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ASX ANNOUNCEMENT
21 September 2020

AVZ to increase equity stake in Manono Lithium and Tin Project to 75%

- AVZ secures rights to an additional 10% equity in Manono Project for US$15.5 M
- AVZ to own 75% of Manono Project on completion of transaction
- Ongoing discussions to acquire additional equity in Manono Project
- Potential increase in share of Project NPV_{10} from US$1,409 M to US$1,761 M (Pre Tax) and up from US$616 M to US$771 M (Post Tax) based on 75% project interest[1]

AVZ Minerals Limited (ASX:**AVZ** or **"the Company")** advises it has executed a Share Sale Purchase Agreement ("Agreement") for an additional 10% equity stake in Dathcom Mining SA ("Dathcom Mining") from its joint venture partner, Dathomir Mining Resources SARLU ("Dathomir Mining"). Dathcom Mining holds 100% of the Tier 1 Manono Lithium and Tin Project ("Manono Project").

Under the Agreement, AVZ has paid US$500,000 to Dathomir Mining as an advance payment. The remaining US$15 M (US$15,000,000) will be paid to Dathomir Mining at any time within 12 months of the Agreement being executed, or as soon as AVZ secures a minimum of US$50 M project financing.

Should payment not be made within 12 months of executing the Agreement, AVZ will forego its US$500,000 advance payment and lose the rights to secure the additional 10% equity in the Manono Project.

Alternatively, the Agreement provides for AVZ to secure a minimum 2.5% equity shareholding in Dathcom Mining and thereafter in pro rata amounts up to the maximum 10% stake during the 12-month period.

An Extraordinary General Meeting of Dathcom Mining will need to be convened to approve the sale of Dathomir Mining's remaining equity in Dathcom Mining to AVZ Minerals. There is no other material terms or condition precedent other than as disclosed above.

As previously announced on 24 June 2019, the Company has secured 5% equity interest from Dathomir Mining for a total consideration of US$5,500,000, with an advance payment of US$500,000 made. The balance of the consideration (US$5,000,000) has not yet been paid and can be paid at any time within a period of 36 months from execution of the agreement.

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Non-Executive Director: Rhett Brans
Non-Executive Director: Peter Huljich

Market Cap
$180 M

ASX Code: AVZ

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Upon completion of both Agreements, AVZ will own 75% of the joint venture company, Dathcom Mining SA ("Dathcom Mining") – which holds 100% of the Manono Project Licence (PR13359).

The remaining 25% of the joint venture company is owned by La Congolaise D'Exploitation Miniere SA ("Cominiere"), of the DRC government.

Dathomir Mining will no longer hold equity in the project and, as such, will no longer be required to contribute pro rata to the ongoing operating expenses of the Manono Project.

AVZ's Managing Director, Mr. Nigel Ferguson, said: "The recently completed Definitive Feasibility Study clearly demonstrated our Manono Project is very robust, with strong financial metrics."

"We are excited to have finalised the terms of our second Share Sale Purchase Agreement with Dathomir Mining, which upon completion, gives AVZ a 75% equity stake in the Manono Project."

"This additional equity in the Manono Project will add significantly to the project's bottom line and Net Present Value and is critical to AVZ's ongoing discussions with prospective financiers."

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

For further information, visit www.avzminerals.com.au or contact:

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[1] Refer to ASX Announcement dated 21 April 2020 titled "AVZ Delivers Highly Positive DFS for Manono Project".

The Company confirms in the subsequent public report that all the material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the initial public report referred to in rule 5.16 or rule 5.17 (as the case may be) continue to apply and have not materially changed.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not materially changed from the original market announcement.