



10 August 2017

AVZ TO RAISE \$15 MILLION TO FUND MANONO PROJECT

Highlights

- **\$15M placement including \$13M to strategic investor Huayou Cobalt Group**
- **Funds to be used for planned drilling and initial metallurgical testwork programs at the Manono project**

The Board of AVZ Minerals Limited (ASX: AVZ) is pleased to announce that it has reached agreement with Huayou International Mining (HONGKONG) Limited (Huayou) for Huayou to invest \$13.02 million and acquire an 11% interest in AVZ.

The placement to Huayou will comprise 186 million shares at an issue price of 7 cents per share, together with 186 million attaching options exercisable at 10 cents and expiring 20 months from the date of issue to raise \$13,020,000. Huayou will also have the right to appoint a nominee to the AVZ Board.

AVZ will issue 186 million shares and 86 million attaching options to Huayou under its existing placement capacity in accordance with Listing Rule 7.1 and 7.1A, being 45.8 million shares and 86 million options under Listing Rule 7.1 and 140.2 million shares under Listing Rule 7.1A, with settlement expected to be on or around Tuesday 22 August 2017. The remaining 100 million attaching options will be issued to Huayou subject to shareholder approval (expected in late September 2017).

In addition, AVZ also proposes to raise, subject to shareholder approval (expected in late September 2017), up to a further \$1.98 million from institutional and sophisticated investors by the issue of up to 28,285,714 shares at an issue price of 7 cents per share, together with up to 28,285,714 attaching options exercisable at 10 cents and expiring 20 months from the date of issue. Hartleys Limited will act as Lead Manager of this component of the placement.

The funds will primarily be used for the planned drilling and initial metallurgical testwork programs at the Manono project in the south of Democratic Republic of Congo (DRC), as well as ongoing corporate and administration costs. The Company intends to embark on a significant diamond and RC drilling program commencing late Q3 / early Q4, with the objective of defining Mineral Resources to JORC 2012 standard by early 2018.

Huayou is a wholly-owned subsidiary of Zhejiang Huayou Cobalt Co., Ltd. (Huayou Cobalt). Huayou Cobalt is a Chinese company listed on the Shanghai Stock Exchange with a market capitalisation of approximately Y38 billion (~US\$5.8 billion). Huayou Cobalt's main business is nonferrous smelting of cobalt, nickel and copper. Huayou Cobalt is the largest cobalt chemicals producer at present in China. Huayou Cobalt's products are used for Li-ion battery cathode material, high temperature and cemented carbide, frits and glazes, rubber adhesive and petrochemical catalysts. Huayou Cobalt was established in 2002 and is headquartered in Jiaying, China. Huayou Cobalt also owns and operates a number of copper and cobalt mines in the south of the DRC, exporting concentrates back to its processing and refining facilities in China.

Commenting on the transaction, Mr Klaus Eckhof, Executive Chairman of AVZ, said "We are extremely pleased to have attracted a strategic investor of the calibre of the Huayou Cobalt Group. They have a proven track record in operating in the DRC, and in developing and financing mines. We look forward to working with Huayou to bring the Manono Project into production on the fastest possible timeline."

Mr Hongliang Chen, the CEO of Huayou, said "We look forward to building a strong relationship with AVZ and to work together to develop the exciting Manono Project. We believe the strong demand for lithium will continue to grow in the years ahead and Huayou can assist to realise the significant potential of the Manono Project during this growth phase."

For more information contact:

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