



UPDATE ON LETTER OF INTENT

May 24, 2016 - AMERICAN VANADIUM CORP. (“American Vanadium” or the “Company”) (TSX.V: AVC) (OTCQX: AVCVF) reports that, further to its press release of January 11, 2016, the Letter of Intent to acquire DMG MORI’s wholly owned subsidiary, GILDEMEISTER energy storage GmbH (“GES”), manufacturer of the CellCube vanadium flow energy storage system, has expired. Due to market conditions, the Company was unable to secure the necessary financing to fund the acquisition of GES pursuant to the terms of the Letter of Intent. American Vanadium will continue to be the North American sales agent for the CellCube.

Corporate Update

The development of the grid level energy storage market has not met the expectations of industry and Company forecasts and, as a consequence, the Company does not believe the Gibellini vanadium deposit will have strategic value as a supply of vanadium electrolyte for an extended period of time. As a result, the Company has decided to discontinue developing and permitting the Gibellini property and one of the main Gibellini leases has reverted back to the owner. Therefore, unless the Company is able to negotiate reasonable terms to re-acquire this lease, the Company may relinquish other leases which require annual payments by December 31, 2016 and claims which expire August 31, 2016 in the area.

The Company has a significant working capital deficiency, and it needs to reorganize and streamline its activities. Further equity financing and settlement of its accounts payables are required to sustain its operations.

The Company applied for a resumption to trading with the TSX Venture Exchange (the “Exchange”) and advised the Exchange that it is not meeting the requirements for a Tier 1 issuer. The Exchange has advised that soon after the dissemination of this news release that it would be issuing a bulletin resuming the trading of the securities of the Company as a Tier 2 issuer.

At the request of the TSX Venture Exchange, the Company also announces that it is suspending its rolling stock option plan (the “Plan”) however, the current outstanding options will continue to be governed by the Plan.

About American Vanadium Corp.

American Vanadium is the Master Sales Agent in North America for GILDEMEISTER energy solution's CellCube energy storage system. The CellCube is the world's leading commercially available vanadium flow battery, providing long duration solutions over a 20+ year life for a broad range of applications including renewable energy integration and demand charge reduction. CellCube is a powerful, durable and reliable energy storage system that ensures a clean, emission-free energy supply at all times.

ON BEHALF OF THE BOARD

Bill Radvak, President and CEO

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Forward-Looking Statements: This press release contains "forward-looking information" within the meaning of applicable securities laws, including statements with respect to the negotiation of an SPA, the trading halt, the potential acquisition of GES, financing plans, other plans, objectives and strategies for the energy storage business and the Gibellini Vanadium Project, the expected performance of GES' products and competitive products, market opportunities and market developments. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of American Vanadium to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, including that we may be unsuccessful in negotiating the SPA, in obtaining the financing required to complete the acquisition of GES or in obtaining the necessary regulatory, corporate or contractual approvals to complete the acquisition, the results of the acquisition or the performance of GES' products may differ from our expectations, the market may not adopt our products or may shift, and other factors including a history of losses, inadequate financing, reliance upon key management, the difficulties of integrating acquisitions and scaling operations, regulatory requirements, and the other risk factors included in our annual information form and other disclosure documents available on SEDAR at www.sedar.com. Although American Vanadium has attempted to identify important factors that could cause actual results to differ materially from those contained in forward- looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. American Vanadium does not undertake to update any forward- looking statements, except in accordance with applicable securities laws.

This press release does not constitute an offer to sell, or a solicitation of offers to buy, any securities.

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