



ASX ANNOUNCEMENT

15 November 2023

ICSID Proceedings Update

AVZ Minerals Limited (ASX: AVZ, OTC: AZZVF) (**AVZ** or **Company**) provides the following update to its Shareholders.

AVZ, by its subsidiaries AVZ International Pty Ltd (**AVZI**) and Green Lithium Holdings Pte Ltd (**GLH**) together with Dathcom Mining SA (**Dathcom**) previously commenced international arbitration proceedings against the Democratic Republic of Congo (**DRC**) pursuant to its Mining Code and the Convention on the Settlement of Investment Disputes between States and the Nationals of Other State (**ICSID Convention**) before the International Centre for Settlement of Investment Disputes (**ICSID**) in Washington (refer to ASX announcement dated 9 June 2023 'Response to recent media speculation and shareholder communications from Fat Tail').

Purpose and Status of the ICSID Proceedings

The purpose of the ICSID proceedings is twofold:

- to support the Company's negotiations with the DRC Government; and
- in the alternative, to seek relief relating to the failure of institutions of the government of the DRC to comply with the Mining Code in relation to PR 13359 and to grant a mining lease (**PE**) in respect of the Manono Project.

In releases on the MMGA website and provided to Shareholders, Fat Tail Holdings Pty Ltd (**Fat Tail**) suggests the international arbitration proceedings may result in an award of damages but are unlikely to secure PR 13359 or the grant of the PE.

While this might be the case in relation to typical proceedings before ICSID under a bilateral investment treaty, these proceedings are different because they are brought under the DRC Mining Code which effectively confers upon ICSID the jurisdiction to hear any dispute relating to the interpretation or the enforcement of provisions of the DRC Mining Code. The primary relief AVZ seeks is **a declaration that it holds title to PR13359 over the entirety of the Manono Project and an order compelling the grant of the PE over the entirety of the Manono Project.**

The ICSID tribunal has now been appointed which comprises

- Jan Paulsson (Chairman);
- Salim H. Moollan (appointed by AVZI, GLH and Dathcom); and
- Mohamed Shelbaya (appointed by the DRC).

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ASX Code: AVZ

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At the first directions hearing in respect of the ICSID proceedings, which was held on 6 November 2023, the parties made submissions in relation to the programming of the proceedings and are awaiting the decision of the ICSID tribunal in relation to the programming milestones. AVZ previously reported that, since the commencement of the ICSID proceedings, some government officers had been procured to make decisions related to PR 13359 which are contrary to law and would, if given effect, operate to appropriate Dathcom's lawful rights for the benefit of others (refer to ASX announcement dated 30 October 2023 'Zijin Response').

In the absence of steps being taken to address these developments, AVZI, GLH and Dathcom have been forced to seek provisional measures including an urgent order to preserve the status quo and an order to confirm or restore ownership of PR 13359 to Dathcom.

In relation to the application for provisional orders, the ICSID tribunal has directed:

- the State file a defence by 20 November 2023;
- AVZI, GLH and Dathcom file a reply by 27 November 2023;
- the State file a rejoinder by 4 December 2023; and
- the matter be listed for a virtual hearing for 2 hours on 11 December 2023.

AVZ reiterates that it is simply seeking to uphold the rule of law in the DRC. This is a necessary foundation for the development of the Manono Project including the resolution of the disputes with Cominière, Dathomir Mining Resources SARL (**Dathomir**) and Zijin Mining Group Co Limited (**Zijin**). The rule of law will also foster future foreign investment in the DRC and thereby further the interests of the Congolese people.

Distinguishing Cominiere from the DRC Government

In releases on the MMGA website and provided to the Company's shareholders, Fat Tail appears to suggest that the DRC Government and Cominière are acting in a coordinated manner adverse to the interests of the Company and its shareholders.

In relation to the purported joint venture between Cominière and Zijin's subsidiary Jinxiang Lithium Limited (**Jinxiang**) in relation to PR 15775 in respect of the northern portion of the Manono Project which is held by Manono Lithium SA (refer to ASX announcement dated 30 October 2023 'Zijin Response') Fat Tail even asserts that: *"It is reasonable to assume no such deal or confirmatory announcement could have happened without the approval of the DRC Government, and without the express support of His Excellency the President of the DRC"*.

This is not AVZ's understanding.

AVZ acknowledges that Cominière is adverse to AVZ which is abundantly clear from:

- Cominière's attempt to prevent the grant of the PE in contravention of the terms of the joint-venture agreement dated 27 January 2017 as amended (**Dathcom JV**);
- Cominière's purported termination of the Dathcom JV without any grounds to terminate and without complying with the applicable procedure under the Dathcom JV;

- Cominière’s application to the High Court of Kalemie for orders compelling CAMI to amend the tenement register to reflect that Cominière rather than Dathcom is the holder of PR 13359 which is not the case;
- Cominière’s purported sale of 15% of the shares in Dathcom to Jin Cheng Mining Company (**Jin Cheng**) which is a subsidiary of Zijin, in contravention of AVZ’s pre-emptive right and which was heard at the ICC in Paris on 5 and 6 of October 2023 with a decision on the jurisdictional question pending to be delivered in January 2024;
- Cominière’s application to split PR 13359 and then transfer the northern area (ie PR 15775) to Manono Lithium SA;
- Cominière’s application to have PR 13359 extended for six years whereas, pursuant to Art. 49 of the Mining Code, the term of PR 13359 is extended indefinitely pending the determination of the application for the PE;
- Cominière’s involvement in the unlawful transfer of PR 12436, PR 12449 and PR 12450 from Dathcom to HongKong Yisen Investments Congo SARL and HongKong Excellen Mining Investment Congo SARL (refer to ASX announcement dated 6 December 2022 ‘DRC General Inspectorate of Finance Report’); and
- Cominière’s involvement in the unlawful grant of PER 13698 (in respect of land subject of PR 13359) which was subsequently transferred to Tantalex Lithium Resources Corporation.

Cominière is a state-owned enterprise owned 90% by the DRC Government through the Ministry of Finance and 10% by the Institut National de Sécurité Sociale. It is able to act independently of the DRC Government, though its board reports to the Minister for Portfolio.

Based on AVZ’s dealings with the DRC Government, AVZ does not believe the DRC Government as a whole is adverse to AVZ, or its involvement in the Manono Project.

AVZ notes that the residents of the Manono District as direct beneficiaries of the development of the Manono Project, together with residents of Tanganyika Province are in support of AVZ as has been amply indicated to date.

It should also be noted the General Inspectorate of Finance (**IGF**) of the DRC (refer to ASX announcement dated 6 December 2022 ‘DRC General Inspectorate of Finance Report’) was highly critical of Cominière’s management of its assets including its conduct in connection with the purported sale of 15% of the shares in Dathcom to Jin Cheng and the transfer of PR 12436, PR 12449 and PR 12450. In particular, the IGF took issue with:

- the purported sale of 15% of Dathcom for USD 33.4 million when the IGF considered those shares were in fact worth USD 154 million;
- a 5% commission (~USD1.7 million) in consideration of an alleged introduction of Zijin to Cominière and paid to Focus Plaidoirie which is headed by Mrs. Lisette Kabanga, a politically exposed person who has since then been appointed chair of Cominière’s board of directors; and
- the payment of a 5% commission (~USD1.7 million) to the board of Cominière as exceptional compensation.

Resolution of ICSID Proceedings

The proposed signing of a binding memorandum of understanding would provide for a stay of the ICSID proceedings while the DRC Government takes the necessary steps to comply with the DRC Mining Code at which time the ICSID proceedings could be withdrawn.

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

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