



AVZ Transport Update - Material Cost Savings

HIGHLIGHTS

- AVZ's technical team have reviewed several methods of transshipment of concentrate from the Manono Lithium Project and have identified significant savings that will reduce overall transport costs for the project
- The 2Mtpa Scoping Study is now being re-run to including these savings to produce updated financials for the Project
- The 5Mtpa and 10Mtpa Scoping studies will also include these updated financials and remain on track for reporting.

AVZ Minerals Limited (ASX:AVZ) "AVZ" or "the Company" is pleased to advise that further detailed review of the methodology adopted for the Scoping Study (released 9 October, 2018) has revealed significant savings which allow for a more cost effective transport of the concentrate from the Manono Lithium project to port **without applying any further discount that could be negotiated for volume carried with providers moving forward.**

As per the results from the Scoping Study announcement dated 9 October 2018, the transport cost of the preferred route represents the largest operating cost for the Project. With this in mind, AVZ's technical team have been reviewing methods of transporting concentrate from Manono to Dar es Salaam, Tanzania and have identified that significant cost savings are to be gained by utilising 2 tonne "bulka bags" instead of the nominated half height 20' containers.

The initial proposed transportation option, adopted closed, half height 20' containers with a capacity of approximately 30t. These containers would be truck loaded at site and then transferred to the port town of Moba on the west coast of Lake Tanganyika. These containers would then be loaded on to a custom-made barge, sailed to the Tanzanian port of Kigoma and then offloaded directly to flat top rolling stock for railing to Dar es Salaam.

As part of our continual optimisation strategy, the proposed method of packaging and moving the concentrate has been reviewed and the option to utilise 2 tonne "bulka bags" instead of closed containers proved positive in reducing costs. This enabled maximisation of available transport methods to port with positive results.

ASX ANNOUNCEMENT

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Issued Capital

1,888 M Ordinary Shares

Market Cap

\$164 M

ASX Code: AVZ

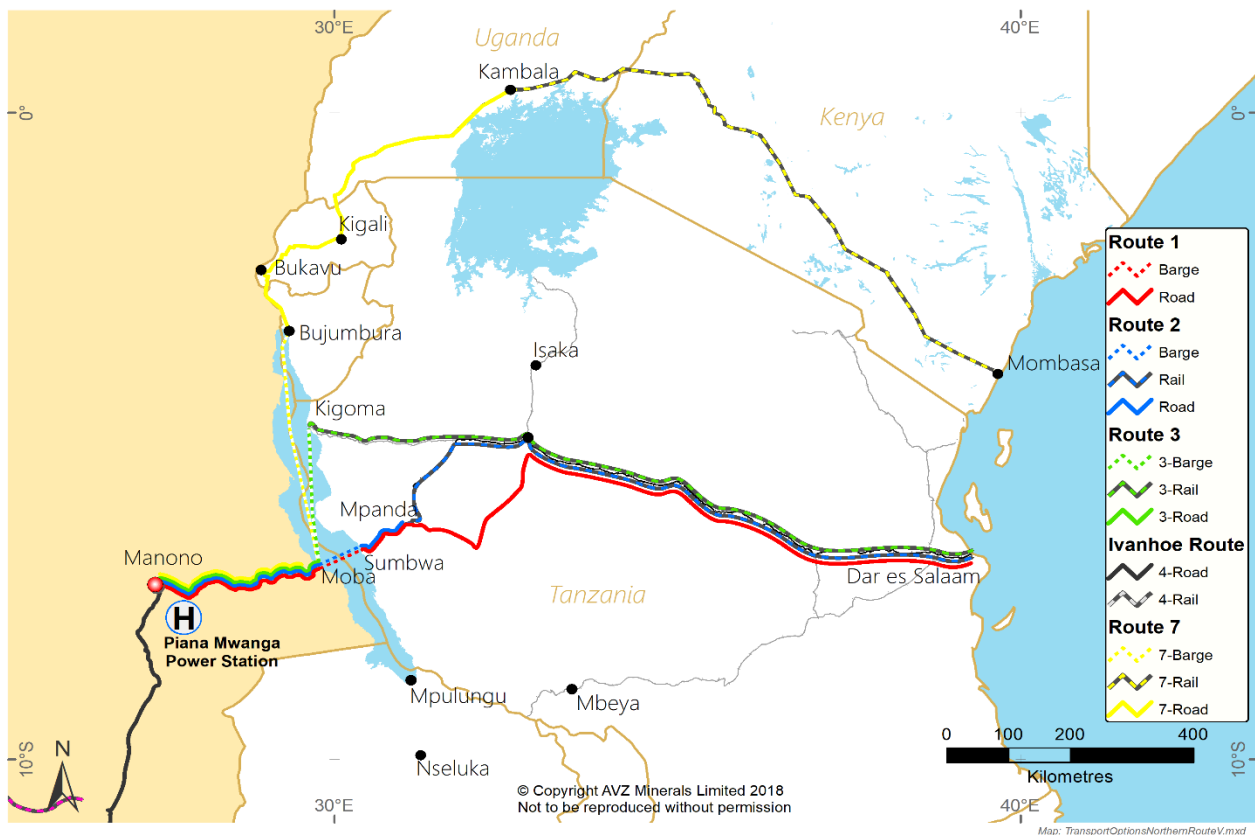


Figure 1 Transportation Route Options

Based on the 2 Mtpa scoping study (released on 9 October 2018) and ongoing work to date, AVZ believes transport and processing costs have the potential to be further improved (reduced) as current work and negotiations are completed.

Additional discussions will also be held with DRC regional Government and the Tanzanian authorities and are being planned for within a site visit in the coming weeks. Presently the 2Mtpa Scoping Study is to be re-run and results will be announced to the market as soon as completed.

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

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