



Operational Update and Resignation of Non-Executive Director

Highlights

- Request for tender for the Roche Dure process plant package issued
- Early works program planning underway
- Permis d'Exploitation (Mining Licence) application being prepared
- SEZ discussions continuing
- Extension to known mineralisation to South West of Roche Dure confirmed

AVZ Minerals Limited (ASX:AVZ, "the Company") is pleased to provide an operational update in relation to its flagship project, the Manono Lithium and Tin Project ("Manono Project").

Operational Updates

Following on from the publication of the Company's DFS results for the Manono Project in April 2020, focus has quickly moved from the study phase to the design and implementation phase. As a result, effort is being put into contacting companies identified during the DFS stage to invite them to tender for the various work packages required during the construction phase. Planning also continues for both the Early Works Program and the conversion of the Permis du Recherche into the Permit d'Exploitation concession (exploration licence into the mining licence).

Due to ongoing travel restrictions resulting from the global Covid-19 pandemic, some of these proposed early works will be delayed until senior management can return to the DRC, which is currently in lockdown with no travel allowed.

This also affects the discussions with the Government about the tax regime proposed for the Manono Special Economic Zone ("SEZ") that have also slowed but are still in progress.

ASX ANNOUNCEMENT

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Non-Executive Director: Peter Huljich

Market Cap

\$152 M

ASX Code: AVZ

Requests for Tender

The Company is pleased to advise that the Request for Tender (RFT) for the process plant package for the Manono Lithium and Tin Operations (“**MLTO**”) has been issued to the market on 8 May 2020 and will close on the 24 July 2020. Several companies that responded to the call for Expressions of Interest, or contributed during the DFS program and demonstrated their ability to carry out the construction of the MTLO plant, have been approached and invited to bid for the plant EPC contract which is expected to be awarded in August 2020 ¹.

Other tender packages are currently being prepared and will soon be released to the market when completed.

Early Works Program

Whilst it has been noted that AVZ is currently going to the market to invite tenders for various design and construction works, planning of the Early Works Program continues unabated. The current Colline Manono camp site, catering for up to 55 workers, will be expanded during the year to accommodate an extra 100 construction personnel during the expected 12-18 months required to build the MLTO plant and associated infrastructure. Other works such as the development of modern well drained, access roads to and from the plant site will also be completed as part of this program. This will facilitate an immediate start for the construction crew when they arrive in Manono.

The Early Works Program also includes the building of the site office and the fabrication workshop on the site, allowing the commencement of the Apprenticeship Training Program, designed to select candidates for training and potential future employment on the site.

Permis d’Exploitation Application Updates

Documentation for the application to convert the current exploration licence (PR13359) to a mining licence, is underway. The DFS results, the ESIA reports (including the Social Development plan) and the draft Mine Closure Plan form the majority of this package of reports, that are required for the application to be submitted. It is anticipated that this will take a month to complete the application then several months for government approval to be received. The application is made jointly to the Department of Mines and the Department of Environment.

Special Economic Zone Updates

Following on the signing of the MoU for the SEZ on 18 February 2020 with the Department of Industry, confirming both parties’ determination to proceed to finalise discussions over the establishment of the proposed Manono Special Economic Zone (“**MSEZ**”), the process has slowed due to the inability of personal meetings with government officials as well as the effective closure of government offices in Kinshasa as a result of the Coronavirus. The negotiated inclusions in the proposed Manono Special Economic Zone, which will initially cover the MLTO, the Mpiana Mwanga hydro-electric power station and the Manono to Kabondo Dianda road redevelopment and the Lualaba River crossing, remain ongoing through our in country DRC team.

It is anticipated that the proposed 3-day workshop to be held in Kinshasa in late March will be quickly resurrected upon the lifting of the current travel ban with all preparations being made via email and telephonic means to assist in curtailing any further delays.

¹ Subject to: AVZ Board approval to mine, Financial Investment decision being met, and the Coronavirus cleared to allow for international travel.

Extension of Surface Mineralisation to South West of Roche Dure

Results from surface exploration and sampling to the immediate south-west of Roche Dure, which involved soil sampling on wide spaced lines 400 m apart, has provided early positive results for the likely extension of the Roche Dure pegmatitic orebody along strike from the open pit (*Figure 1*).

The samples were collected across the concession boundary between PR13359 onto the Company's 100% owned PR4030 and this has provided extra information on a 4.8 km long corridor from Roche Dure along strike to the western edge of PR4030 (*Figure 1*).

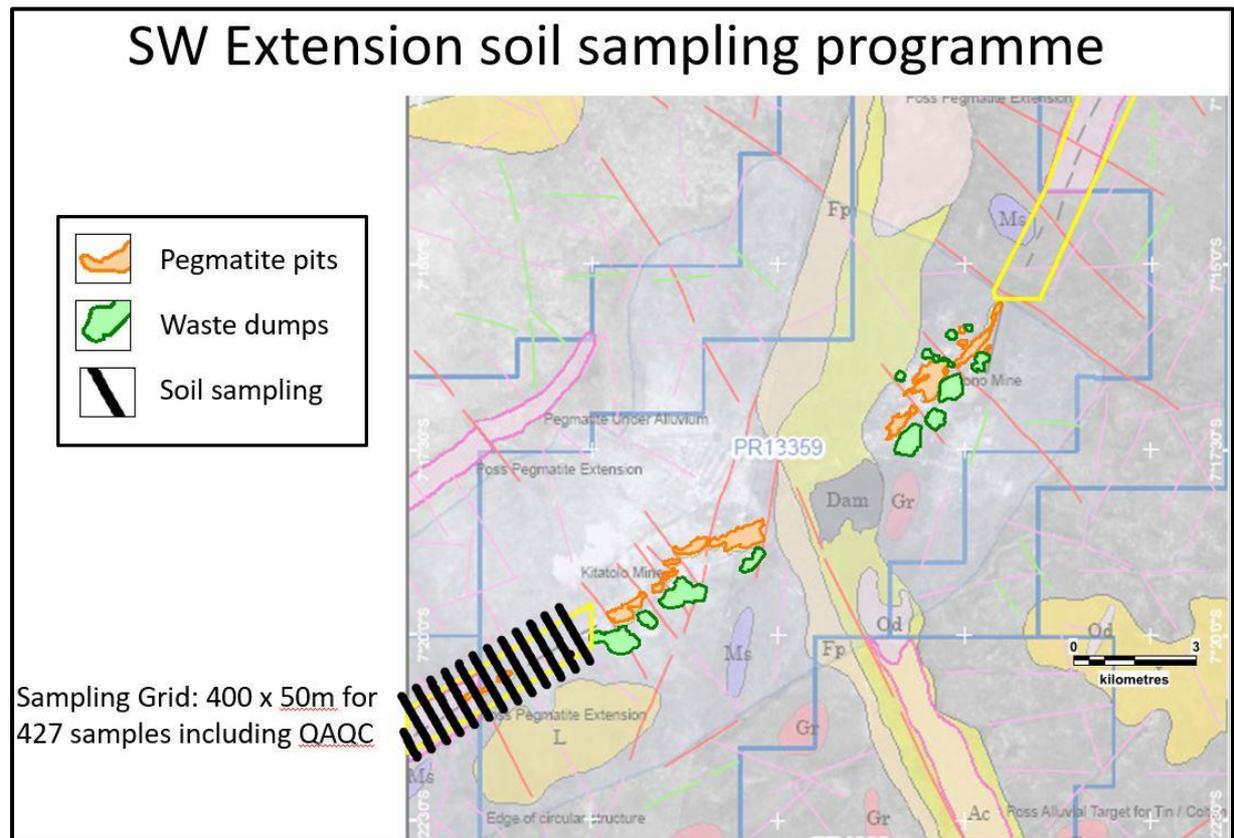


Figure 1: Surface sampling grid to the south-west of Roche Dure

Soil samples (427) were collected on 400 m line spacings and 50 m between samples for 4.8 km to the south-east of the outcropping Roche Dure pegmatites. The soil samples were analysed using a Bruker Titan 800 portable XRF instrument for 60 seconds to generate a set of "lithium Index (Li-Ind)" calibrated results. The sampling commenced over the top of known mineralisation at Roche Dure, so that typical elemental ratios between elements, associated with economic mineralisation detected by this equipment, could be recorded.

As lithium is unable to be detected by XRF, the other elements that can be detected, such as Ga, Rb, Nb, Sn, Cs, Ta and Ti, are used to develop an algorithm based on these elevated elemental values to generate a lithium index from which a lithium value can be estimated. This lithium index is loaded into the XRF machine to give immediate results to the user.

The results have indicated at least 5 areas of elevated Li-Ind values (*Figure 2*), which also correspond with high Ni values and from this about 160 samples need to be assayed using "normal" wet chemistry to obtain values that can then be correlated with the anomalously high Li-Ind results. The correlation of a matrix matched element suite will allow lithium index results to be given a likely range of actual lithium values to allow quick field checking to take place. This will be reported separately when available.

Areas of Interest (elevated Li_IDX values)

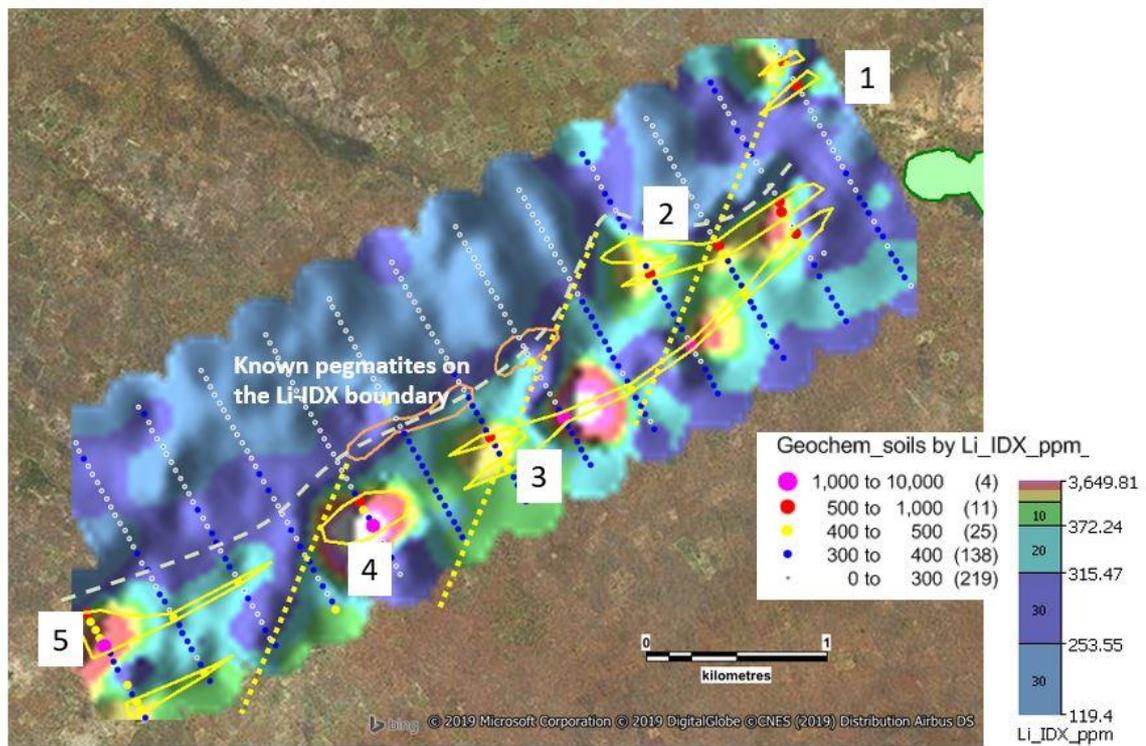


Figure 2: Surface anomalies to the south-west of Roche Dure

These 5 areas, which extend to the eastern edge of PR4030, have generated areas of potential mineralisation requiring field inspection and infill soil sampling.

Resignation of Non-Executive Director

The Company also advises that Mr. Hongliang Chen has resigned as Non-Executive Director of the Company. Mr Chen, a nominee of the Huayou Cobalt Group, was appointed to the Board of AVZ following the completion of a \$13 M placement in August 2017 which provided early support to the Manono Project.

AVZ's Chairman, Mr John Clarke, said: "On behalf of the Board, I thank Mr. Chen and the Huayou Cobalt Group for their contribution to the Company since their involvement in 2017.

The Board wishes Mr. Chen and Huayou well and every success in their future endeavours."

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

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Competent Persons Statement

The information in this report that relates to exploration results is based on, and fairly represents information compiled and reviewed 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 Director of 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 this information in the form and context in which it appears.

JORC TABLE 1

Section 1 Sampling Techniques and Data (Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m 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.</i> 	<ul style="list-style-type: none"> • Gridded soil geochemistry sampling. • Duplicated samples collected about every 20th sample. The Tital Bruker runs internal QAQC checks daily and the operator runs daily analysis checks using standard reference material. • 100g sample of -75 micron sieved soil fraction taken from 20 – 40 cm deep holes where dry. • 250 to 1,000g samples of -1mm sieved soil fractions taken where soils were damp, dried overnight then sieved to -75 microns. • Samples analysed using a Bruker Titan 800 portable XRF with a Lithium Index Calibration.
<i>Drilling techniques</i>	<ul style="list-style-type: none"> • <i>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).</i> 	<ul style="list-style-type: none"> • N/A: This information release does not discuss drilling results.
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • N/A: This information release does not discuss drilling results.
<i>Logging</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	<ul style="list-style-type: none"> • Data was collected from each sample site and entered into an excel spreadsheet. Data collected included sieve mesh size, sample depth, soil type and moisture content.

Criteria	JORC Code explanation	Commentary
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <i>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.</i> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Dried samples were sieved to -75 micron in the onsite laboratory. • Oversize material was returned to the sample bag and retained. Approximately 100g charge of the fine fraction was analysed using the Bruker Titan 800 and then returned to the bag to go for confirmatory wet chemical analysis. • Field duplicates were collected at an average of 1 in 20 and results compared. • The -75 micron fraction was used due to the field area being covered in sub-tropical laterites and was used consistently throughout the programme.
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The sample preparation was completed using an industry standard process and the assay method using a pXRF machine is considered fit for purpose. • All samples were analysed using a Bruker Titan 800 with a proprietary calibrated Lithium Index algorithm developed for LCT pegmatites. • Field duplicates were collected at a rate of 1 in 20 and results compared. Acceptable levels of accuracy were returned from the duplicates confirming that the sampling procedures were adhered to and data is acceptable to proceed to interpretation and follow-up ICP-MS analysis.
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Sampling was completed by AVZ personnel and assay data / sample processing completed by Geochemical Services (Perth) to ensure sound quality control and representation. • Data was collected from each sample site and entered into the site server.
<i>Location of data points</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • The location of the samples were recorded in the field using a Garmin 62s handheld GPS unit with an accuracy of +/- 5 m. • All data points were located using the UTM35S projection. Topographic control using GPS is more than adequate for soil sampling.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • The initial test area was sampled at a 400m x 50m spacing.

Criteria	JORC Code explanation	Commentary
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Sampling was completed on a square grid pattern orientated around a baseline striking at 060 degrees which is the approximate strike of the Roche Dure orebody. This ensured that the sample lines were orientated at right angles to the possible strike of any underlying pegmatities intruded in a similar direction to Roche Dure.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • All samples were collected, prepared and stored on site in a secure environment.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • The sampling techniques were developed by Dr. N. Brand of Geochemical Services, Perth. The protocols were reviewed and adopted by AVZ personnel. • The site sampling protocols were administered and supervised by the AVZ site senior geologist. • The Company Competent Person reviewed the process and considered the sampling work conducted by AVZ is appropriate for the intention of the program and assay determination completed and that the results are not suitable for Mineral Resource estimation.

Section 2 Reporting of Exploration Results
(Criteria listed in the previous section also apply to this section.)

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The reported soil samples are located within PR13359 and PR4030 at the south-western end of the kitotolo Sector at Manono. • The Manono licence was awarded as Research Permit PR13359, issued on the 28th December 2016 to La Congolaise d'Exploitation Miniere SA (Cominiere). It is valid for 5 years. On the 2nd February 2017, AVZ formed a joint-venture (JV) with Cominiere and Dathomir Mining Resources SARL (Dathomir) to become the majority partner in a JV aiming to explore and develop the pegmatites contained within PR 13359. Ownership of the Manono Lithium Project is AVZ 60%, Cominiere 25% and Dathomir 15%. • All indigenous title is cleared and there are no other known historical or environmentally sensitive areas.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • Within PR13359, exploration of relevance was undertaken by Gecamines which completed a programme of drilling between 1949 and 1951. The drilling consisted of 42 vertical holes drilled to a general depth of around 50 - 60 m. Drilling was carried out on 12 sections at irregular intervals ranging from 50 - 300 m, and over a strike length of some 1,100 m. Drill spacing on the sections varied from 50 - 100 m. The drilling occurred in the Roche Dure Pit only, targeting the fresh pegmatite in the Kitotolo sector of the project area. • The licence area has previously been mined for tin and tantalum through a series of open pits over a total length of approximately 10 km excavated by Zairetain SPRL. Little to no exploration has been conducted other than for alluvial tin and tantalum to the southwest of the Roche Dure open pit. • Apart from the mining excavations and the drilling programme, there has been very limited exploration work within the Manono region and none specifically for lithium.

Criteria	JORC Code explanation	Commentary
Geology	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The Project lies 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 Kibaran Belt is 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 million years ago) is assigned to the Katangan cycle and is associated with widespread vein and pegmatite mineralisation 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-echelon arrangement in a linear zone more than 12 km 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.

Criteria	JORC Code explanation	Commentary
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • N/A: This information release does not discuss drilling results.
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • N/A: This information release does not discuss drilling results.
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • N/A: This information release does not discuss drilling results.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Suitable summary plans have been included in the body of the report.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>Where comprehensive reporting of all 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.</i> 	<ul style="list-style-type: none"> • The reporting is factual and balanced.

Criteria	JORC Code explanation	Commentary
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • All relevant material relating to the lithochemical sampling programme have been reported.
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • The results indicating potentially anomalous areas require that the samples with high Li-Index values must be checked by a commercial laboratory and assayed for multiple elements using a 4 acid digest with an ICP_MS finish. Follow up field work will be required over the anomalous areas and infill soil sampling may also be required on a closer spaced sampling pattern in order to generate a possible drill target or targets.