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AVZ Minerals Limited

17 October 2016

UPDATE ON ACQUISITION OF THE MANONO EXTENSION LITHIUM, TIN AND TANTALUM PROJECT IN THE DEMOCRATIC REPUBLIC OF CONGO

- **Technical consultants to the Company have completed a due diligence field investigation of the Manono Extension Project (Project) in the south of the Democratic Republic of Congo.**
- **Preliminary work has confirmed the potential for lithium bearing pegmatites within the Project area as extensions to the main Manono Pegmatite.**
- **A drilling company representative has also visited site and confirmed that Project access is easily achieved.**
- **Date for completion of due diligence review extended to 31 October 2016 to allow for receipt of final legal and technical reports.**

AVZ Minerals Limited (**AVZ**) is pleased to announce that the site visit undertaken as part of the due diligence program in relation to AVZ's proposed acquisition announced on 19 September 2016 has been completed.

An expatriate exploration consultant and two experienced Congolais geologists visited prospective areas within the Project area both to the north east and south west of the historic Manono and Kitatolo Mines.

Within the Project licences two primary targets have been delineated from the photo-geological interpretation that potentially represent the strike extensions of the Manono pegmatite to the NE and to the SW (shown in red circles in Figure 1 below).

The initial field visits to both areas have confirmed the presence of lateritic material normally associated with pegmatites and also highly weathered pegmatitic material. Drill testing of these areas is required to confirm whether they represent extensions of the main Manono pegmatite which is known to host spodumene and therefore lithium mineralisation.

Of note is a large highly weathered pegmatite body some 800m long by 200m wide straddling the SW licence boundary. Some 600m of this body sits within the PR4030 licence along strike from the historical Kitatolo open pit mine. This heavily weathered pegmatite strikes to the north east under what appears to be a significant expanse of Tertiary surficial cover which may mask further pegmatite bodies.

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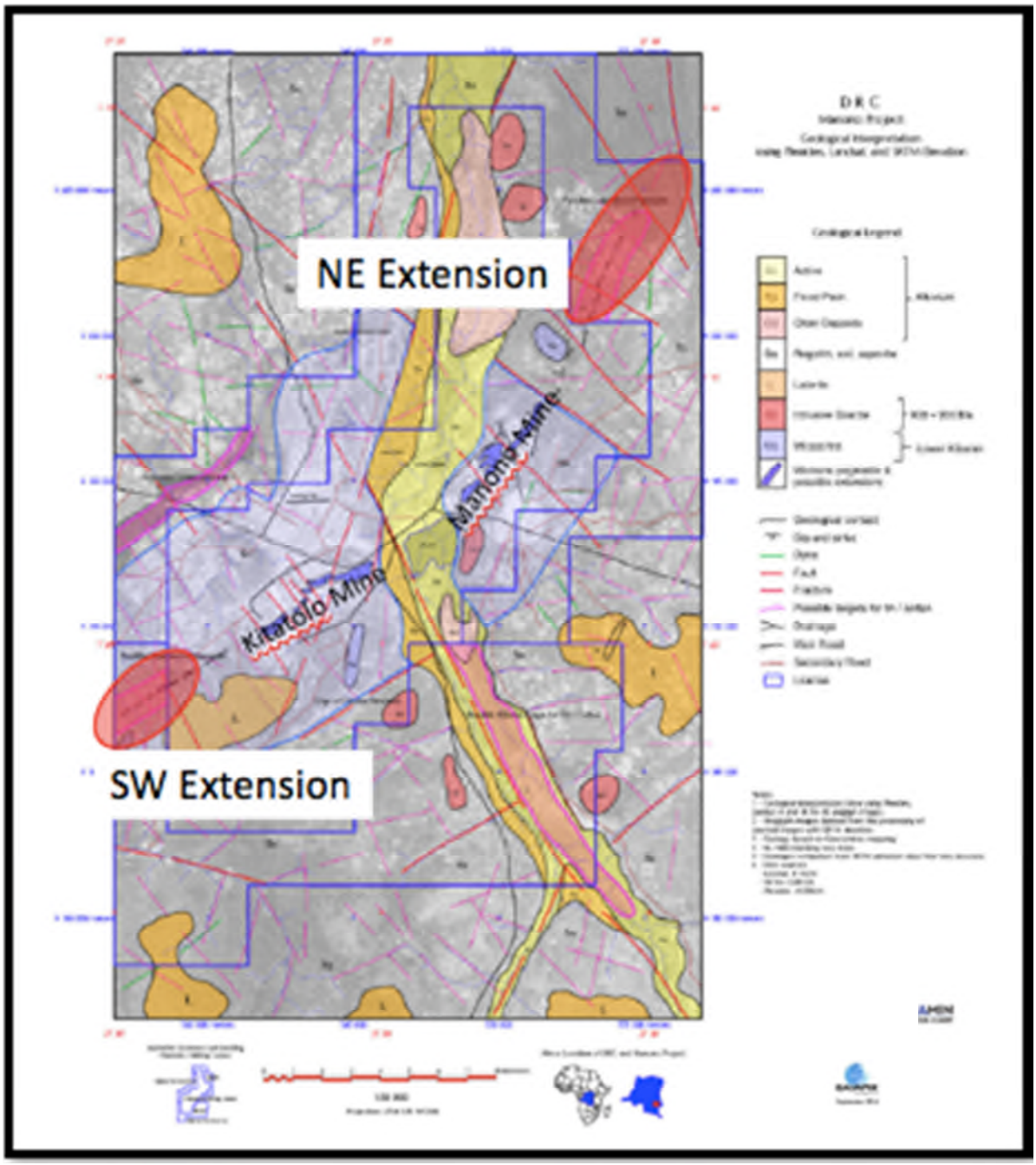

Figure 1 – Location of Strike Extensions to the Manono Pegmatite

The NE extension affords 6.5km of potential strike and the SW extension a further 3.5km of potential strike extension, for a combined approximate 10km strike length that requires further investigation for lithium, tin and tantalum mineralization within pegmatities.

The geological team are now planning a more detailed follow-up on the historic photogeological work including possible grid soil sampling, field mapping of key areas with possible trenching and then selective drilling of the targets generated. A drilling company representative has also recently visited the Project area and confirmed that access is easily achieved.

AVZ is currently finalising its legal due diligence and awaiting the final report of the field visit by the consulting geologist. The parties to the agreement for AVZ to acquire 100% of the Project have agreed to extend the date for completion of the due diligence to 31 October 2016.

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Competent Person's Statement – Exploration Results

The information in this report that relates to exploration results is based on, and fairly represents information and supporting documentation prepared by Mr Nigel Ferguson, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Ferguson is a consultant to AVZ Minerals Limited. Mr Ferguson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves". Mr Ferguson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.