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**AVZ MINERALS LIMITED**

**ACN 125 176 703**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11:30am

**DATE:** Friday, 29 November 2019

**PLACE:** At the CWA House  
1176 Hay Street  
WEST PERTH WA 6005

***This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6117 9397.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11:30am (WST) on Friday, 29 November 2019 at the CWA House:

1176 Hay Street  
WEST PERTH, WA 6005

**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your shareholding and your vote is important.

**VOTING ELIGIBILITY**

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 5:00pm (WST) on Wednesday, 27 November 2019.

**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, members are advised that:

- each member has a right to appoint a proxy;
- the proxy need not be a member of the Company; and

- a member who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware of changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### ORDINARY BUSINESS

##### Financial Statements and Reports

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 30 June 2019.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

##### Voting Prohibition Statement

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR RHETT BRANS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 11.3 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Rhett Brans, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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**3. RESOLUTION 3 – ELECTION OF DIRECTOR – MR PETER HULJICH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 11.12 of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Huljich, a Director who was appointed as an additional Director on 1 May 2019, retires and being eligible, is elected as a Director.”*

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**4. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS – PETER HULJICH**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, subject to the passing of Resolution 4, ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 4,500,000 Performance Rights to Peter Huljich (or his nominee), a Director, under the Company's Performance Rights Plan on the terms and conditions contained in the Explanatory Notes to this Notice of Meeting.”*

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**5. RESOLUTION 5 – RATIFICATION OF PREVIOUS SHARES ISSUE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 257,486,844 Shares on the terms and conditions set out in the Explanatory Statement.”*

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**6. RESOLUTION 6 – RATIFICATION OF PREVIOUS OPTIONS ISSUE**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 15,000,000 Unlisted Options to Patersons Securities Limited on the terms and conditions set out in the Explanatory Statement.”*

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**7. RESOLUTION 7 – CHANGE OF AUDITOR**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“Provided that the Australian Securities & Investments Commission has provided its consent for the current auditor to resign as auditor of the Company as at the date of the Meeting, to appoint Bentleys Audit & Corporate (WA) Pty Ltd having consented in writing and been duly nominated in accordance with Section 328B(1) of the Corporations Act 2001, as Auditor of the Company.”*

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## 8. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*“That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour on this Resolution by a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity), if the Resolution is passed. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 9. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to repeal its existing Constitution and adopt a new constitution in its place in the form as signed by the chairman of the Meeting for identification purposes.”*

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### VOTING EXCLUSIONS FOR RESOLUTION 4

**Voting Exclusion:** The Company will disregard any votes cast in favour on this Resolution by any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, and any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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## VOTING EXCLUSIONS FOR RESOLUTIONS 5 AND 6

**Voting Exclusion:** The Company will disregard any votes cast in favour on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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DATED: 20 OCTOBER 2019

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'L. Math', written over a light grey rectangular background.

LEONARD MATH  
COMPANY SECRETARY

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2019 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.avzminerals.com.au](http://www.avzminerals.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

The remuneration report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The remuneration report is part of the Directors' report contained in the annual financial report of the Company for the financial year ending 30 June 2019.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

#### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report in two consecutive annual general meetings, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**) at the second annual general meeting.

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the second annual general meeting. All of the directors of the company who were in office when the directors' report (as included in the Company's annual financial report for the financial year ended immediately before the second annual general meeting) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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### 3. PROXY RESTRICTIONS

Shareholders appointing a proxy for this Resolution should note the following:

***If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:***

***You must direct your proxy how to vote on this Resolution.*** Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

***If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):***

You ***do not*** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, ***you expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.***

***If you appoint any other person as your proxy:***

You ***do not*** need to direct your proxy how to vote on this Resolution, and you ***do not*** need to mark any further acknowledgement on the Proxy Form.

#### 3.1 Definitions

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth).

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2019.

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#### 4. RESOLUTIONS 2 - 3 – RE-ELECTION AND ELECTION OF DIRECTORS

Clause 11.3 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.3 of the Constitution is eligible for re-election.

Therefore, Mr Rhett Brans retires by rotation and seeks re-election.

Clause 11.12 of the Constitution requires that any person appointed as a Director as an addition to the existing Directors shall hold office only until the next Annual General Meeting and is then eligible for re-election.

Mr Peter Huljich was appointed as a Director on 1 May 2019 and seeks re-election.

##### **Mr Rhett Brans**

Mr Brans is an experienced director and civil engineer with over 45 years' experience in project developments. Throughout his career, Mr Brans has been involved in the management of feasibility studies and the design and construction of mineral treatment plants across a range of commodities and geographies including for gold in Ghana, copper in the DRC and graphite in Mozambique. He has extensive experience as an owner's representative for several successful mine feasibility studies and project developments.

##### **Mr Peter Huljich**

Mr Huljich has over 25 years' experience in the legal, natural resources and banking sectors with a particular expertise in capital markets, mining, commodities and African related matters. He has worked in London for several prestigious investment banks, including Goldman Sachs, Barclays Capital, Lehman Brothers and Macquarie Bank with a focus on Commodities and Equity and Debt Capital Markets and has extensive on-the-ground African mining, oil and gas and infrastructure experience as the Senior Negotiator and Advisor for Power, Mining and Infrastructure at Industrial Promotion Services, the global infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) whilst resident in Nairobi, Kenya. Mr Huljich holds Bachelor of Commerce and an LLB from the University of Western Australian and is a Graduate of the Securities Institute of Australia with National Prizes in Applied Valuation and Financial Analysis. Mr Huljich is also a graduate of the AICD Company Directors Course.

The Board supports the re-election of each of the Directors.

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## 5. RESOLUTION 4 – APPROVAL FOR THE ISSUE OF PERFORMANCE RIGHTS

### 5.1 Background

This Resolution4 seeks shareholder approval for the issue of Performance Rights to Mr Peter Huljich (4.5 million), Non-Executive Director of the Company (**Director Performance Rights**), pursuant to the Company's Performance Rights Plan (**Performance Rights Plan**).

The issue of the Director Performance Rights is to appropriately incentivise the continued performance of Peter Huljich and to assist the Company in retaining his services and expertise in a manner which does not unduly impact on the cash reserves of the Company.

A summary of the key terms and conditions of the Performance Right is set out in Schedule 1.

### 5.2 Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of the Director Performance Rights constitutes giving a financial benefit and Peter Huljich is a related party of the Company by virtue of being a Director.

The Directors (other than Peter Huljich who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Director Performance Rights because the agreement to grant the Director Performance Rights, reached as part of the remuneration package for Peter Huljich, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

Related party is widely defined under the Corporations Act, and includes directors of a company. Financial benefit is defined broadly and includes benefits from the public company's subsidiaries. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit. The Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate.

Peter Huljich is a Director, and therefore related party of the Company, and the issue of the securities to him or his nominees constitutes the provision of a financial benefit for the purposes of Chapter 2E of the Corporations Act.

### 5.3 Listing Rule 10.14

Listing Rule 10.14 provides that a listed company must not issue securities under an employee incentive scheme to a director of the company without Shareholder approval.

Shareholder approval is therefore being sought pursuant to Listing Rule 10.14. If Shareholder approval is obtained under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

Resolution 4 seeks shareholder approval to issue the performance rights to Peter Huljich based on the satisfaction of key performance criteria as outlined below:

<b>Vesting Conditions</b>	<b>Performance Rights</b>
<b>Tranche 1</b> shall vest upon the completion of Feasibility Study on the Manono Project.	1,500,000
<b>Tranche 2</b> shall vest upon executing an offtake agreement for at least 25% of the product from the Manono Project.	1,500,000
<b>Tranche 3</b> shall vest upon the completion of the Manono Project financing.	1,500,000
<b>TOTAL</b>	<b>4,500,000</b>

#### **5.4 Information required by the ASX Listing Rules**

In compliance with the information requirements of ASX Listing Rule 10.15, Shareholders are advised of the following information:

(a) **Nature of relationship between allottee and the Company**

The Performance Rights are proposed to be issued to Mr Peter Huljich. Mr Huljich is a Director of the Company and, as such, is a related party of the Company.

(b) **Details of the maximum number of securities that may be issued**

The maximum number of securities that may be acquired by Mr Huljich under Resolution 4 is 4.5 million.

(c) **Issue price**

The issue of the 4.5 million Performance Rights under Resolution 4 will be issued for nil cash consideration.

(d) **Previous issues under the Plan**

At the date of this Notice of Meeting a total of 51,300,000 Performance Rights have been issued to directors and any other Eligible Persons under the Company's Performance Rights Plan. Mr Huljich was not previously issued with any Performance Rights under the Company's Performance Rights Plan.

(e) **Eligible participants under the Plan**

Persons eligible to participate in the Performance Right Plan are full time or part-time employees or executive or non-executive directors and consultants of the Company or a Related Body Corporate of the Company, being Mr Huljich.

(f) **Voting exclusion statement**

A voting exclusion statement for Resolution 4 is included in the Notice of General Meeting preceding this Explanatory Statement.

(g) **Terms of any loan**

The Company will not be providing a loan in connection with Mr Huljich's acquisition of Performance Rights under the Performance Right Plan.

(h) **Expiry**

The Performance Rights will expire on 3 December 2021.

(i) **Issue date**

The Company will issue the Performance Rights under Resolution 4 on a date no later than 12 months after the date of this Annual General Meeting.

(j) **Valuation of the Performance Rights**

The valuation of the performance has been calculated based on time of the preparation of this Notice of AGM (Closing share price of 4.2 cents on 18 October 2019).

Directors	Performance Rights	Value of Performance Rights
Peter Huljich	4,500,000	\$189,000

## 5.5 Directors' recommendation

The Board of Directors, with Mr Huljich abstaining, recommend that Shareholders vote in favour of Resolution 4 as the Company will receive the benefits outlined above and the grant of Performance Rights will allow the Company to preserve cash to advance the Manono Lithium and Tin Project.

Mr Huljich declines to make a recommendation to Shareholders in relation to Resolution 4 as he has a material personal interest in the outcome of Resolution 4.

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## 6. RESOLUTION 5 – RATIFICATION OF PREVIOUS SHARE ISSUE

### 6.1 Background

On 27 February 2019, the Company completed a placement of \$9.8 million through the issue of 257,486,844 shares to sophisticated, professional and institutional investors whom are clients of Patersons Securities Limited (Placement) at 3.8 cents per share.

The Company issued the Placement shares utilising its 15% annual placement capacity under Listing Rule 7.1.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the 257,486,844 shares referred to above.

### 6.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **6.3 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the First Ratification:

- (a) 257,486,844 Shares were issued;
- (b) the issue price per Share was 3.8 cents;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to sophisticated, professional and institutional investors. The subscribers are not a related party of the Company. The Placement was managed by Patersons Securities Limited ("Patersons"); and
- (e) the funds will primarily be used to execute the Company's strategy to fast-track the Manono Lithium and Tin Project towards production by completing the Definitive Feasibility Study. The funds will also be used for ongoing corporate and administration costs.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

The Directors recommend that Shareholders vote IN FAVOUR of Resolution 5.

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## **7. RESOLUTION 6 – RATIFICATION OF PREVIOUS OPTION ISSUE**

### **7.1 Background**

Pursuant to the Underwriting Agreement as disclosed in the Share Purchase Plan Prospectus dated 31 January 2019, the Company has agreed to issue Patersons Securities Limited (and/or its nominee(s)) 15,000,000 Options as consideration for corporate advisory services provided by Patersons Securities Limited (Advisor Options) for a period of 12 months.

On 4 March 2019, the Company issued 15,000,000 Options to Patersons Securities Limited with the following exercise prices and expiry dates:

- (a) 5,000,000 Unlisted Options exercisable at 4.75 cents expiring 5 March 2021;
- (b) 5,000,000 Unlisted Options exercisable at 5.7 cents expiring 5 September 2021; and
- (c) 5,000,000 Unlisted Options exercisable at 6.65 cents expiring 5 March 2022.

The Company issued the 15,000,000 Options using the Company's 15% annual placement capacity.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 15,000,000 Advisor Options to Patersons Securities Limited as per the terms and conditions set out in above and in Schedule 2 of this Notice of Meeting.

A summary of ASX Listing Rules 7.1 and 7.4 is set out in section 6.1 above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## **7.2 Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 6:

- (a) 15,000,000 Advisor Options were issued to Patersons Securities Limited (and/or its nominee(s));
- (b) The Advisor Options have the following exercise prices and expiry dates:
  - (i) 5,000,000 Unlisted Options exercisable at 4.75 cents expiring 5 March 2021;
  - (ii) 5,000,000 Unlisted Options exercisable at 5.7 cents expiring 5 September 2021; and
  - (iii) 5,000,000 Unlisted Options exercisable at 6.65 cents expiring 5 March 2022.
- (c) the issue price was nil;
- (d) the Advisor Options were issued as a consideration for corporate advisory services for a period of 12 months and on the terms and conditions set out in Schedule 2;
- (e) the Advisor Options were issued to Patersons Securities Limited (and/or its nominee(s)), which is not a related party of the Company; and
- (f) no funds were raised from the issue of the Advisor Options as they were issued for nil cash consideration.

The Chairman intends to exercise all available proxies in favour of Resolution 6.

The Directors recommend that Shareholders vote IN FAVOUR of Resolution 6.

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## **8. RESOLUTION 7 – CHANGE OF AUDITOR**

Following a competitive tender of external audit services, the Board selected Bentleys Audit & Corporate (WA) Pty Ltd as the proposed new auditor of the Company. BDO Audit (WA) Pty Ltd, the Company's auditor since 2011, has advised the Company that it has applied to the Australian Securities and Investments Commission (ASIC) for consent to resign as auditor of the Company with effect from the close of the Meeting.

The consent of ASIC is required under the Corporations Act for BDO Audit (WA) Pty Ltd to resign as auditor. If ASIC does not grant its consent to the resignation, BDO Audit (WA) Pty Ltd will continue to hold office as the Company's auditor. The Corporations Act requires the Company to obtain the approval of Shareholders for the appointment of Bentleys Audit & Corporate (WA) Pty Ltd as auditor of the Company.

In accordance with section 328B of the Corporations Act, Emilia Walker, a shareholder of the Company, has nominated Bentleys Audit & Corporate (WA) Pty Ltd for appointment as auditor of the Company. A copy of the nomination is included in Schedule 3. Bentleys Audit & Corporate (WA) Pty Ltd has consented to the appointment and, as at the date of the Notice, has not withdrawn its consent.

Subject to the consent of ASIC being received and the approval of Shareholders being obtained, the appointment of Bentleys Audit & Corporate (WA) Pty Ltd as auditor of the Company will become effective from the date of the Meeting.

The Directors recommend that Shareholders vote IN FAVOUR of Resolution 7.

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## **9. RESOLUTION 8 – APPROVAL OF 10% PLACEMENT FACILITY**

### **9.1 General**

Listing Rule 7.1A enables eligible entities to issue Equity Securities of up to 10% of their issued share capital through placements over a 12-month period after approval at an annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a market capitalisation of \$300 million or less (excluding restricted securities and securities quoted on a deferred settlement basis).

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$97 million (based on the number of Shares on issue and the closing price of Shares on the ASX on 18 October 2019).

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility. The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2. Further information on the formula is set out in Section 4.2(c) below.

The effect of Resolution 8 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 8 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

## 9.2 Explanation of Listing Rule 7.1A

### (a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to shareholder approval by way of a special resolution at an annual general meeting.

### (b) Equity Securities

Any Equity Securities under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

### (c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that an eligible entity which has obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of fully paid shares on issue 12 months before the date of issue or date of agreement to issue:

(A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;

(B) plus the number of partly paid shares that became fully paid in the 12 months;

(C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;

(D) less the number of fully paid shares cancelled in the 12 months.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issue

under Listing Rule 7.1A.2 in the 12 months before the date of the issue or date of agreement to issue that are not issued with the approval of shareholders under Listing Rules 7.1 or 7.4.

### (d) Minimum Issue Price

The issue price of Equity Securities under Listing Rule 7.1A must be no lower than 75% of the volume weighted average price (**VWAP**) of Equity

Securities in the same class calculated over the 15 Trading Days on which trades were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(e) **10% Placement Period**

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; and
- (ii) the date of the approval by shareholders of a transaction under Listing Rule 11.1.2 (a significant change to that nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

### 9.3 Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, the following information is provided in relation to the approval of the 10% Placement Facility:

- (a) the Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 8 is approved by Shareholders and the Company issued Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The below table shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary

securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at 3 October 2019.

The table also shows:

- (i) two examples where "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example a pro rata entitlement issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2		Dilution		
		\$0.0215 50% decrease in Issue Price	\$0.043 Issue Price	\$0.086 100% increase in Issue Price
Current Variable A 2,304,148,459 Shares	10% Voting Dilution	230,414,845 Shares	230,414,845 Shares	230,414,845 Shares
	Funds raised	\$4,953,919	\$9,907,838	\$19,815,676
50% increase in current Variable A 3,456,222,688 Shares	10% Voting Dilution	345,622,268 Shares	345,622,268 Shares	345,622,268 Shares
	Funds raised	\$7,430,878	\$14,861,757	\$29,723,515
100% increase in current Variable A 4,608,296,918 Shares	10% Voting Dilution	460,829,691 Shares	460,829,691 Shares	460,829,691 Shares
	Funds raised	\$9,907,838	\$19,815,676	\$39,631,353

The table has been prepared on the following assumptions:

1. The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
2. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
3. This table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
4. The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

6. The issue price is \$0.043, being the closing price of Shares on ASX on 3 October 2019.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 8 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to that nature of scale of activities) or Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) non-cash consideration for the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards an acquisition of new assets or investments (including expenses associated with such an acquisition), continued exploration and development expenditure on the Company's current assets and/or general working capital.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

- (e) The Company's allocation policy will be dependent on the purpose of the proposed issue and the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility.

The identity of the allottees of Equity Securities, where the issue is made for cash consideration, will be determined on a case-by-case basis having regard to, but not limited to, the following factors:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (f) The Company did not seek for Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 29 November 2017. However, the Company did obtain Shareholder approval under Listing Rule 7.1A at its annual general meeting held on 24 November 2016 and 30 November 2018.

During the 12-month period after the annual general meeting on 24 November 2016, the Company issued a total of 1,529,155,761 Equity Securities (consisting of 954,869,047 Shares, 300,001,000 Listed Options, 214,285,714 Unlisted Options and 60,000,000 Performance Rights), representing approximately 212% of the total diluted number of Equity Securities on issue at the commencement of that 12-month period (from 24 November 2016).

During the 12-month period from 29 November 2017, the Company issued a total of 145,722,436 Equity Securities (consisting of 100,872,436 Shares, 30,000,000 Unlisted Options and 14,850,000 Performance Rights), representing approximately 6.08% of the total diluted number of Equity Securities on issue at the commencement of that 12-month period (from 29 November 2017).

During the recent 12-month period from 30 November 2018, the Company issued a total of 464,037,010 Equity Securities (consisting of 397,737,010 Shares, 15,000,000 Unlisted Options and 51,300,000 Performance Rights), representing approximately 19.69% of the total diluted number of Equity Securities on issue at the commencement of that 12-month period (from 30 November 2018)

The details of issues of all Equity Securities (quoted and unquoted) made in the 12 months preceding the date of the Meeting are shown at Schedule 4.

A voting exclusion statement is included in this Notice. At the date of this Notice, the Company has not approached any particular existing Shareholder or security holder or identifiable class of existing security holder to participate in the issue of the Equity Securities under Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in this Notice.

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## **10. RESOLUTION 9 – REPLACEMENT OF CONSTITUTION**

### **10.1 General**

A company may modify or repeal its constitution or a provision of its constitution by special resolution of Shareholders.

This Resolution is a special resolution which will enable the Company to repeal its existing Constitution and adopt a new constitution (**Proposed Constitution**) which is of the type required for a listed public company limited by shares updated to ensure it reflects the current provisions of the Corporations Act and ASX Listing Rules.

This will incorporate amendments to the Corporations Act and ASX Listing Rules since the current Constitution was adopted in September 2007.

The Directors believe that it is preferable in the circumstances to replace the existing Constitution with the Proposed Constitution rather than to amend a multitude of specific provisions.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to:

- updating the name of the Company to that adopted in 2012;
- updating references to bodies or legislation which have been renamed (e.g. references to the Australian Settlement and Transfer Corporation Pty Ltd, ASTC Settlement Rules and ASTC Transfer); and

- expressly providing for statutory rights by mirroring these rights in provisions of the Proposed Constitution.

The Directors believe these amendments are not material nor will they have any significant impact on Shareholders. It is not practicable to list all of the changes to the Constitution in detail in this Explanatory Statement, however, a summary of the proposed material changes is set out below.

A copy of the Proposed Constitution is available for review by Shareholders at the Company's website **www.avzminerals.com** and at the office of the Company. A copy of the Proposed Constitution can also be sent to Shareholders upon request to the Company Secretary (+61 8 6117 9397). Shareholders are invited to contact the Company if they have any queries or concerns.

## **10.2 Summary of material proposed changes**

### **Restricted Securities (clause 2.12)**

The Proposed Constitution complies with the proposed changes to ASX Listing Rule 15.12 which is due to be finalised and released in December 2019. Under this change, ASX will require certain more significant holders of restricted securities and their controllers (such as related parties, promoters, substantial holders, service providers and their associates) to execute a formal escrow agreement in the form Appendix 9A, as is currently the case. However, for less significant holdings (such as non-related parties and non-promoters), ASX will instead permit the Company to issue restriction notices to holders of restricted securities in the form of a new Appendix 9C advising them of the restriction rather than requiring signed restriction agreements.

### **Minimum Shareholding (clause 3)**

Clause 3 of the Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

### **Direct Voting (clause 13, specifically clauses 13.35 – 13.40)**

The Proposed Constitution includes a new provision which allows Shareholders to exercise their voting rights through direct voting (in addition to exercising their existing rights to appoint a proxy). Direct voting is a mechanism by which Shareholders can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a Shareholder are taken to have been cast on the poll as if the Shareholder had cast the votes on the poll at the meeting. In order for direct voting to be available, Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for

the casting of direct votes. If such a determination is made by the Directors, the notice of meeting will include information on the application of direct voting.

### **Remuneration of Non-Executive Directors (clause 14.7)**

The Proposed Constitution amends the provision relating to the amounts that may be paid to Non-Executive Directors to clarify what may be paid to Non-Executive Directors and what may be included in those amounts.

The amendment also sets the initial limit in the Constitution of \$650,000 as a total amount payable to Non-Executive Directors. While the Board has no present intention to pay its Non-Executive Directors this amount, the Board believes it provides the Company with adequate coverage under the Constitution if the circumstances of the Company change and more Non-Executive Directors are appointed or their roles change such that additional fees are deemed appropriate.

### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010.

There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The Directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of Shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

## **Information required by section 648G of the Corporations Act**

### **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

### **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

### **Knowledge of any acquisition proposals**

As at the date of this Notice of Meeting, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

### **Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing Shareholders from being locked in as a minority;
- (c) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and

- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

**Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of adopting the proportional takeover provisions and as a result consider that the proportional takeover provision in the Proposed Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of this Resolution.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Facility** has the meaning given in Section 9.

**Annual General Meeting** or **Meeting** means the meeting convened by this Notice.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means AVZ Minerals Limited (ACN 125 176 703).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the current directors of the Company.

**DRC** means Democratic Republic of Congo.

**Equity Securities** has the same meaning as in the ASX Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Plan** means AVZ Minerals Limited Performance Rights Plan.

**Proposed Constitution** means the new constitution which the Company intend to adopt subject to Shareholder approval of Resolution 9.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the ASX Listing Rules.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The Performance Rights will be issued in accordance with the terms and conditions of the Performance Rights Plan and the terms set out below:

- (a) **(Milestones):** The Performance Rights will have the following milestones attached to them:
- (i) **Class A Performance Rights:** the Performance Rights will convert into Shares upon the Company completing a feasibility study on the Manono Project;
  - (ii) **Class B Performance Rights:** the Performance Rights will convert into Shares upon the Company entering into an off take agreement for at least 25% of the product produced from the Manono Project; and
  - (iii) **Class C Performance Rights:** the Performance Rights will convert upon the Company completing financial close for the funding required for the Manono Project.

(Each a **Milestone**).

(b) **Vesting**

The Performance Rights are deemed to have vested if and when the Milestone applicable to a holder's Performance Rights have been satisfied, waived by the Board, or are deemed to have been satisfied under the Performance Rights Plan, and where the Company has issued a vesting notification to the holder informing them that some or all of its Performance Rights have vested and will convert into Shares upon being exercised by the holder.

(c) **Method of Exercise of Performance Rights**

Following the issuing of a vesting notification to a holder, a vested Performance Right may be exercised by the Participant at any time prior to the expiry date and by delivery of a signed exercise notice to the registered office of the Company or such other address as determined by the Board. In the event that the holder does not exercise a vested Performance Right prior to the expiry date, the relevant Performance Right will automatically lapse.

(d) **Actions on exercise of Performance Rights**

On completion of the exercise of Performance Rights:

- (i) the Performance Rights will automatically lapse;
- (ii) the Company will, within 10 business days of the vesting date, issue the number of Shares for which the holder is entitled to subscribe for or acquire through the conversion of the Performance Rights;
- (iii) the Company will deliver to the holder a holding statement for the Shares;
- (iv) the Company will issue a substitute certificate for any remaining Performance Rights.

(e) **Expiry date**

The Performance Rights will expire at 5.00pm Western Standard Time in Australia on 3 December 2021, after which the Performance Rights lapse and may no longer be exercised or converted.

(f) **Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(g) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(h) **Transfer of Performance Rights**

The Performance Rights are not transferable except in accordance with the terms of the Performance Rights Plan.

(i) **Lapse of a Performance Right**

The Performance Rights will lapse:

- (i) if the relevant Milestone is not achieved by the dates set out in paragraph (a);
- (ii) on their expiry date;
- (iii) upon exercise of a Performance Right; or
- (iv) otherwise in accordance with the terms of the Performance Rights Plan.

(j) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(k) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.

(l) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(m) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of

the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(n) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(o) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(p) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(q) **Subdivision 83AC-C**

Subdivision 83A-C of the Income Tax Assessment Act 1997 applies to the Performance Right.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

The amount payable upon exercise of each Option will be as follows (**Exercise Price**):

- (i) 5,000,000 Unlisted Options exercisable at 4.75 cents (Tranche A);
- (ii) 5,000,000 Unlisted Options exercisable at 5.7 cents (Tranche B); and
- (iii) 5,000,000 Unlisted Options exercisable at 6.65 cents (Tranche C).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the following dates (**Expiry Date**):

- (i) Tranche A Options expiring 5 March 2021;
- (ii) Tranche B Options expiring 5 September 2021; and
- (iii) Tranche C Options expiring 5 March 2022.

An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;

- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

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**SCHEDULE 3 – AUDITOR NOMINATION LETTER**

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The Secretary  
AVZ Minerals Limited  
Level 2, 8 Colin Street,  
West Perth WA 6005

4 October 2019

Dear Sir,

**Subject: Nomination of Auditor**

In accordance with the provisions of section 328B of the Corporations Act 2001, I, Emilia Walker, being a member of AVZ Minerals Limited, hereby nominate Bentleys Audit & Corporate (WA) Pty Ltd for appointment as auditor of that company.

Yours sincerely,



**Emilia Walker**

## SCHEDULE 4 – ISSUES OF EQUITY SECURITIES SINCE 30 NOVEMBER 2018

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 3 December 2018 Appendix 3B – 3 December 2018	35,800,000	Performance Rights <sup>3</sup>	Directors, employees and contractors of the Company	No issue price Closing share price on date of issue = 8.1 cents	Consideration: An incentive component of the remuneration package of each recipient. Issued in accordance with the Company's Performance Rights Plan Current value <sup>5</sup> = \$2,899,800
Issue – 25 February 2019 Appendix 3B – 5 March 2019	137,250,166	Shares <sup>2</sup>	Eligible shareholders – Share Purchase Plan	3.8 cents per share Closing share price on date of issue = 4.4 cents (discount of 13.64%)	Amount raised = \$5,215,506 Amount spent = Nil Use of funds: Funds will be used for the Definitive Feasibility Study for the Manono Lithium and Tin Project and general working capital.
Issue – 4 March 2019 Appendix 3B – 5 March 2019	257,486,844	Shares <sup>2</sup>	Sophisticated, professional and institutional investors	3.8 cents per share Closing share price on date of issue = 4.3 cents (discount of 11.62%)	Amount raised = \$9,784,500 Amount spent = Nil Use of funds: Funds will be used for the Definitive Feasibility Study for the Manono Lithium and Tin Project and general working capital.
Issue – 4 March 2019 Appendix 3B – 5 March 2019	15,000,000	Options <sup>4</sup>	Patersons Securities Limited	No issue price Closing share price on date of issue = 4.3 cents	Consideration: Consideration for corporate advisory services provided by Patersons Securities Limited (Advisor Options) for a period of 12 months. Current value <sup>5</sup> = \$587,718 (using the Black Scholes model)
Issue – 3 June 2019 Appendix 3B – 5 June 2019	15,500,000	Performance Rights <sup>3</sup>	Director, employees and contractors of the Company	No issue price Closing share price on date of issue = 8.2 cents	Consideration: An incentive component of the remuneration package of each recipient. Issued in accordance with the Company's Performance Rights Plan Current value <sup>5</sup> = \$1,271,000
Issue – 7 June 2019 Appendix 3B – 11 June 2019	4,000,000	Shares <sup>2</sup>	Patersons Securities Limited	4.75 cents per share Closing share price on date of issue = 7.2 cents (discount of 34%)	Amount raised = \$190,000 Amount spent = Nil Use of funds: Conversion of unlisted options. Funds will be used for the Definitive Feasibility Study for the Manono Lithium and Tin Project

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
					and general working capital.
Issue – 5 July 2019 Appendix 3B – 12 July 2019	3,000,000	Shares <sup>2</sup>	Contractor of the Company	Deemed at 4.7 cents per share No discount	Amount raised = Nil Amount spent = Nil Consideration: Consideration for 12 months marketing/corporate services
Issue – 11 July 2019 Appendix 3B – 12 July 2019	13,950,000	Shares <sup>2</sup>	Directors, employees and contractors of the Company	No issue price Closing share price on date of issue = 5.2 cents	Consideration: Vesting of Performance Rights following vesting conditions being met. Current value <sup>5</sup> = \$725,400

**Notes:**

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: AVZ (terms are set out in the Constitution).
- Performance Rights, issued for nil cash consideration at an exercise price of nil, which shall vest upon satisfaction of the vesting conditions. The full terms and conditions are disclosed in Schedule 1 of this notice of meeting.
- Unlisted Options with the following exercise prices and expiry dates:
  - 5,000,000 Unlisted Options exercisable at 4.75 cents expiring 5 March 2021;
  - 5,000,000 Unlisted Options exercisable at 5.7 cents expiring 5 September 2021; and
  - 5,000,000 Unlisted Options exercisable at 6.65 cents expiring 5 March 2022.

The full terms and conditions are disclosed in Schedule 2 of this notice of meeting.
- In respect of quoted Equity Securities the value is based on the closing price of the Shares as the context requires on the ASX. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. In respect of Performance Rights, the value is measured using the closing price of the underlying Shares on the ASX.



AVZ Minerals Limited | ACN 125 176 709

# AGM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

## Vote by Proxy: AVZ

Your proxy voting instruction must be received by **11.30am (WST) on Wednesday, 27 November 2019**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

