



11 April 2023

James Rowe, Dale Allen and Alex Forster
Listings Compliance
ASX Limited

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Dear Messrs Rowe, Allen and Forster

AVZ Minerals Limited ('AVZ'): Query

We write in response to your letter dated 10 February 2023.

Our responses are contained in the table below. We use the abbreviated terms defined and used in your letter, references to AVZ should be read as references to AVZ, an AVZ subsidiary or both; and we have omitted reference to matters relating to legal advice (including requests, receipt, content and reliance) to maintain privilege. We are not authorised by AVZ or its subsidiaries to waive privilege and we intend, in sending this letter, to refrain from waiving privilege.

Background

Your consideration of our responses should be informed by the following background and context.

The Company is an exploration company aspiring to become a mining company, with a single substantial asset: namely, 75% of the Manono Project in the south of the Democratic Republic of Congo (DRC). The DRC is a developing (and challenging) jurisdiction for mining and mineral exploration.

The Manono Project hosts the Roche Dure Mineral Resource, one of the largest undeveloped hard rock lithium deposits in the world. Substantial works have been carried out and investments made in relation to the exploration and feasibility assessment of the Manono Project. However, commencement of development remains subject to confirmation of the grant of a mining licence (*Permis d'Exploitation* or PE), among other things.

On 4 May 2022, the Company announced that the DRC Minister of Mines had signed a ministerial decree to award the mining licence for the Manono Project. However, the mining licence was not thereafter confirmed and:

- (a) on 9 May 2022, the Company's securities were placed in a trading halt at the Company's request;
- (b) since 11 May 2022, the Company's securities have been suspended from quotation at the Company's request, pending a resolution and clarity on the Company's mining and exploration rights for the Manono Project;



(c) the Company has become aware of the conduct of various non-state actors:

(1) in seeking to unlawfully acquire an interest in the Manono Project, including through unlawful purported acquisitions of shares in Dathcom (the holding company for the Manono Project); and


(2) generally compromising AVZ's ability to develop the Manono Project;

(d) the Company has been and continues to be engaged in various legal proceedings¹ – with further legal proceedings anticipated or in contemplation² – relating to baseless claims over the ownership of interests in the Manono Project; and

(e) on 6 February 2023, the Company announced to the ASX, among other things, that the ministerial decree to award the mining licence for the Manono Project (as announced by the Company on 4 May 2022) had been cancelled by a further ministerial decree acknowledging a requirement for harmonious and healthy cooperation between shareholders of Dathcom and ongoing disagreements, conflicts and differences between the shareholders of Dathcom that were said to have stalled the development of the Manono Project.

The ministerial decrees that the Company announced on 6 February 2023 (28 January 2023 Ministerial Decrees) and related matters, including the intentions of the DRC Government, are not yet clear and potentially too uncertain or indefinite to warrant disclosure. These matters are examples or recent manifestations of the challenges confronting the Company. From time to time, the Company has become aware of unfounded speculation and misinformation entering the public domain and, where possible and appropriate, the Company has acted to dispel misinformation by promptly announcing clarifications via the ASX. Examples of this include the clarifications announced to the ASX by the Company on 4 May 2022 under the heading, 'Media speculation'.³

Yours sincerely,



Ben Cohen and Jan de Jager
Joint Company Secretaries

¹ See, for example, the Company's ASX announcements dated 11 May 2022 and 8 December 2022.

² See, for example, the Company's ASX announcement dated 23 December 2022.

³ For more recent example, see the Company's ASX announcements dated 15 December 2022 and 10 February 2023.

Responses to ASX Query Letter

Our responses, particularly to questions 1.3, 1.4, 1.6, 1.7, 2, 3, 7, 10, 12.1, 12.2 and 17, (and our conduct) were informed by ASX Guidance Note 8, particularly the following passage from paragraph 5.5:

Information about a matter will be “insufficiently definite to warrant disclosure” if:

- *the information is so vague, embryonic or imprecise;*
- *the veracity of the information is so open to doubt;*
- *the likelihood of the matter occurring ... is so uncertain,*

that a reasonable person would not expect it to be disclosed to the market. In some cases information in this category may be so uncertain or indefinite that it is in fact not market sensitive and therefore not required to be disclosed under Listing Rule 3.1, regardless of whether it falls within the carve-outs from disclosure in Listing Rule 3.1A.

No	Question	Answer
1.	Does AVZ consider the following information to be information that a reasonable person would expect to have a material effect on the price or value of its securities:	
1.1	the 2019 Dathomir SPA;	Yes.
1.2	the 2020 Dathomir SPA;	Yes.
1.3	the 14 May 2021 Letter;	No.
		The basis for AVZ's view that the 14 May 2021 Letter was not information that a reasonable person would expect to have a material effect on the price or value of its securities is that the 14 May 2021 Letter: <ul style="list-style-type: none"> (a) did not have any material effect. Dathomir did not – when it sent the 14 May 2021 Letter or at any other time – have any valid ground for terminating the Dathomir SPAs, the 14 May 2021 Letter did not cite any valid ground for terminating the Dathomir SPAs and the 14 May 2021 Letter did not have the effect of terminating either of the Dathomir SPAs; and (b) was so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1.

No	Question	Answer
1.4	the Dathomir Claim;	<p>No.</p> <p>The basis for AVZ's view that the Dathomir Claim was not information that a reasonable person would expect to have a material effect on the price or value of its securities is that the Dathomir Claim was:</p> <ul style="list-style-type: none"> (a) an extension (and based on the purported terminating effect) of the 14 May 2021 Letter which, as indicated above, AVZ considers had no material effect; and (b) so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1. <p>AVZ notes, in relation to, the Tribunal Decision of 24 December 2021 relating to the Dathomir Claim (High Court of Lubumbashi, reference RP 14944), that:</p> <ul style="list-style-type: none"> • the Tribunal Decision was delivered in criminal proceedings to which AVZ was not a party; • AVZ had limited notice of the proceedings and limited opportunity to seek advice on them, before the Tribunal Decision; • AVZ was not heard in the proceedings before the Tribunal Decision; • The Tribunal Decision appears to be based on the purported terminating effect of the 14 May 2021 Letter and there is no reasonable basis on which it could be contended that the 14 May 2021 Letter had the effect of terminating the Dathomir SPAs; and • there remain unresolved questions in relation to the Tribunal Decision and it is the subject of a challenge before the DRC Supreme Court that is pending.
1.5	15% Increase in Manono Project Interest;	Yes.

No	Question	Answer
1.6	the Cominière Transfer Claim; and	<p>No.</p> <p>The basis for AVZ's view that the Cominière Transfer Claim was not information that a reasonable person would expect to have a material effect on the price or value of its securities is that the purported transfer of a 15% interest in Dathcom from Cominière to Jin Cheng Mining Company Limited was:</p> <p>(a) subject to AVZ's first right of refusal conferred by the shareholders' agreement between the Dathcom shareholders. Under the laws of the DRC, specifically article 771-3 of the OHADA Uniform Act on Commercial Companies and Economic Interest Groups (or AUSCGIE), a purported transfer of shares made in violation of a right of first refusal of this kind is null and void. Moreover, the Cominière Transfer Claim does not relate to AVZ's 75% shareholding in the capital of Dathcom; rather, it relates to AVZ's right of first refusal over a separate and further 15% shareholding in the capital of Dathcom held by Cominière; and</p> <p>(b) so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1.</p>
1.7	the 28 January 2023 Ministerial Decrees?	<p>Potentially, yes. However, the 28 January 2023 Ministerial Decrees and related matters, including the intentions of the DRC Government, are not yet clear and potentially too uncertain or indefinite to be market sensitive in accordance with ASX Guidance Note 8 or required to be disclosed under Listing Rule 3.1.</p>
	If the answer to any of questions 1.1 to 1.7 is "no", please advise the basis for that view, noting in each instance, that information was contained in announcements marked as price sensitive by AVZ.	<p>See above.</p>

No	Question	Answer
	<p>In relation to questions 1.4 and 1.6, please specifically comment on the significant decrease in AVZ's share price following the 4 May 2022 Announcement.</p>	<p>The following comments are based on AVZ's preliminary analysis of share price movements in the period. AVZ continues to develop its analysis.</p> <p>The decrease in AVZ's share price following the 4 May 2022 Announcement is:</p> <ul style="list-style-type: none"> (a) broadly consistent with the downward trending lithium price and outlook, reflected in the declining share price of AVZ's peers; (b) reflective of AVZ's position as an exploration company aspiring to become a mining company, with a single substantial asset: namely, 75% of the Manono Project in the south of the DRC, a developing (and challenging) jurisdiction. <p>AVZ's share price closed 19.19% down on 4 May 2022 relative to its last traded price on 29 April 2022, prior to its entry into a trading halt before the opening of trade on 2 May 2022. Over the same period, the share price of the other companies in AVZ's peer group (comprising ASX-listed companies with non-producing lithium projects) fell by between 1.55% (ASX:PSC) and 17.19% (ASX:SYA). A market-cap weighted index of the peer group companies (excl. AVZ) fell by 12.02% during this period.</p> <p>Prior to its entry into a trading halt and suspension before the opening of trade on 9 May 2022, AVZ's share price had fallen by 21.21% at the close of trade on 6 May 2022, relative to its last-traded price on 29 April 2022. Over the same period, the share price of other companies in AVZ's peer group fell by between 0.52% (ASX:PSC) and 16.24% (ASX:LKE). A market-cap weighted index of the peer group companies (excl. AVZ) fell by 10.63% during this period.</p> <p>AVZ's peers' share price (except ASX:PSC) fell during the two trading days on which AVZ's shares were in trading halt (2 May 2022 and 3 May 2022). During this period, the RBA increased the official cash rate in Australia by 0.25%, the first increase in over ten years and subsequent share price movements on 5 May 2022 and 6 May 2022 were consistent across all the companies in the peer group except for ASX:PSC.</p> <p>See the provided table and graph of peer share price movements following this table.</p>
2.	Does AVZ consider the following information to be information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of AVZ:	
	2.1 the 14 May 2021 Letter;	No.

No	Question	Answer
	2.2 the Dathomir Claim; and/or	No.
	2.3 the Cominière Transfer Claim?	No.
	If the answer to any of question 2.1, 2.2 or 2.3 is "no", please advise the basis for that view.	The bases are as expressed in answers to questions 1.3, 1.4 and 1.6 above.
3.	Does AVZ consider the following information to be information which is reasonable for investors and their professional advisers to expect to find in a disclosure document:	
	3.1 the 14 May 2021 Letter;	No.
	3.2 the Dathomir Claim; and/or	No.
	3.3 the Cominière Transfer Claim?	No.
	If the answer to any of question 3.1, 3.2 or 3.3 is "no", please advise the basis for that view.	The bases are as expressed in answers to questions 1.3, 1.4 and 1.6 above.
4.	When did AVZ first become aware of:	
	4.1 the 14 May 2021 Letter;	AVZ first became aware of the 14 May 2021 Letter on 15 May 2021.
	4.2 the Dathomir Claim;	AVZ first became aware of Dathomir Claim on or about 16 September 2021.
	4.3 the Cominière Transfer Claim; and	AVZ first became aware of the Cominière Transfer Claim on or about 4 November 2021.
	4.4 the 28 January 2023 Ministerial Decrees?	AVZ first became aware of the 28 January 2023 Ministerial Decrees on 3 February 2023.

No	Question	Answer
5.	If AVZ first became aware of any of the 14 May 2021 Letter, the Dathomir Claim and/or the Cominière Transfer Claim before lodging any of the Cleansing Notices on MAP, did AVZ make any announcement prior to lodging the Cleansing Notices which disclosed any of the 14 May 2021 Letter, the Dathomir Claim and/or the Cominière Transfer Claim, as applicable? If so, please provide details.	No, AVZ did not make any announcement prior to lodging the Cleansing Notices that disclosed any of the 14 May 2021 Letter, the Dathomir Claim or the Cominière Transfer Claim.
6.	If AVZ first became aware of the Dathomir Claim and/or the Cominière Transfer Claim before 4 May 2022, did AVZ make any announcement prior to that date which disclosed the Dathomir Claim and/or the Cominière Transfer Claim? If so, please provide details.	No, AVZ did not make any announcement prior to 4 May 2022 that disclosed the Dathomir Claim or the Cominière Transfer Claim. We refer to and repeat the answers to questions 1.4 and 1.6 above.
7.	If the answer to question 5 and/or 6 is no, please explain why the relevant information was not released to the market at an earlier time, commenting specifically in relation to each of: 7.1 the 14 May 2021 Letter; 7.2 the Dathomir Claim; and 7.3 the Cominière Transfer Claim, on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.	We consider that AVZ was not obliged under Listing Rules 3.1 or 3.1A to release the information at an earlier time. We refer to and repeat the answers to questions 1.3, 1.4 and 1.6 above.

No	Question	Answer
8.	If AVZ first became aware of the Dathomir Claim and/or the Cominière Transfer Claim before lodging any of the Cleansing Notices on MAP, did AVZ rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the Dathomir Claim or the Cominière Transfer Claim before 4 May 2022.	No, AVZ did not rely on the provisions of Listing Rule 3.1A to not release an announcement containing the information in relation to the Dathomir Claim or the Cominière Transfer Claim before 4 May 2022.
9.	If AVZ first became aware of the 14 May 2021 Letter before 8 December 2022, did AVZ make any announcement prior to that date which disclosed the information in the 14 May 2021 Letter? If so, please provide details.	No.
10.	If the answer to question 9 is no, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.	We consider that AVZ was not obliged under Listing Rules 3.1 or 3.1A to release the information at an earlier time. We refer to and repeat the answer to question 1.3 above.
11.	If AVZ first became aware of the 14 May 2021 Letter before lodging any of the Cleansing Notices on MAP, did AVZ rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the 14 May 2021 Letter before AVZ lodged the 8 December 2022 Announcement on MAP?	No, AVZ did not rely on the provisions of Listing Rule 3.1A to not release an announcement containing the information in relation to the 14 May 2021 Letter before 8 December 2022.

No	Question	Answer
12.	Having regard to the 14 May 2021 Letter in which AVZ states that Dathomir claimed to terminate the Dathomir SPAs, please explain:	
12.1	why the 4 May 2022 Announcement stated that Dathomir SPAs the subject of the Tribunal Decision “have not been terminated or annulled by any order, letter or otherwise”; and	<p>The 4 May 2022 Announcement stated that the Dathomir SPAs “have not been terminated or annulled by any order, letter or otherwise” because the 14 May 2021 Letter:</p> <p>(a) did not have any material effect. Dathomir did not – when it sent the 14 May 2021 Letter or at any other time – have any valid ground for terminating the Dathomir SPAs, the 14 May 2021 Letter did not cite any valid ground for terminating the Dathomir SPAs and the 14 May 2021 Letter did not have the effect of terminating either of the Dathomir SPAs; and</p> <p>(b) was so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1.</p>
12.2	why the information regarding the 14 May 2021 Letter, as disclosed in the 8 December 2022 Announcement, was omitted from the 4 May 2022 Announcement?	<p>The information regarding the 14 May 2021 Letter disclosed in the 8 December 2022 Announcement was omitted from the 4 May 2022 Announcement because the 14 May 2021 Letter</p> <p>(a) did not have any material effect. Dathomir did not – when it sent the 14 May 2021 Letter or at any other time – have any valid ground for terminating the Dathomir SPAs, the 14 May 2021 Letter did not cite any valid ground for terminating the Dathomir SPAs and the 14 May 2021 Letter did not have the effect of terminating either of the Dathomir SPAs; and</p> <p>(b) was so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1.</p>
13.	At the time of release of the 18 August 2021 Announcement, had the 2020 Dathomir SPA Condition Precedent been satisfied?	<p>No.</p> <p>In paragraph C.(b) your letter defines the ‘2020 Dathomir SPA Condition Precedent’ as follows</p> <p>... an Extraordinary General Meeting of Dathcom would need to be convened to approve the sale of Dathomir’s remaining equity in Dathcom to AVZ (‘2020 Dathomir SPA Condition Precedent’) ...</p> <p>Convening a Dathcom EGM to approve the sale was not, in fact, a condition precedent to completion under the 2020 Dathomir SPA. Rather, the 2020 Dathomir SPA provided for an independent obligation requiring that Dathomir (as Seller) deliver to AVZ (as Purchaser) a request to convene a Dathcom EGM to approve the 2020 Dathomir SPA. Dathomir did not perform that obligation and AVZ, in effect, waived it, by proceeding to completion under the Dathomir SPAs on or about 13 August 2021.</p> <p>By letter dated 30 August 2021, Dathcom communicated to AVZ its approval of:</p> <p>(a) the 2020 Dathomir SPA and the transfer of shares effected under it; and</p> <p>(b) the transfer of shares effected under the 2019 Dathomir SPA.</p>

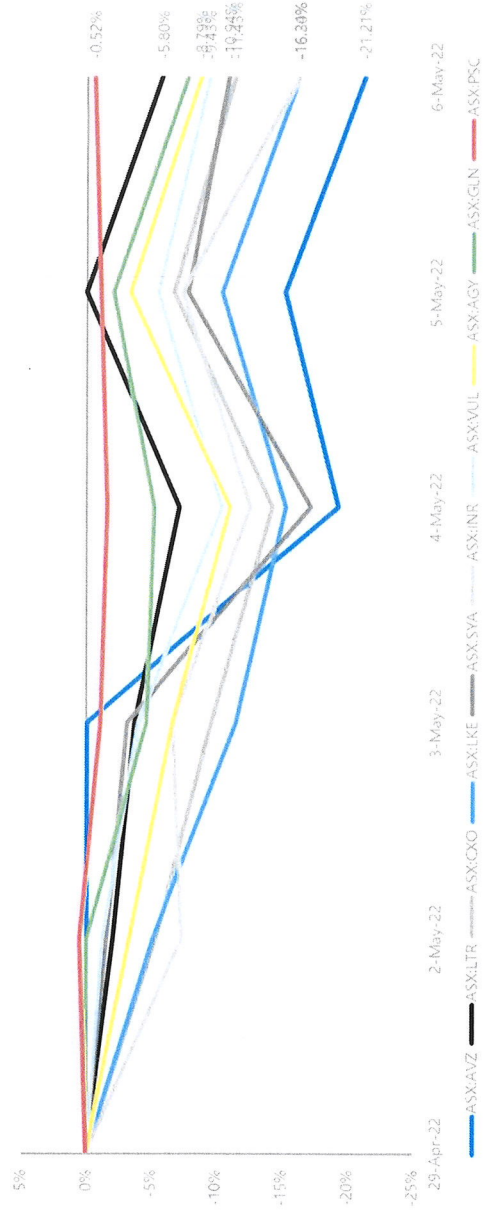
No	Question	Answer
14.	If the answer to question 13 is yes, did AVZ make any announcement which disclosed satisfaction of the 2020 Dathomir SPA Condition Precedent prior to the release of the 18 August 2021 Announcement? If so, please provide details.	Not applicable.
15.	If the answer to question 13 is no, please advise:	
	15.1 when the 2020 Dathomir SPA Condition Precedent was satisfied; and	As to question 15.1, we refer to and repeat the answer to question 13 above.
	15.2 whether AVZ made any announcement regarding the satisfaction or otherwise of the 2020 Dathomir SPA Condition Precedent? If so, please provide details. If no announcement was made, please explain why not.	As to question 15.2, AVZ did not make any announcement regarding the convening of a Dathcom EGM to approve the sale documented by the 2020 Dathomir SPA. Again, we refer to and repeat the answer to question 13 above.
16.	At the time of release of the 18 August 2021 Announcement which disclosed AVZ's 15% increase in the Manono Project, had AVZ received or been made aware of the 14 May 2021 Letter?	Yes.

No	Question	Answer
17.	<p>If the answer to question 16 is yes, why was information regarding the 14 May 2021 Letter omitted from the 18 August 2021 Announcement? In answering this question, please comment specifically on how AVZ was satisfied the 18 August 2021 Announcement, which disclosed AVZ's 15% increase in the Manono Project was accurate, complete and not misleading.</p>	<p>The 14 May 2021 Letter:</p> <ul style="list-style-type: none"> (a) did not have any material effect. Dathomir did not – when it sent the 14 May 2021 Letter or at any other time – have any valid ground for terminating the Dathomir SPAs, the 14 May 2021 Letter did not cite any valid ground for terminating the Dathomir SPAs and the 14 May 2021 Letter did not have the effect of terminating either of the Dathomir SPAs; and (b) was so uncertain or indefinite it was not market sensitive in accordance with ASX Guidance Note 8 and not required to be disclosed under Listing Rule 3.1. <p>By 18 August 2021, AVZ had duly performed and completed all of its material obligations under the Dathomir SPAs, including by paying to Dathomir the balance of the purchase price payable under each of the Dathomir SPAs and had thereby acquired Dathomir's 15% shareholding in Dathcom.</p>
18.	<p>If AVZ first became aware of the 28 January 2023 Ministerial Decrees before 6 February 2023, did AVZ make any announcement prior to that date which disclosed the 28 January 2023 Ministerial Decrees? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.</p>	<p>AVZ did not become aware of the 28 January 2023 Ministerial Decrees until Friday, 3 February 2023. It then disclosed them at the earliest opportunity (the next trading day: Monday, 6 February 2023).</p>

No	Question	Answer
19.	Please confirm that AVZ is complying with the Listing Rules and, in particular, Listing Rule 3.1.	<p>AVZ confirms that it is in compliance with the Listing Rules other than Listing Rule 3.1. AVZ is presently unable to fully comply with Listing Rule 3.1 due to concerns regarding the unauthorised access and dissemination of its confidential information at a time of heightened sensitivity on account of its continuing discussions with DRC Government officials and other stakeholders. More specifically:</p> <ul style="list-style-type: none"> • The Company considers the unauthorised access of the Company's confidential and legally privileged information (refer to ASX announcement dated 10 February 2023 "Clarifications on suspension and AFR articles") to be evidence of the Company's continuing besiegement by non-state actors who intend to unlawfully acquire, for themselves and/or other third parties, an interest in the Manono Project. • The Company has been and continues to be engaged in discussions with key stakeholders including past and present shareholders of Dathcom and recently appointed key cabinet ministers of the DRC Government, whom have been tasked to investigate the purported irregularities in the administration of DRC's own Mining Code and the findings into the management of mining assets reported by DRC General Inspectorate of Finance (refer to ASX announcement dated 6 December 2022 "DRC General Inspectorate of Finance's findings against Cominiere and Dathomir"). The Company is receiving further support from the Australian Embassy in Harare, which is engaged with regional foreign embassies, whom jointly share a common interest to support investment transparency in Africa's mining industry. • The Company is concerned the continued activity of the hostile non-state actors may influence the decisions of the key authorities in DRC in a manner that is contrary to applicable law and materially adverse to the interests of the Company. In light of the unauthorised access of the Company's confidential and legally privileged information, the Company is taking extra precautions to ensure its confidential discussions with the DRC Government are not leaked prior resolving the prevailing uncertainty with regards to the nature of Dathcom's mining and exploration rights for the Manono Project. • AVZ is also aware of certain information regarding AVZ, the Manono Project and the conduct of third parties of which it cannot presently determine the materiality. The Company is taking all reasonable steps to achieve that resolution and clarity at the earliest opportunity.
20.	Please confirm that AVZ's responses to the questions above have been authorised and approved by its board or an officer of AVZ with delegated authority from the board to respond to ASX on disclosure matters.	<p>We confirm that the responses to the questions above have been authorised and approved by AVZ's board or an officer of AVZ with delegated authority from the board to respond to ASX on disclosure matters.</p>

Peer group companies	Primary project location(s)	Market cap (AUDm)	Closing price 29-Apr-22 (\$)	Closing price 4-May-22 (\$)	Closing price 6-May-22 (\$)	Share price change (29-Apr-22 to 4-May-22)	Share price change (29-Apr-22 to 6-May-22)
AVZ Minerals Limited (ASX:AVZ)	Democratic Republic of Congo	2,752	0.990	0.800	0.780	(19.19%)	(21.21%)
Liontown Resources Limited (ASX:LTR)	Western Australia	3,025	1.465	1.360	1.380	(7.17%)	(5.80%)
Core Lithium Ltd (ASX:CXO)	Northern Territory	2,129	1.400	1.200	1.240	(14.29%)	(11.43%)
Lake Resources NL (ASX:LKE)	Catamarca province, Argentina	2,094	1.970	1.670	1.650	(15.23%)	(16.24%)
Sayona Mining Limited (ASX:SYA)	Quebec, Canada	2,046	0.320	0.265	0.285	(17.19%)	(10.94%)
ioneer Ltd (ASX:INR)	Nevada, USA	1,181	0.675	0.590	0.565	(12.59%)	(16.30%)
Vulcan Energy Resources Limited (ASX:VUL)	Upper Rhine Valley, Germany	1,011	8.480	7.600	7.680	(10.38%)	(9.43%)
Argosy Minerals Limited (ASX:AGY)	Salta Province, Argentina	562	0.455	0.405	0.415	(10.99%)	(8.79%)
Galan Lithium Limited (ASX:GLN)	Catamarca province, Argentina	486	1.730	1.640	1.595	(5.20%)	(7.80%)
Prospect Resources Limited (ASX:PSC)	Harare, Zimbabwe	418	0.970	0.955	0.965	(1.55%)	(0.52%)
Peer group, cap-weighted (ex AVZ)		12,952				(12.02%)	(10.63%)

Relative share price performance - 29 April 2022 - 6 May 2022





10 February 2023

Reference: 67822

Mr Ben Cohen and Mr Jan de Jager
Joint Company Secretaries
AVZ Minerals Limited

By email

Dear Mr Cohen and Mr de Jager

AVZ Minerals Limited ('AVZ'): Query

ASX refers to the following:

- A. AVZ's announcement entitled "AVZ to Increase Equity Stake in the Manono Project" released on the ASX Market Announcements Platform ('MAP') on 24 June 2019 and marked by AVZ as price sensitive which disclosed, amongst other things, that:
 - (a) AVZ had executed a Share Sale Purchase Agreement with Dathomir Mining Resources SARL ('Dathomir') to increase AVZ's equity in the Manono Lithium and Tin Project ('Manono Project'), by a further 5% interest in Dathcom Mining SAS ('Dathcom') (which holds 100% of the Manono Project), for consideration of US\$5,500,000, which would increase AVZ's equity interest to 65% after completion of the transaction (the '2019 Dathomir SPA'); and
 - (b) an Extraordinary General Meeting of Dathcom would be convened in late July or early August to approve the sale of additional equity in Dathcom to AVZ.
- B. AVZ's announcement entitled "AVZ Receives Confirmation of Increased Equity Stake" released on MAP on 1 October 2019 confirming that an Extraordinary General Meeting of Dathcom had been convened at which shareholders of Dathcom had approved the sale to AVZ of a 5% equity interest in Dathcom, and that AVZ had paid the first tranche of the consideration of US\$500,000 to Dathomir with the remaining US\$5,000,000 to be paid at any time within 36 months of the date of the agreement.
- C. AVZ's announcement entitled "AVZ to increase equity stake in Manono Project to 75%" released on MAP on 21 September 2020 ('21 September 2020 Announcement') and marked by AVZ as price sensitive which disclosed, amongst other things, that:
 - (a) AVZ had executed a Share Sale Purchase Agreement for an additional 10% equity stake in Dathcom from Dathomir, having paid an advance payment of US\$500,000 with a further US\$15,000,000 to be paid to Dathomir at any time within 12 months of the agreement being executed, or as soon as AVZ secured a minimum of US\$50,000,000 project financing (the '2020 Dathomir SPA'), which would increase AVZ's total interest in the Manono Project to 75% on completion of this agreement and the 2019 Dathomir SPA;
 - (b) an Extraordinary General Meeting of Dathcom would need to be convened to approve the sale of Dathomir's remaining equity in Dathcom to AVZ ('2020 Dathomir SPA Condition Precedent'); and
 - (c) there were no other material terms or condition precedent other than as disclosed in the 21 September 2020 Announcement.

(the 2019 Dathomir SPA and the 2020 Dathomir SPA together, the 'Dathomir SPAs')

- D. AVZ's announcement entitled "Manono Lithium and Tin Project Corporate Update" released on MAP on 18 August 2021 and marked by AVZ as price sensitive ('18 August 2021 Announcement') which disclosed, amongst other things, that:

"AVZ has increased its interest in the Manono Project from 60% to 75% by exercising the options to purchase Dathomir's minority shareholding of 15% equity in Dathcom Mining for US\$20M (~AUD\$27M)." ('15% Increase in Manono Project Interest')

- E. The notices pursuant to Section 708A of the *Corporations Act 2001* (the 'Act') released by AVZ on MAP, each of which sought to 'cleanse' ordinary shares for secondary sale purposes, and stated that there was no excluded information, as defined in sections 708A(5)(e), 708A(7) and 708A(8) of the Act as of the date of the notice, on the following dates:

- (a) 12 July 2021 (in relation to a placement);
 - (b) 19 July 2021 (in relation to the conversion of options);
 - (c) 9 August 2021 (in relation to the conversion of options);
 - (d) 6 December 2021 (in relation to a placement);
 - (e) 17 December 2021 (in relation to a placement);
 - (f) 14 January 2022 (in relation to the vesting of performance rights); and
 - (g) 8 April 2022 (in relation to the conversion of options),
- ('Cleansing Notices')

- F. AVZ's announcement entitled "Ministerial Decree Received to Award the Mining Licence" released on MAP on 4 May 2022 and marked by AVZ as price sensitive ('4 May 2022 Announcement'), which disclosed, amongst other things, the following:

- (i) that the DRC Minister of Mines had signed a ministerial decree to award the Mining Licence for the Manono Project;
- (ii) that *"AVZ confirms that it retains legal title to a 75% interest in the Manono Project"*; and
- (iii) in response to media speculation regarding AVZ's interest in the Manono Project:
 - (1) acknowledged the following matters in connection with AVZ's interest in the Manono Project, which had been speculated upon in the media:
 - (a) a reference to a decision by 'Le Tribunal de Grande Instance' in the DRC ('Tribunal Decision') in respect of a claim by Dathomir regarding the validity of a share certificate and an extract of a shareholders' registry from Dathcom ('Dathomir Claim'); and
 - (b) a claim that La Congolaise D'Exploitation Miniere SA ('Cominiere') has transferred a 15% interest in Dathcom to Jin Cheng Mining Company Limited ('Cominiere Transfer Claim'); and
 - (2) stated, in connection with the Tribunal Decision, that AVZ has duly performed the Dathomir SPAs and that they *"have not been terminated or annulled by any order, letter or otherwise"*.
 - (3) stated that AVZ *"has considered each of the Dathomir Claim and Cominiere Transfer Claim in detail and believes them to each be spurious in nature, without merit, contain fundamental and material errors, and have no substance or foundation in fact or law."*

- G. The decrease in AVZ's share price from \$0.99 at the close of trading on 29 April 2022 to \$0.78 at the close of trading on 6 May 2022.

- H. AVZ's request for a trading halt pending the release of an announcement regarding its mining and exploration rights for the Manono Project, provided to ASX and released on MAP on 9 May 2022, and the subsequent request for a voluntary suspension released on MAP on 11 May 2022.
- I. AVZ's announcement entitled "Legal Action to Affirm Interests in the Manono Project" released on MAP on 8 December 2022 and marked by AVZ as price sensitive ("8 December 2022 Announcement") which disclosed, amongst other things, the following:

"In 2019 and 2020, AVZ, AVZI and Dathomir entered into two separate binding contracts for Dathomir's sale and AVZI's purchase of 15% of the shares in Dathcom, the company through which the Manono Lithium and Tin Project (Manono Project) is held (Dathomir SPAs).

By letter dated 14 May 2021, Dathomir claimed to terminate the Dathomir SPAs. ('14 May 2021 Letter') The letter did not cite any valid ground, nor did it have the effect of terminating either of the Dathomir SPAs."

- J. AVZ's announcement entitled "Issue of Two New Ministerial Decrees", released on MAP on 6 February 2023 and marked by AVZ as price sensitive ('6 February 2023 Announcement'), which disclosed, amongst other things, that the DRC Minister of Mines had issued two additional ministerial decrees dated 28 January 2023 concerning the Manono Project mining licence ('28 January 2023 Ministerial Decrees') which AVZ said had the effect of:

- "1. Cancelling the Ministerial Decree which acknowledged a declaration of partial renunciation of PR13359 by Dathcom, i.e. the excluded northern portion of PR13359 that was not covered by the Ministerial Decree to convert the PR to a Permis d'Exploitation (PE or Mining Licence); and*
- 2. Cancelling the Ministerial Decree which converted the southern portion of licence 13359 from a PR or Exploration Licence to a PE or Mining Licence."*

and acknowledged the:

- "• requirement for a harmonious and healthy cooperation between the shareholders of Dathcom as a precondition to progress the development of the Manono Project; and*
- ongoing disagreements, conflicts and differences between the shareholders that have stalled the development of the Manono Project and the resulting deadlock prevents the State from benefiting from the development of PE 13359."*

- K. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- L. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- M. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

N. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* ('Guidance Note 8'). In particular, Guidance Note 8 states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

O. Section 4.15 of Guidance Note 8 which includes the following:

- (a) *"...Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity's securities.";* [footnotes omitted]
- (b) *"An announcement under Listing Rule 3.1 must be accurate, complete¹¹⁷ and not misleading.";* and
- (c) *"¹¹⁷ "Complete" in this context means not omitting material information."*

Request for information

Having regard to the above, ASX asks AVZ to respond separately to each of the following questions and requests for information:

- Does AVZ consider the following information to be information that a reasonable person would expect to have a material effect on the price or value of its securities:
 - the 2019 Dathomir SPA;
 - the 2020 Dathomir SPA;
 - the 14 May 2021 Letter;
 - the Dathomir Claim;
 - 15% Increase in Manono Project Interest;
 - the Cominiere Transfer Claim; and
 - the 28 January 2023 Ministerial Decrees?

If the answer to any of questions 1.1 to 1.7 is "no", please advise the basis for that view, noting in each instance, that information was contained in announcements marked as price sensitive by AVZ. In relation to questions 1.4 and 1.6, please specifically comment on the significant decrease in AVZ's share price following the 4 May 2022 Announcement.

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2. Does AVZ consider the following information to be information that investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of AVZ:

- 2.1 the 14 May 2021 Letter;
- 2.2 the Dathomir Claim; and/or
- 2.3 the Cominiere Transfer Claim?

If the answer to any of question 2.1, 2.2 or 2.3 is “no”, please advise the basis for that view.

3. Does AVZ consider the following information to be information which is reasonable for investors and their professional advisers to expect to find in a disclosure document:

- 3.1 the 14 May 2021 Letter;
- 3.2 the Dathomir Claim; and/or
- 3.3 the Cominiere Transfer Claim?

If the answer to any of question 3.1, 3.2 or 3.3 is “no”, please advise the basis for that view.

4. When did AVZ first become aware of:

- 4.1 the 14 May 2021 Letter;
- 4.2 the Dathomir Claim;
- 4.3 the Cominiere Transfer Claim; and
- 4.4 the 28 January 2023 Ministerial Decrees?

5. If AVZ first became aware of any of the 14 May 2021 Letter, the Dathomir Claim and/or the Cominiere Transfer Claim before lodging any of the Cleansing Notices on MAP, did AVZ make any announcement prior to lodging the Cleansing Notices which disclosed any of the 14 May 2021 Letter, the Dathomir Claim and/or the Cominiere Transfer Claim, as applicable? If so, please provide details.

6. If AVZ first became aware of the Dathomir Claim and/or the Cominiere Transfer Claim before 4 May 2022, did AVZ make any announcement prior to that date which disclosed the Dathomir Claim and/or the Cominiere Transfer Claim? If so, please provide details.

7. If the answer to question 5 and/or 6 is no, please explain why the relevant information was not released to the market at an earlier time, commenting specifically in relation to each of:

- 7.1 the 14 May 2021 Letter;
- 7.2 the Dathomir Claim; and
- 7.3 the Cominiere Transfer Claim,

on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.

8. If AVZ first became aware of the Dathomir Claim and/or the Cominiere Transfer Claim before lodging any of the Cleansing Notices on MAP, did AVZ rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the Dathomir Claim and/or the Cominiere Transfer Claim before AVZ lodged the 4 May 2022 Announcement on MAP?

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9. If AVZ first became aware of the 14 May 2021 Letter before 8 December 2022, did AVZ make any announcement prior to that date which disclosed the information in the 14 May 2021 Letter? If so, please provide details.
 10. If the answer to question 9 is no, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.
 11. If AVZ first became aware of the 14 May 2021 Letter before lodging any of the Cleansing Notices on MAP, did AVZ rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the 14 May 2021 Letter before AVZ lodged the 8 December 2022 Announcement on MAP?
 12. Having regard to the 14 May 2021 Letter in which AVZ states that Dathomir claimed to terminate the Dathomir SPAs, please explain:
 - 12.1 why the 4 May 2022 Announcement stated that Dathomir SPAs the subject of the Tribunal Decision *"have not been terminated or annulled by any order, letter or otherwise"*; and
 - 12.2 why the information regarding the 14 May 2021 Letter, as disclosed in the 8 December 2022 Announcement, was omitted from the 4 May 2022 Announcement?
 13. At the time of release of the 18 August 2021 Announcement, had the 2020 Dathomir SPA Condition Precedent been satisfied?
 14. If the answer to question 13 is yes, did AVZ make any announcement which disclosed satisfaction of the 2020 Dathomir SPA Condition Precedent prior to the release of the 18 August 2021 Announcement? If so, please provide details.
 15. If the answer to question 13 is no, please advise:
 - 15.1 when the 2020 Dathomir SPA Condition Precedent was satisfied; and
 - 15.2 whether AVZ made any announcement regarding the satisfaction or otherwise of the 2020 Dathomir SPA Condition Precedent? If so, please provide details. If no announcement was made, please explain why not.
 16. At the time of release of the 18 August 2021 Announcement which disclosed AVZ's 15% increase in the Manono Project, had AVZ received or been made aware of the 14 May 2021 Letter?
 17. If the answer to question 16 is yes, why was information regarding the 14 May 2021 Letter omitted from the 18 August 2021 Announcement? In answering this question, please comment specifically on how AVZ was satisfied the 18 August 2021 Announcement, which disclosed AVZ's 15% increase in the Manono Project was accurate, complete and not misleading.
 18. If AVZ first became aware of the 28 January 2023 Ministerial Decrees before 6 February 2023, did AVZ make any announcement prior to that date which disclosed the 28 January 2023 Ministerial Decrees? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe AVZ was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps AVZ took to ensure that the information was released promptly and without delay.
 19. Please confirm that AVZ is complying with the Listing Rules and, in particular, Listing Rule 3.1.
 20. Please confirm that AVZ's responses to the questions above have been authorised and approved by its board or an officer of AVZ with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10.00am AWST on Thursday, 16 February 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, AVZ's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require AVZ to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to AVZ's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that AVZ's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Stephanie Patchell
Senior Adviser, Listings Compliance