
AVZ MINERALS LIMITED

ACN 125 176 703

NOTICE OF ANNUAL GENERAL MEETING

TIME: 12:00pm

DATE: Wednesday, 29 November 2017

PLACE: At the offices of BDO Australia, 38 Station Street, Subiaco, Western Australia 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9380 6789.

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IMPORTANT INFORMATION

TIME AND PLACE OF MEETING

Notice is given that the annual general meeting of the Shareholders to which this Notice of Meeting relates will be held at 12:00pm (WST) on Wednesday, 29 November 2017 at the offices of BDO Australia:

38 Station Street, Subiaco, Western Australia, 6008

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST) on Monday, 27 November 2017.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting at the time, date and place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and
- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware of changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

BUSINESS OF THE MEETING

AGENDA

ORDINARY BUSINESS

Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017."

Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PATRICK FLINT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purpose of clause 11.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Patrick Flint, a Director, retires by rotation, and being eligible, is re-elected as a Director."

3. RESOLUTION 3 – ELECTION OF DIRECTOR – MR HONGLIANG CHEN

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Hongliang Chen, a Director who was appointed as an additional Director on 21 August 2017, retires and being eligible, is elected as a Director.”

4. RESOLUTION 4 – ELECTION OF DIRECTOR – MR GUY LOANDO

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Guy Loando, a Director who was appointed as an additional Director on 21 August 2017, retires and being eligible, is elected as a Director.”

5. RESOLUTION 5 – ELECTION OF DIRECTOR – MR NIGEL FERGUSON

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Nigel Ferguson, a Director who was appointed as an additional Director on 2 February 2017, retires and being eligible, is elected as a Director.”

6. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person (and any associates of such a person) who may participate in the 10% Placement Facility and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

DATED: 19 OCTOBER 2017

BY ORDER OF THE BOARD

MATHEW O'HARA
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at www.avzminerals.com.au.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2017.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

2.3 Proxy Restrictions

Shareholders appointing a proxy for this Resolution should note the following:

If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:

You must direct your proxy how to vote on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

If you appoint any other person as your proxy:

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

2.4 Definitions

Key Management Personnel has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

Remuneration Report means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

3. RESOLUTIONS 2 - 5 – RE-ELECTION AND ELECTION OF DIRECTORS

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Mr Klaus Eckhof and Mr Patrick Flint were both appointed as Directors on 12 May 2014. Mr Eckhof was appointed Managing Director effective from 1 September 2016. Therefore, Mr Flint retires by rotation and seeks re-election. Mr Flint is not considered to be an independent director.

Clause 11.12 of the Constitution requires that any person appointed as a Director as an addition to the existing Directors shall hold office only until the next Annual General Meeting and is then eligible for re-election. Mr Hongliang Chen was appointed as a Director on 21 August 2017 and seeks re-election. Mr Chen is not considered to be an independent director. Mr Guy Loando was appointed as a Director on 21 August 2017 and seeks re-election. Mr Loando is not considered to be an independent director. Mr Nigel Ferguson was appointed as a Director on 2 February 2017 and seeks re-election. Mr Ferguson is not considered to be an independent director.

Mr Patrick Flint

Mr Flint has been involved in the resources sector as a director or company secretary of ASX and Toronto Stock Exchange listed companies with mineral projects in Australia, Africa and Asia for the last 20 years. He is a Chartered Accountant and has significant experience with project acquisitions, joint venture negotiations and management, fund raisings and corporate matters.

Mr Hongliang Chen

Mr Chen is a nominee of the Huayou Cobalt Group. Mr Chen joined the Huayou Cobalt Group in May 2002 and is currently a director and the president of the parent company, Shanghai stock exchange listed Zhejiang Huayou Cobalt Co Ltd. Mr Chen previously worked in management positions at the Agricultural Bank of China, Tongxiang Branch Investment Corporation Tongxiang Securities Department and Shenyin Wanguo Securities Co Ltd.

Mr Guy Loando

Mr Loando is a qualified lawyer based in Kinshasa in the Democratic Republic of Congo (**DRC**). He has significant experience with corporate and legal matters in the DRC, and has recently been involved in executive management roles in the resource sector. Mr Loando is a nominee of AVZ's largest shareholder, Dathomir Resources Sarl.

Mr Nigel Ferguson

Mr Ferguson is a geologist with 30 years of experience having worked in senior management positions for the past 18 years in a variety of locations. He has experience in the exploration and definition of precious and base metal mineral resources throughout the world, including DRC, Zambia, Tanzania, Saudi Arabia, South East Asia and Central America. He has been active in the DRC since 2004 in gold and base metals exploration and resource development. Mr Ferguson is the Company's technical director, and is responsible for the management of exploration activities at the Manono Project.

The Board supports the re-election of each of the Directors.

4. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY

4.1 General

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of their issued share capital through placements over a 12 month period after approval at an annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$220,411,441 (based on the number of Shares on issue and the closing price of Shares on the ASX on 13 October 2017).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. Further information on the formula is set out in Section 4.2(c) below.

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

4.2 Explanation of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

(b) **Equity Securities**

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

(c) **Formula for calculating 10% Placement Facility**

Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

A is the number of fully paid shares on issue 12 months before the date of issue or date of agreement to issue:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

D is 10%.

E is the number of Equity Securities issued or agreed to be issue under Listing Rule 7.1A.2 in the 12 months before the date of the issue or date of agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

(d) **Minimum Issue Price**

The issue price of Equity Securities under Listing Rule 7.1A must be no lower than 75% of the volume weighted average price (**VWAP**) of Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(e) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to that nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

4.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades were recorded immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
 - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 5 is approved by Shareholders and the Company issued Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at 13 October 2017.

The table also shows:

- (i) two examples where "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue or scrip issued under a takeover offer) or future

specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (iii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

| Variable 'A' in Listing Rule 7.1A.2 | | Dilution | | |
|---|----------------------------|---|------------------------|--|
| | | \$0.063 50% decrease in Issue Price | \$0.125 Issue Price | \$0.25 100% increase in Issue Price |
| Current Variable A 1,763,291,524 Shares | 10% Voting Dilution | 176,329,152 Shares | 176,329,152 Shares | 176,329,152 Shares |
| | Funds raised | \$11,108,737 | \$22,041,144 | \$44,082,288 |
| 50% increase in current Variable A 2,644,937,286 Shares | 10% Voting Dilution | 264,493,728 Shares | 264,493,728 Shares | 264,493,728 Shares |
| | Funds raised | \$16,663,105 | \$33,061,716 | \$66,123,432 |
| 100% increase in current Variable A 3,526,583,048 Shares | 10% Voting Dilution | 352,658,304 Shares | 352,658,304 Shares | 352,658,304 Shares |
| | Funds raised | \$22,217,473 | \$44,082,288 | \$88,164,576 |

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iii) This table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
 - (iv) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (v) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vi) The issue price is \$0.125, being the closing price of Shares on ASX on 13 October 2017.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to that nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
 - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy will be dependent on the purpose of the proposed issue and the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities, where the issue is made for cash consideration, will be determined on a case-by-case basis having regard to, but not limited to, the following factors:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (i) the effect of the issue of the Equity Securities on the control of the Company;
- (ii) the financial situation and solvency of the Company; and
- (iii) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 24 November 2016. During the 12-month period preceding the date of the Meeting, the Company issued a total of 1,529,155,761 Equity Securities (consisting of 954,869,047 Shares, 300,001,000 Listed Options, 214,285,714 Unlisted Options and 60,000,000 Performance Rights), representing approximately 212% of the total diluted number of Equity Securities on issue at the commencement of that 12-month period.

The details of issues of all Equity Securities (quoted and unquoted) made in the 12 months preceding the date of the Meeting are shown at Schedule 1.

- (g) A voting exclusion statement is included in this Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or identifiable class of existing security holder to participate in the issue of the Equity Securities under Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

GLOSSARY

\$ means Australian dollars.

10% Placement Facility has the meaning given in Section 4.1.

10% Placement Period has the meaning given in Section 4.2.

Annual General Meeting or **Meeting** means the meeting convened by this Notice.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Company means AVZ Minerals Limited (ACN 125 176 703).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

DRC Democratic Republic of Congo.

Equity Securities has the same meaning as in the ASX Listing Rules.

Explanatory Statement means the explanatory statement accompanying the Notice.

Notice or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Trading Day means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 24 NOVEMBER 2016

| Date | Quantity | Class | Recipients | Issue price and discount to Market Price (if applicable) ¹ | Form of consideration |
|--|-------------|---------------------------------|--|---|--|
| Issue – 2 December 2016 Appendix 3B – 5 December 2016 | 44,583,333 | Shares ² | Sophisticated investors | \$0.012 (discount of 25%) | Amount raised = \$535,000 Amount spent = \$535,000 Use of funds: The acquisition of a 60% interest in seven (7) prospective licences within the mid-Proterozoic Kibaran Belt in south of the DRC from the interest holders La Congolaise D'exploitation Minière SA and Dathomir Mining Resources SARL |
| Issue – 13 February 2017 Appendix 3B – 10 February 2017 | 125,000,000 | Shares ² | Sophisticated and professional investors | \$0.020 (discount of 13%) | Amount raised = \$2,500,000 Amount spent = \$2,500,000 Use of funds: To fund the Acquisition a 60% interest in the Manono Project in the south of the DRC and planned work programs |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 125,000,000 | Shares ² | Sophisticated and professional investors | \$0.020 (discount of 39%) | Amount raised = \$2,500,000 Amount spent = \$2,500,000 Use of funds: To fund the acquisition a 60% interest in the Manono Project in the south of the DRC and planned work programs |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 250,000,000 | Quoted Options ³ | Sophisticated and professional investors | No issue price Closing share price on date of issue = \$0.034 | Consideration: Free-attaching to the Shares issued on 13 February 2017 and 24 May 2017 on a 1:1 basis Current value ⁸ = \$22,750,000 |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 50,000,000 | Quoted Options ³ | Issued to Hartleys Limited for capital raising services | No issue price Closing share price on date of issue = \$0.034 | Consideration: A broker fee in relation to the capital raising completed on 24 May 2017 Current value ⁸ = \$4,550,000 |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 420,000,000 | Shares ² | Issued to Dathomir Mining Resources SARL, Klaus Eckhof and third parties | No issue price Closing share price on date of issue = \$0.034 | Consideration: In connection with the acquisition a 60% interest in the Manono Project in the south of the DRC and planned work programs Current value ⁸ = \$52,500,000 |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 20,000,000 | Shares ² | Issued to Medidoc Fze | No issue price Closing share price on date of issue = \$0.034 | Consideration: Part consideration for the acquisition of a 100% legal and beneficial interest in Permis de Recherches PR 4029 and PR 4030, comprising the Manono Extension Project located in the DRC Current value ⁸ = \$2,500,000 |
| Issue – 24 May 2017 Appendix 3B – 23 May 2017 | 40,000,000 | Performance Rights ⁴ | Issued to Directors (Nigel Ferguson and Patrick Flint) | No issue price Closing share price on date of issue = \$0.034 | Consideration: An incentive component of the remuneration package of each recipient. Current value ⁸ = \$5,000,000 |

| | | | | | |
|--|-------------|---------------------------------|---|--|---|
| Issue – 5 June 2017 Appendix 3B – 5 June 2017 | 15,000,000 | Performance Rights ⁵ | Airguide International Pte Ltd | No issue price Closing share price on date of issue = \$0.033 | Consideration: Issued to incentivise the recipient to facilitate and advise the Company on key relationships and a broader work program aimed at securing value-adding commercial agreements with relevant counterparties in China Current value ⁸ = \$1,875,000 |
| Issue – 9 June 2017 Appendix 3B – 30 May 2017 | 1,000 | Quoted Options ³ | Sophisticated and professional investors | \$0.010 | Amount raised = \$10 Amount spent = \$10 Use of funds: All of the funds raised were applied towards the expenses of the Offer, the primary purpose of which was to remove any trading restrictions that may have attached to the Options issued by the Company without disclosure under Chapter 6D of the Corporations Act |
| Issue – 15 August 2017 Appendix 3B – 16 August 2017 | 186,000,000 | Shares ² | Huayou International Mining (Hong Kong) Limited | \$0.070 (discount of 43%) | Amount raised = \$13,020,000 Amount spent = Nil Proposed use of funds: To fund the planned drilling and initial metallurgical test work programs at the Manono Project in the south of the DRC, as well as ongoing corporate and administration costs |
| Issue – 15 August 2017 Appendix 3B – 16 August 2017 | 86,000,000 | Unquoted Options ⁶ | Huayou International Mining (Hong Kong) Limited | No issue price Closing share price on date of issue = \$0.125 | Consideration: Free-attaching to the Shares issued on 16 August 2017 on a 1:1 basis Current value ⁸ = \$6,401,303 (using the Black Scholes model) |
| Issue – 13 October 2017 Appendix 3B – 13 October 2017 | 100,000,000 | Unquoted Options ⁶ | Huayou International Mining (Hong Kong) Limited | No issue price Closing share price on date of issue = \$0.125 | Consideration: Free-attaching to the Shares issued on 16 August 2017 on a 1:1 basis Current value ⁸ = \$7,443,376 (using the Black Scholes model) |
| Issue – 13 October 2017 Appendix 3B – 13 October 2017 | 28,285,714 | Shares ² | Sophisticated and professional investors | \$0.070 | Amount raised = \$1,980,000 Amount spent = Nil Proposed use of funds: To fund the planned drilling at the Manono Project in the south of the DRC, as well as ongoing corporate and administration costs |
| Issue – 13 October 2017 Appendix 3B – 13 October 2017 | 28,285,714 | Unquoted Options ⁶ | Sophisticated and professional investors | No issue price Closing share price on date of issue = \$0.125 | Consideration: Free-attaching to the Shares issued on 13 October 2017 on a 1:1 basis Current value ⁸ = \$2,105,412 |
| Issue – 13 October 2017 Appendix 3B – 13 October | 5,000,000 | Performance Rights ⁷ | Current employees of the Company | No issue price Closing share price on date of issue = \$0.125 | Consideration: An incentive component of the remuneration package of each recipient. Current value ⁸ = \$625,000 |

| | | | | | |
|--|-----------|---------------------|--|--|---|
| 2017 | | | | | |
| Issue – 13 October 2017 Appendix 3B – 13 October 2017 | 6,000,000 | Shares ² | Issued to Dathomir Mining Resources SARL | No issue price Closing share price on date of issue = \$0.125 | Consideration: An introduction fee in relation to the capital raising with Huayou International Mining (Hong Kong) Limited completed on 15 August 2017 Current value ⁸ = \$750,000 |

Notes:

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: AVZ (terms are set out in the Constitution).
3. Quoted Options, exercisable at \$0.03 each, on or before 24 May 2020, ASX Code: AVZO.
4. Performance Rights, issued for nil cash consideration at an exercise price of nil, which shall vest upon satisfaction of the vesting conditions on or before 3 years from the date the Performance Rights were granted to the holders. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 6 April 2017.
5. Performance Rights, issued for nil cash consideration at an exercise price of nil, which shall vest upon satisfaction of the vesting conditions on or before 1 year from the date the Performance Rights were granted to the holder. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 12 October 2017.
6. Unquoted Options, exercisable at \$0.10 each, on or before 15 April 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 12 October 2017.
7. Performance Rights, issued for nil cash consideration at an exercise price of nil, which shall vest upon satisfaction of the vesting condition on or before 1 year from the date the Performance Rights were granted to the holders. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 12 October 2017.
8. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.125) or Options (\$0.091) as the context requires on the ASX on 13 October 2017. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. In respect of Performance Rights, the value is measured using the closing price of the underlying Shares on the ASX on 13 October 2017.

PROXY FORM

AVZ MINERALS LIMITED
ACN 125 176 703

ANNUAL GENERAL MEETING

I/We

of:

being a Shareholder entitled to attend and vote at the Meeting, hereby appoint:

Name:

OR: ☐ the Chair of the Meeting as my/our proxy.

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Meeting to be held at 12:00pm WST on Wednesday, 29 November 2017 at the offices of BDO Australia, 38 Station Street, Subiaco, Western Australia 6008, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on Business of the Annual General Meeting

| | FOR | AGAINST | ABSTAIN |
|---|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Re-election of Patrick Flint | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Election of Hongliang Chen | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Election of Guy Loando | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 – Election of Nigel Ferguson | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 – Approval of 10% Placement Facility | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

Signature of Shareholder(s):

Individual or Shareholder 1

Sole Director/Company Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

Date:

Contact name: _____

E-mail address: _____

Contact ph (daytime): _____

Consent for contact by e-mail
in relation to this Proxy Form:

YES ☐ NO ☐

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and cast a vote at an Annual General Meeting is entitled to appoint a proxy to attend and vote on their behalf at the meeting. If the member is entitled to cast 2 or more votes at the meeting, the member may appoint a second proxy to attend and vote on their behalf at the meeting. However, where both proxies attend the meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A member who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a member appoints 2 proxies and the appointments do not specify the proportion or number of the member's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
 - **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
 - (a) post to AVZ Minerals Limited, Level 2, Suite 9, 389 Oxford St, Mount Hawthorn, WA, 6016; or
 - (b) facsimile to the Company on facsimile number +61 8 9380 6761; or
 - (c) email to the Company at admin@avzminerals.com.au,so that it is received not less than 48 hours prior to commencement of the Meeting.

Proxy forms received later than this time will be invalid.