



## ASX ANNOUNCEMENT

15 January 2020

# AVZ Power signs MOU with DRC's Ministry of Hydraulic Resources and Energy for Mpiana-Mwanga hydro-electric power station

### Highlights:

- AVZ Power signs MOU with Democratic Republic of the Congo's Ministry of Hydraulic Resources and Energy to investigate the feasibility of refurbishment of the Mpiana-Mwanga hydro-electric power station on Luvua River
- Mpiana-Mwanga hydro-electric power station is located approximately 85km east-south-east of the proposed Manono mine site
- AVZ Power has the rights to secure a long-term, exclusive lease to rehabilitate the Mpiana-Mwanga hydro-electric power station, providing up to ~54Mw of electricity to the Manono Lithium and Tin Project and the nearby Manono town site
- A refurbished Mpiana-Mwanga hydro-electric power station would provide sufficient power for AVZ's mining camp and associated infrastructure, as well as the nearby Manono town site and any future expansion of the mine site, including a 25Ktpa hydroxide plant.
- Mpiana-Mwanga hydro-electric power station would be a much cheaper option than diesel-powered generation as is currently estimated in scoping studies and could be used for electrification of all mining equipment – making Manono a "green" project

AVZ Minerals Limited (ASX: "AVZ" or "the Company") is pleased to announce its 100%-owned subsidiary AVZ Power SAU ("AVZ Power") has signed a Memorandum of Understanding ("MOU") with the Democratic Republic of the Congo's **Ministry of Hydraulic Resources and Energy** to investigate refurbishment of the Mpiana-Mwanga hydro-electric power station on the Luvua River and associated power grids in the Manono Territory.

The Mpiana-Mwanga hydro-electric power station is located about 85km east-south-east of the proposed Manono mine site.

The power station was originally built in 1933 to service the historic tin mine but closed in 1982 when operations ceased.

At present, power is generated at the Manono town site using diesel generators and a recently commissioned 1.5Mw solar power system, whilst at AVZ's camp it is powered by a smaller 20Kva solar system with a diesel powered back-up generator.

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### Directors

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Non-Executive Director: Hongliang Chen

### Market Cap

\$126 M

ASX Code: AVZ

Based on a positive outcome of the feasibility studies into re-commissioning the power station, it is AVZ Powers' intention to acquire from the DRC Government a long-term, 100% exclusive lease to rehabilitate the Mpiana-Mwanga hydro-electric power station.

It is estimated up to approximately ~54Mw of electricity can be generated from the rehabilitated power station – sufficient to power the Manono town site and AVZ's nearby mining camp and associated infrastructure and any future expansion of the mine site, including a 25Ktpa hydroxide plant.

**AVZ Minerals Managing Director, Mr Nigel Ferguson, said:** "We have been working towards securing this opportunity for several months now as we consider the rehabilitation of the Mpiana-Mwanga power station is a major step forward for the Company.

"Controlling the refurbishment of the hydro power plant allows the Company to develop the hydro plant in phases that align with AVZ's mine expansion program, with the first phase delivering approximately 18Mw of electricity from two turbines.

"We can then expand the existing power station, which has capacity for six turbines, to deliver additional electricity for our expanded DMS plus flotation operation and finally, our third expansion phase – establishing a hydroxide plant – with a combined requirement of approximately 54Mw of electricity.

"From an economic perspective, AVZ is likely to generate significant longer-term savings from generating its own electricity at an estimated 3 to 4 cents per kWh, as opposed to using diesel powered generators at an estimated 42 cents per kWh.

"Ultimately, the electricity generated from the power station could be used for operating all of our mining equipment, making the Manono Lithium and Tin Project a 100% "green" mine, as well as providing sufficient electricity to power the entire Manono town site and rehabilitate the associated power grids in the Manono Territory.

"This would be a significant achievement for the Company and everyone associated with the Manono Project, including our shareholders and our financiers."



*Figure 1: Signing of the Mpiana-Mwanga hydro-electric power station MOU with the DRC's Ministry of Hydraulic Resources and Energy in Kinshasa, DRC.*





*Figures 2-5: The Mpiana-Mwanga hydro-electric power station on the Luvua River*

This release was authorized by Nigel Ferguson, Managing Director of AVZ Minerals Limited.

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