



Strictly Private & Confidential

25 October 2021

Global Witness
Green House
244-254 Cambridge Heath Road
London E2 9DA
+44 (0)20 7947 0309

By Email : contact@globalwitness.org

Dear Global Witness

MANONO PROJECT – DEMOCRATIC REPUBLIC OF CONGO

- 1.1 Thank you for your letter received on 30 September 2021 (**your letter**), and subsequent correspondence. We appreciate you providing us with the opportunity to respond.
- 1.2 We set out below our responses on the key considerations you have raised, and trust that you will find this information of use.

2 CURRENT STATUS OF THE MANONO PROJECT

- 2.1 As at the date of this letter, AVZ Minerals Limited (**AVZ**) holds a 75% interest in the Manono Project (PR 13359) and a 100% interest in the Manono Extension project (PR4029 and PR 4030). The increase in our interest from 60% to 75% is explained in detail in our Australian Securities Exchange (**ASX**) announcement dated 21 September 2020.¹
- 2.2 There has been no lithium production at the Manono Project to date. So far, the work that AVZ has carried out in relation to the Manono Project has been exploratory in nature to determine whether there is a viable project. To this end, AVZ has completed drilling campaigns with fractions of pulverised rock from the drill core shipped to Johannesburg, RSA and Perth, Western Australia and assayed.

A 13-tonne bulk sample was also shipped to a Perth laboratory for metallurgical test work. The results from the drilling campaigns and metallurgical studies have been announced to the ASX²

¹ AVZ to increase equity stake in Manono Lithium and Tin Project to 75% (21 September 2020) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02283049-6A996757?access_token=83ff96335c2d45a094df02a206a39ff4>.

² See for example, *Further High Grade Lithium and Tin Mineralisation Confirmed at Roche Dure* (15 February 2019) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-02075798-6A920020?access_token=83ff96335c2d45a094df02a206a39ff4>.



and underpins the JORC 2012 compliant Resource and Reserve statement most recently announced by AVZ. These matters are considered normal practice within a project's development.

- 2.3 Any reporting that lithium production has commenced at Manono is incorrect as we are not at this stage of development.

3 INVESTING IN THE MANONO PROJECT

3.1 Prior to investing in the Manono Project, AVZ engaged in due diligence of relevant corporations and individuals. This included independent inquiries of local corporate regulators. Our due diligence did not reveal any inappropriate links between individuals involved in the Manono Project and Joseph Kabila Kabange nor any members of his family. Similarly, no concerns were identified in relation to Cong Mao Huai's involvement in the Manono Project.

3.2 As part of our efforts to respond fulsomely to your letter and your concern that Cong Mao Huai is a PEP, we carried out an adverse media and sanctions search against Cong Mao Huai (and the various names under which he also operates). These searches did not identify him as a PEP. We also carried out an adverse media and sanctions search against the company you refer to in your letter, Foster Services Ltd, which also did not return any negative results.

3.3 To respond to your concerns, we have also attempted to carry out an adverse media and sanctions search for Min Guo Wei but the searches are not able to be performed because of the common use of his name. Are you able to provide us with details of the PEP database or PEP list upon which you rely, so that we may consider your concern further?

4 JOINT VENTURE BETWEEN AVZ, COMINIÈRE, DATHOMIR & DATHCOM

4.1 On 17 October 2016, Cominière SA and Dathomir Mining Resources SARL (**Dathomir**) entered into an exploration joint venture agreement setting out the main terms and conditions of their cooperation with respect to the exploration of the Manono Project. On 28 November 2016, Cominière SA, AVZ and Dathomir entered a Binding Term Sheet whereby AVZ agreed to acquire from Dathomir its 60% of the share capital of Dathcom for US\$500,000, subject to carrying out its due diligence.

4.2 Dathcom Mining SAS was incorporated on 15 December 2016. On 9 December 2019, Dathcom Mining SAS (**Dathcom**) converted its corporate structure to "SA" and became Dathcom Mining SA. The updating of Dathcom's company structure was to better facilitate the efficient management and running of a mining company in the Democratic Republic of Congo (DRC).

4.3 On 27 January 2017, AVZ, Cominière SA, Dathomir, and Dathcom entered into an Initial Joint Venture Agreement in respect of PR 13359 and additional PRs 12436, 12449, 12450 and 12454. This agreement was documented in writing. A detailed overview of the terms of the Initial Joint Venture Agreement, including the payment terms, is provided in our ASX announcement dated 2 February 2017.³

4.4 As explained in this ASX announcement (and subsequent ASX announcements made by AVZ), Dathomir acquired its shareholding in AVZ as part of the consideration paid by AVZ for its 60%

³ Acquisition of 60% interest in the Manono Lithium, Tin and Tantahum Project DRC (2 February 2017) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01825119-6A808832?access_token=83ff96335c2d45a094df02a206a39ff4>.

interest in the Manono Project, which shareholding was first recorded in our 2017 Annual Report.⁴

4.5 Our 2018 Annual Report provides that, as at 30 June 2018, Dathomir held 240,000,000 shares (12.71%) interest in AVZ. Further details of our shareholders in 2018 is contained in our Annual Report.⁵

4.6 During the course of the joint venture, Mr Guy Loando Mboyo was appointed as a non-executive director of AVZ Minerals Ltd on 21 August 2017. At all times, Mr Mboyo served as a non-executive director. He did not serve as an executive director. On 1 April 2019, AVZ wrote to Mr Mboyo requesting he resign from his position as non-executive director of AVZ following his pending appointment as Senator due to conflict-of-interest concerns. Mr Mboyo agreed and ceased his position as non-executive director of AVZ on 1 May 2019. This position was confirmed in our ASX announcement dated 2 May 2019.⁶

4.7 As you noted in your letter, Dathcom made payments to the Government of the DRC associated with the Manono Project. For the purposes of financial accounting, the Government of the DRC has a financial year end of 31 December. However, Dathcom has a financial year end of 30 April. The differences in payments reported may therefore be attributed to the differences in end of financial years.

5 ESG COMMITMENTS AT THE MANONO PROJECT

5.1 AVZ is committed to developing leading environmental, social, and governance (ESG) practices across all our operations to support sustainable operations and leave lasting socio-economic benefits in the communities where AVZ operate.

5.2 As explained above, all work carried out by AVZ to date in relation to the Manono Project has been exploratory in nature and to determine whether a viable project exists. As part of this initial exploratory stage of the project, AVZ is cognisant of its ESG obligations and has begun work on formulating its ESG commitments for the project which will be implemented as the project progresses.

5.3 The development of the Manono Project and the adoption and implementation of these ESG commitments are contingent on, amongst other things, government approval of the definitive feasibility study (DFS), the granting of a mining licence, the granting of the rights to rehabilitate and operate the Mpiana Mwanga hydro-electric power station, the final investment decision, and project finance.

5.4 For completeness, we note that Dathcom has not yet been awarded a Permit d'Exploitation or Mining Licence, and currently has no income.

Supply chain management

5.5 As part of managing our ESG commitments, AVZ has adopted a suite of corporate governance policies.⁷ These corporate governance policies apply to AVZ and its associated companies

⁴ AVZ Annual Report (29 September 2017)

<https://static1.squarespace.com/static/5934d2ae6b8f5beeb5ba23f3/t/59cdc8c5beba2f59fcc7b/1506658519165/AVZ.pdf>

⁵ AVZ Annual Report (28 September 2018) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-02028736-6A901919?access_token=83ff96335c2d45a094df02a206a39ff4>.

⁶ Board update (2 May 2019) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-02101946-6A929440?access_token=83ff96335c2d45a094df02a206a39ff4>.

⁷ AVZ Corporate Governance Policies <<https://avzminerals.com.au/corporate-governance>>.

including AVZ International Pty Ltd and Dathcom. For example, our Conflict Minerals Policy indicates we develop and implement a due diligence management system that aligns with the Organisation for Economic Co-operation and Development (OECD) and United Nations (UN) guidelines for company due diligence on minerals from Conflict Affected and High-Risk Areas.⁸ Importantly, the Conflict Minerals Policy for Dathcom also reflects the same position.⁹

Environmental management

- 5.6 AVZ is committed to the continued development of its environmental management programme. AVZ has adopted a suite of internal environmental policies, including adopting an Environmental Management Plan for the mining activities, hydro power, logistics staging point at Kabondo Dianda and lastly a mine closure plan. We enclose a copy of these plans.

Socio-economic development

- 5.7 AVZ's Corporate Social Responsibility Policy outlines its commitment to contributing to the communities in which it operates and includes the adoption of a Sustainable Development Plan for the Project (which is enclosed for information purposes).
- 5.8 Mining companies are required to put aside a "cahier de charge" percentage of their revenue for community development and support. AVZ has registered the AVZ Foundation to hold these future funds and to ensure that the money is put to maximum use in the community. It is anticipated that the Foundation will be run by a committee comprised of local people who will review requests for allocation of the funds under a transparent set of Articles of Association and that committee members will be rotated on a regular basis to ensure parity with all local stakeholders.
- 5.9 AVZ has commenced formal engagement with the Manono community with a view to creating a Social Vision and Social Development Plan. Over the past 12 months, we have focused on understanding the immediate and short-term needs of the Manono community and providing support in areas where it is most valued and needed, developing a deeper awareness of community sensitivities, and building on the future social vision of the Manono community.
- 5.10 To further maximise community employment opportunities, the company has engaged with the Government of the DRC to establish a Special Economic Zone (SEZ) at Manono. Discussions are progressing well with negotiations centred around value adding businesses being allowed to apply to become residents within the SEZ. The hope is to attract a range of non-mining related enterprises, such as agricultural businesses, to Manono and to, in turn, provide a diversified and sustainable range of job opportunities.
- 5.11 Examples of the work that AVZ has championed in the local community to date include:
- 5.11.1 casual employment of over 900 local people in infrastructure repair including 300 artisanal miners who were working at Roche Dure where our exploration was taking place. Over US\$1 million distributed to the local population in casual salaries;

⁸ AVZ Conflict Minerals Policy
<<https://static1.squarespace.com/static/5934d2ae6b8f5beeb5ba23f3/t/5f1a7bbf4e96e96f23449f04/1595571120776/PR000-COR-GO-POL-002+AVZ+Conflict+Minerals+Policy.pdf>>.

⁹ Dathcom Mining SA Conflict Minerals Policy
<<https://static1.squarespace.com/static/5934d2ae6b8f5beeb5ba23f3/t/5f1a7bbf59f5c362ebf21fcf/1595571132940/MN000-COR-GO-POL-002+Conflict+Minerals+Policy+Dathcom+Mining+SA.pdf>>.

- 5.11.2 commissioning unexploded ordinance clearing company, MAG,¹⁰ for three months to sanitise Dathcom work areas (took two weeks) and surrounding villages in and around Manono in 2017;
- 5.11.3 provided training and support for new lunch supply business “Super Appetit” to supply meals to workers during the 2017 to 2018 drilling campaign;
- 5.11.4 airlift of medical supplies for the Manono hospital during the wet seasons when the roads were impassable;
- 5.11.5 logistical support for 2018 and 2019 WHO sponsored polio vaccination program. Over 6,000 children were inoculated, a 5 to 10% increase in the programme design;
- 5.11.6 sanitary assistance during the COVID-19 pandemic to the Manono Hospital and surrounding villages;
- 5.11.7 financial support for the International Women’s Day festivities;
- 5.11.8 ongoing repair and maintenance of the fire damaged main bridge over the River Lukushi;
- 5.11.9 maize seed purchased in Lubumbashi distributed freely to Manono farmers;
- 5.11.10 airlift of sick personnel, not Dathcom employees, to Lubumbashi for hospital treatment;
- 5.11.11 dissemination of medicines to the local hospital if not needed or used by Dathcom personnel;
- 5.11.12 sponsoring new football strips and a trophy for the annual football league competition; and
- 5.11.13 random acts of kindness.

6 INVESTING IN THE MANONO EXTENSION PROJECT

- 6.1 As noted above, AVZ currently has a 100% interest in the Manono Extension project (PR4029 and PR 4030). The terms of acquisition of this interest are summarised in our ASX announcement on 19 September 2016,¹¹ and 31 October 2016.¹² Dr Andy Reitmeier is the 100% owner of Medidoc FZE.

¹⁰ [Mines Advisory Group - Wikipedia](#)

⁹ [Mines Advisory Group - Wikipedia](#)

¹⁰ *Acquisition of Manono Extension Lithium, Tin and Tantalum Project in the Democratic Republic of Congo* (19 September 2016) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01780043-6A790720?access_token=83ff96335c2d45a094df02a206a39ff4>.

¹² *AVZ to complete acquisition of Manono Extension Lithium, Tin and Tantalum Project in the Democratic Republic of Congo* (31 October 2016) <https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01797322-6A797549?access_token=83ff96335c2d45a094df02a206a39ff4>.

We thank you for the opportunity to respond to your considerations.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Nigel Ferguson', with a long horizontal stroke extending to the right.

Nigel Ferguson
Managing Director

Enc

- MN200-5521-HSE-EN-PLN-001 Hydropower Environmental Management Plan
- MN200-5521-HSE-EN-PLN-002 Manono Mine Environmental Management Plan
- MN200-5521-HSE-EN-PLN-003 MN to KD and ISS Environmental Management Plan
- MN200-5010-HSE-EN-PLN-001 Mine Closure Plan
- MN200-5529-COR-GN-PLN-001 Sustainable Development Plan