



ASX ANNOUNCEMENT

9 October 2023

Response to recent media speculation and shareholder communications from Fat Tail

AVZ Minerals Limited (ASX: AVZ, OTC: AZZVF) (**AVZ** or **Company**) refers to recent media speculation and the purported shareholder communications from Fat Tail Holdings Pty Ltd (**Fat Tail**), (an entity associated with Peter Huljich which holds less than 0.14% of the Company's issued capital), seeking to solicit support from AVZ shareholders for the election of Peter Huljich (a former director of the Company), Michael Carrick and Ty Ludbrook to the Board of AVZ (together the **Fat Tail Nominees**). This unsolicited shareholder correspondence has been sent directly to AVZ shareholders via post and has been released in the public domain via social media.

The Fat Tail Nominees are not endorsed by the AVZ board of directors (**AVZ Board**) and have made several inaccurate claims regarding the Directors and the Manono Lithium and Tin Project (**Manono Project**) located in the Democratic Republic of Congo (**DRC**).

The AVZ Board is concerned by this targeted campaign against the Company, which it believes is not in the best interest of all shareholders, but instead, orchestrated to be in the interests of the Fat Tail Nominees or parties associated with them.

AVZ wishes to correct and clarify certain inaccurate claims made by the Fat Tail Nominees in respect of the following matters:

1. AVZ's relationship with key officials in the DRC Government and community stakeholders
2. Ownership of PR 13359 (the exploration permit that comprises the Manono Project)
3. Ownership of a 15% interest in Dathcom Mining SA (**Dathcom**)
4. Importance of the arbitration strategy
5. Lubumbashi High Court ruling
6. AVZ's corporate governance

1. **AVZ's relationship with key officials in the DRC Government and community stakeholders**

The Fat Tail Nominees claim that ongoing disagreements between stakeholders in the DRC are the reason for stalling the development of the Manono Project.

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Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

Non-Executive Director: Casta Tunganaza

Executive Director: Serge Ngandu

ASX Code: AVZ

OTC Code: AZZVF

The AVZ Board is concerned with these claims as it infers that the Company is to blame for the deteriorating relationships with key stakeholders and that AVZ has not been forthcoming in its communication with shareholders.

AVZ is currently in negotiations with the DRC Government to advance a memorandum of understanding (**MoU**), which will provide a pathway to the granting of the Mining Licence for the Manono Project and the resolution of all arbitrations between AVZ and DRC controlled entities.

Recent correspondence between AVZ and the DRC Government has been constructive and highlights the clearly positive and ongoing relationship between both parties. Importantly, and most recently, AVZ's Managing Director, Nigel Ferguson, sat with His Excellency President Tshisekedi, to discuss these matters.

AVZ is working tirelessly to progress such negotiations with Nigel Ferguson and AVZ's Commercial Manager & Joint Company Secretary, Ben Cohen, spending a combined 246 days on business related travel over the last 8 months with a majority of this time in the DRC to advance these negotiations. On several occasions, Mr Ferguson and Mr Cohen have been accompanied by Executive Director, Serge Ngandu and its legal counsel. AVZ understands that none of the Fat Tail Nominees have an existing relationship with the DRC Government, let alone having visited the country.

AVZ's interests align with those of the DRC, with AVZ investing in the development of the Manono Project which would greatly benefit the Manono community and the people of the DRC. The DRC Government recognises this and is progressing the MOU discussions within a strict legal and regulatory framework, which understandably takes time.

The claims by the Fat Tail Nominees are not supported by the AVZ Board. AVZ, represented by Nigel Ferguson and Ben Cohen, has a consistent and frequent presence in the DRC to advance the MoU discussions and is working vigorously for its shareholders.

2. Ownership of PR 13359

The Fat Tail Nominees' allegation regarding the uncertainty as to the ownership of exploration licence PR13359 is based on incorrect details in the register maintained by Cadastre Minier (**CAMI**) available via the CAMI portal.

The CAMI portal records that Cominiere is the holder of PR13359 whilst also stating that it expired on 27 December 2021, both of which matters are clearly false.

The CAMI register is incorrect because Cominiere obtained a domestic court order requiring CAMI to change the register. AVZ was not given an opportunity to be heard in relation to that order. The order was based on the false premise that the Dathcom JV agreement had been validly terminated, which has not occurred. Further, Cominiere's application for the order lacked proper legal foundation because there was no legal basis to strip Dathcom of PR13359 even if the Dathcom JV had been terminated. Nigel Ferguson has met with CAMI's recently appointed management team, sharing constructive dialogue to date.

AVZ considers Cominiere's action in procuring variation of the CAMI register likely constituted a breach of the ICC's 'Emergency Order' (refer to AVZ's ASX announcement dated 8 May 2023). At the very least, Cominiere failed to frankly disclose those domestic proceedings to the ICC Arbitrator, which may in turn prove detrimental to Cominiere's prospects in the substantive proceedings.

AVZ maintains that the CAMI register is incorrect and that:

- Dathcom is the legal owner of PR13359; and
- PR13359 has not expired because it remains on foot pending final determination of the application for the PE; and
- all requirements for the award of the PE, both technical and legal, have been met and approved.

AVZ is seeking confirmation of this through its discussions with the competent DRC Government Agencies and through the various arbitration proceedings which are the proper forum for finally resolving these matters. The CAMI portal will then need to be updated to reflect the legal ownership.

3. Ownership of 15% interest in Dathcom

The Fat Tail Nominees claim there are numerous conflicting statements from La Congolaise d'Exploitation Minière (**Cominière**), Jin Cheng Mining Company (Jin Cheng) which is the subsidiary of Zijin Mining Limited (**Zijin**) and AVZ regarding the transfer of the 15% interest in Dathcom.

AVZ does not disagree that there are conflicting statements regarding the transfer of the 15% in Dathcom. However, any purported transfer of Cominière's 15% interest in Dathcom to Zijin should be disregarded, including any reports published by Cominière or Zijin, as this purported transaction was in clear contravention of AVZ's pre-emptive rights.

The Fat Tail Nominees also falsely claim AVZ's half year report confirms that Cominière transferred its 15% interest to Zijin on September 10, 2021. However, this is taken out of context and is intentionally misleading.

AVZ made no such confirmation or implication that the share transfer was made. The specific excerpt from the 31 December 2022 half year report is as follows, emphasis added:

"On 10 September 2021, Cominière purported to conclude a Share Transfer Agreement with Jin Cheng for 15% of the shares in Dathcom. This purported sale and transfer breached AVZ's right of first refusal, is null and void under DRC law and has not been recognised by Dathcom."

4. Importance of the arbitration strategy

The Fat Tail Nominees claim AVZ is pursuing unnecessary arbitrations that will not foster long term relationships, that these arbitrations are fraught with risk and that AVZ has not updated shareholders on the status of these arbitrations.

AVZ's management refutes the suggestion that any of the arbitrations could be seen as 'unnecessary' considering the following:

- Dathomir is disputing the sale of a 15% interest in Dathcom to AVZI without any basis aside from a desire to renegotiate price;
- Zijin's subsidiary, Jin Cheng, is claiming to hold a 15% interest in Dathcom, despite the purported transaction in clear breach of AVZ's pre-emptive right to acquire such interest;

- the DRC Government failed to procure the expeditious grant to Dathcom of an exploitation permit in respect of the Manono Project; and
- Cominiere, Zijin and Dathomir (and their respective associates) continue to collude in an attempt to seize control of the Manono Project for the benefit of those parties and to the clear detriment of the DRC and its people.

Importantly, AVZ notes that the commencement of the ICSID arbitration against the DRC regarding the failure to procure the exploitation permit was the catalyst for the start of the MoU negotiations. The entry into the MoU will be a significant step towards the development of the Manono Project. It will also help maintain the positive working relationships between all stakeholders.

AVZ has provided a clear and in-depth update of these proceedings in the ASX announcement dated 27 September 2023.

Any suggestion that any of the arbitrations are unnecessary is not a view supported by the AVZ Board. Accordingly, AVZ will continue to pursue each of the arbitrations for the purposes of protecting its interests in the DRC and to exert its rights under the relevant laws.

5. Lubumbashi High Court ruling

The Fat Tail Nominees claim that the Lubumbashi High Court ruled, in December 2021, that AVZ's 75% share certificate in Dathcom be destroyed and that AVZ's Technical Director, Graeme Johnston, had engaged in forgery, as cited in an Africa Intelligence Report.

AVZ notes that the Lubumbashi High Court did not have jurisdiction to determine, and did not determine, the issue of ownership of shares in Dathcom, which will be determined by the ICC.

Further, AVZ was not a party to the proceedings and neither AVZ nor Graeme Johnston were given the opportunity to be heard. AVZ categorically denies any wrongdoing by AVZ's Technical Director, Graeme Johnston. Indeed, all that Graeme Johnston actually did was lodge a document that AVZ considers Dathcom was entitled to lodge.

AVZ has commenced an appeals process to this decision and refutes any claim of wrongdoing by Graeme Johnston. AVZ reiterates that the decision and any appeal are not relevant to the proceedings before the ICC or ICSID or, importantly, the successful conclusion of the MoU negotiations.

6. AVZ's corporate governance

The Fat Tail Nominees have made vague claims of corporate governance failures by AVZ management.

AVZ engaged international law firm DLA Piper to conduct an independent review of AVZ's corporate governance framework in June 2022 and approved the adoption of recommendations made in this report.

Further, any inference that any current AVZ directors or officers have sold shares whilst in possession of any material information not available to the public at the time they sold their shares is false and without merit.

The AVZ Board rejects that there has been any material corporate governance failures.

AVZ Board recommendation and next steps

The AVZ Board recommends shareholders:

- carefully read the Company's ASX announcement dated 27 September 2023 and 9 October 2023 regarding the current status of arbitration proceedings;
- Refer to the media release providing further details regarding the Fat Tail Nominees Campaign available on the Company's website;
- disregard any claims or communications made by the Fat Tail Nominees; and
- **VOTE AGAINST** the appointment of the Fat Tail Nominees which may be nominated for election at the Annual General Meeting (AGM) to be held on 23 November 2023.

Shareholders are encouraged to carefully consider the underlying motivations of any persons or companies that may purport to be acting in the best interests of shareholders ahead of voting at the AGM. The Company will release further information ahead of the AGM which should also be considered.

In parallel to AVZ's efforts to correct the record and hold the Fat Tail Nominees to account, AVZ has commenced proceedings against Fat Tail to stop their attempt to access the private email addresses of AVZ's shareholders clearly for the purposes of influencing the outcomes of the AGM.

The AVZ Board appreciates the support it continues to receive from its grassroots supporter base and remains committed to progressing the development of the Manono Lithium and Tin Project, for the advantage of all AVZ stakeholders and believes it has made considerable progress towards this.

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:

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