



## ASX ANNOUNCEMENT

11 September 2020

# Manono Lithium and Tin Project Operational Update

### Highlights:

- Discussions with multiple, potential offtake partners for significant volumes of Spodumene Concentrate and Tin are well advanced
- Negotiations around financing options with several entities in Europe, the Middle East and South Africa are progressing well
- Tenders for process plants are currently being adjudicated
- Tenders for rehabilitation of Mpiana Mwanga Hydro Electric Power Plant have been issued and are due back end of October 2020
- Manono Special Economic Zone Stage 1 Government workshop to commence this month with Stage 2 expected shortly afterwards
- Resource drilling of the Roche Dure pit floor to commence soon
- New Ore Reserves to be generated from updated mine design

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

### Offtake Agreements

Discussions are well advanced with multiple, potential offtake partners for significant volumes of Spodumene Concentrate. In addition, further offtake discussions around Primary Lithium Sulphate and Tin are also progressing well.

AVZ is pleased to advise that it has been accepted as a member of the European Battery Alliance (EBA), an organization launched by the European Commission to support the development and growth of the European battery industry. AVZ’s strategy to ensure a diverse customer base has been further underpinned by the recent announcement from the European Commission that Lithium has been added to European Union critical raw materials list.

High level discussions are being held with multiple European battery industry participants with a view to investigating several opportunities of developing lithium chemical conversion plant in Europe

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### Market Cap

\$174 M

ASX Code: AVZ

## **Financing Negotiations**

The Company is continuing its negotiations around financing options for developing the Manono Project with several entities in Europe, the Middle East and South Africa. AVZ's data room has been made available to several entities for some months to allow due diligence on the Manono Project to be completed with the view to making an investment and providing debt financing. Discussions are progressing and the Company will advise the market once a contract is finalised.

## **Engineering Update**

The Company is currently adjudicating tenders for the process plant as well as the Kabondo Dianda Intermodal Staging Site, mine-site buildings and construction crew accommodation quarters, diesel supply and camp catering services packages for the Manono Lithium and Tin Project. Contracts will be awarded once AVZ's Board makes a Final Investment Decision (FID) to mine Manono.

A tender for the rehabilitation of the Mpiana Mwanga Hydro Electric Power Plant (HEPP) has also been issued, with proposals due back by the end of October.

Environmental and Social Impact Assessments (ESIA) for the HEPP, access road and power transmission line are complete. The Kabondo Dianda road redevelopment ESIA's are almost complete and all ESIA's are expected to be submitted to the African Community Enterprise (ACE) department in September. ACE is a division of the DRC Ministry of Environmental Protection and is primarily focused on sustainable economic development in the DRC.

Additionally, the Company is awaiting a final report for an ore sorting study which is looking very encouraging, has completed a tailings facility configuration options study and has had successful discussions with the Angola Railway Company (CFB) regarding the potential use of their rail services.

## **Special Economic Zone**

An inaugural workshop with various government departments will be held this month to progress discussions around the proposed Manono Special Economic Zone (MSEZ), with its conclusions and recommendations to be sent to the Prime Minister of the DRC for consideration.

The Company has already provided the DRC's Ministry of Industry with its proposed terms of reference for the MSEZ and its rationale for the project including the Mpiana Mwanga Hydro Electric Power Plant, the Manono to Kabondo Dianda road redevelopment and the Lualaba River crossing which are all anchor activities for the MSEZ. AVZ's proposed framework of tax incentives have also been submitted to the DRC Government for its review and consideration and for inclusion within the proposed MSEZ regional development framework.

## **Technical site operations**

Ten new geological resource holes for 1,700 m of diamond drilling will be conducted on the Roche Dure pit floor with drilling expected to commence in late September. This will upgrade some Inferred Resources up to at least an Indicated Resource status. The updated geological resource is not expected to increase overall resource tonnes but the current combined Indicated and Measured resource tonnage is expected to increase. Assay results are expected in November 2020 if the drilling can be completed by the end of October 2020.

Once the resources are updated (following the pit floor drilling), the standardised MSEZ tax regimes agreed to for the Manono Project and data received on the engineering opportunities still being investigated but yet to be reported, a new mine design optimisation will then be undertaken. This redesign will cater for the expected changes to the near surface resources along with potential improvements to the operating costs of the Manono Project. This may result in changes to the published

rates of mining and plant throughput. Four tenderers are currently being assessed to conduct this work package.

Consequently, a new Ore Reserves Estimate will be generated based on the revised mine design, which is expected to be completed towards the end of December 2020.

The Company is also planning to review and update the historical alluvial tin and tantalum resources at Manono, as well as designing a modular tin concentrate cleaning plant for use in concentrating the widespread alluvial tin deposits on site. This work is also included in our Community Development Programme and discussed in the ESIA for the Manono Project.

In addition to the geological resource drilling programme at Roche Dure, various hydrogeological and geotechnical investigations are currently underway or being planned. These include Phase 2 hydrogeological investigations to model the free-standing water table around the Roche Dure pit which will require the installation of up to 11 piezometers around the Stage 2 pit outline for water drawdown tests.

At the proposed plant site, multiple short Reverse Circulation holes will be drilled for piezometer installations to record water level fluctuations and several short diamond drill holes will be completed to depths of 15 meters to collect geotechnical core samples to test the weight loading properties of the substrate.

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

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