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# 2022

## ANNUAL REPORT





# Corporate Directory

## **Directors**

John Clarke (Non-Executive Chairman)  
Nigel Ferguson (Managing Director)  
Graeme Johnston (Technical Director)  
Rhett Brans (Non-Executive Director)

## **Chief Financial Officer**

Jan de Jager

## **Joint Company Secretaries**

Jan de Jager  
Benjamin Cohen

## **Principal Place of Business & Registered Office**

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Perth WA 6000  
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## **Auditors**

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283 Rokeby Road  
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T: +61 8 9426 0666

## **Securities Exchange Listing**

Australian Securities Exchange (ASX)  
(Home Exchange: Perth, Western Australia)  
Code: **AVZ**  
OTC Markets Group  
Code: **AZZVF**

## **Website Address**

[www.avzminerals.com.au](http://www.avzminerals.com.au)



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## Chairman's Statement

AVZ Minerals has delivered some key milestones during the 2022 financial year while also experiencing some unexpected delays – over which the Company has had no control.

We eagerly await the granting of our Mining Licence for our world-class Manono Lithium and Tin Project from the Congolese Government and are 100% confident of securing our Collaboration Development Agreement and Manono Special Economic Zone Agreement.

The strategic cornerstone investment by Suzhou CATH Energy Technologies in AVZ Minerals will deliver to the Company the financial capacity, technical expertise and credibility with the lithium conversion and lithium-ion battery industry to complement our Manono Project.

In addition, our current drilling program has the potential to add significant value with respect to expanding the reserve life of our Roche Dure deposit while also identifying high-grade ore zones for initial feedstock for our plant, thereby providing increased SC6 production volumes from the start of our operations.

On behalf of your Board, I thank our dedicated and hard-working staff and consultants in Australia and the DRC for their continued efforts in progressing the Manono Project during the last 12 months.

I also want to pay special thanks to our Managing Director Nigel Ferguson and his senior executive team who have worked tirelessly during this past year – especially over the latter half of FY22 – to defend our world-class asset and ensure we remain on track to develop our flagship Manono Project.

Dr John Clarke  
Non-Executive Chairman





## Managing Director's Statement

I want to thank everyone for their support of the Company during the past year. It has certainly been a year of many highlights. The Company secured a world class, Tier 1 cornerstone investor in Suzhou CATH Energy Technologies ("CATH"). It successfully navigated the mining laws of the Democratic Republic of the Congo (DRC) and obtained a positive Ministerial decree from the Minister of Mines to mine our world-class lithium resource at Manono. We expect the Mining Licence which should follow from this Ministerial decree in due course. These events together with the unprecedented demand for lithium resulted in record high lithium prices boosting AVZ's share price to an all-time high during FY22.

Despite the many highlights and unprecedented success, the Company had to suspend its shares in May 2022 from being traded on the ASX. Our success did not go unnoticed with other mining companies and ex-partners in Dathcom Mining, suddenly wanting to again be part of the project but had no legal basis for acquiring new shares or had already sold their shares legally to AVZ. Claims from these companies are spurious of nature and hold no legal basis. AVZ continues to engage at the highest levels within the DRC government and is positive that the suspension of the Company's shares trading will be lifted soon.

During FY22, we progressed an early works program aimed at upgrading existing local roads and bridges around Manono to support the transport infrastructure required for the mine site, as well as purchasing critical mobile equipment for the initial project development. We are targeting a potential upgrade of our confirmed 2012 JORC resources (401 million tonnes @ 1.65% lithium oxide) with a further drilling program at Roche Dure, whilst additional drilling at Carriere de l'Este confirmed further high-grade lithium and tin mineralisation, approximately 1.2km long and open along strike and down-dip.

I am proud to have released our first Sustainability Report in FY22 which highlighted the Company's Environmental, Social and Governance (ESG) advancement since commencing the Manono Project. The Manono Project will contribute significantly to the global green energy transition with the lithium produced consumed in the production of lithium-ion batteries powering electric vehicles, hand-held appliances and battery storage systems. The Company's ambition to achieve 'net zero' emissions by 2030 is realistic and will be underpinned by the 'green power' produced from the Mpiana Mwanga hydro-electric power plant and other renewable initiatives being investigated by AVZ. The Manono Project will also deliver significant socio-economic benefits to the Manono region, preserve environmental values and establish a transparent, ethical supply chain.

I want to thank all AVZ's staff and consultants - as well as my senior executive team - who have worked tirelessly during the last 12 months to progress the Manono Project. I am proud to lead such a focussed, dedicated and committed team and I am confident the coming 12 months will deliver great success for the Company, our shareholders and our external stakeholders in the DRC. I believe AVZ is perfectly positioned to develop what we say is "the largest global undeveloped hard rock lithium deposit" at a time when the world's 'Green Energy' transition is underway in earnest, EV sales are skyrocketing, leading to insatiable lithium demand and buoyant long term pricing forecasts for spodumene concentrate and downstream lithium products.

Nigel Ferguson  
Managing Director







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# Review of Operations

Coreyard at Manono



## Manono Lithium and Tin Project ("Manono Project") Democratic Republic of the Congo (DRC)

### Highlights

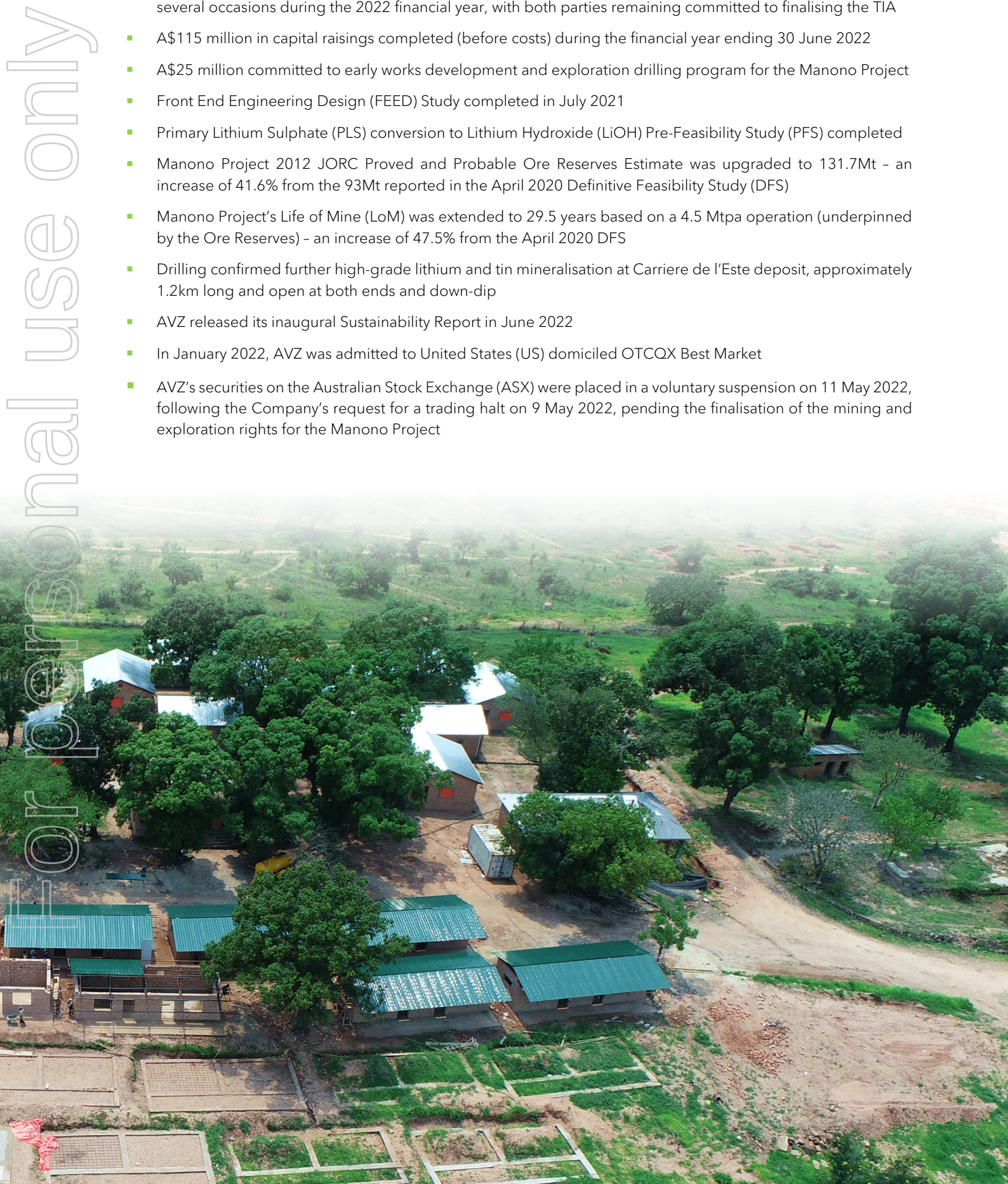
- DRC Minister of Mines signed a Ministerial Decree to award the Permit d'Exploitation (PE or Mining Licence) for the Manono Project to Dathcom Mining SA (Dathcom), following receipt of the favourable technical opinion for the Manono DFS
- AVZ agreed to join the newly formed DRC Battery Council to develop a sustainable battery value chain in the DRC and across Africa
- AVZ remained actively engaged with the DRC Government authorities regarding the award of the Collaboration Development Agreement, Mpiana Mwanga Hydro Electric Power Plant (HEPP) Agreement and Manono Special Economic Zone (MSEZ) Agreement
- In May 2022, AVZI received a request for arbitration before the International Chamber of Commerce in Paris (ICC) from Jin Cheng Mining Company (Jin Cheng), a subsidiary of Zijin Mining Group Company Limited (Zijin) to pursue claims that Jin Cheng be recognised as a shareholder of Dathcom, The Company has considered Jin Cheng's claims in detail and considers them to be spurious in nature, without merit, containing fundamental and material errors, and having no substance or foundation in fact or law
- AVZI increased its direct interest in the Manono Project from 60% to 75% in August 2021, paying the final instalments required over a 5% and 10% interest in Dathcom, worth US\$21 million, under the two Sale and Purchase Agreements (SPAs) signed by Dathomir Mining Resources SARL (Dathomir) in 2019 and 2020

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- Suzhou CATH Energy Technologies (CATH) signed on as a major cornerstone investor to develop the Manono Project, through its execution of a Transaction Implementation Agreement (TIA) with AVZ's wholly owned entity, AVZ International Pty Ltd (AVZI)
- CATH and AVZI mutually agreed to extend the US\$240 million payment and completion date for the TIA on several occasions during the 2022 financial year, with both parties remaining committed to finalising the TIA
- A\$115 million in capital raisings completed (before costs) during the financial year ending 30 June 2022
- A\$25 million committed to early works development and exploration drilling program for the Manono Project
- Front End Engineering Design (FEED) Study completed in July 2021
- Primary Lithium Sulphate (PLS) conversion to Lithium Hydroxide (LiOH) Pre-Feasibility Study (PFS) completed
- Manono Project 2012 JORC Proved and Probable Ore Reserves Estimate was upgraded to 131.7Mt – an increase of 41.6% from the 93Mt reported in the April 2020 Definitive Feasibility Study (DFS)
- Manono Project's Life of Mine (LoM) was extended to 29.5 years based on a 4.5 Mtpa operation (underpinned by the Ore Reserves) – an increase of 47.5% from the April 2020 DFS
- Drilling confirmed further high-grade lithium and tin mineralisation at Carriere de l'Este deposit, approximately 1.2km long and open at both ends and down-dip
- AVZ released its inaugural Sustainability Report in June 2022
- In January 2022, AVZ was admitted to United States (US) domiciled OTCQX Best Market
- AVZ's securities on the Australian Stock Exchange (ASX) were placed in a voluntary suspension on 11 May 2022, following the Company's request for a trading halt on 9 May 2022, pending the finalisation of the mining and exploration rights for the Manono Project





## Operational Events after Reporting Date

- On 25 August 2022, AVZ announced that a diamond drilling program was progressing smoothly at the Roche Dure extension area northeast of the current open pit mine design
- As of the date of this report, the Company's securities remained in voluntary suspension pending finalisation of its mining and exploration rights for the Manono Project

## Overview

The 2022 financial year has delivered multiple milestones for the Manono Lithium and Tin Project (Manono Project) - as well as a considerable level of frustration.

Signing on Suzhou CATH Energy Technologies (CATH) as a major cornerstone investor to contribute US\$240 million to project development upon completion of the Transaction Implementation Agreement (TIA) for a 24% direct ownership and to contribute its pro-rata equity funding to develop the Manono Project, as well as raising a total of A\$115 million in equity capital in the space of just five months, certainly highlighted the significant global interest in AVZ's flagship project.

Technically, the Manono Project continued to deliver positive outcomes during the 2022 financial year, with an upgrade to the 2012 JORC Ore Reserves Estimate leading to an extension of the project Life of Mine (LoM), while separately the completion of the Manono FEED Study, process plant design and site geotechnical investigation studies in July 2021 were all significant achievements.

Drilling programs confirmed further high-grade lithium and tin mineralisation at the Carriere de l'Esté deposit, whilst advancing the extension drilling program at the Roche Dure deposit.

AVZ was invited by the Congolese Government to join its new DRC Battery Council, which is being led by His Excellency Mr. Felix Antoine Tshisekedi Tshilombo, President of the DRC, with the aim of developing a sustainable battery value chain in the DRC and across Africa.

Furthermore, the DRC Minister for Mines signed off on the all-important Ministerial Decree to award a Mining Licence (PE) for the Manono Project to Dathcom per the Company's ASX Announcement of 4 May 2022.

However, since the middle of May 2022, the Company's debt funding and development timetable has, for the most part, been put on hold, while senior executives continue to deal with the spurious claims and suspected illegal interference with respect to its legal ownership interest in the Manono Project<sup>1</sup>.

During this period, the Company has been actively engaged with the highest levels of the Congolese Government with respect to the granting of the Mining Licence and regarding its ownership and exploration rights for the Manono Project.

The Company is confident of a positive outcome in relation to the award of the Mining Licence and positive FID to develop what is believed to be the largest global undeveloped hard rock lithium deposit.

<sup>1</sup> Refer to ASX Announcement dated 9 September 2022 - "Arbitration Proceedings and Investigations Update".

Further information on sub-sections of the Manono Project is provided below:

## Ministerial Decree to Award Mining Licence

The Company announced on 4 May 2022 that the DRC Minister for Mines signed a Ministerial Decree to award the Mining Licence (PE) for the Manono Project to Dathcom Mining SA (Dathcom), in which AVZ holds a 75% interest via its wholly owned subsidiary AVZ International Pty Ltd (AVZI).



The DRC Mining Code requires the Cadastre Minier (CAMI), operating under the supervision of the Minister of Mines, to calculate the surface rights fee and then, following receipt of payment, to officially award the Mining Licence to Dathcom.

The Mining Licence to be issued for the Manono Project, covers the entirety of the Roche Dure JORC Mineral Resource (401 million tonnes at Li<sub>2</sub>O 1.65%) and the Carriere de l'Este exploration target.

The Ministerial Decree excludes a portion of the landholding to the north, which will be required to be renewed under a 5-year Permit de Research (PR or Exploration Licence) to Dathcom, with discussions regarding the terms of the ongoing joint venture agreement on the PR to be finalised with the DRC Government, in addition to finalising discussions for the Collaboration Development Agreement, providing wide ranging support for the Manono Project.

### AVZ's Majority Interest in the Manono Project

AVZ confirms it retains legal title to a 75% interest in the Manono Project, after exercising its option(s) in August 2021 over a 5% and 10% equity interest in Dathcom paying the final instalment of US\$20 million (~A\$27 million) under the two Sale and Purchase Agreements (Dathomir SPAs) signed with Dathomir Mining Resources SARL (Dathomir) back in 2019 and 2020, with the remaining 25% held by La Congolaise d'Exploitation Minière SA (Cominiere).

Following the official award of the Mining Licence, Cominiere will cede a free carried 10% of its remaining interest in the Manono Project to the DRC Government under the terms of the Joint Venture Agreement.

AVZI is in advanced discussions with the DRC Government regarding the purchase of Cominiere's remaining 15% interest in Dathcom, under its pre-emptive right provided under the existing Dathcom Shareholder Agreement.

AVZ and AVZI are progressing the sale of a 24% equity interest in the Manono Project to CATH under the multi-faceted TIA signed in September 2021. Post completion of the TIA, AVZ will hold an indirect interest in 51% in the project, excluding the Cominiere's 15% equity interest, which is subject to its existing perpetual pre-emptive right and is currently under discussion with the DRC Government.

### Voluntary Suspension

The Company requested a Trading Halt on 9 May 2022 and on 11 May 2022, requested its securities be placed in voluntary suspension pending the finalisation of its mining and exploration rights for the Manono Project.

### Arbitration Proceedings

On 11 May 2022, AVZI received a request for arbitration and related correspondence regarding the proposed commencement of arbitration proceedings by Jin Cheng Mining Company Limited (Jin Cheng) before the International Chamber of Commerce in Paris (ICC) to pursue claims by Jin Cheng to be recognised as a shareholder of Dathcom Mining SA (Dathcom).

The request for arbitration was lodged by Jin Cheng, a subsidiary of Zijin Mining Group Company Limited (Zijin) to press the allegation that it acquired a 15% shareholding in Dathcom from La Congolaise d'Exploitation Minière SA (Cominiere).

The Company notes any such transfer would be subject to the terms and conditions of the existing Articles of Association of Dathcom as well as the Dathcom Shareholders Agreement dated 27 January 2017 (as amended from time to time) (Shareholders Agreement). AVZ confirms that Cominiere breached the pre-emptive rights of AVZI under the Shareholders Agreement by purporting to transfer a 15% interest to Jin Cheng, making it invalid and of no force or effect.

The Company has considered Jin Cheng's claims in detail and considers them to be spurious in nature, without merit, containing fundamental and material errors, and having no substance or foundation in fact or law. The Company is continuing to take all necessary action to resist these vexatious and meritless claims and to protect its and Dathcom's interests.

As at the date of this report, the Company's securities remain in suspension.



## CATH signs as cornerstone investor to develop Manono Project

In September 2021, AVZI entered into a Transaction Implementation Agreement (TIA) with Suzhou CATH Energy Technology (CATH) to invest and develop the Manono Project.

CATH is a private investment entity jointly owned by Mr. Pei Zhenhua and Contemporary Amperex Technology Co. Limited (CATL), who are both significant participants in the global lithium conversion and lithium-ion battery industry.

Under the terms of the TIA, CATH will invest into the development of the project US\$240 million cash for a 24% equity interest in the Manono Project, as well as their pro rata portion of project development capital. Completion of the TIA is subject to the satisfaction or waiver of several conditions' precedent.

Proceeds from the transaction will fund the majority of the total project financing required for the Manono Project, with AVZ retaining a controlling interest and its position as lead developer and manager of the project.

## Capital Raising/ Project Financing

AVZ completed two highly successful share placements during the 2022 financial year, raising a total of A\$115 million (before costs). In early July 2021, the Company raised A\$40 million (before costs) via the issue of 307,692,308 shares at an issue price of \$0.13 per share while in early December, the Company raised A\$75 million (before costs) with the issue of 150,000,000 shares at an issue price of \$0.50 per share.

The share placements were well supported by several Tier 1 North American and Australian institutions along with global institutions in Europe, Singapore, Malaysia and the Middle East, as well as existing sophisticated shareholders, including CATH.

Proceeds from the share placements allowed AVZ to (i) increase AVZ's equity in the Manono Project from 60% to 75%; (ii) undertake an early works program including the upgrade of roads, bridges and progress camp construction ahead of a decision on the Mining Licence; (iii) progress various technical studies with respect to LiOH conversion and infrastructure initiatives that further enhance the Project; (iv) negotiate final project financing requirements from a position of enhanced balance sheet; and (v) provide necessary working capital for corporate requirements, including potential new exploration opportunities.

In terms of project funding, the Company continued working towards the appointment of a "Mandated Lead Arranger" (MLA) to lead a syndicated debt funding facility of Pan-African Development Finance Institutions (DFIs) for the balance of project capital required for the Manono Project. The key conditions precedent for securing the debt funding are the award of the Mining Licence and the release of the Manono Bankable Feasibility Study (BFS).

## Upgraded JORC Ore Reserves Estimate

On 14 July 2021, the Company announced an upgraded 2012 JORC Ore Reserves at Roche Dure.

2012 JORC Proved and Probable Ore Reserves are now estimated at 131.7Mt - an increase of 41.6% from the 93Mt reported in the April 2020 DFS. The Ore Reserves estimate contains 65.0Mt in the Proved Category and 66.6Mt in the Probable Category.

The average lithium grade increased by 3.1% from 1.58% to 1.65% Li<sub>2</sub>O, while the tin grade of 990 ppm remained the same but reported a 41% increase in contained tin metal to 130.3kt.

The Life of Mine (LoM) was extended to 29.5 years based on a 4.5Mtpa operation underpinned by the Ore Reserves - representing an increase of 47.5% from the April 2020 DFS.

The Roche Dure ore deposit continued to impress as potentially the largest standalone global hard rock lithium asset based on Proved and Probable Ore Reserves.





The Ore Reserve Estimate for the Manono Project per the Company's 14 July 2021 ASX Announcement, is outlined in Table 1 below:

| Reserve category<br>(July 2021) | Tonnes<br>(Mt) | Grade Li <sub>2</sub> O<br>(%) | Contained Li <sub>2</sub> O<br>(Mt) | Grade Sn<br>(g/t) | Contained<br>Sn (kt) |
|---------------------------------|----------------|--------------------------------|-------------------------------------|-------------------|----------------------|
| Proved                          | 65.0           | 1.64                           | 1.07                                | 942               | 61.2                 |
| Probable                        | 66.6           | 1.61                           | 1.07                                | 1,037             | 69.1                 |
| <b>Total</b>                    | <b>131.7</b>   | <b>1.63</b>                    | <b>2.14</b>                         | <b>990</b>        | <b>130.3</b>         |

| Reserve category<br>(April 2020) | Tonnes<br>(Mt) | Grade Li <sub>2</sub> O<br>(%) | Contained Li <sub>2</sub> O<br>(Mt) | Grade Sn<br>(g/t) | Contained<br>Sn (kt) |
|----------------------------------|----------------|--------------------------------|-------------------------------------|-------------------|----------------------|
| Proved                           | 44.6           | 1.62                           | 0.72                                | 958               | 42.7                 |
| Probable                         | 48.5           | 1.54                           | 0.75                                | 1,016             | 49.3                 |
| <b>Total</b>                     | <b>93.0</b>    | <b>1.58</b>                    | <b>1.47</b>                         | <b>988</b>        | <b>92.0</b>          |

**Table 1: Roche Dure Ore Reserves Statement**

### Permitting & Licensing

During the 2022 financial year, the Company remained actively engaged with DRC Government authorities that are undertaking the award of the Manono Mining Licence, as well as the Collaboration Development Agreement, Mpiana Mwanga HEPP Agreement and the MSEZ Agreement. The Company continued to enjoy an extremely good working relationship with stakeholders at all levels within the DRC Government and the wider community.

### A\$25M committed to early works & exploration program

In February 2022, AVZ announced it had committed to invest A\$25 million to advance its drilling program on the Roche Dure deposit and to fund an early works program for the Manono Project, using funds received from its A\$75 million capital raise in December 2021.

The A\$25 million investment was aimed at maintaining the Manono Project development schedule as well as funding an extension drilling program at Roche Dure, which has the potential to significantly expand the previously reported 2012 JORC Mineral Resource and Ore Reserves (July 2021).

The early works program – comprising approximately A\$19 million – was allocated to:

- Upgrading existing roads and bridges to assist with the transport of equipment to and from site;
- Purchasing critical mobile equipment required for the initial Manono Project development;
- Progressing camp construction and entering key service contracts; and
- Progressing various technical studies with respect to metallurgical test-work, downstream processing and infrastructure projects.

The remaining A\$6 million was allocated for additional resource drilling at Roche Dure.



### Engineering

A Pre-Feasibility Study (PFS) to produce lithium hydroxide (LiOH) from primary lithium sulphate (PLS) generated from Manono SC6 concentrate was completed by Noram Engineering and Constructors Ltd during the period. The information from the PFS will assist to identify the preferred global location for a LiOH conversion facility or facilities, fed with PLS product from Manono.

Early-stage discussions occurred with interested parties in various jurisdictions wishing to partner with AVZ in the development of a LiOH facility, where it is intended that AVZ will maintain a controlling interest.

The Manono Front End Engineering Design (FEED) Study was completed by Mincore Pty Ltd in July 2021, along with additional process plant design and site geotechnical studies. The Manono FEED Study improved the confidence level in Capital and Operational Costs of the Project to an AACEI Class 2 (+/- 10%) from the April 2020 DFS which was to a Class 3 (+/- 20%) level of estimation.

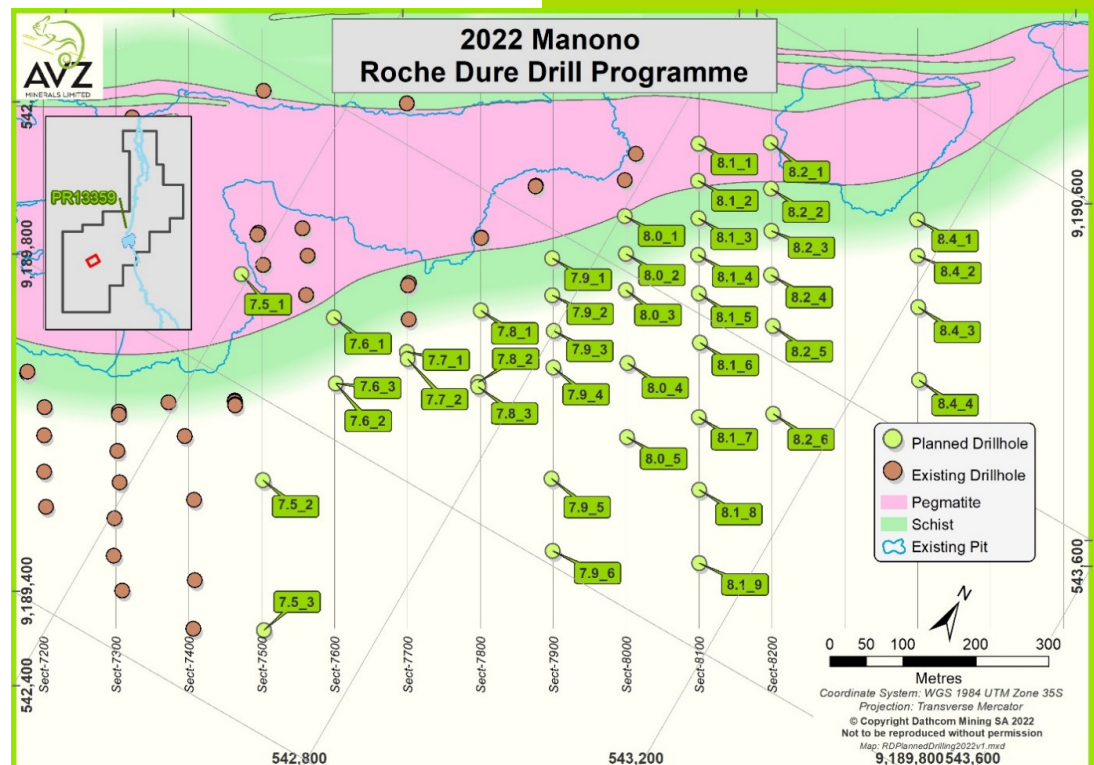
### Technical

Resource drilling of four new, widely spaced 'step-out' holes at the Carriere de l'Este deposit confirmed further high-grade lithium and tin mineralisation directly beneath thin (<3m) soil and laterite cover.

The drill data established the presence of sub-cropping spodumene mineralisation at Carriere de l'Este up to 1.2 kilometres long at average widths of 200 metres in places, confirming the deposit as a likely rival to Roche Dure in size and grade.

In early July 2022, a diamond drilling campaign began at Roche Dure with an objective to significantly increase lithium resources and reserves. The diamond drilling campaign is focused on areas identified as highly prospective which were inaccessible at the time of the last round of drilling but remain open at depth and along strike. The program will extend the knowledge of the orebody by approximately another 800 metres from section 7600mN to 8,400mN (Figure 1).

The campaign will see 48 drillholes, for a total of 14,905 metres, intersect the Roche Dure orebody to an average depth of approximately 200 metres below ground level which will require an updated JORC 2021 compliant Mineral Resource Estimate (MRE) to be generated once the assay results have been received<sup>2</sup>.



**Locations of planned drillholes versus existing holes at Roche Dure**

<sup>2</sup> Refer to ASX announcement dated 15 July 2022 - "Site Operational Update"



## Corporate

### Equity Interest in Manono Project

During the 2022 financial year, AVZ, through its wholly owned subsidiary AVZI, increased its direct equity interest in the Manono Project from 60% to 75% by AVZI exercising the two options under the legally binding Sale and Purchase Share Agreements with Dathomir Mining Resources SARL ("Dathomir") signed in 2019 and 2020.

### At-the-Market Subscription Agreement (ATM Facility)

In December 2021, AVZ entered into an "At-the-Market Subscription Agreement" (ATM Facility) with Acuity Capital Investment Management Pty Ltd (Acuity Capital) to access up to A\$50 million of standby equity capital over a 27-month period.

AVZ has full control of all aspects of the subscription process, having sole discretion to utilise the ATM Facility or not, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any).

There are no requirements on AVZ to utilise the ATM facility and AVZ may terminate the ATM Subscription Agreement at any time. As security of the ATM facility, the Company issued 60 million AVZ shares under its ASX LR7.1 15% Capacity to Acuity Capital at a nil cash consideration. The Company may, however, at any time cancel the ATM facility as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval).



**Dignitaries attending the DRC-Africa Business Forum held in Kinshasa in November 2021**

### DRC Battery Council

In November 2021, AVZ actively participated in the DRC-Africa Business Forum which was aimed at fostering the development of a battery, electric vehicle and renewable energy industrial value chain and market in the DRC and across Africa. AVZ was invited to join the DRC Battery Council, led by His Excellency, Mr. Felix Antoine Tshisekedi Tshilombo, President of the DRC.

Hosted by the DRC Government in Kinshasa, the DRC-Africa Business Forum was led by its Ministry of Industry and the United Nations Economic Commission for Africa (ECA), in collaboration with the African Export-Import Bank (Afreximbank), the African Development Bank (AfDB), the Africa Finance Corporation (AFC), the Arab Bank for Economic Development in Africa (BADEA), the African Legal Support Facility (ALSF) and the United Nations Global Compact.



### Inaugural Sustainability Report

AVZ released its inaugural Sustainability Report in June 2022, highlighting the Environmental Social and Governance work undertaken by the Company in relation to the Manono Project which will contribute significantly to the global green transition.

The Manono Project will also deliver significant socio-economic benefits to the region, preserve environmental values and establish a transparent, ethical supply chain.

### AVZ admitted to OTCQX Best Market

In January 2022, AVZ was admitted to the OTCQX Best Market (ticker code "AZZVF"), thereby enhancing the Company's market visibility and appeal to its North American shareholder base.

The OTCQX Best Market is the highest market tier of the OTC Markets on which some 11,000 United States (US) and global securities trade.

The OTCQX Market will provide value and convenience to US investors, brokers and institutions seeking to trade AZZVF.

### Issue of Performance Rights, Expiration of Performance Rights, Issue of Shares

During the 2022 financial year, the Company issued 20,175,000 performance rights to employees and consultants under its Performance Rights Plan and 31,750,000 performance rights to Directors (with various vesting conditions), while a total of 10,660,000 performance rights lapsed.

A total of 23,890,400 fully paid shares were issued during the period following the vesting of performance rights.

As at 30 June 2022, the Company confirmed its current securities on issue were as follows:

| Quoted Securities   | Number        |
|---------------------|---------------|
| Ordinary Fully Paid | 3,528,729,748 |
| Unquoted Securities | Number        |
| Performance Rights  | 62,174,600    |

Refer to Note 24 for terms of these issuances.



Information required under ASX Listing Rule 5.3.3  
List of current mining and exploration tenements (as at 30 June 2022):

| Country / Project              | Tenement           | Interest | Status  |
|--------------------------------|--------------------|----------|---------|
| DRC - Manono Project           | PR 13359           | 75%*     | Granted |
| DRC - Manono Extension Project | PR 4029<br>PR 4030 | 100%     | Granted |

*\*In August 2021, AVZ acquired a further 15% equity in the Manono Project from Dathomir Mining Resources SARL and now has a 75% interest in the Manono Project. On 27 September 2021, AVZ Minerals announced Suzhou Cath Energy Technologies ("CATH") will earn a 24% equity interest in the Manono Project, subject to the satisfaction or waiver of several conditions precedent. CATH and AVZ mutually agreed to extend the Transaction Implementation Agreement (TIA) on several occasions during the 2022 financial year.*

Roche Dure Main Pegmatite Ore Reserve Estimate  
as at 30 June 2022

| Reserve Category | Tonnes (Mt)  | Grade Li <sub>2</sub> O % | Contained Li <sub>2</sub> O (Mt) | Grade Sn (g/t) | Contained Sn (kt) |
|------------------|--------------|---------------------------|----------------------------------|----------------|-------------------|
| Proved           | 65.0         | 1.64                      | 1.07                             | 942            | 61.2              |
| Probable         | 66.6         | 1.61                      | 1.075                            | 1,037          | 69.1              |
| <b>Total</b>     | <b>131.7</b> | <b>1.63</b>               | <b>2.14</b>                      | <b>990</b>     | <b>130.3</b>      |

*Note: The Ore Reserve estimate has been based on a cut-off > US\$0.00 block value comprising an economic block by block calculation. Figures may not sum due to rounding.*

Roche Dure Main Pegmatite Mineral Resource  
at a 0.5% Li<sub>2</sub>O cut-off (as at 30 June 2022):

| Category     | Tonnes (Millions) | Li <sub>2</sub> O % | Sn ppm     | Ta ppm    | Fe <sub>2</sub> O <sub>3</sub> % | P <sub>2</sub> O <sub>5</sub> % |
|--------------|-------------------|---------------------|------------|-----------|----------------------------------|---------------------------------|
| Measured     | 100               | 1.67                | 870        | 35        | 0.93                             | 0.30                            |
| Indicated    | 174               | 1.65                | 807        | 35        | 0.97                             | 0.29                            |
| Inferred     | 128               | 1.65                | 585        | 31        | 1.01                             | 0.28                            |
| <b>Total</b> | <b>401</b>        | <b>1.65</b>         | <b>752</b> | <b>34</b> | <b>0.97</b>                      | <b>0.29</b>                     |



### Competent Person Statement

The technical information in the document that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr Michael Cronwright, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Professions (SACNASP). Mr Cronwright was a Principal Consultant with The MSA Group (Pty) Ltd (an independent consulting company). Mr Cronwright has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Cronwright consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Roche Dure pegmatite Mineral Resource estimate has been completed by Mr Anton Geldenhuys (BSc Hons, MEng) who is a geologist with 20 years' experience in exploration and mining as well as Mineral Resource evaluation and reporting. He is a Principal Resource Consultant for CSA Global Pty Ltd (an independent consulting company), is a member in good standing with the South African Council for Natural Scientific Professions (SACNASP) and is a Member of the Geological Society of South Africa (GSSA). Mr Geldenhuys has the appropriate relevant qualifications and experience to be considered a Competent Person for the activity being undertaken as defined in the 2012 edition of the JORC Code.

The information that relates to Roche Dure pegmatite Ore Reserves is based on information compiled by Mr. Daniel Grosso who is an employee of CSA Global Pty Ltd. Mr Grosso takes overall responsibility for the Report as Competent Person. Mr. Grosso is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style or mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as a Competent Person in terms of the JORC (2012 Edition). The Competent Person, Daniel Gross, has reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

The information in this report that relates to geology and the exploration results is based on information compiled by Mr. Nigel Ferguson (BSc) FAuslMM MAIG, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy and a Member of the Australia Institute of Geoscientists. Mr. Ferguson is the Managing Director of AVZ Minerals Limited and 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 Resources and Ore Reserves'. Mr. Ferguson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### No new information

This document may include references to information that relates to Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code (2012 Edition). The information was extracted from the Company's previous ASX Announcements as follows:

- "JORC Ore Reserves increase by 41.6% at Roche Dure" released on 14 July 2021; and
- "Updated Mineral Resource Estimate Includes Pit Floor "Wedge" Drill Results" released on 24 May 2021.

These announcements are available on the Company's website at [www.avzminerals.com.au](http://www.avzminerals.com.au)

The Company confirms it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

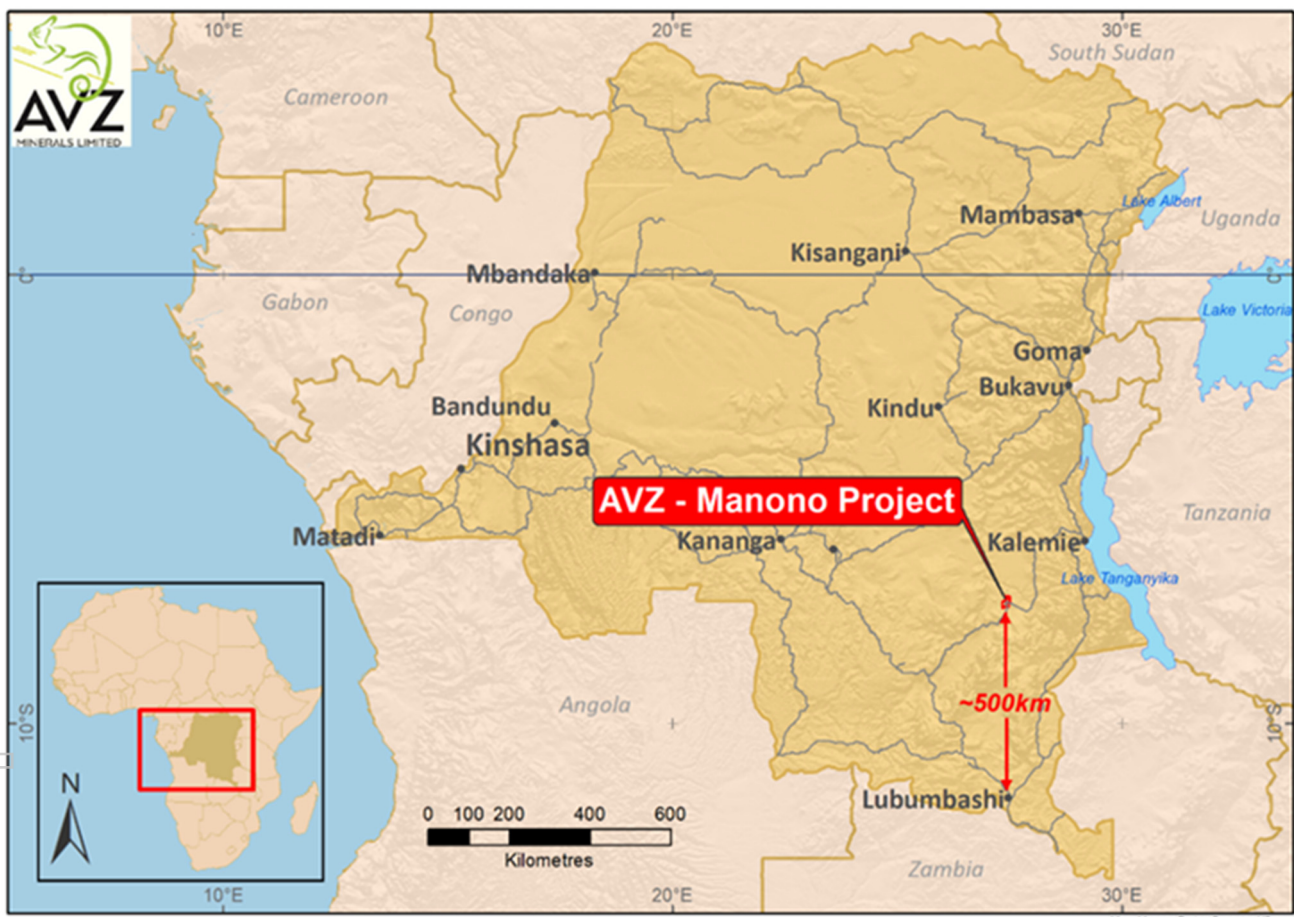
The Company confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.





### Forward Looking Information

This announcement contains certain forward-looking statements and comments about future events, including the Company's expectations about the Manono Project and the performance of its businesses. Forward looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause the Company's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are outside the control of the Company. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company. Except as required by law or the ASX Listing Rules, the Company assumes no obligation to provide any additional or updated information or to update any forward-looking statements, whether as a result of new information, future events or results, or otherwise.



*Location of the Manono Lithium and Tin Project*

# Directors' Report



## Directors' Report

Your directors submit their report on the consolidated entity consisting of AVZ Minerals Limited ('AVZ') and the entities it controlled (the 'Group' or the 'consolidated entity') for the financial year ended 30 June 2022. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

### 1. Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

|                 |                                                                       |
|-----------------|-----------------------------------------------------------------------|
| John Clarke     | Non-Executive Chairman (appointed 2 December 2019)                    |
| Nigel Ferguson  | Managing Director (appointed 2 February 2017)                         |
| Graeme Johnston | Technical Director (appointed 30 July 2018)                           |
| Rhett Brans     | Non-Executive Director (appointed 5 February 2018)                    |
| Peter Huljich   | Non-Executive Director (appointed 2 May 2019, resigned 3 August 2022) |

### 2. Chief Financial Officer

Jan de Jager (appointed 15 April 2021)

### 3. Joint Company Secretaries

Jan de Jager (appointed 15 April 2021)  
Benjamin Cohen (appointed 30 April 2021)

### 4. Principal Activities

The principal activity of the consolidated entity during the financial year was mineral exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

### 5. Operating Results

The loss of the consolidated entity after income tax amounted to \$20,402,730 (2021: \$5,537,632).

### 6. Dividends Paid or Recommended

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

### 7. Review of Operations

Refer pages 3 - 16 for a detailed review of the Group's operations during the year.

The Group's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration entity, the Group has no operating revenue or earnings and consequently the Group's performance cannot be gauged by reference to those measures. Instead, the Directors consider the Group's performance based on

the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Group's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- geological and technical risk posed to exploration and commercial exploitation success;
- security of tenure including licence renewal (no assurance can be given that the licence renewals and licence applications that have been submitted will be successful), and inability to obtain regulatory or landowner consents;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- retention of key staff;
- capital requirement and lack of future funding; and
- Coronavirus (COVID-19) and the impact it may have on the Group's operations and fundraising activities.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as whole and other risks generic to the mining industry, all of which can impact on the Group.

## 8. Significant Changes in the State of Affairs

There have been significant changes in the state of affairs of the Group to the date of this report and these are referred to in the Review of Operations.

## 9. Events Occurring after the Reporting Date

On 29 July 2022, AVZ announced to the market that wholly owned entity, AVZ International Pty Ltd, and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, have agreed to amend the end date to 30 September 2022 to provide for completion of closure formalities.

On 3 August 2022, Mr Peter Hujich resigned as Non-Executive Director of the Company.

On 24 August 2022, 4,133,000 unlisted Performance Rights lapsed.

On 25 August 2022, AVZ announced diamond drilling was progressing smoothly at the Roche Dure extension area northeast of the current open pit mine design. Eight new diamond drillholes had been completed for a total of approximately 1,500 metres drilled out of a planned 15,000 metre drill programme. All eight holes had been logged showing visual spodumene was present.

On 2 September 2022, AVZ was removed from S&P/ASX 200 index.

On 9 September 2022, the Company provided an update with respect to the arbitration proceedings before the ICC instigated by Jin Cheng and its investigation into Boatman Capital, a London-based short-focused hedge fund research firm.



As of 30 September 2022, AVZ's securities remained in voluntary suspension pending finalisation of its mining and exploration rights for the Manono Project.

During the financial year, AVZ, through its wholly owned subsidiary AVZ International Pty Ltd, completed two Share Purchase Agreements to acquire an additional 15% ownership in Dathcom Mining SA ("Dathcom") from Dathomir Mining Resources SARL ("Dathomir"). The contractual agreed price of US\$20 million (excluding the US\$1 million first tranche payments) was paid to Dathomir in August 2021 within the contractual agreed terms following the successful A\$40 million (before costs) capital raise in July 2021. AVZ International obtained proof of good legal standing of its legal rights of owning 75% in Dathcom from the courts in the Democratic Republic of the Congo ("DRC") on 1 September 2021. Following the successful transfer of shares to AVZ International, Dathomir initiated court proceedings claiming that the US\$21 million shares transfer be re-valued. This action in the court is deemed spurious and meritless in nature with a limited chance of success as the shares were purchased via valid legal agreements at specified prices.

On 30 September 2022, AVZ announced that wholly owned entity, AVZ International Pty Ltd, and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, have agreed to amend the end date to 31 December 2022 to provide for completion of closure formalities.

Other than the abovementioned, no other matter or circumstance has arisen that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

## 10. Likely Developments and Expected Results of Operations

The Group will continue its mineral exploration and development activity at and around its principal exploration projects, being the Manono Lithium and Tin Project and the Manono Extension Project.

## 11. Environmental Regulation

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work including with the national Greenhouse and Energy Reporting Act 2007.

## 12. Information on Directors and Company Secretaries (including Directors' interests at the date of this report)

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>John Clarke</b>    | Non-Executive Chairman (appointed 2 December 2019)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Qualifications</b> | Ph.D. in Metallurgy (Cambridge University), B.Sc. in Metallurgy (Cardiff University), MBA (Middlesex University)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Experience</b>     | Dr. Clarke started his career 50 years ago as a metallurgist at Goldfield's Kloof Gold Mine in 1972. Most of his career has focused on the operation, development or management of African mining projects and activities, from junior operating roles to the most senior Executive and Board level appointments. In 1994, he was appointed to the Board of Ashanti Goldfields as Executive Director, responsible for Strategic Planning and Business Development. In 1997, he was appointed President and CEO of Nevsun Resources, a gold explorer and developer listed on the Toronto Stock Exchange. More recently, after joining the Board of Banro Corporation in 2004 as a Non-Executive Director, he became President and CEO in 2013 until 2018. Banro was listed on the TSX and NYSE and was focused on the development of gold projects in eastern DRC. Banro brought the Twangiza and Namoya gold mines into production. |

|                        |                            |           |
|------------------------|----------------------------|-----------|
| Interest in Securities | Fully Paid Ordinary Shares | 8,053,333 |
|                        | Performance Rights         | 9,048,000 |

|                               |                                                                                        |
|-------------------------------|----------------------------------------------------------------------------------------|
| Directorships in last 3 years | Great Quest Fertilizer Limited (listed on Toronto Stock Exchange) (since 17 June 2009) |
|-------------------------------|----------------------------------------------------------------------------------------|

**Nigel Ferguson** Managing Director (appointed 2 February 2017)

Qualifications BSc (University of Tasmania), F AusIMM, MAIG

Experience Mr. Ferguson is a geologist with over 36 years of experience having worked in senior management positions for the past 26 years in a variety of locations. He has experience in the exploration, definition of precious and base metal mineral resources throughout the world, including DRC, Zambia, Tanzania, Saudi Arabia, South East Asia and Central America. He has been active in the DRC since 2004 in gold and base metals exploration and resource development.

|                        |                            |            |
|------------------------|----------------------------|------------|
| Interest in Securities | Fully Paid Ordinary Shares | 51,013,404 |
|                        | Performance Rights         | 10,000,000 |

|                               |                                                                                                                                                      |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| Directorships in last 3 years | Okapi Resources Limited (29 May 2017 to 30 June 2020)<br>AJN Resources Inc. (listed on Canadian Securities Exchange) (15 October 2016 to 8 May 2022) |
|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|

**Graeme Johnston** Technical Director (appointed 30 July 2018)

Qualifications BSc in Geology (Glasgow University), M.Sc. in Structural Geology (Royal School of Mines, London)

Experience Mr. Johnston is a geologist with over 30 years' experience in Australia, the Middle East, Romania, Malaysia and the DRC. Mr. Johnston worked on various gold projects before joining Rio Tinto and then with Midwest Corporation where he was the Principal Geologist during its sale to Sinosteel Corporation. Following this, Mr. Johnston was a founding director of Goldstar Resources and then Ferrowest Limited where he was Technical Director for nine years and contributed to the successful completion of the Feasibility Study for the Yalgoo Pig Iron Project. Mr. Johnston's technical experience is focused on the transition between orebody delineation and mine opening and has worked on over five projects that resulted in new mines being commissioned. Mr Johnston initially joined the AVZ team in May 2017 as Project Manager for the Manono Project before stepping into the role of Technical Director.

|                        |                            |            |
|------------------------|----------------------------|------------|
| Interest in Securities | Fully Paid Ordinary Shares | 11,398,070 |
|                        | Performance Rights         | 7,500,000  |

|                               |                                                              |
|-------------------------------|--------------------------------------------------------------|
| Directorships in last 3 years | Mount Ridley Mines Limited (1 December 2020 to 18 July 2022) |
|-------------------------------|--------------------------------------------------------------|

**Rhett Brans** Non-Executive Director (appointed 5 February 2018)

Qualifications Dip. Engineering (Civil)

Experience Mr. Brans is an experienced director and civil engineer with over 48 years' experience in project developments. Throughout his career, Mr. Brans has been involved in the management of feasibility studies and the design and construction of mineral treatment plants across a range of commodities and geographies including for gold in Ghana, copper in the DRC and graphite in Mozambique. He has extensive



|                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |           |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
|                               | experience as an owner's representative for several successful mine feasibility studies and project developments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |           |
| Interest in Securities        | Fully Paid Ordinary Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 7,064,158 |
|                               | Performance Rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5,000,000 |
| Directorships in last 3 years | Australian Potash Limited (since 9 May 2017)<br>Carnavale Resources Limited (since 17 September 2013)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |
| <b>Peter Huljich</b>          | Non-Executive Director (appointed 2 May 2019, resigned 3 August 2022)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |           |
| Qualifications                | BCom/LLB, GD-AppFin, GAICD                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |           |
| Experience                    | <p>Mr. Huljich has over 25 years' experience in the legal, natural resources and banking sectors with a particular expertise in capital markets, mining, commodities and African related matters. He has worked in London for several prestigious investment banks, including Goldman Sachs, Barclays Capital, Lehman Brothers and Macquarie Bank with a focus on Commodities and Equity and Debt Capital Markets and has extensive on-the-ground African mining, oil and gas and infrastructure experience as the Senior Negotiator and Advisor for Power, Mining and Infrastructure at Industrial Promotion Services, the global infrastructure development arm of the Aga Khan Fund for Economic Development (AKFED) whilst resident in Nairobi, Kenya. Mr. Huljich holds a Bachelor of Commerce degree and an LLB from the University of Western Australian and is a Graduate of the Securities Institute of Australia with National Prizes in Applied Valuation and Financial Analysis. Mr. Huljich is also a graduate of the AICD Company Directors Course.</p> |           |
| Interest in Securities        | Fully Paid Ordinary Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 5,101,000 |
|                               | Performance Rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5,000,000 |
| Directorships in last 3 years | Kogi Iron Limited (appointed 7 May 2019)<br>Amani Gold Limited (appointed 27 May 2021)<br>GoldOz Limited (appointed 14 September 2021)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |
| <b>Jan de Jager</b>           | CFO & Joint Company Secretary (appointed 15 April 2021)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |           |
| Qualifications                | B.Com(Hons), CA (SA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |           |
| Experience                    | <p>Mr. de Jager is a Chartered Accountant in Australia with more than 25 years of experience who has worked in senior management positions for the past 20 years in a variety of locations. His experience includes executive finance roles for listed companies and exposure to a variety of commodities (including Coal, Nickel, Gold, Iron Ore and Lithium) in South Africa and Australia. Mr de Jager possesses a wide range of prior experience in corporate finance, treasury, ERP system implementation, risk management, project controls, new business development and commercial. His previous positions include CFO for Covalent Lithium (Joint Venture company of Kidman Resources), prior to it being bought out by Wesfarmers; General Manager, Treasury and Reporting for Roy Hill Australia and General Manager, Finance for Xstrata Nickel Australia.</p>                                                                                                                                                                                            |           |
| Interest in Securities        | Fully Paid Ordinary Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | -         |
|                               | Performance Rights                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5,082,500 |

|                        |                                                                                                                                                                                                                                                                                              |  |           |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------|
| <b>Benjamin Cohen</b>  | Commercial Manager & Joint Company Secretary (appointed 30 April 2021)                                                                                                                                                                                                                       |  |           |
| Qualifications         | B.Com, CPA                                                                                                                                                                                                                                                                                   |  |           |
| Experience             | Mr. Cohen is a commercially focused CPA with more than 20 years' experience in the bulk commodity, shipping, mining and corporate sectors. He has an intimate knowledge of the challenging environment of offtake agreements, bulk shipping and the commercial aspects of commodity trading. |  |           |
| Interest in Securities | Fully Paid Ordinary Shares                                                                                                                                                                                                                                                                   |  | 2,306,900 |
|                        | Performance Rights                                                                                                                                                                                                                                                                           |  | 1,668,100 |

### 13. Audited Remuneration Report

This report details the nature and amount of remuneration for all key management personnel of AVZ Minerals Limited and its subsidiaries. The information provided in this remuneration report has been audited as required by section 308(C) of the *Corporations Act 2001*. For the purposes of this report, key management personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

The individuals included in this report are:

#### Non-Executive Directors

|               |                        |                                              |
|---------------|------------------------|----------------------------------------------|
| John Clarke   | Non-Executive Chairman | Appointed 2 December 2019                    |
| Rhett Brans   | Non-Executive Director | Appointed 5 February 2018                    |
| Peter Huljich | Non-Executive Director | Appointed 2 May 2019, resigned 3 August 2022 |

#### Executive Directors

|                 |                    |                           |
|-----------------|--------------------|---------------------------|
| Nigel Ferguson  | Managing Director  | Appointed 2 February 2017 |
| Graeme Johnston | Technical Director | Appointed 30 July 2018    |

#### Other Key Management Personnel (Executives)

|                |                                              |                                                |
|----------------|----------------------------------------------|------------------------------------------------|
| Michael Hughes | Project Director                             | Appointed 14 August 2019, resigned 24 May 2022 |
| Jan de Jager   | CFO & Joint Company Secretary                | Appointed 15 April 2021                        |
| Benjamin Cohen | Commercial Manager & Joint Company Secretary | Appointed 30 April 2021                        |



## (a) Remuneration Policy

The remuneration policy of AVZ Minerals Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of Options and/or Performance Rights), executive, business and shareholder objectives are aligned. The board of AVZ Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

### i. Executive Directors & Other Key Management Personnel

The remuneration policy and the relevant terms and conditions has been developed by the Remuneration Committee. In determining competitive remuneration rates, the Committee reviews local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Company is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

The Remuneration Committee has used remuneration consultants as part of the executive remuneration review process. The Board's remuneration policies are outlined below:

#### *Fixed Remuneration*

All executives receive a base cash salary or fixed consulting fee which is based on factors such as length of service and experience as well as other fringe benefits. If entitled, all executives also receive a superannuation guarantee contribution required by the government, which is 10% during the financial year and do not receive any other retirement benefits.

#### *Short-term Incentives (STI)*

Under the Group's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. No short-term incentives were paid in the current financial year. The Board is responsible for assessing whether Key Performance Indicators ("KPI's") are met. The Board considers market rates of salaries for levels across the Group, which have been based on industry data provided by a range of employment agencies.

#### *Long-term Incentives (LTI)*

Executives are encouraged by the Board to hold shares in the Company and it is therefore the Group's objective to provide incentives for participants to partake in the future growth of the Group and, upon becoming shareholders in the Company, to participate in the Group's profits and dividends that may be realised in future years.

#### *Performance rights*

Performance Rights in AVZ Minerals Limited are granted by the Board under the AVZ Performance Rights Plan (Plan) and issued and held by the AVZ Mineral Limited Rights Share Trust (RST). The Plan was approved by shareholders at the 25 November 2021 Annual General Meeting for a term of three years. Performance Rights are issued for no consideration and vest according to a set of performance criteria being met. The vesting of the Performance Rights is determined at the Board's discretion.

### ii. Non-Executive Directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. In determining competitive remuneration rates, the Board review local and international trends among comparative companies and the industry generally. Typically, the Company will compare

non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business Group.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at \$650,000 per annum which was approved by shareholders at the 30 November 2018 Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and from time to time, non-executives may receive options or Performance Rights subject to shareholder approval, to further align directors' interests with shareholders.

#### (b) Service Agreements

The agreements relating to remuneration and other terms of employment for the key management personnel for the financial year are set out below:

##### Dr. Clarke - Non-Executive Chairman

- Receives a monthly fee of \$10,000
- Appointment will not exceed 3 years from the date of re-election at the annual general meeting
- 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company

##### Mr. Ferguson - Managing Director

- No specified fixed term
- Receives a monthly fee of \$33,333 plus GST
- 6-month termination period unless there is a breach or unremedied continued neglect of the terms of the agreement in which there is a one-month termination period
- 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company

##### Mr. Johnston - Technical Director

- No specified fixed term
- Receives a monthly fee of \$29,167 plus GST (effective 1 October 2021)
- 6-month termination period unless there is a breach or unremedied continued neglect of the terms of the agreement in which there is a one-month termination period
- 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company

##### Mr. Hughes - Project Director (resigned 24 May 2022)

- No specified fixed term
- Receives a monthly base salary of \$27,083 plus statutory superannuation
- 3-month notice period to terminate employment by either party

##### Mr. de Jager - Chief Financial Officer & Joint Company Secretary

- No specified fixed term
- Receives a monthly fee of \$27,500 plus GST
- 3-month notice period to terminate employment by either party



Mr. Cohen - Commercial Manager & Joint Company Secretary

- No specified fixed term
- Receives a monthly base salary of \$18,750 plus statutory superannuation (effective 1 October 2021)
- 3-month notice period to terminate employment by either party

### (c) Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The Company's Performance for the past five years up to and including the current financial year:

|                                  | 2022         | 2021        | 2020        | 2019        | 2018        |
|----------------------------------|--------------|-------------|-------------|-------------|-------------|
| Net loss after tax (\$)          | (20,402,730) | (5,537,632) | (5,299,858) | (5,263,570) | (5,616,964) |
| Share Price at year end (\$)     | 0.780*       | 0.160       | 0.052       | 0.051       | 0.105       |
| Basic EPS (cents per share) (\$) | (0.61)       | (0.19)      | (0.22)      | (0.26)      | (0.34)      |

\* Share price prior to AVZ's trading halt on 9 May 2022 and voluntary suspension on 11 May 2022.

Performance Rights issued during the year are detailed in Note 24 of the financial statements.

*Voting and comments made at the Company's 2021 Annual General Meeting*

At the 2021 Annual General Meeting the Company remuneration report was passed by the requisite majority.

### (d) Details of Key Management Personnel Remuneration

| 2022                           | Short term employee benefits |                  | Post employment | Share based payments | Total             | Remuneration consisting of share-based payments | Fixed remuneration |
|--------------------------------|------------------------------|------------------|-----------------|----------------------|-------------------|-------------------------------------------------|--------------------|
|                                | Salary                       | Consulting fees  |                 |                      |                   |                                                 |                    |
|                                | \$                           | \$               | \$              | \$                   | \$                | %                                               | %                  |
| <b>Non-Executive Chairman</b>  |                              |                  |                 |                      |                   |                                                 |                    |
| John Clarke                    | -                            | 120,000          | -               | 2,127,818            | 2,247,818         | 95                                              | 5                  |
| <b>Executive Directors</b>     |                              |                  |                 |                      |                   |                                                 |                    |
| Nigel Ferguson                 | -                            | 400,000          | -               | 2,810,412            | 3,210,412         | 88                                              | 12                 |
| Graeme Johnston                | -                            | 337,500          | -               | 2,197,490            | 2,534,990         | 87                                              | 13                 |
| <b>Non-Executive Directors</b> |                              |                  |                 |                      |                   |                                                 |                    |
| Rhett Brans                    | 54,545                       | -                | 5,455           | 1,405,206            | 1,465,206         | 96                                              | 4                  |
| Peter Huljich                  | -                            | 60,000           | -               | 1,408,445            | 1,468,445         | 96                                              | 4                  |
| <b>Executives</b>              |                              |                  |                 |                      |                   |                                                 |                    |
| Michael Hughes <sup>1</sup>    | 439,870                      | -                | 37,328          | 415,422              | 892,620           | 47                                              | 53                 |
| Jan de Jager                   | -                            | 330,000          | -               | 881,962              | 1,211,962         | 73                                              | 27                 |
| Benjamin Cohen                 | 220,195                      | -                | 22,020          | 295,518              | 537,733           | 55                                              | 45                 |
| <b>TOTAL</b>                   | <b>714,610</b>               | <b>1,247,500</b> | <b>64,803</b>   | <b>11,542,273</b>    | <b>13,569,186</b> |                                                 |                    |

<sup>1</sup> Michael Hughes resigned on 24 May 2022.

| 2021                        | Short term employee benefits |                 | Post employment | Share based payments | Total     | Remuneration consisting of share-based payments | Fixed remuneration |
|-----------------------------|------------------------------|-----------------|-----------------|----------------------|-----------|-------------------------------------------------|--------------------|
|                             | Salary                       | Consulting fees |                 |                      |           |                                                 |                    |
|                             | \$                           | \$              |                 |                      |           |                                                 |                    |
| Non-Executive Chairman      |                              |                 |                 |                      |           |                                                 |                    |
| John Clarke                 | -                            | 120,000         | -               | 640,357              | 760,357   | 84                                              | 16                 |
| Executive Directors         |                              |                 |                 |                      |           |                                                 |                    |
| Nigel Ferguson              | -                            | 375,000         | -               | 262,898              | 637,898   | 41                                              | 59                 |
| Graeme Johnston             | -                            | 300,000         | -               | 228,835              | 528,835   | 43                                              | 57                 |
| Non-Executive Directors     |                              |                 |                 |                      |           |                                                 |                    |
| Rhett Brans                 | 54,794                       | -               | 5,205           | 131,449              | 191,448   | 69                                              | 31                 |
| Peter Huljich               | -                            | 60,000          | -               | 152,297              | 212,297   | 72                                              | 28                 |
| Executives                  |                              |                 |                 |                      |           |                                                 |                    |
| Michael Hughes              | 325,000                      | -               | 21,695          | 144,022              | 490,717   | 29                                              | 71                 |
| Jan de Jager <sup>1</sup>   | -                            | 68,438          | -               | 4,301                | 72,739    | 6                                               | 94                 |
| Benjamin Cohen <sup>2</sup> | 35,564                       | -               | 3,379           | 1,204                | 40,147    | 3                                               | 97                 |
| Leonard Math <sup>3</sup>   | -                            | 134,538         | -               | 123,208              | 257,746   | 48                                              | 52                 |
| TOTAL                       | 415,358                      | 1,057,976       | 30,279          | 1,688,571            | 3,192,184 |                                                 |                    |

<sup>1</sup> Jan de Jager was appointed on 15 April 2021.

<sup>2</sup> Benjamin Cohen was appointed on 30 April 2021.

<sup>3</sup> Leonard Math resigned on 12 April 2021.

#### (e) Share-based compensation

##### i. Options

There have been no options issued to current Directors and executives as part of their remuneration during the year.

##### ii. Performance Rights

The number of Performance Rights granted to key management personnel as part of compensation during the year ended 30 June 2022 are set out below.

|                 | Class O   | Class P   | Total     |
|-----------------|-----------|-----------|-----------|
| John Clarke     | -         | 6,750,000 | 6,750,000 |
| Nigel Ferguson  | -         | 9,000,000 | 9,000,000 |
| Graeme Johnston | -         | 7,000,000 | 7,000,000 |
| Rhett Brans     | -         | 4,500,000 | 4,500,000 |
| Peter Huljich   | -         | 4,500,000 | 4,500,000 |
| Michael Hughes  | 2,000,000 | -         | 2,000,000 |
| Jan de Jager    | 4,500,000 | -         | 4,500,000 |
| Benjamin Cohen  | 1,575,000 | -         | 1,575,000 |

Details on Performance Rights Class O and P above are included in Note 24 Share Based Payments.



The number of Performance Rights held by key management personnel converted into fully paid ordinary shares during the year ended 30 June 2022 are set out below.

|                 | Number of rights converted during the year 2022 |
|-----------------|-------------------------------------------------|
| John Clarke     | 3,702,000                                       |
| Nigel Ferguson  | 4,202,000                                       |
| Graeme Johnston | 2,968,000                                       |
| Rhett Brans     | 2,101,000                                       |
| Peter Huljich   | 2,101,000                                       |
| Michael Hughes  | 867,000                                         |
| Jan de Jager    | 1,917,500                                       |
| Benjamin Cohen  | 1,606,900                                       |

Values of rights over ordinary shares granted, exercised and lapsed for key management personnel as part of compensation during the year ended 30 June 2022 are set out below.

|                 | Value of rights granted during the year<br>\$ | Value of rights converted during the year<br>\$ |
|-----------------|-----------------------------------------------|-------------------------------------------------|
| John Clarke     | 3,555,750                                     | 752,796                                         |
| Nigel Ferguson  | 4,741,000                                     | 892,160                                         |
| Graeme Johnston | 3,699,500                                     | 654,440                                         |
| Rhett Brans     | 2,370,500                                     | 446,080                                         |
| Peter Huljich   | 2,370,500                                     | 450,484                                         |
| Michael Hughes  | 407,000                                       | 128,220                                         |
| Jan de Jager    | 926,500                                       | 285,800                                         |
| Benjamin Cohen  | 324,275                                       | 169,754                                         |

The number of Performance Rights held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the Group, including related parties, are set out below.

| Performance Rights | Balance at the start of the year | Granted during the year | Other                    | Lapsed/<br>Cancelled during the year | Vested and Exercised during the year | Balance at the end of the year |
|--------------------|----------------------------------|-------------------------|--------------------------|--------------------------------------|--------------------------------------|--------------------------------|
| <b>2022</b>        |                                  |                         |                          |                                      |                                      |                                |
| John Clarke        | 6,000,000                        | 6,750,000               | -                        | -                                    | (3,702,000)                          | 9,048,000                      |
| Nigel Ferguson     | 6,000,000                        | 9,000,000               | -                        | (798,000)                            | (4,202,000)                          | 10,000,000                     |
| Graeme Johnston    | 4,000,000                        | 7,000,000               | -                        | (532,000)                            | (2,968,000)                          | 7,500,000                      |
| Rhett Brans        | 3,000,000                        | 4,500,000               | -                        | (399,000)                            | (2,101,000)                          | 5,000,000                      |
| Peter Huljich      | 3,000,000                        | 4,500,000               | -                        | (399,000)                            | (2,101,000)                          | 5,000,000                      |
| Michael Hughes     | 3,000,000                        | 2,000,000               | (4,133,000) <sup>1</sup> | -                                    | (867,000)                            | -                              |
| Jan de Jager       | 2,500,000                        | 4,500,000               | -                        | -                                    | (1,917,500)                          | 5,082,500                      |
| Benjamin Cohen     | 1,700,000                        | 1,575,000               | -                        | -                                    | (1,606,900)                          | 1,668,100                      |

<sup>1</sup> Michael Hughes resigned on 24 May 2022.

#### (f) Ordinary shareholdings

The number of shares in the company held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the Group, including related parties, are set out below. There were no shares granted during the year as remuneration, apart from those issued as a result of Performance Rights vesting.

| Ordinary shares | Balance at the start of the year | Received as remuneration | Other                    | Conversion of performance rights | Purchased / (sold) during the year | Balance at the end of the year |
|-----------------|----------------------------------|--------------------------|--------------------------|----------------------------------|------------------------------------|--------------------------------|
| <b>2022</b>     |                                  |                          |                          |                                  |                                    |                                |
| John Clarke     | 4,000,000                        | -                        | -                        | 3,702,000                        | 333,333                            | 8,035,333                      |
| Nigel Ferguson  | 46,478,070                       | -                        | -                        | 4,202,000                        | 333,334                            | 51,013,404                     |
| Graeme Johnston | 9,849,737                        | -                        | -                        | 2,968,000                        | (1,419,667)                        | 11,398,070                     |
| Rhett Brans     | 4,963,158                        | -                        | -                        | 2,101,000                        | -                                  | 7,064,158                      |
| Peter Huljich   | 3,000,000                        | -                        | -                        | 2,101,000                        | -                                  | 5,101,000                      |
| Michael Hughes  | 1,000,000                        | -                        | (2,760,617) <sup>1</sup> | 867,000                          | 893,617                            | -                              |
| Jan de Jager    | -                                | -                        | -                        | 1,917,500                        | (1,917,500)                        | -                              |
| Benjamin Cohen  | 500,000                          | -                        | -                        | 1,606,900                        | 200,000                            | 2,306,900                      |

<sup>1</sup> Michael Hughes resigned on 24 May 2022.

**(g) Other transactions with Key Management Personnel**

i. Loans and amount owing to key management personnel

No loans were made to any director or other key management personnel of the Group, including related parties during the financial year. Amount owing to related parties at 30 June 2022 was \$nil (2021: nil).

ii. Other transactions with key management personnel

During the year ended 30 June 2022, the Company paid \$105,067 plus GST to Corad Pty Ltd, a company controlled by Mr. Graeme Johnston, for the provision of technical consultancy services and reimbursement of business expenses (2021: \$56,749).

No other transactions were made to any director or other key management personnel of the Group, including related parties during the financial year.

**This is the end of the audited remuneration report.**



#### 14. Meetings of Directors

The number of Board and Committee meetings held during the financial year and the number of meetings attended by each director is:

| Director        | Board              |          | Nomination and Remuneration Committee |          | Audit and Risk (AR) Committee |          | Sustainability Committee |          |
|-----------------|--------------------|----------|---------------------------------------|----------|-------------------------------|----------|--------------------------|----------|
|                 | Eligible to Attend | Attended | Eligible to Attend                    | Attended | Eligible to Attend            | Attended | Eligible to Attend       | Attended |
| John Clarke     | 10                 | 10       | 2                                     | 2        | 2                             | 2        | 2                        | 2        |
| Nigel Ferguson  | 10                 | 10       | -                                     | -        | -                             | 2        | -                        | -        |
| Graeme Johnston | 10                 | 10       | -                                     | -        | -                             | 1        | -                        | -        |
| Rhett Brans     | 10                 | 10       | 2                                     | 2        | 2                             | 2        | 2                        | 2        |
| Peter Huijich   | 10                 | 10       | 2                                     | 2        | 2                             | 2        | 2                        | 2        |

#### 15. Insurance of Officers

During the financial year, AVZ Minerals Limited paid a premium of \$513,259 plus GST (2021: \$89,915) to insure the directors and officers of the Company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

#### 16. Shares under Option

At the date of this report, there are no unissued ordinary shares of AVZ Minerals Limited under options.

#### 17. Shares issued on exercise of Options

No options were exercised during the year.

#### 18. Proceedings on behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

#### 19. Auditor's Independence Declaration

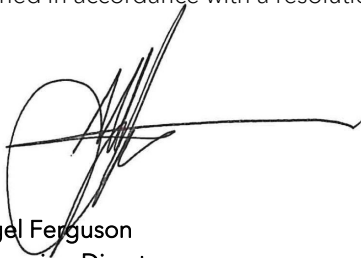
Section 307c of the *Corporations Act 2001* requires our auditors, Hall Chadwick WA Audit Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 32 and forms part of this directors' report for the year ended 30 June 2022.

## 20. Non-Audit Services

During the year, Hall Chadwick WA Audit Pty Ltd, the Company's external auditor, did not perform any services other than their statutory audits (2020: \$Nil). Details of remuneration paid or payable to the auditor can be found within the financial statements at Note 4 Auditor's Remuneration.

In the event that non-audit services are provided by Hall Chadwick WA Audit Pty Ltd, the Board has established certain procedures to ensure that the provision of non-audit services are compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001. These procedures include: non-audit services will be subject to the corporate governance procedures adopted by the Company and will be reviewed by the Board to ensure they do not impact the integrity and objectivity of the auditor; and ensuring non-audit services do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Signed in accordance with a resolution of the Board of Directors.



**Nigel Ferguson**  
Managing Director

Perth, Western Australia  
30 September 2022

HALL CHADWICK 

To the Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit Director for the audit of the financial statements of AVZ Minerals Limited for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA  
Director

Dated in Perth, Western Australia this 30<sup>th</sup> day of September 2022



# The Financial Statements

## Consolidated Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2022

|                                                                                                   | Note | Consolidated<br>2022<br>\$ | 2021<br>\$          |
|---------------------------------------------------------------------------------------------------|------|----------------------------|---------------------|
| <b>Revenue</b>                                                                                    |      |                            |                     |
| Other income                                                                                      | 3    | 385,061                    | 45,347              |
| R&D Tax Incentive                                                                                 |      | -                          | 926,507             |
| <b>Expenses</b>                                                                                   |      |                            |                     |
| Administrative costs                                                                              |      | (7,184,158)                | (1,768,769)         |
| Directors and consultancy expenses                                                                |      | (180,000)                  | (332,840)           |
| Share-based payment expense                                                                       | 24   | (13,645,990)               | (2,561,150)         |
| Compliance and regulatory expenses                                                                |      | (404,705)                  | (201,080)           |
| Insurance expenses                                                                                |      | (552,931)                  | (131,262)           |
| Depreciation expense                                                                              | 9    | (332,332)                  | (355,022)           |
| Depreciation expense of right-of use asset                                                        | 10   | (119,508)                  | (72,149)            |
| Movement in fair value of financial liabilities                                                   | 13   | 2,738,705                  | (864,437)           |
| Interest expense                                                                                  |      | (23,519)                   | (8,266)             |
| Impairment - relinquishment of tenements                                                          | 8    | (643,339)                  | -                   |
| Foreign currency (loss)/gain                                                                      |      | (440,014)                  | (214,511)           |
| <b>Loss before income tax</b>                                                                     |      | <b>(20,402,730)</b>        | <b>(5,537,632)</b>  |
| Income tax expense                                                                                | 5    | -                          | -                   |
| <b>Loss after income tax for the year</b>                                                         |      | <b>(20,402,730)</b>        | <b>(5,537,632)</b>  |
| <b>Other comprehensive income:</b>                                                                |      |                            |                     |
| <i>Items that may be reclassified to profit or loss</i>                                           |      |                            |                     |
| Exchange differences arising on translation of foreign operations                                 |      | 11,044,726                 | (7,571,376)         |
| Other comprehensive income                                                                        |      | 11,044,726                 | (7,571,376)         |
| <b>Total comprehensive loss for the year</b>                                                      |      | <b>(9,358,004)</b>         | <b>(13,109,008)</b> |
| <b>Loss for the year is attributable to:</b>                                                      |      |                            |                     |
| Owners of AVZ Minerals Limited                                                                    |      | (20,140,740)               | (5,401,290)         |
| Non-controlling interests                                                                         |      | (261,990)                  | (136,342)           |
|                                                                                                   |      | <b>(20,402,730)</b>        | <b>(5,537,632)</b>  |
| <b>Total comprehensive loss for the year attributable to:</b>                                     |      |                            |                     |
| Owners of AVZ Minerals Limited                                                                    |      | (10,310,185)               | (11,946,710)        |
| Non-controlling interests                                                                         |      | 952,181                    | (1,162,298)         |
|                                                                                                   |      | <b>(9,358,004)</b>         | <b>(13,109,008)</b> |
| Basic and diluted loss per share attributable to owners of AVZ Minerals Limited (cents per share) | 18   | (0.61)                     | (0.19)              |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

### As at 30 June 2022

|                                                                 | Note | Consolidated<br>2022<br>\$ | 2021<br>\$        |
|-----------------------------------------------------------------|------|----------------------------|-------------------|
| <b>Current Assets</b>                                           |      |                            |                   |
| Cash and cash equivalents                                       | 6    | 60,726,221                 | 2,463,632         |
| Trade and other receivables                                     | 7    | 1,713,135                  | 390,174           |
| <b>Total Current Assets</b>                                     |      | <b>62,439,356</b>          | <b>2,853,806</b>  |
| <b>Non-Current Assets</b>                                       |      |                            |                   |
| Mineral exploration and evaluation                              | 8    | 145,670,930                | 90,525,946        |
| Property, plant and equipment                                   | 9    | 2,319,138                  | 732,585           |
| Right-of-use asset                                              | 10   | 1,356,774                  | 48,099            |
| <b>Total Non-Current Assets</b>                                 |      | <b>149,346,842</b>         | <b>91,306,630</b> |
| <b>Total Assets</b>                                             |      | <b>211,786,198</b>         | <b>94,160,436</b> |
| <b>Current Liabilities</b>                                      |      |                            |                   |
| Trade and other payables                                        | 11   | 640,575                    | 469,151           |
| Provisions                                                      | 12   | 78,183                     | 72,227            |
| Financial liabilities                                           | 13   | -                          | 6,661,275         |
| Lease liability                                                 | 10   | 238,467                    | 51,343            |
| <b>Total Current Liabilities</b>                                |      | <b>957,225</b>             | <b>7,253,996</b>  |
| <b>Non-Current Liabilities</b>                                  |      |                            |                   |
| Lease liability                                                 | 10   | 1,133,008                  | -                 |
| <b>Total Non-Current Liabilities</b>                            |      | <b>1,133,008</b>           | <b>-</b>          |
| <b>Total Liabilities</b>                                        |      | <b>2,090,233</b>           | <b>7,253,996</b>  |
| <b>Net Assets</b>                                               |      | <b>209,695,965</b>         | <b>86,906,440</b> |
| <b>Equity</b>                                                   |      |                            |                   |
| Share capital                                                   | 14   | 226,455,235                | 107,916,233       |
| Reserves                                                        | 16   | 21,247,125                 | 3,439,770         |
| Accumulated losses                                              |      | (53,613,316)               | (34,977,319)      |
| Capital and reserves attributable to owners of AVZ Minerals Ltd |      | 194,089,044                | 76,378,684        |
| Non-controlling interests                                       | 22   | 15,606,921                 | 10,527,756        |
| <b>Total Equity</b>                                             |      | <b>209,695,965</b>         | <b>86,906,440</b> |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



## Consolidated Statement of Changes in Equity

### For the Year Ended 30 June 2022

|                                                              | Contributed Equity | Accumulated Losses  | Share Options Reserve | Foreign Currency Reserve | Total              | Non-controlling Interests | Total Equity       |
|--------------------------------------------------------------|--------------------|---------------------|-----------------------|--------------------------|--------------------|---------------------------|--------------------|
|                                                              | \$                 | \$                  | \$                    | \$                       | \$                 | \$                        | \$                 |
| <b>Balance at 1 July 2020</b>                                | 103,495,333        | (30,162,109)        | 5,189,576             | 4,142,944                | 82,665,744         | 11,690,054                | 94,355,798         |
| Loss for the year                                            | -                  | (5,401,290)         | -                     | -                        | (5,401,290)        | (136,342)                 | (5,537,632)        |
| Exchange differences on translation of foreign operations    | -                  | -                   | -                     | (6,545,420)              | (6,545,420)        | (1,025,956)               | (7,571,376)        |
| Total comprehensive income/(loss) for the year               | -                  | (5,401,290)         | -                     | (6,545,420)              | (11,946,710)       | (1,162,298)               | (13,109,008)       |
| <b>Transactions with owners in their capacity as owners:</b> |                    |                     |                       |                          |                    |                           |                    |
| Contributions of equity                                      | -                  | -                   | -                     | -                        | -                  | -                         | -                  |
| Transaction costs                                            | -                  | -                   | -                     | -                        | -                  | -                         | -                  |
| Share-based payments                                         | -                  | -                   | 2,561,150             | -                        | 2,561,150          | -                         | 2,561,150          |
| Performance Rights lapsed                                    | -                  | 586,080             | (586,080)             | -                        | -                  | -                         | -                  |
| Exercise of Options                                          | 3,098,500          | -                   | -                     | -                        | 3,098,500          | -                         | 3,098,500          |
| Conversion of Performance Rights                             | 1,322,400          | -                   | (1,322,400)           | -                        | -                  | -                         | -                  |
| Total transactions with owners in their capacity as owners   | 4,420,900          | 586,080             | 652,670               | -                        | 5,659,650          | -                         | 5,659,650          |
| <b>Balance at 30 June 2021</b>                               | <b>107,916,233</b> | <b>(34,977,319)</b> | <b>5,842,246</b>      | <b>(2,402,476)</b>       | <b>76,378,684</b>  | <b>10,527,756</b>         | <b>86,906,440</b>  |
| <b>Balance at 1 July 2021</b>                                | 107,916,233        | (34,977,319)        | 5,842,246             | (2,402,476)              | 76,378,684         | 10,527,756                | 86,906,440         |
| Loss for the year                                            | -                  | (20,140,740)        | -                     | -                        | (20,140,740)       | (261,990)                 | (20,402,730)       |
| Exchange differences on translation of foreign operations    | -                  | -                   | -                     | 9,830,555                | 9,830,555          | 1,214,171                 | 11,044,726         |
| Total comprehensive income/(loss) for the year               | -                  | (20,140,740)        | -                     | 9,830,555                | (10,310,185)       | 952,181                   | (9,358,004)        |
| <b>Transactions with owners in their capacity as owners:</b> |                    |                     |                       |                          |                    |                           |                    |
| Contributions of equity                                      | 115,313,221        | -                   | -                     | -                        | 115,313,221        | -                         | 115,313,221        |
| Transaction costs                                            | (5,705,166)        | -                   | -                     | -                        | (5,705,166)        | -                         | (5,705,166)        |
| Share-based payments                                         | -                  | -                   | 13,645,990            | -                        | 13,645,990         | -                         | 13,645,990         |
| Options lapsed                                               | -                  | 637,481             | (637,481)             | -                        | -                  | -                         | -                  |
| Performance Rights lapsed                                    | -                  | 867,262             | (867,262)             | -                        | -                  | -                         | -                  |
| Exercise of Options                                          | 4,766,500          | -                   | -                     | -                        | 4,766,500          | -                         | 4,766,500          |
| Conversion of Performance Rights                             | 4,164,447          | -                   | (4,164,447)           | -                        | -                  | -                         | -                  |
| Non-controlling interests on acquisition of subsidiary       | -                  | -                   | -                     | -                        | -                  | 4,126,984                 | 4,126,984          |
| Total transactions with owners in their capacity as owners   | 118,539,002        | 1,504,743           | 7,976,800             | -                        | 128,020,545        | 4,126,984                 | 132,147,529        |
| <b>Balance at 30 June 2022</b>                               | <b>226,455,235</b> | <b>(53,613,316)</b> | <b>13,819,046</b>     | <b>7,428,079</b>         | <b>194,089,044</b> | <b>15,606,921</b>         | <b>209,695,965</b> |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

### For the Year Ended 30 June 2022

|                                                             | Note | Consolidated        |                     |
|-------------------------------------------------------------|------|---------------------|---------------------|
|                                                             |      | 2022                | 2021                |
|                                                             |      | \$                  | \$                  |
| <b>Cash Flows from Operating Activities</b>                 |      |                     |                     |
| Payments to suppliers and employees                         |      | (8,455,136)         | (2,556,182)         |
| Payments for exploration and evaluation                     |      | -                   | -                   |
| Interest received                                           |      | 385,061             | 54,880              |
| Interest expense                                            |      | (23,519)            | (8,266)             |
| COVID-19 cashflow boost government incentive                |      | -                   | 37,500              |
| R&D Tax Incentive                                           |      | -                   | 926,507             |
| <b>Net cash outflow from operating activities</b>           | 19   | <b>(8,093,594)</b>  | <b>(1,545,561)</b>  |
| <b>Cash Flows from Investing Activities</b>                 |      |                     |                     |
| Payments for exploration and evaluation                     |      | (18,283,389)        | (11,940,729)        |
| Payments for property, plant and equipment                  |      | (1,911,615)         | (82,048)            |
| Payment of deferred consideration                           |      | (160,686)           | -                   |
| Payment to Dathomir - additional 15% (2021: additional 10%) |      | (27,045,299)        | (685,235)           |
| <b>Net cash outflow from investing activities</b>           |      | <b>(47,400,989)</b> | <b>(12,708,012)</b> |
| <b>Cash Flows from Financing Activities</b>                 |      |                     |                     |
| Proceeds from issue of shares and other equity securities   |      | 115,000,000         | -                   |
| Proceeds from exercise of options                           |      | 4,766,500           | 3,098,500           |
| Share issue transaction costs                               |      | (5,705,166)         | -                   |
| Proceed from convertible note                               |      | -                   | -                   |
| Payment of convertible note                                 |      | -                   | -                   |
| Payment of lease liability                                  |      | (108,051)           | (72,889)            |
| <b>Net cash inflow from financing activities</b>            |      | <b>113,953,283</b>  | <b>3,025,611</b>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>58,458,700</b>   | <b>(11,227,962)</b> |
| Exchange rate adjustments                                   |      | (196,111)           | (510,700)           |
| Cash and cash equivalents at the start of the year          |      | 2,463,632           | 14,202,294          |
| <b>Cash and cash equivalents at the end of the year</b>     | 6    | <b>60,726,221</b>   | <b>2,463,632</b>    |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## 1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements present the financial information for AVZ Minerals Limited as a consolidated entity consisting of AVZ Minerals Limited and the entities it is controlled throughout the year (Group or consolidated entity). The Group is a for-profit entity for the purpose of this financial report.

### (a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the Corporations Act 2001.

#### i. Statement of Compliance

The financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensures that the consolidated financial statements and notes as presented comply with International Financial Reporting Standards (IFRS).

#### ii. Historical cost convention

These financial statements have been prepared under the historical cost convention.

### (b) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss for the year of \$20,402,730 (2021: \$5,537,632) and net cash outflows from operating activities of \$8,093,594 (2021: \$1,545,561). As at 30 June 2022, the Group has a working capital surplus of \$61,482,131.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report.

Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID-19 pandemic on the position of the Group at 30 June 2022 and its operations in future periods.



## 1. Summary of Significant Accounting Policies (continued)

### (c) Basis of Consolidation

#### i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AVZ Minerals Limited as at 30 June 2022 and the results of all subsidiaries for the year then ended. AVZ Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the consolidated entity, are shown separately within the Equity section of the consolidated statement of financial position and in the consolidated statement of profit or loss and other comprehensive income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### ii. Control over subsidiaries

In determining whether the consolidated entity has control over subsidiaries that are not wholly owned, judgement is applied to assess the ability of the consolidated entity to control the day-to-day activities of the partly owned subsidiary and its economic outcomes. In exercising this judgement, the commercial and legal relationships that the consolidated entity has with other owners of partly owned subsidiaries are taken into consideration.

Whilst the consolidated entity is not able to control all activities of a partly owned subsidiary, the partly owned subsidiary is consolidated within the consolidated entity where it is determined that the consolidated entity controls the day-to-day activities and economic outcomes of a partly owned subsidiary. Changes in agreements with other owners of partly owned subsidiaries could result in a loss of control and subsequently de-consolidation.

During the 2017 financial year, AVZ Minerals Limited acquired 60%\* of the issued shares of Dathcom Mining SA (previously known as Dathcom Mining SAS) by the issue of shares and cash. Under the terms of shareholders agreements, the Company is at this stage solely responsible for funding exploration activities and therefore has control over the day-to-day activities and economic outcomes of Dathcom Mining SA. Future changes to the shareholders agreements may impact on the ability of the Company to control Dathcom Mining SA.

\*Upon completion of a further acquisition of 15% interest from Dathomir Mining Resources SARL in August 2021, AVZ Minerals has a 75% interest in the Manono Project. Subject to the completion of the Transaction Implementation Agreement ("TIA") between AVZ and Suzhou CATH Energy Technologies, the Company's direct interest in the Manono Project will be reduced to 51%.

### (d) Share-based payment transactions for the acquisition of goods and services

Share-based payment arrangements in which the Group receives goods or services as in exchange for its own equity instruments are accounted for as equity-settled share-based payment transactions. The Group measures the value of equity instruments granted at the fair value of the goods and services received, unless that fair value cannot be measured reliably.

If the fair value of the goods or services received cannot be reliably measured, the transaction is measured by the by reference to the fair value of the instruments granted.

## 1. Summary of Significant Accounting Policies (continued)

The calculation of the fair value of equity instruments at the date at which they are granted is determined using a Black-Scholes option pricing model, calculation of the fair value involves estimations of the relevant inputs to the pricing model.

### (e) Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

#### *Financial Assets*

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price (excludes estimates of variable consideration) as defined in AASB 15 Revenue, as the contracts of the Group do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short-term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

#### *Financial Liabilities and Equity*

Financial liabilities and equity instruments issued by the Group are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

All other loans including convertible loan notes are initially recorded at fair value, which is ordinarily equal to the proceeds received net of transaction costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

#### *Effective Interest Rate Method*

The effective interest rate method is a method of calculating the amortised cost of a financial asset or liability and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### (f) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

### (g) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expected to be entitled. If the consideration promised includes a variable amount, the Group estimates the amount of consideration to which it will be entitled.

COVID-19 revenue is recognised when it is received or when the right to receive payment is established.

## 1. Summary of Significant Accounting Policies (continued)

### (h) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

### (i) Impairment of assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are Grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

### (j) Cash and cash equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

### (k) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.



## 1. Summary of Significant Accounting Policies (continued)

### (l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

### (m) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end. Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Vehicles, IT equipment and furniture - 5 years

### (n) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

### (o) Employee benefits

#### i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables.

#### ii. Share-based payments

The Company provides benefits to employees (including directors) of the Company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value is determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of AVZ Minerals Limited ('market conditions').

### (p) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

## 1. Summary of Significant Accounting Policies (continued)

### (q) Earnings per share

#### i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

#### ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (r) Goods and services tax (GST) and Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Revenue, expenses and assets incurred in overseas are recorded inclusive of VAT and no receivable or payable is recorded as the recoverability of the VAT from the relevant taxation authority is uncertain.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

### (s) Foreign currency translation

#### i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is AVZ Mineral's functional and presentation currency.

#### ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

## 1. Summary of Significant Accounting Policies (continued)

### (s) Foreign currency translation (continued)

#### iii. Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for the statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised as a separate component of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss and other comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

### (t) Share based payments

#### Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using an appropriate valuation technique, further details of which are given in the remuneration report.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of AVZ Minerals Limited.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of profit or loss and other comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.



## 1. Summary of Significant Accounting Policies (continued)

### (t) Share based payments (continued)

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

### (u) New accounting standards and interpretations

#### *Adoption of new and revised standards*

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting periods beginning on or after 1 July 2021.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued and, therefore, no change is necessary to the Group's accounting policies.

### (v) New accounting standards and interpretations not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

### (w) Parent Entity Financial Information

The financial information for the parent entity, AVZ Minerals Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements.

## 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

### a) Impairment of deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at reporting date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired. Refer to the accounting policy stated in Note 1(k) and to Note 8 for movements in the exploration and evaluation expenditure balance.

### b) Share based payment transactions

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value for options is determined by an internal valuation using a Black-Scholes option pricing model. The fair value of Performance Rights is determined by using the underlying share price at grant date.

### c) Tax in foreign jurisdictions

The consolidated entity operates in overseas jurisdictions and accordingly is required to comply with the taxation requirements of those relevant countries. This results in the consolidated entity making estimates in relation to taxes including but not limited to income tax, goods and services tax, withholding tax and employee income tax. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final outcome of these matters is different from the amounts that were initially recorded, such differences will impact profit or loss in the period in which they are settled.

### d) Estimation of the Group's borrowing rate

The lease payments used to determine the lease liability and right-of-use of asset at 1 July 2021 under AASB 16 Leases are discounted using the Group's incremental borrowing rate of 6.57%. The new lease borrowing rate was an estimate of 6.51% on 1 April 2022.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 3. Revenue

|                                       |                |               |
|---------------------------------------|----------------|---------------|
| Interest received                     | 385,061        | 45,347        |
| <b>Total revenue and other income</b> | <b>385,061</b> | <b>45,347</b> |

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

#### 4. Auditor's Remuneration

Hall Chadwick (WA) Pty Ltd

|                                          |               |               |
|------------------------------------------|---------------|---------------|
| Audit and review of financial statements | 93,940        | 80,510        |
| Other services                           | -             | 440           |
| <b>Total remuneration of auditors</b>    | <b>93,940</b> | <b>80,950</b> |

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

#### 5. Income Tax Expense

##### (a) Numerical reconciliation of income tax expense to prima facie tax payable

|                                                           |              |             |
|-----------------------------------------------------------|--------------|-------------|
| Loss from continuing operations before income tax expense | (20,402,730) | (5,537,632) |
| Tax at the tax rate of 30% (2021: 30%)                    | (6,120,819)  | (1,661,290) |

Tax effect of amounts which are not deductible in calculating taxable income:

|                                                |           |           |
|------------------------------------------------|-----------|-----------|
| Non-deductible expenses                        | 4,478,249 | 1,140,012 |
| Non-assessable amounts                         | (821,611) | (277,697) |
| Unrecognised tax losses                        | 2,569,681 | 932,085   |
| Movement in unrecognised temporary differences | (105,500) | (133,110) |
| <b>Income tax expense</b>                      | <b>-</b>  | <b>-</b>  |

##### (b) Deferred tax asset not recognised\*

|                                        |                  |                  |
|----------------------------------------|------------------|------------------|
| Tax losses                             | 7,457,319        | 4,881,180        |
| Exploration and expenditure            | 267,025          | 378,248          |
| <b>Net deferred tax not recognised</b> | <b>7,724,344</b> | <b>5,259,428</b> |

\*The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.



|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 6. Cash & Cash Equivalents

|                                          |                   |                  |
|------------------------------------------|-------------------|------------------|
| Cash at bank & in hand                   | 60,726,221        | 2,463,632        |
| <b>Total cash &amp; cash equivalents</b> | <b>60,726,221</b> | <b>2,463,632</b> |

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.25% and 1.77% (2021: 0.01% and 1.6%). Refer to Note 17 for the Group's exposure to interest rate and credit risk.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 7. Trade and Other Receivables

|                                               |                  |                |
|-----------------------------------------------|------------------|----------------|
| Advances to employees for field work purposes | 723,271          | 119,382        |
| GST receivable                                | 177,978          | 117,180        |
| Deposits and securities                       | 203,008          | 47,378         |
| Prepayments                                   | 604,192          | 104,236        |
| Other receivables                             | 4,686            | 1,998          |
| <b>Total trade and other receivables</b>      | <b>1,713,135</b> | <b>390,174</b> |

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 8. Exploration & Evaluation Expenditure

|                                         |                    |                   |
|-----------------------------------------|--------------------|-------------------|
| Opening balance                         | 90,525,946         | 84,896,432        |
| Acquisition of further interest (i)     | 27,045,299         | 685,235           |
| Exploration costs                       | 19,075,932         | 12,122,357        |
| Impairment (ii)                         | (643,339)          | -                 |
| Net exchange differences on translation | 9,667,092          | (7,178,078)       |
| <b>Closing balance</b>                  | <b>145,670,930</b> | <b>90,525,946</b> |

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(i) In August 2021, the Company increased its interest in the Manono Project from 60% to 75% by exercising options to purchase Dathomir's minority shareholding of 15% equity in Dathcom Mining for US\$20 million.

(ii) Impairment due to 50% relinquishment of tenements comprising PR 4029 and PR 4030.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 9. Property, plant and equipment

|                                |                  |                |
|--------------------------------|------------------|----------------|
| At cost                        | 4,102,739        | 1,921,485      |
| Less: accumulated depreciation | (1,783,601)      | (1,188,900)    |
|                                | <u>2,319,138</u> | <u>732,585</u> |

### Reconciliation

|                                                  |                  |                |
|--------------------------------------------------|------------------|----------------|
| Opening balance                                  | 732,585          | 1,092,204      |
| Additions                                        | 1,937,846        | 82,048         |
| Depreciation expense                             | (332,332)        | (355,022)      |
| Foreign currency translation difference movement | (18,961)         | (86,645)       |
| <b>Closing balance</b>                           | <u>2,319,138</u> | <u>732,585</u> |

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 10. Right-of-use Assets and Leases

### (a) Amounts recognised in the balance sheet

#### Rights-of-use asset

|                                |                  |               |
|--------------------------------|------------------|---------------|
| Balance as at 1 July           | 48,099           | 120,248       |
| Right-of-use assets recognised | 1,428,183        | -             |
| Less: Depreciation             | (119,508)        | (72,149)      |
| <b>Closing balance</b>         | <u>1,356,774</u> | <u>48,099</u> |

#### Lease liabilities

|                                                        |                  |               |
|--------------------------------------------------------|------------------|---------------|
| Balance as at 1 July                                   | 51,343           | 124,232       |
| Lease liabilities recognised                           | 1,428,183        | -             |
| Add: Interest                                          | 23,519           | 5,640         |
| Less: Payment per Consolidated Statement of Cash Flows | (131,570)        | (78,529)      |
| <b>Closing balance</b>                                 | <u>1,371,475</u> | <u>51,343</u> |

|                        |                  |               |
|------------------------|------------------|---------------|
| Current                | 238,467          | 51,343        |
| Non-current            | 1,133,008        | -             |
| <b>Closing balance</b> | <u>1,371,475</u> | <u>51,343</u> |

### (b) Amounts recognised in the consolidated statement of profit or loss

|                                       |         |        |
|---------------------------------------|---------|--------|
| Depreciation of right-of-use asset    | 119,508 | 72,149 |
| Interest expense on lease liabilities | 23,519  | 5,640  |

## 10. Right-of-use Assets and Leases (continued)

In April 2022, the Company vacated the office property at Level 2, 8 Colin Street, West Perth and relocated to its new office at Level 2, 1 Walker Avenue, West Perth. The new office lease commenced on 1 April 2022 and remains in force until 31 March 2027.

The lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is amortised over the shorter of the asset's useful life and the lease term on a straight-line basis.

### Initial measurement

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Company's incremental borrowing rate of 6.66%.

The right-of-use asset is measured at cost comprising of the initial measurement of the lease liability.

### Subsequent measurement

The right-of-use asset is subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

The lease liability is subsequently measured to reflect the interest on the lease liability, the lease payments made and any reassessment of the variable payments.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 11. Trade & Other Payables

|                                                 |                |                |
|-------------------------------------------------|----------------|----------------|
| Current                                         |                |                |
| Trade payables                                  | 141,464        | 42,792         |
| Employee benefits and related payables          | 75,222         | 44,218         |
| Accrued expenses                                | 412,639        | 368,221        |
| FBT Payable                                     | 5,896          | 4,204          |
| Others                                          | 5,354          | 9,716          |
| <b>Total current trade &amp; other payables</b> | <b>640,575</b> | <b>469,151</b> |

The Group's exposure to liquidity risk is noted in Note 17.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 12. Provisions

|                                 |               |               |
|---------------------------------|---------------|---------------|
| Current                         |               |               |
| Employee benefits               | 78,183        | 72,227        |
| <b>Total current provisions</b> | <b>78,183</b> | <b>72,227</b> |

The Group's provision for employee benefits represents annual leave payable.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

### 13. Financial Liabilities

*Acquisition of 5% interest in Dathcom Mining SA\* on 24 June 2019*

#### Deferred Consideration

##### Current Liability

|                                               |             |           |
|-----------------------------------------------|-------------|-----------|
| Principal                                     | 6,661,275   | 5,796,838 |
| Principal repayments                          | (6,761,325) | -         |
| Fair value increase / (decrease) on repayment | 535,142     | -         |
| Unwinding of interest on discounting          | (2,738,705) | -         |
| Fair value increase                           | 2,303,613   | 864,437   |
| <b>At 30 June</b>                             | -           | 6,661,275 |

##### Non-Current Liability

|                                             |   |           |
|---------------------------------------------|---|-----------|
| Opening balance                             | - | -         |
| Fair value increase taken to profit or loss | - | -         |
| <b>At 30 June</b>                           | - | -         |
| <b>Total</b>                                | - | 6,661,275 |

#### Total Deferred Consideration

|                             |   |           |
|-----------------------------|---|-----------|
| Total current liability     | - | 6,661,275 |
| Total non-current liability | - | -         |
| <b>Total Liability</b>      | - | 6,661,275 |

\*SAS corporation was converted to SA corporation in August 2019.

On 24 June 2019, the Company announced that it had executed a Share Sale Purchase Agreement ("Agreement") with Dathomir Mining Resources SARL to purchase a 5% equity in Dathcom Mining for a total consideration of US\$5,500,000. Under the Agreement, the first tranche payment of US\$500,000 was to be paid within 14 days of execution and the balance of the consideration was to be paid at any time within 36 months from execution of the Agreement. The first tranche payment of US\$500,000 was paid in July 2019. The balance of US\$5 million was paid in August 2021.

|  | Consolidated |        | Consolidated |      |
|--|--------------|--------|--------------|------|
|  | 2022         | 2021   | 2022         | 2021 |
|  | Shares       | Shares | \$           | \$   |

### 14. Share capital

|                              |               |               |             |             |
|------------------------------|---------------|---------------|-------------|-------------|
| Ordinary shares - fully paid | 3,528,729,748 | 2,906,165,175 | 226,455,235 | 107,916,233 |
| <b>Total Share Capital</b>   | 3,528,729,748 | 2,906,165,175 | 226,455,235 | 107,916,233 |

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.



**14. Share capital (continued)**

|  | Date | Number of<br>Shares | Fair<br>Value<br>per share | Total<br>\$ |
|--|------|---------------------|----------------------------|-------------|
|--|------|---------------------|----------------------------|-------------|

**Movements in share capital**

|                                               |           |                      |         |                    |
|-----------------------------------------------|-----------|----------------------|---------|--------------------|
| Opening Balance 1 July 2020                   |           | 2,838,498,508        |         | 103,495,333        |
| Exercise of unlisted options <sup>1</sup>     | 21-Oct-20 | 10,000,000           | \$0.060 | 600,000            |
| Exercise of unlisted options <sup>1</sup>     | 24-Nov-20 | 5,000,000            | \$0.060 | 300,000            |
| Exercise of unlisted options <sup>1</sup>     | 10-Dec-20 | 10,000,000           | \$0.060 | 600,000            |
| Exercise of unlisted options <sup>2</sup>     | 14-Dec-20 | 4,000,000            | \$0.057 | 228,000            |
| Exercise of unlisted options <sup>3</sup>     | 4-Jan-21  | 5,000,000            | \$0.060 | 300,000            |
| Exercise of unlisted options <sup>3</sup>     | 13-Jan-21 | 11,666,667           | \$0.060 | 700,000            |
| Exercise of unlisted options <sup>4</sup>     | 18-Jan-21 | 4,000,000            | \$0.067 | 266,000            |
| Exercise of unlisted options <sup>5</sup>     | 18-Jan-21 | 1,000,000            | \$0.048 | 47,500             |
| Exercise of unlisted options <sup>2</sup>     | 19-Jan-21 | 1,000,000            | \$0.057 | 57,000             |
| Conversion of Performance Rights <sup>6</sup> | 30-Mar-21 | 16,000,000           | \$0.083 | 1,322,400          |
| <b>Closing Balance at 30 June 2021</b>        |           | <b>2,906,165,175</b> |         | <b>107,916,233</b> |

|                                                |           |                      |         |                    |
|------------------------------------------------|-----------|----------------------|---------|--------------------|
| Opening Balance 1 July 2021                    |           | 2,906,165,175        |         | 107,916,233        |
| Issue of shares <sup>7</sup>                   | 7-Jul-21  | 307,692,308          | \$0.130 | 40,000,000         |
| Issue of shares <sup>8</sup>                   | 15-Jul-21 | 1,648,530            | \$0.190 | 313,221            |
| Exercise of unlisted options <sup>9</sup>      | 15-Jul-21 | 1,000,000            | \$0.067 | 66,500             |
| Exercise of unlisted options <sup>10</sup>     | 9-Aug-21  | 1,666,667            | \$0.060 | 100,000            |
| Conversion of Performance Rights <sup>11</sup> | 30-Nov-21 | 13,450,400           | \$0.088 | 1,180,287          |
| Issue of shares <sup>12</sup>                  | 3-Dec-21  | 60,000,000           | -       | -                  |
| Issue of shares <sup>13</sup>                  | 17-Dec-21 | 150,000,000          | \$0.500 | 75,000,000         |
| Conversion of Performance Rights <sup>14</sup> | 13-Jan-22 | 10,440,000           | \$0.286 | 2,984,160          |
| Exercise of unlisted options <sup>15</sup>     | 7-Apr-22  | 76,666,668           | \$0.060 | 4,600,000          |
| Less: transaction cost                         |           | -                    |         | (5,705,166)        |
| <b>Closing Balance at 30 June 2022</b>         |           | <b>3,528,729,748</b> |         | <b>226,455,235</b> |

<sup>1</sup> During the year ended 30 June 2021, a total of 25,000,000 Unlisted Options (exercisable at \$0.06 per share on or before 8 April 2022) were exercised.

<sup>2</sup> During the year ended 30 June 2021, a total of 5,000,000 Unlisted Options (exercisable at \$0.057 per share on or before 5 September 2021) were exercised.

<sup>3</sup> During the year ended 30 June 2021, a total of 16,666,667 Unlisted Options (exercisable at \$0.06 per share on or before 8 April 2022) were exercised.

<sup>4</sup> During the year ended 30 June 2021, a total of 4,000,000 Unlisted Options (exercisable at \$0.0665 per share on or before 5 March 2022) were exercised.

<sup>5</sup> During the year ended 30 June 2021, a total of 1,000,000 Unlisted Options (exercisable at \$0.0475 per share on or before 5 March 2022) were exercised.

<sup>6</sup> On 31 March 2021, the Company issued 16,000,000 fully paid ordinary shares following the vesting of Class E, Class L and Class M Performance Rights (executing an offtake agreement for at least 25% and 50% of the product (Lithium and Tin) in the Manono Lithium Project).

**14. Share capital (continued)**

<sup>7</sup> On 7 July 2021, the Company completed a \$40 million (before transaction cost) Placement through the issue of 307,692,308 shares at \$0.13 per share to institutional, professional and sophisticated investors.

<sup>8</sup> On 15 July 2021, 1,648,530 shares were issued to Mincore Pty Ltd as part consideration for the completion of the Manono Lithium and Tin Project FEED Study.

<sup>9</sup> On 15 July 2021, 1,000,000 Unlisted Options (exercisable at \$0.0665 on or before 5 May 2022) were exercised.

<sup>10</sup> On 9 August 2021, 1,666,667 Unlisted Options (exercisable at \$0.06 on or before 8 April 2022) were exercised.

<sup>11</sup> On 30 November 2021, 5,651,800 Class E Performance Rights, 1,101,000 Class H Performance Rights, 587,200 Class K Performance Rights, 2,000,000 Class L Performance Rights, 2,202,000 Class M Performance Rights, and 1,908,400 Class N Performance Rights vested and converted to Ordinary Shares. The fair value of the Performance Rights of \$1,180,287 was transferred from the Share Based Payment Reserve to Issued Capital.

<sup>12</sup> On 3 December 2021, 60,000,000 shares were issued as Collateral shares at nil cash consideration under an At-the-Market (ATM) Subscription Deed with Acuity Capital. The Company may, however, at any time cancel the ATM as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval). The ATM facility limit is \$50,000,000 and matures on 20 March 2024.

<sup>13</sup> On 17 December 2021, the Company completed a \$75 million (before transaction cost) Placement through the issue of 150,000,000 shares at \$0.50 per share to institutional and sophisticated investors.

<sup>14</sup> On 13 January 2022, 3,440,000 Class O Performance Rights, 7,000,000 Class P Performance Rights, vested and converted to Ordinary Shares. The fair value of the Performance Rights of \$2,984,160 was transferred from the Share Based Payment Reserve to Issued Capital.

<sup>15</sup> On 7 April 2022, 76,666,668 Unlisted Options (exercisable at \$0.06 on or before 8 April 2022) were exercised.

**15. Share Options and Performance Rights****(a) Share Options**

|             | Expiry date | Exercise price<br>(cents) | Balance at start of year | Granted during the year | Exercised during the year | Lapsed during the year | Balance at end of the year |
|-------------|-------------|---------------------------|--------------------------|-------------------------|---------------------------|------------------------|----------------------------|
| <b>2022</b> |             |                           |                          |                         |                           |                        |                            |
| Unlisted    | 5-Mar-22    | 6.65                      | 1,000,000                | -                       | (1,000,000)               | -                      | -                          |
| Unlisted    | 8-Apr-22    | 6.00                      | 78,333,335               | -                       | (78,333,335)              | -                      | -                          |
|             |             |                           | 79,333,335               | -                       | (79,333,335)              | -                      | -                          |
| <b>2021</b> |             |                           |                          |                         |                           |                        |                            |
| Unlisted    | 5-Mar-21    | 4.75                      | 1,000,000                | -                       | (1,000,000)               | -                      | -                          |
| Unlisted    | 5-Sep-21    | 5.70                      | 5,000,000                | -                       | (5,000,000)               | -                      | -                          |
| Unlisted    | 5-Mar-22    | 6.65                      | 5,000,000                | -                       | (4,000,000)               | -                      | 1,000,000                  |
| Unlisted    | 8-Apr-22    | 6.00                      | 120,000,002              | -                       | (41,666,667)              | -                      | 78,333,335                 |
|             |             |                           | 131,000,002              | -                       | (51,666,667)              | -                      | 79,333,335                 |

**15. Share Options and Performance Rights (continued)****(b) Performance Rights**

|             | Expiry date | Exercise price | Balance at start of year | Granted during the year | Converted during the year | Cancelled/ lapsed during the year | Balance at end of the year |
|-------------|-------------|----------------|--------------------------|-------------------------|---------------------------|-----------------------------------|----------------------------|
| <b>2022</b> |             |                |                          |                         |                           |                                   |                            |
| Class E     | 3-Dec-21    | -              | 7,700,000                | -                       | (5,651,800)               | (2,048,200)                       | -                          |
| Class F     | 2-Jun-22    | -              | 8,000,000                | -                       | -                         | (8,000,000)                       | -                          |
| Class H     | 3-Dec-21    | -              | 1,500,000                | -                       | (1,101,000)               | (399,000)                         | -                          |
| Class K     | 3-Dec-21    | -              | 800,000                  | -                       | (587,200)                 | (212,800)                         | -                          |
| Class L     | 3-Dec-21    | -              | 2,000,000                | -                       | (2,000,000)               | -                                 | -                          |
| Class M     | 9-Dec-23    | -              | 19,600,000               | -                       | (2,202,000)               | -                                 | 17,398,000                 |
| Class N     | 29-Jun-24   | -              | 5,200,000                | -                       | (1,908,400)               | -                                 | 3,291,600                  |
| Class O     | 7-Sep-24    | -              | -                        | 16,675,000              | (3,440,000)               | -                                 | 13,235,000                 |
| Class P     | 7-Sep-24    | -              | -                        | 31,750,000              | (7,000,000)               | -                                 | 24,750,000                 |
| Class Q     | 7-Oct-22    | -              | -                        | 3,500,000               | -                         | -                                 | 3,500,000                  |
| Total       |             |                | 44,800,000               | 51,925,000              | (23,890,400)              | (10,660,000)                      | 62,174,600                 |
| <b>2021</b> |             |                |                          |                         |                           |                                   |                            |
| Class D     | Various     |                | 3,600,000                | -                       | -                         | (3,600,000)                       | -                          |
| Class E     | 3-Dec-21    | -              | 17,400,000               | -                       | (8,700,000)               | (1,000,000)                       | 7,700,000                  |
| Class F     | 2-Jun-22    | -              | 8,000,000                | -                       | -                         | -                                 | 8,000,000                  |
| Class H     | 3-Dec-21    | -              | 3,000,000                | -                       | (1,500,000)               | -                                 | 1,500,000                  |
| Class I     | 11-Nov-20   | -              | 3,000,000                | -                       | -                         | (3,000,000)                       | -                          |
| Class K     | 3-Dec-21    | -              | 1,600,000                | -                       | (800,000)                 | -                                 | 800,000                    |
| Class L     | 3-Dec-21    | -              | -                        | 4,000,000               | (2,000,000)               | -                                 | 2,000,000                  |
| Class M     | 9-Dec-23    | -              | -                        | 24,100,000              | (3,000,000)               | (1,500,000)                       | 19,600,000                 |
| Class N     | 29-Jun-24   | -              | -                        | 5,200,000               | -                         | -                                 | 5,200,000                  |
| Total       |             |                | 36,600,000               | 33,300,000              | (16,000,000)              | (9,100,000)                       | 44,800,000                 |

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

**16. Reserves**

|                                                  |                   |                  |
|--------------------------------------------------|-------------------|------------------|
| Share Options and Performance Rights Reserve (a) | 13,819,046        | 5,842,246        |
| Foreign Currency Translation Reserve (b)         | 7,428,079         | (2,402,476)      |
| <b>Total reserves</b>                            | <b>21,247,125</b> | <b>3,439,770</b> |

**(a) Share Options and Performance Rights Reserve (i)**

|                                             |                   |                  |
|---------------------------------------------|-------------------|------------------|
| Opening balance                             | 5,842,246         | 5,189,576        |
| Share-based payment expense during the year | 13,645,990        | 2,561,150        |
| Less: Conversion of Performance Rights      | (4,164,447)       | (1,322,400)      |
| Less: Options exercised                     | (637,481)         | -                |
| Less: Performance Rights lapsed             | (867,262)         | (586,080)        |
| <b>Closing balance</b>                      | <b>13,819,046</b> | <b>5,842,246</b> |

**(b) Foreign Currency Translation Reserve (ii)**

|                                                                  |                  |                    |
|------------------------------------------------------------------|------------------|--------------------|
| Opening balance                                                  | (2,402,476)      | 4,142,944          |
| Exchange difference arising on translation of foreign operations | 9,830,555        | (6,545,420)        |
| <b>Closing balance</b>                                           | <b>7,428,079</b> | <b>(2,402,476)</b> |

**Nature and purpose of reserves****(i) Share Options and Performance Rights Reserve**

The Share Options and Performance Rights Reserve contains amounts received (if any) on the issue of Options and Performance Rights over unissued capital of the Company. It is also used to recognise the fair value of Options and Performance Rights issued to eligible employees and consultants but not exercised.

**(ii) Foreign Currency Translation Reserve**

The Foreign Currency Translation Reserve records exchange differences arising on translation of foreign controlled entities. The exchange differences arising are recognised in other comprehensive income as detailed in Note 1(s) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to the statement of profit or loss and other comprehensive income when the net investment is disposed of.

**17. Financial Instruments, Risk Management Objectives and Policies**

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The consolidated entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade in financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below:



**17. Financial Instruments, Risk Management Objectives and Policies (continued)****(a) Interest Rate Risk**

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

| Consolidated                 | Weighted<br>Average<br>Interest<br>Rate<br>% | Floating<br>Interest<br>Rate<br>\$ | Fixed<br>Interest<br>\$ | Non-interest<br>bearing<br>\$ | Total<br>\$ |
|------------------------------|----------------------------------------------|------------------------------------|-------------------------|-------------------------------|-------------|
| 2022                         |                                              |                                    |                         |                               |             |
| <b>Financial assets</b>      |                                              |                                    |                         |                               |             |
| Cash and cash equivalents    | 0.65%                                        | 1,453,381                          | 59,272,840              | -                             | 60,726,221  |
| Trade and other receivables  | -                                            | -                                  | -                       | 930,965                       | 930,965     |
|                              |                                              | 1,453,381                          | 59,272,840              | 930,965                       | 61,657,186  |
| <b>Financial liabilities</b> |                                              |                                    |                         |                               |             |
| Trade and other payables     | -                                            | -                                  | -                       | 640,575                       | 640,575     |
| Lease liabilities            | 6.51%                                        |                                    | 1,371,475               | -                             | 1,371,475   |
| Financial liabilities        | -                                            | -                                  | -                       | -                             | -           |
|                              |                                              | -                                  | 1,371,475               | 640,575                       | 2,012,050   |

| Consolidated                 | Weighted<br>Average<br>Interest<br>Rate<br>% | Floating<br>Interest<br>Rate<br>\$ | Fixed<br>Interest<br>\$ | Non-<br>interest<br>bearing<br>\$ | Total<br>\$ |
|------------------------------|----------------------------------------------|------------------------------------|-------------------------|-----------------------------------|-------------|
| 2021                         |                                              |                                    |                         |                                   |             |
| <b>Financial assets</b>      |                                              |                                    |                         |                                   |             |
| Cash and cash equivalents    | 0.86%                                        | 2,443,457                          | 20,175                  | -                                 | 2,463,632   |
| Trade and other receivables  | -                                            | -                                  | -                       | 285,938                           | 285,938     |
|                              |                                              | 2,443,457                          | 20,175                  | 285,938                           | 2,749,570   |
| <b>Financial liabilities</b> |                                              |                                    |                         |                                   |             |
| Trade and other payables     | -                                            | -                                  | -                       | 469,151                           | 469,151     |
| Lease liabilities            | 6.66%                                        | -                                  | 51,343                  | -                                 | 51,343      |
| Financial liabilities        | -                                            | -                                  | -                       | 6,661,275                         | 6,661,275   |
|                              |                                              | -                                  | 51,343                  | 7,130,426                         | 7,181,769   |

The maturity date for cash included in the above tables is one year or less from reporting date.

**(i) Sensitivity analysis**

The Group's main interest rate risk arises from cash equivalents with variable and fixed interest rates. At 30 June 2022 and 30 June 2021, the Group's exposure to interest rate risk was not deemed material.

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk. All cash equivalents are held with financial institutions with a credit rating of -AA or above.

**17. Financial Instruments, Risk Management Objectives and Policies (continued)****(c) Foreign Currency Risk**

The Group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than the Group's presentational currency Australian Dollars (AUD).

The Group operates internationally and is exposed to foreign exchange risk arising from currency exposure to the United States Dollar (USD). The Group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements and retains the right to withdraw from the foreign exploration commitments.

*(i) Sensitivity analysis*

The Group's main foreign currency risk arises from cash equivalents held in foreign currency denominated bank accounts and other payable amounts denominated in USD. At 30 June 2022 and 30 June 2021, the Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

|                                     | 2022             | 2021               |
|-------------------------------------|------------------|--------------------|
|                                     | \$               | \$                 |
| Cash and cash equivalents           | 1,273,885        | 192,240            |
| Trade & other receivables - current | 877,373          | 121,379            |
|                                     | <u>2,151,258</u> | <u>313,619</u>     |
| Trade and other payables            | (14,871)         | (4,187)            |
| Financial liabilities               | -                | (6,661,275)        |
|                                     | <u>(14,871)</u>  | <u>(6,665,462)</u> |

A reasonably possible strengthening (weakening) of the AUD against USD at 30 June 2022 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss for the Group by the amounts shown below, expressed in AUD. This analysis assumes all other variables remain constant.

|                                     | 2022                                             |                | 2021            |                  |
|-------------------------------------|--------------------------------------------------|----------------|-----------------|------------------|
|                                     | Increase (Decrease) in Equity and Profit or Loss |                | AUD to USD      |                  |
|                                     | AUD to USD                                       |                | AUD to USD      |                  |
|                                     | 10%                                              | 10%            | 10%             | -10%             |
|                                     | \$                                               | \$             | \$              | \$               |
| Cash and cash equivalents           | (87,787)                                         | 87,787         | (17,478)        | 17,478           |
| Trade & other receivables - current | (60,462)                                         | 60,462         | (11,034)        | 11,034           |
|                                     | <u>(148,249)</u>                                 | <u>148,249</u> | <u>(28,512)</u> | <u>28,512</u>    |
| Trade and other payables            | 1,025                                            | (1,025)        | 380             | (380)            |
| Financial liabilities               | -                                                | -              | 605,570         | (605,570)        |
|                                     | <u>1,025</u>                                     | <u>(1,025)</u> | <u>605,950</u>  | <u>(605,950)</u> |

**(d) Liquidity risk**

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings.

**17. Financial Instruments, Risk Management Objectives and Policies (continued)****(d) Liquidity risk (continued)**

| Contractual maturities of financial assets/(liabilities) | Less than 6 months | 6-12 months | Between 1 and 2 years | Between 2 and 5 years | Total contractual cash inflows/(outflows) | Carrying amount |
|----------------------------------------------------------|--------------------|-------------|-----------------------|-----------------------|-------------------------------------------|-----------------|
|                                                          | \$                 | \$          | \$                    | \$                    | \$                                        | \$              |
| <i>At 30 June 2022</i>                                   |                    |             |                       |                       |                                           |                 |
| Cash and cash equivalents                                | 60,726,221         | -           | -                     | -                     | 60,726,221                                | 60,726,221      |
| Trade and other receivables                              | 930,965            | -           | -                     | -                     | 930,965                                   | 930,965         |
| Trade and other payables                                 | (640,575)          | -           | -                     | -                     | (640,575)                                 | (640,575)       |
| Lease liabilities                                        | (158,431)          | (160,609)   | (327,814)             | (947,806)             | (1,594,660)                               | (1,371,475)     |
| Financial liabilities                                    | -                  | -           | -                     | -                     | -                                         | -               |
|                                                          | 60,858,180         | (160,609)   | (327,814)             | (947,806)             | 59,421,951                                | 59,645,136      |
| <i>At 30 June 2021</i>                                   |                    |             |                       |                       |                                           |                 |
| Cash and cash equivalents                                | 2,463,632          | -           | -                     | -                     | 2,463,632                                 | 2,463,632       |
| Trade and other receivables                              | 285,938            | -           | -                     | -                     | 285,938                                   | 285,938         |
| Trade and other payables                                 | (469,151)          | -           | -                     | -                     | (469,151)                                 | (469,151)       |
| Lease liabilities                                        | (39,265)           | (13,088)    | -                     | -                     | (52,353)                                  | (51,343)        |
| Financial liabilities                                    | -                  | (6,661,275) | -                     | -                     | (6,661,275)                               | (6,661,275)     |
|                                                          | 2,241,154          | (6,674,363) | -                     | -                     | (4,433,209)                               | (4,432,199)     |

**(e) Net fair value**

The carrying value and net fair values of financial assets and liabilities at reporting date are:

| Consolidated                          | 2022                  |                      | 2021                  |                      |
|---------------------------------------|-----------------------|----------------------|-----------------------|----------------------|
|                                       | Carrying Amount<br>\$ | Net fair Value<br>\$ | Carrying Amount<br>\$ | Net fair Value<br>\$ |
| Financial assets:                     |                       |                      |                       |                      |
| Cash and cash equivalents             | 60,726,221            | 60,726,221           | 2,463,632             | 2,463,632            |
| Trade and other receivables - current | 930,965               | 930,965              | 285,938               | 285,938              |
|                                       | 61,657,186            | 61,657,186           | 2,749,570             | 2,749,570            |
| Financial liabilities:                |                       |                      |                       |                      |
| Trade and other payables - current    | 640,575               | 640,575              | 469,151               | 469,151              |
| Lease liabilities                     | 1,371,475             | 1,371,475            | 51,343                | 51,343               |
| Financial liabilities - current       | -                     | -                    | 6,661,275             | 6,661,275            |
|                                       | 2,012,050             | 2,012,050            | 7,181,769             | 7,181,769            |

**17. Financial Instruments, Risk Management Objectives and Policies (continued)****(f) Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- i) Quoted prices in active markets for identical assets or liabilities (level 1)
- ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
- iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Due to their short-term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value. Refer to Note 13 for assumptions made in relation to determining fair value of financial liabilities.

|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

**18. Loss per Share****(a) Loss**

|                                                            |              |             |
|------------------------------------------------------------|--------------|-------------|
| Loss used in the calculation of basic and diluted EPS (\$) | (20,402,730) | (5,401,290) |
|------------------------------------------------------------|--------------|-------------|

**(b) Weighted average number of ordinary shares ('WANOS')**

|                                                                   |               |               |
|-------------------------------------------------------------------|---------------|---------------|
| WANOS used in the calculation of basic and diluted loss per share | 3,357,835,239 | 2,870,608,398 |
|-------------------------------------------------------------------|---------------|---------------|

|                                  |                 |                 |
|----------------------------------|-----------------|-----------------|
|                                  | cents per share | cents per share |
| Basic and diluted loss per share | (0.61)          | (0.19)          |

Diluted earnings per share is equal to basic loss per share as the Group is in a loss position.



|  | Consolidated |      |
|--|--------------|------|
|  | 2022         | 2021 |
|  | \$           | \$   |

## 19. Cash Flow Information

### Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:

|                                                              |              |             |
|--------------------------------------------------------------|--------------|-------------|
| Loss for the year                                            | (20,402,730) | (5,537,632) |
| Depreciation                                                 | 332,332      | 355,022     |
| Depreciation expense of right-of-use asset                   | 119,508      | 72,149      |
| Share-based payment                                          | 13,645,990   | 2,561,150   |
| Movement in fair value of financial liabilities              | (2,738,705)  | 864,437     |
| Interest income accrued                                      | -            | 9,534       |
| Impairment                                                   | 643,339      | -           |
| Net realised and unrealised foreign exchange losses          | 440,010      | 214,507     |
| Business development costs                                   | 320,780      | -           |
| Changes in assets and liabilities:                           |              |             |
| (Increase)/Decrease in operating receivables and prepayments | (607,542)    | (8,941)     |
| Increase/(Decrease) in trade and other payables              | 147,469      | (75,787)    |
| Increase/(Decrease) in provisions                            | 5,955        | -           |
| Net cash outflows from operating activities                  | (8,093,594)  | (1,545,561) |

### Non-cash investing and financing activities

|                                                                |           |           |
|----------------------------------------------------------------|-----------|-----------|
| Issue of ordinary shares for investor relations services       | -         | -         |
| Issue of ordinary shares from conversion of Performance Rights | 4,164,447 | 1,322,400 |
|                                                                | 4,164,447 | 1,322,400 |

Changes in financial liabilities arising from financing activities are disclosed in Note 13. Changes in lease liabilities arising from financing activities are disclosed in Note 10.

## 20. Segment Information

The Group is organised into one operating segment, being exploration in the Democratic Republic of the Congo (DRC). This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

### Geographical information

All non-current assets are based in the DRC.

## 21. Commitments and Contingencies

No matters or events have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

## 22. Subsidiaries and non-controlling entities

### (a) Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(c):

| Name of entity                              | Country of incorporation | Class of shares | Equity holding <sup>1</sup> |      |
|---------------------------------------------|--------------------------|-----------------|-----------------------------|------|
|                                             |                          |                 | 2022                        | 2021 |
|                                             |                          |                 | %                           | %    |
| AVZ International Pty Ltd                   | Australia                | Ordinary        | 100                         | 100  |
| AVZ Minerals Congo SARL                     | DRC                      | Ordinary        | 100                         | 100  |
| AVZ Power                                   | DRC                      | Ordinary        | 100                         | 100  |
| Dathcom Mining SA <sup>1</sup>              | DRC                      | Ordinary        | 75                          | 60   |
| Maji Bora Ya Manono <sup>2</sup>            | DRC                      | Ordinary        | 100                         | 100  |
| Nyuki Logistics Company <sup>2</sup>        | DRC                      | Ordinary        | 100                         | 100  |
| Green Lithium Holdings Pte Ltd <sup>3</sup> | Singapore                | Ordinary        | 100                         | -    |

<sup>1</sup> The proportion of ownership interest is equal to the proportion of voting power held.

<sup>2</sup> Incorporated on 7 October 2020.

<sup>3</sup> Incorporated on 8 March 2022.

### (b) Non-controlling entities

The following table sets out the summarised financial information for each subsidiary that has a non-controlling interests (NCI). Amounts disclosed are before intercompany eliminations (AASB 12.B11).

| Summarised statement of Financial Position | Dathcom Mining SA |            |
|--------------------------------------------|-------------------|------------|
|                                            | 30-Jun-22         | 30-Jun-21  |
| Current Assets                             | 1,812,933         | 182,622    |
| Non-current Assets                         | 127,395,288       | 76,683,367 |
| Total Assets                               | 129,208,221       | 76,865,989 |
| Current Liabilities                        | 77,666,125        | 4,187      |
| Non-current Liabilities                    | -                 | 51,736,429 |
| Total Liabilities                          | 77,666,125        | 51,740,616 |
| Net Assets                                 | 51,542,096        | 25,125,373 |
| <b>Accumulated NCI</b>                     | 15,606,921        | 10,527,756 |

## 23. Related Party Information

### (a) Parent entity

The ultimate parent entity within the Group is AVZ Minerals Limited.

### (b) Subsidiaries

Interests in subsidiaries are set out above.

**23. Related Party Information (continued)****(c) Key management personnel**

The key management personnel compensation is as follows:

|                                                    | Consolidated      |                  |
|----------------------------------------------------|-------------------|------------------|
|                                                    | 2022              | 2021             |
|                                                    | \$                | \$               |
| <b>Key Management Personnel Compensation</b>       |                   |                  |
| Summary remuneration                               |                   |                  |
| Short-term benefits                                | 1,962,110         | 1,473,334        |
| Post-employment benefits                           | 64,803            | 30,279           |
| Share-based payments                               | 11,542,273        | 1,688,571        |
| <b>Total key management personnel compensation</b> | <b>13,569,186</b> | <b>3,192,184</b> |

Details of remuneration disclosures are provided within the audited remuneration report which can be found on pages 23 to 29 of the Directors' report. Refer page 29 for transactions with related parties.

**24. Share Based Payments**

|                                          | Consolidated      |                  |
|------------------------------------------|-------------------|------------------|
|                                          | 2022              | 2021             |
|                                          | \$                | \$               |
| Options (a)                              | -                 | -                |
| Performance Rights (b)                   | 13,645,990        | 2,561,150        |
| <b>Total share-based payment expense</b> | <b>13,645,990</b> | <b>2,561,150</b> |

**(a) Options****Share based payment arrangement during the year ended 30 June 2022**

No options were issued to directors and executives as part of their remuneration during year ended 30 June 2022.

There are no options on issue at 30 June 2022.

**(b) Performance Rights****Share based payment arrangement granted during the year ended 30 June 2022**

On 7 September 2021, 16,675,000 Class O Performance Rights were issued to employees and consultants of the Company. These Performance Rights are split into five tranches with the following vesting conditions:

1. Tranche 1 - 3,765,000 shall vest on signature of a binding EPC contract for the construction of the operating plant for the Manono Lithium and Tin Project.
2. Tranche 2 - 2,340,000 shall vest on designation of a standalone JORC indicated and inferred tin resource of 10,000 tonnes of contained Cassiterite.
3. Tranche 3 - 3,690,000 shall vest on designation of a JORC indicated and inferred resource at Carriere de l'Este of 150m tonne grading at least 1.5% lithium.
4. Tranche 4 - 3,440,000 shall vest on operation of the plant at 4.5 million tonnes per annum capacity for three consecutive months.
5. Tranche 5 - 3,440,000 shall vest when market capitalisation of the Company exceeds \$2 Billion for a period of 20 consecutive trading days.

**24. Share Based Payments (continued)****(b) Performance Rights (continued)**

| Class O   | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date (\$) | Total Fair Value (\$) | % Vested |
|-----------|---------------|------------|----------------|---------------------------------------|-------------------------------------------|-----------------------|----------|
| Tranche 1 | 3,765,000     | 26-Aug-21  | Nil            | 07-Sep-24                             | 0.225                                     | 847,125               | Nil      |
| Tranche 2 | 2,340,000     | 26-Aug-21  | Nil            | 07-Sep-24                             | 0.225                                     | 526,500               | Nil      |
| Tranche 3 | 3,690,000     | 26-Aug-21  | Nil            | 07-Sep-24                             | 0.225                                     | 830,250               | Nil      |
| Tranche 4 | 3,440,000     | 26-Aug-21  | Nil            | 07-Sep-24                             | 0.225                                     | 774,000               | Nil      |
| Tranche 5 | 3,440,000     | 26-Aug-21  | Nil            | 07-Sep-24                             | 0.139                                     | 478,160               | 100%     |

3,440,000 Tranche 5 of Class O Performance Rights vested and were converted on 13 January 2022.

During the 2022 financial year, the share based payment expense recognised in relation to Class O Performance Rights was \$2,201,337 over its vesting period at a 100% probability of meeting vesting conditions.

On 18 November 2021, 31,750,000 Class P Performance Rights were issued to directors of the Company following shareholder approval at the 2021 Annual General Meeting. These Performance Rights are split into five tranches with the following vesting conditions:

1. Tranche 1 - 7,000,000 shall vest on signature of a binding EPC contract for the construction of the operating plant for the Manono Lithium and Tin Project.
2. Tranche 2 - 3,750,000 shall vest on designation of a standalone JORC indicated and inferred tin resource of 10,000 tonnes of contained Cassiterite.
3. Tranche 3 - 7,000,000 shall vest on designation of a JORC indicated and inferred resource at Carriere de l'Este of 150m tonne grading at least 1.5% lithium.
4. Tranche 4 - 7,000,000 shall vest on operation of the plant at 4.5 million tonnes per annum capacity for three consecutive months.
5. Tranche 5 - 7,000,000 shall vest when market capitalisation of the Company exceeds \$2 Billion for a period of 20 consecutive trading days.

| Class P   | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date (\$) | Total Fair Value (\$) | % Vested |
|-----------|---------------|------------|----------------|---------------------------------------|-------------------------------------------|-----------------------|----------|
| Tranche 1 | 7,000,000     | 18-Nov-21  | Nil            | 7-Sep-24                              | 0.575                                     | 4,025,000             | Nil      |
| Tranche 2 | 3,750,000     | 18-Nov-21  | Nil            | 7-Sep-24                              | 0.575                                     | 2,156,250             | Nil      |
| Tranche 3 | 7,000,000     | 18-Nov-21  | Nil            | 7-Sep-24                              | 0.575                                     | 4,025,000             | Nil      |
| Tranche 4 | 7,000,000     | 18-Nov-21  | Nil            | 7-Sep-24                              | 0.575                                     | 4,025,000             | Nil      |
| Tranche 5 | 7,000,000     | 18-Nov-21  | Nil            | 7-Sep-24                              | 0.358                                     | 2,506,000             | 100%     |

7,000,000 Tranche 5 of Class P Performance Rights vested and were converted on 13 January 2022.

During the 2022 financial year, the share based payment expense recognised in relation to Class P Performance Rights was \$9,619,291 over its vesting period at a 100% probability of meeting vesting conditions.

On 7 October 2021, 3,500,000 Class Q Performance Rights were issued to consultants of the Company. These Performance Rights shall vest upon all of the following items being delivered:

1. Mining Licence being granted to Dathcom Mining SA;
2. Execution of the Collaboration Agreement;
3. Signing of the MOU agreement; and
4. Approval of MSEZ.



**24. Share Based Payments (continued)****(b) Performance Rights (continued)**

| Class Q | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date (\$) | Total Fair Value (\$) |
|---------|---------------|------------|----------------|---------------------------------------|-------------------------------------------|-----------------------|
|         | 3,500,000     | 14-Sep-21  | Nil            | 7-Oct-22                              | 0.255                                     | 892,500               |

During the 2022 financial year, the share based payment expense recognised in relation to Class Q Performance Rights was \$664,774 over its vesting period at a 100% probability of meeting vesting conditions.

During the year 2022 financial year, 23,890,400 Performance Rights vested and were converted to Ordinary Shares following the satisfaction of various vesting conditions as below:

1. 5,651,800 Class E, 1,101,000 Class H, 587,200 Class K, 2,202,000 Class M and 1,908,400 Class N Performance Rights partially vested upon securing the equity component of project finance.
2. 2,000,000 Class L Performance Rights vested upon executing an offtake agreement for 75% and 100% of the product (Lithium and Tin) in the Manono Lithium Project.
3. 3,440,000 Class O and 7,000,000 Class P Performance Rights vested upon the market capitalisation of the Company exceeding \$2 Billion for a period of 20 consecutive trading days.

**(c) Shares issued as share based payments**

On 15 July 2021, 1,648,530 shares were issued to a Mincore Pty Ltd as part consideration for the completion of the Manono Lithium and Tin Project FEED study. Refer to Note 14.

|  | Company |      |
|--|---------|------|
|  | 2022    | 2021 |
|  | \$      | \$   |

**25. Parent Entity Information****(a) Assets**

|                    |             |            |
|--------------------|-------------|------------|
| Current assets     | 60,288,098  | 2,547,511  |
| Non-current assets | 129,858,570 | 84,008,007 |
| Total assets       | 190,146,668 | 86,555,518 |

**(b) Liabilities**

|                         |           |           |
|-------------------------|-----------|-----------|
| Current liabilities     | 942,350   | 7,249,805 |
| Non-current Liabilities | 1,133,008 | -         |
| Total liabilities       | 2,075,358 | 7,249,805 |

|            |             |            |
|------------|-------------|------------|
| Net Assets | 188,071,310 | 79,305,713 |
|------------|-------------|------------|

**(c) Equity**

|                    |              |              |
|--------------------|--------------|--------------|
| Contributed equity | 226,455,235  | 107,916,233  |
| Accumulated losses | (52,202,971) | (34,452,767) |
| Reserves           | 13,819,046   | 5,842,247    |
| Total equity       | 188,071,310  | 79,305,713   |

**(d) Total comprehensive loss for the year**

|                   |              |             |
|-------------------|--------------|-------------|
| Loss for the year | (19,254,949) | (5,183,611) |
|-------------------|--------------|-------------|

|  | Company |      |
|--|---------|------|
|  | 2022    | 2021 |
|  | \$      | \$   |

**25. Parent Entity Information (continued)**

Other comprehensive income for the year

-

-

Total comprehensive loss for the year

(19,254,949)

(5,183,611)

The parent entity has not guaranteed any loans for any entity during the year. The parent entity does not have any contingent liabilities, or capital commitments

**26. Events Occurring after the Reporting Date**

On 29 July 2022, AVZ announced to the market that wholly owned entity, AVZ International Pty Ltd, and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, have agreed to amend the end date to 30 September 2022 to provide for completion of closure formalities.

On 3 August 2022, Mr Peter Huljich resigned as Non-Executive Director of the Company.

On 24 August 2022, 4,133,000 unlisted Performance Rights lapsed.

On 25 August 2022, AVZ announced diamond drilling was progressing smoothly at the Roche Dure extension area northeast of the current open pit mine design. Eight new diamond drillholes had been completed for a total of approximately 1,500 metres drilled out of a planned 15,000 metre drill programme. All eight holes had been logged showing visual spodumene was present.

On 2 September 2022, AVZ was removed from S&P/ASX 200 index.

On 9 September 2022, the Company provided an update with respect to the arbitration proceedings before the ICC instigated by Jin Cheng and its investigation into Boatman Capital, a London-based short-focused hedge fund research firm.

As of 30 September 2022, AVZ's securities remained in voluntary suspension pending finalisation of its mining and exploration rights for the Manono Project.

During the financial year, AVZ, through its wholly owned subsidiary AVZ International Pty Ltd, completed two Share Purchase Agreements to acquire an additional 15% ownership in Dathcom Mining SA ("Dathcom") from Dathomir Mining Resources SARL ("Dathomir"). The contractual agreed price of US\$20 million (excluding the US\$1 million first tranche payments) was paid to Dathomir in August 2021 within the contractual agreed terms following the successful A\$40 million (before costs) capital raise in July 2021. AVZ International obtained proof of good legal standing of its legal rights of owning 75% in Dathcom from the courts in the Democratic Republic of the Congo ("DRC") on 1 September 2021. Following the successful transfer of shares to AVZ International, Dathomir initiated court proceedings claiming that the US\$21 million shares transfer be re-valued. This action in the court is deemed spurious and meritless in nature with a limited chance of success as the shares were purchased via valid legal agreements at specified prices.

On 30 September 2022, AVZ announced that wholly owned entity, AVZ International Pty Ltd, and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, have agreed to amend the end date to 31 December 2022 to provide for completion of closure formalities.

Other than the abovementioned, no other matter or circumstance has arisen that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 33 to 65 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- (b) the audited remuneration disclosures set out on pages 23 to 29 of the directors' report comply with section 300A of the *Corporations Act 2001*; and
- (c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors.



**Nigel Ferguson**  
**Managing Director**

Perth, Western Australia  
30 September 2022

## HALL CHADWICK

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVZ MINERALS LIMITED

#### Report on the Audit of the Financial Report

##### Opinion

We have audited the financial report of AVZ Minerals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

##### In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

##### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## HALL CHADWICK

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Accounting for Share Based Payments</b></p> <p>As disclosed in note 24 to the financial statements, during the year ended 30 June 2022 the Consolidated Entity incurred share based payments expense of \$13,645,900.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> <li>the value of the transactions;</li> <li>the complexities involved in the recognition and measurement of these instruments; and</li> <li>the judgement involved in determining the inputs used in the valuations.</li> </ul> | <p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 <i>Share Based Payments</i>;</li> <li>Evaluating valuation models and assessing the assumptions and inputs used;</li> <li>Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements;</li> <li>Assessing the achievement of relevant milestones; and</li> <li>Assessing the adequacy of the disclosures included in Note 24 to the financial statements.</li> </ul> |
| <p><b>Exploration and Evaluation Expenditure</b></p> <p>As disclosed in note 8 to the financial statements, as at 30 June 2022, the Consolidated Entity's capitalised exploration and evaluation expenditure was carried at \$145,670,930.</p> <p>The recognition and recoverability of the exploration and evaluation expenditure was considered a key audit matter due to:</p> <ul style="list-style-type: none"> <li>The carrying value represents a significant asset of the Consolidated</li> </ul>                                                                      | <p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> <li>Assessing management's determination of its areas of interest for consistency with the definition in AASB 6 <i>Exploration and Evaluation of Mineral Resources</i> ("AASB 6");</li> <li>Assessing the Consolidated Entity's rights to tenure;</li> <li>Testing the Consolidated Entity's additions to capitalised exploration costs for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the</li> </ul>                                                                     |

## HALL CHADWICK

| Key Audit Matter                                                                                                                                                                                                                                                                                                                 | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Entity, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed the recoverable amount; and</p> <ul style="list-style-type: none"> <li>• Determining whether impairment indicators exist involves significant judgement by management</li> </ul> | <p>Consolidated Entity's accounting policy and the requirements of AASB</p> <ul style="list-style-type: none"> <li>• By testing the status of the Consolidated Entity's tenure and planned future activities, reading board minutes and enquiries with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised exploration costs:             <ul style="list-style-type: none"> <li>◦ The licenses for the rights to explore expiring in the near future or are not expected to be renewed;</li> <li>◦ Substantive expenditure for further exploration in the area of interest is not budgeted or planned;</li> <li>◦ Decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>◦ Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale.</li> </ul> </li> <li>• We also assessed the appropriateness of the related disclosures in note 8 to the financial statements.</li> </ul> |

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### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:



## HALL CHADWICK

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



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From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

**Auditor's Opinion**

In our opinion, the Remuneration Report of AVZ Minerals Limited, for the year ended 30 June 2022, complies with section 300A of the Corporations Act 2001.

  
HALL CHADWICK WA AUDIT PTY LTD

  
CHRIS NICOLOFF CA  
Director

Dated in Perth, Western Australia this 30<sup>th</sup> day of September 2022

# ASX Additional Information

**Shareholding**

The distribution of members and their holdings of equity securities in the holding company as at 11 October 2022 is as follows:

| Holding Ranges   | Number of Holders | Fully Paid Ordinary Shares |                        |
|------------------|-------------------|----------------------------|------------------------|
|                  |                   | Number of Shares           | % Issued Share Capital |
| 1 - 1,000        | 2,541             | 1,744,402                  | 0.05%                  |
| 1,001 - 5,000    | 5,798             | 16,173,171                 | 0.46%                  |
| 5,001 - 10,000   | 3,284             | 26,082,860                 | 0.74%                  |
| 10,001 - 100,000 | 7,171             | 250,176,627                | 7.09%                  |
| 100,001 and over | 2,316             | 3,234,552,688              | 91.66%                 |
| <b>Total</b>     | <b>21,110</b>     | <b>3,528,729,748</b>       | <b>100.00%</b>         |

Holders of less than a marketable parcel: 1,032 with a total of 438,336 shares amounting to 0.012% of the Issued Capital.

**Twenty Largest Shareholders**

The names of the twenty largest ordinary fully paid shareholders are as follows:

| Shareholder                                                                    | Number               | %             |
|--------------------------------------------------------------------------------|----------------------|---------------|
| YIBIN TIANYI LITHIUM INDUSTRY CO LTD & SUZHOU CATH ENERGY TECHNOLOGIES CO LTD* | 251,500,000          | 7.13%         |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                                      | 237,206,295          | 6.72%         |
| HUAYOU INTERNATIONAL MINING (HONGKONG) LIMITED                                 | 216,615,790          | 6.14%         |
| BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM                                   | 184,706,721          | 5.23%         |
| LITHIUM PLUS PTY LTD                                                           | 176,247,369          | 4.99%         |
| CITICORP NOMINEES PTY LIMITED                                                  | 135,068,439          | 3.83%         |
| J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                                      | 126,520,418          | 3.59%         |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>                     | 81,799,905           | 2.32%         |
| BNP PARIBAS NOMS PTY LTD <DRP>                                                 | 64,230,980           | 1.82%         |
| ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD                                   | 60,000,000           | 1.70%         |
| CERTANE CT PTY LTD <RICHLINK HIGH-TECH INVEST>                                 | 47,439,460           | 1.34%         |
| EQUITY PLAN SERVICES PTY LTD                                                   | 33,614,766           | 0.95%         |
| RIDGEBACK HOLDINGS PTY LTD <THE FERGUSON FAMILY A/C>                           | 51,013,404           | 1.45%         |
| MRS LIYUN HUANG                                                                | 27,086,625           | 0.77%         |
| MR CRAIG ALAN DORAN                                                            | 22,572,388           | 0.64%         |
| NATIONAL NOMINEES LIMITED                                                      | 20,573,285           | 0.58%         |
| MR KEVIN GRIFFITHS                                                             | 17,220,000           | 0.49%         |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2                              | 17,099,197           | 0.48%         |
| MR KAI GUO                                                                     | 16,000,000           | 0.45%         |
| MR LAWRENCE EDWARD DORAN                                                       | 15,621,794           | 0.44%         |
| <b>Total</b>                                                                   | <b>1,802,136,836</b> | <b>51.07%</b> |

\*Related entities

### Substantial Shareholders

The names of the substantial shareholders:

| Shareholder                                                                    | Number      | %     |
|--------------------------------------------------------------------------------|-------------|-------|
| YIBIN TIANYI LITHIUM INDUSTRY CO LTD & SUZHOU CATH ENERGY TECHNOLOGIES CO LTD* | 251,500,000 | 7.13% |
| HUAYOU INTERNATIONAL MINING (HONGKONG) LIMITED                                 | 216,615,790 | 6.14% |

\*Related entities

### On-Market Buy-Back

There is no current on-market buy-back.

### Restricted Securities

There are no restricted ordinary shares in escrow.

| Unquoted equity securities – Options            | Number on issue | Number of holders |
|-------------------------------------------------|-----------------|-------------------|
| Nil                                             | 0               | 0                 |
| Unquoted equity securities – Performance Rights | Number on issue | Number of holders |
| Performance rights expiring 9 December 2023     | 15,398,000      | 12                |
| Performance rights expiring 29 June 2024        | 2,658,600       | 3                 |
| Performance rights expiring 7 September 2024    | 36,485,000      | 18                |

### Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Performance Rights and Unlisted Options

These securities have no voting rights.

### Corporate Governance

The Board of AVZ Minerals Limited is committed to Corporate Governance. The Board is responsible to its Shareholders for the performance of the Company and seeks to communicate with Shareholders. In accordance with ASX Listing Rule 4.10.3, the Company has elected to disclose its Corporate Governance policies and its compliance with them on its website, rather than in the Annual Report. Accordingly, information about the Company's Corporate Governance practices is set out on the Company's website at <https://avzminerals.com.au/corporate-governance>.

### Application of Funds

During the financial year, AVZ Minerals Limited confirms that it has used its cash and assets (in a form readily convertible to cash) in a manner which is consistent with the Company's business objectives.

### Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements:

| Country / Project              | Tenement         | Interest | Status  |
|--------------------------------|------------------|----------|---------|
| DRC – Manono Project           | PR 13359         | 75%*     | Granted |
| DRC – Manono Extension Project | PR 4029, PR 4030 | 100%     | Granted |

\*Upon completion of the acquisition of a further 15% from Dathomir Mining Resources SARL in August 2021, AVZ Minerals Limited now holds 75% interest in the Project.



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