AVZ Minerals Limited

Financial Report

30 June 2021

Green Lithium™

Contents

Corporate Directory

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

Chief Financial Officer
Jan de Jager

Joint Company Secretaries
Jan de Jager
Benjamin Cohen

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ASX Code: **AVZ**

Website Address
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[1] *Formerly Bentleys Audit & Corporate WA Pty Ltd*

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

Highlights

- Secured rights to an additional 10% equity in the Manono Project for US$15.5 million, giving AVZ 75% ownership of the Manono Project on completion of the transaction
- Binding SC6 Offtake Agreements signed with GFL International Co., Ltd, Shenzhen Chengxin Lithium Group Co., Ltd and Yibin Tianyi Lithium Industry Co., Ltd, representing 80% of AVZ's saleable SC6 product for the first five years of production at a nominal 4.5mtpa throughput
- Binding Tin Offtake Agreement signed with Kalon Resources Limited, a 100% subsidiary of Noble Group Holdings Limited
- Continued positive engagement with the DRC Government on granting of Mining Licence (ML), 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 financiers and equity investors
- Mineral Resource estimate updated at Roche Dure with Indicated Resources increasing by 12 million tonnes and combined Measured and Indicated Resources increasing to 274Mt
- Initial Exploration Target for placer hosted tin at Manono Project identified, demonstrating significant potential for a possible standalone alluvial tin mining operation
- Front End Engineering Design (FEED), process plant design and site geotechnical investigation studies completed confirming updated CAPEX and OPEX for the Manono Project
- Using FEED Study outputs, work commenced on the optimisation and upgrading of the April 2020 Manono Definitive Feasibility Study (DFS) to Bankable Feasibility Study (BFS) level
- 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
- Metallurgical test work confirmed Manono Primary Lithium Sulphate (PLS) suitable for battery production feedstock
- Independent Greenhouse Gas (GHG) emissions assessment shows Manono Project projected to have one of the lowest carbon footprints globally of any hard rock lithium mining operation

Operational Events after Reporting Date

- Manono JORC Proved and Probable Ore Reserves now estimated at 131.7Mt – an increase of 41.6% from the 93Mt reported in April 2020 DFS
- Manono Ore Reserve Estimate contains 65.0Mt of Proved Category and 66.6Mt of Probable Category Ore Reserves
- 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 the April 2020 DFS.
- PLS conversion to Lithium Hydroxide Pre-Feasibility Study (PFS) commenced

Overview

The level of work completed and array of achievements secured during the 2021 financial year has taken the Manono Project to the cusp of a Financial Investment Decision (FID) being made.

The strong global demand for 6% Li_2O spodumene concentrate was evidenced by three major Chinese lithium converters committing to binding sales agreements with AVZ. The three agreements represent 80% of the Company's saleable SC6 product for the first five years of production. In addition, the Company signed a significant three-year binding offtake agreement with a major participant in the tin market for 600 metric tonnes of tin concentrate per annum.

The granting of a Mining Licence (PR) for the Manono Project is a significant catalyst to finalise binding finance agreements and ultimately, a FID from the Board of AVZ which is expected in Q3/Q4 2021. To that end, the Company has progressed all the necessary requirements for its ML, HEPP, Collaboration and MSEZ Agreements and remains confident it will receive favourable decisions from the DRC Government based on the body of work completed by the Company in confirming the robust economics of the Manono Project.

Two significant milestones were also reported by the Company after the end of the reporting period.

On 2 July 2021, AVZ announced the completion of a highly successful oversubscribed Share Placement comprising the issue of 307,692,308 new shares at an issue price of $0.13 per share to raise A$40 million (before costs). The Placement was aimed at bringing more institutional investors to the register and was well supported by high-quality institutional investors in Australia, Europe, North America, Singapore, Malaysia and the Middle East.

On 14 July 2021, AVZ 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% Li_2O while the tin grade of 990ppm remained the same but reported a 41% increase in contained tin metal to 130.3kt. The Manono Project 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. The extended LoM has been used as an input in the optimised DFS/BFS.

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

Binding Offtake Agreements for 6% Li_2O spodumene concentrate ("SC6") and Tin concentrate
The Company signed strategic binding SC6 offtake agreements with the following entities during the 2021 financial year:

- GFL International Co., Ltd ("GFL"), a subsidiary of China's largest lithium compounds producer, Ganfeng Lithium Co Ltd ("Ganfeng Lithium");
- Shenzhen Chengxin Lithium Group Co., Ltd ("Chengxin"), a leading global battery materials producer that is set to become one of the largest lithium hydroxide producers in China; and
- Yibin Tianyi Lithium Industry Co., Ltd ("Yibin"), a key participant in the supply chain of Contemporary Amperex Technology ("CATL"), the world's largest lithium-ion battery maker.

GFL signed an initial five-year agreement with an option to extend for a further five years, with supply ramping up to 160,000 tonnes of SC6 from year three onwards.

Chengxin signed an initial three-year agreement with extension options by mutual agreement for the annual supply of up to 180,000 tonnes of SC6.

Yibin signed an initial three-year agreement with an option to extend for an additional two years for the annual supply of up to 200,000 tonnes of SC6.

The three binding SC6 sales agreements with AVZ represents 80% of the Company's saleable SC6 product for the first five years of production.

In March 2021, AVZ also signed a three-year binding offtake agreement with Kalon Resources Limited ("Kalon") for Kalon to purchase 600 metric tonnes of tin concentrate per annum. Kalon is a major participant in the tin market, handling several thousand tonnes of tin concentrate per annum.

Project Financing
During the 2021 financial year, AVZ's management team was actively engaged 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 granting of a Mining Licence for the Manono Project is a major requirement to finalise binding finance agreements and ultimately, a Final Investment Decision (FID) from the Board of AVZ, which is expected in Q3/Q4 2021.

Mining Licence, Mpiana Mwanga Hydro-Electric Power Plant Agreement, Mining Collaboration Agreement and Manono Special Economic Zone Agreement
During the 2021 financial year, AVZ continued to enjoy a supportive, collaborative and cooperative working relationship with the newly appointed DRC Government officials and is confident of receiving its Mining Licence (or Permite d'Exploitation (PE)), Mpiana Mwanga Hydro-Electric Power Plant (HEEP) Agreement, Collaboration Agreement and its proposed Manono Special Economic Zone Agreement (MSEZ) during Q3/Q4 2021.

The Company acknowledged that some previously published indicative timelines for the issue of its Mining Licence and various agreements had been delayed due to changes with the newly sworn-in DRC Government, with some decision-making processes being suspended for several months during the reporting period.

However, AVZ remains confident it will receive favourable decisions based on the body of work completed by the Company in confirming the robust economics of the Manono Project – although the timing of those decision remains exclusively at the discretion of the DRC Government.

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

Updated Mineral Resource and Reserves

The Company updated the Manono Project Mineral Resource, after including results from its nine-hole pit floor drilling program that was completed in January 2021. The sample assays confirmed the presence of high-grade, fresh pegmatite in all nine holes drilled on sections 7100mN to 7300Mn at Roche Dure from close to or at the put floor. The additional information and geological remodelling resulted in an upgrade of some 12 million tonnes (Mt) of Inferred Resources to Indicated Resources.

After the end of the reporting period, 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% Li_2O while the tin grade of 990ppm remained the same but reported a 41% increase in contained tin metal to 130.3kt.

The Manono Project Life of Mine ("LoM") extended to 29.5 years, based on a 4.5Mtpa operation underpinned by the new Ore Reserves – an increase of 47.5% from its April 2020 DFS. The extended LoM has been used as an input in the optimised DFS/BFS using new data obtained during the year.

Extension of the LoM beyond the modelled 29.5 years is not constrained by Ore Reserves, with only one third being included, but rather due to the lack of data and costings for replacing processing equipment and certainly forecasting SC6 prices beyond the 29.5 year LoM.

Initial Exploration Target for Alluvial Placer Hosted Tin

In May 2021, the Company also announced an 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 tin 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% Li_20 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."

Front End Engineering Design (FEED) Study and optimised DFS/BFS
A FEED Study was completed by Melbourne-based engineering company, Mincore Pty Ltd.

The FEED Study provided block flow and process flow diagrams, mechanical equipment selection and sizing, the overall mechanical equipment list, the electrical load list and plant general arrangement drawings, including a 3D model.

The FEED study also improved the confidence level in Capital and Operational Costs of the Manono Project to an AACEI Class 2 (+/- 10%) from the previous Class 3 (+/- 20%) DFS level of estimation from April 2020.

Receipt of the final FEED study outputs and the updated Mine Schedule Plan, which was completed by CSA Global, has allowed AVZ to commence optimisation and upgrading of the April 2020 Manono DFS to BFS level, which will be released in Q3/Q4 2021.

Primary Lithium Sulphate (PLS)
In January 2021, the Company announced it had successfully produced 1.5kg of PLS material from typical Roche Dure SC6 concentrate. This is confirmed as suitable feedstock for the electrolytic conversion of Lithium Hydroxide Monohydrate used in battery production and is expected to contain up to 95% lithium in this refined product.

The metallurgical testwork was undertaken by Kingston Process Metallurgy ("KPM") in Canada.

Figure 2: Primary Lithium Sulphate produced from Roche Dure SC6 under metallurgical testing for AVZ's planned Manono Lithium Sulphate Plant

Primary Lithium Sulphate (PLS) conversion to Lithium Hydroxide
AVZ also engaged Noram Engineering and Constructors Ltd ("Noram") to undertake a Pre-Feasibility Study (PFS) to produce lithium hydroxide from Roche Dure sourced PLS feedstock.

The Company has identified a short list of engineering firms to complete the outside battery limits scope of engineering design, in conjunction with the inside battery limit technical work to be undertaken by Noram. The information from the PFS will assist to identify the preferred global location for a lithium hydroxide conversion facility fed with product from Manono.

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

Kabondo Dianda Intermodal Staging Station
In late June 2021, 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 role in 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 the 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.

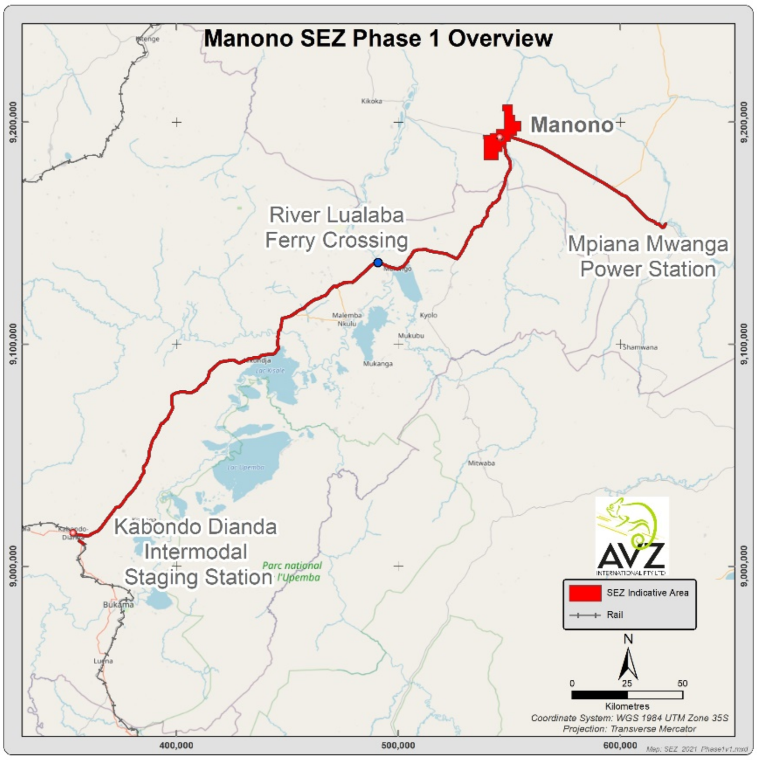

Figure 3: Proposed Phase I SEZ map showing the haulage route for SC6 from Manono to Kabondo Dianda

Independent Greenhouse Gas Emissions Assessment

In January 2021, AVZ released an independent Greenhouse Gas (GHG) emissions assessment for the life of mine of the Manono Project.

The GHG assessment, which was completed by leading global environmental and sustainability consultants, Environmental Resource Management (ERM), evaluated the estimated Scope 1[1] and Scope 2[2] emissions associated with all operations over the 20-year life of the Manono mine, processing facilities and road transportation of the products. The GHG's evaluated in the study were carbon dioxide (CO_2), nitrous oxide (N_2O) and methane (CH_4) using a methodology consistent with the 2006 Intergovernmental Panel on Climate Change (IPCC) Guidelines.

ERM's findings showed the Manono Project could have one of the lowest carbon footprints of any global hard rock lithium miner. This was primarily due to AVZ's strategic location adjacent to the Mpiana Mwanga Hydro Electric Power Plant which, once refurbished, is anticipated to provide all the Manono Project's electricity requirements.

AVZ is also investigating and planning substantial GHG mitigation measures which include:

- purchase of electric mining fleet once commercially viable equipment is available;
- generation of Hydrogen (H_2) from excess renewable electricity to enable use of Fuel Cell Electric Vehicles (FCEVs); and
- the establishment of a 5,000-ha sequestration biomass plantation.

[1] Scope 1: Direct greenhouse gas emissions; defined as those that occur from sources that are owned or controlled by the reporting entity.
[2] Scope 2: A category of indirect emissions that accounts for GHG emissions from the generation of purchased energy products (principally electricity, steam/heat and reduction materials used for smelting) by the entity.

Corporate

Equity in Manono Project
In September 2020, AVZ executed a Share Sale Purchase Agreement for an additional 10% equity stake in Dathcom Mining SA (which holds 100% of the Manono Project) from its joint venture partner, Dathomir Mining Resources SARLU ("Dathomir Mining"). Under the Agreement, AVZ paid US$500,000 to Dathomir Mining as an advance payment with the remaining US$15 million to be paid at any time within 12 months of the Agreement being executed or as soon as AVZ secured a minimum US$50 million in project financing.

As announced in June 2019, the Company had previously secured a 5% equity interest from Dathomir Mining for a total consideration of US$5.5 million, with an advance payment made of US$500,000. The balance of the consideration (US$5 million) was to be paid at any time within 36 months from execution of the Agreement.

AVZ now owns 75% of the joint venture company, Dathcom Mining SA, following completion of both Agreements.* The remaining 25% of Dathcom Mining is owned by La Congolaise D'Exploitation Miniere SA (Cominiere), of the DRC Government over which AVZ has a preemptive right to purchase further project equity.

See Note 26 for Events Occurring After Reporting Date

Management Changes
Effective 15 April 2021, Mr. Jan de Jager was appointed AVZ's Chief Financial Officer (CFO) and Joint Company Secretary and Mr. Ben Cohen was appointed Commercial Manager and Joint Company Secretary. Mr. Leonard Math resigned his position with the Company on 12 April 2021.

Mr. de Jager has held senior roles in the mining industry for more than 20 years, including as CFO and Chief Information Officer of several listed and non-listed companies, while Mr. Cohen is a commercially focused CPA with more than 20 years' experience in the bulk commodity, shipping, mining and corporate sectors.

Issue of Fully Paid Shares and Exercise of Unlisted Options
During the year, the Company received a total of A$3,098,500 from the exercise of the following:

- 1,000,000 unlisted options exercisable at $0.0475 per share;
- 5,000,000 unlisted options exercisable at $0.057 per share;
- 4,000,000 unlisted options exercisable at $0.0665 per share; and
- 41,666,667 unlisted options exercisable at $0.06 per share.

Issue and Expiration of Performance Rights
During the year, the Company issued the following Performance Rights to directors, employees and consultants:

- 4,000,000 Performance Rights with an expiry of 3 December 2021
- 24,100,000 Performance Rights with an expiry of 9 December 2023; and
- 5,200,000 Performance Rights with an expiry date of 29 June 2024.

A total of 6,600,000 Performance Rights expired during the year.

Refer to Note 24 for the terms of these issuance.

Unmarketable Parcel Share Sale Facility

In September 2020, the Company completed an Unmarketable Parcel Share Sale Facility, with a total of 5,985,461 shares sold at an average price of 5.94 cents per share. The total number of shareholders was reduced by approximately 1,550 at the completion of the facility.

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% (*75%)	Granted
DRC – Manono Extension Project	PR 4029 PR 4030	100%	Granted

**AVZ Minerals Limited has secured a further 15% equity in the Manono Project from Dathomir Mining Resources SARL. AVZ Minerals now has a 75% interest in the Manono Project following completion of the acquisition in August 2021.*

Roche Dure Main Pegmatite Ore Reserve Estimate (as of 30 June 2021):

Reserve Category	Tonnes (Mt)	Grade Li_2O %	Contained Li_20 (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**

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_2O cut-off (as of 30 June 2021):

Category	Tonnes (Millions)	Li_2O %	Sn ppm	Ta ppm	Fe_2O_3 %	P_2O_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**

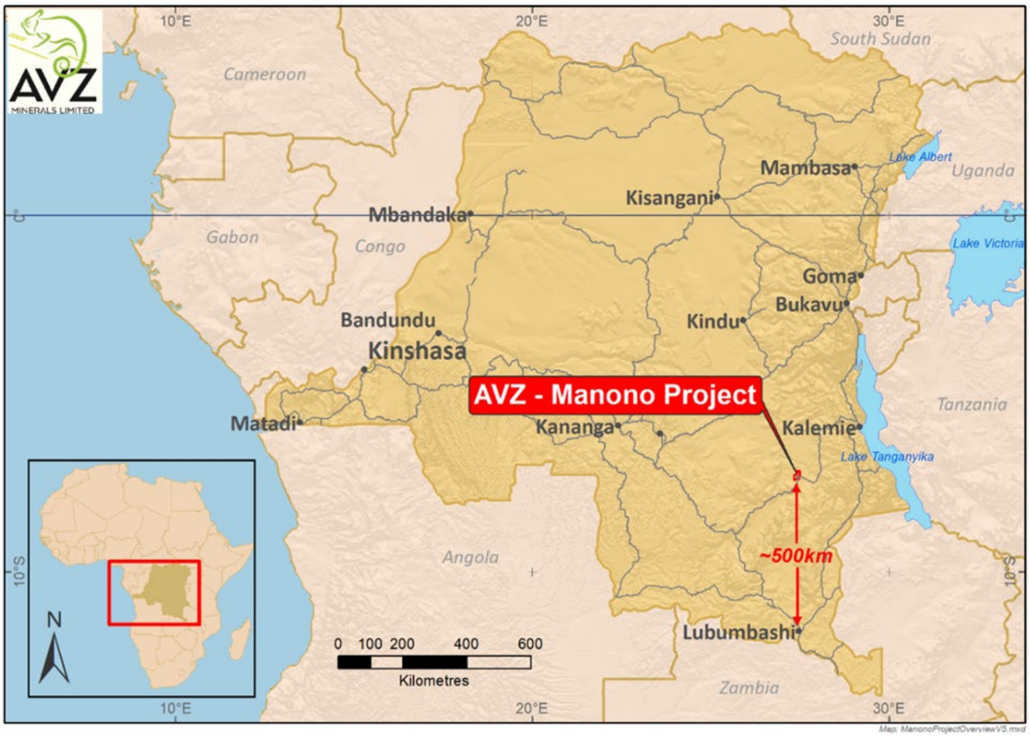

Figure 4: Location of the Manono Lithium and Tin Project.

Competent Person Statement

The technical information in the document to which this statement is attached that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr. Michael Cronwright, who is a geologist with 22 years' experience in exploration, is a fellow of The Geological Society of South Africa (GSSA) and Pr. Sci. Nat. (Geological Sciences) registered with the South African Council for Natural Professions (SACNASP). Mr. Cronwright is a Principal Consultant with CSA Global 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.

The 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 in this report that relates to geology and the exploration results is based on information compiled by Mr. Nigel Ferguson (BSc) FAusIMM 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.

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 2021. 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 1 May 2019)

2. Chief Financial Officer

Jan de Jager (appointed 15 April 2021)
Leonard Math (appointed 9 July 2018, resigned 12 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 $5,537,632 (2020: $5,299,858).

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 2 – 9 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

In July 2021, the Company issued 307,692,308 new shares at $0.13 per share via a share placement to raise $40 million (before costs) from high-quality institutional, sophisticated and professional investors. Proceeds from the placement, increased AVZ's cash reserve, which allowed 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 Final Investment Decision (FID) on the Manono Project.

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.

On 8 September 2021, the Company advised it had issued 16,675,000 Performance Rights to employees and consultants under the Company's Performance Rights Plan. In addition, the Company advised it was proposing to issue 31,750,000 Performance Rights to Directors subject to shareholder approval at the Company's 2021 Annual General Meeting to be held on 18 November 2021.

On 24 September 2021, a wholly owned entity of the Company, AVZ International Pty Ltd (the holder of the Company's equity interest in the Manono Project) executed a "Transaction Implementation Agreement" with Suzhou CATH Energy Technologies Co. Ltd and related parties ("Suzhou Group") in which AVZ International has agreed, on the achievement of certain key project and corporate milestones, to divest a 24% equity interest in Dathcom Mining SA (the owner of the Manono Project tenements) to the Suzhou Group for US$240 million.

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 Director's interests at the date of this report)

John Clarke	Non-Executive Chairman (appointed 2 December 2019)
Qualifications	Ph.D. in Metallurgy (Cambridge University), B.Sc. in Metallurgy (Cardiff University), MBA (Middlesex University)
Experience	Dr. Clarke started his career 49 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 4,333,333 Performance Rights 6,000,000
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 30 years' of experience having worked in senior management positions for the past 20 years in a variety of locations. He has experience in the exploration and 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 46,811,404 Performance Rights 6,000,000
Directorships in last 3 years	Okapi Resources Limited (29 May 2017 to 30 June 2020) AJN Resources Inc. (listed on Canadian Securities Exchange) (since 15 October 2016)
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 funding 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 Techical Director.

Interest in Securities	Fully Paid Ordinary Shares Performance Rights	9,183,070 4,000,000
Directorships in last 3 years	Mount Ridley Mines Limited (appointed 1 December 2020)	
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 47 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 Performance Rights	4,963,158 3,000,000
Directorships in last 3 years	Australian Potash Limited (since 9 May 2017) Carnavale Resources Limited (since 17 September 2013) Syrah Resources Limited (12 June 2013 to 31 December 2017)	
Peter Huljich	Non-Executive Director (appointed 1 May 2019)	
Qualifications	BCom/LLB, GD-AppFin, GAICD	
Experience	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.	
Interest in Securities	Fully Paid Ordinary Shares Performance Rights	3,000,000 3,000,000
Directorships in last 3 years	Kogi Iron Limited (appointed 7 May 2019) Amani Gold Limited (appointed 27 May 2021) GoldOz Limited (appointed 14 September 2021)	
Jan de Jager	CFO & Joint Company Secretary (appointed 15 April 2021)	
Qualifications	B.Com(Hons), CA (SA)	
Experience	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.	
Interest in Securities	Fully Paid Ordinary Shares Performance Rights	615,000 2,500,000
Benjamin Cohen	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 Performance Rights	750,000 1,700,000

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 1 May 2019

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
Jan de Jager	CFO & Joint Company Secretary	Appointed 15 April 2021
Benjamin Cohen	Commercial Manager & Joint Company Secretary	Appointed 30 April 2021
Leonard Math	Former CFO and Company Secretary	Appointed 9 July 2018, resigned 12 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 Comittee 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 9.50% 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 and issued and held by the AVZ Mineral Limited Rights Share Trust (RST). 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

- Mr. Ferguson provides management services via Ridgeback Holdings Pty Ltd as trustee for the Ferguson Family Trust ('Ridgeback')
- Mr. Ferguson was appointed as Managing Director effective 5 February 2018 and receives a monthly fee of $33,333 plus GST effective 1 January 2021 (increased from $29,166)
- 6-month termination period unless there is a breach or unremedied continued neglect of the terms of the agreement by Ridgeback in which there is a one-month termination period

Mr. Johnston - Technical Director

- No term of agreement
- Receives a monthly fee of $25,000 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

Mr. Hughes - Project Director

- No term of agreement
- 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 term of agreement
- Receives a monthly fee of $27,500 plus GST effective 15 April 2021
- 3-month notice period to terminate employment by either party

Mr. Cohen - Commercial Manager & Joint Company Secretary

- No term of agreement
- Receives a monthly base salary of $17,123 plus statutory superannuation effective 30 April 2021
- 3-month notice period to terminate employment by either party

Mr. Math - Chief Financial Officer & Company Secretary (resigned 12 April 2021)

- No term of agreement
- Receives a monthly fee of $14,312 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

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

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

Voting and comments made at the Company's 2020 Annual General Meeting

At the 2020 Annual General Meeting the Company remuneration report was passed by the requisite majority.

(d) Details of Key Management Personnel Remuneration

2021	Short term employee benefits Salary	Consulting fees	Post employ-ment	Share based payments	Total	Remuner-ation consisting of share based payments	Fixed remun-eration
	$	$	$	$	$	%	%
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[1]	-	68,438	-	4,301	72,739	6	94
Benjamin Cohen[2]	35,564	-	3,379	1,204	40,147	3	97
Leonard Math[3]	-	134,538	-	123,208	257,746	48	52
TOTAL	**415,358**	**1,057,976**	**30,279**	**1,688,571**	**3,192,184**		

[1] Jan de Jager was appointed on 15 April 2021.
[2] Benjamin Cohen was appointed on 30 April 2021.
[3] Leonard Math resigned on 12 April 2021.

2020	Short term employee benefits Salary	Consulting fees	Post employ-ment	Share based payments	Total	Remuner-ation consisting of share based payments	Fixed remun-eration
	$	$	$	$	$	%	%
Non-Executive Chairman							
John Clarke[1]	-	70,000	-	-	70,000	-	100
Executive Directors							
Nigel Ferguson	-	300,000	-	354,816	654,816	54	46
Graeme Johnston	-	250,000	-	325,664	575,664	57	43
Non-Executive Directors							
Rhett Brans	54,794	19,500	5,205	177,408	256,907	69	31
Hongliang Chen[2]	-	-	-	-	-	-	-
Peter Huljich	-	60,000	-	291,391	351,391	83	17
Executives							
Michael Hughes[3]	287,083	-	19,869	138,000	444,952	31	69
Leonard Math	-	156,000	-	118,271	274,271	43	57
TOTAL	**341,877**	**855,500**	**25,074**	**1,405,550**	**2,628,001**		

[1] John Clarke was appointed on 2 December 2019.

[2] Hongliang Chen resigned on 12 May 2020.

[3] Michael Hughes was appointed on 14 August 2019.

(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 2021 are set out below.

	Class N		Class M			
	Tranche 1	Tranche 2	Tranche 1	Tranche 2	Tranche 3	Total
John Clarke	-	-	3,000,000	3,000,000	3,000,000	**9,000,000**
Nigel Ferguson	-	-	-	-	3,000,000	**3,000,000**
Graeme Johnston	-	-	-	-	2,000,000	**2,000,000**
Rhett Brans	-	-	-	-	1,500,000	**1,500,000**
Peter Huljich	-	-	-	-	1,500,000	**1,500,000**
Michael Hughes	500,000	500,000	-	-	2,000,000	**3,000,000**
Jan de Jager	1,250,000	1,250,000	-	-	-	**2,500,000**
Benjamin Cohen	350,000	350,000	-	-	-	**700,000**
Leonard Math	-	-	-	-	1,500,000	**1,500,000**

Details on Performance Rights Class M and N 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 2021 are set out below.

	Number of rights converted during the year 2021
John Clarke	3,000,000[1]
Nigel Ferguson	3,000,000[2]
Graeme Johnston	2,000,000[2]
Rhett Brans	1,500,000[2]
Peter Huljich	1,500,000[2]
Benjamin Cohen	500,000[3]
Leonard Math	1,000,000[2]

[1] The vesting condition for Tranche 1 of Class M Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[2] The vesting conditions for Tranche 3 of Class E Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[3] The vesting conditions for Class L Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 50% of the product (Lithium and Tin) in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

Values of rights over ordinary shares granted, exercised and lapsed for key management personnel as part of compensation during the year ended 30 June 2021 are set out below.

	Value of rights granted during the year $	**Value of rights converted during the year $**
John Clarke	882,000	294,000
Nigel Ferguson	294,000	240,000
Graeme Johnston	196,000	160,000
Rhett Brans	147,000	120,000
Peter Huljich	147,000	120,000
Michael Hughes	160,000	-
Jan de Jager	400,000	-
Benjamin Cohen	152,000	40,000
Leonard Math	-	80,000

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/ Cancelled during the year	Vested and Exercised during the year	Balance at the end of the year	Perform-ance Rights vested	% Vested
2021								
John Clarke	-	9,000,000	-	-	(3,000,000)[2]	6,000,000	-	-
Nigel Ferguson	6,000,000	3,000,000	-	-	(3,000,000)[1]	6,000,000	-	-
Graeme Johnston	6,100,000	2,000,000	-	(2,100,000)[3]	(2,000,000)[1]	4,000,000	-	-
Rhett Brans	3,000,000	1,500,000	-	-	(1,500,000)[1]	3,000,000	-	-
Peter Huljich	3,000,000	1,500,000	-	-	(1,500,000)[1]	3,000,000	-	-
Michael Hughes	-	3,000,000	-	-	-	3,000,000	-	-
Jan de Jager	-	2,500,000	-	-	-	2,500,000	-	-
Benjamin Cohen	-	700,000	1,000,000[4]	-	-	1,700,000	-	-
Leonard Math	2,000,000	1,500,000	-	(2,500,000)[5]	(1,000,000)[1]	-	-	-

[1] The vesting conditions for Tranche 3 of Class E Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[2] The vesting condition for Tranche 1 of Class M Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[3] The Class D Performance Rights lapsed unexercised on 2 February 2021 when vesting conditions of the 10-day VWAP for the Shares on the ASX reaching $0.34-$0.44 or higher during the vesting period have not been met.

[4] This represents Benjamin Cohen's holding as at 30 April 2021 being his appointment date. He was granted Class L Performance Rights while he was consultant to the Company prior to his appointment as KMP.

[5] 1,000,000 Class E Performance Rights and 1,500,000 Class M Performance Rights were cancelled when Leonard Math resigned from the Company.

(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 remuner-ation	Other	Conversion of performance rights	Purchased/(sold) during the year	Balance at the end of the year
2021						
John Clarke	1,000,000	-	-	3,000,000[1]	-	4,000,000
Nigel Ferguson	43,478,070	-	-	3,000,000[2]	-	46,478,070
Graeme Johnston	7,849,737	-	-	2,000,000[2]	-	9,849,737
Rhett Brans	3,463,158	-	-	1,500,000[2]	-	4,963,158
Peter Huljich	1,500,000	-	-	1,500,000[2]	-	3,000,000
Michael Hughes	3,000,000	-	-	-	(2,000,000)	1,000,000
Jan de Jager[3]	-	-	-	-	-	-
Benjamin Cohen	-	-	500,000[4]	-	-	500,000
Leonard Math	2,630,487	-	(1,010,000)[5]	1,000,000[2]	(2,620,487)	-

[1] The vesting condition for Tranche 1 of Class M Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[2] The vesting conditions for Tranche 3 of Class E Performance Rights were met during 2021 upon the Company executing an offtake agreement for at least 25% of the product in the Manono Lithium Project. These Performance Rights were converted into fully paid ordinary shares on 31 March 2021.

[3] Appointed on 15 April 2021.

[4] Benjamin Cohen was appointed on 30 April 2021. This reflects number held at the date of appointment as KMP.

[5] Leonard Math resigned on 12 April 2021. The negative amount reflects number held at the date ceasing to be a KMP.

(g) Other transactions with Key Management Personel

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 2021 was Nil (2020: $48,417).

ii. Other transactions with key management personnel
During the year ended 30 June 2021, the Company paid $56,749 plus GST to Corad Pty Ltd, a company controlled by Mr. Graeme Johnston, for the provision of technical consultancy services (2020:$Nil).

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 Committee	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
John Clarke	8	8	3	3	2	2
Nigel Ferguson	8	8	-	-	-	-
Graeme Johnston	8	8	-	-	-	-
Rhett Brans	8	8	3	3	2	2
Peter Huljich	8	8	3	3	2	2

15. Insurance of Officers

During the financial year, AVZ Minerals Limited paid a premium of $89,915 plus GST (2020: $45,058) 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, unissued ordinary shares of AVZ Minerals Limited under option are as follows:

Grant date	Expiry Date	Exercise Price	Number of Options
8 April 2020	8 April 2022	$0.06	76,666,668

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

17. Shares issued on exercise of Options

During the year, 51,666,667 ordinary shares of the Company were issued on the exercise of Options.

Expiry date	Exercise price	Balance at start of year	Exercised during the year	Granted during the year	Lapsed during the year	Balance at end of the year
5 March 2021	$0.0475	1,000,000	(1,000,000)	-	-	-
5 September 2021	$0.057	5,000,000	(5,000,000)	-	-	-
5 March 2022	$0.0665	5,000,000	(4,000,000)	-	-	1,000,000
8 April 2022	$0.060	120,000,002	(41,666,667)	-	-	78,333,335

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 (Formerly Bentleys Audit & Corporate (WA) 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 23 and forms part of this directors' report for the year ended 30 June 2021.

20. Non-Audit Services

During the year, Hall Chadwick WA Audit Pty Ltd (Formerly Bentleys Audit & Corporate (WA) Pty Ltd ('Bentleys')), the Company's external auditor, did not perform any services other than their statutory audits (2020: $Nil). Other Bentleys division provided corporate finance services to the Company of $440 (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 2021

To the Board of Directors

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

As lead audit Partner for the audit of the financial statements of AVZ Minerals Limited for the financial year ended 30 June 2021, 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
Partner

Dated at Perth this 30th day of September 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Revenue			
Other income	3	45,347	217,276
R&D Tax Incentive		926,507	-
Expenses			
Administrative costs		(1,768,769)	(1,600,545)
Directors and consultancy expenses		(332,840)	(374,178)
Share-based payment expense	24	(2,561,150)	(2,029,407)
Compliance and regulatory expenses		(201,080)	(185,569)
Insurance expenses		(131,262)	(78,108)
Depreciation expense	9	(355,022)	(379,143)
Depreciation expense of right-of use asset	10	(72,149)	(72,149)
Movement in fair value of financial liabilities	13	(864,437)	(722,552)
Interest expense		(8,266)	(32,965)
Foreign currency (loss)/gain		(214,511)	(42,518)
Loss before income tax		**(5,537,632)**	**(5,299,858)**
Income tax expense	5	-	-
Loss after income tax for the year		**(5,537,632)**	**(5,299,858)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(7,571,376)	1,113,712
Other comprehensive income		(7,571,376)	1,113,712
Total comprehensive loss for the year		**(13,109,008)**	**(4,186,146)**
Loss for the year is attributable to:			
Owners of AVZ Minerals Limited		(5,401,290)	(5,134,821)
Non-controlling interests		(136,342)	(165,037)
		(5,537,632)	**(5,299,858)**
Total comprehensive loss for the year attributable to:			
Owners of AVZ Minerals Limited		(11,946,710)	(4,260,747)
Non-controlling interests		(1,162,298)	74,601
		(13,109,008)	**(4,186,146)**
Basic and diluted loss per share attributable to owners of AVZ Minerals Limited (cents per share)	18	(0.19)	(0.22)

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 2021

	Note	Consolidated 2021 $	2020 $
Current Assets			
Cash and cash equivalents	6	2,463,632	14,202,294
Trade and other receivables	7	390,174	395,980
Total Current Assets		2,853,806	14,598,274
Non-Current Assets			
Mineral exploration and evaluation	8	90,525,946	84,896,432
Property, plant and equipment	9	732,585	1,092,204
Right-of-use asset	10	48,099	120,248
Total Non-Current Assets		91,306,630	86,108,884
Total Assets		**94,160,436**	**100,707,158**
Current Liabilities			
Trade and other payables	11	469,151	393,576
Provisions	12	72,227	36,714
Financial liabilities	13	6,661,275	-
Lease liability	10	51,343	72,881
Total Current Liabilities		7,253,996	503,171
Non-Current Liabilities			
Financial liabilities	13	-	5,796,838
Lease liability	10	-	51,351
Total Non-Current Liabilities		-	5,848,189
Total Liabilities		**7,253,996**	**6,351,360**
Net Assets		**86,906,440**	**94,355,798**
Equity			
Share capital	14	107,916,233	103,495,333
Reserves	16	3,439,770	9,332,520
Accumulated losses		(34,977,319)	(30,162,109)
Capital and reserves attributable to owners of AVZ Minerals Ltd		76,378,684	82,665,744
Non-controlling interests	22	10,527,756	11,690,054
Total Equity		**86,906,440**	**94,355,798**

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 2021

	Contributed Equity $	Accumulated Losses $	Share Options Reserve $	Foreign Currency Reserve $	Total $	Non-controlling Interests $	Total Equity $
Balance at 1 July 2019	**81,097,191**	**(25,347,888)**	**6,361,769**	**3,268,870**	**65,379,942**	**11,615,453**	**76,995,395**
Loss for the year	-	(5,134,821)	-	-	(5,134,821)	(165,037)	(5,299,858)
Exchange differences on translation of foreign operations	-	-	-	874,074	874,074	239,638	1,113,712
Total comprehensive income/(loss) for the year	-	(5,134,821)	-	874,074	(4,260,747)	74,601	(4,186,146)
Transactions with owners in their capacity as owners:							
Issue of shares	14,287,570	-	-	-	14,287,570	-	14,287,570
Share issue transaction costs	(1,020,748)	-	-	-	(1,020,748)	-	(1,020,748)
Share-based payments	141,000	-	2,029,407	-	2,170,407	-	2,170,407
Performance Rights lapsed	-	320,600	(320,600)	-	-	-	-
Exercise of Options	6,109,320	-	-	-	6,109,320	-	6,109,320
Conversion of Performance Rights	2,881,000	-	(2,881,000)	-	-	-	-
Total transactions with owners in their capacity as owners	22,398,142	320,600	(1,172,193)	-	21,546,549	-	21,546,549
Balance at 30 June 2020	**103,495,333**	**(30,162,109)**	**5,189,576**	**4,142,944**	**82,665,744**	**11,690,054**	**94,355,798**
Balance at 1 July 2020	**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)
Transactions with owners in their capacity as owners:							
Contributions of equity (net of 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
Balance at 30 June 2021	**107,916,233**	**(34,977,319)**	**5,842,246**	**(2,402,476)**	**76,378,684**	**10,527,756**	**86,906,440**

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

For the Year Ended 30 June 2021

	Note	Consolidated 2021 $	2020 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(2,556,182)	(1,921,203)
Interest received		54,880	76,524
Interest expense		(8,266)	(13,839)
COVID-19 cashflow boost government incentive		37,500	42,234
R&D Tax Incentive		926,507	-
Net cash outflow from operating activities	19	**(1,545,561)**	**(1,816,284)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(11,940,729)	(9,448,589)
Payments for property, plant and equipment		(82,048)	(89,240)
Payment of deferred consideration		-	(2,162,731)
Advanced payment to Dathomir (additional 10%)		(685,235)	-
Net cash outflow from investing activities		**(12,708,012)**	**(11,700,560)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		-	14,136,815
Proceeds from exercise of options		3,098,500	6,109,320
Share issue transaction costs		-	(1,020,748)
Proceed from convertible note		-	1,530,531
Payment of convertible note		-	(1,555,529)
Payment of lease liablity		(72,889)	(68,165)
Net cash inflow from financing activities		**3,025,611**	**19,132,224**
Net increase/(decrease) in cash and cash equivalents		(11,227,962)	5,615,380
Exchange rate adjustments		(510,700)	(163,727)
Cash and cash equivalents at the start of the year		14,202,294	8,750,641
Cash and cash equivalents at the end of the year	6	**2,463,632**	**14,202,294**

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 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 $5,537,632 (2020: $5,299,858) and net cash outflows from operating activities of $1,545,561 (2020: $1,816,284). As at 30 June 2021, the Group has a working capital deficit of $4,400,190.

Subsequent to the end of the financial year, in July 2021 , the Company successfully raised A$40 million (before costs) via an institutional placement to investors at $0.13 per new share (See Note 26).

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 2021 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 2021 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 30 June 2017, 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.

(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.

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.

1. Summary of Significant Accounting Policies (continued)

(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 2021, 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 2020.

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 2021. 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) Deferred consideration

Deferred consideration is required to be paid at any time over a three year period. As such management have made judgements around the financing component associated with the deferred consideration, and an estimated repayment date to assess the present value of the deferred consideration.

e) 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 2020 under AASB 16 Leases are discounted using the Group's incremental borrowing rate of 6.6%.

		Consolidated	
		2021 $	2020 $
3.	**Revenue**		
	Interest received	45,347	86,058
	Rental income	-	16,498
	Admin on charges	-	11,044
	COVID-19 cashflow boost government incentive	-	100,000
	Other income	-	3,676
	Total revenue and other income	45,347	217,276

		Consolidated 2021 $	2020 $
4.	**Auditor's Remuneration**		
	Hall Chadwick (WA) Pty Ltd (Formerly Bentleys Audit & Corporate (WA) Pty Ltd)		
	Audit and review of financial statements	80,510	85,000
	Other services	440	-
	Total remuneration of auditors	80,950	85,000

		Consolidated 2021 $	2020 $
5.	**Income Tax Expense**		
(a)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Loss from continuing operations before income tax expense	(5,537,632)	(5,299,858)
	Tax at the tax rate of 30% (2020: 30%)	(1,661,290)	(1,589,957)
	Tax effect of amounts which are not deductible in calculating taxable income:		
	Non-deductible expenses	1,140,012	953,162
	Non-assessable amounts	(277,697)	-
	Unrecognised tax losses	932,085	776,716
	Movement in unrecognised temporary differences	(133,110)	166,304
	Deductible equity raising costs	-	(306,225)
	Income tax expense	-	-
(b)	Deferred tax asset not recognised*		
	Tax losses	4,881,180	3,981,456
	Exploration and expenditure	378,248	494,977
	Other		
	Net deferred tax not recognised	5,259,428	4,476,433

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

		Consolidated 2021 $	2020 $
6.	**Cash & Cash Equivalents**		
	Cash at bank & in hand	2,463,632	14,202,294
	Total cash & cash equivalents	2,463,632	14,202,294

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.01% and 1.60% (2020: 0.01% and 2.9%). Refer to Note 17 for the Group's exposure to interest rate and credit risk.

		Consolidated 2021 $	2020 $
7.	**Trade and Other Receivables**		
	Advances to employees for field work purposes	119,382	66,912
	Accrued interest income	-	9,534
	GST receivable	117,180	179,603
	Deposits and securities	47,378	47,302
	COVID-19 cashflow boost government incentive receivable	-	57,766
	Prepayments	104,236	18,352
	Other receivables	1,998	16,511
	Total trade and other receivables	390,174	395,980

		Consolidated 2021 $	2020 $
8.	**Exploration & Evaluation Expenditure**		
	Opening balance	84,896,432	74,184,250
	Acquisition of further interest (i)	685,235	-
	Exploration costs	12,122,357	9,456,611
	Net exchange differences on translation	(7,178,078)	1,255,571
	Closing balance	90,525,946	84,896,432

(i) On 21 September 2020, AVZ executed a Share Sale Purchase Agreement for an additional 10% equity stake in Dathcom Mining Resources SA from its joint venture partner, Dathomir Mining Resources SARL for US$15.5 million. Under the agreement, AVZ paid US$500,000 in September 2020 to Dathomir as an advance payment, with the remaining US$15M to be paid to Dathomir at any time within 12 months of the Share Sale Purchase Agreement being executed, or as soon as AVZ secures a minimum of US$50 million project financing. Should the payment not be made within 12 months, AVZ will forego its US$500,000 advance payment and lose the rights to secure the additional 10% equity in the Manono Lithium and Tin Project.

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 exploration of the areas of interest, or alternatively, by their sale.

		Consolidated 2021 $	2020 $
9.	**Property, plant and equipment**		
	At cost	1,921,485	1,991,258
	Less: accumulated depreciation	(1,188,900)	(899,054)
		732,585	1,092,204
	Reconciliation		
	Opening balance	1,092,204	1,348,416
	Additions	82,048	89,240
	Depreciation expense	(355,022)	(379,143)
	Foreign currency translation difference movement	(86,645)	33,691
	Closing balance	732,585	1,092,204

		Consolidated 2021 $	2020 $
10.	**Leases**		
(a)	**Amounts recognised in the balance sheet**		
	Rights-of-use asset		
	Balance as at 1 July	120,248	-
	Right-of-use assets recognised	-	192,397
	Less: Depreciation	(72,149)	(72,149)
	Closing balance	48,099	120,248
	Lease liabilities		
	Balance as at 1 July	124,232	-
	Lease liabilities recognised	-	192,397
	Add: Interest	5,640	10,364
	Less: Payment per Consolidated Statement of Cash Flows	(78,529)	(78,529)
	Closing balance	51,343	124,232
	Current	51,343	72,881
	Non-current	-	51,351
	Closing balance	51,343	124,232
(b)	**Amounts recognised in the consolidated statement of profit or loss**		
	Depreciation of right-of-use asset	72,149	72,149
	Interest expense on lease liabilities	5,640	10,364

(c) Leasing Activities

The Company leases the office property at Level 2, 8 Colin Street, West Perth. The lease of the property commenced on 1 March 2019 and remains in force until 28 February 2022.

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.

		2021 $	2020 $
11.	**Trade & Other Payables**		
	Current		
	Trade payables	42,792	320,935
	Employee benefits and related payables	44,218	19,894
	Accrued expenses	368,221	35,000
	FBT Payable	4,204	-
	Others	9,716	17,747
	Total current trade & other payables	469,151	393,576

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

		Consolidated 2021 $	Consolidated 2020 $
12.	**Provisions**		
	Current		
	Employee benefits	72,227	36,714
	Total current provisions	72,227	36,714

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

		Consolidated 2021 $	Consolidated 2020 $
13.	**Financial Liabilities**		
	Acquisition of a 60% interest in Dathcom Mining SA (previously known as Dathcom Mining SAS) on 23 May 2017		
	Deferred Consideration		
	Current Liability		
	Principal	-	1,425,456
	Principal repayments (i)	-	(1,450,241)
	Realised foreign exchange loss on repayments	-	24,785
	Fair value decrease taken to profit or loss	-	-
	Transfer between current/non-current	-	-
	At 30 June	-	-

(i) Paid to La Congolaise D'Exploitation Miniere SA in deferred consideration under the terms of the Joint Venture Agreement. The key terms of the Joint Venture Agreement were disclosed in the company's ASX announcement dated 2 February 2017.

	Consolidated 2021 $	Consolidated 2020 $
13. Financial Liabilities (continued)		
Acquisition of 5% interest in Dathcom Mining SA on 24 June 2019		
Deferred Consideration		
Current Liability		
Principal	5,796,838	712,901
Principal repayments	-	(712,490)
Fair value decrease on repayment	-	(411)
Fair value increase	864,437	-
At 30 June	6,661,275	-
Non-Current Liability		
Opening balance	-	5,074,286
Fair value increase taken to profit or loss	-	722,552
At 30 June	-	5,796,838
Total	6,661,275	5,796,838

On 24 June 2019, the Company announced that it had executed a Share Sale Purchase Agreement ("Agreement") with Dathomir Mining Resources SARL to increase the Group's equity in the Manono Lithium and Tin Project for a total consideration of US$5,500,000. Under the Agreement, the first tranche payment of US$500,000 is to be paid within 14 days of execution and the balance of the consideration can 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 value of the deferred consideration is the board's assessment of the value of contracted future payments issued under the agreement for the acquisition of Dathcom Mining SA. The fair value is based on assumptions to present value the future payments based on a discount rate of 12%. The principal payments are contractually required in U.S. dollars and have been converted to Australian dollars at 30 June 2021.

	Consolidated 2021 $	Consolidated 2020 $
Total Deferred Consideration		
Total current liability	6,661,275	-
Total non-current liability	-	5,796,838
Total Liability	6,661,275	5,796,838

	Consolidated 2021 Shares	Consolidated 2020 Shares	Consolidated 2021 $	Consolidated 2020 $
14. Share capital				
Ordinary shares - fully paid	2,906,165,175	2,838,498,508	107,916,233	103,495,333
Total Share Capital	2,906,165,175	2,838,498,508	107,916,233	103,495,333

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)

Movements in share capital

	Date	Number of Shares	Fair Value per share	Total $
Opening Balance 1 July 2019		2,287,198,459		81,097,191
Conversion of Performance Rights[1]	19-Jul-18	-	$0.029	580,000
Share based payment[2]	5-Jul-19	3,000,000	$0.047	141,000
Conversion of Performance Rights[3]	11-Jul-19	13,950,000	$0.100	1,341,000
Exercise of Listed Options[4]	Various	203,649,049	$0.030	6,109,320
Issue of shares	11-Feb-20	1,000	$0.070	70
Share placement[5]	8-Apr-20	40,000,000	$0.045	1,800,000
Share placement[6]	24-Apr-20	40,000,000	$0.045	1,800,000
Share placement[7]	14-May-20	237,500,000	$0.045	10,687,500
Conversion of Performance Rights[8]	12-Jun-20	13,200,000	$0.072	960,000
Less: Transaction costs arising on share issues		-		(1,020,748)
Closing Balance at 30 June 2020		2,838,498,508		103,495,333
Opening Balance 1 July 2020		2,838,498,508		103,495,333
Exercise of unlisted options[9]	21-Oct-20	10,000,000	$0.060	600,000
Exercise of unlisted options[9]	24-Nov-20	5,000,000	$0.060	300,000
Exercise of unlisted options[9]	10-Dec-20	10,000,000	$0.060	600,000
Exercise of unlisted options[10]	14-Dec-20	4,000,000	$0.057	228,000
Exercise of unlisted options[11]	4-Jan-21	5,000,000	$0.060	300,000
Exercise of unlisted options[11]	13-Jan-21	11,666,667	$0.060	700,000
Exercise of unlisted options[12]	18-Jan-21	4,000,000	$0.065	266,000
Exercise of unlisted options[13]	18-Jan-21	1,000,000	$0.048	47,500
Exercise of unlisted options[14]	19-Jan-21	1,000,000	$0.057	57,000
Conversion of Performance Rights[15]	30-Mar-21	16,000,000	$0.083	1,322,400
Closing Balance at 30 June 2021		2,906,165,175		107,916,233

[1] On 19 July 2018, 20,000,000 Performance Rights vested and were converted to Ordinary Shares. The fair value of the Performance Rights of $580,000 was transferred from Share based payment reserve to Share Capital during the year ended 30 June 2020.

[2] On 5 July 2019, 3,000,000 shares were issued to a supplier in lieu of cash payments for investor relations services received.

[3] On 11 July 2019, 5,000,000 Class C Performance Rights and 8,950,000 Class E Performance Rights vested and converted to Ordinary Shares. The fair value of the Performance Rights of $1,341,000 was transferred from Share based payment reserve to Share Capital.

[4] During the year ended 30 June 2020, a total of 203,649,049 Listed Options (exercisable at $0.03 per share on or before 24 May 2020) were exercised.

[5] On 8 April 2020, the Company completed a $1.8 million placement through the issue of 40,000,000 shares at $0.045 per share and 60,000,002 free-attaching options exercisable at $0.06 per share expiring on 8 April 2022 to Lithium Plus and other sophisticated and professional investors, all of whom are non-related parties.

[6] On 24 April 2020, the Company completed a $1.8 million placement through the issue of 40,000,000 shares at $0.045 per share and 60,000,002 free-attaching options exercisable at $0.06 per share expiring on 8 April 2022 to Lithium Plus and other sophisticated and professional investors, all of whom are non-related parties.

[7] On 14 May 2020, the Company completed a $10.7 million placement through the issue of 237,500,000 shares at $0.045 per share to Yibin Tianyi Lithium Industry Co. Ltd.

[8] On 12 June 2020 the Company issued 13,200,000 fully paid ordinary shares following the vesting of Class E and Class H Performance Rights (Completion of the Definitive Feasibility Study on the Manono Project).

14. Share capital (continued)

Movements in share capital (continued)

[9] 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.
[10] During the year ended 30 June 2021, a total of 4,000,000 Unlisted Options (exercisable at $0.057 per share on or before 5 September 2021) were exercised.
[11] 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.
[12] 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.
[13] 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.
[14] During the year ended 30 June 2021, a total of 1,000,000 Unlisted Options (exercisable at $0.057 per share on or before 5 September 2021) were exercised.
[15] 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).

15. Share Options and Performance Rights

(a) Share Options

	Expiry date	Exercise price (cents)	Balance at start of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of the year
2021							
Unlisted	5-Mar-21	4.75	1,000,000	-	(1,000,000)	-	-
Unlisted	5-Sep-21	5.7	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	6.0	120,000,002	-	(41,666,667)	-	78,333,335
			131,000,002	-	(51,666,667)	-	79,333,335
2020							
Unlisted	28-Apr-20	30.5	30,000,000	-	-	(30,000,000)	-
Listed	24-May-20	3.0	203,649,049	-	(203,649,049)	-	-
Unlisted	5-Mar-21	4.75	1,000,000	-	-	-	1,000,000
Unlisted	5-Sep-21	5.7	5,000,000	-	-	-	5,000,000
Unlisted	5-Mar-22	6.65	5,000,000	-	-	-	5,000,000
Unlisted	8-Apr-22	6.0	-	120,000,002[1]	-	-	120,000,002
			244,649,049	120,000,002	(203,649,049)	(30,000,000)	131,000,002

[1] On 8 April 2020 and 24 April 2020, the Company completed a $3.6 million placement through the issue of 80,000,000 shares at $0.045 per share and 120,000,002 free-attaching options exercisable at $0.06 per share expiring on 8 April 2022 to Lithium Plus and other sophisticated and professional investors, all of whom are non-related parties.

(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
2021							
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	26-Jun-24	-	-	5,200,000	-	-	5,200,000
			36,600,000	33,300,000	(16,000,000)	(9,100,000)	44,800,000

15. Share Options and Performance Rights (continued)

(b) Performance Rights (continued)

	Expiry date	Exercise price (cents)	Balance at start of year	Granted during the year	Converted during the year	Cancelled/ lapsed during the year	Balance at end of the year
2020							
Class B	30-Nov-21	-	7,500,000	-	-	(7,500,000)	-
Class C	12-Oct-18	-	5,000,000	-	(5,000,000)	-	-
Class D	Various	-	14,850,000	-	-	(11,250,000)	3,600,000
Class E	3-Dec-21	-	35,800,000	-	(17,650,000)	(750,000)	17,400,000
Class F	2-Jun-22	-	8,000,000	-	-	-	8,000,000
Class G	2-Jun-22	-	3,000,000	-	-	(3,000,000)	-
Class H	3-Dec-21	-	4,500,000	-	(1,500,000)	-	3,000,000
Class I	11-Nov-20	-	-	3,000,000	-	-	3,000,000
Class J	1-Nov-22	-	-	3,000,000	(3,000,000)	-	-
Class K	3-Dec-21	-	-	1,600,000	-	-	1,600,000
			78,650,000	7,600,000	(27,150,000)	(22,500,000)	36,600,000

		Consolidated 2021 $	Consolidated 2020 $
16.	**Reserves**		
	Share Options Reserve (a)	5,842,246	5,189,576
	Foreign Currency Translation Reserve (b)	(2,402,476)	4,142,944
	Total reserves	3,439,770	9,332,520
(a)	**Share Options Reserve (i)**		
	Opening balance	5,189,576	6,361,769
	Unlisted Options issued during the year	-	-
	Share-based payment expense during the year	2,561,150	2,029,407
	Less: Conversion of Performance Rights	(1,322,400)	(2,881,000)
	Less: Performance Rights lapsed	(586,080)	(320,600)
	Closing balance	5,842,246	5,189,576
(b)	**Foreign Currency Translation Reserve (ii)**		
	Opening balance	4,142,944	3,268,870
	Exchange difference arising on translation of foreign operations	(6,545,420)	874,074
	Closing balance	(2,402,476)	4,142,944

Nature and purpose of reserves

(i) Share Options Reserve
The Share Options Reserve contains amounts received on the issue of options over unissued capital of the Company. It is used to recognise the fair value of options and Performance rights issued to 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:

(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 2021	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest $	Non-interest bearing $	Total $
Financial assets					
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
Financial liabilities					
Trade and other payables	-	-	-	469,151	469,151
Financial liabilities	-	-	-	6,661,275	6,661,275
		-	-	7,130,426	7,130,426

Consolidated 2020	Weighted Average Interest Rate %	Floating Interest Rate $	Fixed Interest $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	1.11%	9,182,294	5,020,000	-	14,202,294
Trade and other receivables	-	-	-	377,628	377,628
		9,182,294	5,020,000	377,628	14,579,922
Financial liabilities					
Trade and other payables	-	-	-	393,576	393,576
Financial liabilities	-	-	-	5,796,838	5,796,838
		-	-	6,190,414	6,190,414

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 2021 and 30 June 2020, the Group's exposure to interest rate risk is 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 2021 and 30 June 2020, the Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

	2021 $	2020 $
Cash and cash equivalents	192,240	2,589,013
Trade & other receivables - current	121,379	58,094
	313,619	2,647,107
Trade and other payables	(4,187)	(24,912)
Financial liabilities	(6,661,275)	(5,796,838)
	(6,665,462)	(5,821,750)

A reasonably possible strengthening (weakening) of the AUD against USD at 30 June 2021 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.

	2021		2020	
	Increase (Decrease) in Equity and Profit or Loss			
	AUD to USD		AUD to USD	
	+10% $	+10% $	+10% $	-10% $
Cash and cash equivalents	(17,478)	17,478	(235,365)	235,365
Trade & other receivables - current	(11,034)	11,034	(5,281)	5,281
	(28,512)	28,512	(240,646)	240,646
Trade and other payables	380	(380)	2,265	(2,265)
Financial liabilities	605,570	(605,570)	526,986	(526,986)
	605,950	(605,950)	529,251	(529,251)

(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
	$	$	$	$	$	$
At 30 June 2021						
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)
Financial liabilities		(6,661,275)	-	-	(6,661,275)	(6,661,275)
	2,280,419	(6,661,275)	-	-	(4,380,856)	(4,380,856)
At 30 June 2020						
Cash and cash equivalents	14,202,294	-	-	-	14,202,294	14,202,294
Trade and other receivables	377,628	-	-	-	377,628	377,628
Trade and other payables	(393,576)	-	-	-	(393,576)	(393,576)
Financial liabilities	-	-	-	(7,271,553)	(7,271,553)	(7,271,553)
	14,186,346	-	-	(7,271,553)	6,914,793	6,914,793

(e) Net fair value

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

Consolidated	2021 Carrying Amount	2021 Net fair Value	2020 Carrying Amount	2020 Net fair Value
	$	$	$	$
Financial assets:				
Cash and cash equivalents	2,463,632	2,463,632	14,202,294	14,202,294
Trade and other receivables - current	285,938	285,938	377,628	377,628
	2,749,570	2,749,570	14,579,922	14,579,922
Financial liabilities:				
Trade and other payables - current	469,151	469,151	393,576	393,576
Financial liabilities - current	6,661,275	6,661,275	-	-
Financial liabilities - non-current	-	-	5,796,838	5,796,838
	7,130,426	7,130,426	6,190,414	6,190,414

(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 2021 $	Consolidated 2020 $
18.	**Loss per Share**		
(a)	**Loss**		
	Loss used in the calculation of basic and diluted EPS ($)	(5,401,291)	(5,134,821)
(b)	**Weighted average number of ordinary shares ('WANOS')**		
	WANOS used in the calculation of basic and diluted loss per share	2,870,608,398	2,379,675,452
		cents per share	cents per share
	Basic and diluted loss per share	(0.19)	(0.22)

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

		Consolidated 2021 $	Consolidated 2020 $
19.	**Cash Flow Information**		
	Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
	Loss for the year	(5,537,632)	(5,299,858)
	Depreciation	355,022	379,143
	Share-based payment	2,561,150	2,170,407
	Movement in fair value of financial liabilities	864,437	722,552
	Interest income accrued	9,534	(9,534)
	Interest expense on convertible note	-	19,126
	Unrealised foreign exchange loss on convertible note	-	(238)
	Net realised and unrealised foreign exchange losses	214,507	42,756
	Depreciation expense of right-of-use asset	72,149	72,149
	Changes in assets and liabilities:		
	(Increase)/Decrease in operating receivables and prepayments	(8,941)	(169,916)
	Increase/(Decrease) in trade and other payables	(75,787)	257,129
	Net cash outflows from operating activities	(1,545,561)	(1,816,284)
	Non-cash investing and financing activities		
	Issue of ordinary shares for investor relations services	-	141,000
	Issue of ordinary shares from conversion of Performance Rights	1,322,400	2,881,000
		1,322,400	3,022,000

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 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

On 21 September 2020, AVZ executed a Share Sale Purchase Agreement for an additional 10% equity stake in Dathcom Mining SA from its joint venture partner, Dathomir Mining for US$15.5 million. Under the agreement, AVZ has paid US$500,000 to Dathomir Mining as an advance payment, with the remaining US$15 million committed to be paid to Dathomir Mining at any time within 12 months of the Share Sale Purchase Agreement being executed, or as soon as AVZ secures a minimum of US$50 million project financing. Since the end of the reporting period, AVZ has purchased Dathomir Mining's 15% shareholding in Dathcom Mining SA (Refer to Note 26).

There are no other commitments or contingent liabilities outstanding at the end of the year.

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[1] 2021	2020
			%	%
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	DRC	Ordinary	60	60
Maji Bora Ya Manono[2]	DRC	Ordinary	100	-
Nyuki Logistics Company[2]	DRC	Ordinary	100	-

[1] The proportion of ownership interest is equal to the proportion of voting power held.
[2] Incorporated on 7 October 2020.

(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 June 2021	30 June 2020
Current Assets	182,622	565,217
Non-current Assets	76,683,367	71,893,672
Total Assets	76,865,989	72,458,889
Current Liabilities	4,187	7,480
Non-current Liabilities	51,736,429	44,654,926
Total Liabilities	51,740,616	44,662,406
Net Assets	25,125,373	27,796,483
Accumulated NCI	10,527,756	11,690,054

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	
	2021 $	2020 $
Key Management Personnel Compensation		
Summary remuneration		
Short-term benefits	1,473,334	1,197,377
Post-employment benefits	30,279	25,074
Share-based payments	1,688,571	1,405,550
Total key management personnel compensation	3,192,184	2,628,001

Details of remuneration disclosures are provided within the audited remuneration report which can be found on pages 14 to 20 of the Directors' report. Refer page 20 for transactions with related parties.

24. Share Based Payments

	Consolidated	
	2021 $	2020 $
Options (a)	-	-
Performance Rights (b)	2,561,150	2,029,407
Total share based payment expense	2,561,150	2,029,407

(a) Options

Share based payment arrangement during the year ended 30 June 2021

No options were issued to current directors and executives as part of their remuneration during year ended 30 June 2021.

Share based payment arrangement granted in prior years and still in existence at 30 June 2021

During the year ended 30 June 2019, 15,000,000 unlisted options were issued to Patersons Securities Limited for being an advisor and underwriter for the February 2019 capital raising. The total fair value of the options was estimated at $587,718 as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	Tranche 1	Tranche 2	Tranche 3
Number granted	5,000,000	5,000,000	5,000,000
Expected volatility (%)	103	103	110
Risk-free interest rate (%)	1.75	1.72	1.69
Expected life of option (years)	2.13	2.63	3.13
Exercise price (cents)	4.75	5.7	6.65
Share price at grant date (cents)	6.5	6.5	6.5
Fair value at grant date (cents)	3.78	3.8	4.1

4,000,000 of Tranche 1 unlisted options were exercised during the year ended 30 June 2019. The remaining 1,000,000 of Tranche 1, 5,000,000 of Tranche 2 and 4,000,000 of Tranche 3 unlisted options were exercised during the year ended 30 June 2021. The remaining 1,000,000 Tranche 3 unlisted options have a remaining contractual life of 248 days.

24. Share Based Payments (continued)

(b) Performance Rights

Share based payment arrangement during the year ended 30 June 2021
On 12 October 2020, 4,000,000 Class L Performance Rights were issued to consultants of the Company. These Performance Rights are split into three tranches with the following vesting conditions:

1. Tranche 1 – 2,000,000 shall vest upon executing an offtake agreement for at least 50% of the product (Lithium and Tin) in the Manono Project.
2. Tranche 2 – 1,000,000 shall vest upon executing an offtake agreement for at least 75% of the product (Lithium and Tin) in the Manono Project.
3. Tranche 3 – 1,000,000 shall vest upon executing an offtake agreement for at least 100% of the product (Lithium and Tin) in the Manono Project.

Class L	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Value per Performance Right on Grant Date ($)	Total Fair Value ($)	% Vested
	4,000,000	12-Oct-20	Nil	3-Dec-21	0.08	$320,000	50%

The 4,000,000 Class l Performance Rights were valued using the underlying share price at grant date.

2,000,000 Tranche 1 of Class L Performance Rights vested and were converted on 31 March 2021.

Share based payment of $299,150 in relation to Class L Performance Rights has been expensed to statement of profit or loss and other comprehensive income over its vesting period.

On 10 December 2020, 24,100,000 Class M Performance Rights were issued to Directors and employees of the Company. These Performance Rights are split into three tranches with the following vesting conditions:

1. Tranche 1 – 3,000,000 shall vest upon upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) from the Manono Project.
2. Tranche 2 – 3,000,000 shall vest upon the completion of the Manono Project financing.
3. Tranche 3 – 18,100,00 shall vest upon the Company making a Decision to Mine in respect of the Manono Project.

Class M	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
	24,100,000	10-Dec-20	Nil	9-Dec-23	0.098	$2,361,800	19%

1,500,000 Tranche 3 of Class M Performance Rights were cancelled when an employee resigned.

3,000,000 Tranche 1 of Class M Performance Rights vested and were converted on 31 March 2021.

Share based payment of $1,714,733 in relation to Class M Performance Rights has been expensed to statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

24. Share Based Payments (continued)

(b) Performance Rights (continued)

Share based payment arrangement during the year ended 30 June 2021 (continued)
On 29 June 2021, 5,200,000 Class N Performance Rights were issued to employees and consultants of the Company. These Performance Rights are split into two equal tranches with the following vesting conditions:

1. Tranche 1 – 2,600,000 shall vest upon upon the completion of the Manono Project financing.
2. Tranche 2 – 2,600,000 shall vest upon the Company making a Final Investment Decision (FID) in respect of the Manono Project.

Class N	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
	5,200,000	29-Jun-21	Nil	29-Jun-24	0.16	$832,000	Nil

Share based payment of $8,946 in relation to Class N Performance Rights has been expensed to the statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

During the year ended 30 June 2021, 16,000,000 Performance Rights vested and were converted to Ordinary Shares following the satisfaction of various vesting conditions as below:

1. 8,700,000 Class E Performance Rights vested upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) in the Manono Lithium Project.
2. 1,500,000 Class H Performance Rights vested upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) in the Manono Lithium Project.
3. 800,000 Class K Performance Rights vested upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) in the Manono Lithium Project.
4. 2,000,000 Class L Performance Rights vested upon executing an offtake agreement for at least 50% of the product (Lithium and Tin) in the Manono Lithium Project.
5. 3,000,000 Class M Performance Rights vested upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) in the Manono Lithium Project.

During the year ended 30 June 2021, 9,100,000 Performance Rights lapsed/cancelled due to the following:

1. 3,600,000 Class D Performance Rights which vest if the 10-day VWAP for the Shares on the ASX is $0.34-$0.44 or higher for the period commencing 6 months from the date of issue lapsed when the vesting conditions were not met.
2. 1,000,000 Class E Performance Rights were cancelled when an employee resigned.
3. 3,000,000 Class I Performance Rights which vest if the volume weighted average share price ("VWAP") for the shares on the ASX is A$0.10 or higher during the vesting period for a period of consecutive 15 trading days when vesting conditions were not met.
4. 1,500,000 Class M Performance Rights were cancelled when an employee resigned.

Share based payment arrangement granted in prior years and still in existence at 30 June 2021

750,000 Class D Performance Rights were cancelled on 11 July 2019 when an employee resigned. 3,600,000 Class D Performance Rights lapsed on 5 February 2021. As such, there are no Class D Performance Rights in existence at 30 June 2021.

Share based payment of $91,833 (2020: $152,777) in relation to Class D Performance Rights has been expensed to statement of profit or loss and other comprehensive income over its vesting period.

24. Share Based Payments (continued)

(b) Performance Rights (continued)

Share based payment arrangement granted in prior years and still in existence at 30 June 2021 (continued)

On 30 November 2018, 35,800,000 Class E Performance Rights were granted to directors, employees and contractors of the Company, with the vesting terms as below:

1. Tranche 1 – 8,950,000 Performance Rights shall vest upon the Company defining a 150Mt measured and indicated mineral resource in accordance with the JORC Guidelines with a minimum 1% Li2O being delineated within the Manono Project area.
2. Tranche 2 – 8,950,000 Performance Rights shall vest upon completion of a Feasibility Study on the Manono Project.
3. Tranche 3 – 8,950,000 Performance Rights shall vest upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) from Manono Project.
4. Tranche 4 – 8,950,000 Performance Rights shall vest upon the completion of the Manono Project financing.

Class E	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested/ Cancelled
Tranche 1	8,950,000	30-Nov-18	Nil	3-Dec-21	0.08	$716,000	100%
Tranche 2	8,950,000	30-Nov-18	Nil	3-Dec-21	0.08	$716,000	100%
Tranche 3	8,950,000	30-Nov-18	Nil	3-Dec-21	0.08	$716,000	100%
Tranche 4	8,950,000	30-Nov-18	Nil	3-Dec-21	0.08	$716,000	11%

8,950,000 Tranche 1 Class E Performance Rights vested and converted on 11 July 2019. 750,000 of Tranche 2, 3 and 4 Performance Rights were cancelled when an employee resigned. 8,700,000 Tranche 2 Performance Rights vested and converted on 12 June 2020.

8,700,000 Tranche 3 Performance Rights vested and converted on 31 March 2021. 1,000,000 of Tranche 4 Performance Rights were cancelled when an employee resigned.

The share based payments in relation to Class E Performance Rights of $143,393 (2020: $1,028,965) were expensed to the statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

On 3 June 2019, 8,000,000 Class F Performance Rights were issued to a contractor of the Company, with the vesting terms as below:

1. Tranche 1 – 2,000,000 Performance Rights shall vest upon successfully converting the Manono Project licence from PR to PE and lodgement of the Bankable Feasibility Study with the DRC and Provincial Government.
2. Tranche 2 – 2,000,000 Performance Rights shall vest on completion and acceptance of the Mining Convention by the DRC Government, ensure Manono Project licence remains in good standing with the relevant government departments.
3. Tranche 3 – 4,000,000 Performance Rights shall vest upon the issue of a legally binding exoneration on corporate and regional tax and import duty on major capital items for a period of 3 years from start-up – in event that the Company secures a longer period a further tranche will be awarded pro-rata, i.e. 6 years a further 2 million.

24. Share Based Payments (continued)

(b) Performance Rights (continued)

Share based payment arrangement granted in prior years and still in existence at 30 June 2021 (continued)

Class F	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
Tranche 1	2,000,000	3-Jun-19	Nil	3-Jun-22	0.08	$160,000	Nil
Tranche 2	2,000,000	3-Jun-19	Nil	3-Jun-22	0.08	$160,000	Nil
Tranche 3	4,000,000	3-Jun-19	Nil	3-Jun-22	0.08	$320,000	Nil

The share based payments in relation to Class F Performance Rights of $168,980 (2020: $376,004) were expensed to the statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

On 3 June 2019, 4,500,000 Class H Performance Rights were issued to a director of the Company, with the vesting terms as below.

1. Tranche 1 – 1,500,000 Performance Rights shall vest upon Performance Rights shall vest upon the completion of Feasibility Study on the Manono Project.
2. Tranche 2 – 1,500,000 Performance Rights shall vest executing an offtake agreement for at least 25% of the product (Tin and Lithium) from the Manono Project.
3. Tranche 3 – 1,500,000 Performance Rights shall vest upon the completion of the Manono Project financing.

Class H	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
Tranche 1	1,500,000	3-Jun-19	Nil	3-Dec-21	0.08	$120,000	100%
Tranche 2	1,500,000	3-Jun-19	Nil	3-Dec-21	0.08	$120,000	100%
Tranche 3	1,500,000	3-Jun-19	Nil	3-Dec-21	0.08	$120,000	Nil

1,500,000 Tranche 1 of Class H Performance Rights vested and were converted on 12 June 2020.

1,500,000 Tranche 2 of Class H Performance Rights vested and were converted on 31 March 2021.

The share based payments in relation to Class H Performance Rights of $45,571 (2020: $291,391) were expensed to the statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

The 3,000,000 Class I Performance Rights expired unexercised on 11 November 2020 due to vesting conditions not being met. As such, there are no Class I Performance Rights in existence at 30 June 2021.

Share based payment of $17,207 (2020: $29,793) in relation to Class I Performance Rights has been expensed to statement of profit or loss and other comprehensive income over its vesting period.

On 12 June 2020, 1,600,000 Class K Performance Rights were issued to employees of the Company. These Performance Rights are split into two equal tranches with the following vesting conditions:

1. Tranche 1 – 800,000 shall vest upon upon executing an offtake agreement for at least 25% of the product (Lithium and Tin) from the Manono Project.
2. Tranche 2 – 800,000 shall vest upon the completion of the Manono Project financing.

24. Share Based Payments (Continued)

(b) Performance Rights (continued)

Share based payment arrangement granted in prior years and still in existence at 30 June 2021 (continued)

Class K	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
Tranche 1	800,000	12-Jun-20	Nil	3-Dec-21	0.058	$46,400	100%
Tranche 2	800,000	12-Jun-20	Nil	3-Dec-21	0.058	$46,400	Nil

Share based payment of $71,336 (2020: $12,477) in relation to Class K Performance Rights has been expensed to statement of profit or loss and other comprehensive income over its vesting period at a 100% probability of meeting vesting conditions.

800,000 Tranche 1 of Class K Performance Rights vested and were converted on 31 March 2021.

All remaining 44,800,000 Performance Rights at 30 June 2021 have a weighted average remaining contractual life of 449 days.

(c) Shares issued as share based payments

There were no shares issued as share based payments for the year ended 30 June 2021.

During the year ended 30 June 2020, the Company settled payments for investor relation services received through the issue of ordinary shares. On 5 July 2019, the Company issued 3,000,000 shares to a supplier in lieu of cash payments for investor relation services received. The share-based payment was valued at the fair value of the services received. The shares were issued at the share price of 4.7c. Expenses of $141,000 were recognised as investor relations fees in the statement of profit or loss and other comprehensive income.

		Company 2021 $	Company 2020 $
25.	**Parent Entity Information**		
(a)	Assets		
	Current assets	2,547,511	14,024,919
	Non-current assets	84,008,007	71,148,634
	Total assets	86,555,518	85,173,553
(b)	Liabilities		
	Current liabilities	7,249,805	495,691
	Non-current Liabilities	-	5,848,189
	Total liabilities	7,249,805	6,343,880
	Net Assets	79,305,713	78,829,673
(c)	Equity		
	Contributed equity	107,916,233	103,495,333
	Accumulated losses	(34,452,767)	(29,855,236)
	Reserves	5,842,247	5,189,576
	Total equity	79,305,713	78,829,673
(d)	Total comprehensive loss for the year		
	Loss for the year	(5,183,611)	(4,887,265)
	Other comprehensive income for the year	-	-
	Total comprehensive loss for the year	(5,183,611)	(4,887,265)

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

In July 2021, the Company issued 307,692,308 new shares at $0.13 per share via a share placement to raise $40 million (before costs) from high-quality institutional, sophisticated and professional investors. Proceeds from the placement, increased AVZ's cash reserve, which allowed 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 Final Investment Decision (FID) on the Manono Project.

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.

On 8 September 2021, the Company advised it had issued 16,675,000 Performance Rights to employees and consultants under the Company's Performance Rights Plan. In addition, the Company advised it was proposing to issue 31,750,000 Performance Rights to Directors subject to shareholder approval at the Company's 2021 Annual General Meeting to be held on 18 November 2021.

On 24 September 2021, a wholly owned entity of the Company, AVZ International Pty Ltd (the holder of the Company's equity interest in the Manono Project) executed a "Transaction Implementation Agreement" with Suzhou CATH Energy Technologies Co. Ltd and related parties ("Suzhou Group") in which AVZ International has agreed, on the achievement of certain key project and corporate milestones, to divest a 24% equity interest in Dathcom Mining SA (the owner of the Manono Project tenements) to the Suzhou Group for US$240 million.

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.

26. Events Occurring after the Reporting Date (continued)

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 24 to 57 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 2021 and of its performance for the financial year ended on that date; and

(b) the audited remuneration disclosures set out on pages 14 to 20 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 2021

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 2021, 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 2021 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.

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
Accounting for Share Based Payments As disclosed in note 24 to the financial statements, during the year ended 30 June 2021 the Consolidated Entity incurred share based payments expense of $2,561,150. Share based payments are considered to be a key audit matter due to • the value of the transactions; • the complexities involved in the recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuations.	Our procedures amongst others included: • Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with *AASB 2 Share Based Payments*; • Evaluating valuation models and assessing the assumptions and inputs used; • Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; • Assessing the achievement of relevant milestones; and • Assessing the adequacy of the disclosures included in Note 24 to the financial statements.
Financial liabilities As disclosed in note 13 of the financial statements, the Consolidated Entity had deferred consideration payable of $6,661,275 for the acquisition of 5% interest in Dathcom Mining SA which is repayable in June 2022. Financial liabilities are considered to be a key audit matter due to the value of the transactions.	Our procedures amongst others included: • Verifying of first tranche payment to bank statements; • Assessing the accuracy of the calculations and discount rate applied and • Assessing the adequacy of the disclosures included in Note 13 to the financial statements.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Exploration and Evaluation Expenditure

As disclosed in note 8 to the financial statements, as at 30 June 2021, the Consolidated Entity’s capitalised exploration and evaluation expenditure was carried at $90,525,946.

The recognition and recoverability of the exploration and evaluation expenditure was considered a key audit matter due to:
• The carrying value represents a significant asset of the Consolidated 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
• Determining whether impairment indicators exist involves significant judgement by management</td><td>Our audit procedures included but were not limited to:
• Assessing management’s determination of its areas of interest for consistency with the definition in AASB 6 Exploration and Evaluation of Mineral Resources (“AASB 6”);
• Assessing the Consolidated Entity’s rights to tenure;
• 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 Consolidated Entity’s accounting policy and the requirements of AASB
• 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:
  ○ The licenses for the rights to explore expiring in the near future or are not expected to be renewed;
  ○ Substantive expenditure for further exploration in the area of interest is not budgeted or planned;
  ○ 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
  ○ 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.
• We also assessed the appropriateness of the related disclosures in note 8 to the financial statements.</td></tr>
</table>

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 2021, 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:

- 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.

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 2021. 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 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

CHRIS NICOLOFF CA
Partner

Dated at Perth this 30th day of September 2021