



18 May 2017

AVZ TO PROCEED WITH MANONO TRANSACTION FOLLOWING COMPLETION OF DUE DILIGENCE

- AVZ completes due diligence review of the Manono Project to its satisfaction, and elects to proceed with the acquisition of a 60% project interest.
- Key outcomes of technical due diligence:
 - The Manono pegmatite extends for a strike length of at least 13kms, with potential extensions to south west and north east of up to an additional 10kms. Individual pegmatites in areas are up to 400 metres in width, with an average width being approximately 250 metres. Pegmatites extend to at least 240 metres depth.
 - Surface sampling and trenching of the Manono pegmatite over a strike length of some 5,000 metres mainly within the Kitotolo mine area has confirmed presence of lithium, tin and tantalum mineralisation. Moderate to highly weathered material has reported grades of up to 1.22% Li₂O.
 - Visible spodumene (up to 60% of the rock volume in limited areas but usually between 5% and 25% of the rock volume) and minor cassiterite (tin) and coltan (tantalum) have been recorded in diamond drill core and in outcrop mapping.
 - The Manono Project has the potential to host one of the world's largest lithium rich LCT (Lithium Caesium Tantalum) pegmatite deposits.
- Key outcomes of legal due diligence:
 - Manono licence validly granted and joint venture agreement entered into is valid and enforceable.
 - An action by a third party in DRC claiming that a historic mining right at Manono was invalidly cancelled has been dismissed by the DRC Supreme Court of Justice.
- A total of approximately 610.70 metres of the initial drill program have been completed to date, and a second diamond drill rig is now on site and production rates have increased significantly. The initial 2,000 metre drill program is expected to be completed in early Q3 2017, with results expected to flow from Q2 into Q3 2017.
- AVZ to proceed to settlement of the Manono transaction and the second tranche of the placement (for \$2.5 million) on or around Tuesday, 23 May 2017.

In February 2017, AVZ Minerals Ltd (ASX:AVZ) entered into a conditional agreement to acquire a 60% interest in the historic Manono Mine and surrounding area (Manono Project) in the south of the Democratic Republic of Congo (DRC) in central Africa.

The acquisition is subject to certain conditions including:

- AVZ completing its due diligence review to its satisfaction
- AVZ obtaining all necessary regulatory and shareholder approvals

AVZ has now satisfactorily completed its due diligence review of the Manono Project. In addition, AVZ confirms that all other conditions to the acquisition have been satisfied or waived.

Technical Due Diligence

As noted in AVZ's March 2017 Quarterly Report, AVZ's due diligence activities have included a review of available information from historic mining activities at Manono and completion of detailed geological mapping, trench and rock chip sampling programs. AVZ has also completed approximately 610.70m of an initial 2,000 metre diamond drilling program.

Key outcomes from this work are:

- The Manono pegmatite extends for a strike length of at least 13kms, with potential extensions to the south west and the north east of up to an additional 10kms.
- Surface sampling and trenching of the Manono pegmatite over a strike length of some 5,000 metres mainly within the Kitotolo mine area has confirmed the presence of lithium, tin and tantalum mineralisation. Moderate to highly weathered material has reported grades of up to 1.22% Li₂O. Results received for the initial trenching include at Roche Dure Trench 3 some 146m @ 0.26% Li₂O including 18m @ 0.48%, 32m @ 0.44% and 52m @ 0.39% Li₂O within weathered spodumene pegmatite (refer Annexure 2). Further results are expected soon for trench sampling. These initial results show excellent support and potential for fresh pegmatite to hold higher grading lithium which will be tested by the current drilling program.
- Individual pegmatites can be up to 400 metres in width, with average width being approximately 250 metres. Drilling to date has confirmed a true width in excess of 260 metres within MO17DD002 where drilling failed to intercept the footwall contact due to a lack of drill rods. The hole will be re-entered and completed at a later date.
- Spodumene ranging between 5% to 25% of whole rock volume and minor cassiterite/coltan is clearly visible in sections of the core. Weathering of the pegmatite and influence on the spodumene mineralisation is not yet fully understood. The estimated base of weathering is approximately 60 metres below surface with a short transitional zone and then fresh pegmatite below.
- Drilling to date also indicates the mineralised pegmatite is open below at least 240 metres vertically within the Roche Dure pit at Kitotolo. A total of approximately 610.70 metres of the initial drill program have been completed to date, and a second diamond drill rig is now on site and production rates have increased significantly. The initial 2,000 metre drill program is expected to be completed

in early Q3 2017, with results expected to flow from Q2 into Q3 2017. Initial samples have been forwarded to SGS laboratories in South Africa for analysis – assays are pending.

Refer Annexure 1 for photos of the Manono project area, drilling operations and selected samples of drill core.

AVZ considers the work completed to date demonstrates good potential that the pegmatite bodies at the Manono Project will host significant spodumene, tin and tantalum mineralisation. AVZ considers the Manono Project has the potential to host one of the world's largest lithium rich LCT (Lithium Caesium Tantalum) pegmatite deposits.

Legal Due Diligence

As noted in AVZ's March 2017 Quarterly Report, AVZ's legal adviser in the DRC has advised:

- PR 13359 is valid and confers on its registered holder La Congolaise d'Exploitation Miniere SA (**Cominiere**) the right to carry out exploration work for lithium, coltan and wolframite.
- The term of validity of PR 13359 is five years from 28 December 2016 to 27 December 2021. The licence is renewable thereafter for an additional period of five years, providing certain conditions are satisfied.
- The joint venture agreement entered into by AVZ, Cominiere and others is valid and enforceable under the laws of the DRC in accordance with its terms.
- An action by a third party in the DRC, Manomin Minerals Sarl (**Manomin**), claiming that a historic mining right (PE 12202) at Manono was invalidly cancelled has been dismissed by the DRC Supreme Court of Justice (SCJ). AVZ was not a party to the proceedings before the SCJ. AVZ's legal advisers in the DRC have reviewed the full written judgement of the SCJ, and confirmed that the SCJ's decision is final and there are no further avenues for appeal in the DRC.

In respect of the writ of summons filed in the Supreme Court of Western Australia (Court) in March 2017 by MMCS Strategic 1 (a shareholder of Manomin) seeking a declaration that the rights conferred under PE 12202 in the DRC remain valid (WA Proceedings), AVZ has applied to the Court to have the WA Proceedings permanently stayed. The hearing date for this application has been set for 31 July 2017. AVZ has elected to proceed to completion of the Manono transaction prior to resolution of the WA Proceedings.

Going Forward

Corporate - AVZ plans to proceed to settle the acquisition of the interest in the Manono Project, settle the remaining consideration in respect of the acquisition of the Manono Extension Project, complete the second tranche of the placement including the issue of options for both tranche 1 and tranche 2 and issue various performance rights as approved by shareholders (see ASX Announcement 2 February 2017) on or around Tuesday, 23 May 2017.

Operations – AVZ plans to complete the initial 2,000 metre diamond drilling program and further geological mapping and trenching of the project area. Based on the results of these programs, AVZ expects to undertake a more extensive RC and diamond drilling program (commencing late Q3 2017) designed to further test identified areas of mineralisation on a regularised pattern, as well as test potential extensions to areas of known pegmatite mineralisation to the south and north.

Further information about AVZ is available at www.avzminerals.com.au, or contact:

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Competent Person's Statement – Exploration Results

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Nigel Ferguson, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Ferguson is a consultant to AVZ Minerals Limited. Mr Ferguson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Ferguson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Annexure 1 – Manono Images



Manono Drill Core MO17DD001



Manono Drill Core MO17DD001



Manono Drill Core MO17DD001



Drilling at Manono MO17DD001



View to the south at Manono, showing the Kitotolo Zone Roche Dure pit





Carrier de l'est pit Manono Zone. Showing pegmatite dipping quite flat at around 17 degrees SW



Outcrop exposure of pegmatite within the Kitotolo zone showing plus 3m spodumene crystals with columnar form

Annexure 2 – Trench and drill hole locations and data

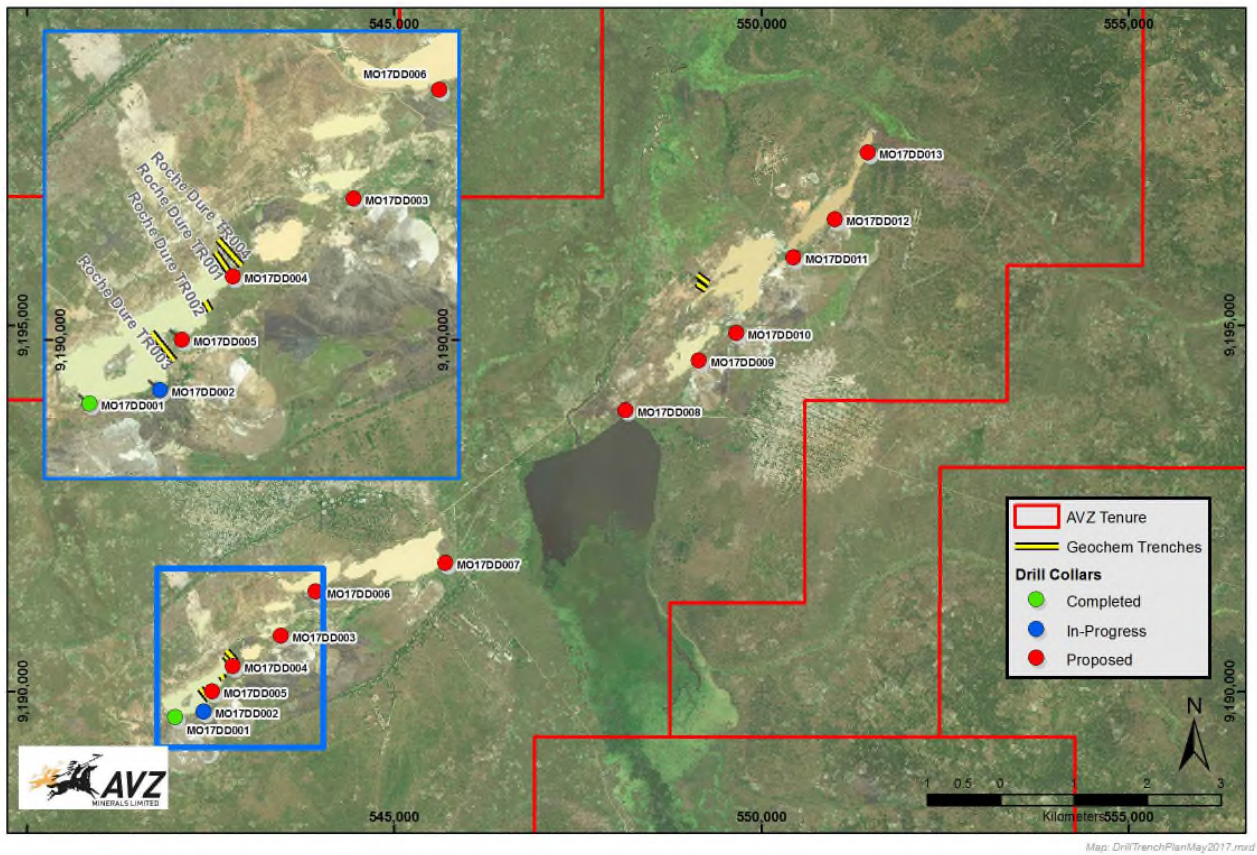


Figure 1: showing completed trenching and drilling and planned drilling at Kitotolo/Roche Dure pit and Manono (Malata south towards Kahungwe North)

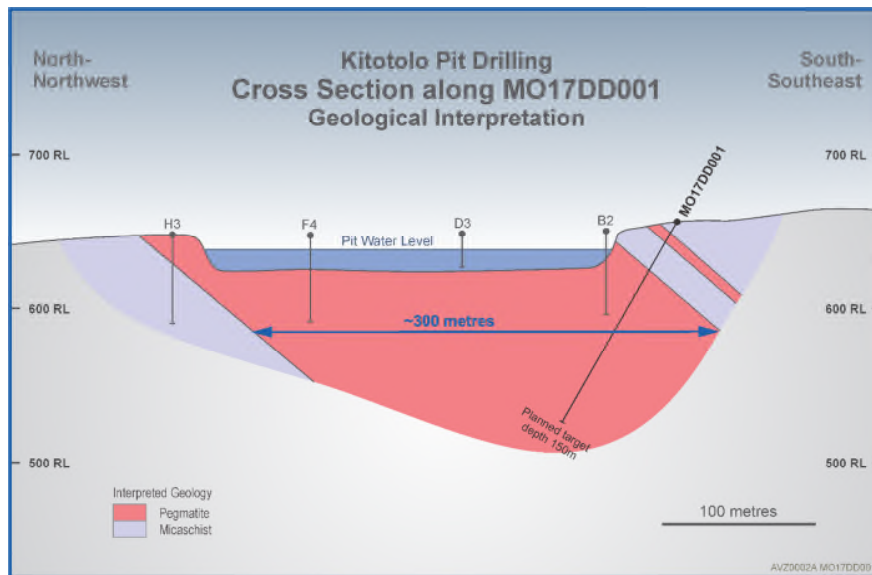


Figure 2: Showing schematic geological cross section interpretation of south Roche Dure pit with AVZ drill hole MO17DD001 (assay results pending)

Table 1 - Trench Data and Results

| Trench Number | Easting, Southing | Easting, Southing | No of Samples | Length (m) | Assay Results |
|------------------|---------------------|---------------------|---------------|------------|---------------|
| Roche Dure TR001 | 542697E 9190480S | 542791E 9190344S | 85 | 165 | Refer below |
| Roche Dure TR002 | 542639E 9190215S | 542670E 9190160S | 32 | 63 | Pending |
| Roche Dure TR003 | 542350E 9190045S | 542474E 9189887S | 77 | 200 | Refer below |
| Roche Dure TR004 | 542711E 9190550S | 542818E 9190432S | 86 | 191 | Refer below |
| Roche Dure TR005 | 541943E 9189975S | 541915E 9189667S | 117 | 427 | Pending |
| Malata TR001 | 549118E 9195694S | 549275E 9195572S | 68 | 199 | Pending |
| Malata TR002 | 549157E 9195606S | 549228E 9195559S | 23 | 72 | Pending |

Roche Dure TR001 results – low level anomalism of lithium, tin and tantalum. Depleted weathered zone.

Roche Dure TR003 results - 146m @ 0.26% Li₂O from 6m to 152m including: 18m @ 0.48% from 6m to 32m; 32m @ 0.44% from 58m to 90m; and 52m @ 0.39% Li₂O from 58m to 110m.

Roche Dure TR004 results. Low level anomalism of lithium, tin and tantalum. Depleted weathered zone.

Table 2 – Summary of Drill Hole Data Completed and In Progress

| Hole_ID | Easting (mE) WGS 84 UTM | Northing (mS) WGS 84 UTM | EOH (m) | Dip (deg) | Azim (deg) | Status |
|-----------|----------------------------------|-----------------------------------|------------|--------------|---------------|--------------------------------------|
| MO17DD001 | 542009 | 9189654 | 141.25 | -65 | 330 | Hole complete, assay results pending |
| MO17DD002 | 542394 | 9189730 | 301.20 | -50 | 330 | Hole complete, assay results pending |
| MO17DD003 | 542513 | 9190003 | - | -60 | 330 | In progress |
| MO17DD004 | 542792 | 9190348 | - | -60 | 330 | In progress |

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

| Criteria | JORC Code Explanation | Commentary |
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| Sampling techniques | <p>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</p> | <p>Diamond Core drilling was the principal form of historical sampling within the Manono project area (PR13359), with 42 vertical drill holes.</p> <p>Rock chip sampling of mineralized areas, soils and grab samples taken from historic waste dumps were also conducted within the project.</p> <p>Channel chip and grab sampling and additionally selected whole core samples have been collected according to JORC standards. Initially, due to a lack of means to cut core, very limited whole core has been sampled. All future sampling of diamond core will be half split, bagged and forwarded under secure arrangements to a commercial laboratory.</p> |
| | <p>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</p> | <p>Based on available data, there is nothing to indicate that drilling and sampling practices were not to normal industry standards at the time within the Manono licence PR13359.</p> <p>Rock chip samples are by their nature unrepresentative of the sampled interval or horizon.</p> |
| | <p>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.</p> | <p>Given the purpose of first pass exploration work, sampling practices appear to have been appropriate at the time.</p> <p>None of the rock chip, soils or grab samples are appropriate for, or have been used for, Mineral Resource estimates.</p> <p>Recent channel chip sampling has been completed for the purpose of helping to assist with definition of mineralised zones within the pegmatite and have been collected in accordance with standardised sampling procedures.</p> |

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| Drilling techniques | Drill type (e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.). | <p>Previous drilling completed on the Manono Project area (PR13359) comprised 42 diamond core holes for approximately 2,202m. No details were recorded on hole diameters or bit types. Géomines carried out a program of drilling, at the RD Pit only, between 1949 and 1951, targeted on the fresh pegmatite in the Kitotolo section at the western end of the Manono intrusion. The drilling consisted of 42 vertical holes drilled to a general depth of around 50 to 60m and reaching the -80m level. Drilling was carried out on 12 sections at irregular intervals ranging from 50m to 300m, and over a strike length of some 1,100m. Drill spacing on the sections varied from 50 to 100m.</p> <p>Current drilling is being completed using diamond core rigs with PQ, HQ and NQ sized drill rods. All holes are angled between -45° and -85° and collared from surface into weathered bedrock. All hole collars will be surveyed after completion. All holes are down hole surveyed using a digital multi-shot camera at regular intervals. Regular orientation of core is completed using a simple spear method.</p> |
| Drill sample recovery | Method of recording and assessing core and chip sample recoveries and results assessed. | <p>There are no records of sample recovery for the historical drilling.</p> <p>Current diamond core drilling is averaging some +85% recovery as calculated from RQD logs.</p> |
| | Measures taken to maximise sample recovery and ensure representative nature of the samples. | <p>There are no records of sample quality or potential contamination.</p> <p>All rock chip, grab and soil samples were taken in accordance with best practices.</p> <p>Constant supervision of the current drilling is undertaken by a professional geoscientist to ensure correct methods are imposed.</p> |
| | Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material. | <p>There are no records for sample recovery for the diamond core drilling, consequently it is not possible to review grade bias in relation to sample recovery.</p> <p>With regards current drilling this is not applicable until assay results are received.</p> |
| Logging | Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. | <p>It is not known what logging techniques were undertaken on historical drill core but it is presumed that all core was logged geologically and geotechnically. It is not known if this work would be sufficient to support Mineral Resource estimations.</p> <p>Current drilling is logged by a qualified geoscientist using paper logs and transferring this data to an excel spreadsheet for uploading into the micromine software system. A complete copy of the data is held by an independent consultant. The whole process is supervised by a professional geologist with FGS and D.I.C. qualifications.</p> |
| | Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography | <p>This is not applicable to historical core as the methodology is not known due to drilling being undertaken some 65 years ago. Reviews were undertaken in 1980 and 2010 by independent geologists. According to Behre Dolbear (2010) drill core was sampled, generally, at one-metre intervals throughout the pegmatite with a total of 1,038 tin determinations recorded in pegmatite.</p> <p>Rock chip, grab and soil samples were logged for lithological detail, mineral composition, alternation and level of weathering.</p> |

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| | The total length and percentage of the relevant intersections logged. | Not applicable. Unknown on previous drill programs Current drilling is 100% logged for geological, mineralogical and structural data and up to date |
| Sub-sampling techniques and sample preparation | If core, whether cut or sawn and whether quarter, half or all core taken. | Not applicable. Unknown on previous drill programs No sub sampling of current drilling |
| | If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry. | No record of RC drilling within the project up to 2017. The current program is diamond core drilling |
| | For all sample types, the nature, quality and appropriateness of the sample preparation technique. | No details are recorded of sample preparation techniques for historical work. Current sampling of rock chip, grab, soils and core are collected as approximately 3kg samples. All samples have been sent to a commercial laboratory for crushing, sieving and a 120gm subset collected for submittal to the commercial laboratory for analytical determination. |
| | Quality control procedures adopted for all subsampling stages to maximise representivity of samples. | There are no records of QAQC procedures for sub-sampling. No subsampling is undertaken for current programs |
| | Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling | No duplicate sampling has been undertaken for the current program. Laboratory duplicates are submitted routinely. |
| | Whether sample sizes are appropriate to the grain size of the material being sampled. | The sampling methods were appropriate for the material being sampled for the purposes of the sampling. Current sampling methods are appropriate for the material being sampled. |
| | Quality of assay data and laboratory tests | The nature, quality and appropriateness of the Assaying and laboratory procedures used and whether the technique is considered partial or total. |

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| | For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. | There were no geophysical tools, spectrometers, handheld XRF instruments used. |
| | Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established. | As sampling undertaken was of a first pass nature, only laboratory introduced standards, blanks and a single repeat were reported during determination of the recent rock chip samples. Additional programs will include a series of QAQC procedures including standards, blanks and field duplicates to be included in the sample stream process. |
| Verification of sampling and assaying | The verification of significant intersections by either independent or alternative company personnel. | No verification exploration work has so far been undertaken. |
| | The use of twinned holes. | No twin holes were drilled or have been drilled. |
| | Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. | The data from previous exploration are currently stored in hardcopy and digital format on site. A hard drive copy of this is located at the administration office in country and all data is uploaded to the GIS consultants database in Perth, WA. |
| | Discuss any adjustment to assay data. | No assay data have been adjusted to date. |
| Location of data points | Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. | All data points and drill collars have been set out utilizing hand held GPS units. All data points will be surveyed using a DGPS system at regular intervals and at the end of the program. |
| | Specification of the grid system used. | WGS_84 UTM |
| | Quality and adequacy of topographic control. | No survey has been undertaken. Hand held GPS coordinates have been utilized to locate sampling to date |
| Data spacing and distribution | Data spacing for reporting of Exploration Results. | Sampling undertaken to date was of a reconnaissance nature and wide spread along specific structures. Historical drilling was undertaken on the RD Pit only, between 1949 and 1951, targeted on the fresh pegmatite in the Kitotolo section at the western end of the Manono intrusion. The drilling consisted of 42 vertical holes drilled to a general depth of around 50 to 60m and reaching the -80m level. Drilling was carried out on 12 sections at irregular intervals ranging from 50m to 300m, and over a strike length of some 1,100m. Drill spacing on the sections varied from 50 to 100m. Initial diamond core drilling is roughly spaced at 400m line sections along strike. Current drilling is spaced at approximately 400m line spacing. A single hole is being drilled on each line. |
| | Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral | Not applicable as no resource estimation. Sampling undertaken to date was of a reconnaissance nature and wide spread along geologic bodies. |

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| | Resource and Ore Reserve estimation procedure(s) and classifications applied. | |
| | Whether sample compositing has been applied. | Sample compositing was not applied. |
| Orientation of data in relation to geological structure | Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. | Not applicable to the current sampling. |
| | If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. | There is no apparent bias in any sampling to date. |
| Sample security | The measures taken to ensure sample security. | No records exist of historic sample security procedures. The recent samples were collected and handed in person by the geologist to the commercial laboratory. All other samples were sealed into a box and delivered by DHL to the laboratory. |
| Audits or reviews | The results of any audits or reviews of sampling techniques and data. | No sampling techniques or data have been independently audited. |

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

| Criteria | JORC Code Explanation | Commentary |
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| Mineral tenement and land tenure status | Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. | The Manono licence has been recently awarded as a Research Permit PR 13359 issued on the 28th December 2016 and valid for 5 years. All indigenous title is cleared and there are no other known historical or environmentally sensitive areas. |
| | The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. | See above, no other known impediments. |
| Exploration done by other parties | Acknowledgment and appraisal of exploration by other parties. | <p>Previous exploration of relevance was undertaken by: Within PR13359 Geomines carried out a program of drilling, at the RD Pit only, between 1949 and 1951, targeted on the fresh pegmatite in the Kitotolo section at the western end of the Manono intrusion. The drilling consisted of 42 vertical holes drilled to a general depth of around 50 to 60m and reaching the -80m level. Drilling was carried out on 12 sections at irregular intervals ranging from 50m to 300m, and over a strike length of some 1,100m. Drill spacing on the sections varied from 50 to 100m.</p> <p>The licence area has been previously mined for tin and tantalum including "coltan" through a series of open pits over a total length of approximately 10km excavated by Zairetain sprl. More than 60Mt of material was mined from three major pits and several subsidiary pits. Ore was crushed and then upgraded through gravity separation to produce a concentrate of a reported 72%Sn. There are no reliable records available of tantalum or lithium recovery as tin was the primary mineral being recovered.</p> <p>Zairetain Parastatal Mineral company – limited exploration work within the Manono extension licences, Historical drilling of 42 diamond core drill holes and excavation and processing of approximately 90Mm³ of mineralised material for extraction of tin and tantalum at the nearby Manono mine.</p> |

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| <p>Geology</p> | <p>Deposit type, geological setting and style of mineralisation.</p> | <p>The Project lays within the mid-Proterozoic Kibaran Belt - an intracratonic domain, stretching for over 1,000 km through Katanga and into southwest Uganda. The belt strikes predominantly SW-NE and is truncated by the N-S to NNW-SSE trending Western Rift system.</p> <p>The Kibaran comprises a sedimentary and volcanic sequence that has been folded, metamorphosed and intruded by at least three separate phases of granite. The latest granite phase (900 to 950 My ago) is assigned to the Katangan cycle and is associated with widespread vein and pegmatite mineralization containing tin, tungsten, tantalum, niobium, lithium and beryllium. Deposits of this type occur as clusters and are widespread throughout the Kibaran terrain. In the DRC, the Katanga Tin Belt stretches over 500 km from near Kolwezi in the southwest to Kalemie in the northeast comprising numerous occurrences and deposits of which the Manono deposit is the largest.</p> <p>The geology of the Manono area is poorly documented and no reliable maps of local geology were observed. Bassot and Morio (1989) provide the most comprehensive account of the geology of the Manono deposits from which the following is largely derived.</p> <p>The Manono pegmatites are hosted by a series of quartzitic mica schists presumed to belong to the Lower Kibaran, which are associated with volcanic and intrusive rocks of mainly doleritic composition that are also well represented at Manono. The schists observed in the vicinity of the mine are generally steeply dipping in contrast to the sub-horizontal attitude of the pegmatite intrusions.</p> <p>The pegmatite intrusion is exposed in two areas, Manono in the northeast, and Kitotolo in the southwest. These are separated by a 2.5 km unexposed section centered on Lake Lukushi and the surrounding alluvial plain. It is proposed that this is a faulted section due to the highly weathered nature of the pegmatite to clays derived from mica.</p> |
| <p>Drill hole Information</p> | <p>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length. | <p>Historic core drilling was completed on PR13359 and was selective in nature and served only to test for the existence of mineralization within the southern most areas of the Kitotolo prospect and specifically the Roche Dure pit.</p> <p>Maximum depth attained was 180 metres and all holes were vertical.</p> <p>No complete database of the drill holes is available, however approximately 85% has been resurrected from various sources.</p> <p>According to previous authors, the drilling consisted of 42 vertical diamond drill holes drilled to a general depth of around 50 to 60m and reaching the -80m level. Drilling was carried out on 12 sections at irregular intervals ranging from 50m to 300m, and over a strike length of some 1,100m. Drill spacing on the sections varied from 50 to 100m.</p> <p>All current drilling is spaced on 400m lines and consists of one drill hole per line of a reconnaissance nature.</p> |

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| | | As no results have yet been received for drill core no data is provided. |
| | If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. | As above. |
| Data aggregation methods | In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated. | All results being reported for trenches are based on 2 metre interval lengths and have had sample intervals selected by AVZ personnel based on geological intervals and boundaries. No top cut has been applied. A general bottom cut of 0.25% Li ₂ O has been imposed for any aggregated assay interval reported where that aggregated assay interval is less than 10m in length and less than 0.25% Li ₂ O. No geostatistical methods were employed in applying the bottom cut. At this stage it is considered that an insufficient data set has been collected to allow geostatistical methods of any relevance. Methodology will change as the collected data set increases. |
| | Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. | All assays reported are weighted averaged to the individual sample lengths combined over the interval. |
| | The assumptions used for any reporting of metal equivalent values should be clearly stated. | No metal equivalent values reported. No top cut has been applied. |
| Relationship between mineralisation widths and intercept lengths | These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported | The historic core holes were drilled at -90 dip to intercept mineralisation generally dipping -30 to sub-horizontal. Recorded intercept lengths will therefore be greater than true width of mineralisation. Given the widely spaced reconnaissance nature of the current drilling the geometry of the mineralisation reported is not known and true width is not known. Current surface sampling results within trenches were generally oriented perpendicular to the pegmatite strike and as such are generally collected on a 2 metre across strike width. |
| | If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known'). | As above. |
| Diagrams | Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. | Refer attached press release. |
| Balanced | Where comprehensive reporting of all | Due to the nature of the drilling and lack of adequate |

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| reporting | Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. | records and survey control data available, they are to be considered indicative only and not material. |
| Other substantive exploration data | Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. | No further data available. |
| Further work | The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling). | Further work will include mapping, soil sampling and bedrock sampling for geochemical anomalies to identify prospective target zones and then RC drill testing of the higher priority targets. Diamond drilling will be included in subsequent phases of drilling, |
| | Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. | The diagrams in the attached press release show the target areas and planned drill holes. |