



27 June 2018

AVZ commences Manono Scoping Study

HIGHLIGHTS

- AVZ has engaged Perth-based independent engineering group CPC Engineering to undertake a Scoping Study of its Manono Lithium Project.
- Scoping Study expected to be completed in August 2018.

AVZ Minerals Limited (ASX: AVZ) is pleased to announce it has engaged Perth-based independent engineering group CPC Engineering (CPC) to complete a Scoping Study for the Company's Manono Lithium Project in the Democratic Republic of Congo (DRC).

The objective of the Scoping Study is to prepare initial capital and operating cost estimates based on a typical hard rock spodumene concentrate process flowsheet. As part of the study a high-level review of options to upgrade the spodumene concentrate will be undertaken, with the aim to minimise transportation costs.

A second high-level review will investigate opportunities to produce a cassiterite (SnO₂) concentrate as a secondary product stream. The estimate will capture the process plant, process and non-process infrastructure as detailed below.

The review of the preliminary characterisation test-work results has indicated that the Manono project process plant would consist of the following processing stages:

- three stage crushing circuit
- screening circuit (0.5 mm)
- reflux classification for mica removal
- dense media separation
- desliming (38 µm)
- grinding and flotation
- concentrate handling.

Process infrastructure would include:

- water supply from bore fields local to the process plant
- power generation for the process plant (diesel power station selected as the base case)
- process plant offices, workshop, and associated infrastructure, within the process plant.

Non-process infrastructure would include:

- accommodation camp
- communication systems
- sewage/waste disposal.

AVZ's Managing Director, Nigel Ferguson, commented: "It is pleasing to advance to the next stage of development at Manono with a well-known engineering group to complete this initial scoping study. Engaging CPC was timed to allow them to be better acquainted with the project through the recently completed metallurgical test work results. These combined with initial infrastructure studies being completed are expected to enable the Scoping Study to be completed to a high level of confidence and will provide greater certainty to shareholders about the opportunity the Manono Lithium Project offers."

Corporate Update

Mr Ferguson further commented: "Despite recent share price volatility, the Board considers that Manono's investment appeal and technical fundamentals remain undiminished. There is currently a high level of stability and positive momentum at an operational level in the DRC. In our view the underlying fundamentals of the project remain very strong.

The Manono Lithium Project continues to deliver record intercepts from drilling at Roche Dure, including those announced on 30 April 2018 with intercepts of 295.03m at 1.75% Li₂O and 856ppm Sn, 283.06m at 1.59% Li₂O and 807ppm Sn and 289.58m at 1.63% Li₂O and 845ppm Sn, which are high grades of lithium and tin.

Independent confirmation of the size and quality of the Manono Lithium Project is not far away, with the Company aiming to announce a maiden JORC Mineral Resource, for just an initial portion of the Roche Dure Pegmatite (~800m of 2km of strike) in July 2018. Defining a Mineral Resource at Manono will be a significant milestone, coming less than 18 months since we began exploration on the project and six months since resource diamond drilling began.

To put this in perspective, Manono extends for more than 13km, and we will aim to complete several updates to our maiden JORC Mineral Resource at Roche Dure and further along strike at other centres over the life of the project. For now, we are focussed on a small percentage of the total strike, but an incredibly high-quality section of the Kitotolo Sector at Roche Dure.

Initial and historic metallurgical work has shown ore from Manono treats well to produce a high-quality concentrate with very low deleterious elements. We are continuing with our optimisation work to improve on the final product. Manono has historically produced a 6.7% lithium concentrate. There are numerous transport options available to deliver product to market and we are in the process of determining the most cost effective one to suit our long-term needs.

We are in the enviable position of being one of the few lithium companies not to have forward sold any of our future product, which means we have complete control of our financial flexibility. Off-take and investment agreements are considered very likely to feature in our future funding solutions and these will be appropriately structured.

In summary, we are in the strongest position in our lifespan. We are well funded with approximately \$17 million in the bank, no debt and a strong pipeline of news flow over the next 6-9 months as we move Manono to a position where a final investment decision can be made to progress to production."

About CPC Engineering

CPC Engineering was established in 1970 to provide engineering design, construction and maintenance services to the minerals resource sector. CPC employs more than 350 personnel including engineering and maintenance professionals from offices throughout Western Australia

Since its inception CPC has demonstrated its ability to provide professional, efficient and cost-effective engineering design, fabrication, construction and maintenance services. CPC has worked on many projects that are comparable in expected size of initial operations for the Manono Lithium Project.

For more information on CPC please visit www.cpcengineering.com.au.

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

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