



**AVZ Minerals
Limited**

5 July 2018

Mr Ben Secrett
Principal Advisor, Listings Compliance (Perth)
ASX Compliance Pty Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

Via email: Ben.Secrett@asx.com.au and tradinghaltsp Perth@asx.com.au

Dear Mr Secrett,

AVZ Minerals Limited - ASX Query Letter

AVZ Minerals Ltd (ASX: **AVZ**) ("the Company") refers to your Query Letter dated 29 June 2018 and provides the following responses:

- 1. Does Mr Langford or Airguide have access to any financial modelling that AVZ may have conducted for internal management purposes or associated with the preparation of a mineral resource estimate or technical study?**

Neither Mr Langford nor Airguide have access to any financial modelling prepared by AVZ for internal management purposes or associated with the preparation of a mineral resource estimate or technical study. Any models that Mr Langford or Airguide may have in their possession we understand have been prepared internally by Airguide and have been used for their own internal purposes.

- 2. Does the board of directors of AVZ ("Board") consider it appropriate for Mr Langford, as principal of Airguide, to publish:**
 - **information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate; or**
 - **production cost and enterprise value metrics for AVZ in the absence of AVZ having published a technical study containing such information.**

If the response is "yes", please explain the basis for that response.

No, the Board of AVZ does not consider it appropriate.

3. If the answer to question 2 is 'no', what action does the Company intend to take to ensure that AVZ and its directors, employees, contractors and advisors do not disclose:

- **information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate;**
- **financial information in the absence of AVZ having published a technical study containing such information; and**
- **information which is not reported in accordance with the ASX Listing Rules or the JORC Code.**

The Company has adopted a continuous disclosure policy that is designed to ensure that the Company complies with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules, such that all investors have equal and timely access to material information and Company announcements are factual and presented in a clear and balanced manner. Under this policy, the Company's only authorised spokespersons are the Managing Director, Chairman and Company Secretary.

The Company is aware that Michael Langford, as principal for Airguide, has released various tweets with respect to the Company, its projects and operations. On 12 April 2018, the Company formally requested that Mr Langford and Airguide refrain from disclosing any potentially market sensitive information, that has not been announced on the ASX Markets Announcement Platform, regarding the Company via social media. The Company also requested that any posts on Twitter regarding AVZ be cleared by the Company prior to release.

The Company is aware of the need to ensure that its directors, employees, contractors or advisers do not disclose:

- information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of the Company having reported a mineral resource estimate;
- financial information in the absence of the Company having published a technical study containing such information; and
- information which is not reported in accordance with the ASX Listing Rules or the JORC Code.

The Company has now advised Mr Langford and Airguide that they are to cease making any comment on AVZ, its projects or operations on social media of any form and if they do their agreement in place with AVZ will be immediately terminated.

More broadly, the Company has also reminded its Board, management, employees, contractors and advisors of the terms of the Company's continuous disclosure policy, including that the Company's only authorised spokespersons are the Managing Director,

Chairman and Company Secretary, to ensure that there is strict compliance with its terms on an ongoing basis.

4. Please confirm that AVZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1?

The Company confirms it is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

5. Please confirm that AVZ's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its Board or an officer of AVZ with delegated authority from the Board to respond to ASX on disclosure matters.

The Company confirms that its response has been authorised and approved by officers of the Company that have delegated authority from the Board to respond to ASX disclosure matters.

Mathew O'Hara
Company Secretary
AVZ Minerals Limited



29 June 2018

Mr Mathew O'Hara

AVZ Minerals Limited
Level 2, 389 Oxford Street
MOUNT HAWTHORN WA 6016

By email

Dear Mr O'Hara

AVZ Minerals Limited ("AVZ"): query letter

ASX Limited ("ASX") refers to the following.

- A. AVZ's announcement entitled "Clarification of Twitter post on 24 June 2018" released on the ASX Market Announcements Platform ("Platform") on 29 June 2018 ("Clarification") which explains the relationship between AVZ and Airguide International Pte Ltd ("Airguide"), of which Mr Michael Langford is a principal. Airguide is "engaged as the Company's strategic advisor to facilitate and advise on key relationships and a broader work program aimed at securing value-added commercial agreements with relevant counter-parties in China."
- B. The Clarification, released at the request of ASX, which refers to a recent Twitter post by Mr Langford, containing tonnage and grade values which could be construed as a mineral resource estimate for AVZ, and also production cost and enterprise value metrics for AVZ, and:
 - advises that AVZ "has yet to report a mineral resource estimate in accordance with the JORC Code 2012 or any technical studies involving production cost estimates to a level where it has 'reasonable grounds' under ASIC Regulatory Guide 170 to disclose this forecast financial information to the market"; and
 - warns that investors should not rely on information in relation to AVZ securities other than the Company's announcements made through the ASX Market Announcements Platform.
- C. A post published on Twitter on 24 June 2018 by Mr Langford (@ML_SuperNinja) ("June Post"), which appears to have been deleted at the time of writing, which included a table comparing the hard rock resource tonnage and grade values, and production cost and enterprise value metrics, of AVZ and a range of lithium focused exploration/production peers, with the commentary "Cheap on all measures....".
- D. Clause 17 of the 2012 version of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code") which states that "[A]ny information relating to an Exploration Target must be expressed so that it cannot be misrepresented or misconstrued as an estimate of a Mineral Resource or Ore Reserve."
- E. AVZ's Response to ASX Query released on the Platform on 13 April 2018 which, amongst other things, contains the following statement.

"The Company has formally requested Mr Langford to refrain from disclosing any potentially market sensitive information, that has not been announced on the ASX Markets Announcements Platform, regarding the Company via Twitter or any other form of social media. The Company has also requested that any posts on Twitter in regard to AVZ be cleared by the Company prior to release."

Having regard to the above, ASX asks AVZ to respond separately to each of the following questions and requests for information:

1. Does Mr Langford or Airguide have access to any financial modelling that AVZ may have conducted for internal management purposes or associated with the preparation of a mineral resource estimate or technical study?

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Perth WA 6840

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2. Does the board of directors of AVZ (“Board”) consider it appropriate for Mr Langford, as a principal of Airguide, to publish:
- information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate; or
 - production cost and enterprise value metrics for AVZ in the absence of AVZ having published a technical study containing such information.
- If the response is “yes”, please explain the basis for that response.
3. If the answer to question 2 ‘no’, what action does the Company intend to take to ensure that AVZ and its directors, employees, contractors or advisers do not disclose:
- information which could be misrepresented or misconstrued as a mineral resource estimate in the absence of AVZ having reported a mineral resource estimate;
 - financial information in the absence of AVZ having published a technical study containing such information; and
 - information which is not reported in accordance with the ASX Listing Rules or the JORC Code.
4. Please confirm that AVZ is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
5. Please confirm that AVZ’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy, or otherwise by its board or an officer of AVZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 5.00pm AWST on Thursday, 5 July 2018**. If you do not respond to this letter in a manner satisfactory to ASX by this deadline, ASX will suspend trading in AVZ’s securities under Listing Rule 17.3.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltperth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AVZ’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that AVZ’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, providing the information requested in this letter.

Further, if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AVZ’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AVZ to request a trading halt immediately.

Please contact me immediately if you have any queries about the above.

Yours sincerely

[Sent electronically without signature]

Ben Secrett

Principal Adviser, Listings Compliance (Perth)