# Financial Report

30 June 2023


Green Lithium™

# Corporate Directory

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|---|---|
| **DIRECTORS** | Dr John Clarke (Non-Executive Chairman)<br>Nigel Ferguson (Managing Director)<br>Graeme Johnston (Technical Director)<br>Serge Ngandu (Executive Director)<br>Rhett Brans (Non-Executive Director)<br>Dr Casta Tungaraza (Non-Executive Director) |
| **CHIEF FINANCIAL OFFICER** | Jan de Jager |
| **COMPANY SECRETARIES** | Jan de Jager<br>Benjamin Cohen |
| **PRINCIPAL PLACE OF BUSINESS & REGISTERED OFFICE** | Level 2, 1 Walker Avenue<br>West Perth WA 6005<br>T: +61 8 6186 7600<br>F: +61 8 6118 2106 |
| **SHARE REGISTRY** | Automic Registry Services<br>Level 5, 191 St. George's Terrace<br>Perth WA 6000<br>T: 1300 288 664 (within Australia)<br>: +61 8 9698 5414 (outside Australia)<br>E: hello@automic.com.au |
| **AUDITORS** | Hall Chadwick WA Audit Pty Ltd<br>283 Rokeby Road<br>Subiaco WA 6008<br>T: +61 8 9426 0666 |
| **SECURITIES EXCHANGE LISTING** | Australian Securities Exchange (ASX)<br>(Home Exchange: Perth, Western Australia)<br><br>ASX Code: AVZ<br>OTC Markets Group Code: AZZVF |
| **WEBSITE ADDRESS** | www.avzminerals.com.au |

# Table of Contents



# Review of Operations

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

### Overview

Since February 2017, AVZ has successfully executed a strategy that has developed and progressed the Manono Project, believed to be the largest and one of the highest grade undeveloped hard rock lithium projects globally, to a stage where all technical and engineering work is complete.

The AVZ Board and executive management team continue to work tirelessly to execute on its strategy to progress the Manono Project to generate value for all shareholders and is in advanced stage discussions with DRC authorities while awaiting the granting of the Mining Licence.

AVZ's securities remained in suspension during FY23 pending a resolution and clarity on the mining and exploration rights for the Manono Project. The initial suspension was instigated at the request of the Company in May 2022 under Australian Stock Exchange ("ASX") rule 17.2 and subsequently reverted to a suspension under rule 17.3.1, following the Company's response to an ASX Query Letter dated 11 April 2023.

Throughout FY23, the Company maintained, and continues to maintain clear title to a controlling interest in the Manono Project, via its 75% interest in Dathcom Mining SA ("Dathcom") and its pre-emptive rights over 15% of the 25% interest held by La Congolaise d'Exploitation Minière (Cominière).

The Company has been and continues to be engaged in various legal proceedings relating to baseless claims over its ownership interests in the Manono Project , including with parties seeking to unlawfully acquire an interest in the Manono Project for themselves, through an unlawful purported acquisition of shares in Dathcom, highlighted by the DRC General Inspectorate of Finance report ("IGF Report"), released during FY23 into the mismanagement of mining assets by Cominière.

The Company continued to facilitate the development of the Project, completing an early works program, which included essential infrastructure upgrades, procurement of equipment and construction of camp facilities to accommodate the workforce for the first stage of the construction program.

The Roche Dure North-East extension drilling program was completed which included a 53 hole drilling campaign, returning excellent assay results and confirming an extension of the orebody model by a further 700 metres along strike.

The Company, its subsidiaries and Dathcom, has and will continue to take all actions necessary, to protect its legal rights in the Manono Project, the interests of its shareholders and other stakeholders, not the least the people of the DRC.

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

### Suspension and Mining Licence

The Company has continued its discussions with the DRC Government during FY23 with respect to the grant of the Mining Licence and Dathcom's continuing exploration rights for the Manono Project.

On 6 February 2023, the Company confirmed it was in receipt of two additional Ministerial Decrees from the DRC Minister of Mines, dated 28 January 2023, which had the effect of:

- Reversing the Ministerial Decree which converted the southern portion of Licence PR 13359 from a Permis de Recherche PR or Exploration Licence) to a Permis d'Exploitation (PE or Mining Licence); and

- Reversing the Ministerial Decree which acknowledged a declaration of partial renunciation of PR 13359 by Dathcom, i.e. the excluded northern portion of PR 13359 that was not covered by the Ministerial Decree to convert the PR to a PE or Mining Licence.

Post financial year end, discussions continued with the DRC Government to a firm pathway that will lead to the granting of the Mining Licence to Dathcom and the development of the Manono Project for the mutual benefit of all stakeholders.

*Refer to ASX Announcement dated 6 February 2023 titled "Issue of two new Ministerial Decrees – Manono Lithium and Tin Project"*

*Refer to ASX Announcements dated 12 April 2023 titled "Continuation of Suspension from Quotation" and "Response to ASX aware letter"*

## Arbitration Proceedings

As previously disclosed, the Company and its subsidiaries are involved in a number of ongoing arbitration proceedings which involve:

- Dathcom Mining SA (Dathcom) which is the entity that holds PR 13359 in respect of the Manono Project and the grant of an exploitation licence (PE) in respect of that licence;
- AVZ International Pty Ltd (AVZI) which is the wholly owned subsidiary of AVZ that holds 75% of the shares in Dathcom pursuant to the Dathcom joint venture agreement dated 27 January 2017, as amended from time to time (Dathcom JVA);
- La Congolaise d'Exploitation Minière (Cominière) which the state-owned entity which holds a minority shareholding in Dathcom;
- Dathomir Mining Resources SARLU (Dathomir) which is a former minority shareholder in Dathcom; and
- Jin Cheng Mining Company (Jin Cheng) which is the subsidiary of Zijin Mining Limited (Zijin) which alleges it acquired a minority shareholding in Dathcom from Cominière.

The arbitration proceedings comprise:

1. the three ICC arbitration proceedings involving Cominière and/or Jin Cheng in relation to Cominière's purported sale of a 15% shareholding in Dathcom to Jin Cheng in breach of AVZI's pre-emptive right and other issues of compliance with the Dathcom JVA;
2. the two ICC arbitration proceedings involving Dathomir in relation to its attempts to dispute the sale of its 15% shareholding in Dathcom; and
3. the ICSID arbitration proceedings against the Democratic Republic of the Congo (DRC) in relation to its failure to procure the expeditious grant to Dathcom of an exploitation permit in respect of the Manono Project.

AVZ believes Jin Cheng, Dathomir and Cominière are acting in concert to crystalise disputes with AVZ and disrupt and delay the development of the Manono Project with the aim of seizing control of the Manono Project. Their conduct has contributed to the delay in granting the exploitation permit and therefore led to the commencement of the ICSID proceedings.

## Cominière & Jin Cheng Disputes

The Cominière/Jin Cheng dispute comprises three separate but related proceedings:

- ICC arbitration proceeding (ICC No. 26986/SP) issued by Jin Cheng seeking orders to the effect the articles of association of Dathcom to reflect Jin Cheng as a 15% shareholder of Dathcom;
- ICC arbitration proceedings (ICC No. 27720/SP) issued by AVZ International Pty LTD (AVZI) against Cominière seeking (i) declarations that the purported sale by Cominière to Jin Cheng of a 15% shareholding in Dathcom was ineffective and that the purported termination of the Dathcom JVA by Cominière was invalid and (ii) damages for Cominière's various disrupting actions made in breach of the Dathcom JVA; and
- ICC arbitration proceedings (ICC No. 27769/SP) issued by Cominière and Jin Cheng against AVZI seeking a declaration that the Dathcom JVA was terminated and damages for breach of the Dathcom JVA.

## ICC proceedings by Jin Cheng

On or about 22 April 2022, Jin Cheng issued proceedings at the ICC seeking orders to the effect the articles of association of Dathcom to reflect Jin Cheng as a 15% shareholder of Dathcom.

In these proceedings, AVZI has disputed that the ICC has jurisdiction on the basis Jin Cheng is not entitled to have recourse to arbitration because it is not a shareholder of Dathcom because the purported acquisition of its 15% shareholding from Cominière was ineffective as it occurred in contravention of AVZI's pre-emptive right.

The ICC Tribunal is determining the issue of jurisdiction as a preliminary question. That preliminary question was listed for hearing in July 2023, but Jin Cheng sought a postponement of the hearing to give it an opportunity to address allegations raised by AVZI that the sale from Cominière to Jin Cheng was also tainted by corruption.

AVZ is confident AVZI's jurisdictional challenge will be successful, which will affirm that Jin Cheng does not have the right to instigate the ICC arbitration proceedings against AVZI as it is not (and never has been) a shareholder in Dathcom.

## ICC proceedings against Cominière

On 11 April 2023, AVZI issued the proceedings against Cominière to ensure Cominière is liable for (i) breach of the pre-emptive right and (ii) other disruptive actions made in breach of the Dathcom JVA.

Following the introduction of these proceedings, Cominière purported to terminate the Dathcom JVA on the grounds of alleged breaches of the Dathcom JVA by AVZI under various spurious grounds. AVZ does not believe AVZI breached the Dathcom JVA and disputes that the termination occurred in accordance with the Dathcom JVA.

AVZI thus brought a successful emergency arbitration application under ICC rules, restraining Cominière from taking any actions with regards to its purported termination of the Dathcom JVA.

The Emergency Arbitrator's determination included financial penalty orders for violations of the restraining order issued against Cominière, including a penalty of 50,000 Euros per day of violation, whilst ordering Cominière to pay 90% of the legal costs incurred by the Company in respect to the emergency arbitration action.

*Refer to ASX Announcement dated 8 May 2023 titled "Favourable Ruling in ICC Emergency Arbitration Proceedings against Cominière"*

AVZ is of the opinion Cominière has acted in contravention of the Emergency Arbitrator's order including by seeking to have PR 13359 transferred from Dathcom to Cominière. AVZI will take action in respect of this contravention at the appropriate time.

These proceedings will in due course be heard by a 3-member tribunal. AVZ remains confident AVZI will ultimately obtain declarations that the Dathcom JVA remains on foot and that the purported sale of a 15% shareholding in Dathcom by Cominière to Jin Cheng was invalid.

## ICC proceedings by Cominière and Jin Cheng

On or about 28 April 2023, Cominière and Jin Cheng jointly issued proceedings against AVZI seeking a declaration the Dathcom JVA was terminated and damages for breach of the Dathcom JVA.

Following the commencement of these proceedings, Cominière and Jin Cheng filed a request for consolidation of the three proceedings (ICC No. 26986/SP, ICC No. 27720/SP and ICC No. 27769/SP). AVZ believes the primary motive of Cominière and Jin Cheng in commencing and seeking consolidation of these proceedings was to delay the determination of the jurisdictional issue in the proceedings commenced by Jin Cheng and the constitution of the tribunal, which will hear AVZI's claims against Cominière.

*Refer to ASX announcement dated 15 May 2023 titled "Receipt of Request for ICC Arbitration Proceedings from Cominière and Jin Cheng"*

Subsequent to 30 June 2023, this application was refused by the ICC.

AVZ remains confident the Tribunal will rule that the Dathcom JVA is not terminated and that it is in fact Cominière who has breached the Dathcom JVA.

## Dathomir Dispute

The Dathomir arbitration proceedings comprise two separate proceedings:

- ICC proceedings (ICC No. 27425/SP) were instituted by AVZI to obtain confirmation AVZI validly acquired a further 5% shareholding in Dathcom pursuant to an agreement executed in 2019; and
- ICC proceedings (ICC No. 27401/SP) were instituted by AVZ and AVZI to obtain confirmation AVZI validly acquired a further 10% shareholding in Dathcom pursuant to an agreement executed in 2020.

AVZ paid the purchase prices and completed both sales in 2021, but Dathomir purported to terminate the sale agreements and sought to renegotiate the purchase price. Dathomir then issued various proceedings in the DRC to challenge the sale and prevent the registration of the share transfers. However, according to the sale agreements, any dispute needed to be resolved by arbitration.

Consequently, on or about 1 December 2022 and 9 December 2022, AVZI and AVZ were forced to commence the two ICC arbitration proceedings.

The two proceedings will be heard separately by different three member tribunals because the two sale agreements have different governing laws.

In relation to the proceedings in respect of the 2019 sale agreement, Dathomir applied to the ICC Tribunal (ICC No. 27401/SP) for orders to keep the arbitration proceedings confidential. AVZ and AVZI successfully opposed those orders with the ICC refusing to make confidentiality orders.

On or about 4 September 2023, Dathomir issued proceedings in the DRC seeking to have Dathcom wound-up on the grounds the Dathcom JVA had been terminated and PR 13359 transferred from Dathcom to Cominière.
AVZ believes Dathomir is acting on behalf of Cominière who is prevented from taking such action by the order of the Emergency Arbitrator.

AVZI will vehemently oppose these new proceedings by all available legal means.

## ICSID Proceedings

On 8 June 2023, AVZ's subsidiaries commenced ICSID proceedings against the DRC in relation to its failure to procure the expeditious grant to Dathcom of an exploitation permit in respect of the Manono Project in accordance with the Mining Code.

The ICSID proceedings commenced as a last resort after a lengthy dialogue with the DRC Government had failed to procure the grant of the exploitation licence in accordance with the Mining Code.

AVZ acknowledges the coordinated actions of Jin Cheng, Dathomir and Cominière has contributed to the delay in granting the exploitation licence.

AVZ remains in sustained and constructive dialogue with the DRC Government with respect to the grant of the exploitation licence and the withdrawal of the ICSID proceedings. The ICSID Tribunal has not yet been fully constituted and AVZ remains hopeful a resolution can be achieved before further steps need to be taken in the ICSID proceedings.

*Refer to ASX Announcement dated 9 June 2023 titled "Confirmation of Registration of the Request for ICSID Arbitration Proceedings against the Democratic Republic of Congo"*

*Refer to ASX Announcement dated 27 September 2023 titled "Arbitration Proceedings Update"*

## IGF Report

On 30 November 2022, the DRC's General Inspectorate of Finance released its report on the management of mining assets in the DRC by Cominière ("IGF Report")

A copy of the original IGF report is available at http://igf.gouv.cd/rapports.
An English translation of the IGF Report is published on AVZ's website at www.avzminerals.com.au

The DRC General Inspectorate of Finance was authorised to investigate the following matters:

- Whether Cominière's purported sale of its 15% interest in the issued shares of Dathcom Mining SA ("Dathcom") to Jin Cheng Mining ("Jin Cheng Sale") was proper and appropriate;
- Any liability in connection with the Jin Cheng Sale; and

- The legality of Cominière's and Dathomir's other recent conduct.

By way of summary, the IGF Report included the following conclusions reached by the DRC General Inspectorate of Finance:

- Cominière has acted in violation of its Articles of Association in respect of its transfers of mining titled to "external partners" without obtaining financial guarantees;
- Cominière has acted contrary to the DRC Mining Code in respect of its transfers of mining licences without such transfer having undergone the required prior assessment by a competent DRC governmental authority;
- The Jin Cheng Sale was subject to several irregularities including the failure to select the Government's technical body for the valuation of the 15% interest the subject of the Jin Cheng Sale, and the failure to consider the Definitive Feasibility Study valuation completed in respect of the Manono Project;
- Cominière had inappropriately allocated approximately USD6,800,000 out of the total USD33,440,000 in proceeds from the purported Jin Cheng Sale for operating needs (including for commissions, fees and exceptional remunerations of all those who would have otherwise contributed to the operation) to the detriment of productive investments; and
- Dathomir failed to comply with its obligations under the incorporated joint venture agreement in respect of Dathcom dated 27 January 2017, as amended from time to time ("Dathcom JVA");

In response to the findings of the DRC General Inspectorate of Finance, AVZ confirmed:

- AVZ acquired valid and legal title to the 60% of shares issued in Dathcom, including, for the avoidance of doubt, as a consequence of the waiver of any rights of Cominière and Dathomir under the Dathcom JVA by virtue of their entry into the same agreement; and
- Following AVZ's acquisition of its initial 60% of shares issued in Dathcom, AVZ performed the funding obligations under the Dathcom JVA.

## Early Works Program at Manono Camp Site

The Company completed an early works program during FY23, which included essential infrastructure upgrades, procurement of 'early works' equipment and construction of workforce camp facilities, all in anticipation of Dathcom receiving its long-awaited Mining Licence.

## Roche Dure North-East Extension Drilling Program

A 53-hole diamond drilling program was conducted during FY23 demonstrating solid grade continuity both along strike and down dip from the current open pit design.

The current drilling information at Roche Dure now extends more than 1.8 kilometres from 6,600mN to 8,400mN and to a nominal depth of about 300 metres below ground surface. The orebody remains open along strike in both directions as well as down dip.

*Refer ASX Announcements dated 31 October 2022 titled "Positive Results from Initial Roche Dure Extension Drilling Program; 1 December 2022 titled "Further positive results confirmed at Roche Dure extension drilling program"; 28 February 2023 and 22 March 2023 titled "Further Positive Results from Roche Dure Extension Drilling Program" and 30 June 2023 titled "Excellent Results from Roche Dure Extension Drilling Program*

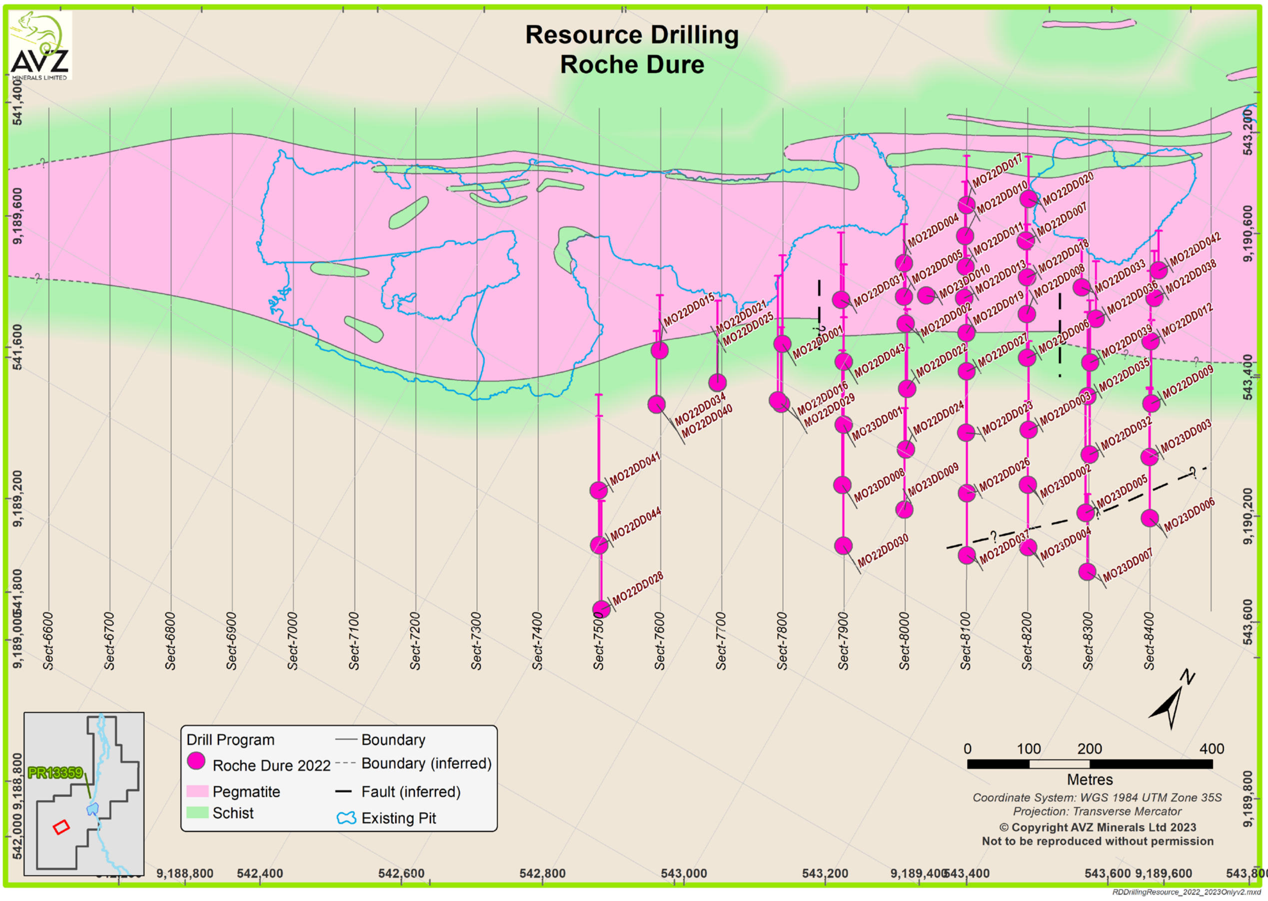



*Figure 1: Locations of the 2022 and 2023 drill holes*

## Extension of Transaction Implementation Agreement ("TIA") with CATH

AVZ received continued support from its cornerstone investor, Suzhou CATH Energy Technologies ("CATH"), who signed on in September 2021 to develop the Manono Project. Under the TIA, CATH will invest US$240M in the Manono Project for a 24% direct equity interest, as well as funding their pro rata portion of project development capital. AVZ and CATH remain committed to the TIA and agreed it would remain valid until either the completion or cancellation by both parties in accordance with the terms of the TIA.

*Refer ASX Announcement dated 27 September 2021 titled "Cornerstone investor secured for development of Manono Lithium and Tin Project"*
*Refer ASX Announcements dated 30 September 2022, 3 January 2023, 28 February 2023 and 4 April 2023 titled "Extension of End Date to the Transaction implementation Agreement" and ASX Announcement dated 3 July 2023 titled "Continuation of Transaction Implementation Agreement"*

## Proposed Class Action

AVZ is aware of an announcement by litigation funder Omni Bridgeway that it has agreed to fund a class action by shareholders of AVZ against the Company. As of 30 June 2023, no proceedings have been served on AVZ in connection with Omni Bridgeway's announcement.

*Refer ASX Announcement dated 23 December 2022 "Omni Bridgeway announcement" and 15 December 2023, "Disclosure Clarifications – AFR Article"*

## Expiration of Performance Rights

During the financial year ended 30 June 2023 a total of 8,683,000 Performance Rights lapsed.

A further 6,883,000 Performance Rights lapsed post financial year end on 19 July 2023.

As of 30 June 2023, the Company confirmed its current securities on issue were as follows:

| Quoted Securities | Number |
|---|---|
| Ordinary Fully Paid | 3,528,729,748 |

| Unquoted Securities | Number |
|---|---|
| Performance Rights | 53,491,600 |

## Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 30 June 2023):

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

**AVZ through its wholly owned entity, AVZ International Pty Ltd ("AVZI") has a75% legal interest in the Manono Project. On 27 September 2021, AVZ announced that Suzhou Cath Energy Technologies ("CATH") will earn a 24% interest in the Manono Project subject to the satisfaction or waiver of several conditions' precedent stipulated in the Transaction Implementation Agreement ("TIA"). Since 30 November 2021, both parties have agreed on several occasions to amend the closure date for the TIA. On 3 July 2023, the Company advised that the TIA remains valid until either the completion or the cancellation by parties.*

## Roche Dure Main Pegmatite Ore Reserve Estimate (as of 30 June 2023):

| 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 2023):

| 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 |

*Tabulated data have been rounded and as a result figures may not sum due to rounding.*

## Competent Person Statement

The technical information in the document that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr Michael Cronwright, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Professions (SACNASP). Mr Cronwright was a Principal Consultant with 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. Mr Cronwright consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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

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

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

## No new information

This document may include references to information that relates to Mineral Resources and Ore Reserves prepared and first disclosed unde the JORC Code (2012 Edition). The information references the Company's previous ASX announcements noting the following:

- Mineral Resources and Ore Reserves for the Manono Lithium and Tin Operation "MLTO" or Roche Dure reference the Company's previous ASX announcement "JORC Ore Reserves increase by 41.6% at Roche Dure" released to ASX on 14 July 2021; and "Updated Mineral Resource Estimate Includes Pit Floor "Wedge" Drill Results" released to ASX on 24 May 2021.
- Any reference to Carriere de l'Este mineral resource estimate (MRE) should be read in conjuncton with the Company's previous ASX announcement "Assays from Carriere de l'Este drilling confirms deposit a likely rival to roche Dure" dated 16 August 2021.
- Any reference to tin exploration targets should be read in conjunction with the Company's previous ASX Announcement "Initial Exploration Target for alluvial Placer Hosted Tin Defined at the Manono Lithium and tin Project" dated 18 May 2021.

- The Definitive Feasibility Study (DFS) refers to the April 2020 DFS, announced to the ASX on 21 April 2020.

These announcements are available on the Company's website at www.avzminerals.com.au

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

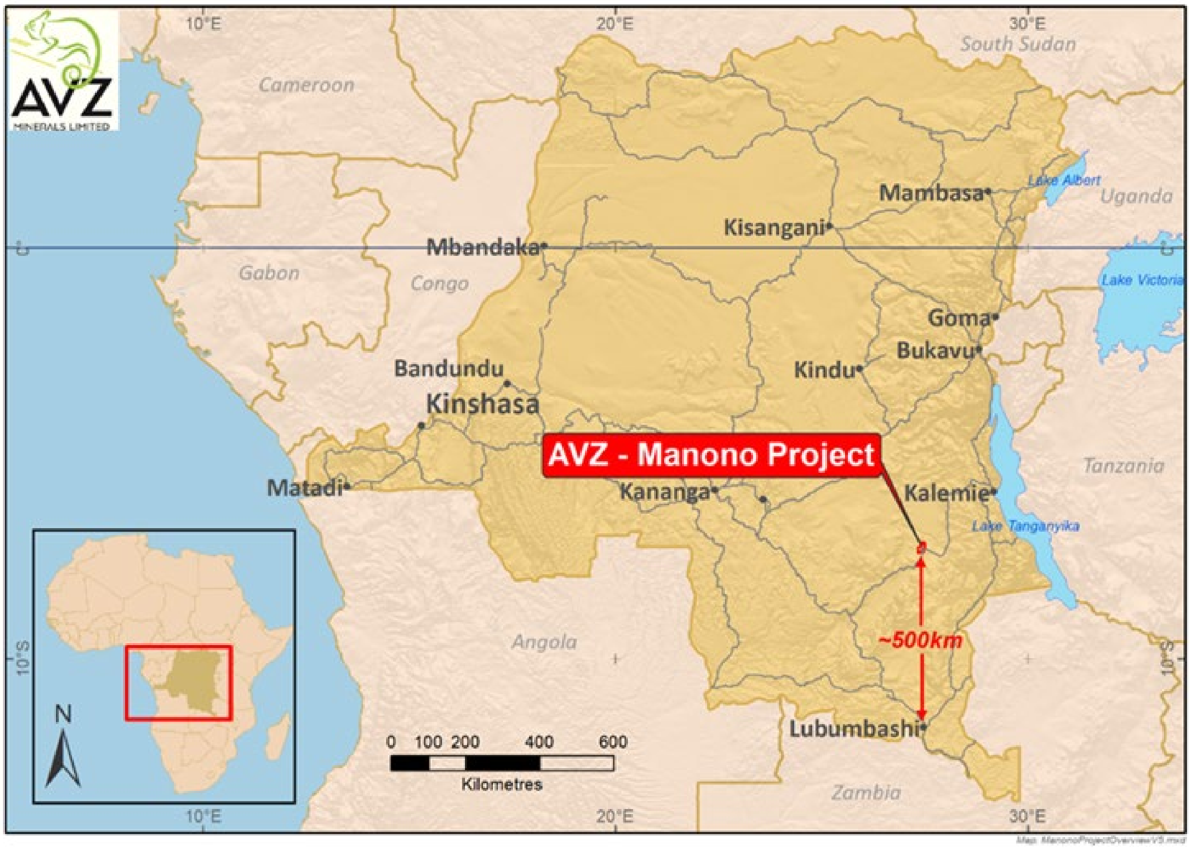
The Company confrms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the relevant original market announcements.

## Forward Looking Information

This announcement contains certain forward-looking statements and comments about future events, including the Company's expectations about the Manono Project and the performance of its businesses. Forward looking statements can generally be identified by the use of forward-looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target' and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings or financial position or performance are also forward-looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward-looking statements will not be achieved. Forward looking statements are provided as a general guide only and should not be relied on as an indication or guarantee of future performance. Forward looking statements involve known and unknown risks, uncertainty and other factors which can cause the Company's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements and many of these factors are outside the control of the Company. As such, undue reliance should not be placed on any forward-looking statement. Past performance is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward-looking statements, forecast financial information or other forecast. Nothing contained in this announcement, nor any information made available to you is, or shall be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of the Company.

Except as required by law or the ASX Listing Rules, the Company assumes no obligation to provide any additional or updated information or to update any forward-looking statements, whether as a result of new information, future events or results, or otherwise.




*Location of the Manono Lithium and Tin Project*

# Directors' Report

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 2023. 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.

| | |
|---|---|
| Dr 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) |
| Serge Ngandu | Executive Director (appointed 25 September 2023) |
| Rhett Brans | Non-Executive Director (appointed 5 February 2018) |
| Dr Casta Tungaraza | Non-Executive Director (appointed 25 September 2023) |
| Peter Huljich | Non-Executive Director (appointed 2 May 2019; resigned 3 August 2022) |

## 2. CHIEF FINANCIAL OFFICER

Jan de Jager

## 3. COMPANY SECRETARIES

Jan de Jager
Benjamin Cohen

## 4. PRINCIPAL ACTIVITIES

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

## 5. 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.

## 6. OPERATING RESULTS

The loss of the consolidated entity after income tax amounted to $14,223,495 (2022: $20,402,730).

## 7. REVIEW OF OPERATIONS

A detailed review of the Group's operations during the financial year is contained in this report.

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, transformation of mineral resources to reserves to support mining activities, acquisition of additional prospective mineral interests and, in general, the value added to the Group's mineral portfolio during 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. 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; and
- capital requirement and lack of future funding.

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. 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.

## 10. 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.

## 11. RISK MANAGEMENT

The Board of Directors regularly reviews the key risks associated with conducting exploration and project development in the Democratic Republic of Congo "DRC" and take the necessary steps to manage these risks. The key risks are:

### Titles and Permits

The Board of Directors is acutely aware of state and non-state actors that continue to publicly claim that title of its flagship Manono Lithium and Tin project has been or will be transferred to them.

The Board continues to monitor the situation and actively defends these claims in various court cases as alluded to in the corporate overview section of this report.

The Company is fully compliant with the DRC law and Mining Code and is in possession of all favourable opinions as issued by the government departments to convert its exploration licence to an operating permit.

The Board confirms that it owns 75% of AVZ Minerals subsidiary Company Dathcom Mining SA, which has full legal rights as contained in its research permit PR13359.

The DRC Government publicly stated that the only way by which exoneration of mining permits is for non-payment of surface right fees.

The Board confirms that all surface rights fees has been paid to date.

The Company has continued its discussions with the Government of the DRC to establish a pathway for the development of the Manono Project.

Project Development
The future value of the Company will depend on its ability to economically develop the Manono Lithium and Tin project. The Transaction Implementation Agreement "TIA" with Suzhou CATH Energy Technologies ("CATH") as announced on 27 September 2021 once implemented will provide sufficient funding to kick start the project. Logistical risks regarding the remote location to transport equipment in and out of Manono with the current limited accessibility via road are assessed and managed on a continuous basis.

Key Management personnel
Current management personnel and Directors of the Company have the extensive experience, skillset and relationships required to progress the Manono Lithium and Tin Project. The risk of key management personnel and/or Directors exiting the Company on their own accord or via other means could impact the Company's ability to progress its projects.

The AVZ Board regularly reviews the skillset of its Directors against a prescribed skills matrix. The AVZ Board is of the view that the Directors in place as at the publication of this annual report provide the requisite experience and skills against this skills matrix.

## 12. EVENTS OCCURRING AFTER THE REPORTING DATE

On 3 July 2023, AVZ International Pty Ltd and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, agreed to extend the completion date for its TIA which remains valid until either the completion or cancellation by the parties in accordance with the terms of the TIA.

On 25 September 2023, the Company appointed Dr Casta Tungaraza as independent Non-Executive Director and Mr Serge Ngandu as Executive Director of the Company, effective 25 September 2023.

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.

## 13. INFORMATION ON DIRECTORS (INCLUDING DIRECTORS' INTERESTS AT THE DATE OF THIS REPORT)

| Dr John Clarke | Independent Non-Executive Chairman |
|---|---|
| Appointed | 2 December 2019 |
| Qualifications | Ph.D. (Metallurgy), B.Sc. (Metallurgy), MBA |
| Experience | Dr Clarke brings considerable experience in mine management, mineral exploration, corporate acquisition and mine development in the mining sector in Africa. He has worked both in Smelting and Mining operations during his career and has been a Director of several companies which have had exploration, development and mining activities in Africa. Having joined Ashanti Goldfields in 1982, Dr Clarke held a succession of mine management, strategic and corporate planning roles before becoming the Executive Director in charge of Business development. He contributed to establishing Ashanti's gold exploration program throughout sub-Saharan Africa. In 1997 Dr Clarke joined Nevsun Resources as President and CEO, taking the Company in to Eritrea and the discovery the Bisha Mine. |
| Interests in Securities | 8,053,333 Ordinary Shares<br>9,048,000 Performance Rights |
| Directorships in last 3 years | Great Quest Fertilizer Limited (TSXV:GQ)<br>Alpha Exploration Limited (TSXV:ALEX) |

| Nigel Ferguson | Managing Director |
|---|---|
| Appointed | 2 February 2017 |
| Qualifications | BSc (Geology), FAusIMM, MAIG |
| Experience | Mr Ferguson is a geologist with over 37 years of experience having worked in senior management positions for the past 27 years in a variety of locations. He has experience in the exploration, definition of precious and base metal mineral resources throughout the world, including DRC, Zambia, Tanzania, Saudi Arabia, South East Asia and Central America. He has been active in the DRC since 2004 in gold and base metals exploration and resource development. |
| Interests in Securities | 51,013,404 Ordinary Shares<br>10,000,000 Performance Rights |
| Directorships in last 3 years | Okapi Resources Limited (ASX:OKR) (resigned 30 June 2020)<br>AJN Resources Inc. (CSE:AJN) (resigned 8 May 2022) |

## 13. INFORMATION ON DIRECTORS (con't)
(INCLUDING DIRECTORS' INTERESTS AT THE DATE OF THIS REPORT)

| | |
|---|---|
| Graeme Johnston | Technical Director |
| Appointed | 30 July 2018 |
| Qualifications | BSc (Geology), M.Sc. (Structural Geology), DIC, FGS |
| Experience | Mr Johnston is a geologist with over 30 years' experience in Australia, the Middle East, Romania, Malaysia and the DRC. He worked on various gold projects before joining Rio Tinto and then with Midwest Corporation where he was the Principal Geologist during its sale to Sinosteel Corporation. Following this, Mr Johnston was a founding director of Goldstar Resources and then Ferrowest Limited where he was Technical Director for nine years and contributed to the successful completion of the Feasibility Study for the Yalgoo Pig Iron Project.<br>His technical experience is focused on the transition between orebody delineation and mine opening and has worked on over five projects that resulted in new mines being commissioned. Mr Johnston initially joined the AVZ team in May 2017 as Project Manager for the Manono Project before stepping into the role of Technical Director. |
| Interests in Securities | 11,398,070 Ordinary Shares<br>7,500,000 Performance Rights |
| Directorships in last 3 years | Mount Ridley Mines Limited (ASX:MRD) (resigned 18 July 2022) |

| | |
|---|---|
| Serge Ngandu | Executive Director |
| Appointed | 25 September 2023 |
| Qualifications | BSC and MSC (Chemical Engineering), M.Sc. (Mineral Processing), MBA |
| Experience | Mr Ngandu has over 40 years of experience in the mining industry across various African countries where he has been involved in delivering major mining projects. Mr Ngandu is currently the Director for Corporate affairs of the Company's subsidiary, Dathcom Mining SA. Mr Ngandu has been instrumental in delivering the Company's favourable opinions obtained from various departments of the government of the Democratic Republic of Congo "DRC". These four favourable opinions (Technical, Environmental, Cadastral and Financial) underpin the rights to the Manono Lithium and Tin project and will be instrumental in obtaining the Company's mining licence. Mr Ngandu previously held Senior Management and Board positions with several international mining and engineering companies including Hatch Africa (South Africa), Areva (France, Central African Republic, and South Africa), West African Minerals Corporation (Sierra Leone), Worley Parsons (South Africa) and Gecamines (DRC). |
| Interests in Securities | Nil Ordinary Shares<br>Nil Performance Rights |
| Directorships in last 3 years | Nil |

## 13. INFORMATION ON DIRECTORS (con't) (INCLUDING DIRECTORS' INTERESTS AT THE DATE OF THIS REPORT)

| | |
|---|---|
| **Rhett Brans** | Independent Non-Executive Director |
| Appointed | 5 February 2018 |
| Qualifications | Dip. Engineering (Civil) |
| Experience | Mr Brans is an experienced director and civil engineer with over 48 years' experience in project developments. Throughout his career, Mr Brans has been involved in the management of feasibility studies and the design and construction of mineral treatment plants across a range of commodities and geographies including for gold in Ghana, copper in the DRC and graphite in Mozambique. He has extensive experience as an owner's representative for several successful mine feasibility studies and project developments. He is currently a Non-Executive Director of Australian Potash Limited and Carnavale Resources Ltd. Previously, Mr Brans was a founding director of Perseus Mining Limited and served on the boards of Syrah Resources Limited, Tiger Resources Limited and Monument Mining Limited. |
| Interests in Securities | 7,064,158 Ordinary Shares<br>5,000,000 Performance Rights |
| Directorships in last 3 years | Australian Potash Limited (ASX:APC)<br>Carnavale Resources Limited (ASX:CAV) |

| | |
|---|---|
| **Dr Casta Tungaraza** | Independent Non-Executive Director |
| Appointed | 25 September 2023 |
| Qualifications | BA Hons (International Relations)<br>Masters in Development Studies, Ph.D. (International Politics) |
| Experience | Dr Tungaraza has over 40 years of domestic and international industry experience. She has managed multiple projects in Australia and Africa and has delivered key projects across these regions within the public, private and not-for-profit sectors. She also has extensive experience and knowledge of international trade between Australia and Africa as the chair of the Australian Government's Advisory Group on Australia-Africa Relations (AGAAR) advising the Minister of Foreign Affairs and Trade on Australia's engagement with the countries of Africa to enhance commercial, investment and people-to-people relations for the mutual benefit of the two Continents. Previously, Dr Tungaraza was a director and co-founder of the East Africa Oil and Gas company promoting and facilitating Australia's investment in Africa. She is the founding director of Australia-Africa Trade and Cultural Expo and served on various Federal and State Ministerial Advisory Boards.<br><br>She is currently the Tanzania's Tourism Goodwill Ambassador in Australia, appointed by the Tanzanian Government. |
| Interests in Securities | Nil Ordinary Shares<br>Nil Performance Rights |
| Directorships in last 3 years | Nil |

## 13. INFORMATION ON DIRECTORS (con't)
(INCLUDING DIRECTORS' INTERESTS AT THE DATE OF THIS REPORT)

| | |
|---|---|
| Peter Huljich | Former Independent Non-Executive Director |
| Appointed | 2 May 2019 (resigned 3 August 2022) |
| Qualifications | BCom/LLB, GD-AppFin, GAICD |
| Experience | Mr Huljich has over 25 years' experience in the legal, natural resources and banking sectors. |
| Interests in Securities | Not applicable as no longer a director |
| Directorships in last 3 years | Macro Metals Limited (ASX:M4M)<br>Amani Gold Limited (ASX:ANL)<br>Zinc of Ireland NL (ASX:ZMI) |

## 14. INFORMATION ON COMPANY SECRETARIES

| | |
|---|---|
| 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 with more than 25 years' 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. |

| | |
|---|---|
| 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. |

## 15. 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:

| EXECUTIVE DIRECTORS | | |
|---|---|---|
| Nigel Ferguson | Managing Director | Appointed 2 February 2017 |
| Graeme Johnston | Technical Director | Appointed 30 July 2018 |
| **NON-EXECUTIVE DIRECTORS** | | |
| John Clarke | Non-Executive Chairman | Appointed 2 December 2019 |
| Rhett Brans | Non-Executive Director | Appointed 5 February 2018 |
| Peter Huljich | Non-Executive Director | Appointed 2 May 2019, resigned 3 August 2022 |
| **OTHER KEY MANAGEMENT PERSONNEL (EXECUTIVES)** | | |
| Jan de Jager | CFO & Joint Company Secretary | Appointed 15 April 2021 |
| Benjamin Cohen | Commercial Manager & Joint Company Secretary | Appointed 30 April 2021 |

### (a) Remuneration Policy

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

i. Executive Directors & Other Key Management Personnel

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

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

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

*Fixed Remuneration*

All executives receive a base cash salary or fixed consulting fee which is based on factors such as length of service and experience as well as other fringe benefits. If entitled, all executives also receive a superannuation guarantee contribution required by the government, which is 10.5% during the financial year and do not receive any other retirement benefits.

*Short-term Incentives (STI)*

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

*Long-term Incentives (LTI)*

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

*Performance rights*

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

ii. Non-Executive Directors

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

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

(b) Service Agreements

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

| | |
|---|---|
| John Clarke<br><br>Non-Executive Chairman | ▪ Receives a monthly fee of $10,000<br>▪ Appointment will not exceed 3 years from the date of re-election at the annual general meeting<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |
| Nigel Ferguson<br><br>Managing Director | ▪ No specified fixed term<br>▪ Receives a monthly fee of $33,333 plus GST<br>▪ 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<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |
| Graeme Johnston<br><br>Technical Director | ▪ No specified fixed term<br>▪ Receives a monthly fee of $29,167 plus GST<br>▪ 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<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |
| Rhett Brans<br><br>Non-Executive Director | ▪ Receives a monthly salary of $5,000 inclusive of statutory superannuation<br>▪ Appointment will not exceed 3 years from the date of re-election at the annual general meeting<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |
| Jan de Jager<br><br>Chief Financial Officer & Joint Company Secretary | ▪ No specified fixed term<br>▪ Receives a monthly fee of $27,500 plus GST<br>▪ 6-month notice period to terminate employment by either party (effective 29 May 2023)<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |
| Benjamin Cohen<br><br>Commercial Manager & Joint Company Secretary | ▪ No specified fixed term<br>▪ Receives a monthly base salary of $21,250 plus statutory superannuation<br>▪ 6-month notice period to terminate employment by either party (effective 29 May 2023)<br>▪ 12-month termination period in the event of a takeover, scheme of arrangement or change of control of the Company |

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| Net loss after tax ($) | (14,223,495) | (20,402,730) | (5,537,632) | (5,299,858) | (5,263,570) |
| Share Price at year end ($) | 0.780* | 0.780* | 0.160 | 0.052 | 0.051 |
| Basic EPS (cents per share) ($) | (0.40) | (0.61) | (0.19) | (0.22) | (0.26) |

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

*Voting and comments made at the Company's 2022 Annual General Meeting*
At the 2022 Annual General Meeting the Company remuneration report was passed by the requisite majority.

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

| **2023** | **Short-term benefits** | | **Post-employment Benefits** | **Share-based payments** | Total | Remuneration consisting of share-based payments | Fixed remuneration |
|---|---|---|---|---|---|---|---|
| | Cash Salary and Fees | Cash Bonus | Superannuation | LTIP Rights | | | |
| | $ | $ | $ | $ | $ | % | % |
| Non-Executive Chairman | | | | | | | |
| John Clarke | 120,000 | - | - | 169,913 | 289,913 | 59 | 41 |
| Executive Directors | | | | | | | |
| Nigel Ferguson | 400,000 | 240,000 | - | 210,701 | 850,701 | 25 | 75 |
| Graeme Johnston | 345,300 | 140,000 | - | 162,809 | 648,109 | 25 | 75 |
| Non-Executive Directors | | | | | | | |
| Rhett Brans | 54,299 | - | 5,701 | 105,351 | 165,351 | 64 | 33 |
| Peter Huljich[1] | 5,000 | - | - | 105,351 | 110,351 | 95 | 5 |
| Executives | | | | | | | |
| Jan de Jager | 330,000 | 148,500 | - | 34,827 | 513,327 | 7 | 93 |
| Benjamin Cohen | 240,000 | 81,448 | 33,752 | 10,183 | 365,383 | 3 | 88 |
| Total | 1,494,599 | 609,948 | 39,453 | 799,135 | 2,943,135 | | |

[1] Peter Huljich resigned on 3 August 2022.
Share-based payments are calculated in accordance with Australian Accounting Standards and are the amortised fair value of equity-related awards that have been granted to KMP.

| **2022** | Short term benefits | | Post-Employment Benefits | Share-based payments | Total | Remuneration consisting of share-based payments | Fixed remuneration |
|---|---|---|---|---|---|---|---|
| | Cash Salary and Fees | Cash Bonus | Superannuation | LTIP Rights | | | |
| | $ | $ | $ | $ | $ | % | % |
| Non-Executive Chairman | | | | | | | |
| John Clarke | 120,000 | - | - | 2,127,818 | 2,247,818 | 95 | 5 |
| Executive Directors | | | | | | | |
| Nigel Ferguson | 400,000 | - | - | 2,810,412 | 3,210,412 | 88 | 12 |
| Graeme Johnston | 337,500 | - | - | 2,197,490 | 2,534,990 | 87 | 13 |
| Non-Executive Directors | | | | | | | |
| Rhett Brans | 54,545 | - | 5,455 | 1,405,206 | 1,465,206 | 96 | 4 |
| Peter Huljich | 60,000 | - | - | 1,408,445 | 1,468,445 | 96 | 4 |
| Executives | | | | | | | |
| Michael Hughes[1] | 439,870 | - | 37,328 | 415,422 | 892,620 | 47 | 53 |
| Jan de Jager | 330,000 | - | - | 881,962 | 1,211,962 | 73 | 27 |
| Benjamin Cohen | 220,195 | - | 22,020 | 295,518 | 537,733 | 55 | 45 |
| TOTAL | 1,962,110 | - | 64,803 | 11,542,273 | 13,569,186 | | |

[1] Michael Hughes resigned on 24 May 2022.
Share-based payments are calculated in accordance with Australian Accounting Standards and are the amortised fair value of equity-related awards that have been granted to KMP.

### (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 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 | Other | Lapsed/ Cancelled | Vested and converted to shares | Balance at the end of the year | Balance vested and exercisable |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | | | |
| John Clarke | 9,048,000 | - | - | - | - | 9,048,000 | - |
| Nigel Ferguson | 10,000,000 | - | - | - | - | 10,000,000 | - |
| Graeme Johnston | 7,500,000 | - | - | - | - | 7,500,000 | - |
| Rhett Brans | 5,000,000 | - | - | - | - | 5,000,000 | - |
| Peter Huljich[1] | 5,000,000 | - | (5,000,000) | - | - | - | - |
| Jan de Jager | 5,082,500 | - | - | - | - | 5,082,500 | - |
| Benjamin Cohen | 1,668,100 | - | - | - | - | 1,668,100 | - |
| Total | 43,298,600 | - | (5,000,000) | - | - | 38,298,600 | - |

[1] Peter Huljich resigned on 3 August 2022.

### (f) Ordinary shareholdings

The number of shares in the Company held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the Group, including related parties, are set out below. There were no shares granted during the year as remuneration.

| Ordinary shares | Balance at the start of the year | Received as remuneration | Other | Conversion of performance rights | Purchased/ (sold) during the year | Balance at the end of the year |
|---|---|---|---|---|---|---|
| **2023** | | | | | | |
| John Clarke | 8,035,333 | - | - | - | - | 8,035,333 |
| Nigel Ferguson | 51,013,404 | - | - | - | - | 51,013,404 |
| Graeme Johnston | 11,398,070 | - | - | - | - | 11,398,070 |
| Rhett Brans | 7,064,158 | - | - | - | - | 7,064,158 |
| Peter Huljich [1] | 5,101,000 | - | (5,101,000) | - | - | - |
| Jan de Jager | - | - | - | - | - | - |
| Benjamin Cohen | 2,306,900 | - | - | - | - | 2,306,900 |
| Total | 84,918,865 | - | (5,101,000) | - | - | 79,817,865 |

[1] Peter Huljich resigned on 3 August 2022.

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

i. Loans and amount owing to key management personnel

No loans were made to any director or other key management personnel of the Group, including related parties during the financial year. Amount owing to related parties at 30 June 2023 was $Nil (2022: Nil).

ii. Other transactions with key management personnel

During the year ended 30 June 2023, the Company paid $60,259 plus GST to Corad Pty Ltd, a company controlled by Mr Graeme Johnston, for the provision of technical consultancy services and reimbursement of business expenses (2022: $105,067).

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.

## 16. MEETINGS OF DIRECTORS

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

| Director | Board | | Nomination and Remuneration Committee | | Audit and Risk (AR) Committee | |
|---|---|---|---|---|---|---|
| | Eligible to Attend | Attended | Eligible to Attend | Attended | Eligible to Attend | Attended |
| John Clarke | 7 | 7 | 3 | 3 | 2 | 2 |
| Nigel Ferguson | 7 | 7 | n/a | n/a | n/a | n/a |
| Graeme Johnston | 7 | 7 | n/a | n/a | n/a | n/a |
| Rhett Brans | 7 | 7 | 3 | 3 | 2 | 2 |
| Peter Huljich [1] | 1 | 1 | - | - | - | - |

[1] Peter Huljich resigned on 3 August 2022.

## 17. INSURANCE OF OFFICERS

During the financial year, AVZ Minerals Limited paid a premium of $916,121 plus GST (2022: $513,259) 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. The insurance lapsed during the reporting period and the Company remains in discussions with brokers and underwriters regarding the inception of renewed cover.

## 18. SHARES UNDER OPTION

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

## 19. SHARES ISSUED ON EXERCISE OF OPTIONS

No options were exercised during the year.

## 20. 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.

## 21. AUDITOR'S INDEPENDENCE DECLARATION

Section 307c of the *Corporations Act 2001* requires our auditors, Hall Chadwick WA Audit Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out immediately after this Directors' Report.

## 22. NON-AUDIT SERVICES

During the year, Hall Chadwick WA Audit Pty Ltd, the Company's external auditor, did not perform any services other than their statutory audits (2022: $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
29 September 2023

To the Board of Directors

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the audit of the financial statements of AVZ Minerals Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully

Hall Chadwick

**HALL CHADWICK WA AUDIT PTY LTD**

**CHRIS NICOLOFF** CA
**Director**

Dated this 29th day of September 2023
Perth, Western Australia

# Consolidated Financial Statements

## Consolidated Statement of Profit or Loss and Other Comprehensive Income
## For the Year Ended 30 June 2023

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Revenue** | | | |
| Other income | 3 | 859,933 | 385,061 |
| **Expenses** | | | |
| Administrative costs | | (4,697,264) | (4,037,012) |
| Legal costs | | (5,413,961) | (1,282,855) |
| Employee benefits expense | | (1,873,782) | (1,864,291) |
| Directors' fees | | (179,299) | (180,000) |
| Share-based payment expense | 24 | (844,293) | (13,645,990) |
| Compliance and regulatory expenses | | (285,526) | (404,705) |
| Insurance expenses | | (774,161) | (552,931) |
| Depreciation expense | 9 | (666,891) | (332,332) |
| Depreciation expense of right-of use asset | 10 | (287,881) | (119,508) |
| Movement in fair value of financial liabilities | 13 | - | 2,738,705 |
| Interest expense | 10 | (81,622) | (23,519) |
| Impairment – relinquishment of tenements | 8 | - | (643,339) |
| Foreign exchange (loss)/gain | | 21,252 | (440,014) |
| **Loss before income tax** | | **(14,223,495)** | **(20,402,730)** |
| Income tax expense | 5 | - | - |
| **Loss after income tax for the year** | | **(14,223,495)** | **(20,402,730)** |
| **Other comprehensive income:** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange differences arising on translation of foreign operations | | 5,688,147 | 11,044,726 |
| Other comprehensive income | | 5,688,147 | 11,044,726 |
| **Total comprehensive loss for the year** | | **(8,535,348)** | **(9,358,004)** |
| **Loss for the year is attributable to:** | | | |
| Owners of AVZ Minerals Limited | | (13,858,735) | (20,140,740) |
| Non-controlling interests | | (364,760) | (261,990) |
| | | **(14,223,495)** | **(20,402,730)** |
| **Total comprehensive loss for the year attributable to:** | | | |
| Owners of AVZ Minerals Limited | | (8,757,349) | (10,310,185) |
| Non-controlling interests | | 222,001 | 952,181 |
| | | **(8,535,348)** | **(9,358,004)** |
| Basic and diluted loss per share attributable to owners of AVZ Minerals Limited (cents per share) | 18 | (0.40) | (0.61) |

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 2023

| | Note | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | 6 | 18,949,635 | 60,726,221 |
| Trade and other receivables | 7 | 1,526,860 | 1,713,135 |
| **Total Current Assets** | | 20,476,495 | 62,439,356 |
| **Non-Current Assets** | | | |
| Mineral exploration and evaluation | 8 | 182,096,970 | 145,670,930 |
| Property, plant and equipment | 9 | 3,283,318 | 2,319,138 |
| Right-of-use asset | 10 | 1,082,359 | 1,356,774 |
| **Total Non-Current Assets** | | 186,462,647 | 149,346,842 |
| **Total Assets** | | **206,939,142** | **211,786,198** |
| **Current Liabilities** | | | |
| Trade and other payables | 11 | 3,690,479 | 640,575 |
| Provisions | 12 | 99,314 | 78,183 |
| Financial liabilities | 13 | - | - |
| Lease liability | 10 | 268,098 | 238,467 |
| **Total Current Liabilities** | | 4,057,891 | 957,225 |
| **Non-Current Liabilities** | | | |
| Lease liability | 10 | 876,341 | 1,133,008 |
| **Total Non-Current Liabilities** | | 876,341 | 1,133,008 |
| **Total Liabilities** | | **4,934,232** | **2,090,233** |
| **Net Assets** | | **202,004,910** | **209,695,965** |
| **Equity** | | | |
| Share capital | 14 | 226,455,235 | 226,455,235 |
| Reserves | 16 | 25,980,504 | 21,247,125 |
| Accumulated losses | | (66,259,751) | (53,613,316) |
| Capital and reserves attributable to owners of AVZ Minerals Ltd | | 186,175,988 | 194,089,044 |
| Non-controlling interests | 22 | 15,828,922 | 15,606,921 |
| **Total Equity** | | **202,004,910** | **209,695,965** |

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 2023

| | Contributed Equity | Accumulated Losses | Share Options Reserve | Foreign Currency Reserve | Total | Non-controlling Interests | Total Equity |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2021** | 107,916,233 | (34,977,319) | 5,842,246 | (2,402,476) | 76,378,684 | 10,527,756 | 86,906,440 |
| Loss for the year | - | (20,140,740) | - | - | (20,140,740) | (261,990) | (20,402,730) |
| Exchange differences on translation of foreign operations | - | - | - | 9,830,555 | 9,830,555 | 1,214,171 | 11,044,726 |
| Total comprehensive income/(loss) for the year | - | (20,140,740) | - | 9,830,555 | (10,310,185) | 952,181 | (9,358,004) |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Contributions of equity | 115,313,221 | - | - | - | 115,313,221 | - | 115,313,221 |
| Transaction costs | (5,705,166) | - | - | - | (5,705,166) | - | (5,705,166) |
| Share-based payments | - | - | 13,645,990 | - | 13,645,990 | - | 13,645,990 |
| Options lapsed | - | 637,481 | (637,481) | - | - | - | - |
| Performance Rights lapsed | - | 867,262 | (867,262) | - | - | - | - |
| Exercise of Options | 4,766,500 | - | - | - | 4,766,500 | - | 4,766,500 |
| Conversion of Performance Rights | 4,164,447 | - | (4,164,447) | - | - | - | - |
| Non-controlling interests on acquisition of subsidiary | - | - | - | - | - | 4,126,984 | 4,126,984 |
| Total transactions with owners in their capacity as owners | 118,539,002 | 1,504,743 | 7,976,800 | - | 128,020,545 | 4,126,984 | 132,147,529 |
| **Balance at 30 June 2022** | **226,455,235** | **(53,613,316)** | **13,819,046** | **7,428,079** | **194,089,044** | **15,606,921** | **209,695,965** |
| **Balance at 1 July 2022** | 226,455,235 | (53,613,316) | 13,819,046 | 7,428,079 | 194,089,044 | 15,606,921 | 209,695,965 |
| Loss for the year | - | (13,858,735) | - | - | (13,858,735) | (364,760) | (14,223,495) |
| Exchange differences on translation of foreign operations | - | - | - | 5,101,386 | 5,101,386 | 586,761 | 5,688,147 |
| Total comprehensive income/(loss) for the year | - | (13,858,735) | - | 5,101,386 | (8,757,349) | 222,001 | (8,535,348) |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Share-based payments | - | - | 844,293 | - | 844,293 | - | 844,293 |
| Performance Rights lapsed | - | 1,212,300 | (1,212,300) | - | - | - | - |
| Total transactions with owners in their capacity as owners | - | 1,212,300 | (368,007) | - | 844,293 | - | 844,293 |
| **Balance at 30 June 2023** | **226,455,235** | **(66,259,751)** | **13,451,039** | **12,529,465** | **186,175,988** | **15,828,922** | **202,004,910** |

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

## Consolidated Statement of Cash Flows
## For the Year Ended 30 June 2023

| | Note | Consolidated 2023 $ | 2022 $ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Payments to suppliers and employees | | (12,086,971) | (8,455,136) |
| Payments for exploration and evaluation | | (288,545) | - |
| Interest received | | 627,937 | 385,061 |
| Interest expense | | (81,622) | (23,519) |
| R&D Tax Incentive | | 137,533 | - |
| **Net cash outflow from operating activities** | 19 | **(11,691,668)** | **(8,093,594)** |
| **Cash Flows from Investing Activities** | | | |
| Payments for exploration and evaluation | | (29,055,427) | (18,283,389) |
| Payments for property, plant and equipment | | (1,578,144) | (1,911,615) |
| Payment of deferred consideration | | - | (160,686) |
| Payment to Dathomir (2022: additional 15%) | | - | (27,045,299) |
| Proceeds for sale of PPE | | 14,837 | - |
| **Net cash outflow from investing activities** | | **(30,618,734)** | **(47,400,989)** |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of shares and other equity securities | | - | 115,000,000 |
| Proceeds from exercise of options | | - | 4,766,500 |
| Share issue transaction costs | | - | (5,705,166) |
| Payment of lease liability | | (240,501) | (108,051) |
| **Net cash inflow from financing activities** | | **(240,501)** | **113,953,283** |
| **Net increase/(decrease) in cash and cash equivalents** | | (42,550,903) | 58,458,700 |
| Exchange rate adjustments | | 774,317 | (196,111) |
| Cash and cash equivalents at the start of the year | | 60,726,221 | 2,463,632 |
| **Cash and cash equivalents at the end of the year** | 6 | **18,949,635** | **60,726,221** |

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

## Notes to the Consolidated Financial Statements

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 $14,223,495 (2022: $20,402,730) and net cash outflows from operating activities of $11,691,668 (2022: $8,093,594). As at 30 June 2023, the Group's cash and cash equivalents were $18,949,635 (2022: $60,726,221) and had a working capital surplus of $16,418,604 (2022: $61,482,131).

The Board of Directors routinely assesses the Company's current and forecast cash position and any short-to-medium-term fundraising requirement for the Group's prospective activities on a continuous basis. In addition to the continuous oversight over the actual cashflow figures as against budgeted [and forecast] performance, a similar more detailed assessment is undertaken at periodic junctures during each 12 month reporting period.

Sustained and detailed discussions between the Company and the Government of the Democratic Republic of Congo "DRC" have continued throughout the reporting period, which discussions were held during numerous meetings between high-ranking, authorised representatives from the Government of the DRC and members of the Company's Board and management team in respect of the grant of the ML to the Company's controlled entity, Dathcom Mining SA, is ongoing and on completion, the Company will consult with ASX regarding the reinstatement to trading of all its issued ordinary shares on the Australian Stock Exchange ("ASX"), following which the Company will be in a position to more readily raise capital to fund its ongoing exploration, operational and project development activities. Should the suspension of trading in the Company's securities on the ASX not be lifted by ASX by the point in time the need for additional fundraising arises, the Company will look to alternative funding options.

The Company is presently investigating a broad range of conventional and alternative funding options as part of an intentional funding process that seeks to provide funding for a broad range of potential outcomes – including, firstly, grant of the Mining Licence for PE13359 ("ML") and, secondly, a medium-term dispute resolution strategy plan if the additional fundraising requirement arises as a result of the Company not having sufficiently reasonable grounds to expect the grant of the ML with sufficient certainty before the point in time the need for additional fundraising arises.

1. Summary of Significant Accounting Policies (con't)

(b) Going concern (con't)

The Company notes that the grant of the ML will provide the catalyst for the implementation of the Transaction Implementation Agreement as previously disclosed with Suzhou CATH Energy Technologies, providing access to a significant portion of the required project development funding.

Based on the cashflow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate, in particular given the Company's history of raising capital to date. The Directors are confident of the Company's ability to raise funds as and when required.

Should the Group not be able to fund its operations in accordance with the factors set out above, there is material uncertainty whether it would be able to continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

(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 2023 and the results of all subsidiaries for the year then ended. AVZ Minerals Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

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

ii. Control over subsidiaries

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

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

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

1. Summary of Significant Accounting Policies (con't)

(c) Basis of Consolidation (con't)

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

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

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

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

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

(e) Financial Instruments

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

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

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

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

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

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

(f) Segment reporting

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

1. Summary of Significant Accounting Policies (con't)

(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.

(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.

1. Summary of Significant Accounting Policies (con't)

(k) Exploration and evaluation expenditure (con't)

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.

(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 (con't)

(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 (con't)

(s) Foreign currency translation (con't)

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 (con't)

(t) Share-based payments (con't)

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 2023, 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 2022.

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 2023. As a result of this review, the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(w) Parent Entity Financial Information

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

## 2. Critical accounting estimates and judgements

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

(a) Impairment of deferred exploration and evaluation expenditure

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

(b) Share-based payment transactions

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

(c) Tax in foreign jurisdictions

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

(d) Estimation of the Group's borrowing rate

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

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **3. Other income** | | |
| Interest received | 627,936 | 385,061 |
| R&D tax incentive | 218,879 | - |
| Net gain on disposal of asset | 13,118 | - |
| Total revenue and other income | 859,933 | 385,061 |

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **4. Auditor's Remuneration** | | |
| Hall Chadwick (WA) Pty Ltd | | |
| Audit and review of financial statements | 102,697 | 93,940 |
| Other services | - | - |
| Total remuneration of auditors | 102,697 | 93,940 |

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **5. Income Tax Expense** | | |
| **(a) Numerical reconciliation of income tax expense to prima facie tax payable** | | |
| Loss from continuing operations before income tax expense | (14,223,495) | (20,402,730) |
| Tax at the tax rate of 30% (2022: 30%) | (4,267,048) | (6,120,819) |
| Tax effect of amounts which are not deductible in calculating taxable income: | | |
| Non-deductible expenses | 736,247 | 4,478,249 |
| Non-assessable amounts | (65,664) | (821,611) |
| Unrecognised tax losses | 3,706,750 | 2,569,681 |
| Movement in unrecognised temporary differences | (110,285) | (105,500) |
| Income tax expense | - | - |
| **(b) Deferred tax asset not recognised*** | | |
| Tax losses | 11,179,375 | 7,457,319 |
| Exploration and expenditure | 143,550 | 267,025 |
| Net deferred tax not recognised | 11,322,925 | 7,724,344 |

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

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |

6. Cash & Cash Equivalents

| | | |
|---|---|---|
| Cash at bank & in hand | 18,949,635 | 60,726,221 |
| **Total cash & cash equivalents** | 18,949,635 | 60,726,221 |

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.38% and 2.40% (2022: 0.25% and 1.77%). Refer to Note 17 for the Group's exposure to interest rate and credit risk.

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |

7. Trade and Other Receivables

| | | |
|---|---|---|
| Advances to employees for field work purposes | 113,507 | 723,271 |
| GST receivable | 220,001 | 177,978 |
| Deposits and securities | 199,508 | 203,008 |
| Prepayments | 895,838 | 604,192 |
| R&D tax incentive receivable | 81,346 | - |
| Other receivables | 16,660 | 4,686 |
| **Total trade and other receivables** | 1,526,860 | 1,713,135 |

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |

8. Exploration & Evaluation Expenditure

| | | |
|---|---|---|
| Opening balance | 145,670,930 | 90,525,946 |
| Acquisition of further interest (i) | - | 27,045,299 |
| Exploration costs | 30,203,107 | 19,075,932 |
| Impairment (ii) | - | (643,339) |
| Net exchange differences on translation | 6,222,933 | 9,667,092 |
| **Closing balance** | 182,096,970 | 145,670,930 |

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

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

## 8. Exploration & Evaluation Expenditure (con't)

i. In August 2021, the Company increased its interest in the Manono Project from 60% to 75% by exercising options to purchase Dathomir's minority shareholding of 15% equity in Dathcom Mining for US$20 million.
ii. Impairment due to 50% relinquishment of tenements comprising PR 4029 and PR 4030.
iii. On 28 January 2023 the Minister of Mines ("MoM") of the Democratic Republic of Congo "DRC" issued two ministerial decrees. Decree 0031 appears to have reversed the earlier ministerial decree granting the mining licence for the Southern Section of tenement PR13359. Decree 0032 appears to have reversed an earlier ministerial decree which acknowledged a declaration of partial renunciation of PR13359 by Dathcom, i.e. the excluded Northern portion of PR13359 that was not covered by the ministerial decree to convert the PR to a PE or Mining Licence. The Company continues to have full legal rights over its tenure for PR13359 and is seeking clarification of matters surrounding the two ministerial decrees dated 28 January 2023. Discussions with the Government of the Democratic Republic of Congo "DRC" with respect to the issue of the Mining Licence for PR13359 "ML" to Dathcom Mining SA is ongoing.

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **9. Property, plant and equipment** | | |
| At cost | 5,733,187 | 4,102,739 |
| Less: accumulated depreciation | (2,449,869) | (1,783,601) |
| | 3,283,318 | 2,319,138 |
| *Reconciliation* | | |
| Opening balance | 2,319,138 | 732,585 |
| Additions | 1,500,800 | 1,937,846 |
| Depreciation expense | (666,891) | (332,332) |
| Foreign currency translation difference movement | 130,271 | (18,961) |
| **Closing balance** | 3,283,318 | 2,319,138 |

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **10. Right-of-use Assets and Leases** | | |
| **(a) Amounts recognised in the balance sheet** | | |
| **Rights-of-use asset** | | |
| Balance as at 1 July | 1,356,774 | 48,099 |
| Right-of-use assets recognised | 13,466 | 1,428,183 |
| Less: Depreciation | (287,881) | (119,508) |
| **Closing balance** | 1,082,359 | 1,356,774 |
| **Lease liabilities** | | |
| Balance as at 1 July | 1,371,475 | 51,343 |
| Lease liabilities recognised | 13,466 | 1,428,183 |
| Add: Interest | 81,622 | 23,519 |
| Less: Payment per Consolidated Statement of Cash Flows | (322,124) | (131,570) |
| **Closing balance** | 1,144,439 | 1,371,475 |

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **10. Right-of-use Assets and Leases** (con't) | | |
| **(a) Amounts recognised in the balance sheet** (con't) | | |
| Current | 268,098 | 238,467 |
| Non-current | 876,341 | 1,133,008 |
| **Closing balance** | 1,144,439 | 1,371,475 |
| **(b) Amounts recognised in the consolidated statement of profit or loss** | | |
| Depreciation of right-of-use asset | 287,881 | 119,508 |
| Interest expense on lease liabilities | 81,622 | 23,519 |

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

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

**Initial measurement**

Assets and liabilities from a lease are initially measured on a present value basis. The lease liability includes the present value of the fixed payments and variable lease payments that depend on an index, initially measured using the index as at the commencement date (reconciled and adjusted for actual index each year). The lease payments are discounted using the Company's incremental borrowing rate of 6.51%.

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

**Subsequent measurement**

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

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

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **11. Trade & Other Payables** | | |
| Current | | |
| Trade payables | 1,011,740 | 141,464 |
| Employee benefits and related payables | 45,899 | 75,222 |
| Accrued expenses | 2,621,043 | 412,639 |
| FBT Payable | 7,072 | 5,896 |
| Others | 4,725 | 5,354 |
| **Total current trade & other payables** | 3,690,479 | 640,575 |

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

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **12. Provisions** | | |
| Current | | |
| Employee benefits | 99,314 | 78,183 |
| Total current provisions | 99,314 | 78,183 |

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

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **13. Financial Liabilities** | | |
| *Acquisition of 5% interest in Dathcom Mining SA* on 24 June 2019* | | |
| Deferred Consideration | | |
| Current Liability | | |
| Principal | - | 6,661,275 |
| Principal repayments | - | (6,761,325) |
| Fair value increase / (decrease) on repayment | - | 535,142 |
| Unwinding of interest on discounting | - | (2,738,705) |
| Fair value increase | - | 2,303,613 |
| At 30 June | - | - |
| Non-Current Liability | | |
| Opening balance | - | - |
| Fair value increase taken to profit or loss | - | - |
| At 30 June | - | - |
| Total | - | - |
| Total Deferred Consideration | | |
| Total current liability | - | - |
| Total non-current liability | - | - |
| Total Liability | - | - |

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

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

| | Consolidated 2023 Shares | Consolidated 2022 Shares | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|---|---|
| **14. Share capital** | | | | |
| Ordinary shares - fully paid | 3,528,729,748 | 3,528,729,748 | 226,455,235 | 226,455,235 |
| Total Share Capital | 3,528,729,748 | 3,528,729,748 | 226,455,235 | 226,455,235 |

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.

| | Date | Number of Shares | Fair Value per share | Total $ |
|---|---|---|---|---|
| **Movements in share capital** | | | | |
| Opening Balance 1 July 2021 | | 2,906,165,175 | | 107,916,233 |
| Issue of shares[1] | 7-Jul-21 | 307,692,308 | $0.130 | 40,000,000 |
| Issue of shares[2] | 15-Jul-21 | 1,648,530 | $0.190 | 313,221 |
| Exercise of unlisted options[3] | 15-Jul-21 | 1,000,000 | $0.067 | 66,500 |
| Exercise of unlisted options[4] | 9-Aug-21 | 1,666,667 | $0.060 | 100,000 |
| Conversion of Performance Rights[5] | 30-Nov-21 | 13,450,400 | $0.088 | 1,180,287 |
| Issue of shares[6] | 3-Dec-21 | 60,000,000 | - | - |
| Issue of shares[7] | 17-Dec-21 | 150,000,000 | $0.500 | 75,000,000 |
| Conversion of Performance Rights[8] | 13-Jan-22 | 10,440,000 | $0.286 | 2,984,160 |
| Exercise of unlisted options[9] | 7-Apr-22 | 76,666,668 | $0.060 | 4,600,000 |
| Less: transaction cost | | - | | (5,705,166) |
| Closing Balance at 30 June 2022 | | 3,528,729,748 | | 226,455,235 |
| | | | | |
| Opening Balance 1 July 2022 | | 3,528,729,748 | | 226,455,235 |
| Issue of shares | | - | | - |
| Less: transaction cost | | - | | - |
| Closing Balance at 30 June 2023 | | 3,528,729,748 | | 226,455,235 |

[1] On 7 July 2021, the Company completed a $40 million (before transaction cost) Placement through the issue of 307,692,308 shares at $0.13 per share to institutional, professional and sophisticated investors.
[2] On 15 July 2021, 1,648,530 shares were issued to Mincore Pty Ltd as part consideration for the completion of the Manono Lithium and Tin Project FEED Study.
[3] On 15 July 2021, 1,000,000 Unlisted Options (exercisable at $0.0665 on or before 5 May 2022) were exercised.
[4] On 9 August 2021, 1,666,667 Unlisted Options (exercisable at $0.06 on or before 8 April 2022) were exercised.
[5] On 30 November 2021, 5,651,800 Class E Performance Rights, 1,101,000 Class H Performance Rights, 587,200 Class K Performance Rights, 2,000,000 Class L Performance Rights, 2,202,000 Class M Performance Rights, and 1,908,400 Class N Performance Rights vested and converted to Ordinary Shares. The fair value of the Performance Rights of $1,180,287 was transferred from the Share-Based Payment Reserve to Issued Capital.
[6] On 3 December 2021, 60,000,000 shares were issued as Collateral shares at nil cash consideration under an At-the-Market (ATM) Subscription Deed with Acuity Capital. The Company may, however, at any time cancel the ATM as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval). The ATM facility limit is $50,000,000 and matures on 20 March 2024.
[7] On 17 December 2021, the Company completed a $75 million (before transaction cost) Placement through the issue of 150,000,000 shares at $0.50 per share to institutional and sophisticated investors.

14. Share capital (con't)

[8] On 13 January 2022, 3,440,000 Class O Performance Rights, 7,000,000 Class P Performance Rights, vested and converted to Ordinary Shares. The fair value of the Performance Rights of $2,984,160 was transferred from the Share-Based Payment Reserve to Issued Capital.
[9] On 7 April 2022, 76,666,668 Unlisted Options (exercisable at $0.06 on or before 8 April 2022) were exercised.

## 15. Share Options and Performance Rights

### (a) Share Options

There are no options on issue as at 30 June 2023.

| | 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 |
|---|---|---|---|---|---|---|---|
| 2022 | | | | | | | |
| Unlisted | 5-Mar-22 | 6.65 | 1,000,000 | - | (1,000,000) | - | - |
| Unlisted | 8-Apr-22 | 6.00 | 78,333,335 | - | (78,333,335) | - | - |
| | | | 79,333,335 | - | (79,333,335) | - | - |

### (b) Performance Rights

| | 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 |
|---|---|---|---|---|---|---|---|
| 2023 | | | | | | | |
| Class M | 9-Dec-23 | - | 17,398,000 | - | - | (2,750,000) | 14,648,000 |
| Class N | 29-Jun-24 | - | 3,291,600 | - | - | (633,000) | 2,658,600 |
| Class O | 7-Sep-24 | - | 13,235,000 | - | - | (1,800,000) | 11,435,000 |
| Class P | 7-Sep-24 | - | 24,750,000 | - | - | - | 24,750,000 |
| Class Q | 7-Oct-22 | - | 3,500,000 | - | - | (3,500,000) | - |
| Total | | | 62,174,600 | - | - | (8,683,000) | 53,491,600 |
| | | | | | | | |
| 2022 | | | | | | | |
| Class E | 3-Dec-21 | - | 7,700,000 | - | (5,651,800) | (2,048,200) | - |
| Class F | 2-Jun-22 | - | 8,000,000 | - | - | (8,000,000) | - |
| Class H | 3-Dec-21 | - | 1,500,000 | - | (1,101,000) | (399,000) | - |
| Class K | 3-Dec-21 | - | 800,000 | - | (587,200) | (212,800) | - |
| Class L | 3-Dec-21 | - | 2,000,000 | - | (2,000,000) | - | - |
| Class M | 9-Dec-23 | - | 19,600,000 | - | (2,202,000) | - | 17,398,000 |
| Class N | 29-Jun-24 | - | 5,200,000 | - | (1,908,400) | - | 3,291,600 |
| Class O | 7-Sep-24 | - | - | 16,675,000 | (3,440,000) | - | 13,235,000 |
| Class P | 7-Sep-24 | - | - | 31,750,000 | (7,000,000) | - | 24,750,000 |
| Class Q | 7-Oct-22 | - | - | 3,500,000 | - | - | 3,500,000 |
| Total | | | 44,800,000 | 51,925,000 | (23,890,400) | (10,660,000) | 62,174,600 |

| | Consolidated 2023 $ | Consolidated 2022 $ |
|---|---|---|
| **16. Reserves** | | |
| Share Options and Performance Rights Reserve (a) | 13,451,039 | 13,819,046 |
| Foreign Currency Translation Reserve (b) | 12,529,465 | 7,428,079 |
| Total reserves | 25,980,504 | 21,247,125 |
| | | |
| **(a) Share Options and Performance Rights Reserve (i)** | | |
| Opening balance | 13,819,046 | 5,842,246 |
| Share-based payment expense during the year | 844,293 | 13,645,990 |
| Less: Conversion of Performance Rights | - | (4,164,447) |
| Less: Options exercised | - | (637,481) |
| Less: Performance Rights lapsed | (1,212,300) | (867,262) |
| Closing balance | 13,451,039 | 13,819,046 |
| | | |
| **(b) Foreign Currency Translation Reserve (ii)** | | |
| Opening balance | 7,428,079 | (2,402,476) |
| Exchange difference arising on translation of foreign operations | 5,101,386 | 9,830,555 |
| Closing balance | 12,529,465 | 7,428,079 |

Nature and purpose of reserves

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

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

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

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

17. Financial Instruments, Risk Management Objectives and Policies (con't)

(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<br>2023 | Weighted Average Interest Rate | Floating Interest Rate<br>$ | Fixed Interest<br>$ | Non-interest bearing<br>$ | Total<br>$ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | 2.14% | 16,909,854 | - | 2,039,781 | 18,949,635 |
| Trade and other receivables | - | - | - | 329,675 | 329,675 |
| | | 16,909,854 | - | 2,369,456 | 19,279,310 |
| **Financial liabilities** | | | | | |
| Trade and other payables | - | - | - | 3,690,479 | 3,690,479 |
| Lease liabilities | 6.51% | | 1,144,439 | - | 1,144,439 |
| Financial liabilities | - | - | - | - | - |
| | | - | 1,144,439 | 3,690,479 | 4,834,918 |

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

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 2023 and 30 June 2022, the Group's exposure to interest rate risk was not deemed material.

(b) Credit risk

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

17. Financial Instruments, Risk Management Objectives and Policies (con't)

(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 2023 and 30 June 2022, the Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollar, was as follows:

| | 2023 $ | 2022 $ |
|---|---|---|
| Cash and cash equivalents | 2,017,352 | 1,273,885 |
| Trade & other receivables - current | 342,478 | 877,373 |
| | 2,359,830 | 2,151,258 |
| Trade and other payables | (1,513,741) | (14,871) |
| Financial liabilities | - | - |
| | (1,513,741) | (14,871) |

A reasonably possible strengthening (weakening) of the AUD against USD at 30 June 2023 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.

| | 2023 | | 2022 | |
|---|---|---|---|---|
| | Increase (Decrease) in Equity and Profit or Loss | | | |
| | AUD to USD | | AUD to USD | |
| | 10% $ | -10% $ | 10% $ | -10% $ |
| Cash and cash equivalents | (134,253) | 134,253 | (87,787) | 87,787 |
| Trade & other receivables - current | (22,792) | 22,792 | (60,462) | 60,462 |
| | (157,045) | 157,045 | (148,249) | 148,249 |
| Trade and other payables | 100,738 | (100,738) | 1,025 | (1,025) |
| Financial liabilities | - | - | - | - |
| | 100,738 | (100,738) | 1,025 | (1,025) |

(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 (con't)

(d) Liquidity risk (con't)

| Contractual maturities of financial assets/(liabilities) | Less than 6 months<br>$ | 6-12 months<br>$ | Between 1 and 2 years<br>$ | Between 2 and 5 years<br>$ | Total contractual cash inflows /(outflows)<br>$ | Carrying amount<br>$ |
|---|---|---|---|---|---|---|
| *At 30 June 2023* | | | | | | |
| Cash and cash equivalents | 18,949,635 | - | - | - | 18,949,635 | 18,949,635 |
| Trade and other receivables | 329,675 | - | - | - | 329,675 | 329,675 |
| Trade and other payables | (3,690,479) | - | - | - | (3,690,479) | (3,690,479) |
| Lease liabilities | (165,511) | (167,424) | (340,640) | (614,518) | (1,288,093) | (1,144,439) |
| Financial liabilities | - | - | - | - | - | - |
| | 15,423,320 | (167,424) | (340,640) | (614,518) | 14,300,738 | 14,444,392 |
| *At 30 June 2022* | | | | | | |
| Cash and cash equivalents | 60,726,221 | - | - | - | 60,726,221 | 60,726,221 |
| Trade and other receivables | 930,965 | - | - | - | 930,965 | 930,965 |
| Trade and other payables | (640,575) | - | - | | (640,575) | (640,575) |
| Lease liabilities | (158,431) | (160,609) | (327,814) | (947,806) | (1,594,660) | (1,371,475) |
| Financial liabilities | - | - | - | - | - | - |
| | 60,858,180 | (160,609) | (327,814) | (947,806) | 59,421,951 | 59,645,136 |

(e) Net fair value

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

| Consolidated | 2023 | | 2022 | |
|---|---|---|---|---|
| | Carrying Amount<br>$ | Net fair Value<br>$ | Carrying Amount<br>$ | Net fair Value<br>$ |
| Financial assets: | | | | |
| Cash and cash equivalents | 18,949,635 | 18,949,635 | 60,726,221 | 2,463,632 |
| Trade and other receivables - current | 329,675 | 329,675 | 930,965 | 285,938 |
| | 19,279,310 | 19,279,310 | 61,657,186 | 2,749,570 |
| Financial liabilities: | | | | |
| Trade and other payables - current | 3,690,479 | 3,690,479 | 640,575 | 469,151 |
| Lease liabilities | 1,144,439 | 1,144,439 | 1,371,475 | 51,343 |
| Financial liabilities - current | - | - | - | 6,661,275 |
| | 4,834,918 | 4,834,918 | 2,012,050 | 7,181,769 |

17. Financial Instruments, Risk Management Objectives and Policies (con't)

(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.

18. Loss per Share

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| (a) Loss | | |
| Loss used in the calculation of basic and diluted EPS ($) | (14,223,495) | (20,402,730) |
| (b) Weighted average number of ordinary shares ('WANOS') | | |
| WANOS used in the calculation of basic and diluted loss per share | 3,528,729,748 | 3,357,835,239 |
| | cents per share | cents per share |
| Basic and diluted loss per share | (0.40) | (0.61) |

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

| | Consolidated | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **19. Cash Flow Information** | | |
| **Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:** | | |
| Loss for the year | (14,223,495) | (20,402,730) |
| Depreciation | 666,891 | 332,332 |
| Depreciation expense of right-of-use asset | 287,881 | 119,508 |
| Share-based payment | 844,293 | 13,645,990 |
| Movement in fair value of financial liabilities | | (2,738,705) |
| Interest income accrued | - | - |
| Impairment | - | 643,339 |
| Net realised and unrealised foreign exchange losses | - | 440,010 |
| Business development costs | 5,254 | 320,780 |
| Changes in assets and liabilities: | (11,753) | |
| (Increase)/Decrease in operating receivables and prepayments | (20,369) | (607,542) |
| Increase/(Decrease) in trade and other payables | 1,758,831 | 147,469 |
| Increase/(Decrease) in provisions | (999,201) | 5,955 |
| (Increase)/Decrease in receivables | 1,758,831 | |
| Net cash outflows from operating activities | (11,691,668) | (8,093,594) |
| **Non-cash investing and financing activities** | | |
| Issue of ordinary shares for investor relations services | - | - |
| Issue of ordinary shares from conversion of Performance Rights | - | 4,164,447 |
| | - | 4,164,447 |

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

## 20. Segment Information

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

*Geographical information*
All non-current assets are based in the DRC.

## 21. Commitments and Contingencies

### (a) Lease Guarantee

The Company has given bank guarantees as at 30 June 2023 of $199,508 (June 2022: $199,508) to a landlord for the lease of office building.

### (b) International Chamber of Commerce ("ICC") proceedings by Jin Cheng

The Company currently defends a case in the ICC brought against its subsidiary AVZ International Pty Ltd ("AVZI") by Jin Cheng Mining Company regarding a 15% interest Jin Cheng purportedly acquired from Cominière in Dathcom.

The status of the Jin Cheng proceedings is as follows:

On or about 22 April 2022, Jin Cheng issued proceedings at the ICC seeking orders to the effect the articles of association of Dathcom to reflect Jin Cheng as a 15% shareholder of Dathcom.

In these proceedings, AVZI has disputed that the ICC has jurisdiction on the basis Jin Cheng is not entitled to have recourse to arbitration because it is not a shareholder of Dathcom because the purported acquisition of its 15% shareholding from Cominière was ineffective because it occurred in contravention of AVZI's pre-emptive right.

The ICC Tribunal is determining the issue of jurisdiction as a preliminary question. That preliminary question was listed for hearing in July 2023, but Jin Cheng sought a postponement of the hearing to give it an opportunity to address allegations raised by AVZI that the sale from Cominière to Jin Cheng was also tainted by corruption.

The preliminary question is currently listed for hearing on 5 and 6 October 2023.

AVZ is confident AVZI's jurisdictional challenge will be successful, which will affirm that Jin Cheng does not have the right to instigate the ICC arbitration proceedings against AVZI as it is not (and never has been) a shareholder in Dathcom.

### (c) ICC proceedings against Dathomir

The Company (AVZ) and its subsidiary AVZI lodged claims against Dathomir Mining SARL ("Dathomir") with the ICC to affirm AVZ's acquisition in August 2021 of a 15% interest in Dathcom from Dathomir under the Dathomir SPAs and to put an end, once and for all, to Dathomir's claims and to recover losses sustained from them.

The status of the Dathomir proceedings is as follows:

The Dathomir arbitration proceedings comprise two separate proceedings:

- ICC proceedings (ICC No. 27425/SP) were instituted by AVZI to obtain confirmation AVZI validly acquired a further 5% shareholding in Dathcom pursuant to an agreement executed in 2019; and

- ICC proceedings (ICC No. 27401/SP) were instituted by AVZ and AVZI to obtain confirmation AVZI validly acquired a further 10% shareholding in Dathcom pursuant to an agreement executed into in 2020.

AVZ paid the purchase prices and completed both sales in 2021, but Dathomir purported to terminate the sale agreements and sought to renegotiate the purchase price. Dathomir then issued various proceedings in the DRC to challenge the sale and prevent the registration of the share transfers. However, according to the sale agreements, any dispute needed to be resolved by arbitration.

Consequently, on or about 1 December 2022 and 9 December 2022, AVZI and AVZ were forced to commence the two ICC arbitration proceedings.

The two proceedings will be heard separately by different three member tribunals because the two sale agreements have different governing laws.

In relation to the proceedings in respect of the 2019 sale agreement, Dathomir applied to the ICC Tribunal (ICC No. 27401/SP) for orders to keep the arbitration proceedings confidential. AVZ and AVZI opposed those orders. On 18 September 2023, AVZ and AVZI were successful, with the ICC refusing to make confidentiality orders.

21. Commitments and Contingencies (con't)

On or about 4 September 2023, Dathomir issued proceedings in the DRC seeking to have Dathcom wound-up on the grounds the Dathcom JVA had been terminated and PR 13359 transferred from Dathcom to Cominière.

AVZ believes Dathomir is acting on behalf of Cominière who is prevented from taking such action by the order of the Emergency Arbitrator.

AVZI will vehemently oppose these new proceedings by all available legal means.

(d) ICC proceedings against Cominière
On 11 April 2023, AVZI issued the proceedings against Cominière to ensure Cominière is liable for (i) breach of the pre-emptive right and (ii) other disruptive actions made in breach of the Dathcom JVA.

Following the introduction of these proceedings, Cominière purported to terminate the Dathcom JVA on the grounds of alleged breaches of the Dathcom JVA by AVZI under various spurious grounds. AVZ does not believe AVZI breached the Dathcom JVA and disputes that the termination occurred in accordance with the Dathcom JVA.

AVZI thus brought a successful emergency arbitration application under ICC rules, restraining Cominière from taking any actions with regards to its purported termination of the Dathcom JVA.

The Emergency Arbitrator's determination included financial penalty orders for violations of the restraining order issued against Cominière, including a penalty of 50,000 Euros per day of violation, whilst ordering Cominière to pay 90% of the legal costs incurred by the Company in respect to the emergency arbitration action.

AVZ is of the opinion Cominière has acted in contravention of the Emergency Arbitrator's order including by seeking to have PR 13359 transferred from Dathcom to Cominière. AVZI will take action in respect of this contravention at the appropriate time.

These proceedings will in due course be heard by a 3-member tribunal. AVZ remains confident AVZI will ultimately obtain declarations that the Dathcom JVA remains on foot and that the purported sale of a 15% shareholding in Dathcom by Cominière to Jin Cheng was invalid.

(e) ICC proceedings by Cominière and Jin Cheng
On or about 28 April 2023, Cominière and Jin Cheng jointly issued proceedings against AVZI seeking a declaration the Dathcom JVA was terminated and damages for breach of the Dathcom JVA.

Following the commencement of these proceedings, Cominière and Jin Cheng filed a request for consolidation of the three proceedings (ICC No. 26986/SP, ICC No. 27720/SP and ICC No. 27769/SP). AVZ believes the primary motive of Cominière and Jin Cheng in commencing and seeking consolidation of these proceedings was to delay the determination of the jurisdictional issue in the proceedings commenced by Jin Cheng and the constitution of the tribunal, which will hear AVZI's claims against Cominière. This application was refused by the ICC Court on 1 September 2023.

AVZ remains confident the Tribunal will rule that the Dathcom JVA is not terminated and that it is in fact Cominière who has breached the Dathcom JVA.

(f) International Centre for Settlement of Investment Disputes ("ICSID") Proceedings
On 8 June 2023, AVZ's subsidiaries commenced ICSID proceedings against the DRC in relation to its failure to procure the expeditious grant to Dathcom of an exploitation permit in respect of the Manono Project in accordance with the DRC Mining Code.

The ICSID proceedings were commenced as a last resort after a lengthy dialogue with the DRC Government had failed to procure the grant of the exploitation licence in accordance with the Mining Code.

AVZ acknowledges the coordinated actions of Jin Cheng, Dathomir and Cominière has contributed to the delay in granting the exploitation licence. These parties have shown a determination to create an environment of confusion and misinformation, which has delayed a conclusion by the competent DRC authorities.

AVZ remains in sustained and constructive dialogue with the DRC Government with respect to the grant of the exploitation licence and the withdrawal of the ICSID proceedings. The ICSID Tribunal has not yet been fully constituted and AVZ remains hopeful a resolution can be achieved before further steps need to be taken in the ICSID proceedings.

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] 2023 | 2022 |
|---|---|---|---|---|
| | | | % | % |
| 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[1] | DRC | Ordinary | 75 | 75 |
| Maji Bora Ya Manono[2] | DRC | Ordinary | 100 | 100 |
| Nyuki Logistics Company[2] | DRC | Ordinary | 100 | 100 |
| Nyuki Logistics Tanzania Limited[3] | Tanzania | Ordinary | 100 | 100 |
| Green Lithium Holdings Pte Ltd[4] | Singapore | Ordinary | 100 | 100 |

[1] The proportion of ownership interest is equal to the proportion of voting power held.
[2] Incorporated on 7 October 2020.
[3] Incorporated on 28 October 2021.
[4] Incorporated on 8 March 2022.

(b) Non-controlling entities

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

| Summarised statement of Financial Position | Dathcom Mining SA 30-Jun-23 | 30-Jun-22 |
|---|---|---|
| Current Assets | 2,154,729 | 1,812,933 |
| Non-current Assets | 51,254,007 | 127,395,288 |
| Total Assets | 53,408,736 | 129,208,221 |
| Current Liabilities | 1,511,912 | 77,666,125 |
| Non-current Liabilities | - | - |
| Total Liabilities | 1,511,912 | 77,666,125 |
| Net Assets | 51,896,824 | 51,542,096 |
| **Accumulated NCI** | 15,828,922 | 15,606,921 |

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 (con't)

(c) Key management personnel

The key management personnel compensation is as follows:

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| **Key Management Personnel Compensation** | | |
| Summary remuneration | | |
| Short-term benefits | 2,104,547 | 1,962,110 |
| Post-employment benefits | 39,453 | 64,803 |
| Share-based payments | 799,135 | 11,542,273 |
| **Total key management personnel compensation** | 2,943,135 | 13,569,186 |

Details of remuneration disclosures are provided within the audited remuneration report of the Directors' report.

24. Share-based Payments

Share-based payments during the year are summarised below:

| | Consolidated 2023 $ | 2022 $ |
|---|---|---|
| Options (a) | - | - |
| Performance Rights (b) | 844,293 | 13,645,990 |
| **Total share-based payment expense** | 844,293 | 13,645,990 |

(a) Options

No options were issued as share-based payments during the year ended 30 June 2023 (2022: Nil).

There are no options on issue at 30 June 2023 (2022: Nil).

(b) Performance Rights

No Performance Rights were issued during the year ended 30 June 2023.

No Performance Rights were exercised during the year ended 30 June 2023.

Share-based payment arrangement granted in prior years and still in existence at 30 June 2023

| Class M | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date $ | Total Fair Value $ | % Vested | Probability |
|---|---|---|---|---|---|---|---|---|
| Tranche 1 | 3,000,000 | 10-Dec-20 | Nil | 9-Dec-23 | 0.225 | 847,125 | 100% | n/a |
| Tranche 2 | 3,000,000 | 10-Dec-20 | Nil | 9-Dec-23 | 0.225 | 526,500 | 73.4% | 100% |
| Tranche 3 | 18,100,000 | 10-Dec-20 | Nil | 9-Dec-23 | 0.225 | 830,250 | Nil | 100% |

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:

- 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.
- Tranche 2 – 3,000,000 shall vest upon the completion of the Manono Project financing.

24. Share-based Payments (con't)

(b) Performance Rights (con't)

- Tranche 3 – 18,100,00 shall vest upon the Company making a Decision to Mine in respect of the Manono Project.

1,500,000 Tranche 2 of Class M Performance Rights were cancelled in FY21 when an employee resigned.

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

2,750,000 Class M Performance Rights were cancelled during the year as a result of resignation of employees.

During the year, share based payment of $112,481 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.

| Class N | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date<br>$ | Total Fair Value<br>$ | % Vested |
|---|---|---|---|---|---|---|---|
| | 5,200,000 | 29-Jun-21 | Nil | 29-Jun-24 | 0.16 | $832,000 | 36.7% |

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:

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

633,000 Class N Performance Rights were cancelled during the year as a result of resignation of employee.

During the year share-based payment of $48,164 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.

| Class O | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date<br>$ | Total Fair Value<br>$ | % Vested | Probability |
|---|---|---|---|---|---|---|---|---|
| Tranche 1 | 3,765,000 | 26-Aug-21 | Nil | 07-Sep-24 | 0.225 | 847,125 | Nil | 100% |
| Tranche 2 | 2,340,000 | 26-Aug-21 | Nil | 07-Sep-24 | 0.225 | 526,500 | Nil | 100% |
| Tranche 3 | 3,690,000 | 26-Aug-21 | Nil | 07-Sep-24 | 0.225 | 830,250 | Nil | 100% |
| Tranche 4 | 3,440,000 | 26-Aug-21 | Nil | 07-Sep-24 | 0.225 | 774,000 | Nil | 0% |
| Tranche 5 | 3,440,000 | 26-Aug-21 | Nil | 07-Sep-24 | 0.139 | 478,160 | 100% | 100% |

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

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

24. Share-based Payments (con't)

(b) Performance Rights (con't)

3,440,000 Tranche 5 of Class O Performance Rights vested and were converted on 13 January 2022.
1,800,000 Class O Performance Rights were cancelled during the year as a result of resignation of employees.

During the year, the share-based payment expense recognised in relation to Class O Performance Rights (Tranches 1-3) was $20,120 over its vesting period at a 100% probability of meeting vesting conditions.

No value was expensed for Class O Tranche 4 Performance Rights during the year as the probability of meeting the relevant vesting condition as at 30 June 2023 was assessed at nil.

| Class P | Number Issued | Grant Date | Exercise Price | Expiry Date of Milestone Achievements | Underlying Share Price on Grant Date<br>$ | Total Fair Value<br>$ | % Vested | Probability |
|---|---|---|---|---|---|---|---|---|
| Tranche 1 | 7,000,000 | 18-Nov-21 | Nil | 7-Sep-24 | 0.575 | 4,025,000 | Nil | 100% |
| Tranche 2 | 3,750,000 | 18-Nov-21 | Nil | 7-Sep-24 | 0.575 | 2,156,250 | Nil | 100% |
| Tranche 3 | 7,000,000 | 18-Nov-21 | Nil | 7-Sep-24 | 0.575 | 4,025,000 | Nil | 100% |
| Tranche 4 | 7,000,000 | 18-Nov-21 | Nil | 7-Sep-24 | 0.575 | 4,025,000 | Nil | 0% |
| Tranche 5 | 7,000,000 | 18-Nov-21 | Nil | 7-Sep-24 | 0.358 | 2,506,000 | 100% | 100% |

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

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

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

During the year, the share-based payment expense recognised in relation to Class P Performance Rights (Tranches 1-3) was $663,528 over its vesting period at a100% probability of meeting vesting conditions.

No value was expensed for Class P Tranche 4 Performance Rights during the year as the probability of meeting the relevant vesting condition as at 30 June 2023 was assessed at nil.

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

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

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

24. Share-Based Payments (con't)

(b) Performance Rights (con't)

On 7 October 2022, 3,500,000 Class Q Performance Rights lapsed unexercised due to vesting conditions not met. The share-based payment expense previously recognised of $664,774 in relation to Class Q Performance Rights were reversed.

(c) Shares issued as share-based payments

There were no shares issued as share-based payments for the year ended 30 June 2023.

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

| | Company | |
|---|---|---|
| | 2023 | 2022 |
| | $ | $ |
| **25. Parent Entity Information** | | |
| **(a) Assets** | | |
| Current assets | 18,123,398 | 60,288,098 |
| Non-current assets | 161,557,950 | 129,858,570 |
| Total assets | 179,681,348 | 190,146,668 |
| **(b) Liabilities** | | |
| Current liabilities | 2,544,148 | 942,350 |
| Non-current Liabilities | 876,341 | 1,133,008 |
| Total liabilities | 3,420,489 | 2,075,358 |
| Net Assets | 176,260,859 | 188,071,310 |
| **(c) Equity** | | |
| Contributed equity | 226,455,235 | 226,455,235 |
| Accumulated losses | (63,645,415) | (52,202,971) |
| Reserves | 13,451,039 | 13,819,046 |
| Total equity | 176,260,859 | 188,071,310 |
| **(d) Total comprehensive loss for the year** | | |
| Loss for the year | (12,654,744) | (19,254,949) |
| Other comprehensive income for the year | - | - |
| Total comprehensive loss for the year | (12,654,744) | (19,254,949) |

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

## 26. Events Occurring after the Reporting Date

On 3 July 2023, AVZ International Pty Ltd and Suzhou CATH Energy Technologies, the parties to the Transaction Implementation Agreement (TIA) executed on 24 September 2021, agreed to to extend the completion date for its TIA which remains enforced until either the completion or cancellation by the parties in accordance with the terms of the TIA.

On 25 September 2023, the Company appointed Dr Casta Tungaraza as independent non-Executive Director and Mr Serge Ngandu as Executive Director of the Company, effective 25 September 2023.

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.

# Directors' Declaration

In the Directors' opinion:

(a) the attached financial statements and notes 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 2023 and of its performance for the financial year ended on that date; and

(b) the attached audited remuneration disclosures 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
29 September 2023

# 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 2023, 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 2023 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.

### Material Uncertainty Related to Going Concern

We draw attention to Note 1b in the financial report which indicates that the Consolidated Entity incurred a net loss of $14,223,495 during the year ended 30 June 2023. As stated in Note 1b, these events or conditions, along with other matters as set forth in Note 1b, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

HALL CHADWICK

## Key Audit Matters

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td>Exploration and Evaluation Expenditure<br><br>As disclosed in note 8 to the financial statements, as at 30 June 2023, the Consolidated Entity's capitalised exploration and evaluation expenditure was carried at $182,096,970.<br><br>The recognition and recoverability of the exploration and evaluation expenditure was considered a key audit matter due to:<br><br>• 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<br><br>• Determining whether impairment indicators exist involves significant judgement by management</td><td>Our audit procedures included but were not limited to:<br><br>• 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");<br><br>• Assessing the Consolidated Entity's rights to tenure;<br><br>• 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<br><br>• 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:<br><br>o The licenses for the rights to explore expiring in the near future or are not expected to be renewed;<br><br>o Substantive expenditure for further exploration in the area of interest is not budgeted or planned;<br><br>o 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</td></tr>
</table>

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| | ○ 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.<br>• We also assessed the appropriateness of the related disclosures in note 8 to the financial statements. |

## 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 2023, 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 2023. 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 2023, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

**HALL CHADWICK WA AUDIT PTY LTD**

**CHRIS NICOLOFF** CA
**Director**

Dated this 29th day of September 2023
Perth, Western Australia

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