19 February 2018

AVZ Minerals Limited

AVZ achieves record intersection of 295.05m* of spodumene bearing pegmatite at Manono

HIGHLIGHTS

- First drill hole (MO18DD001) of AVZ's 20,000m Phase 1 drilling program intersects 295.05m* of pegmatite from 62.00m down-hole depth
- Results suggests the Roche Dure Pegmatite is thicker than anticipated in this area
- Geological logging of drill-core suggests that the hole contains a similar quantity and distribution of spodumene to that intersected by drill-hole MO17DD001 (235.03m* @ 1.66% Li_2O), 100m north-west of MO18DD001.
- Lower pegmatite contact intersected at 357.05m* depth with the drill-hole terminated at 380.00m down-hole depth.

AVZ's Executive Chairman Mr Klaus Eckhof commented, *"The down-hole intercept, based on geological logging, re-affirms the Manono Lithium Project as a world-class lithium asset. As the first hole in our initial 20,000m Phase 1 drilling program, we could not have hoped for a better result."*

AVZ Minerals Limited (ASX: AVZ) is pleased to provide an update on its initial 20,000m resource drilling program at the Manono Lithium Project in the Democratic Republic of Congo.

Drill-hole MO18DD001 commenced on 1 February 2018 and was completed on 14 February 2018 at a depth of 380.00m, with 295.05m* in spodumene-bearing pegmatite, and 294.93m* of the intersection being fresh pegmatite.

This hole is located about 100m south-east of drill-hole MO17DD001 and was designed to intersect the pegmatite down-dip of the large intersection achieved by MO17DD001 (235.03m* @ 1.66% Li_2O), see Figure 1.

The hole intersected a greater thickness of pegmatite than expected, due to the top contact of the pegmatite being intersected at 62.00m, shallower than expected. The lower contact was intersected within 7m of expectations at 357.05m down-hole.

* Down-hole length. Additional drilling is required to confirm the true-thickness of the pegmatites.

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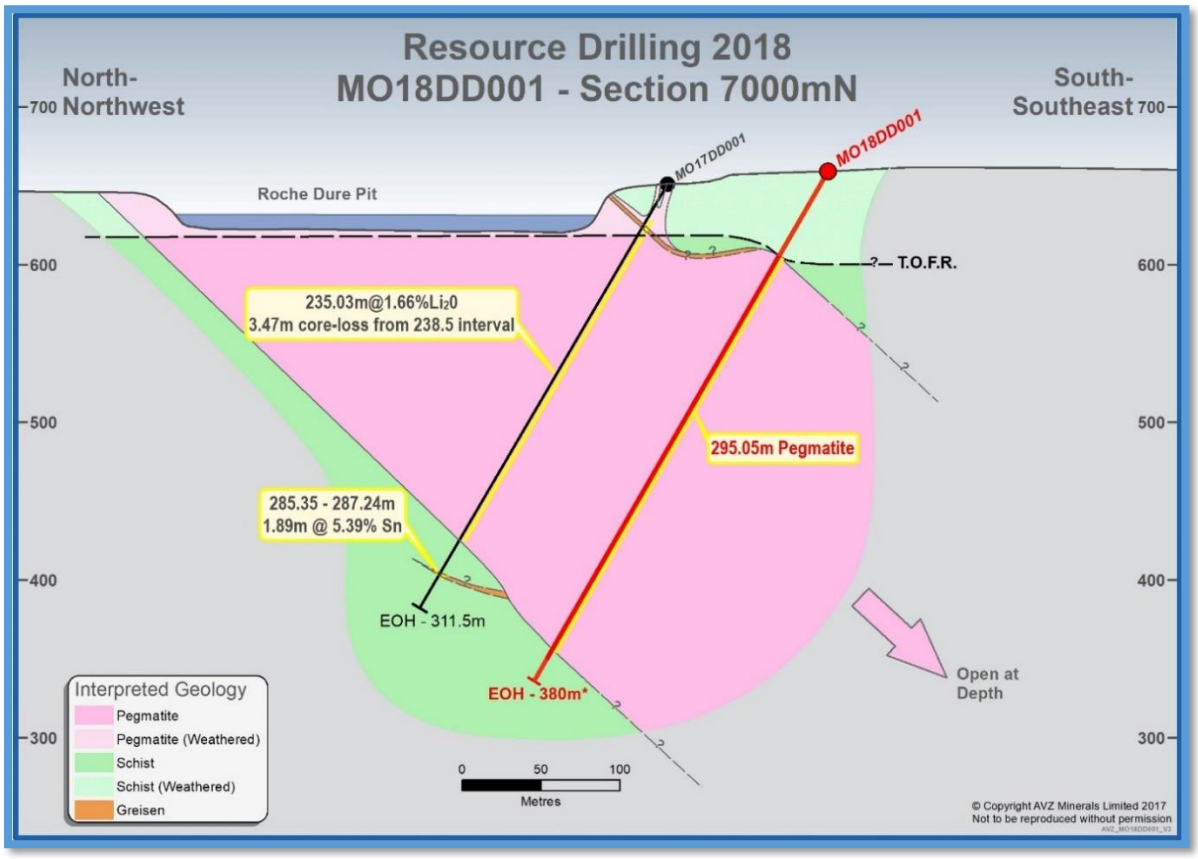

Figure 1: Cross-section of drill-hole MO18DD001. Note: The actual drill-hole deviates slightly from the straight-line shown (see Appendix 1 for down-hole survey) but compensation has been incorporated into this cross-section.

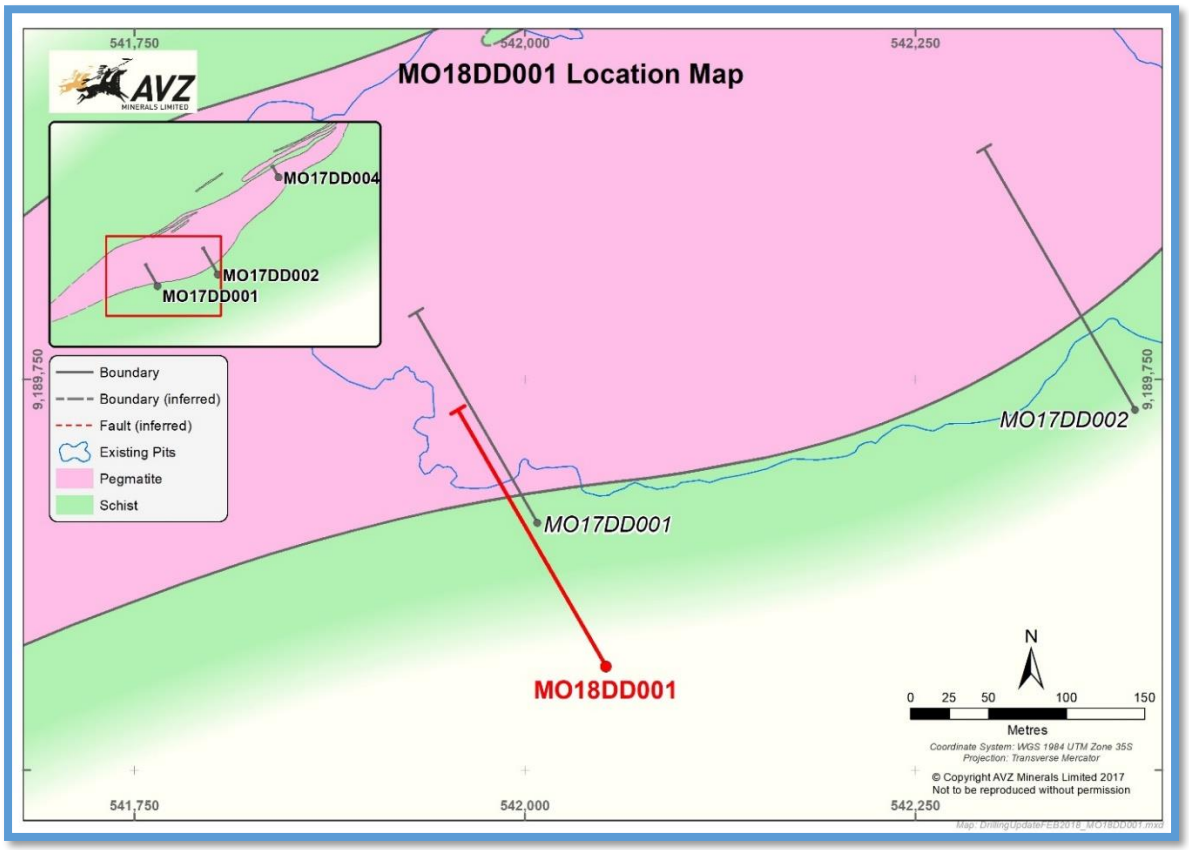

Figure 2: Location of drill-hole MO18DD001.

MO18DD001 intersected the top contact of the pegmatite at 62.00m down-hole. The intersected pegmatite contains significant spodumene throughout, with visual estimations of spodumene contents ranging from 10% up to 40%, see Figure 3. Visual inspection of drill-core suggests that the hole contains a similar quantity and distribution of spodumene to that intersected by drill-hole MO17DD001 (235.03m* @ 1.66% Li_2O), 100m north-west of MO18DD001. The core is being sampled in preparation for assaying.

Figure 3: Spodumene within MO18DD001 drill-core. Note that the mineralisation displayed within this image is estimated at about 10% - 20% spodumene and is typical of the spodumene mineralisation noted by AVZ's geologists to be present throughout the intersection of pegmatite achieved by the drill-hole. It is important to note that visual estimates are only approximate guides to the tenor of mineralisation.

The Phase 1 drilling program is part of AVZ's goal of completing sufficient drilling at Manono to enable definition of a 2012 JORC-compliant Mineral Resource. Phase 1 is progressing well with good rates of drill advancement.

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

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Competent Persons Statement

The information in this report that relates to mineral composition investigations is based on information compiled by Mr Peter Spitalny, a Competent Person whom is a Member of the Australasian Institute of Mining and Metallurgy. Mr Spitalny is a full-time employee of Hanree Holdings Pty Ltd. Mr Spitalny 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 Resources and Ore Reserves'. Mr Spitalny consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1 - Drill Hole Collar and Down Hole Survey Data

Drill Hole Collar Details

Drill Hole ID	Drilling method	Easting (mE)	Northing (mN)	Elevation (mRL)	Datum	Zone	Dip (Deg)	Azimuth (Mag)	EOH
MO18DD001	Diamond coring	542,052	9,189,566	659	WGS 84	35 M	-60	330	380

Down Hole Survey Details MO18DD001

Drill Hole ID	Survey Depth (m)	Dip (Deg)	Azimuth (Mag)
MO18DD001	0.0	-60	335.0
	30.0	-60	335.5
	65.0	-59.5	337.2
	110.0	-58.4	338.2
	140.0	-57.7	338.9
	170.0	-57.2	340.4
	200.0	-57	342.0
	236.0	-56.9	342.6
	260.0	-56.3	343.7
	290.0	-56.2	344.5
	320.0	-55.6	345.7
	353.0	-54.3	347.5
	380.0	-54.3	347.1
Survey undertaken using an EZ-Trac Mulitshot Survey Tool			

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
Sampling techniques	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.	Not yet sampled.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	Not yet sampled.
	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.	Diamond drilling has been used to obtain core samples. Until the core is sampled, AVZ relies upon visual estimates of spodumene abundance to assess the tenor of mineralisation. Geologists log the core and record the perceived volumetric abundance of spodumene as a percentage range.
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,	The drilling discussed in the report preceding this table was completed using diamond core rigs with PQ and HQ sized drill rods. All holes are angled at -60^0 and collared from surface into weathered bedrock. All hole collars will be surveyed after

	depth of diamond tails, face sampling bit or other type, whether core is oriented and if so, by what method, etc.).	completion. All holes are down-hole surveyed using a digital multi-shot camera at about 30m intervals. The core obtained by drilling is oriented through use of a Reflex ACT II digital core-orientation tool.

Drill sample recovery	Method of recording and assessing core and chip sample recoveries and results assessed.	Current diamond core drilling is averaging greater than 90% recovery as calculated from RQD logs.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	AVZ has ensured minimum adequate supervision of drilling has been completed by an experienced geologist to correct drilling protocols are followed and sample recovery is maximized.
	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.	For the vast majority of the drilling completed, recovery was near 100% and there is no sample bias due to preferential loss or gain of fine or coarse material.
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.	Drill-core is logged by a qualified geologist using a paper logs with the data entered into an excel spreadsheet for uploading into the micromine software system. A complete copy of the data is held by an independent consultant. The parameters recorded in the logging are adequate to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography	All core is logged, and logging is by qualitative (Lithology) and quantitative (RQD) methods. All core is also photographed.
	The total length and percentage of the relevant intersections logged.	The entirety of all drill-holes are logged for geological, mineralogical and geotechnical data.
Sub-sampling techniques and sample preparation	If core, whether cut or sawn and whether quarter, half or all core taken.	Not yet sampled.
	If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.	The current program is diamond core drilling.
	For all sample types, the nature, quality and appropriateness of	Not yet sampled.

	the sample preparation technique.	
	Quality control procedures adopted for all subsampling stages to maximise representivity of samples.	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.	Not yet sampled.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Not yet 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.	Not yet sampled.
	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. 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.	These geophysical instruments are not used in assessing the mineralization within AVZ's Manono Lithium Project. Not yet sampled.
Verification of sampling and assaying	The verification of significant intersections by either independent or alternative company personnel.	Not yet sampled.
	The use of twinned holes.	No twin holes were drilled or have been drilled.
	Documentation of primary data, data entry procedures, data	The data from previous exploration are currently stored in hardcopy and digital format on site. A

	verification, data storage (physical and electronic) protocols.	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.	Not yet sampled.
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, having an accuracy of ± 3m in open ground. 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 Zone 35M UTM metric grid.
	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.	The drilling described in the report preceding this table is the initial hole of a program in which drill-holes are intended to be approximately 50m - 100m apart.
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	The drilling described in the report preceding this table is the initial hole of a program in which drill-holes are intended to be approximately 50m - 100m apart which is envisaged to be adequate to define a Mineral Resource.
	Whether sample compositing has been applied.	Not yet sampled.
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.	The drill-hole orientation is designed to intersect the pegmatites such that drilling-intersections are at, or nearly at, 90^0 to the dip and strike of the pegmatite.
	If the relationship between the drilling orientation and the orientation of key mineralised structures are considered to have introduced a sampling bias, this	Not yet sampled.

	should be assessed and reported if material.	
Sample security	The measures taken to ensure sample security.	Not yet sampled.
Audits or reviews	The results of any audits or reviews of sampling techniques and data.	Not yet sampled.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code Explanation	Commentary
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 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.	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. 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.

		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 mineralized material for extraction of tin and tantalum at the nearby Manono mine.

Geology	Deposit type, geological setting and style of mineralisation.	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. The rocks of the Kibaran Belt are comprised of 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. The geology of the Manono area is poorly documented and no reliable maps of local geology were observed. Recent mapping by AVZ has augmented the overview provided by Bassot and Morio (1989) and has led to the following description. The Manono Project pegmatites are hosted by a series of mica schists and by amphibolite in some locations. These host rocks have a steeply dipping penetrative foliation that appears to be parallel to bedding. There are numerous bodies of pegmatite, the largest of which have sub-horizontal to moderate dips, with dip direction being towards the southeast. The pegmatites post-date metamorphism, with all primary igneous textures intact. They cross-cut the host-rocks but despite

		their large size, the contact deformation and metasomatism of the host rocks by the intrusion of the pegmatites seems minor. The absence of significant deformation of the schistosity of the host rocks implies that the pegmatites intruded brittle rocks. The pegmatites constitute a pegmatite swarm in which the largest pegmatites have an apparent en-echalon arrangement in a linear zone more than 12km long. The pegmatites are exposed in two areas; Manono in the northeast, and Kitotolo in the southwest. These areas are separated by a 2.5 km section of alluvium-filled floodplain which contains Lake Lukushi. At least one large pegmatite extends beneath the floodplain. The pegmatites are members of the LCT-Rare Element group of pegmatites and within the pegmatite swarm there are LCT Albite-spodumene pegmatites and LCT Complex (spodumene sub-type) pegmatites.
Drill hole Information	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: • 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.	This information is included as Appendix 1 of the report preceding this table.
	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.	This information has not been excluded.

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.	Not yet sampled.
	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.	Not yet sampled.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	Not yet sampled.
Relationship between mineralization widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results. If the geometry of the mineralization with respect to the drill hole angle is known, its nature should be reported.	For those bodies of pegmatite for which geometry is reasonably well constrained, the true-thickness is stated. Otherwise, the intersection is merely referred to as the length intersected and a note provided stating that the true thickness is not yet known.
	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.	The required sections and plans are included in the report preceding this table.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be	This release does not state assay results for the reported drill-hole as the core has not yet been sampled.

	practiced to avoid misleading reporting of Exploration Results.	
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.	This information will be supplied as the project advances and said data is generated.
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).	RC and Diamond drill testing of the identified priority targets will be on-going.
	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 release show the intersected pegmatite and potential extensions.