



ASX ANNOUNCEMENT

24 June 2019

AVZ to Increase Equity Stake in the Manono Project

AVZ Minerals Limited (ASX: AVZ, “The Company”) is pleased to advise that it has executed a Share Sale Purchase Agreement (“Agreement”) with Dathomir Mining Resources SARL (“Dathomir”) to increase AVZ’s equity in the Manono Lithium and Tin Project (Licence PR13359).

Following ongoing discussions over the last few months, Dathomir has agreed to sell a 5% equity share in Dathcom Mining SAS (“Dathcom”) to AVZ for a total consideration of US\$5,500,000. Dathcom holds 100% of the Manono Lithium and Tin Project concession.

Under this Agreement, this purchase represents a highly accretive transaction for AVZ shareholders with minimal upfront payment. The first tranche payment of US\$500,000 is to be paid within 14 days of execution and the balance of the consideration can be paid at any time within a period of 36 months from execution of the Agreement.

At the completion of the transaction, AVZ’s equity interest in the Project licence will increase to 65%, representing an NPV₁₀ value added, based on the recent 5Mtpa Scoping Study¹ of some US\$130M to approximately US\$1.68Bn for AVZ’s 65% equity interest (based on ±35% accuracy and including US\$78M in capital contingency).

An Extraordinary General Meeting of Dathcom will now be convened in late July or early August to approve the sale of additional equity within Dathcom to AVZ.

Nigel Ferguson, AVZ’s Managing Director commented, “AVZ is pleased to be able to secure further equity interest in the Manono Lithium and Tin Project, given its Tier 1 status. We are still in discussion with our main partner, La Congolaise D’Exploitation Miniere (“Cominiere”) to secure additional equity from them on similar terms. Cominiere, as with all parastatal entities in the DRC, are currently under a “suspension of signature authority” following the Presidential elections. It is hoped that this will soon be lifted and a positive outcome to purchase further equity in the project, as discussed to date with Cominiere, can soon be achieved for AVZ. The extra equity in the Manono Lithium and Tin Project will add significantly to the bottom line and Net Present Values and it is critical for project financing as AVZ continues discussions with potential financiers and off-takers.”

¹ Refer to ASX announcement dated 23rd May 2019 titled “5Mtpa Scoping Study Further Strengthens the Economic Potential of the Manono Lithium and Tin Project”

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Market Cap

\$126 M

ASX Code: AVZ

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