



30 May 2018

Manono Lithium Project Drilling Program

HIGHLIGHTS

- Initial resource drilling program progressing very well. Drilling completed up to 27 May 2018 is 9,452 metres of the initial 20,000 metre program.
- Samples from holes MO18DD006, MO18DD007 and MO18DD008 are at Perth ALS Laboratory, with holes MO18DD009 to MO18DD014 expected by next week.
- Agreement with JNS Capital Corp entered into for provision of marketing and promotional services in North America.
- A revised Top 20 shareholder listing will be available on Company website by end of the week.

AVZ Minerals Limited (ASX: AVZ) is pleased to provide an update on exploration of the Manono Lithium Project in the Democratic Republic of Congo, including progress of the initial 20,000m resource drilling program.

Drilling is progressing well on the resource drilling program with four drill rigs continuing to work 24/7. Drilling to date has completed 9,452 metres of the initial 20,000 metre program. The tables included at Appendix 1 summarise the weekly production to date and status of the drill holes.

A summary of work completed includes:

- Logging, marking up, orientating, RQDs etc. continues.
- Cutting and sampling of MO18DD028 is complete and MO18DD029 is in progress.
- ALS are starting preliminary work for MO18DD017 – 018.
- ALS representative is to arrive soon to commission the site preparation laboratory to assist in easing congestion and bottle-necks.
- Data entry of all the drill plods continues.

JNS Capital Corp Agreement

The Company has entered into an initial six-month engagement, with a further six-month period on execution of a renewal agreement, with JNS Capital Corp for the provision of marketing and promotional services in North America. Part of the consideration for the services will be in the form of 3 million Performance Rights, which will vest based on achievement of share price targets and are similar in structure to recent management incentives. The Performance Rights shall vest in three equal tranches upon the following milestones being achieved:

- 1) Tranche 1 shall vest if the 10-day volume weighted average share price (“VWAP”) for the shares on the ASX is A\$0.34 or higher during the vesting period;
- 2) Tranche 2 shall vest if the 10-day VWAP for the shares on the ASX is A\$0.40 or higher during the vesting period; and
- 3) Tranche 3 shall vest if the 10-day VWAP for the shares on the ASX is A\$0.44 or higher during the vesting period.

The vesting period for the Performance Rights is from 15 November 2018 to expiry on 15 May 2019. An Appendix 3B is attached.

Top 20 shareholders listing

The Company would also like to inform shareholders that an updated register of the Company’s Largest 20 Shareholders will be available on the Company’s website at www.avzminerals.com.au by the end of this week.

For further information, visit www.avzminerals.com.au or contact:

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Appendix One – Drilling information to date

Drill Rig	Hole No.	From (m)	To (m)	Total	Core Size
Equator Rig 6	M018DD029	182.7	392.7	210	HQ
Equity Rig 2	M018DD028	344.75	401.75 EOH	57	HQ
	M018DD032	0	93	93	PQ
	M018DD032	93	128.84	35.84	HQ
Equity Rig 3	M018DD030	0	90	90	PQ
	M018DD030	90	237.03	147.03	HQ
Equity Rig 4	M018DD031	0	74.75	74.75	PQ
	M018DD031	74.75	163.43	88.68	HQ
			Total	796.3	
			Prog Total	9452.56	

Table 1: Drilling progress over previous week to 27 May 2018.

Hole No	Easting	Northing	RL	Line	Depth	Dip	Az	DHS	Logged	Photo	Sampled	Samples Despatched	Results Received	Database
M018DD019	541677	9189487	653	6600	386.8	-60	330	Y	Y	Y	Y	Y		Y
M018DD024	541556	9189610	651	6600	221.9	-60	330	Y	Y	Y	Y			Y
M018DD017	541711	9189506	653	6700	338.1	-60	330	Y	Y	Y	Y	Y		Y
M018DD023	541640	9189692	644	6700	188.7	-60	330	Y	Y	Y	Y			Y
M018DD020	541821	9189552	651	6800	308	-60	330	Y	Y	Y	Y	Y		Y
M018DD022	541786	9189657	653	6800	215.9	-60	330	Y	Y	Y	Y	Y		Y
M018DD010	541942	9189580	650	6900	335.7	-60	330	Y	Y	Y	Y	Y		Y
M018DD011	541984	9189484	653	6900	410.8	-60	330	Y	Y	Y	Y	Y		Y
M018DD006	541962	9189534	650	6900	389.7	-60	330	Y	Y	Y	Y	Y		Y
M018DD013	541908	9189624	654	6900	272.7	-60	330	Y	Y	Y	Y	Y		Y
M018DD014	541813	9189789	647	6900	125.7	-60	330	Y	Y	Y	Y	Y		Y
M018DD016	541784	9189840	645	6900	62.63	-60	330	Y	Y	Y	Y	Y		Y
M018DD001	542052	9189566	659	7000	380	-60	335	Y	Y	Y	Y	Y	Y	Y
M018DD002	542054	9189565	658	7000	365.7	-75	330	Y	Y	Y	Y	Y	Y	Y
M018DD003	542054	9189567	656	7000	395.8	-67	325	Y	Y	Y	Y	Y	Y	Y
M018DD004	542031	9189599	656	7000	350.2	-60	325	Y	Y	Y	Y	Y	Y	Y
M018DD005	542082	9189520	658	7000	85.5	-60	325	Y	Y	Y	N/A	N/A	N/A	
M018DD007	542080	9189515	655	7000	387	-75	325	Y	Y	Y	Y	Y		Y
M018DD008	548433	9194589	642	N/A	149	-90	N/A	Y	Y	Y	Y	Y		Y
M018DD015	542143	9189637	650	7100	355.2	-60	330	Y	Y	Y	Y	Y		Y
M018DD009	542164	9189579	655	7100	406	-60	330	Y	Y	Y	Y	Y		Y
M018DD012	542166	9189580	656	7100	359.8	-75	330	Y	Y	Y	Y	Y		Y
M018DD021	542202	9189669	652	7200	320.7	-60	325	Y	Y	Y	Y			Y
M018DD018	542264	9189604	655	7200	380.7	-60	330	Y	Y	Y	Y	Y		Y
M018DD028	542315	9189487	651	7200	401.8	-60	330	Y	Y	Y	Y			
M018DD032	9189560	542289	653	7200										
M018DD027	542337	9189683	654	7300	339.8	-60	330	Y	Y	Y	Y			
M018DD030	542337	9189683	656	7300		-50	330							
M018DD025	542362	9189636	656	7300	359.6	-60	330	Y	Y	Y	Y			Y
M018DD026	542430	9189511	658	7300		-60	330	Y	Y	Y	Y			Y
M018DD031	542435	9189687	651	7400		-60	330							
M018DD029	9189696	542444		7500		-50	330		Y	Y				

Table 2: Status of drill holes as at 27 May 2018.

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

AVZ Minerals Ltd

ABN

81 125 176 703

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Performance Rights (unlisted) |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 3,000,000 Performance Rights (unlisted) |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>Performance Rights (unlisted) issued to JNS Capital Corp. On vesting, one Performance Right is converted to one fully paid ordinary share in the Company for nil consideration. The Performance Rights shall vest in three equal tranches as follows:</p> <p>Tranche 1 – 10-day VWAP on the ASX is A\$0.34 or higher during the vesting period;</p> <p>Tranche 2 – 10-day VWAP on the ASX is A\$0.40 or higher during the vesting period; and</p> <p>Tranche 3 – 10-day VWAP on the ASX is A\$0.44 or higher during the vesting period;</p> <p>The vesting period for the Performance Rights is from 15 November 2018 to expiry 15 May 2019.</p> |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>No.</p> <p>Performance Rights (unlisted) – when converted to ordinary shares.</p>
<p>5 Issue price or consideration</p>	<p>Nil – Performance Rights</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Issue of Performance Rights as per the terms of mandate between the Company and JNS Capital Corp.</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p>	<p>No</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>N/A</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A
6f	Number of +securities issued under an exception in rule 7.2	N/A
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Listing Rule 7.1 – 162,963,717 Listing Rule 7.1A – <u>N/A</u> 162,963,717
7	+Issue dates Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A. Cross reference: item 33 of Appendix 3B.	30 May 2018

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Appendix 3B
New issue announcement

	Number	+Class
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	1,868,431,449
		203,679,049
		Ordinary Options

	Number	+Class
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	47,350,000
		207,428,573
		30,000,000
		Performance rights
		Options-exercisable at 10 cents each on or before 15 April 2019
		Options-exercisable at 30.5 cents on or before 28 February 2020

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	N/A
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Part 2 - Pro rata issue

11	Is security holder approval required?	-
12	Is the issue renounceable or non-renounceable?	-
13	Ratio in which the +securities will be offered	-
14	+Class of +securities to which the offer relates	-
15	+Record date to determine entitlements	-
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	-
17	Policy for deciding entitlements in relation to fractions	-

+ See chapter 19 for defined terms.

18	Names of countries in which the entity has security holders who will not be sent new offer documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	-
19	Closing date for receipt of acceptances or renunciations	-
20	Names of any underwriters	-
21	Amount of any underwriting fee or commission	-
22	Names of any brokers to the issue	-
23	Fee or commission payable to the broker to the issue	-
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	-
25	If the issue is contingent on security holders' approval, the date of the meeting	-
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	-
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	-
28	Date rights trading will begin (if applicable)	-
29	Date rights trading will end (if applicable)	-
30	How do security holders sell their	-

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- entitlements *in full* through a broker?
- 31 How do security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do security holders dispose of their entitlements (except by sale through a broker)?
- 33 *Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of *securities
(tick one)
- (a) *Securities described in Part 1
- (b) All other *securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)
Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders
- 36 If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 A copy of any trust deed for the additional *securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38 Number of *securities for which *quotation is sought -

39 *Class of *securities for which quotation is sought -

40 Do the *securities rank equally in all respects from the *issue date with an existing *class of quoted *securities?

If the additional *securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now -

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another *security, clearly identify that other *security)

	Number	*Class
42 Number and *class of all *securities quoted on ASX (including the *securities in clause 38)	-	-

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Mathew O’Hara
Company Secretary
30 May 2018

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
<i>Step 1: Calculate “A”, the base figure from which the placement capacity is calculated</i>	
<i>Insert</i> number of fully paid *ordinary securities on issue 12 months before the *issue date or date of agreement to issue	764,466,643
<i>Add</i> the following: <ul style="list-style-type: none"> • Number of fully paid *ordinary securities issued in that 12 month period under an exception in rule 7.2 • Number of fully paid *ordinary securities issued in that 12 month period with shareholder approval • Number of partly paid *ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	20,000,000 (EGM April 2017-performance rights milestone achieved and ordinary shares issued) 250,000,000 (EGM April 2017) 420,000,000 (EGM April 2017) 96,311,951 (EGM April 2017 – options exercised) 20,000,000 (EGM October 2017) 7,500,000 (EGM October 2017 – performance rights converted to shares 31 August 2017) 45,800,000 (EGM October 2017) 140,200,000 (EGM October 2017) 28,285,714 (EGM October 2017) 6,000,000 (EGM October 2017) 6,857,141 (EGM October 2017 – options exercised) 10,000 (EGM April 2017 – options exercised)
<i>Subtract</i> the number of fully paid *ordinary securities cancelled during that 12 month period	-
“A”	1,805,431,449

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Appendix 3B
New issue announcement

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	270,814,717
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	<p>1,000 (May 2017 – issue of options) 3,000,000 (February 2018 – ordinary shares issued on conversion of performance rights) 4,350,000 (February 2018 – issue of employee performance rights)</p> <p>60,000,000 (February 2018 – issue of ordinary shares) 30,000,000 (February 2018 – issue of options) 7,500,000 (May 2018 – issue of performance rights) 3,000,000 (May 2018 – issue of performance rights that are the subject of this Appendix 3B)</p>
“C”	107,851,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
“A” x 0.15	270,814,717
<i>Note: number must be same as shown in Step 4</i>	
Subtract “C”	107,851,000
<i>Note: number must be same as shown in Step 3</i>	
Total [“A” x 0.15] – “C”	162,963,717 <i>[Note: this is the remaining placement capacity under rule 7.1]</i>

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	N/A
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	N/A
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	-

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Appendix 3B
New issue announcement

Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A	
"A" x 0.10 <i>Note: number must be same as shown in Step 2</i>	N/A
Subtract "E" <i>Note: number must be same as shown in Step 3</i>	-
Total ["A" x 0.10] – "E"	N/A <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.