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**AVZ MINERALS LIMITED**  
**ACN 125 176 703**  
**NOTICE OF GENERAL MEETING**

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Notice is given that the Meeting will be held at:

**TIME:** 10.00 am (WST)  
**DATE:** Friday, 3 January 2020  
**PLACE:** Quest Kings Park  
54 Kings Park Road,  
West Perth

*The business of the Meeting affects your shareholding and your vote is important.*

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 1 January 2020.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. RESOLUTION 1 – ISSUE OF SUBSCRIPTION SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue by the Company of 314,300,000 Shares to Yibin Tianyi Lithium Co., Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) Yibin Tianyi Lithium Co., Ltd (or its nominee), or a person who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company); or
- (b) an associate of that person (or those persons).

This does not apply to a vote cast in favour of the Resolution by a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way or, it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides. It also does not apply to a vote cast in favour of the Resolution by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (c) the beneficiary provides written confirmation to the holder that they are not excluded from voting, and are not an associate of a person excluded from voting on the Resolution; and
- (d) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

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#### 2. RESOLUTION 2 – ISSUE OF PERFORMANCE RIGHTS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the grant of 12,000,000 Performance Rights to John Clarke (or his nominee), a Director, under the Company’s Performance Rights Plan on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of:

- (a) any Director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought; or
- (b) any associates of those Directors.

This does not apply to a vote cast in favour of the Resolution by a person as proxy or attorney for another person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way or, it is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides.

It also does not apply to a vote cast in favour of the Resolution by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:

- (a) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting on the Resolution; and
- (b) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**Dated: 22 November 2019**

**By order of the Board**

**Leonard Math  
Company Secretary**

**Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

**Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6117 9397.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. RESOLUTION 1 – ISSUE OF SUBSCRIPTION SHARES

#### 1.1 Background

As announced on 11 November 2019, the Company has entered into a conditional subscription agreement with Yibin Tianyi Lithium Industry Co., Ltd (**Yibin Tianyi**) (**Subscription Agreement**) under which Yibin Tianyi has agreed, subject to satisfaction of a number of conditions precedent, to subscribe for, and the Company has agreed to issue to Yibin Tianyi, 314,300,000 Shares (**Subscription Shares**) at an issue price of \$0.045 per Subscription Share, equating to a total subscription amount of \$14,143,500 (**Subscription**).

Yibin Tianyi was set up by a partnership of Suzhou TA&A Ultra Clean Technology Co., Ltd. (SHE: 300390) and Changjiang Chendao (Hubei) New Energy Industry Investment Co., Ltd., Contemporary Amperex Technology Co., Limited (SZSE: 300750), Yibin Tianyuan Group Co., Ltd. (SHE: 002386), Ningbo Hanyi Investment Partnership Enterprise and Ningbo Meishan Bonded Port Area Chaoxing Investment Partnership Enterprise. Yibin Tianyi is an emerging lithium chemical producer in China and seeks to invest in the development of projects relating to lithium battery materials.

#### 1.2 Subscription Agreement

The key terms and conditions of the Subscription Agreement are as follows:

- (a) **Subscription:** Yibin Tianyi has agreed, subject to satisfaction (or waiver) of the Conditions (defined below), to subscribe for and the Company has agreed to issue to Yibin Tianyi, 314,300,000 Subscription Shares at an issue price of \$0.045 per Subscription Share, for a total amount of \$14,143,500. Upon completion of the Subscription, Yibin Tianyi (or its nominee) will hold an interest of approximately 12% in the Company.
- (b) **Conditions:** The Subscription is conditional upon satisfaction (or waiver) of the following conditions precedent within 84 days of the date of execution of the Subscription Agreement (**Execution Date**):
  - (i) Shareholder approval being received by the Company for the issue of the Subscription Shares in accordance with the ASX Listing Rules and the Corporations Act (being, the purpose of this Resolution 1);
  - (ii) Yibin Tianyi obtaining all relevant regulatory approvals for the Subscription including, without limitation, Chinese overseas direct investment approval and FIRB approval;
  - (iii) Dathcom Mining SAS (a subsidiary of the Company) (**Dathcom Mining**) being converted from an SAS corporation to an SA corporation, and the articles of association and joint venture agreement in relation to Dathcom Mining (as converted to an SA corporation) being adopted in a form that provides that the

Company controls a majority of the board (on terms satisfactory to Yibin Tianyi acting reasonably); and

- (iv) the Company providing evidence to Yibin Tianyi that the Company (or a related body corporate of the Company) has applied for and is in the process of being granted the tin rights in respect of the Company's exploration and mining permits in the DRC (being, PR13359) and such application has not been refused or denied by a government agency,

(together, the **Conditions**).

Completion will occur on the date that is 2 business days after satisfaction (or waiver) of the Conditions (**Completion**).

- (c) **Exclusivity and Restrictions:** During the period from the Execution Date until the date of Completion or termination, whichever occurs first:

- (i) the Company must, and must procure that its authorised persons, terminate all negotiations and discussions in respect of any transaction for the raising of equity capital in the Company (**Competing Transaction**), or any potential Competing Transaction, with any other person;
- (ii) request the return or destruction of all information (in any form, including copies) that was provided to other parties in connection with any Competing Transaction or potential Competing Transaction;
- (iii) the Company must not, and must procure that none of its authorised persons, directly or indirectly solicit, invite, encourage or initiate, enquires, negotiations or discussions (or any intention to do these things) with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Transaction or potential Competing Transaction;
- (iv) subject to the terms of the Subscription Agreement, the Company must not, and must procure that none of its authorised persons, directly or indirectly enter into, continue or participate in any communication, negotiations or discussions with any other person regarding Competing Transaction or potential Competing Transaction, or grant access to any non-public information related to the Company or to any employees or officers of the Company or any of its subsidiaries, to any person who intends to make, is assessing whether to make, or may reasonably be expected to make an offer, proposal or expression of interest with respect to a Competing Transaction (other than Yibin Tianyi or and its associates); and
- (v) the Company must not, without the prior approval of Yibin Tianyi (which must not be unreasonably withheld), undertake any capital reconstruction or reorganisation event in relation to the Company or its issued capital, or any bonus issue of securities in the Company.

- (d) **Voluntary restriction:** The Subscription Shares will be subject to a restriction on sale, assignment and transfer for a period of 12 months from the date of issue.
- (e) **Board representation:** Subject to the terms of the Subscription Agreement, from the date of Completion and provided Yibin Tianyi retains a voting power of at least 10% in the Company, Yibin Tianyi will be entitled to nominate one person to be appointed as a non-executive Director of the Company.
- (f) **Offtake Agreement:** Upon Completion, the Company and Yibin Tianyi will negotiate in good faith to agree and execute (as soon as reasonably practicable) a binding offtake agreement on ordinary and reasonable commercial terms. The Company notes that it will seek Shareholder approval for entry into the offtake agreement in accordance with ASX Listing Rule 10.1 in due course.
- (g) **Standstill:** Subject to the terms of the Subscription Agreement, Yibin Tianyi agrees, for a period of 12 months from the Execution Date, not to acquire, and to procure that none of its associates and related bodies corporate acquire, an aggregate relevant interest of more than 19.9% in the Company, other than with the approval of the Board.

The Subscription Agreement otherwise contains terms and conditions considered standard for an agreement of its nature (including, without limitation, representations and warranties).

### 1.3 Manono Lithium and Tin Project (“Manono Project”)

The Manono Project comprises PR13359, which covers approximately 188km<sup>2</sup> and is located 500km due north of Lubumbashi in the south of the DRC in central Africa.

The Manono Project is owned by the Company who holds a 60% interest, La Congolaise d’Exploitation Minière SA (a State-owned enterprise) who holds a 25% interest and Dathomir Mining Resources SARL (a privately-owned company) (**Dathomir Mining**) who holds a 15% interest.

As announced on 24 June 2019 and 1 October 2019, the Company has entered into a share sale purchase agreement with Dathomir Mining (**Share Sale Agreement**), under which the Company has a right to acquire a further 5% interest in the Manono Project for a total consideration amount of US\$5,500,000. In accordance with the terms of the Share Sale Agreement, the Company has paid the first tranche of US\$500,000 to Dathomir Mining, with the balance of US\$5,000,000 to be paid at any time within 36 months from the date of the Share Sale Agreement, following which, the Company will hold a 65% interest in the Manono Project.

The Company is responsible for funding expenditure at the Manono Project to completion of a feasibility study and a decision to mine.

### 1.4 Use of Funds

The Company intends to use the funds raised from the Subscription in accordance with the table set out below:

	Subscription (\$)	Percentage (%)
Completion of acquisition of additional 5% interest in Manono Project <sup>1</sup>	7,352,000	52.00%
Commencement of early development works at the Manono Project <sup>2</sup>	2,000,000	14.14%
Resource drilling at Carrier de l'Este Prospect	1,500,000	10.61%
Joint Venture Agreement payment <sup>3</sup>	1,470,000	10.39%
Corporate and administration costs <sup>4</sup>	750,000	5.30%
Expenses of the Subscription	800,000	5.65%
General working capital	271,500	1.91%
<b>Total</b>	<b>14,143,500</b>	<b>100%</b>

**Notes:**

1. This will increase the Company's overall interest in the Manono Project to 65%. The Board has the time discretion to complete the full payment to acquire the 5% interest. Should the Board decide to defer this payment, the funds allocated will be further used for early development works at the Manono Project.
2. Comprising, procurement or leasing earthmoving equipment, construction of site access road to mine and process plant area and development and upgrading of the camp site.
3. USD\$1,000,000 payment to Cominiere in accordance with the Company's Joint Venture Agreement
4. Funds allocated to corporate and working capital will be used for administration expenses of the Company over the next 12 months, including administration fees, Director's remuneration and other administration and obligatory overheads.

The above table is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

## 1.5 General

Resolution 1 seeks Shareholder approval pursuant to ASX Listing Rule 7.1 for the issue of 314,300,000 Subscription Shares to Yibin Tianyi (or its nominee) at an issue price of \$0.045 per Subscription Share equating to a total subscription amount of \$14,143,500.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period without shareholder approval.



The effect of Resolution 1 will be to allow the Company to issue the Subscription Shares to Yibin Tianyi (or its nominee) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

#### 1.6 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 1:

- (a) the name of the person to whom the Company will issue the Subscription Shares to is Yibin Tianyi (or its nominee), who is not a related party of the Company;
- (b) the maximum number of Shares to be issued to Yibin Tianyi (or its nominee) under the Subscription is 314,300,000 Shares. The class of the Subscription Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (c) the Subscription Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Subscription Shares will occur on the same date of the Meeting;
- (d) the issue price will be \$0.045 per Subscription Share. The Company will not receive any other consideration for the Subscription Shares;
- (e) the main purpose of the issue of the Subscription Shares is to raise capital to allow the Company to:
  - (i) complete the acquisition of an additional 5% interest from Dathomir Mining in accordance with the Share Sale Agreement to increase the Company's interest in the Manono Project to 65%; and
  - (ii) undertake early development works at the Manono Project while the definitive feasibility study is being completed.

A summary of the proposed use of funds raised from the Subscription by the Company is set out in Section 1.4 above;

- (f) the Subscription Shares are being issued to Yibin Tianyi (or its nominee) under the Subscription Agreement. A summary of the material terms of the Subscription Agreement is set out in Section 1.2 above; and
- (g) a voting exclusion statement is included in Resolution 1 of the Notice.

#### 1.7 Dilution

Assuming no Options are exercised, no Performance Rights converted or other Shares issued (which is subject to restrictions under the Subscription Agreement) and the maximum number of Shares as set out above are issued, the number of Shares on issue would increase from 2,304,148,459 (being the number of Shares on issue as at the date of this Notice) to 2,618,448,459 and the shareholding of existing Shareholders would be diluted by 12.08%.

## 1.8 Board Recommendation

The Board unanimously recommends that Shareholders vote in favour of Resolution 1.

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## 2. RESOLUTION 2 – ISSUE OF PERFORMANCE RIGHTS

### 2.1 Background

As announced on 13 November 2019, the Company has appointed Dr John Clarke as Non-Executive Chairman, with effect from 2 December 2019 (**Effective Date**). Dr Clarke will be paid a Directors fee of \$120,000 per annum from the Effective Date. In addition, the Company has agreed, subject to Shareholder approval, to issue 12,000,000 Performance Rights to Dr John Clarke on the terms set out in Schedule 1 and as set out below.

Dr Clarke brings an impressive depth of resources industry experience to the Company having started his career 47 years ago as a metallurgist at Goldfield's Kloof Gold Mine in 1972. Most of Dr Clarke's career has focused on the operation, development or management of African mining projects and activities, from junior operating roles to senior executive and board level appointments.

Please refer to the Company's ASX announcement dated 13 November 2019 for further details in respect of Dr Clarke's experience and qualifications.

### 2.2 Issue of Director Performance Rights

This Resolution 2 seeks Shareholder approval for the issue of 12,000,000 Performance Rights to Dr John Clarke (**Director Performance Rights**), pursuant to the Company's Performance Rights Plan (summarised in Schedule 2) (**Performance Rights Plan**) and on the terms and conditions set out below.

It is proposed that the Director Performance Rights will be issued to Dr John Clarke in four equal tranches (Classes A, B, C and D), with the vesting conditions as set out in the table below.

Vesting Conditions	Number of Performance Rights
<b>Tranche 1:</b> Each Class A Performance Right shall vest upon the completion of a Feasibility Study on the Manono Project.	3,000,000
<b>Tranche 2:</b> Each Class B Performance Right shall vest upon the Company executing an offtake agreement for at least 25% of the product produced from the Manono Project.	3,000,000
<b>Tranche 3:</b> Each Class C Performance Right shall vest upon the completion of the Manono Project financing.	3,000,000
<b>Tranche 4:</b> Each Class D Performance Right shall vest upon the date that the Company announces a decision to mine in respect of the Manono Project.	3,000,000
<b>Total</b>	<b>12,000,000</b>

The issue of the Director Performance Rights is to appropriately incentivise the performance of Dr John Clarke and to assist the Company in retaining his services and expertise in a manner which does not unduly impact on the cash reserves of the Company.

A summary of the key terms and conditions of the Director Performance Rights is set out in Schedule 1.

### **2.3 Chapter 2E of the Corporations Act**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the company unless either:

- (a) the giving of the financial benefit falls within one of the exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

The grant of the Director Performance Rights constitutes giving a financial benefit and Dr John Clarke is a related party of the Company by virtue of being a Director.

The Directors (other than Dr John Clarke who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Director Performance Rights because the agreement to grant the Director Performance Rights, reached as part of the remuneration package for Dr John Clarke, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **2.4 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Accordingly, Shareholder approval is being sought pursuant to ASX Listing Rule 10.14 for the issue of the Director Performance Rights to Dr Clarke.

### **2.5 Technical information required by ASX Listing Rule 10.15**

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in respect of Resolution 2:

- (a) the name of the person to whom the Company will issue the Director Performance Rights to is Dr John Clarke (or his nominee), who is a related party of the Company by virtue of being a Director. Accordingly, Dr Clarke falls within the category set out in ASX Listing Ruel 10.14.1;
- (b) the maximum number of Director Performance Rights to be issued to Dr John Clarke (or his nominee) under the Performance Rights Plan is 12,000,000 Director Performance Rights;

- (c) Dr John Clarke's total remuneration package comprises Director fees of \$120,000 per annum;
- (d) at the date of this Notice, a total of 51,300,000 Director Performance Rights have been issued under the Company's Performance Rights Plan. The Company notes that it is also seeking Shareholder approval to issue 4,500,000 Performance Rights to Director, Peter Huljich, at the Company's annual general meeting to be held on 29 November 2019. However, the Company confirms that Dr John Clarke has not previously been issued any Performance Rights under the Company's Performance Rights Plan;
- (e) a summary of the material terms and conditions of the Director Performance Rights is set out in Schedule 1. The issue of the Director Performance Rights is to appropriately incentivise the performance of Dr John Clarke and to assist the Company in retaining his services and expertise in a manner which does not unduly impact on the cash reserves of the Company.

The following valuation has been attributed by the Company to the Director Performance Rights to be issued to Dr John Clarke (or his nominee) and is based on a Share price of 4.4 cents (being, the closing price of Shares on 15 November 2019).

Director	Number of Performance Rights	Value of Performance Rights
Dr John Clarke	12,000,000	\$528,000

- (f) the Company will issue the Director Performance Rights to Dr John Clarke (or his nominee) under the Company's Performance Rights Plan on a date no later than 12 months after the date of the Meeting.
- (g) the Director Performance Rights will be issued for nil cash consideration. Accordingly, no funds will be raised from the issue;
- (h) a summary of the material terms of the Company's Performance Rights Plan is set out in Schedule 2;
- (i) no loan will be provided by the Company in relation to the acquisition of the Director Performance Rights by Dr John Clarke (or his nominee);
- (j) details of any Performance Rights issued under the Company's Performance Rights Plan that are subject to ASX Listing Rule 10.14 will be published in the Company's annual report relating to the period in which they were issued, along with a statement that approval for the issue was obtained in accordance with ASX Listing Rule 10.14;
- (k) any additional persons covered by ASX Listing Rule 10.14 who become entitled to participate in an issue of Performance Rights under the Company's Performance Rights Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained in accordance with ASX Listing Rule 10.14; and
- (l) a voting exclusion statement is included in Resolution 2 of the Notice.

## 2.6 Board Recommendation

The Board (other than Dr John Clarke who has a material personal interest in the Resolution) recommends that Shareholders vote in favour of Resolution 2 as the Company will receive the benefits outlined above and the grant of Performance Rights will allow the Company to preserve cash to advance the Manono Project.

The Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 2.

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## GLOSSARY

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**\$** means Australian dollars.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

**Company** means AVZ Minerals Limited (ACN 125 176 703).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**FIRB** means the Australian Foreign Investment Review Board.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Proxy Form** means the proxy form accompanying the Notice.

**Resolution** means the resolution set out in the Notice, or where there is more than one resolution, any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**WST** means Western Standard Time as observed in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF DIRECTOR PERFORMANCE RIGHTS

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The Performance Rights will be issued in accordance with the terms and conditions of the Performance Rights Plan and the terms set out below:

- (a) **Entitlement:** Each Performance Right entitles the Participant to subscribe for one (1) fully paid ordinary share in the capital of the Company (**Share**) upon satisfaction of the Milestone (defined below) and issue of the signed exercise notice by the Participant (as set out in paragraph (d)).
- (b) **Milestones:** The Performance Rights will have the following milestones attached to them:
- (i) **Class A Performance Rights:** the Class A Performance Rights will vest upon the Company completing a feasibility study on the Manono Project;
  - (ii) **Class B Performance Rights:** the Class B Performance Rights vest upon the Company entering into an off take agreement for at least 25% of the product produced from the Manono Project;
  - (iii) **Class C Performance Rights:** the Class C Performance Rights will vest upon the Company completing financial close for the funding required for the Manono Project; and
  - (iv) **Class D Performance Rights:** the Class D Performance Rights will vest upon the date that the Company announces a Decision to Mine in respect of the Manono Project,
- (each a **Milestone**).
- (c) **Vesting**
- The Performance Rights are deemed to have vested if and when the Milestone applicable to a holder's Performance Rights have been satisfied, waived by the Board, or are deemed to have been satisfied under the Performance Rights Plan, and where the Company has issued a vesting notification to the holder informing them that some or all of its Performance Rights have vested and will convert into Shares upon being exercised by the holder.
- (d) **Method of Exercise of Performance Rights**
- Following the issuing of a vesting notification to a holder, a vested Performance Right may be exercised by the Participant at any time prior to the expiry date and by delivery of a signed exercise notice to the registered office of the Company or such other address as determined by the Board. In the event that the holder does not exercise a vested Performance Right prior to the expiry date, the relevant Performance Right will automatically lapse.
- (e) **Actions on exercise of Performance Rights**
- On completion of the exercise of Performance Rights:
- (i) the Performance Rights will automatically lapse;

- (ii) the Company will, within 10 business days of the vesting date, issue the number of Shares for which the holder is entitled to subscribe for or acquire through the conversion of the Performance Rights;
- (iii) the Company will deliver to the holder a holding statement for the Shares;
- (iv) the Company will issue a substitute certificate for any remaining Performance Rights.

(f) **Expiry date**

The Performance Rights will expire at 5.00pm Western Standard Time in Australia on 3 December 2021, after which the Performance Rights lapse and may no longer be exercised or converted.

(g) **Share ranking**

All Shares issued upon the vesting of Performance Rights will upon issue rank pari passu in all respects with other Shares.

(h) **Application to ASX**

The Performance Rights will not be quoted on ASX. The Company must apply for the official quotation of a Share issued on conversion of a Performance Right on ASX within the time period required by the ASX Listing Rules.

(i) **Transfer of Performance Rights**

The Performance Rights are not transferable except in accordance with the terms of the Performance Rights Plan.

(j) **Lapse of a Performance Right**

The Performance Rights will lapse:

- (i) if the relevant Milestone is not achieved by the dates set out in paragraph (a) (if applicable);
- (ii) on their expiry date;
- (iii) upon exercise of a Performance Right; or
- (iv) otherwise in accordance with the terms of the Performance Rights Plan.

(k) **Participation in new issues**

A Performance Right does not entitle a holder (in their capacity as a holder of a Performance Right) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.

(l) **Reorganisation of capital**

If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed in a manner consistent with the applicable ASX Listing Rules and the Corporations Act at the time of reorganisation.



(m) **Dividend and Voting Rights**

The Performance Rights do not confer on the holder an entitlement to vote (except as otherwise required by law) or receive dividends.

(n) **Deferral of conversion if resulting in a prohibited acquisition of Shares**

If the conversion of a Performance Right would result in any person being in contravention of section 606(1) of the *Corporations Act 2001* (Cth) (**General Prohibition**) then the conversion of that Performance Right shall be deferred until such later time or times that the conversion would not result in a contravention of the General Prohibition. In assessing whether a conversion of a Performance Right would result in a contravention of the General Prohibition:

- (i) holders may give written notification to the Company if they consider that the conversion of a Performance Right may result in the contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition;
- (ii) the Company may (but is not obliged to) by written notice to a holder request a holder to provide the written notice referred to in paragraph (m)(i) within seven days if the Company considers that the conversion of a Performance Right may result in a contravention of the General Prohibition. The absence of such written notification from the holder will entitle the Company to assume the conversion of a Performance Right will not result in any person being in contravention of the General Prohibition.

(o) **No rights to return of capital**

A Performance Right does not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.

(p) **Rights on winding up**

A Performance Right does not entitle the holder to participate in the surplus profits or assets of the Company upon winding up.

(q) **No other rights**

A Performance Right gives the holder no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

(r) **Subdivision 83AC-C**

Subdivision 83A-C of the *Income Tax Assessment Act 1997* applies to the Performance Right.

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## SCHEDULE 2 – SUMMARY OF PERFORMANCE RIGHTS PLAN

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The following is a summary of the key terms and conditions of the Performance Rights Plan:

- (a) **Eligibility:** Participants in the Performance Rights Plan may be:
- (i) a Director (whether executive or non-executive) of the Company or any associate Group Company;
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company; or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above, who is declared by the Board to be eligible to receive grants of Performance Rights under the Performance Rights Plan (**Eligible Participants**).
- (b) **Offers:** The Board may, from time to time, at its absolute discretion, make an offer to grant Performance Rights to an Eligible Participant under the Performance Rights Plan and on such additional terms and conditions as the Board determines (**Offer**).
- (c) **Plan limit:** Where the Company has relied or intends relying on the Class Order to make an Offer, the Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on conversion of Performance Rights offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the Offer.
- (d) **Consideration:** Performance Rights granted under the Plan will be issued for nil cash consideration.
- (e) **Performance Rights:** Each Performance Right, once vested, entitles the holder, on exercise, to the issue of one fully paid ordinary share in the capital of the Company (**Share**).
- (f) **Not transferrable:** Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (g) **Vesting Conditions:** The Board will determine the vesting conditions (if any) that must be satisfied before a Performance Right vests, and the date by which a vesting condition must be satisfied (**Vesting Condition**).

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- (h) **Vesting:** A Performance Right will vest where Vesting Conditions are satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:
- (i) the participant ceasing to be an Eligible Participant due to certain special circumstances (eg due to death, severe financial hardship, total and permanent disability, retirement or redundancy) as set out in the Plan; or
  - (ii) the Company undergoing a change of control; or
  - (iii) the Company being wound up.
- (i) **Shares:** Shares resulting from the vesting of the Performance Rights shall, from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale Restrictions:** The Board may, in its discretion, determine at any time up until exercise of Performance Rights, that a restriction period will apply to some or all of the Shares issued to an Eligible Participant (or their eligible nominee) on exercise of those Performance Rights (**Restriction Period**).
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (l) **Lapse of a Performance Right:** Subject to the terms of an Offer otherwise providing, a Performance Right will lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right;
  - (ii) a Vesting Condition in relation to the Performance Right not being satisfied by the due date, or becoming incapable of satisfaction, as determined by the Board in its absolute discretion;
  - (iii) in respect of an unvested Performance Right, a participant (or, where the participant is a nominee of the Eligible Participant, that Eligible Participant) (**Relevant Person**) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception;
  - (iv) in respect of a vested Performance Right, a Relevant Person ceases to be an Eligible Participant and the Performance Right granted in respect of that Relevant Person is not exercised within one (1) month (or such later date as the Board determines) of the date the Relevant Person ceases to be an Eligible Participant;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant;
  - (vi) the Company undergoes a change in control or winding up, and the Performance Right has not otherwise vested in accordance with paragraph (h); and
  - (vii) the expiry date of the Performance Right.

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- (m) **No Participation Rights:** There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights without exercising the Performance Right.
  - (n) **No Change:** A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
  - (o) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
  - (p) **Inconsistency with Offer:** Notwithstanding any other provision in the Plan, to the extent that any covenant or provision contained in an Offer document is inconsistent with any covenant or provision under the Plan, the deemed covenant or provision under the Offer document shall prevail.



AVZ Minerals Limited | ACN 125 176 703

# GM Registration Card

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

## Vote by Proxy: AVZ

Your proxy voting instruction must be received by **10.00am (WST) on Wednesday, 1 January 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

### SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



### SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

#### YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

#### VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

#### DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP

#### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

#### APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

#### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

**Individual:** Where the holding is in one name, the Shareholder must sign.

**Joint holding:** Where the holding is in more than one name, all of the Shareholders should sign.

**Power of attorney:** If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

**Companies:** To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

**Email Address:** Please provide your email address in the space provided.

**By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.**

#### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

#### ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

#### POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.

