) and a full-time employee of Australian Vanadium Ltd. The data was reviewed by Mr Alex Aitken, who is a Member of the AIG and a full-time employee of SRK Consulting (Australasia) Pty Ltd. The Mineral Resource estimation was completed by Mr Daniel Guibal, who is a Fellow of the AusIMM and an Associate Corporate Consultant of SRK Consulting (Australasia) Pty Ltd. The estimation was peer reviewed by Mr David Slater, who is a member of the AusIMM and a full-time employee of SRK Consulting (Australasia) Pty Ltd. Mr Daniel Guibal has sufficient experience which is relevant to the style of the mineralisation and type of deposit under consideration, and to the activity being undertaken, to qualify as Competent Person (Mineral Resource estimation) as defined in the 2012 Edition of the JORC Code.

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.