



AVZ Minerals Limited
ABN 81 125 176 703

Interim Financial Report

31 December 2023

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Corporate Directory

DIRECTORS

Dr John Clarke (Non-Executive Chairman)
Nigel Ferguson (Managing Director)
Graeme Johnston (Technical Director)
Serge Ngandu (Executive Director)
Rhett Brans (Non-Executive Director)
Dr Casta Tungaraza (Non-Executive Director)
Her Excellency Salome T. Sijaona (Non-Executive Director)

CHIEF FINANCIAL OFFICER

Jan de Jager

COMPANY SECRETARIES

Jan de Jager
Benjamin Cohen

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SECURITIES EXCHANGE LISTING

Australian Securities Exchange (ASX)
(Home Exchange: Perth, Western Australia)

ASX Code: **AVZ**
OTC Markets Group Code: **AZZVF**

WEBSITE ADDRESS

www.avzminerals.com.au

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The directors present their report on the consolidated entity consisting of AVZ Minerals Limited ('AVZ') and the entities it controlled ('the consolidated entity' or the 'Group') at the end of, or during the half-year ended 31 December 2023.

DIRECTORS

The following persons were directors of AVZ during the half-year (or as disclosed) and up to the date of this report:

| | |
|----------------------------------|--|
| Dr John Clarke | Non-Executive Chairman |
| Nigel Ferguson | Managing Director |
| Graeme Johnston | Technical Director |
| Serge Ngandu | Executive Director (appointed 25 September 2023) |
| Rhett Brans | Non-Executive Director |
| Dr Casta Tungaraza | Non-Executive Director (appointed 25 September 2023) |
| Her Excellency Salome T. Sijaona | Non-Executive Director (appointed 17 October 2023) |

CHIEF FINANCIAL OFFICER

Jan de Jager

JOINT COMPANY SECRETARIES

Jan de Jager
Benjamin Cohen

Review of Operations

AVZ's securities remained in suspension during the half year ending December 2023. The initial suspension was instigated at the request of the Company in May 2022 under Australian Stock Exchange (ASX) Listing Rule 17.2. The suspension was subsequently continued under Listing Rule 17.3.1, following the Company's response to an ASX Query Letter dated 11 April 2023.

Since February 2017, AVZ has been at the forefront of developing the world-class, Manono Lithium and Tin Project (**Manono Project**), to a stage where all initial technical and engineering work is complete.

The Manono Project is believed to be one of the largest hard rock lithium projects globally, with a mineral resource estimate of 842 million tonnes at 1.61%Li₂O (refer ASX Announcement dated 31 January 2024 "Manono Project Mineral Resource increases 47% to 842Mt as Roche Dure tonnages expanded").

The AVZ Board and executive management team has continued its efforts to execute its strategy to develop the Manono Project and continues to work towards receiving a Mining Licence for the Manono Project.

The Company maintains a 75% controlling interest in the Manono Project, via Dathcom Mining SA (**Dathcom**) and its pre-emptive rights over 15% of the 25% interest held by La Congolaise d'Exploitation Minière (**Cominière**).¹

The Company has been and continues to be engaged in various disputes. Further information on the disputes is detailed below.

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 least the people of the DRC.

Disputes

AVZ undertook significant work during the six months ending 31 December 2023 on the various disputes related to the Manono Project that are currently the subject of arbitration or court proceedings.

¹ The Company's and Cominiere's interest in Dathcom and the Manono Project is the subject of dispute. Please see below for further details.

The disputes comprise:

1. **Title Dispute** - the International Centre for Settlement of Investment Disputes (ICSID) arbitration proceedings (ICSID Case No. ARB/23/20) commenced by the Company's subsidiaries AVZ International Pty Ltd (AVZI), Green Lithium Holdings Pte Ltd (GLH), and Dathcom against the Democratic Republic of the Congo (DRC) in relation to the DRC's failure to procure the grant to Dathcom of a PE² in respect of the land the subject of PR³ 13359;
2. **Dathcom JV Dispute** - the two International Chamber of Commerce (ICC) arbitration proceedings (ICC No. 27720/SP initiated by AVZI and ICC No. 27769/SP initiated by Cominière and Jin Cheng Mining Company (Jin Cheng) a subsidiary of Zijin Mining Limited (Zijin)) in relation to alleged breaches of the shareholders' obligations under the Dathcom joint venture agreement dated 27 January 2017 as amended from time to time (Dathcom JVA), and the purported termination of the Dathcom JVA by Cominière (on the basis of which PR 13359 was purportedly transferred to Cominière and an application to wind-up Dathcom was brought by Dathomir Mining Resources SARLU (Dathomir));
3. **Jin Cheng Dispute** - the ICC arbitration proceedings initiated by Jin Cheng against AVZI in relation to an alleged abuse of majority position by AVZI in respect of its failure to acknowledge the sale of 15% of the shares in Dathcom from Cominière to Jin Cheng (which AVZI contends was void because it was entered into in breach of AVZI's pre-emptive right);
4. **Dathomir Dispute** - the two ICC arbitration proceedings brought by AVZI against Dathomir in relation to Dathomir's attempts to challenge the sale to AVZI of its 15% shareholding in Dathcom; and
5. **Fat Tail Dispute** - the proceedings commenced by Fat Tail Holdings Pty Ltd (Fat Tail) against the Company and two of its directors (Mr Nigel Ferguson and Dr John Clarke) in the Supreme Court of Western Australia alleging oppressive conduct and misleading and deceptive conduct.

The Company or its subsidiaries are also a party to various local court proceedings in the DRC (some of which relate to the disputes described above) and a threatened class action which may be brought by shareholders of the Company.⁴

During the six months to 31 December 2023, the Company made several ASX announcements with respect to the disputes as detailed below.

Title Dispute - ICSID Proceedings Update⁵

AVZ, by its subsidiaries AVZI and GLH together with Dathcom previously commenced international arbitration proceedings against the DRC pursuant to its Mining Code and the Convention on the Settlement of Investment Disputes between States and the Nationals of Other State (ICSID Convention) under (ICSID Case No. ARB/23/20).

The purpose of the ICSID proceedings is two-fold:

- to support the Company's negotiations with the DRC Government for award of the mining licence; and
- in the alternative, to seek relief relating to the failure of institutions of the government of the DRC to comply with the Mining Code in relation to PR 13359 and to grant a PE in respect of the land the subject of PR 13359.

The primary relief AVZ seeks is a declaration that it holds title to PR 13359 over the entirety of the Manono Project and an order compelling the grant of the PE over the entirety of the land the subject of PR 13359.

AVZ previously reported, that since the commencement of the ICSID proceedings, some DRC government officers had been procured to make decisions related to PR 13359 which are contrary to law and would, if given effect, operate to appropriate Dathcom's lawful rights for the benefit of others.⁶

In the absence of steps being taken to address these developments, AVZI, GLH and Dathcom have been forced to seek interim orders including an urgent order to preserve the status quo and an order to confirm or restore ownership of PR 13359 to Dathcom.

² PE means Permit d'Exploitation or Mining Licence.

³ PR means Permit d'Research or Exploration Licence.

⁴ Refer to ASX announcement dated 23 December 2022 "Omni Bridgeway announcement".

⁵ Refer to ASX announcement dated 15 November 2023 "ICSID Proceedings Update".

⁶ Refer to ASX announcement dated 30 October 2023 "Zijin Response".

In relation to the application for provisional orders, the ICSID tribunal directed the matter be listed for a hearing on 11 December 2023.

Following this hearing and subsequent to the reporting period, on 16 January 2024 the ICSID tribunal made interim orders to protect AVZI, GLH and Dathcom's rights pending the final outcome of the proceedings including orders that the DRC take the necessary steps to reflect that Dathcom is the holder of PR 13359 (**Interim Orders**).⁷ Further details in relation to the Interim Orders and the next steps in relation to the Title Dispute are set out below in the sections entitled "After Reporting Date Events" and "Contingencies".

Dathcom JV Dispute - AVZ Successfully Restrains Cominière and Additional ICC Arbitration Updates⁸

As announced on 8 May 2023, AVZI obtained emergency orders restraining Cominière from taking steps to implement its purported termination of the Dathcom JVA and ordered that Cominière pay to AVZI a fine of €50,000 per day for any non-compliance with that emergency order.⁹

Cominière subsequently took steps to implement its purported termination of the Dathcom JVA and on 30 October 2023, AVZ's subsidiaries applied to the ICC for further emergency relief against Cominière.

The application was heard on 9 November 2023 and the ICC emergency arbitrator ordered on 15 November 2023 that:

1. Cominière must not take any steps to explore and exploit, directly or indirectly, within the perimeter of PR 13359 and PR 15775 until such time as the ICC tribunal in charge of determining the validity of the termination of the Dathcom JVA hears this issue;
2. Cominière pay a fine of €50,000 per day for any non-compliance with the order in paragraph 1; and
3. Cominière must pay the ICC's administrative costs and part of the legal costs of AVZ's subsidiaries.

The ICC emergency arbitrator also refused Cominière's request to set aside the emergency order dated 5 May 2023. Accordingly, the latest €50,000 daily penalty is in addition to the original €50,000 daily penalty in respect of the first emergency order against Cominière dated 5 May 2023. In light of Cominière's conduct to date, AVZ notes the original €50,000 daily penalty continues to accrue.

Following the orders received on 15 November 2023, AVZI has applied to the ICC for a partial award seeking to liquidate (i.e. have paid) the accrued fines in respect of both emergency orders.

The next steps in relation to the Dathcom JVA Dispute are set out below in the section entitled "Contingencies".

Jin Cheng Dispute - ICC Arbitration Hearing Jin Cheng Jurisdictional Challenge¹⁰

In the ICC arbitration proceeding (ICC No. 26986/SP) issued by Jin Cheng, AVZI's jurisdictional challenge was heard on 5 and 6 October 2023, at which AVZI presented its case that the sale of the 15% of the shares Dathcom was ineffective, either due to the breach of AVZI's pre-emptive right under the Dathcom JVA or due to the circumstances in which that agreement was entered into by Jin Cheng and Cominière some of which were addressed in the IGF Report dated 30 September 2022.¹¹

The Company is still awaiting the decision of the ICC tribunal in respect of this hearing which it understands is imminent.

The next steps in relation to the Jin Cheng Dispute are set out below in the section entitled "Contingencies".

⁷ Refer to ASX announcement dated 18 January 2024 "AVZ Successful in ICSID Interim Measures".

⁸ Refer to ASX announcement dated 17 November 2023 "AVZ Successfully Restrains Cominière and Additional ICC Arbitration Updates".

⁹ Refer to ASX announcement dated 8 May 2023 titled 'Favourable Ruling in ICC Emergency Arbitration Proceedings against Cominière'.

¹⁰ Refer to ASX announcement dated 9 October 2023 "ICC Arbitration Hearing Jin Cheng Jurisdictional Challenge".

¹¹ Refer to ASX announcement dated 27 September 2023 titled 'Arbitration Proceedings Update'.

Dathomir Dispute - AVZ Successfully Restrains Dathomir¹²

The Dathomir Dispute comprises two separate proceedings:

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

AVZ and AVZI, applied to the ICC in the 2020 SPA Proceedings for emergency measures against Dathomir to preserve the status quo, pending the outcome of the Dathomir arbitration proceedings, including an injunction compelling Dathomir to withdraw the application to the Commercial Court of Lubumbashi seeking a judgment to wind-up Dathcom.

On 18 December 2023, the arbitral tribunal made an order to the effect of the above, compelling Dathomir to "take the necessary measures in order to withdraw from the case pending before the Commercial Court of Lubumbashi (RAC 3268) prior to its hearing dated December 20, 2023" which did not proceed.

Dathomir has indicated to the ICC tribunal that it will withdraw its application at the next procedural hearing scheduled to take place before the Commercial Court of Lubumbashi on 25 March 2024.

With respect to the 2019 SPA Proceedings and subsequent to the reporting period, Dathomir's jurisdictional challenge was heard on 19 January 2024 during which the parties addressed the issue of whether AVZ executed the 2019 SPA on behalf of AVZI. The Company is awaiting the ICC tribunal's decision in respect of this hearing.

The next steps in relation to the Dathomir Dispute are set out below in the section entitled "Contingencies".

Carriere de l'Este Maiden Mineral Resource Estimate¹³

The Company confirmed the potential of its 75% owned Carriere de l'Este prospect, located within the Manono Project and less than 5 km from Roche Dure, is likely to underpin future resource upgrades and or be considered as a standalone source of feedstock for any expanded operations at Manono, subject to the results of ongoing studies.

The maiden Carriere de l'Este Mineral Resource was estimated by independent geological consultants CSA Global South Africa Pty Ltd (**CSA Global**), an ERM Group Company [Mining & Metals \(erm.com\)](https://www.erm.com).

The Mineral Resource is reported in accordance with the guidelines of the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition. The Carriere de l'Este Mineral Resource is classified as Inferred and can be extracted by means of open pit mining and therefore meets the criteria required for reasonable prospects for eventual economic extraction.

The lithium Mineral Resource is reported above a cut-off grade of 0.5% Li₂O in the fresh pegmatite domain. The Mineral Resource comprises 173 million tonnes of spodumene-rich fresh pegmatite at a grade of 1.58% Li₂O. These Mineral Resource tonnages are included in Table 2: Manono Project - Mineral Resource at a 0.5% Li₂O cut-off (as of 22 January 2024*).

Binding Term Sheet Signed for Funding Facility of up to US\$20,000,000¹⁴

The Company signed a Binding Term Sheet (**Term Sheet**) to provide a pathway for the execution of a formal agreement for a general working capital and litigation funding facility of up to US\$20,000,000 (**Funding Facility**) with Locke Capital LLC and its investment manager Locke Capital Limited (**Locke**).

After consultation and negotiations with various potential funders, the AVZ board of directors (**Board**) has elected to proceed to a phase of exclusive due diligence with Locke until, at latest, 31 March 2024, with the aim of executing a formal agreement for the Funding Facility as soon as practicable.

¹² Refer to ASX announcement dated 19 December 2023 "AVZ Successfully Restrains Dathomir".

¹³ Refer ASX announcement dated 18 December 2023 "Carriere de l'Este Maiden Mineral Resource Estimate".

¹⁴ Refer ASX announcement dated 17 November 2023 "Binding Term Sheet Signed for Funding Facility of up to US\$20,000,000".

The Funding Facility is intended to fully fund the legal costs incurred with respect to the Title Dispute, Dathcom JVA Dispute, Jin Cheng Dispute and Dathomir Dispute. It is intended that funds will also be used for other proceedings as agreed with Locke.

Additionally, the Term Sheet outlines the intention for the Funding Facility to cover any further legal costs associated with the Manono Project, corporate costs and any project costs associated with maintaining the current state of the Manono Project's assets, should the Company require.

2023 Annual General Meeting¹⁵

The Annual General Meeting (AGM) of the Company was held on 23 November 2023. Resolutions for the re-election of Mr Graeme Johnston and Dr John Clarke and the election of Dr Casta Tungaraza, Mr Serge Ngandu and Her Excellency Salome Thaddaus Sijaona to the Board were all carried.

The Company received very high shareholder participation across the resolutions relating to the election of directors to the Board. Approximately 70% of the share register by number of shares, voted at the AGM.

The Board is of the view the AGM result represents a very strong vote of shareholder confidence in both the Board and its clear and considered strategy to advance the development of the Manono Project.

Fat Tail Holdings Pty Ltd (**Fat Tail**), (an entity which holds less than 0.14% of the Company's issued capital) was seeking to solicit support from AVZ shareholders for the election of Peter Huljich (a former director of the Company), Michael Carrick and Tyrone Ludbrook to the Board at the AGM (together the "Fat Tail Nominees") with each of the Fat Tail Nominees strongly voted down by the Company's shareholders.

Fat Tail Dispute¹⁶

Fat Tail filed an originating process on Friday 15 December 2023 commencing proceedings in the Supreme Court of Western Australia against the Company and two of its directors, Mr Nigel Ferguson and Dr John Clarke. The proceedings brought by Fat Tail seek court orders declaring that Mr Ferguson and Dr Clarke have caused the affairs of AVZ to be conducted in a manner that is contrary to the interests of the members as a whole, further or alternatively oppressive to, unfairly prejudicial to, or unfairly discriminatory against the members of AVZ, including the plaintiff.

Subsequent to the reporting period and as announced on 13 March 2024, Fat Tail filed its third iteration of its statement of claim on 27 February 2024 and the Company filed its defence on 29 February 2024. The next steps in relation to the Fat Tail Dispute are set out below in the section entitled "Contingencies".

Corporate

A total of 20,031,000 Performance Rights lapsed during the HY23.

As of 31 December 2023, the Company's securities on issue were as follows:

| Quoted Securities | Number |
|---------------------|---------------|
| Ordinary Fully Paid | 3,528,729,748 |
| Unquoted Securities | Number |
| Performance Rights | 33,460,600 |

¹⁵ Refer ASX announcement dated 23 November 2023 "Strong Vote of Confidence for AVZ's Board of Directors and its Strategy" and 29 November 2023 "AGM Results - Additional Information".

¹⁶ Refer ASX announcement dated 18 December 2023 "Fat Tail Proceedings".

Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 31 December 2023):

| Country / Project | Tenement | Interest | Status |
|--------------------------------|--------------------|----------|-----------------------|
| DRC - Manono Project | PR 13359 | 75%* | Granted ¹⁷ |
| DRC - Manono Extension Project | PR 4029 PR 4030 | 100% | Granted |

*AVZ through its wholly owned entity, AVZ International Pty Ltd ("AVZI") has a legal 75% 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. The Company advised on ASX Announcement dated 3 July 2023 that the TIA remains valid until either the completion or cancellation by both parties. Further, the Company's and Cominiere's interest in Dathcom and the Manono Project is the subject of dispute.

Table 1: Manono Project - Ore Reserve Estimate (as of 31 December 2023):

| Reserve Category | Tonnes (Mt) | Grade Li ₂ O % | Contained Li ₂ O (Mt) | Grade Sn (g/t) | Contained Sn (kt) |
|------------------|--------------|---------------------------|----------------------------------|----------------|-------------------|
| Proved | 65.0 | 1.64 | 1.07 | 942 | 61.2 |
| Probable | 66.6 | 1.61 | 1.075 | 1.037 | 69.1 |
| Total | 131.7 | 1.63 | 2.14 | 990 | 130.3 |

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.

Table 2: Manono Project - Mineral Resource at a 0.5% Li₂O cut-off (as of 22 January 2024*):

| Category | Tonnes (Millions) | Li ₂ O % | Sn ppm | Ta ppm | Fe ₂ O ₃ % |
|--------------|-------------------|---------------------|------------|-----------|----------------------------------|
| Measured | 132 | 1.65 | 898 | 36 | 0.95 |
| Indicated | 367 | 1.62 | 703 | 34 | 1.03 |
| Inferred | 342 | 1.57 | 643 | 42 | 1.02 |
| Total | 842 | 1.61 | 709 | 37 | 1.01 |

*Refer to 31 January 2024 ASX Announcement "Manono Project Mineral Resource increases 47% to 842Mt as Roche Dure tonnages expanded"

COMPETENT PERSONS STATEMENT

The technical information in the document that relates to the geology of the Roche Dure and Carriere de l'Este pegmatites is based upon information compiled by Mr Michael Cronwright, who is a geologist with 24 years' experience in exploration, is a fellow of The Geological Society of South Africa (GSSA) and Pr. Sci. Nat. (Geological Sciences) registered with the South African Council for Natural Professions (SACNASP). Mr Cronwright is a Principal Consultant with CSA Global Pty Ltd (an independent consulting company). Mr Cronwright has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr Cronwright consents to the inclusion in this report of matters based on his information in the form and context in which they appear.

¹⁷ Subject to clarifying matters surrounding the two ministerial decrees dated 28 January 2023.

The Mineral Resource estimates have been completed by Mr Anton Geldenhuys (BSc Hons, MEng) who is a geologist with 23 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 Fellow 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. Mr Geldenhuys consents to the inclusion in this report of matters based on his information in the form and context in which they appear.

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 reviewed the Ore Reserve statement and given permission for the publication of this information in the form and context within which it appears.

NO NEW INFORMATION

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

- Prior to 18 December 2023, Mineral Resources and Ore Reserves for the Manono Lithium and Tin Operation "MLTO", "Manono Project" or "Roche Dure" references the Company's previous ASX Announcements "Updated Mineral Resource Estimate Includes Pit Floor "Wedge" Drill Results" released to ASX on 24 May 2021 followed by "JORC Ore Reserves increase by 41.6% at Roche Dure" released to ASX on 14 July 2021.
- On 18 December 2023, the maiden Mineral Resource estimate for Carriere de l'Este (CDL MRE) was announced via ASX Announcement "Carriere de l'Este Maiden Mineral Resource Estimate."
- Post 18 December 2023, the Mineral Resources and Ore Reserves for the Manono Lithium and Tin Operation "MLTO" or "Manono Project" include both the Roche Dure and CDL MRE.
- 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 to view on the Company's website www.avzminerals.com.au

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

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

FORWARD LOOKING INFORMATION

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

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

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

After Reporting Date Events

Title Dispute

On 16 January 2024 the ICSID tribunal made interim orders to protect AVZI, GLH and Dathcom's rights pending the final outcome of the Title Dispute including orders that the DRC take the necessary steps to reflect that Dathcom is the holder of PR 13359 (**Interim Orders**).

It is noted that the reinstatement of PR 13359 in the name of Dathcom excluded the northern portion of PR 13359 which Cominière purportedly relinquished to enable the grant of PR 15775 to Manono Lithium SA. The ICSID tribunal declined to deal with title to the northern area on an interim basis because it affected the interests of Manono Lithium SA. Dathcom's title to the northern area remains to be determined in the substantive proceedings (together with final confirmation of Dathcom's title to the balance of PR 13359).¹⁸

The Interim Orders are binding on all parties and took effect immediately, but the parties were invited to provide comments on the implementation of the Interim Orders.

As announced on 13 March 2024, the DRC has not yet complied with the Interim Orders. In its comments, the DRC presented new arguments directed to achieving a cancellation of the Interim Orders (rather than provide comments on their implementation).

The ICSID tribunal has responded by reminding the DRC that it is bound by the Interim Orders and indicating that it will in due course draw the appropriate conclusions from any failure to comply with the Interim Orders. The ICSID tribunal also invited AVZI, GLH and Dathcom to provide submissions as to the basis upon which they contend they are entitled to be paid penalties in respect of any failure to comply with the Interim Orders.

On 6 March 2024, AVZI, GLH and Dathcom filed a motion requesting the ICSID tribunal make financial penalty orders for non-compliance.

Mineral Resource increase at Roche Dure

On 31 January 2024, AVZ announced it has updated the Mineral Resource of the Manono Project after generating new results from the 2022 - 2023 drilling programme at the Roche Dure pegmatite (the Roche Dure Extension Drilling Project).¹⁹

Jin Cheng Dispute

The Company is still awaiting the decision of the ICC tribunal in respect of this hearing which it understands is imminent.

Fat Tail Dispute

As announced on 13 March 2024, Fat Tail filed its third iteration of its Statement of Claim on 27 February 2024 and the Company filed its defence on 29 February 2024. In summary, Fat Tail's third iteration of its statement of claim alleged, among other things, that the Company engaged in oppressive conduct against shareholders.

More particularly, Fat Tail alleges that, during the months of March 2021 to May 2022, AVZ did not adequately disclose matters relating to its application to convert PR 13359 into a PE and the circumstances surrounding Mr Ferguson's resignation from AJN Resources Inc.

Having previously been put on notice that the defendants considered Fat Tail's claims to be materially deficient, on 27 February 2024 Fat Tail filed its third iteration of its Statement of Claim. AVZ has put Fat Tail on notice it considers that the Statement of Claim still fails to articulate a reasonable cause of action.

AVZ denies these allegations and maintains its disclosure was appropriate. AVZ will continue to vigorously defend these claims.

¹⁸ Refer to ASX announcement dated 18 January 2024 titled "AVZ Successful in ICSID Interim Measures".

¹⁹ Refer ASX Announcement dated 31 January 2024, "Manono Project Mineral Resource increases 47% to 842Mt as Roche Dure tonnages expanded".

Cancellation of Performance Rights

On 5 March 2024, AVZ announced a notification of cessation of 400,000 Performance Rights due to cancellation by agreement between the entity and holder.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

This report is made in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.



Nigel Ferguson
Managing Director

Perth, Western Australia, 15 March 2024

To the Board of Directors

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

As lead audit Director for the review of the financial statements of AVZ Minerals Limited for the half year ended 31 December 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 15th day of March 2024
Perth, Western Australia

AVZ MINERALS LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2023

| | Notes | Consolidated | |
|--|-------|---------------------|---------------------|
| | | 31 December 2023 | 31 December 2022 |
| | | \$ | \$ |
| Revenue | | | |
| Other income | 4 | 250 | 150,702 |
| Interest received | | 124,477 | 356,239 |
| Expenses | | | |
| Administration costs | | (1,249,820) | (2,234,172) |
| Legal costs | | (5,739,480) | (1,398,864) |
| Employee benefits expense | | (475,242) | (1,487,069) |
| Directors and consultancy expenses | | (130,902) | (65,000) |
| Share-based payments expense reversal | 8 | 6,003,831 | (294,786) |
| Compliance and regulatory expenses | | (255,861) | (175,416) |
| Insurance expenses | | (440,900) | (372,480) |
| Depreciation expense | | (272,054) | (404,591) |
| Depreciation expense of right-of-use assets | | (144,314) | (143,194) |
| Interest expense | | (34,589) | (42,540) |
| Foreign exchange gain/(loss) | | 1,981 | - |
| Loss before income tax | | (2,612,623) | (6,111,171) |
| Income tax expense | | - | - |
| Loss after income tax for the half-year | | (2,612,623) | (6,111,171) |
| Other comprehensive (loss)/income: | | | |
| Items that may be reclassified to profit or loss: | | | |
| Exchange differences arising on translation of foreign operations | | (4,393,357) | 1,649,819 |
| Total comprehensive (loss)/income for the half-year | | (7,055,980) | (4,461,352) |
| Basic and diluted loss per share (cents per share) | | (0.07) | (0.17) |
| Loss for the half-year is attributable to: | | | |
| Owners of AVZ Minerals Limited | | (2,409,503) | (6,005,669) |
| Non-controlling interests | | (203,120) | (105,502) |
| | | (2,612,623) | (6,111,171) |
| Total comprehensive loss for the half-year attributable to: | | | |
| Owners of AVZ Minerals Limited | | (6,408,160) | (4,562,413) |
| Non-controlling interests | | (597,821) | 101,061 |
| | | (7,005,981) | (4,461,352) |

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

AVZ MINERALS LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2023

| | Notes | Consolidated | |
|---|-------|---------------------|--------------------|
| | | 31 December 2023 | 30 June 2023 |
| | | \$ | \$ |
| Current Assets | | | |
| Cash and cash equivalents | | 6,396,306 | 18,949,635 |
| Trade and other receivables | | 1,003,776 | 1,526,860 |
| Total Current Assets | | 7,400,082 | 20,476,495 |
| Non-Current Assets | | | |
| Mining exploration and evaluation | 5 | 182,203,147 | 182,096,970 |
| Property, plant and equipment | | 2,951,442 | 3,283,318 |
| Right-of-use asset | | 938,044 | 1,082,359 |
| Total Non-Current Assets | | 186,092,633 | 186,462,647 |
| Total Assets | | 193,492,715 | 206,939,142 |
| Current Liabilities | | | |
| Trade and other payables | | 3,374,174 | 3,690,479 |
| Provisions | | 109,925 | 99,314 |
| Lease liability | | 276,659 | 268,098 |
| Total Current Liabilities | | 3,760,758 | 4,057,891 |
| Non-Current Liabilities | | | |
| Lease liability | | 736,858 | 876,341 |
| Total Non-Current Liabilities | | 736,858 | 876,341 |
| Total Liabilities | | 4,497,616 | 4,934,232 |
| Net Assets | | 188,995,099 | 202,004,910 |
| Equity | | | |
| Contributed equity | 6 | 226,455,235 | 226,455,235 |
| Reserves | | 14,526,117 | 25,980,504 |
| Accumulated losses | | (67,217,354) | (66,259,751) |
| Capital and reserves attributable to owners of AVZ Minerals Limited | | 173,763,998 | 186,175,988 |
| Non-controlling interests | | 15,231,101 | 15,828,922 |
| Total Equity | | 188,995,099 | 202,004,910 |

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

AVZ MINERALS LIMITED
Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2023

| Consolidated | Contributed Equity | Accumulated Losses | Share Options Reserve | Foreign Currency Reserves | Total | Non-controlling Interests | Total Equity |
|--|--------------------|---------------------|-----------------------|---------------------------|--------------------|---------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 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 half-year | - | (6,005,669) | - | - | (6,005,669) | (105,502) | (6,111,171) |
| Exchange differences on translation of foreign operations | - | - | - | 1,443,256 | 1,443,256 | 206,563 | 1,649,819 |
| Total comprehensive loss for the half-year | - | (6,005,669) | - | 1,443,256 | (4,562,413) | 101,061 | (4,461,352) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | | |
| Share-based payments expense | - | - | 294,786 | - | 294,786 | - | 294,786 |
| Performance Rights lapsed | - | 1,113,868 | (1,113,868) | - | - | - | - |
| Total transactions with owners in their capacity as owners | - | 1,113,868 | (819,082) | - | 294,786 | - | 294,786 |
| Balance at 31 December 2022 | 226,455,235 | (58,505,117) | 12,999,964 | 8,871,335 | 189,821,417 | 15,707,982 | 205,529,399 |
| Balance at 1 July 2023 | 226,455,235 | (66,259,751) | 13,451,039 | 12,529,465 | 186,175,988 | 15,828,922 | 202,004,910 |
| Loss for the half-year | - | (2,409,503) | - | - | (2,409,503) | (203,120) | (2,612,623) |
| Exchange differences on translation of foreign operations | - | - | - | (3,998,656) | (3,998,656) | (394,701) | (4,393,357) |
| Total comprehensive loss for the half-year | - | (2,409,503) | - | (3,998,656) | (6,408,159) | (597,821) | (7,005,980) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | | | |
| Share-based payments expense | - | - | (6,003,831) | - | (6,003,831) | - | (6,003,831) |
| Performance Rights lapsed or cancelled | - | 1,451,900 | (1,451,900) | - | - | - | - |
| Total transactions with owners in their capacity as owners | - | 1,451,900 | (7,455,731) | - | (6,003,831) | - | (6,003,831) |
| Balance at 31 December 2023 | 226,455,235 | (67,217,354) | 5,995,308 | 8,530,809 | 173,763,998 | 15,231,101 | 188,995,099 |

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

AVZ MINERALS LIMITED
Condensed Consolidated Statement of Cash flows
For the half-year ended 31 December 2023

| | Notes | Consolidated | |
|---|-------|---------------------|---------------------|
| | | 31 December 2023 | 31 December 2022 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Payments to suppliers and employees | | (7,300,563) | (6,000,217) |
| Interest received | | 124,477 | 356,239 |
| Interest expense | | (34,589) | (42,540) |
| R&D tax incentive | | 81,346 | 137,533 |
| Net cash outflows from operating activities | | (7,129,329) | (5,548,985) |
| Cash flows from investing activities | | | |
| Payments for exploration and evaluation | | (5,339,185) | (18,838,341) |
| Payments for property, plant and equipment | | - | (52,239) |
| Proceeds from sale of property, plant and equipment | | - | 14,894 |
| Net cash outflows from investing activities | | (5,339,185) | (18,875,686) |
| Cash flows from financing activities | | | |
| Payment of lease liability | | (130,922) | (117,024) |
| Net cash flow from financing activities | | (130,922) | (117,024) |
| Net increase / (decrease) in cash and cash equivalents | | (12,599,436) | (24,541,695) |
| Cash and cash equivalents at the beginning of the period | | 18,949,635 | 60,726,221 |
| Foreign currency differences | | 46,107 | 403,001 |
| Cash and cash equivalents at the end of the period | | 6,396,306 | 36,587,527 |

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

1. Basis of preparation of half-year report

The half-year consolidated financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. The consolidated financial statements of the Company for the half-year ended 31 December 2023 include the Company and its controlled entities, together referred to as the Consolidated Group.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by AVZ Minerals Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The half-year report does not include full disclosures of the type normally included in an annual financial report. For the purposes of preparing the half-year financial statements, the half-year has been treated as a discrete reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted

In the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2023.

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.

Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

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 half-year of \$2,612,623 (2022: \$6,111,171) and net cash outflows from operating activities of \$7,129,329 (2022: \$5,548,985). As at 31 December 2023, the Group's cash and cash equivalents were \$6,396,306 (2022: \$36,587,527) and had a working capital surplus of \$3,639,324 (2022: \$35,941,264).

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.

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.

2. Segment information

Identification of reportable operating segments

The Group is organised into one operating segment, being exploration in the DRC. This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and in determining the allocation of resources.

As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

Geographical information

All non-current assets are based in the DRC.

3. Dividends

No dividends have been paid or recommended during the current or prior interim reporting period or subsequent to reporting date.

4. Other income

| | Consolidated | |
|-------------------------------|---------------------|---------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$ | \$ |
| R&D tax incentive | - | 137,533 |
| Net gain on disposal of asset | - | 13,169 |
| Other income | 250 | - |
| | <u>250</u> | <u>150,702</u> |

5. Mining exploration and evaluation

| | Consolidated | |
|---|---------------------|--------------------|
| | 31 December 2023 | 30 June 2023 |
| | \$ | \$ |
| Opening balance | 182,096,970 | 145,670,930 |
| Exploration costs | 5,202,290 | 30,203,107 |
| Net exchange differences on translation | (5,096,113) | 6,222,933 |
| Closing balance | <u>182,203,147</u> | <u>182,096,970</u> |

5. Mining exploration and evaluation (con't)

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

- the continuance of the Company's rights to tenure of the areas of interest;
 - the results of future exploration; and
 - the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.
- i. In August 2021, the Company increased its interest in the Manono Project from 60% to 75% by exercising options to purchase Dathomir's minority shareholding of 15% equity in Dathcom Mining for US\$20 million. This transaction is the subject of the Dathomir Dispute described in the section entitled 'Review of Operation' above.
 - ii. Impairment due to 50% relinquishment of tenements comprising PR 4029 and PR 4030.
 - iii. On 28 January 2023, the Minister of Mines of the DRC issued two ministerial decrees which purported to cancel the ministerial order dated 7 April 2022 (which had approved relinquishment of the portion of PR 13359) and cancel the ministerial order dated 25 April 2022 (which had approved grant of the PE). The Company continues to contend it has full legal rights over its tenure for PR 13359 and is seeking clarification of matters surrounding the two ministerial decrees dated 28 January 2023. This is the subject of the Title Dispute described in the section entitled 'Review of Operation' above.
 - iv. As noted above in the section entitled "After Reporting Events", on 16 January 2024 the ICSID tribunal made interim orders to protect AVZI, GLH and Dathcom's rights pending the final outcome of the Title Dispute including orders that the DRC take the necessary steps to reflect that Dathcom is the holder of PR 13359 (**Interim Orders**).
 - v. It is noted that the reinstatement of PR 13359 in the name of Dathcom excluded the northern portion of PR 13359 which Cominière purportedly relinquished to enable grant of PR 15775 to Manono Lithium SA. The ICSID tribunal declined to deal with title to the northern area on an interim basis because it affected the interests of Manono Lithium SA. Dathcom's title to the northern area remains to be determined in the substantive proceedings (together with final confirmation of Dathcom's title to the balance of PR 13359).

The acceptance of jurisdiction by the ICSID tribunal to hear the claim coupled with the ICSID tribunal's acceptance that it had power to compel the reinstatement of title on an interim basis bodes well for the prospects of this claim.

The Company notes that its preference remains to achieve a negotiated resolution with the DRC but understands that the ability of the DRC to engage in negotiations is restricted until a new cabinet is formed following the Presidential election.

6. Contributed Equity

| | Consolidated | | Consolidated | |
|---------------------------------|----------------------|----------------------|---------------------|--------------------|
| | 31 December 2023 | 30 June 2023 | 31 December 2023 | 30 June 2023 |
| | Shares | Shares | \$ | \$ |
| (a) Contributed equity | | | | |
| Ordinary shares - fully paid | 3,528,729,748 | 3,528,729,748 | 226,455,235 | 226,455,235 |
| Total contributed equity | 3,528,729,748 | 3,528,729,748 | 226,455,235 | 226,455,235 |

6. Contributed Equity (con't)

| | Number of shares | Fair value \$ | Total \$ |
|---|----------------------|------------------|--------------------|
| (b) Movement in share capital | | | |
| Opening Balance 1 July 2022 | 3,528,729,748 | | 226,455,235 |
| Less: Transaction costs arising on share issues | - | | - |
| Closing balance at 30 June 2023 | 3,528,729,748 | | 226,455,235 |
| Opening Balance 1 July 2023 | 3,528,729,748 | | 226,455,235 |
| Issue of shares | - | - | - |
| Less: Transaction costs arising on share issues | - | | - |
| Closing balance at 31 December 2023 | 3,528,729,748 | | 226,455,235 |

7. Share Options and Performance Rights

(a) Share Options

Movement on Options:

There are no options on issue at 31 December 2023 (30 June 2023: Nil).

(b) Performance Rights

Movement on Performance Rights:

| | Expiry date | Exercise price (cents) | Balance at 1 July 2023 | Granted during the period | Converted during the period | Cancelled/ lapsed during the period | Balance at 31 December 2023 |
|-------------|-------------|---------------------------|---------------------------|---------------------------------|-----------------------------------|---|--------------------------------------|
| 2023 | | | | | | | |
| Class M | 9-Dec-23 | - | 14,648,000 | - | - | (14,648,000) | - |
| Class N | 29-Jun-24 | - | 2,658,600 | - | - | (633,000) | 2,025,600 |
| Class O | 7-Sep-24 | - | 11,435,000 | - | - | (1,250,000) | 10,185,000 |
| Class P | 7-Sep-24 | - | 24,750,000 | - | - | (3,500,000) | 21,250,000 |
| | | | 53,491,600 | - | - | (20,031,000) | 33,460,600 |

| | Expiry date | Exercise price (cents) | Balance at 1 July 2022 | Granted during the period | Converted during the period | Cancelled/ lapsed during the period | Balance at 31 December 2022 |
|-------------|-------------|---------------------------|---------------------------|---------------------------------|-----------------------------------|---|--------------------------------------|
| 2022 | | | | | | | |
| Class M | 9-Dec-23 | - | 17,398,000 | - | - | (2,000,000) | 15,398,000 |
| Class N | 29-Jun-24 | - | 3,291,600 | - | - | (633,000) | 2,658,600 |
| Class O | 7-Sep-24 | - | 13,235,000 | - | - | (1,500,000) | 11,735,000 |
| Class P | 7-Sep-24 | - | 24,750,000 | - | - | - | 24,750,000 |
| Class Q | 7-Oct-22 | - | 3,500,000 | - | - | (3,500,000) | - |
| | | | 62,174,600 | - | - | (7,633,000) | 54,541,600 |

8. Share Based Payments

(a) Options

No options were issued to current directors and executives as part of their remuneration during the half-year ended 31 December 2023.

(b) Performance Rights

No Performance Rights were issued during the half-year ended 31 December 2023.

No Performance Rights were exercised during the half-year ended 31 December 2023.

During the half-year ended 31 December 2023, share based payment of \$4,826,619 in relation to various Performance Rights was reversed due to the probability of meeting its respective vesting conditions being assessed at nil. Previously recognised share-based payment \$1,399,098 in relation to Performance Rights Class N, O and P were also reversed as a result of resignation of employees during the half-year period.

During the half year ended 31 December 2023, Share based payment of \$221,887 has been expensed to the statement of profit or loss and other comprehensive income over its vesting period at 100% probability of meeting vesting conditions.

9. Contingencies

(a) Lease Guarantee

The Company has given bank guarantees as at 31 December 2023 of \$199,508 (December 2022: \$199,508) to a landlord for the lease of office building.

(b) Jin Cheng Dispute

The Jin Cheng Dispute refers to the ICC arbitration proceedings initiated by Jin Cheng against AVZI in relation to an alleged abuse of majority position by AVZI in respect of its failure to acknowledge the sale of 15% of the shares in Dathcom from Cominière to Jin Cheng (which AVZI contends was void because it was entered into in breach of AVZI's pre-emptive right).

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.

AVZI's jurisdictional challenge was heard on 5 and 6 October 2023, at which AVZI presented its case that the sale of the 15% of the shares Dathcom was ineffective, either due to the breach of AVZI's pre-emptive right under the Dathcom JVA or due to the circumstances in which that agreement was entered into by Jin Cheng and Cominière some of which were addressed in the IGF Report dated 30 September 2022.²⁰

The Company is still awaiting the decision of the ICC tribunal in respect of this hearing which it understands is imminent.

²⁰ Refer to ASX announcement dated 27 September 2023 titled "Arbitration Proceedings Update".

9. Contingencies (con't)

Based on the material that has been filed in the proceedings to date and having regard to the hearing on 5 and 6 October 2023, the Company remains confident that it will prevail in relation to this dispute.

(c) Dathomir Dispute

The Dathomir Dispute refers to the two ICC arbitration proceedings brought by AVZI against Dathomir in relation to Dathomir's attempts to challenge the sale to AVZI of its 15% shareholding in Dathcom.

The Dathomir Dispute comprises two separate proceedings:

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

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 2019 SPA Proceedings and 2020 SPA 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 2019 SPA Proceedings, 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.

On or about 4 September 2023, Dathomir issued proceedings in the Commercial Court of Lubumbashi (DRC) seeking a judgment to wind-up Dathcom on the grounds the Dathcom JVA had been terminated and PR 13359 transferred from Dathcom to Cominière.

On 2 November 2023, AVZ and AVZI its wholly owned subsidiary applied to the ICC in the 2020 SPA Proceedings for emergency measures against Dathomir to preserve the status quo, pending the outcome of the 2020 SPA Proceedings, including an injunction compelling Dathomir to withdraw the application to the Commercial Court of Lubumbashi (DRC) seeking a judgment to wind-up Dathcom.

On 18 December 2023, the arbitral tribunal made an order to the effect of the above. Accordingly, Dathomir must now *"take the necessary measures in order to withdraw from the case pending before the Commercial Court of Lubumbashi (RAC 3268) prior to its hearing dated December 20, 2023"*.²¹

Dathomir has indicated to the ICC tribunal that it will withdraw its application at the next procedural hearing scheduled to take place before the Commercial Court of Lubumbashi on 25 March 2024.

With respect to the 2019 SPA Proceedings and subsequent to the reporting period, on 19 January 2024, Dathomir's jurisdictional challenge was heard during which the parties addressed the issue of whether AVZ executed the 2019 SPA on behalf of AVZI. The Company is awaiting the decision in respect of the ICC tribunal in respect of this hearing.

²¹ Refer to ASX announcement dated 19 December 2023 titled "AVZ Successfully Restrains Dathomir".

9. Contingencies (con't)

Furthermore, in the 2020 SPA Proceedings:

- Dathomir filed its defence on 4 March 2024; and
- AVZ and AVZI are required to file their Reply on 21 May 2024.

Based on the material that has been filed in the proceedings to date the Company remains confident that it will prevail in relation to this dispute.

(d) Dathcom JV Dispute

The Dathcom JV Dispute refers to the two ICC arbitration proceedings (ICC No. 27720/SP initiated by AVZI and ICC No. 27769/SP initiated by Cominière and Jin Cheng in relation to alleged breaches of the shareholders' obligations under Dathcom JVA and the purported termination of the Dathcom JVA by Cominière (on the basis of which PR 13359 was purportedly transferred to Cominière and an application to wind-up Dathcom was brought by Dathomir).

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.

AVZI obtained emergency orders on 8 May 2023 and most recently on 15 November 2023. Further details regarding the emergency orders are set out in the section entitled 'Review of Operations' above and the Company's ASX announcements dated 8 May 2023 titled 'Favourable Ruling in ICC Emergency Arbitration Proceedings against Cominière' and dated 17 November 2023 "AVZ Successfully Restrains Cominière and Additional ICC Arbitration Updates".

Following the emergency orders received on 15 November 2023, AVZI has applied to the ICC for a partial award seeking to liquidate (i.e. have paid) the accrued fines in respect of both emergency orders.

The next substantive procedural steps in the proceedings are:

- in relation to the liquidation of the fines, the parties must exchange written submissions and then a hearing will take place on 3 April 2024; and
- in relation to the AVZI claim against Cominière (ICC No. 27720/SP), AVZI must submit its statement of claim by 30 April 2024; and
- in relation to the Cominière and Jin Cheng claim against AVZI (ICC No. 27769/SP), there is a procedural hearing on 29 May 2024 after which the ICC tribunal will determine whether it is appropriate to bifurcate the proceedings with a first hearing in respect of jurisdiction (as, among other things, AVZI contends the ICC does not have jurisdiction in respect of the Jin Cheng claims in this matter) and a second hearing in respect of the merits.

Based on the material that has been filed in the proceedings to date and having regard to the failure by Cominière to comply with the emergency orders, the Company remains confident that it will prevail in relation to this dispute.

(e) Title Dispute

The Title Dispute refers to the ICSID arbitration proceedings (ICSID Case No. ARB/23/20) commenced by the Company's subsidiaries AVZI, GLH, and Dathcom against the DRC in relation to the DRC's failure to procure the grant to Dathcom of a PE in respect of the land the subject of PR 13359

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

9. Contingencies (con't)

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.

On 16 January 2024 the ICSID tribunal made the Interim Orders. Further details regarding the Interim Orders are set out in the section entitled 'After Reporting Date Events' above and the Company's ASX announcement dated 18 January 2024 titled 'AVZ Successful in ICSID Interim Measures'.

As announced on 13 March 2024, the DRC has not yet complied with the Interim Orders. In its comments, the DRC presented new arguments directed to achieving a cancellation of the Interim Orders (rather than provide comments on their implementation).

The ICSID tribunal has responded by reminding the DRC that it is bound by the Interim Orders and indicating that it will in due course draw the appropriate conclusions from any failure to comply with the Interim Orders.

The ICSID tribunal also invited AVZI, GLH and Dathcom to provide submissions as to the basis upon which they contend they are entitled to be paid penalties in respect of any failure to comply with the Interim Orders.

On 6 March 2024, AVZI, GLH and Dathcom filed a motion requesting the ICSID tribunal make financial penalty orders for non-compliance.

By way of status update with respect to a final determination of the Title Dispute, the next substantive step is for the AVZI, GLH and Dathcom to file their statement of claim by 20 March 2024.

The acceptance of jurisdiction by the ICSID tribunal to hear the claim coupled with the ICSID tribunal's acceptance that it had power to compel the reinstatement of title on an interim basis bodes well for the prospects of this claim but the Company will await receipt of the DRC's statement of defence before commenting further on the merits.

The Company notes that its preference remains to achieve a negotiated resolution with the DRC but understands that the ability of the DRC to engage in negotiations is restricted until a new cabinet is formed following the Presidential election.

10. Related Party Transactions

There has been no material change in the related party transactions described in the last annual report.

11. Events Occurring Subsequent to Reporting Date

(a) Title Dispute

On 16 January 2024 the ICSID tribunal made interim orders to protect AVZI, GLH and Dathcom's rights pending the final outcome of the Title Dispute including orders that the DRC take the necessary steps to reflect that Dathcom is the holder of PR 13359 (**Interim Orders**).

It is noted that the reinstatement of PR 13359 in the name of Dathcom excluded the northern portion of PR 13359 which Cominière purportedly relinquished to enable grant of PR 15775 to Manono Lithium SA. The ICSID tribunal declined to deal with title to the northern area on an interim basis because it affected the interests of Manono Lithium SA. Dathcom's title to the northern area remains to be determined in the substantive proceedings (together with final confirmation of Dathcom's title to the balance of PR 13359).²²

The Interim Orders are binding on all parties and took effect immediately, but the parties were invited to provide comments on the implementation of the Interim Orders.

²² Refer to ASX announcement dated 18 January 2024 titled "AVZ Successful in ICSID Interim Measures".

11. **Events Occurring Subsequent to Reporting Date** (con't)

As announced on 13 March 2024, the DRC has not yet complied with the Interim Orders. In its comments, the DRC presented new arguments directed to achieving a cancellation of the Interim Orders (rather than provide comments on their implementation).

The ICSID tribunal has responded by reminding the DRC that it is bound by the Interim Orders and indicating that it will in due course draw the appropriate conclusions from any failure to comply with the Interim Orders. The ICSID tribunal also invited AVZI, GLH and Dathcom to provide submissions as to the basis upon which they contend they are entitled to be paid penalties in respect of any failure to comply with the Interim Orders.

On 6 March 2024, AVZI, GLH and Dathcom filed a motion requesting the ICSID tribunal make financial penalty orders for non-compliance.

(b) Mineral Resource increase at Roche Dure

On 31 January 2024, AVZ announced it has updated the Mineral Resource of the Manono Project after generating new results from the 2022 - 2023 drilling programme at the Roche Dure pegmatite (the Roche Dure Extension Drilling Project).²³

(c) Jin Cheng Dispute

The Company is still awaiting the decision of the ICC tribunal in respect of this hearing which it understands is imminent.

(d) Fat Tail Dispute

As announced on 13 March 2024, Fat Tail filed its third iteration of its statement of claim on 27 February 2024 and the Company filed its defence on 29 February 2024. By way of summary, Fat Tail's third iteration of its statement of claim alleged, among other things, that the Company engaged in oppressive conduct against shareholders.

More particularly, Fat Tail alleges that, during the months of March to May 2022, AVZ did not adequately disclose matters relating to its application to convert PR 13359 into a PE and the circumstances surrounding Mr Ferguson's resignation from AJN Resources Inc.

Having previously been put on notice that the defendants considered Fat Tail's claims to be materially deficient, on 27 February 2024 Fat Tail filed its third iteration of its statement of claim. AVZ has put Fat Tail on notice it considers that the statement of claim still fails to articulate a reasonable cause of action.

AVZ denies these allegations and maintains its disclosure was appropriate. AVZ will continue to vigorously defend these claims.

(e) Cancellation of Performance Rights

On 5 March 2024, AVZ announced a notification of cessation of 400,000 Performance Rights due to cancellation by agreement between the entity and holder.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

²³ Refer ASX Announcement dated 31 January 2024, "Manono Project Mineral Resource increases 47% to 842Mt as Roche Dure tonnages expanded".

AVZ MINERALS LIMITED
Directors' Declaration
For the half-year ended 31 December 2023

In the Directors' opinion:

- o the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- o the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- o there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Nigel Ferguson
Managing Director

Perth, Western Australia
15 March 2024

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

Conclusion

We have reviewed the accompanying half-year financial report of AVZ Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of AVZ Minerals Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$2,612,623 during the half year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD



CHRIS NICOLOFF CA
Director

Dated this 15th day of March 2024
Perth, Western Australia