



Additional Disclosure to Report for the Quarter ending 30 June 2021

AVZ Minerals Limited (ASX: AVZ or “the Company”) provides additional disclosure information to its activities report for the Quarter ended 30 June 2021, which was released to the ASX on 29 July 2021.

In the quarterly report (Appendix 5B) for the Quarter ending 30 June 2021, the Company disclosed payments of A\$0.262 million to “related parties and associates”. ASX Listing Rule 5.3.5 requires the quarterly activities report to include a description of, and explanation for, these payments which is now included in this report (Refer to corporate section included).

Highlights

- Mining Licence application lodged with DRC Government for the Manono Lithium and Tin Project
- Continued positive engagement with DRC Government on granting of Mining Licence, Mpiana Mwanga Hydro-Electric Power Plant (“HEPP”) Agreement, Collaboration Agreement and Manono Special Economic Zone (“MSEZ”) Agreement
- Project financing discussions continued to advance positively with potential debt and equity financiers
- Front End Engineering Design (“FEED”) and Hydrogeological Study completed
- Mineral Resource estimate updated at Roche Dure with Indicated Resources increasing by 12 million tonnes and combined Measured and Indicated Resources increasing to 274 million tonnes
- Initial Exploration Target for placer tin at Manono Project identified, demonstrating significant potential for a possible standalone alluvial tin mining operation
- Secured a 1,227 hectare staging site at Kabondo Dianda that will play a major role in exporting lithium and tin products to global markets

ASX ANNOUNCEMENT

11 August 2021

AVZ Minerals Limited

Level 2, 8 Colin Street,
West Perth WA 6005
Australia

T: + 61 8 6117 9397

F: + 61 8 6118 2106

E: admin@avzminerals.com.au

W: www.avzminerals.com

ABN 81 125 176 703

Directors

Non-Executive Chairman: John Clarke

Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

Non-Executive Director: Peter Huljich

Market Cap

\$788M

ASX Code: AVZ

AVZ Minerals Limited (ASX: **AVZ** or “**the Company**”) is pleased to provide the following report on its activities for the Quarter ended 30 June 2021.

AVZ Managing Director, Mr. Nigel Ferguson said: “The Company has been extremely busy during the June Quarter progressing its flagship Manono Project on multiple fronts, with significant achievements reported in July in terms of a 2012 JORC Ore Reserves upgrade, a highly successful A\$40 million (before costs) Placement and completion of the Manono FEED Study.”

“Much work has also been undertaken with officials in the DRC Government with respect to securing the critical Mining Licence, as well as a Collaboration Agreement, Mpiana Mwanga HEPP Agreement and the Manono Special Economic Zone Agreement.”

“The Company acknowledges some previously reported indicative timelines for the issue of the above licence and agreements are taking longer than initially forecast due mostly to shifting Government timelines however, it must be said AVZ enjoys a supportive and collaborative working relationship with the DRC Government and as such, it expects to secure all of the above licences and agreements in Q3/Q4 this year.”

“A significant amount of work has also been undertaken by AVZ’s management team in relation to securing funding for the development of the Manono Project. As I have said on several occasions, the Company is actively engaging with various commercial banks, finance brokers, private equity investors and non-commercial lenders such as Pan-African Development Finance Institutions (“DFIs”) to progress debt and equity funding agreements for the Manono Project.”

“The awarding of a Mining Licence for the Manono Project will be a significant catalyst to deliver binding project finance agreements and, ultimately, a Final Investment Decision (“FID”) by the AVZ Board.”

“In the 21 July 2021 operational update, we indicated that the optimised DFS update will be released in July 2021, however the Board has decided to defer the document release as it undergoes further internal reviews ahead of a decision regarding the award of the Mining Licence.”

Mining Licence, Mpiana Mwanga Hydro-Electric Power Plant (“HEPP”) Agreement, Collaboration Agreement and Manono Special Economic Zone (“MSEZ”)

During the June Quarter, AVZ’s majority-owned DRC company, Dathcom Mining SA, lodged all the required documentation to support its application for a Mining Licence for the Manono Project. The DRC Government approved the draft inter-ministerial Decree relating to the draft Co-operation Agreement, the Company’s Feasibility Study for the Mpiana Mwanga HEPP was validated by the Ministry of Hydraulic Resources and Electricity and positive negotiations continued around the Manono Special Economic Zone (“MSEZ”) Agreement.

The Company is confident of being granted the Mining Licence for the Manono Project during Q3/Q4 2021, together with the HEPP Agreement, Collaboration Agreement and a favourable MSEZ Agreement.



Photo 1: Dathcom Mining's Director of Corporate Affairs, Mr. Serge Ngandu, addresses a high-level government delegation about the future Manono Special Economic Zone ("MSEZ")

Project Finance Negotiations

AVZ's management team continued to engage with various commercial banks, finance brokers, private equity investors and non-commercial lenders such as Pan-African Development Finance Institutions ("DFIs") to progress debt and equity funding agreements for the development of the Manono Project. The grant of a Mining Licence for the Manono Project will be a significant catalyst to finalise binding finance agreements and, ultimately, a Final Investment Decision from the Board of AVZ.

Updated Mineral Resource and Reserves

The Company updated its Mineral Resource of the Manono Project after including results from its nine-hole pit floor drilling program. The geological modelling confirmed the presence of high-grade, fresh pegmatite in all nine holes drilled on sections 7100mN to 7300Mn at Roche Dure. The additional information resulted in an upgrade of some 12 million tonnes of Inferred Resources to Indicated Resources.

Subsequent to the end of the June Quarter, the Company upgraded its JORC Proved and Probable Ore Reserves estimate to 131.7Mt – an increase of 41.6% from the 93Mt reported in its April 2020 DFS. The average lithium grade increased by 3.1% from 1.58% to 1.63% Li₂O

while the tin grade of 990ppm remained the same but reported a 41% increase in contained tin metal to 130.3kt.

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

Just one third of the Mineral Resources at Roche Dure is converted to Ore Reserves and extracted over the LoM, largely due to the lack of data and costings for replacing processing equipment and certainty forecasting SC6 prices beyond the current 29.5 year LoM.

Initial Exploration Target for Alluvial Placer Hosted Tin

The Company announced its initial Exploration Target defining the potential for alluvial tin hosted resources at its Manono Project. This statement was based on an independent review of historical exploration records produced by Zairetain, the previous operators of the historical mining operations at the Manono Project. The review was conducted by independent geological and mining consultants, Behre Dolbear International Limited.

The Exploration Target was in addition to the existing JORC 2012 compliant hard rock tin and tantalum Mineral Resource Estimates of 125 million tonnes @ 175ppm Sn and 26ppm Ta (low-grade tin domain) and 275 million tonnes @ 962ppm Sn and 38ppm Ta (high-grade tin domain) at a 0.5% Li₂O cut off published in the 21 April 2020 DFS Study.

Refer to ASX Announcement dated 18 May 2021 “Initial Exploration Target for Alluvial Placer Hosted Tin Defined at the Manono Lithium and Tin Project”

Kabondo Dianda Intermodal Staging Station

AVZ’s 100% owned DRC logistics and haulage company, Nyuki Logistics (“Nyuki”), secured a 1,227-hectare site at Kabondo Dianda that will play a major part of the Company’s plans to export products from the Manono Lithium and Tin Operation (“MLTO”) through the ports of Lobito in Angola and Dar es Salaam in Tanzania. Nyuki was formed as a dedicated logistics arm for MLTO, responsible for commercial and operational management of MLTO’s logistics requirements, including road haulage, rail and port services and logistics infrastructure maintenance under a service agreement with Dathcom Mining SA.

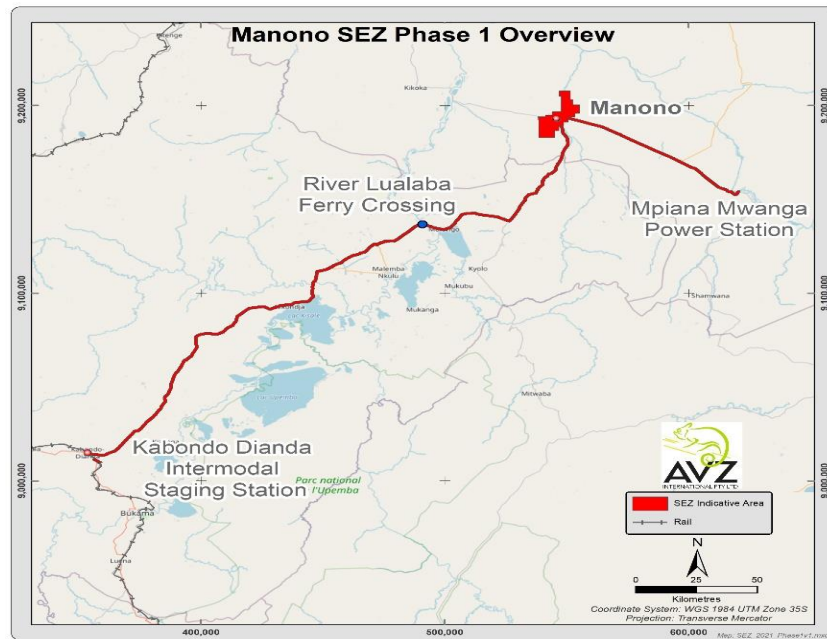


Figure 1: Proposed Phase 1 SEZ map showing the haulage route for SC6 from Manono to Kabondo Dianda

Placement

The Company completed a \$40M placement just days after the end of the June Quarter with strong support received from high-quality institutional, sophisticated and professional investors.

Proceeds from the placement, will allow the Company to increase its interest in the Manono Project from 60% to 75%, negotiate project financing from an enhanced balance sheet position, assist to establish a working capital and contingency cost buffer during project development and enhance AVZ's limited early capital works program prior to making a Financial Investment Decision.

Corporate

The Company closed the June Quarter with a cash balance of A\$2.484 million.

Cash for the June Quarter was primarily used to fund the project development activities of the AVZ Corporate and Technical team in Perth and the Dathcom Corporate and Technical team in the DRC:

- A\$0.8 million refund from R&D concessional tax grants;
- A\$0.91 million for payroll, administration and corporate costs. **(Including an amount of A\$0.262 million paid to directors in relation to employment and consultancy services agreements);** and
- A\$3.34 million was capitalised as exploration and evaluation costs at Manono.

In July 2021, 2,500,000 Performance Rights were cancelled following the resignation of the previous Company Secretary, Mr. Leonard Math.

This release was authorised by Mr. Nigel Ferguson, Managing Director of AVZ Minerals Limited.

For further information, visit www.avzminerals.com.au or contact:

Mr. Jan de Jager or Mr. Ben Cohen
Joint Company Secretary
AVZ Minerals Limited
Phone: +61 8 6117 9397
Email: admin@avzminerals.com.au

Media Enquiries:
Mr. Peter Harris
Peter Harris & Associates
Phone: +61 (0) 412 124 833



Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 30 June 2021):

Country / Project	Tenement	Interest	Status
DRC – Manono Project	PR 13359	60%*	Granted
DRC – Manono Extension Project	PR 4029 PR 4030	100%	Granted

*Note 60% interest as at 30 June 2021

Roche Dure Main Pegmatite Ore Reserve Estimate

Reserve Category	Tonnes (Mt)	Grade Li ₂ O %	Contained Li ₂ 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
Total	131.7	1.63	2.14	990	130.3

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

Roche Dure Main Pegmatite Mineral Resource at a 0.5% Li₂O cut-off (as of 30 June 2021)

Category	Tonnes (Millions)	Li ₂ O %	Sn ppm	Ta ppm	Fe ₂ O ₃ %	P ₂ O ₅ %
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
Total	401	1.65	752	34	0.97	0.29

The Company confirms in the subsequent public report that all the material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the initial public report referred to in rule 5.16 or rule 5.17 (as the case may be) continue to apply and have not materially changed.

Any reference to Proved and Probable Ore Reserves are made with reference to the previous Company Announcement “JORC Ore Reserves increase by 41.6% at Roche Dure” dated 14 July 2021 and any reference to Mineral Resources are made with reference to the Company Announcement “Updated Mineral Resource Estimate Includes Pit Floor “Wedge” Drill Results” dated 24 May 2021.

The Company confirms all material assumptions and technical parameters underpinning the estimates in the relevant market announcement(s) continue to apply and have not materially changed nor is it aware of any new information or data that materially affects the information included in this Announcement.

For reference to DFS April 2020 refer to ASX Announcement dated 21 April 2020 “AVZ delivers highly positive Definitive Feasibility Study for Manono Lithium and Tin Project”.

Competent Person Statement

The 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 Scientific Professions (SACNSAP). 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 Australasian Institute of Mining and Metallurgy and has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity he is undertaking, to qualify as Competent Person in terms of the JORC (2012 Edition). The Competent Person, Daniel Grosso 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 document that relates to the to the ASX Announcement dated 18 May 2021 “Initial Exploration Target for Alluvial Placer Hosted Tin Defined at the Manono Lithium and Tin Project” and the definition of an Exploration Target over the Manono Project is based on information compiled and reviewed by Mr Mike Venter, a Fellow of the Society of Economic Geologists (SEG), a Member of the Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural and Scientific Professions (SACNASP). Mr Venter is an Associate Consulting Geologist with Behre Dolbear (an independent Consulting company). Mr Venter 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 JORC Code. Mr Venter consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AVZ Minerals Limited

ABN

81 125 176 703

Quarter ended ("current quarter")

30 June 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(18)	(18)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(398)	(1,322)
	(e) administration and corporate costs	(514)	(1,861)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	4	55
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Government grants: COVID-19 Cashflow Boost	-	50
1.8	R&D Tax Incentive	771	927
1.9	Net cash from / (used in) operating activities	(155)	(2,170)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(72)	(85)
	(d) exploration & evaluation	(3,345)	(11,453)
	(e) investments	-	(685)
	(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,417)	(12,223)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	3,099
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	3,099
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,972	14,202
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	(2,170)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,417)	(12,223)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	3,099

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	84	(424)
4.6	Cash and cash equivalents at end of period	2,484	2,484

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,484	5,972
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,484	5,972

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	262
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(155)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,345)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,500)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,484
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,484
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.71
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Subsequent to reporting date, the Company successfully raised \$40m (before costs) via a placement from sophisticated, professional and institutional investors.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, the Company will be able to continue its operations. The Company will utilise the net proceeds from the July 2021 Capital Raising, together with the Company's existing cash reserves, as follows:

- To increase AVZ's interest in the Manono Project from 60% to 75% by exercising the options to purchase Dathomir's minority shareholding of 15% equity in Dathcom Mining for US\$20 million (~AUD\$27);
- To negotiate project financing with an enhanced balance sheet position, assisted with the addition of a supportive, larger non-retail shareholder base;
- To assist to establish a working capital and contingency cost buffer during project development and enhance AVZ's limited early capital works program before FID.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 July 2021

Authorised by: By the Board of AVZ Minerals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.