



Australian
VANADIUM
LIMITED

ACN 116 221 740

Annual Report

30 June 2017

Contents

Corporate Directory	2
Letter from the Chairman	3
Directors' Report	4
Statement of Profit or Loss and Other Comprehensive Income	22
Statement of Financial Position	23
Statement of Changes in Equity	24
Statement of Cash Flows	25
Notes to the Financial Statements	26
Directors' Declaration	45
Auditors' Independence Declaration	46
Independent Auditors' Report	47
Annual Mineral Resource Statement	50
ASX Additional Information	54

Corporate Directory

Directors

Vincent Algar (Managing Director)
Leslie Ingraham (Executive Director)
Brenton Lewis (Non-Executive Chairman)
Daniel Harris (Non-Executive Director)

Company Secretary

Neville Bassett

Registered Office

Level 1, 85 Havelock Street
West Perth WA 6005

Telephone

08 9321 5594

Facsimile

08 6268 2699

Share Registry

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
Perth WA 6000

Telephone 08 9323 2000

Facsimile 08 9323 2033

Auditors

Armada Audit & Assurance Pty Ltd
3 Alvan Street
Mount Lawley WA 6050

Securities Exchange Listing

Australian Vanadium Limited shares (AVL) and options (2 cents/expiring 31 December 2018) (AVLO) are listed on the Australian Securities Exchange (ASX).

Letter from the Chairman

Dear Fellow Shareholders,

On behalf of your Board of Directors, I have pleasure in presenting the 2017 Annual Report and Financial Statements of Australian Vanadium Limited (“AVL” or the “Company”) for the 30 June 2017 financial year.

The last 12 months have seen the Company achieve several important milestones on its flagship Gabanintha vanadium project in Western Australia, positioning the Company to take advantage of the recent significant increase in global vanadium prices.

Important achievements include the completion of a major resource upgrade at Gabanintha, cementing the project as a world-class vanadium resource in size, quality and grade. The resource update announced on 5 September 2017, confirmed a Mineral Resource at Gabanintha comprising 179.6Mt at 0.75% vanadium pentoxide (V₂O₅), made up of a Measured Mineral Resource of 10.2Mt at 1.06% V₂O₅, an Indicated Mineral Resource of 25.4Mt at 0.62% V₂O₅, and an Inferred Mineral Resource of 144Mt at 0.75% V₂O₅.

The updated Mineral Resource provides strong support for advancing the project towards detailed feasibility.

The team at AVL has been advancing key activities in the areas of environmental approvals and negotiations with Native Title groups. These steps will ensure the all-important environmental and community support for the timely approval of a mining lease over Gabanintha.

The ongoing shortage of supply, and consistently increasing demand for vanadium steel products, coupled with the rapidly growing needs of vanadium energy storage applications, has seen a greater than 100% increases in the price of vanadium in the last 12 months. An ongoing level of higher pricing and high demand will be highly supportive of the Company’s efforts in moving the Gabanintha project towards development in the shortest possible timeframe.

I wish to thank shareholders for their continuing support throughout the year and extend my sincere thanks to the Board, management and staff for their contributions and efforts.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Brenton Lewis', written in a cursive style.

*Brenton Lewis
Chairman*

Directors' Report

CORPORATE HIGHLIGHTS

The past year has seen Australian Vanadium Ltd make progress in its key strategic areas. A summary of key events follows:

Gabainintha Vanadium Project

- An updated Mineral Resource estimation represented a 96% increase in the overall mineral resource.
- The Mineral Resource at Gabainintha comprises 179.6Mt at 0.75% vanadium pentoxide (V₂O₅), made up of a Measured Mineral Resource of 10.2Mt at 1.06% V₂O₅, an Indicated Mineral Resource of 25.4Mt at 0.62% V₂O₅, and an Inferred Mineral Resource of 144Mt at 0.75% V₂O₅.
- Engineering concept study was expanded for additional mining and processing scenarios including concentrate-only and co-production of vanadium battery electrolyte opportunities.
- New exploration licences acquired, increasing the Company's strategic holding.
- Key environmental surveys commenced focused on flora, fauna and stygofauna/troglofauna identification.
- Mining Agreement discussions commenced with the Yugunga-Nya Native Title Claimant Group.
- Significant cobalt identified in existing Gabainintha drilling with metallurgical test work indicating a by-product opportunity during vanadium processing.
- The Neomet mineral recovery process is to be tested through Sedgman Engineering.

VSUN Energy

- Successful installation and operation of first Vanadium Redox Flow Battery (VRB) in Western Australia. Successful ongoing operation for over 11 months.
- Electrolyte pilot plant successfully installed at the University of Western Australia.
- VSUN Energy investigating residential VRB opportunities and potential manufacture in Australia.
- Substantial marketing effort to increase awareness of vanadium flow battery technology and applications.
- VRB sales expanded to include new products from other suppliers, offering greater flexibility of pricing and sizing for potential customers.

Blesberg Project, South Africa

- Rights secured to acquire up to 50.03% interest in South African Blesberg lithium-tantalum project.
- Drilling and exploration activity undertaken on main pegmatite zones.
- Drilling results identify significant zones of feldspar with commercial exploitation potential.

Bryah Resources Limited

- AVL agreed to sell the base metal and gold rights over the Gabainintha Project to Bryah Resources Limited.
- Shareholders received a priority offer in the Bryah Resources Initial Public Offering.

Corporate Matters

- Daniel Harris appointed as non-Executive Director, strengthening AVL's vanadium credentials.
- Recent placements raise \$2.505 million before costs.

REVIEW OF OPERATIONS

Gabanintha Vanadium Project

The Gabanintha Vanadium Project is located approximately 40km south of Meekatharra within the northern Murchison region of Western Australia. Access from Perth is via the Great Northern Highway and the Meekatharra-Sandstone Road (Figure 1).

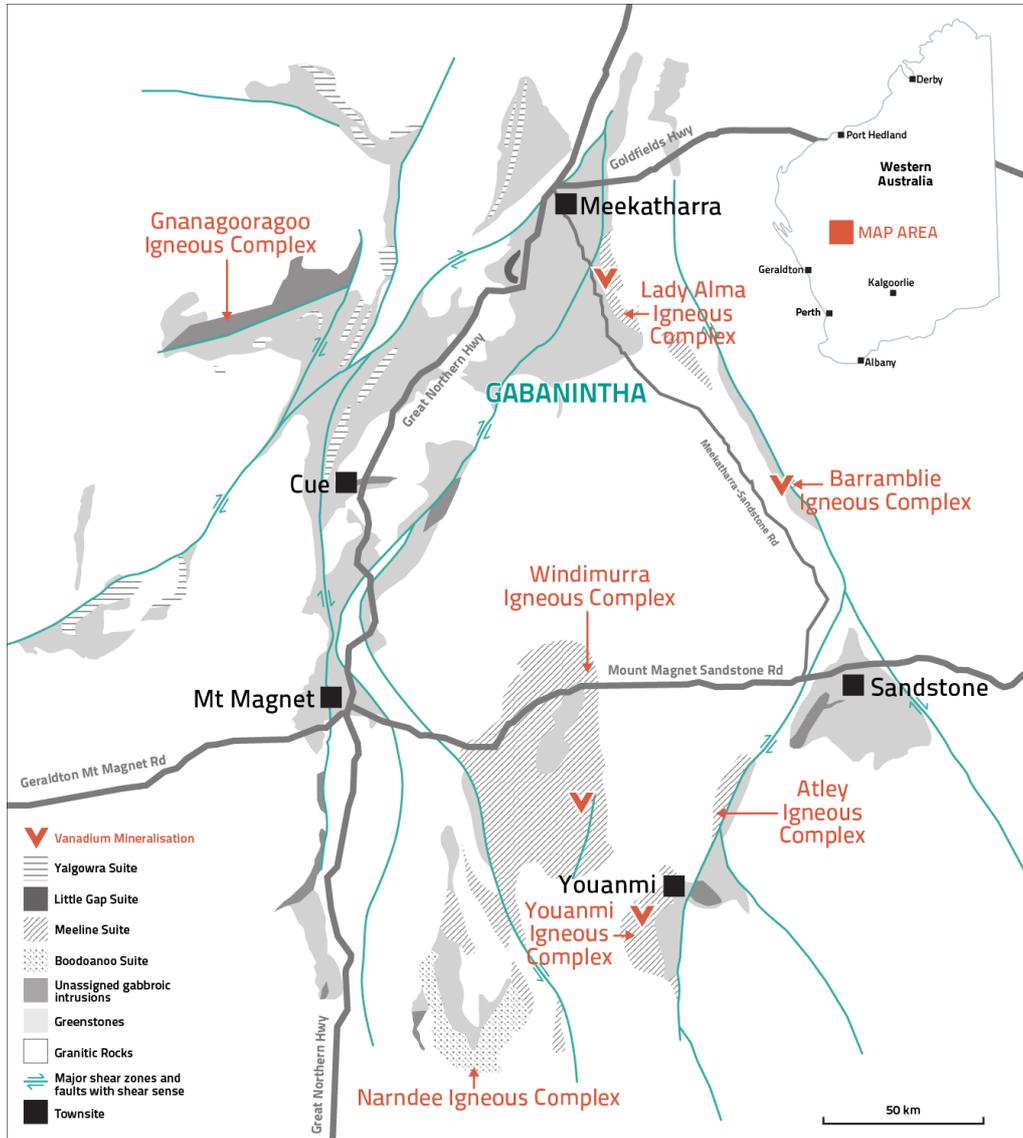


Figure 1 - Location of Gabanintha Vanadium Project and adjacent vanadium deposits

The following is a summary of activities undertaken on the Gabanintha Vanadium Project during the period up to the date of this report.

Mineral Resource Estimate Upgrade

In September 2017, the Company announced a significant resource upgrade for the Gabanintha Vanadium Project. The updated Measured, Indicated and Inferred Mineral Resource is 179.6 million tonnes (Mt) at 0.75% V₂O₅ which includes a Measured and Indicated Mineral Resource of 35.5Mt grading 0.75% V₂O₅.

This updated estimation represented a 96% increase in the overall Resource, a 46% increase in the Measured Resource, a 43% increase in the Indicated Resource and a 116% increase in the Inferred Resource categories for the Project compared to the 2015 estimation.

There is extensive potential to convert Inferred Resources to the Measured and Indicated categories at Gabanintha with additional targeted drilling.

The revised estimate was conducted following a major revision of the geological interpretation for the Gabanintha mafic layered intrusion. The revision was based on the collection of additional density information; a major review of geological logging and zone coding; extensive consideration of geophysics and a review of the geological continuity along-strike and down-dip.

The result helps underpin the Company’s aim to become Australia’s next new vanadium producer, commencing with an extensive metallurgical test work program and beneficiation circuit design to be undertaken on the company’s existing diamond core. This will be followed by the completion of a Preliminary Feasibility Study into an early-start, concentrate-only production option for Gabanintha.

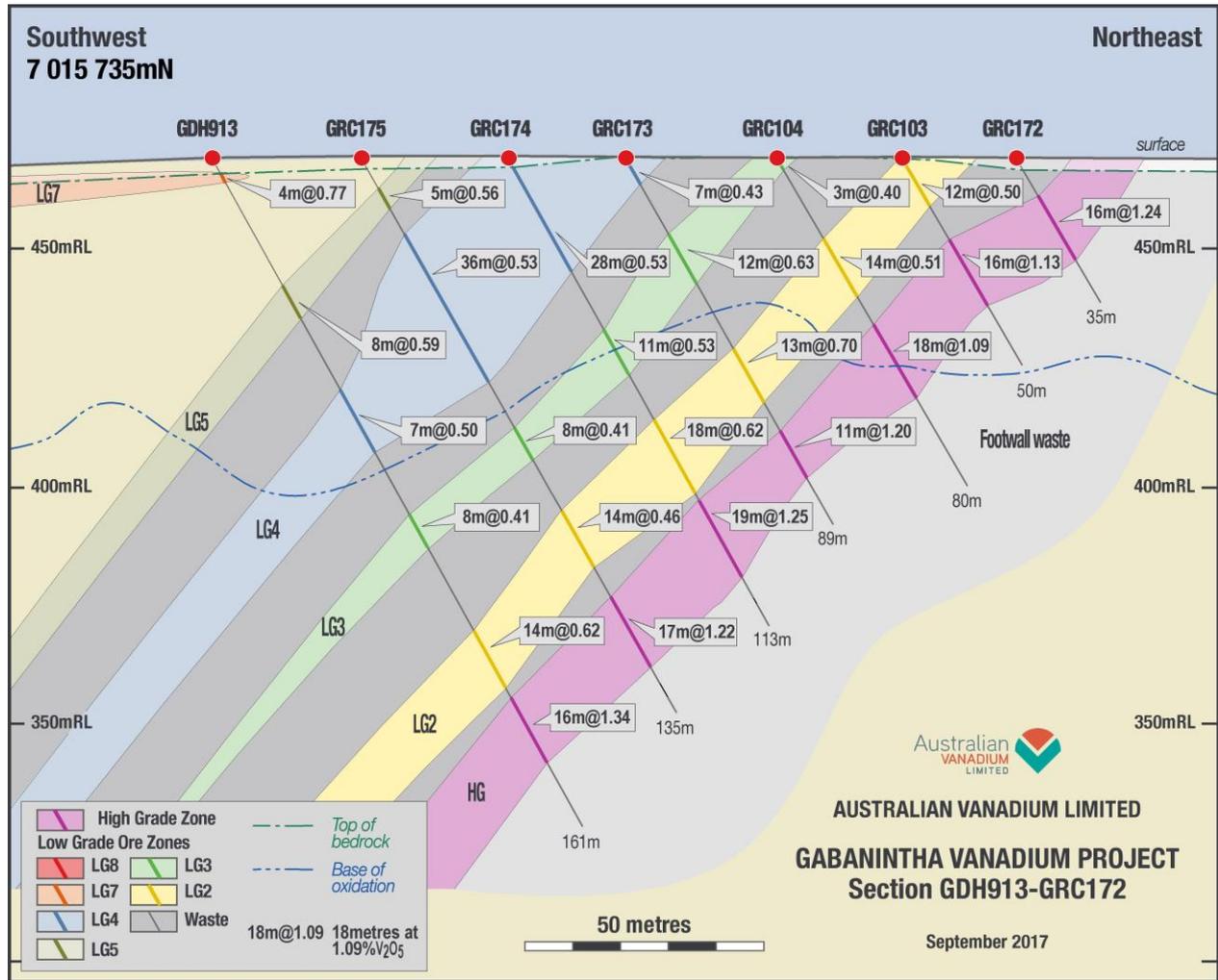


Figure 2 - Cross Section at Northing 7015735m Showing Drill Intercepts, High Grade and Low Grade Domains and Weathering Profiles.

Pit Optimisation

Pit optimisation modelling which was conducted as part of an updated Concept Study earlier in 2017 recorded very positive results including:

- a preliminary open pit shell extending for approximately 4.3 kilometres long within the northern part of the resource area;
- an estimated 45.3 Mt of Mineral Resources falling within the open pit shell, and
- 100% of Measured and 99% of Indicated Mineral Resources captured within the open pit shell.

Further pit optimisation work will be undertaken on the updated resource using the results of the revised resource model and metallurgical test work results.

Hydrometallurgical study

In June 2017, the Company 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 has sent sample materials to be initially tested through a standard Neomet bench scale testing facility in Sedgman's Montreal laboratory. The initial tests will be conducted free-of-charge to the Company.

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.

Environmental

The environmental approval process that must occur as part of any project development has the potential to delay project timelines due to the substantial information needed by regulators. Accordingly, the Company commenced baseline environmental studies during the year which are ongoing with flora, fauna, stygofauna and troglofauna field sampling programs undertaken.

An initial field sampling study of subterranean fauna study was completed. Vertebrate and short-range endemic invertebrate fauna studies and a two-season level 2 flora and vegetation study were also completed during the year.

Native Title

Discussions in relation to a Mining Agreement have commenced with the Yugunga-Nya Native Title claimant group. Once the Mining Agreement is finalised the mining lease application process can be completed.

Tenement acquisition

The Company acquired two exploration licences adjacent to the Gabanintha Project. The tenements were acquired 100% from an unrelated private third party with no encumbrances, for a consideration of \$100,000 which was payable in shares. The licences (E51/1694 and E51/1695) lie immediately to the west of the Company's Gabanintha Project (Figure 3).

Nowthanna Hill Project

During the year, the Company successfully negotiated a mining project agreement with the Yugunga-Nya people. As a result of this agreement, mining lease M51/771 was granted in August 2017.

Coates Project

In July 2017, the Company added to its vanadium portfolio with the acquisition of exploration licence E70/4924-I over the Coates Vanadium deposit. The deposit is situated approximately 35km east of the Perth metropolitan area in the Shire of Wundowie, Western Australia.

The geology of the Coates deposit is unique and shows that vanadiferous magnetite is developed from the weathering profile of an underlying gabbro in a laterite outcrop on a ridge. The Coates vanadium deposit occurs in magnetite lenses at the core of the layered Coates Gabbro. The gabbro is poorly exposed in an area of extensive lateritization, but appears to be between two granitic bodies. The Coates Gabbro is about 1 km long and up to 600 m wide.

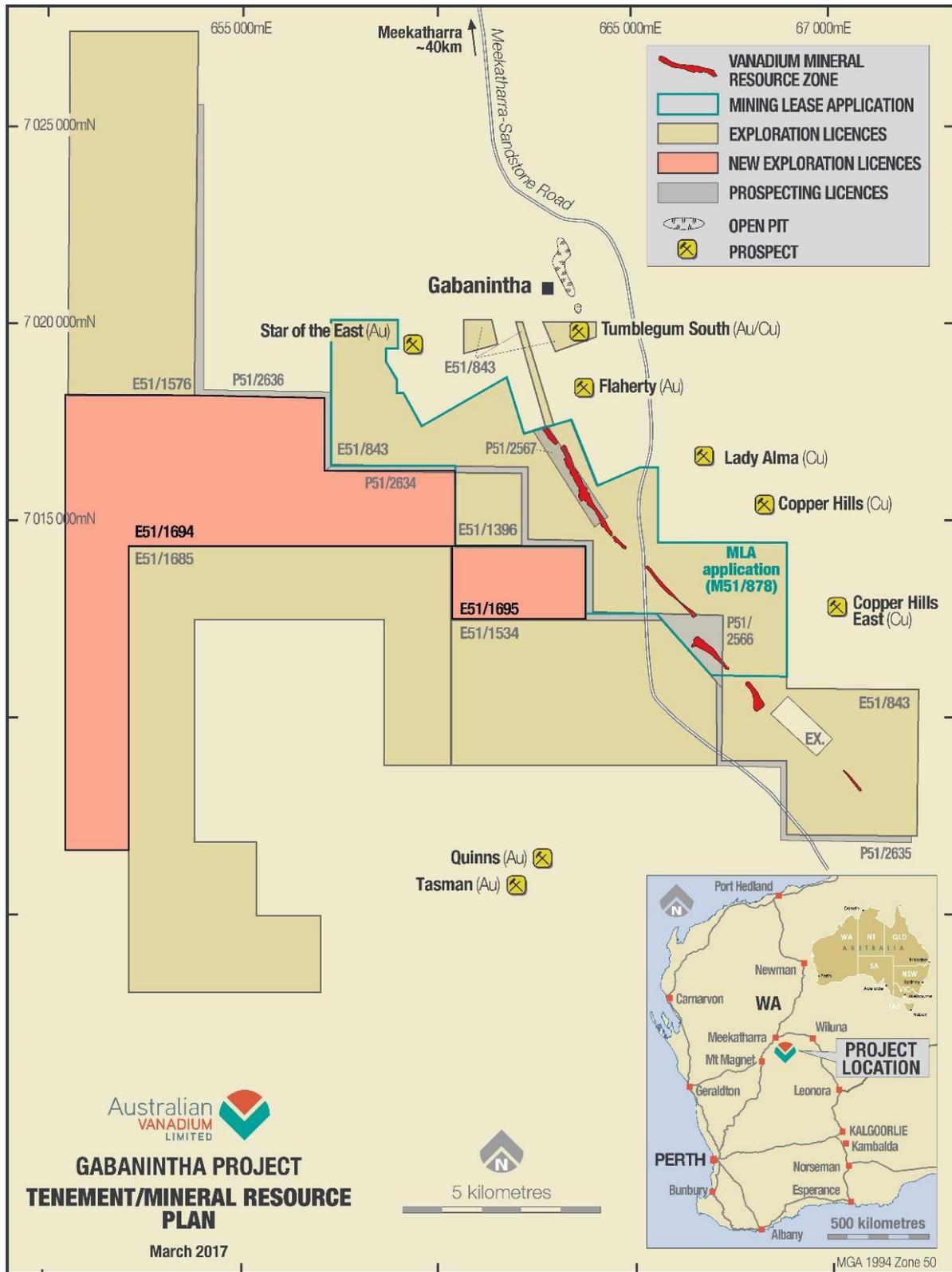


Figure 3 - Gabanintha Location Map showing new tenement acquisitions

Blesberg Project

In late 2016 the Company secured rights to a controlling stake in the Blesberg Project in South Africa through the acquisition of South African Lithium Pty Ltd.

In 2017 the Company completed 41 holes (3128m) of Reverse Circulation (RC) drilling, designed to allow the calculation and reporting of a mineral resource estimate in accordance with the 2012 JORC Code.

The programme was designed to achieve a drill intersection spacing of 50m, sufficient to allow good resolution of the pegmatite geometry and mineral distribution and 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.

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 feldspars 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.

VSUN Energy

VSUN Energy Pty Ltd is a 100% owned subsidiary with the sole focus of the development of the Australian market for vanadium flow batteries. Public and business interest in energy storage, from domestic through to large network scale, has accelerated globally throughout 2017, and is expected to grow further in 2018 and beyond.

Company branding

To provide clarity around branding, VSUN changed its name to VSUN Energy and adopted a new logo and website to further educate the market about its strategies and capabilities in the energy storage market.

Vanadium Redox Flow Battery

VSUN Energy's initial installation of a 10kW-100kWh VRB at a native tree nursery in Busselton, Western Australia has been performing as expected since October 2016. Despite some cloudy periods where less solar energy was generated, the site has not needed to take power from the grid during this period, meaning that it has in effect been providing an off-grid solution.

Residential VRB

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 VRB technology. Small scale VRBs are also ideally suited for small scale standalone applications such as powering remote telecommunications facilities and irrigation pumping facilities.

VSUN Energy has commissioned initial market reviews and partner discussions and intends to undertake a feasibility study into developing a residential VRB product in Australia in due course. Manufacturing locations within Australia are being considered, which would enable VSUN Energy to build Australian expertise in this growing technology. Local manufacturing will also reduce the cost of transportation and therefore the cost of batteries to Australian customers.

Until manufacturing in Australia can be established, VSUN Energy intends to utilise products from around the world that are already commercially available.

VRB marketing

The company employed a technical sales representative for a short period of time, but has reverted to sub-agency agreements to develop a larger sales footprint and build the lead generation potential. Tenders and quotes have been submitted for projects ranging from the smallest system of 5kW-15kWh to a 40MW-160MWh solution. Successful social media, print marketing and conference attendance has built a solid reputation within the energy market.

Leads for battery sales continue to be developed and followed up. Price and perception in the market about future developments in energy storage are key hurdles to overcome. Hundreds of potential sales leads have been pursued and both outgoing lead generation and incoming queries are steady. This indicates the large potential market of VRB systems within the Australian market, after less than one year of lead generation by a small team at VSUN Energy.

Leads include projects from sectors including mining, industrial, agricultural, multi-residential, hotels, educational, commercial and tender responses.

Vanitec

Vanitec is the not-for-profit international organisation representing the interests of all members of the vanadium market worldwide. Membership of the organisation ensures that the company has access to a wide range of information and contacts within the industry. In 2016, Vincent Algar was appointed as Chair of the newly formed Vanitec Energy Storage Committee.

Electrolyte Pilot Plant

At the end of 2016 the vanadium electrolyte pilot plant purchased from C-Tech Innovation was successfully installed at the University of Western Australia. The installation of the pilot plant has enabled the Company to develop vanadium electrolyte production expertise and capability within Australia. The pilot plant is being used to test and verify the production of vanadium electrolyte products that are suitable for use in third party VRB (see Figures 5 & 6). Plans for a larger commercial plant are continuing to be evaluated by the Company as part of a Concept Study. Technology options, plant sizing and location are being assessed to determine the ideal commercial model, capital and operating costs for the commercial plant.



Figure 4 - Initial Vanadium dosing of Acid



Figure 5 - Balanced Vanadium electrolyte

Bryah Resources Limited

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

Under the agreement, the Company retains all mineral rights to vanadium, titanium, chromium, cobalt, uranium, lithium, tantalum, iron ore and manganese within the Gabanintha Project area and retains primary title over the licences.

Bryah Resources Limited is a public company with a focus on gold and copper exploration and is undertaking an Initial Public Offering (IPO) on the ASX. The sale of the Gabanintha Project mineral rights is conditional upon Bryah Resources successfully completing its IPO and listing on the ASX. The transaction represents an opportunity for the Company to realise value for the gold and base metals' potential of its Gabanintha and Peak Hill Projects, whilst it continues to pursue its strategic focus on vanadium.

The Company has taken a significant equity position of between 7% and 9% in Bryah Resources Limited, meaning that the Company will benefit from any Cu/Au exploration success at Gabanintha or on their Bryah Basin tenements which are in an area of significant economic mineral deposits.

PLACEMENTS

On 25 July 2017, the Company completed a placement to sophisticated investors, raising \$750,000 before costs. Under the placement 50 million new shares were issued at a price of \$0.015/share, together with 50 million free attaching listed options exercisable at \$0.02 each on or before 31 December 2018. The Securities were issued under the Company's available placement capacity under ASX Listing Rules 7.1.

On 7 August 2017, the Company completed a placement in two tranches to sophisticated investors, raising \$750,000 before costs. Under Tranche 1 of the placement 50 million new shares were issued at a price of \$0.015/share, together with 25 million free attaching listed options ("Options") exercisable at \$0.02 each on or before 31 December 2018. The Securities were issued under the Company's available placement capacity under ASX Listing Rules 7.1. Under Tranche 2 a further 25,000,000 Options are to be issued subject to shareholder approval.

On 18 September 2017, the Company completed a placement in two tranches to sophisticated investors, raising \$1,005,000 before costs. Under Tranche 1 of the placement 67 million new shares were issued at a price of \$0.015/share. The Securities were issued under the Company's available placement capacity under ASX Listing Rules 7.1A. Under Tranche 2 a further 67,000,000 listed options exercisable at \$0.02 each on or before 31 December 2018 are to be issued subject to shareholder approval.

DIRECTORS

The names of the Directors of the Company in office during or since the end of the financial year and up to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Name	Position	Appointed/Retired
Vincent Algar	Managing Director	
Leslie Ingraham	Executive Director	
Brenton Lewis	Non-Executive Chairman	
Daniel Harris	Non-Executive Director	Appointed 1 February 2017

The qualifications, experience and special responsibilities of each Director are as follows:

VINCENT ALGAR *BSC (Hons) Geology MAusIMM*

Mr Vincent Algar is a geologist by profession with over 25 years' experience in the mining industry spanning underground and open cut mining operations, greenfields exploration, project development and mining services in Western Australia and Southern Africa. He has significant experience in the management of publicly listed companies, which includes the entire compliance, marketing and management process and encompasses the development of internal geological and administrative systems, exploration planning and execution, plus project acquisition and deal completion.

Mr Algar was Managing Director of Shaw River Manganese Limited from 2006 to 2012 and was instrumental in the \$20 million acquisition of a 75.5% stake in the Otjo Manganese Project in Namibia in 2011. Mr Algar has worked on a wide range of commodities, most recently in base metals and uranium.

During the past three years, Mr Algar was also a director of the following ASX listed companies: Nil.

LESLIE INGRAHAM

Mr Ingraham has been in private business for over 25 years and is an experienced mineral prospector and professional investor. He has successfully worked as a consultant for both private companies and companies listed on the ASX. Core competencies include capital raising and shareholder liaison.

During the past three years, Mr Ingraham was also a director of the following ASX listed companies: Nil.

BRENTON LEWIS *BBSM (Hons), MBSM*

Mr Lewis is an academic who has spent the past 20 years in the tertiary education sector. He has held management positions including Head of Department and Head of Post-Graduate Studies. He has published, taught and researched in areas including ethics and psychopathology. He has been a consultant to various health agencies including the Hong Kong Hospital Authority and the WA Health Department. He has served on numerous boards of management including academic and non-government organisations.

During the past three years, Mr Lewis was also a director of the following ASX listed companies: Nil.

DANIEL HARRIS

Mr Harris brings with him a vast amount of expertise in the vanadium industry and an understanding of the resource sector from both a technical and financial perspective.

Recent roles include the interim CEO and Managing Director at Atlas Iron Limited; CEO & Chief Operating Officer at Atlantic Ltd; Vice President & Head of Vanadium Assets at Evraz Group; Managing Director at Vametco Alloys; General Manager of Vanadium Operations at Strategic Minerals Corporation and as an independent technical and executive consultant to GSA Environmental Limited in the United Kingdom.

During the past three years, Mr Harris was a director of the following ASX listed companies:

Atlas Iron Limited - appointed 6 May 2016.

COMPANY SECRETARY

NEVILLE BASSETT

Mr Bassett is a Chartered Accountant with over 30 years of experience. He has been involved with a diverse range of Australian public listed companies in directorial, company secretarial and financial roles.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the Directors and executives in the shares and options of Australian Vanadium Limited were:

	Number of Ordinary Shares	Number of Options over Ordinary Shares
Vincent Algar ¹	5,571,129	692,307
Leslie Ingraham ²	25,478,774	10,000,000
Brenton Lewis ³	8,778,600	2,694,650
Daniel Harris	-	-

¹ Mr Algar also holds 5,000,000 performance rights. Refer to the Remuneration Report for further details.

² Mr Ingraham also holds 5,000,000 performance rights. Refer to the Remuneration Report for further details.

³ Mr Lewis also holds 2,000,000 performance rights. Refer to the Remuneration Report for further details.

MEETINGS OF DIRECTORS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Board of Directors	
	Number eligible to attend	Number attended
Vincent Algar	4	4
Leslie Ingraham	4	4
Brenton Lewis	4	4
Daniel Harris	2	2

INSURANCE OF OFFICERS

The Company has in place an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its Directors and Officers, and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers has not been disclosed. This is permitted under Section 300(9) of the *Corporations Act 2001*.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to various environmental laws and regulations under government legislation. The exploration tenements held by the Group are subject to these regulations and there have not been any known breaches of any environmental regulations during the year under review and up until the date of this report.

CORPORATE INFORMATION

Nature of Operations and Principal Activities

The principal continuing activities during the year of entities within the consolidated entity were exploration for vanadium/titanium and other economic resources, the development of vanadium electrolyte production and the sale of VRB systems.

Corporate Structure

Australian Vanadium Limited is a limited liability company that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year as follows:

Australian Vanadium Limited -	parent entity
VSUN Energy Pty Ltd - (formerly Australian Vanadium Resources Pty Ltd)	100% owned controlled entity
South African Lithium Pty Ltd -	100% owned controlled entity
Australian Uranium Pty Ltd -	100% owned controlled entity
Cabe Resources Limited -	100% owned controlled entity

OPERATING AND FINANCIAL REVIEW

Operating Review

A review of operations for the financial year is contained within this Directors' Report. The consolidated loss after income tax for the financial year was \$2,077,633 (2016: \$1,285,100).

Financial Position

At 30 June 2017, the Group had cash reserves of \$1,524,171 (2016: \$3,196,659). The net assets of the Group have increased by \$1,261,428. The increase is largely due to the following factors:

- the conversion of 115,365,615 unlisted options into new shares at 1.4712 cents per share, raising \$1,697,259;
- ongoing exploration and evaluation of the Gabanintha Vanadium and Blesberg Projects;
- advancement of the vanadium in energy storage strategy;
- incurring overheads and running costs consistent with operating a listed company; and
- remuneration of key management personnel essential to the continued success of the Group.

Dividends

No dividends were paid during the year and no recommendation is made as to dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Company during the financial year are detailed in the Company's review of operations. In the opinion of the Directors, there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this Annual Report.

EVENTS SUBSEQUENT TO REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, other than as outlined in the Company's review of operations which is contained in this Annual Report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its principal activity of exploration and evaluation, and associated activities as outlined in the Company's review of operations. The Company will also continue to pursue other potential investment opportunities to enhance shareholder value.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director and executive of Australian Vanadium Limited. The information provided in the remuneration report includes remuneration disclosures that are audited as required by section 308(3C) of the *Corporations Act 2001*.

For the purposes of this report Key Management Personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

For the purposes of this report the term "executive" includes those key management personnel who are not Directors of the parent company.

Remuneration Committee

The full Board carries out the role and responsibilities of the Remuneration Committee and is responsible for determining and reviewing the compensation arrangements for the Directors themselves, the Managing Director and any Executives.

Executive remuneration is reviewed annually having regard to individual and business performance, relevant comparative remuneration and internal and independent external advice.

Remuneration Policy

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of Directors' fees that can be paid is subject to approval by shareholders in a general meeting, from time to time. Fees for non-executive directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company Directors and officers are remunerated to a level consistent with the size of the Company.

The executive Directors and full time executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to Directors and executives is valued at the cost to the Company and expensed.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

The Company did not pay any performance-based component of remuneration during the year.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive compensation is separate and distinct.

Non-executive Director Compensation

Objective

The Board seeks to set aggregate compensation at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination approved by shareholders was an aggregate compensation of \$500,000 per year.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Non-Executive Directors' remuneration may include an incentive portion consisting of options, as considered appropriate by the Board, which may be subject to Shareholder approval in accordance with ASX Listing Rules.

Separate from their duties as Directors, the Non-Executive Directors may undertake work for the Company directly related to the evaluation and implementation of various business opportunities, including mineral exploration/evaluation and new business ventures, for which they receive a daily rate. These payments are made pursuant to individual agreement with the non-executive Directors and are not taken into account when determining their aggregate remuneration levels.

Executive Compensation

Objective

The entity aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the entity so as to:

- reward executives for company and individual performance against targets set by appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link rewards with the strategic goals and performance of the company; and
- ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience. Due to the limited size of the Company and of its operations and financial affairs, the use of a separate remuneration committee is not considered appropriate. Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles.

Remuneration consists of a fixed remuneration and a long term incentive portion as considered appropriate. Compensation may consist of the following key elements:

- Fixed Compensation;
- Variable Compensation;
- Short Term Incentive (STI); and
- Long Term Incentive (LTI).

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Board having regard to the Company and individual performance, relevant comparable remuneration in the mining exploration sector and external advice.

The fixed remuneration is a base salary or monthly consulting fee.

Variable Pay - Long Term Incentives

The objective of long term incentives is to reward Directors/executives in a manner which aligns this element of remuneration with the creation of shareholder wealth. The incentive portion is payable based upon attainment of objectives related to the director's/executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

Long term incentives (LTIs) granted to Directors and executives are delivered in the form of options or performance rights. LTI grants to executives are delivered in the form of employee share options or performance rights. Options are issued at an exercise price determined by the Board at the time of issue. The employee share options generally vest over a selected period.

The objective of the granting of options or rights is to reward executives in a manner which aligns the element of remuneration with the creation of shareholder wealth. As such LTI's are made to executives who are able to influence the generation of shareholder wealth and thus have an impact on the Company's performance.

The level of LTI granted is, in turn, dependent on the Company's recent share price performance, the seniority of the executive, and the responsibilities the executive assumes in the Company.

Typically, the grant of LTIs occurs at the commencement of employment or in the event that the individual receives a promotion and, as such, is not subsequently affected by the individual's performance over time.

Employment contracts of directors and senior executives

The employment arrangements of the non-executive chairman and executive directors are not formalised in a contract of employment.

Remuneration and other terms of employment for the Chief Executive Officer / Managing Director are formalised in an employment contract. Major provisions are set out below.

Vincent Alqar, Managing Director:

- Annual base salary of \$225,000 plus superannuation
- Notice period required to be given by the Company or employee for termination of one month, except in the case of gross misconduct
- Payment of termination benefit on termination by either party equal to the amount in lieu of the notice period
- 10,000,000 performance rights (granted on 29 May 2015) that will each convert into one ordinary share upon the satisfaction of the following milestones:

In respect to 5,000,000 performance rights (subsequently converted to ordinary shares on 19 August 2016):

- (i) upon the Company releasing a Mineral Resource Statement containing a 2012 JORC Code Compliant Resource; and
- (ii) the Company's shares trading at a volume weighted average market price of greater than 1.9 cents per share calculated over 20 consecutive trading days on which the Company's shares have actually traded; and

In respect to 5,000,000 performance rights:

- (i) upon the Company releasing a Mineral Resource Statement containing a 2012 JORC Code Compliant Resource that includes Resources in the Measured Category; and
- (ii) the Company's shares trading at a volume weighted average market price of greater than 3.0 cents per share calculated over 20 consecutive trading days on which the Company's shares have actually traded.

The performance rights expire on 2 February 2020 and contain standard terms and conditions relevant to lapse of entitlement or right to conversion on cessation of employment.

Compensation options granted to Key Management Personnel

No options were granted to Directors or executives during the year ended 30 June 2017.

Shares issued to Key Management Personnel on exercise of compensation options

No shares were issued to Directors or executives on exercise of compensation options during the year.

Compensation options lapsed during the year

No options previously issued to Key Management Personnel lapsed during the year.

Details of remuneration for year

Details of the remuneration of Directors and specified executives of Australian Vanadium Limited are set out in the following table. There are no other employees who are required to have their remuneration disclosed in accordance with the *Corporations Act 2001*.

	Year	Short Term	Post	Share Based	Total	Performance Based Remuneration
		Benefits	Employment	Payments		
		Salary & Fees	Super-annuation	Options & Rights	\$	%
Directors		\$	\$	\$	\$	%
Vincent Algar ¹	2017	225,000	21,375	95,000	341,375	28%
(appointed 29 April 2016)	2016	37,500	3,563	-	41,063	-
	-					
Leslie Ingraham ²	2017	183,960	-	95,000	278,960	34%
	2016	182,630	-	-	182,630	-
Brenton Lewis ³	2017	52,000	4,940	38,000	94,940	40%
	2016	39,108	3,715	-	42,823	-
Daniel Harris	2017	12,424	-	-	12,424	-
(Appointed 1 February 2017)	2016	-	-	-	-	-
Brian Davis	2017	-	-	-	-	-
(resigned 29 April 2016)	2016	43,330	-	-	43,330	-
Total Directors	2017	473,384	26,315	228,000	727,699	31%
	2016	302,568	7,278	-	309,846	-
Executives						
Vincent Algar ¹	2017	-	-	-	-	-
(Remun as Chief Exec Officer to 29 April 2016)	2016	187,038	17,768	-	204,806	-
Total	2017	473,384	26,315	228,000	727,699	31%
Key Management Personnel	2016	489,606	25,046	-	514,652	-

¹ Mr Algar was granted 10,000,000 performance rights on 29 May 2015, which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Algar converted 5,000,000 performance rights into ordinary shares following the satisfaction of operating milestones. Refer to his employment contract details in this Remuneration Report for further information.

² Mr Ingraham was granted 10,000,000 performance rights on 20 November 2015, which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Ingraham converted 5,000,000 performance rights into ordinary shares following the satisfaction of operating milestones.

³ Mr Lewis was granted 4,000,000 performance rights on 20 November 2015, which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Lewis converted 2,000,000 performance rights into ordinary shares following the satisfaction of operating milestones.

No other performance-related payments were made during the year. Performance hurdles are not attached to remuneration options if issued, however the Board determines appropriate vesting periods to provide rewards over a period of time to Key Management Personnel.

Share holdings of Key Management Personnel

	Balance 1 July 2016	Received as Remun- eration	Options Exercised	Acquired/ (Disposed)	Net Change/ Other	Balance 30 June 2017
Directors						
Vincent Algar ¹	571,129	-	-	-	5,000,000	5,571,129
Leslie Ingraham ²	20,478,774	-	-	-	5,000,000	25,478,774
Brenton Lewis ³	5,778,600	-	-	1,000,000	2,000,000	8,778,600
Daniel Harris	-	-	-	-	-	-

¹ Mr Algar holds 5,000,000 performance rights (2016: 10,000,000) which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Algar converted 5,000,000 performance rights into ordinary shares following the satisfaction of operating milestones. Refer to his employment contract details in this Remuneration Report for further information.

² Mr Ingraham holds 5,000,000 performance rights (2016: 10,000,000) which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Ingraham converted 5,000,000 performance rights into ordinary shares following the satisfaction of operating milestones.

³ ⁵Mr Lewis holds 2,000,000 performance rights (2016: 4,000,000) which may convert into ordinary shares upon the satisfaction of operating milestones. On 19 August 2016, Mr Lewis converted 2,000,000 performance rights into ordinary shares following the satisfaction of operating milestones.

Option holdings of Key Management Personnel

	Balance 1 July 2016	Granted as Remun- eration	Options Exercised	Options Expired / Cancelled	Net Change/ Other	Balance 30 June 2017	Number vested and exercisable
Directors							
Vincent Algar	692,307	-	-	-	692,307	692,307	692,307
Leslie Ingraham	10,000,000	-	-	-	-	10,000,000	10,000,000
Brenton Lewis	1,250,000	-	-	-	1,444,650	2,694,650	2,694,650
Daniel Harris	-	-	-	-	-	-	-

All equity transactions with Key Management Personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Loans and other transactions with Key Management Personnel

There were no loans to or from, or other transactions with, key management personnel.

SHARE OPTIONS

At the date of this report options were outstanding for the following unissued ordinary shares:

- 141,960,353 unlisted options expiring 31 December 2017 at an exercise price of 1.4712 cents each
- 310,884,557 listed options expiring 31 December 2018 at an exercise price of 2.0 cents each

No person entitled to exercise these options had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

AUDITOR

Armada Audit & Assurance Pty Ltd continues in office in accordance with Section 327 of the *Corporations Act 2001*.

NON-AUDIT SERVICES

No non-audit services were provided by our auditors, Armada Audit & Assurance Pty Ltd during the year.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2017, as required under section 307C of the *Corporations Act 2001*, has been received and is included within the financial report.

Signed in accordance with a resolution of Directors.

A handwritten signature in black ink, appearing to read 'Brenton Lewis', with a stylized flourish at the end.

Brenton Lewis
Chairman
29 September 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2017

		Consolidated	
	Note	2017 \$	2016 \$
Revenue	2(a)	183,108	290,005
Exploration and evaluation expenditure		(42,191)	(45,828)
Impairment of exploration and evaluation		-	(10,514)
Depreciation		(40,337)	(3,371)
Directors' fees and benefits expenses		(727,699)	(309,846)
Other expenses	2(b)	(1,450,424)	(1,205,546)
Loss before income tax expense		(2,077,633)	(1,285,100)
Income tax expense	3	-	-
Net loss for year		(2,077,633)	(1,285,100)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to members of Australian Vanadium Limited			
		(2,077,633)	(1,285,100)
		Cents	Cents
Basic / diluted earnings per share	5	(0.18)	(0.16)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2017

	Note	Consolidated	
		2017	2016
		\$	\$
ASSETS			
Current Assets			
Cash and cash equivalent	6	1,524,171	3,196,659
Trade and other receivables	7	80,612	180,151
Total Current Assets		1,604,783	3,376,810
Non-Current Assets			
Plant and equipment	8	304,271	11,749
Exploration and evaluation expenditure	9	15,422,575	14,498,230
Investments	10	1,809,171	-
Total Non-Current Assets		17,536,017	14,509,979
TOTAL ASSETS		19,140,800	17,886,789
LIABILITIES			
Current Liabilities			
Trade and other payables	11	187,139	214,099
Provisions	12	31,182	11,638
Total Current Liabilities		218,320	225,737
TOTAL LIABILITIES		218,320	225,737
NET ASSETS		18,922,480	17,661,052
EQUITY			
Issued capital	13	67,960,815	64,621,753
Reserves		-	-
Accumulated Losses		(49,038,335)	(46,960,701)
TOTAL EQUITY		18,922,480	17,661,052

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the year ended 30 June 2017

	Issued Capital \$	Consolidated Accumulated Losses \$	Other Reserves \$	Total \$
Balance as at 1 July 2015	61,706,476	(68,219,908)	22,544,306	16,030,874
Loss for the year	-	(1,285,100)	-	(1,285,100)
Total comprehensive loss for the year	-	(1,285,100)	-	(1,285,100)
Shares issued as consideration	10,000	-	-	10,000
Shares issued on conversion of options	52,826	-	-	52,826
Securities issued pursuant to a Rights Issue	3,066,500	-	-	3,066,500
Capital raising costs	(214,049)	-	-	(214,049)
Reclassification of Reserve	-	22,544,306	(22,544,306)	-
Balance as at 30 June 2016	64,621,753	(46,960,702)	-	17,661,051
Loss for the year	-	(2,077,633)	-	(2,077,633)
Total comprehensive loss for the year	-	(2,077,633)	-	(2,077,633)
Shares issued as consideration	1,388,000	-	-	1,388,000
Shares issued on conversion of options	1,697,259	-	-	1,697,259
Securities issued on conversion of Performance Rights	285,000	-	-	285,000
Capital raising costs	(31,197)	-	-	(31,197)
Balance as at 30 June 2017	67,960,815	(49,038,335)	-	18,922,480

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the year ended 30 June 2017

	Note	Consolidated 2017 \$	2016 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,984,454)	(1,418,986)
Interest received		58,487	22,521
Net receipts from other entities		264	411,160
Expenditure on mining interests		(42,843)	(48,628)
Net cash provided by / (used) in operating activities	6(a)	(1,968,546)	(1,033,933)
Cash flows from investing activities			
Expenditure on mining interests		(764,270)	(396,158)
Payment for Investments		(361,171)	-
Payment for property plant & equipment		(226,297)	(109,867)
Net cash used in investing activities		(1,351,738)	(506,025)
Cash flows from financing activities			
Proceeds from issue of shares		1,697,259	3,119,327
Payment of capital raising costs		(49,463)	(195,784)
Net cash provided by financing activities		1,647,796	2,923,543
Net increase in cash held		(1,672,488)	1,383,585
Cash at beginning of the financial year		3,196,659	1,813,074
Cash at end of financial year		1,524,171	3,196,659

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of Australian Vanadium Limited (the “Company”) and Controlled Entities (the “Consolidated Entity” or “Group”) for the year ended 30 June 2017.

Australian Vanadium Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The Company is domiciled in Western Australia. The nature of operations and principal activities of the Group are described in the Directors' Report.

1(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The Group's financial statements are presented in Australian dollars.

1(b) Adoption of new and revised standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Group's accounting policies.

The Group has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2017. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

1(c) Statement of Compliance

The financial report was authorised for issue on 29 September 2017.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS).

1(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Australian Vanadium Limited (“Company” or “Parent Entity”) and its subsidiaries as at 30 June each year (“Consolidated” or “Group”). Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries are accounted for at cost in the individual financial statements of Australian Vanadium Limited.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

1(e) Revenue and other income

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

1(f) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as described above, net of outstanding bank overdrafts.

1(g) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

1(h) Income Tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

1(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

1(j) Financial assets

Financial assets within the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss are directly attributable as transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the statement of profit or loss and other comprehensive income.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

1(k) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- (i) the rights to tenure of the area of interest are current; and
- (ii) at least one of the following conditions is also met:
 - (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - (b) exploration and evaluation activities in the area have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence, or otherwise, of economically recoverable reserves and active and significant operations in, or relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

1(l) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

1(n) Share-based payment transactions

The Group may provide benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

When provided, the cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Australian Vanadium Limited (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired, and

(ii) the Group's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The amount charged or credited to the statement of profit or loss and other comprehensive income for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

1(o) Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1(p) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company. The Group operates in two segments, being mineral exploration within Australia and the sale of VRB systems.

1(q) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

1(r) Investments in associates

An associate is an entity over which the consolidated entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investments in associates are accounted for in the parent entity using the cost method and in the consolidated entity using the equity method of accounting. Under the equity method, the investment in an associate is initially recorded at cost. The carrying amount of the investment is adjusted to recognise changes in the consolidated entity's share of net assets of the associate since the acquisition date. The consolidated entity's share of post-acquisition profits or losses is recognised in the statement of profit or loss and its share of post-acquisition movements in other comprehensive income is presented as part of the consolidated entity's other comprehensive income.

Unrealised gains or transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

1(s) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	-	5 to 10 years
Motor vehicles	-	8 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

1(t) Significant Accounting Estimates and Judgments

Significant accounting judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

Exploration and evaluation assets

The Group's accounting policy for exploration and evaluation expenditure is set out at Note 1(l). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the statement profit or loss and other comprehensive income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

(i) Impairment of assets

In determining the recoverable amounts of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates and the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(ii) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined from market value.

	Consolidated	
	2017	2016
	\$	\$
2. REVENUE AND EXPENSES		
2(a) Revenue		
Interest received	55,205	27,855
Gain/(loss) on Asset Sale	127,122	-
Lease Income	690	-
R & D concession	-	262,150
	183,018	290,005
2(b) Other Expenses		
Salaries and wages	283,036	295,840
Superannuation	19,617	28,393
Stock Exchange and registry fees	78,379	63,783
Rent and office facility expenses	103,137	79,818
Legal fees	33,964	26,285
Auditor's fees	15,500	13,500
Travel and accommodation	138,292	79,369
Other corporate and administration expenses	778,499	618,558
	1,450,424	1,205,546

3. INCOME TAX

3(a) Income tax expense

The income tax expense for the year differs from the prima facie tax as follows:

Loss for the year	(2,077,633)	(1,285,100)
Prima facie income tax (benefit) @ 30% (2016: 30%)	(623,290)	(385,530)
Tax effect of non-deductible items	56,228	12,372
Deferred tax assets not brought to account	567,062	373,158
Total income tax expense	-	-

3(b) Deferred tax assets

Deferred tax assets not brought to account arising from tax losses, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(h) occur:

2,415,670	1,848,608
-----------	-----------

4. AUDITORS' REMUNERATION

Amounts, paid or due and payable to Armada Audit & Assurance Pty Ltd for:

- audit or review services	15,500	13,500
	15,500	13,500

	Consolidated	
	2017	2016
	\$	\$
5. EARNINGS PER SHARE		
	Cents	Cents
Basic earnings per share	(0.18)	(0.16)

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

Net loss for the year	(2,077,633)	(1,285,100)
	No.	No.
Weighted average number of ordinary shares used in the calculation of basic EPS	1,140,007,472	807,803,189

6. CASH AND CASH EQUIVALENTS

Cash at bank	156,120	1,196,659
Short term deposits	1,368,051	2,000,000
	1,524,171	3,196,659

Cash at bank earns interest at floating rates based on daily deposit rates.

Cash and cash equivalents for the purpose of the statement of cash flows are comprised of cash at bank and short term deposits.

6(a) Reconciliation of loss for the year to net cash flows from operating activities:

Loss for the year	(2,077,633)	(1,285,100)
Non-cash flows in profit/loss		
Depreciation	40,337	3,371
Impairment of exploration and evaluation	-	10,514
Gain/(Loss on Sale of Asset)	(127,122)	-
Share based payments	285,000	10,000
Changes in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(10,328)	138,615
Increase/(decrease) in trade and other payables	(98,342)	77,029
Increase/(decrease) in provisions	19,544	11,638
Net cash flows from operating activities	(1,968,546)	(1,033,933)

6(b) Non-cash financing and investing activities

In the year the following non-cash financing and investing activities occurred:

- (i) In November 2016, an option to acquire 100% of South African Lithium Pty Ltd was announced. Non-cash payments consisted of:
 - a. Option Fee of 7,000,000 shares – issued 15 November 2016, and
 - b. Consideration upon exercise of 70,000,000 shares, 40,000,000 Class A Performance Rights and 40,000,000 Class B Performance Rights – issued 20 December 2016.
- (ii) In March 2017, the Company acquired two exploration licences for a consideration of \$100,000, payable in shares. 6,250,000 shares were issued as consideration on 16 March 2017.

	Consolidated	
	2017	2016
	\$	\$
7. TRADE AND OTHER RECEIVABLES		
Current		
GST receivable	36,921	43,802
Other receivables	43,691	136,349
Partly Paid Share Receivable	-	-
	80,612	180,151

Other receivables are non-interest bearing and generally repayable within 12 months. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

8. PLANT & EQUIPMENT

Plant and Equipment

At cost	338,857	17,999
Accumulated depreciation	(48,495)	(11,185)
	290,362	6,814

Motor Vehicles

At cost	27,000	15,000
Accumulated depreciation	(13,091)	(10,065)
	13,909	4,935

Total

At cost	365,857	32,999
Accumulated depreciation	(61,586)	(21,250)
	304,271	11,749

8(a) Movements in carrying amounts

Movements in the carrying amounts for each class of plant and equipment during the financial year:

	Plant & Equipment	Motor Vehicles	Total
Balance at 1 July 2015	8,752	6,368	15,120
Additions	-	-	-
Depreciation expense	(1,938)	(1,433)	(3,371)
Balance at 30 June 2016	6,814	4,935	11,749
Additions	320,858	12,000	332,858
Depreciation expense	(37,310)	(3,026)	(40,336)
Balance at 30 June 2017	290,362	13,909	304,271

	Consolidated	
	2017	2016
	\$	\$
9. DEFERRED EXPLORATION EXPENDITURE		
Expenditure brought forward	14,498,230	14,170,808
Less expenditure recouped on sale of asset	(32,878)	-
Expenditure incurred during the year	957,223	337,936
Impairment during the year	-	(10,514)
Expenditure carried forward	15,422,575	14,498,230

The expenditure above relates principally to the exploration and evaluation phase. The ultimate recoupment of this expenditure is dependent upon the successful development and commercial exploration, or alternatively, sale of the respective areas of interest, at amounts at least equal to the carrying value.

10. INVESTMENTS IN ASSOCIATES

Investments in associates at cost	4,359,171	2,550,000
Allowance for impairment	(2,550,000)	(2,550,000)
Investment in associate at fair value	1,809,171	-

Interest is held in the following associated companies:

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest		Carrying amount of investment	
				2017 %	2016 %	2017 \$	2016 \$
Unlisted:							
Apogei Pty Ltd	Exploration	Australia	Ordinary	20	20	-	-
South African Lithium Pty Ltd	Exploration	South Africa	Ordinary	100	-	1,288,000	-
Southern African Lithium and Tantalum Pty Ltd	Exploration	South Africa	Ordinary	5	-	361,171	-
Bryah Resources Limited	Exploration	Australia	Ordinary	7.14	-	160,000	-

10(a) Equity accounted losses of associate are as follows:

Share of associates' loss before income tax	-	-
Share of associates' income tax	-	-
Share of associates' loss after income tax	-	-

11. TRADE AND OTHER PAYABLES

Current

Trade payables and accruals	187,139	214,099
	187,139	214,099

Trade creditors are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature of trade payables and accruals, their carrying value is assumed to approximate their fair value.

Consolidated
2017 2016
\$ \$

12. PROVISIONS

Current

Employee entitlements	31,182	11,638
	31,182	11,638

13. ISSUED CAPITAL AND RESERVES

13(a) Issued and paid up capital

Ordinary shares - fully paid	68,678,931	65,308,672
Ordinary shares - partly paid	8,000	8,000
Share issue costs written off against issued capital	(726,116)	(694,919)
	67,960,815	64,621,753

	2017 Number	2017 \$	2016 Number	2016 \$
13(b) Movement in ordinary shares on issue				
(i) Ordinary shares - fully paid				
Balance at beginning of year	1,002,118,601	65,308,672	761,283,723	62,179,345
Issue of ordinary shares on conversion of options	115,365,615	1,697,259	3,521,750	52,826
Issue of ordinary shares via Entitlement Issue 3,066,500	-	-	235,884,557	
Issue of ordinary shares in lieu of cash consideration	83,250,000	1,388,000	1,428,571	10,000
Issue of ordinary shares on conversion of performance rights	15,000,000	285,000	-	-
Balance at end of year	1,215,734,216	68,678,931	1,002,118,601	65,308,672
(ii) Ordinary shares - partly paid (\$0.0389 unpaid)				
Balance at beginning of year	80,000,000	8,000	80,000,000	8,000
Issue of partly paid ordinary shares	-	-	-	-
Call on partly paid shares cancelled	-	-	-	-
Balance at end of year	80,000,000	8,000	80,000,000	8,000
Total issued shares	1,295,734,216	68,686,931	1,082,118,601	65,316,672

Consolidated	
2017	2016
\$	\$

13(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Fully paid ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company. Options and partly paid ordinary shares do not entitle their holder to any voting rights.

13(d) Share Options

At 30 June 2017, the following options over unissued ordinary shares were outstanding:

- 141,960,353 unlisted options expiring 31 December 2017 at an exercise price of 1.4712 cents each
- 235,884,557 listed options expiring 31 December 2018 at an exercise price of 2.0 cents each

13(e) Performance Rights

At 30 June 2017, the following performance rights were outstanding:

- 15,000,000 performance rights which will each convert into one ordinary share on achievement of certain operating and share price milestones, expiring 2 February 2020,
- 40,000,000 Class A performance rights expiring 19 June 2018, and
- 40,000,000 Class B performance rights expiring 19 December 2019.

13(f) Share-based payment reserve

The share-based payments reserve is used to recognise the fair value of options issued.

14. COMMITMENTS

14 (a) Exploration Commitments

The Group has certain obligations to perform minimum exploration work and to expend minimum amounts of money on such work on mining tenements. These obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Group. These commitments have not been provided for in the accounts. The minimum expenditure commitment on the tenements is:

Payable

- no later than 1 year	254,380	244,280
- between 1 year and 5 years	415,400	503,880
	669,780	748,160

14(b) Operating Lease Commitments

Minimum lease payments payable for non-cancellable operating leases contracted for but not recognised in the financial statements:

Payable

- no later than 1 year	117,238	39,945
- between 1 year and 5 years	151,217	-
	268,455	39,945

The non-cancellable leases are for office premises and a storage unit. The office premises rental commenced on 1 March 2017 and ends on 28 February 2020, with rent payable monthly in advance. The storage unit rental commenced on 1 October 2016 and ends on 30 September 2018, with rent payable monthly in advance.

15. CONTINGENT LIABILITIES

It is possible that native title, as defined in the *Native Title Act 1993*, might exist over land in which the Group has an interest. It is impossible at this stage to quantify the impact (if any) that the existence of native title may have on the operations of the Group. However, at the date of this report, the Directors are aware that applications for native title claims have been accepted by the Native Title Tribunal over Group tenements.

16. SEGMENT INFORMATION

AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group has identified two operating segments for 2017 being:

1. Exploration – consisting of the Gabanintha Vanadium Project and other exploration projects, and
2. Energy storage – VSUN Energy Pty Limited's vanadium redox flow battery marketing and sales activities.

Segment revenues, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and primarily consist of plant and equipment and project tenements. Segment Liabilities consist primarily of trade and other creditors and employee benefits.

The following tables present revenue, expenditure and asset information regarding operating segments for the year ended 30 June 2017.

	Exploration \$	Energy Storage \$	Unallocated \$	Consolidated \$
Sales to External Customers	-	690	-	690
Other Revenue	127,122	-	55,205	182,327
Total Segment Revenue	127,122	690	55,205	183,018
Total Segment Results	(227,708)	(305,707)	(1,544,218)	(2,077,633)
Total Segment Assets	17,231,746	179,480	1,729,574	19,140,800
Total Segment Liabilities	25,462	832	192,026	218,320
Impairment of Assets	-	-	-	-
Depreciation and Amortisation	-	(19,705)	(20,632)	(40,337)
Interest Income	-	-	55,205	55,205

17. RELATED PARTY TRANSACTIONS

17(a) Subsidiaries

The consolidated financial statements include the financial statements of Australian Vanadium Limited and the subsidiaries listed in the following table.

	Country of Incorporation	Equity Holding		Principal Activities
		2017 %	2016 %	
Australian Uranium Pty Ltd	Australia	100	100	Mineral exploration
Cabe Resources Ltd	Australia	100	100	Mineral exploration
VSUN Energy Pty Ltd ¹	Australia	100	100	Energy storage
South African Lithium Pty Ltd	South Africa	100	-	Mineral exploration

¹ Formerly Australian Vanadium Resources Pty Ltd.

17(b) Director-related entities

The Group engaged the following entities during the financial year for the following services on normal commercial terms:

Nil

18. PARENT ENTITY DISCLOSURES

18(a) Summary financial information

	Parent	
	2017	2016
	\$	\$
Assets		
Current assets	1,567,018	3,376,810
Non-current assets	16,775,789	14,509,979
Total assets	18,342,808	17,886,789
Liabilities		
Current liabilities	183,055	225,737
Total liabilities	183,055	225,737
Equity		
Issued capital	67,960,815	64,621,753
Reserves	-	-
Accumulated losses	(46,960,701)	(46,960,701)
Total equity	21,000,114	17,661,052
Financial performance		
Loss for the year	(1,900,500)	(1,285,100)
Other comprehensive income	-	-
Total comprehensive loss	(1,900,500)	(1,285,100)

18(b) Guarantees

Australian Vanadium Limited has not entered into any guarantees.

18(c) Other Commitments and Contingencies

Australian Vanadium Limited (parent entity) has exploration commitments and operating lease commitments as described in Note 14(a). It has no contingent liabilities other than those discussed in note 15.

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

19(a) Compensation of Key Management Personnel

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel.

	Consolidated	
	2017	2016
	\$	\$
Director and Executive Disclosures		
Compensation of key management personnel		
Short-term personnel benefits	473,384	489,606
Post-employment benefits	26,315	25,046
Share Based Payments	228,000	-
	727,699	514,652

19(b) Loans and Other Transactions with Key Management Personnel

There were no loans to key management personnel or their related entities during the financial year. Other transactions with key management personnel are described in Note 17(b).

20. SHARE-BASED PAYMENTS

20(a) Share-based payments expensed

A total of \$285,000 was expensed as share-based payments for the period ended 30 June 2017 (30 June 2016: nil).

20(b) Summary of options granted as share-based payments

No options were issued as share-based payments during the year ended 30 June 2017 or 30 June 2016.

20(c) Performance Rights

No Performance Rights were granted to Directors during the year ended 30 June 2017 (30 June 2016: 20,000,000).

Refer to the Remuneration Report for the terms and conditions of previously issued rights.

21. FINANCIAL RISK MANAGEMENT

The consolidated entity's principal financial instruments comprise receivables, payables, cash and short-term deposits. The consolidated entity manages its exposure to key financial risks in accordance with the consolidated entity's financial risk management policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets while protecting future financial security.

The main risks arising from the consolidated entity's financial instruments are interest rate risk, credit risk and liquidity risk. The consolidated entity does not speculate in the trading of derivative instruments. The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates and assessments of market forecasts for interest rates. Ageing analysis of and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 1 to the financial statements.

21(a) Interest rate risk

The consolidated entity's exposure to risks of changes in market interest rates relates primarily to the consolidated entity's cash balances. The consolidated entity constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the consolidated entity has no interest-bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

Consolidated
2017 2016
\$ \$

At the reporting date, the consolidated entity had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

Financial Assets

Cash and cash equivalents (interest-bearing accounts)	1,524,171	3,196,659
	1,524,171	3,196,659

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At the reporting date, if interest rates had moved as illustrated in the table below, with all other variables held constant, post-tax profit and equity relating to financial assets of the consolidated entity would have been affected as follows:

Estimates of reasonably possible movements:

Post tax profit - higher / (lower)		
+0.5%	21,959	9,356
-0.5%	(21,959)	(9,356)
Equity - higher / (lower)		
+0.5%	21,959	9,356
-0.5%	(21,959)	(9,356)

21(b) Liquidity Risk

The consolidated entity has no significant exposure to liquidity risk as there is effectively no debt. The consolidated entity manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

21(c) Credit risk

Credit risk arises from the financial assets of the consolidated entity, which comprise deposits with banks and trade and other receivables. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of these instruments. The carrying amounts of financial assets included in the statement of financial position represents the consolidated entity's maximum exposure to credit risk in relation to those assets.

The consolidated entity does not hold any credit derivatives to offset its credit exposure. The consolidated entity trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the consolidated entity's policy to securitise its trade and other receivables.

Receivable balances are monitored on an ongoing basis with the result that the consolidated entity does not have a significant exposure to bad debts.

There are no significant concentrations of credit risk within the consolidated entity.

21(d) Capital Management Risk

Management controls the capital of the consolidated entity in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and debt levels and share and option issues.

The consolidated entity has no external loan debt facilities other than trade payables. There have been no changes in the strategy adopted by management to control capital of the consolidated entity since the prior year.

21(e) Commodity Price and Foreign Currency Risk

The consolidated entity's exposure to price and currency risk is minimal given the consolidated entity is still in the exploration phase.

21(f) Fair Value

The methods of estimating fair value are outlined in the relevant notes to the financial statements. All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

22. EVENTS SUBSEQUENT TO THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in subsequent financial years, other than as outlined in the Company's review of operations which is contained in this Annual Report.

Directors' Declaration

The Directors of the Company declare that:

1. the financial statements and notes set out on pages 26 to 44 are in accordance with *the Corporations Act 2001* including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - b. giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of the performance for the year ended on that date, and;
2. in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Managing Director and chief financial officer pursuant to Section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'Brenton Lewis', with a stylized flourish at the end.

Brenton Lewis
Chairman

29 September 2017



T (08) 6165 4090 F (08) 6165 4067
A 3 Alvan Street Mt Lawley WA 6050
P PO Box 42 Mt Lawley WA 6929
E mtlawley@armada.com.au

strength in numbers

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF**

AUSTRALIAN VANADIUM LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii) No contraventions of any applicable code of professional conduct in relation to the audit.

This Declaration is in respect of Australian Vanadium Limited and the entities it controlled during the financial Period.

ARMADA AUDIT & ASSURANCE PTY LTD

GRAEME WOVDICH, C.P.A.

A handwritten signature in black ink, appearing to read "G Wovodich", written over a horizontal line.

Registered Company Auditor No. 13421

Dated this 29th day of September 2017

TAX & ACCOUNTING | AUDITING | BOOKKEEPING | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Abbott Audit Services Pty Ltd – ABN 39 151 015 002. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.



T (08) 6165 4090 F (08) 6165 4067
A 3 Alvan Street Mt Lawley WA 6050
P PO Box 42 Mt Lawley WA 6929
E mtlawley@armada.com.au

strength in numbers

**Independent Auditor's Report
To the Members of Australian Vanadium Limited**

Report on the audit of the financial report

Opinion

We have audited the financial report of Australian Vanadium Limited ("the company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2017, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of client name is in Accordance with the Corporation Act 2001, including

- gives a true and fair view of the Entity's financial position as at 30 June 2017, and its financial performance and
- Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Entity in accordance with the auditor independence requirements in accordance with independence requirements of the Corporations Act 2001 and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has given to directors of the company, would be in the same terms if given as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As described Directors' report (Review of operations) the consolidated entity continues to hold the tenement to which the capitalised exploration and evaluation costs relates. The ability of the consolidated entity to continue carrying these capitalised costs or to realise these costs through future development or sale is largely dependent on the successful outcome of the proceedings referred to in the Note 9 and the directors' report. As the ultimate outcome of this matter cannot presently be determined, any impairment to the capitalised costs and the provision for any liability may have a significant consequential effect on the net assets of the consolidated entity as at 30 June 2017 and the results of the consolidated entity for the financial year then ended.

TAX & ACCOUNTING | AUDITING | BOOKKEEPING | BUSINESS CONSULTING | FINANCIAL PLANNING | LENDING

ARMADA.COM.AU

Abbott Audit Services Pty Ltd - ABN 39 151 015 002. A member of the Armada Group. Whilst the Armada Group logo is utilised by all members of the Armada Group, each member of the Armada Group is a separate legal entity in its own right and is not in partnership with any other members of the Armada Group. Liability limited by a scheme approved under Professional Standards Legislation.

Key Audit Matters

Key audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and informing our opinion thereon, and we do not provide a separated opinion on these matters.

Key Audit Matter

Exploration and Evaluation Assets

At 30 June 2017, the carrying value of exploration and Evaluation Asset was \$15,422,575.

As all of tenements held by Australian Vanadium limited are in the exploration stage, exploration expenditure is capitalised in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources.

The resulting exploration and evaluation assets are required to be assessed for impairment when facts and circumstances suggest that the carrying amount may exceed their recoverable amounts. Any impairment losses are then measured in accordance with AASB 136 Impairment of Assets. This area is a key audit matter as significant judgement is required in determining whether the facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount, and then consequently in measuring any impairment loss.

How our audit addressed the key audit matter

Our Procedures, amongst others, included:

- Obtaining the management prepared reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger.
- Selecting a sample of capitalised exploration and evaluation expenditure and obtaining documentation to support the amount capitalised in line with AASB 6.
- Critically reviewing management's assessment of impairment indicators for the Group's capitalised exploration assets under AASB 6 by:
 1. Assessing the period for the right to explore the areas of interest have not expired or will not expire in the near future without an expectation of renewal;
 2. Reviewing forecasts to ensure that they indicate further planned exploration expenditure in the area of interest;
 3. Understanding whether any data exists that indicates the carrying value of these exploration and evaluation assets are unlikely to be recovered from successful development or by sale; and
 4. Considering any other available evidence of impairment
- Assessing management's consequent determination of impairment loss (if any); and
- Reviewing related financial statement disclosures

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with the Australian Accounting Standards and the *Corporation Act 2001* and for such internal control as the directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.aasb.gov.au/auditors_responsibilities/ar1.pdf. This description forms part of auditor's report.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017

In my opinion, the Remuneration Report of Australian Vanadium Limited for the year ended 30 June 2017 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards

ARMADA AUDIT & ASSURANCE PTY LTD



GRAEME WOVODICH
Director

29 September 2017

Annual Mineral Resource Statement

1. GABANINTHA PROJECT - MINERAL RESOURCE STATEMENT

A summary of the Mineral Resources at the Gabanintha Project as at 30 June 2017 is shown in Table 1 below.

The updated Mineral Resource estimation was carried out Trepanier Pty Ltd, resulting in the estimation of Measured, Indicated, and Inferred Mineral Resources. All mineralised domains, are reported above 0.4% V₂O₅ for the low grade ore zones and above 0.7% V₂O₅ within the high grade zones.

The Mineral Resource estimate consists of:

- 179.6 million tonnes at 0.75% V₂O₅ containing 1.35 million tonnes of V₂O₅;
- discrete high-grade zones of 92.8 million tonnes at 0.96% V₂O₅ containing 890,000 tonnes of V₂O₅;
- discrete low-grade zones of 82.4 million tonnes at 0.51% V₂O₅ containing 420,000 tonnes of V₂O₅, and
- combined Measured and Indicated Mineral Resources of 35.5 Million tonnes at 0.74% V₂O₅ in low and high-grade zones containing 260,000t V₂O₅.

TABLE 1 GABANINTHA PROJECT MINERAL RESOURCES STATEMENT AS AT 30 JUNE 2017							
JORC Resource Class	Tonnes Million	V₂O₅ %	Fe %	TiO₂ %	SiO₂ %	Al₂O₃ %	LOI %
High Grade Zone							
Measured	10.2	1.06	41.6	12.0	11.6	8.6	4.2
Indicated	4.8	1.04	41.9	11.5	12.0	8.0	3.6
Inferred	77.8	0.94	41.2	10.7	12.7	7.9	3.3
Subtotal	92.8	0.96	41.3	10.9	12.6	8.0	3.4
Low Grade Zone							
Indicated	20.5	0.52	24.3	7.1	27.9	17.6	8.4
Inferred	61.8	0.50	26.2	7.0	24.5	16.6	8.4
Subtotal	82.4	0.51	25.7	7.0	27.2	16.5	7.5
Transported Zone							
Inferred	4.5	0.66	28.4	7.2	24.5	16.6	8.4
Subtotal	4.5	0.66	28.4	7.2	24.5	16.6	8.4
TOTAL							
Measured	10.2	1.06	41.6	12.0	11.6	8.6	4.2
Indicated	25.4	0.62	27.7	7.9	24.9	15.8	7.5
Inferred	144.1	0.75	34.4	9.0	19.2	11.7	5.2
TOTAL	179.6	0.75	33.8	9.0	19.6	12.1	5.4

2. MATERIAL CHANGES AND RESOURCE STATEMENT COMPARISON

A comparison between the 2016 and 2017 Mineral Resource Estimates for the Gabanintha Project is shown in Table 2 below.

TABLE 2 GABANINTHA PROJECT COMPARISON BETWEEN 2016 & 2017 MINERAL RESOURCE ESTIMATES							
JORC Resource Class	Tonnes Million	V₂O₅ %	Fe %	TiO₂ %	SiO₂ %	Al₂O₃ %	LOI %
ESTIMATE AS AT 30 JUNE 2017							
Measured	10.2	1.06	41.6	12.0	11.6	8.6	4.2
Indicated	25.4	0.62	27.7	7.9	24.9	15.8	7.5
Inferred	144.1	0.75	34.4	9.0	19.2	11.7	5.2
TOTAL	179.6	0.75	33.8	9.0	19.6	12.1	5.4
ESTIMATE AS AT 30 JUNE 2016							
Measured	7.0	1.09	43	12	10	8	3.4
Indicated	17.8	0.68	28	8	23	16	7.7
Inferred	66.7	0.83	37	10	17	11	4.1
TOTAL	91.4	0.82	35	10	18	11	4.8

There is a material change in the Mineral Resource Estimate between 2016 and 2017. The updated estimation represented a 96% increase in the overall Resource, a 46% increase in the Measured Resource, a 43% increase in the Indicated Resource and a 116% increase in the Inferred Resource categories for the Project compared to the 2016 estimation.

The revised estimate was conducted following a major revision of the geological interpretation for the Gabanintha mafic layered intrusion. The revision was based on the collection of additional density information; a major review of geological logging and zone coding; extensive consideration of geophysics and a review of the geological continuity along-strike and down-dip.

The Group is not aware of any new information or data that materially affects the information as previously released and all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

3. GOVERNANCE ARRANGEMENTS AND INTERNAL CONTROLS

The Group has appropriate systems in place and suitably qualified and competent geological consultants to complete any resource estimation or review to the required standards as shown in the 2012 JORC Code Guidelines. The Quality Assurance, Sampling Systems, Assay Procedures, Data Recording, Interpretation Standards and Resource Estimation Methods and other parameters as set out in Table 1 of the JORC Code 2012 Guidelines are closely followed. The mineral resources reported have been generated by independent external consultants where appropriate who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken reviews of the quality and suitability of the underlying information used to determine the resource estimate. In addition, management carries out regular reviews and audits of internal processes and external contractors that have been engaged by the group.

The Company policy is that all steps are recorded during the resource drilling program and then the estimation stage. All results from field logs and assays to database entries and modelling data are validated, reviewed and checked by independent and qualified geological personnel.

Competent Person Statement – Mineral Resource Estimation

The information relating to the Gabanintha Project 2016 Mineral Resource estimate reported 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 (Australian Mining 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 in this report relating to the Gabanintha Project 2017 Mineral Resource estimate reported 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.

Competent Person Statement – Exploration Results and Exploration Targets

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.

4. SCHEDULE OF INTERESTS IN MINING TENEMENTS AS AT 31 AUGUST 2017

PROJECT	TENEMENT	AREA	EQUITY	ANNUAL EXPENDITURE COMMITMENT
Gabarintha	E51/843	18 blocks	100%	\$70,000
Gabarintha	E51/1396	1 block	100%	\$15,000
Gabarintha	E51/1534	8 blocks	100%	\$20,000
Gabarintha	E51/1576	10 blocks	100%	\$20,000
Gabarintha	E51/1685	15 blocks	100%	\$20,000
Gabarintha	E51/1694	14 blocks	100%	\$20,000
Gabarintha	E51/1695	2 blocks	100%	\$15,000
Gabarintha	P51/2566	147.66 ha	100%	\$5,920
Gabarintha	P51/2567	111.66 ha	100%	\$4,480
Gabarintha	P51/2634	171.85 ha	100%	\$6,880
Gabarintha	P51/2635	123.53 ha	100%	\$4,960
Gabarintha	P51/2636	175.16 ha	100%	\$7,040
Gabarintha	MLA 51/878	3,563.0 ha	100%	Application
Coates	E70/4924	1 block	100%	\$15,000
Nowthanna Hill	M51/771	301.0 ha	100%	\$30,100
TOTAL				\$254,380

ASX Additional Information

Additional information required by the ASX Listing Rules not disclosed elsewhere in this Annual Report is set out below. The information is current as at 31 August 2017.

1. DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Range	Listed Shares, Fully Paid Ordinary		Listed 2 cent Options expiring 31 December 2018	
	No of Holders	Number of shares	No of Holders	Number of options
1 – 1,000	112	25,261	15	7,539
1,001 – 5,000	159	486,120	24	66,590
5,001 – 10,000	184	1,615,261	14	107,007
10,001 – 100,000	1,749	96,262,848	136	7,108,630
100,001+	1,519	1,218,344,726	259	303,594,791
Total	3,723	1,316,734,216	448	310,884,557

Range	Unlisted Shares, Partly Paid Ordinary		Unlisted 1.4712 cent Options expiring 31 December 2017	
	No of Holders	Number of shares	No of Holders	Number of options
1 – 1,000	-	-	3	2,950
1,001 – 5,000	-	-	15	40,324
5,001 – 10,000	-	-	20	169,311
10,001 – 100,000	-	-	60	2,410,060
100,001+	5	80,000,000	83	139,337,708
Total	5	80,000,000	181	141,960,353

Unmarketable Parcels

There were 932 holders of less than a marketable parcel of ordinary shares.

2. UNQUOTED SECURITIES

Holders of more than 20% of the abovementioned unquoted securities are:

Holder Name	Unlisted Shares, Partly Paid Ordinary	Unlisted Options, expiring 31 Dec 17 Exercise Price 1.4712c
Woolmaton Pty Ltd <Woolmaton A/C>	28,000,000	10,000,000
Lisen Zhang	28,000,000	-

3. RESTRICTED SECURITIES

There are no restricted securities or securities subject to voluntary escrow as at 31 August 2017.

4. SUBSTANTIAL SHAREHOLDERS

There were no substantial holders as at 31 August 2017.

5. CORPORATE GOVERNANCE

The Company's Corporate Governance Statement is located on its website at:

australianvanadium.com.au

6. TOP 20 SHAREHOLDERS

	Name	Number of Shares	% of Shares
1	Mr Marko Pasalich	40,000,000	3.04
2	Kimbriki Nominees Pty Ltd <Kimbriki Hamilton SF A/C>	29,666,666	2.25
3	J P Morgan Nominees Australia Limited	28,470,830	2.16
4	Sunarp Pty Ltd <Whittle Investment A/C>	24,000,000	1.82
5	Jalein Pty Ltd <Elbaja A/C>	20,000,000	1.52
6	Mr Neale Parsons	20,000,000	1.52
7	Mr Peter James Muir	18,417,675	1.40
8	Kelro Pty Ltd <Alubo A/C>	14,800,000	1.12
9	Pershing Australia Nominees Pty Ltd <Phillip Securities (HK) A/C>	12,500,000	0.95
10	Mr John Henderson Manson + Mrs Karen Ann-Marie Manson <Mayflower A/C>	12,000,001	0.91
11	Mr Robert Glyn Salathiel + Mrs Danielle Louise Salathiel <RD Salathiel S/F A/C>	11,045,424	0.84
12	Moray Holdings (Qld) Pty Ltd <Paul Byrne Family A/C>	11,000,000	0.84
13	Mr Neale Parsons	10,500,000	0.80
14	Mr Charles Michael Higgins	10,000,000	0.76
15	Toulon Pty Ltd <The Eoannidis A/C>	9,900,000	0.75
16	Mr Brenton David Witcombe	9,713,007	0.74
17	Harold Cripps Holdings Pty Ltd	9,066,667	0.69
18	Woolmaton Pty Ltd <Woolmaton A/C>	9,046,412	0.69
19	Mr Brenton James Lewis	8,778,600	0.67
20	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	8,492,444	0.64
	Total	317,397,726	24.10
	Total Remaining Holders Balance	999,336,490	75.90

7. TOP 20 LISTED OPTIONHOLDERS

	Name	Number of Listed Options	% of Listed Options
1	Kimbriki Nominees Pty Ltd <Kimbriki Hamilton SF A/C>	16,666,666	5.36
2	Mr Peter Andrew Proksa	10,500,000	3.38
3	Kojen Pty Ltd <Korsinczky Family A/C>	10,434,854	3.36
4	Gillam Super Investments Pty Ltd <Gillam Family S/F A/C>	10,000,000	3.22
5	Jekor Pty Ltd <Jekor S/F A/C>	9,649,601	3.10
6	Tradelink Food Brokers P/L	7,500,000	2.41
7	Mr Scott Alan Malone	7,000,000	2.25
8	Mr Peter Tsimilas	6,666,666	2.14
9	Mrs Joni Marie Jones	6,000,000	1.93
10	Mr Andrew Charles Alexander Mackenzie	5,707,048	1.84
11	Mr Luke Kukulj	5,451,000	1.75
12	Mr Ziyin Fang	5,000,000	1.61
13	Mr Henryk Klocek	5,000,000	1.61
14	Mr James Stati + Miss Kathie Lee Fletcher	5,000,000	1.61
15	BNP Paribas Nominees Pty Ltd <IB Au Noms Retailclient DRP>	4,739,998	1.52
16	Sport & Health Allied Professionals & Executives (Shape) Pty Ltd	4,713,334	1.52
17	Mr Peter James Muir	4,604,419	1.48
18	Mr Yuen Wai Lee + Mrs Teresa Siew Ing Ung <Yuenwai Superfund A/C>	4,500,000	1.45
19	Mr Raymond Andrew Hegarty + Mrs Zoe Elizabeth Hegarty	4,000,000	1.29
20	P A Shakespeare Investing Pty Ltd	3,892,276	1.25
	Total	137,025,862	44.08
	Total Remaining Holders Balance	173,858,695	55.92