



23 October 2023

Media Release: Response to Fat Tail Strategy

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

Fat Tail Strategy

On 4 September 2023, the Board received three director nominations from Fat Tail Holdings Pty Ltd nominating Peter Huljich, Ty Ludbrook and Michael Carrick (**Fat Tail Nominees**) pursuant to clause 14.3 of the Constitution for election to the board of directors of the Company (**Board**) at the Company's 2023 annual general meeting to be held on 23 November 2023 (**AGM**).

- Mr Huljich is a former director of the Company and associate of Fat Tail Holdings Pty Ltd, to whom Mr Huljich transferred his shares in July 2023 for less than fair market value.
- Mr Ludbrook is an associate of Mr Huljich and is known to the Board as his business, Allegiance Capital, previously provided a proposal to AVZ in relation to a plan to acquire an arbitral award against the Democratic Republic of Congo (**DRC**) to apply pressure on the DRC Government, which was rejected because (among many other reasons) it would have delivered a significant financial return to Mr Ludbrook, regardless of the outcome.
- It is unknown to the Board how Mr Carrick is connected to Fat Tail Holdings Pty Ltd, Mr Huljich or Mr Ludbrook, and no suggestion is made (here or elsewhere) that he has any broader interest or association beyond this nomination.

We understand certain Fat Tail Nominees have been holding a series of one-on-one meetings with Shareholders where they have detailed their future intentions in respect of the Company and the Manono Project if they are able to acquire control of the Board. The Company is also aware of the Fat Tail Nominees and AVZ's former company secretary, Leonard Math, travelling to Kinshasa for meetings with parties who are acting against the interests of AVZ and its shareholders.

If the Fat Tail Nominees are elected to the Board, it is understood the Fat Tail Nominees will seek to procure the Company undertake the following:

- **selling the northern portion to Zijin:** splitting the Company's project tenement (ie PR13359) in two and selling the northern portion to Zijin Mining Limited (**Zijin**);
- **top-up payments to Dathomir:** paying additional amounts to Dathomir Mining Resources SARLU (**Dathomir**) (and Simon Cong aka Cong Mao Huai) through a renegotiation of the binding and unconditional sale agreements under which AVZ validly acquired 15% of the shares in Dathcom Mining SA (**Dathcom**); and



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- **allowing Cominière to sell its 15% to another party (eg Zijin):** consenting to La Congolaise d'Exploitation Minière (**Cominière**) re-selling the 15% of Dathcom shares it had invalidly transferred to Zijin either to AVZ at a much higher price or to another entity, potentially Zijin once again.

More importantly, it should be noted:

- the Company's evidence (compiled in connection with its ICC arbitration proceedings) in relation to the potential improper and illegal conduct of a number of the parties involved, significantly restricts AVZ's ability to entertain these proposals without exposing AVZ, and its directors and officers to potential criminal liability under Australia's anti bribery and corruption legislation, together with other applicable international bribery and corruption laws; and
- the Company has already invested considerable time and money exploring the resolution of matters with the DRC Government and the other parties on the basis of a significant compromise of AVZ's legal rights.

As a consequence, the more recent discussions with the DRC Government for a 'Memorandum of Understanding for Settlement' (**MOU**) involves an alternative resolution which is more favourable to AVZ and is in the best interests of its Shareholders.

The Board has formally questioned all of the director nominees as to whether any of them have recently engaged with any of AVZ's arbitral counterparties and other known detractors and agitators (eg Cominière, Zijin, Dathomir, Simon Cong, AJN Resources Inc., Mr Klaus Eckhof, Mr Guy Loando, etc). Identical responses were received from each of the Fat Tail Nominees in which they did not provide an answer to the above query, other than Mr Huljich who asserted he had last spoken with Klaus Eckhof on 10 March 2023 but did not otherwise respond to the question.

It is unfortunate that the Fat Tail Nominees have, without securing the mandate of the Shareholders at the AGM, already engaged with persons whose interests are adverse to the interests of Shareholders. This is further evidenced by their recent expedition to Kinshasa, to revisit proposals that are not possible of being implemented and which have already been explored and rejected, and consequently, have undermined the Company's current efforts in-country and delayed finalisation of the MOU.

The Circumstances Surrounding Peter Huljich's Resignation

The Company is aware of a newspaper article published by the Australian Financial Review on 19 October 2023 interviewing Mr Huljich, who makes allegations as to the circumstances of his resignation from the Company in August 2022.

Not only are Mr Huljich's comments incorrect and misleading they are in breach of his confidentiality obligations and other undertakings provided to the Company in connection with his agreed resignation. The Company has written to Mr Huljich to address his continued breach of his obligations to AVZ.

The Company is similarly contractually bound to Mr Huljich, and remains mindful of its own legal responsibility. However, the Company considers it necessary to, within those confines, elaborate on the conflict allegation which Mr Huljich has highlighted as the reason for his resignation from the Board, following AVZ shareholders presenting their concerns to the Company.

From at least May 2021 Mr Huljich has been a director and is currently the Chairman of Amani Gold Limited (**Amani**), an ASX listed company. Mr Huljich holds a significant personal interest in Amani and Amani's significant shareholders and previous directors' include:

- Mr Klaus Eckhof (Mr Huljich replaced Mr Eckhof as Chairman on 10 March 2023 following his resignation); and
- Mr Simon Cong (who resigned as Director on 11 March 2022).

Mr Cong is the main shareholder of Mabanga Mining SARL, a DRC registered entity which Amani agreed to sell its interest in the Giro Gold Project in the DRC, which was announced via ASX on 7 February 2023. Mr Cong is also the shareholder of Dathomir, whom AVZ entered Share Purchase Agreement(s) to acquire a 15% interest in the Manono Project, which is currently the subject of ICC Arbitration proceedings and together with Zijin and Cominiere, have been active agitators against AVZ's efforts to develop the Manono Project.

While the Company takes serious issue with Mr Huljich's disparaging and misleading allegations made in this article, his assertion that a conflict – this conflict – was put to him, after which he resigned from the Company, is correct.

AVZ Board Recommendation and Next Steps

The AVZ Board recommends shareholders:

- carefully read the Company's AGM Booklet, once released;
- in the meantime, carefully read the ASX announcements dated 27 September 2023 and 9 October 2023 regarding the current status of arbitration proceedings and the Company's response to the Fat Tail Nominees;
- disregard any claims or communications made by the Fat Tail Nominees; and
- **VOTE AGAINST** the appointment of the Fat Tail Nominees at the 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.

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.

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