



ASX ANNOUNCEMENT

9 September 2022

Arbitration Proceedings and Investigations Update

AVZ Minerals Limited (ASX: AVZ, OTCQX: AZZVF) (AVZ or Company) provides an update regarding:

- the arbitration proceedings before the International Chamber of Commerce in Paris (ICC) instigated by Jin Cheng Mining Company Limited (Jin Cheng), a subsidiary of Zijin Mining Group Company Limited (Zijin), as previously advised in its ASX Announcement dated 11 May 2022;
- the Company's investigation into the report dated 20 May 2022 written by Boatman Capital (Boatman Report), a London-based short-focused hedge fund research firm.
- AVZ's response to media and social media commentary.

Update on Jin Cheng proceedings

The ICC has informed the parties that it appointed a sole arbitrator. The Parties will be convened to a case management conference in September 2022 with a view to setting the timetable of the arbitral proceedings and the execution of the terms of reference. The specific timing of this conference is yet to be advised to the Company.

Response to Boatman Capital Report

The Boatman Report makes a large number of false, misleading and/or deceptive statements (including through omission) regarding AVZ and its ownership in the Manono Lithium and Tin Project (Manono Project), all of which are strongly refuted.

In particular, the Boatman Report falsely seeks to contend that the Company does not hold legal title to a 75% interest in the shares in Dathcom on account of:

- Dathomir purporting to "cancel" or procure the "cancellation" of the two separate binding contracts entered into in 2019 and 2020 (Dathomir SPAs) in respect of the sale and purchase of 15% of the shares in Dathcom. The true position is that AVZ International Pty Ltd (AVZI) duly completed each of the Dathomir SPAs in August 2021, including payment within the required time period, and thereby legally acquired a further 15% interest in Dathcom. However, unless and until a contrary ruling is made, Dathomir's claims did not affect AVZI's 2021 acquisition of a further 15% interest in Dathcom. No court of law or arbitral tribunal has ruled that the Dathomir SPAs were "cancelled", validly terminated or not duly completed by AVZI. In any event, given that both Dathomir SPAs contain and are subject to arbitration agreements, only a properly constituted arbitral tribunal has jurisdiction to make such a ruling. As far as AVZ is aware, no arbitration proceedings have been commenced; and

AVZ Minerals Limited
Level 2, 1 Walker Avenue
West Perth, WA 6005
Australia

T: + 61 8 6117 9397

F: + 61 8 6118 2106

E: admin@avzminerals.com.au

W: www.avzminerals.com.au

ABN 81 125 176 703

Directors

Non-Executive Chairman: John Clarke

Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

ASX Code: AVZ
OTCQX Code: AZZVF

For personal use only

- For personal use only
- Cominière purporting to sell 15% of the shares in Dathcom to Jin Cheng, which the Company contends is in contravention of the pre-emption rights under Dathcom's Articles of Association and the Shareholders Agreement and as such, under OHADA law, is invalid and of no force or effect. Furthermore, the Boatman Report appends and appears to draw conclusions relying on an incomplete copy of the purported contract for the sale of shares between Jin Cheng and Cominière (refer to the incomplete extraction of the contract in the Boatman Report) and this omission is not acknowledged or commented on by Boatman. Indeed, the full contract specifically discloses that Cominière and Jin Cheng:
 - acknowledge AVZI's right of pre-emption;
 - indicate that AVZI had asserted its right of pre-emption; but
 - falsely (and at odds with the proposition that AVZI had asserted its right of pre-emption), indicate that the time within which the right of pre-emption is to be exercised has been exceeded.

As previously announced and confirmed and consistent with the above statements, any such contention is false and AVZ confirms that it retains legal title to a 75% interest in the Manono Project and its continued and perpetual pre-emptive rights over the balance of the Project.

The Boatman Report has deliberately failed to include statements regarding the following:

- the valid completion of the two Dathomir SPAs legally selling to AVZI a 5% and 10% interest in the shares in Dathcom, respectively, to AVZI (as referred to above); or
- the provisions of Dathcom's Articles of Association and the Shareholders Agreement evidencing the pre-emptive rights owed to AVZI that were triggered by virtue of Cominière's purported sale to Jin Cheng,

and, accordingly, is misleading and/or deceptive, including through omission.

AVZ specifically objects to the following false or misleading assertions in the Boatman Report:

- *Dathomir owes Cominière a 5% stake in the Manono Project on the ground that Cominière loaned Dathomir the 5% stake in 2018.*

The Company reiterates that the transfer of this 5% stake was definitive and irrevocable. In any event, this 5% interest (and a further 10% interest; together a 15% interest in the Manono Project) was acquired by AVZI with effect from August 2021, and never have Dathomir nor Cominière objected to the sale on the ground of a subsisting obligation, liability or duty owed by Dathomir to Cominière (if any).

- *AVZ has filed two lawsuits to 'block' the Zijin deal including in November 2021 and January 2022, and that in rejecting the November complaint the Commercial Court of Lubumbashi approved the Zijin (or Jin Cheng) deal.*

In fact, the Commercial Court of Lubumbashi only denied AVZ's request to have the Court cancel the minutes of the Dathcom shareholders' meeting of 20 November 2021, which minutes purported to approve Cominière's purported share sale to Jin Cheng, among other things.

Notwithstanding the fact that that ruling can still be challenged, the ruling did not approve, validate nor give any legal effect to the purported contract for the sale of shares between Jin Cheng and Cominière.

- *The Lubumbashi High Court cancelled the Dathomir SPAs.*

AVZ rejects this assertion because the court only ordered the destruction of a share certificate.

In its announcement of 4 May 2022, the Company referred to a decision by 'Le Tribunal de Grande Instance' in the DRC (**Tribunal Decision**) and noted, among other things, that the Tribunal Decision was under appeal and the subject of a request on 1 February 2022 by the DRC Minister of Justice, that the DRC General Inspectorate of Judicial and Penitentiary Services, examine the case.

While neither AVZ, nor AVZI was (or is) a party to the Tribunal Decision or the appeals from it, AVZ understands that:

- the appeals remain pending and, as such, continue to have the effect, under DRC law, of suspending the Tribunal Decision;
- the DRC General Inspectorate will not look further in this matter until the Court of Appeals issues its ruling; and
- the Tribunal Decision has no bearing on AVZ's or AVZI's rights, title to or interest in any Dathcom shares or its interest in the Manono Project.

The Company will provide an update regarding any material developments following the outcome of the pending appeal.

The Company condemns orchestrated short selling campaigns designed to undermine the position of the Company and its shareholders.

In the event Boatman Capital has been found to have engaged in a short selling campaign against the Company, the Boatman Report has been published contrary to ASIC guidelines¹, in that the Boatman Report:

- contains false and misleading statements, provides an incomplete view of the facts and evidence and draws conclusions unsupported by adequate evidence;
- was published without any prior fact checking inquiry to the Company;
- in many material respects is not based on reliable information and therefore the recommendations and opinions do not appear to be formed on a reasonable basis; and
- uses overly emotive and imprecise language, which could mislead investors.

The Company is continuing its investigation into Boatman Capital and its officers and reserves its legal rights.

Media and social media commentary

AVZ has been made aware of false, misleading and/or deceptive statements being published on Social Media.

AVZ's general policy on responding to market speculation and rumours is that it does not respond to market speculation or rumours. However, AVZ may decide to make a statement in response to market speculation or rumours if it considers it is obliged at that time to make a statement to the market about a particular matter.

¹ ASIC Information Sheet on activist short selling in Australia

Voluntary suspension

The Company refers to its request for an extension to its voluntary suspension dated 1 September 2022, in relation to the finalisation and release of an announcement with respect to its mining and exploration rights for the Manono Project.

The Company confirms that this announcement is not intended to end the voluntary suspension.

The Company advises that as at the date of this announcement:

- the subject of the initial trading halt request remains incomplete;
- there is no change to the anticipated timeframe for the completion of the subject of the initial trading halt request (on or before 15 September 2022); and
- the Company is not aware of any other information necessary to inform the market about the voluntary suspension.

AVZ confirms that it is in compliance with Listing Rule 3.1.

This announcement was authorised for release by the Board of Directors of AVZ Minerals Limited.

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

Mr. Jan de Jager or Mr. Ben Cohen
Joint Company Secretary
AVZ Minerals Limited
Phone: +61 8 6117 9397
Email: admin@avzminerals.com.au

Media Enquiries:
Mr. Peter Harris
Peter Harris & Associates
Phone: +61 (0) 412 124 833



FORWARD LOOKING INFORMATION

This announcement contains certain forward-looking statements and comments about future events, Forward looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause the Company's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are outside the control of the Company. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company.

Except as required by law or the ASX Listing Rules, the Company assumes no obligation to provide any additional or updated information or to update any forward-looking statements, whether as a result of new information, future events or results, or otherwise.