Interim Financial Report

31 December 2019

ABN 81 125 176 703

Directors	John Clarke – Non-Executive Chairman Nigel Ferguson – Managing Director Graeme Johnston – Technical Director Hongliang Chen – Non-Executive Director Rhett Brans – Non-Executive Director Peter Huljich – Non-Executive Director
CFO & Company Secretary	Leonard Math
Registered Office	Level 2, 8 Colin Street West Perth WA 6005 PO Box 520, West Perth, WA 6872 Australia Telephone: +61 8 6117 9397 Facsimile: +61 8 6118 2106
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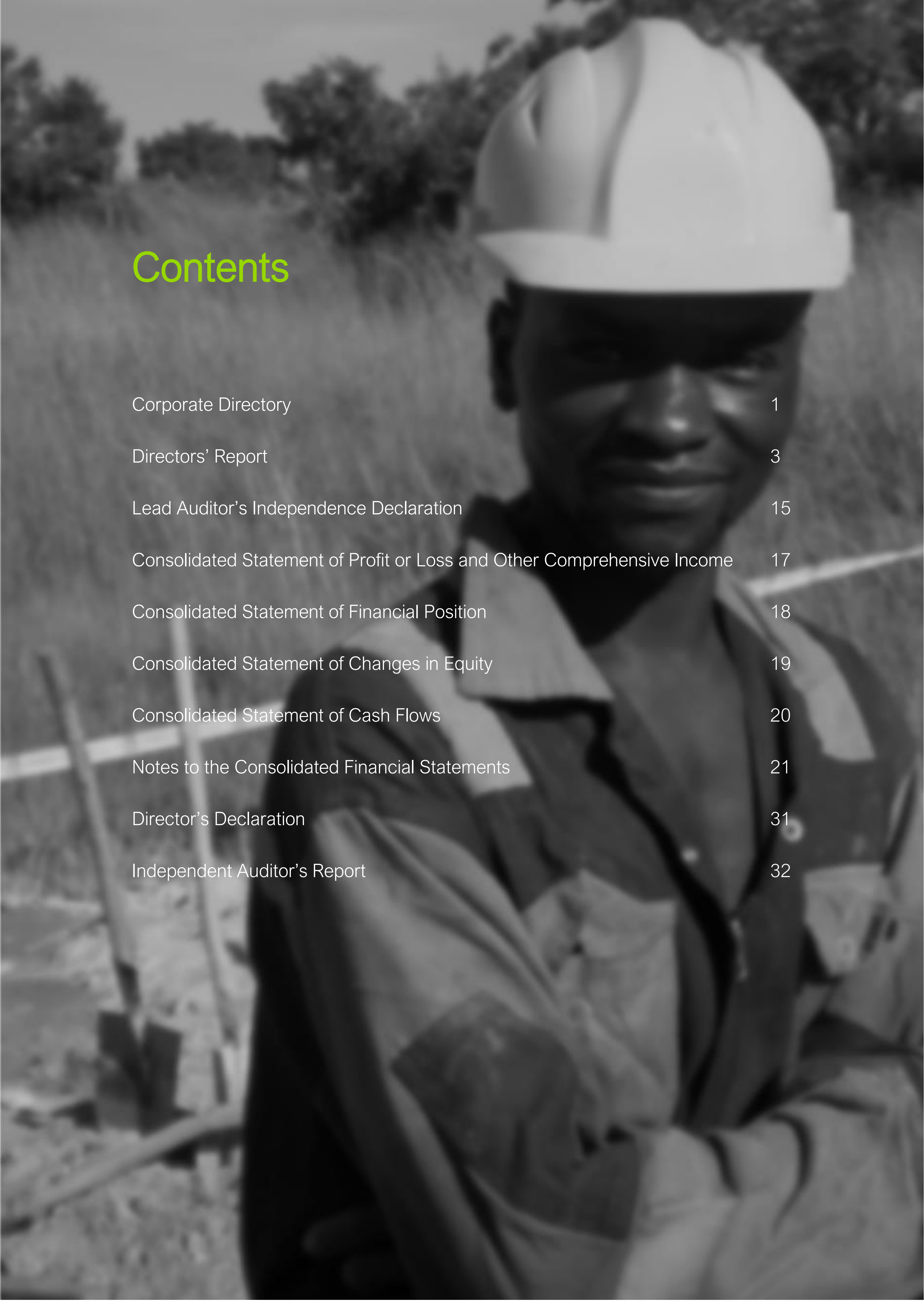
Auditor	Bentleys Audit & Corporate (WA) Pty Ltd Level 3, 216 St Georges Tce Perth WA 6000 Telephone: +61 8 9226 4500
Securities Exchange Listing	Australian Securities Exchange (Home Exchange: Perth, Western Australia) Code: AVZ, AVZO
Website Address	www.avzminerals.com.au



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Your directors present their report on the consolidated entity consisting of AVZ Minerals Limited and the entities it controlled ("AVZ" or "Group") at the end of, or during, the half-year ended 31 December 2019.

Directors

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

John Clarke	Non-Executive Chairman – appointed 2 December 2019
Nigel Ferguson	Managing Director
Graeme Johnston	Technical Director
Hongliang Chen	Non-Executive Director
Rhett Brans	Non-Executive Director
Peter Huljich	Non-Executive Director

CFO & Company Secretary

Leonard Math

Review of Operations

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

Highlights

- Definitive Feasibility Study was more than 80% complete at 31December 2019
- Dewatering at the Roche Dure Pit entered its final stages
- Phase 1 metallurgical test work was completed with Phase 2 test work continuing to deliver positive results and well advanced
- Transport studies continued with new route options emerging
- AVZ Power negotiations continued positively with Government regarding the Mpiana Mwanga hydro-electric power station
- EmiAfrica commenced environmental and social impact studies
- Discussions with Dathcom stakeholders advanced to potentially increase AVZ's ownership in the Manono Project
- Emerging lithium chemical producer, Yibin Tianyi Lithium Industry Co., Ltd ("Yibin Tianyi"), executed a conditional Subscription Agreement to invest in AVZ Minerals through a placement of A$14.1 million
- Highly experienced mining veteran Dr John Clarke, was appointed as Non-Executive Chairman, strengthening the Board as the Manono Project moved into a financing and development phase

Overview

The half year ending December 2019 has seen the Manono Project move well beyond the exploration phase into an advanced pre-development stage, with the decision taken to commence a Definitive Feasibility Study.

Officially, the Manono Project is the largest undeveloped hard-rock lithium resource in the world – in terms of grade, mine life and expandability – delivering a Measured, Indicated and Inferred resource of 400 million tonnes at 1.65% Spodumene, 715 parts per million tin and 34 parts per million tantalum.[1]

[1] Refer to ASX Announcement dated 14 October 2019, "Manono Lithium and Tin Project – Mineral Resource Statement".

Based on these numbers, AVZ decided not to pursue further exploration drilling at the nearby and highly prospective Carriere de l'Este deposit but, instead, fast track the Manono Project towards production.

To that end, Phase 1 metallurgical test work on material from the Roche Dure deposit showed it supported the potential for high-grade spodumene concentrate, which is highly suitable for the supply of chemical grade concentrate to the lithium battery market.[2]

Phase 2 metallurgical test work aimed at further optimising concentrate grade and lithia recovery continued to deliver positive results in back half of 2019.[3]

On the corporate front, AVZ announced a strategic equity investment of A$14.1 million to Yibin Tianyi Lithium Industry Co. Ltd through the issue of 314,300,000 shares at 4.5 cents per share. Yibin Tianyi is an emerging lithium chemical producer in China that is aligned and backed by China's largest EV battery manufacturer, CATL, and the Shenzen-listed company, Suzhou TA&A Ultra Clean Technology Co., Ltd. As part of the strategic share placement, AVZ and Yibin Tianyi agreed to negotiate in good faith a "binding offtake agreement" for lithium products from the Manono Project.

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

Definitive Feasibility Study

In July 2019, AVZ appointed Perth-based engineering group GR Engineering Services ("GRES") as the Definitive Feasibility Study ("DFS") Engineer for the Manono Project.

The DFS was approximately 82% complete as at 31 December 2019, with dewatering of the Roche Dure pit entering its final stages, new transport-route options emerging and positive results being achieved from Phase 2 metallurgical test work.

Roche Dure pit dewatering

Dewatering of the Roche Dure pit was more than 85% complete at the end of December 2019.

Once dewatering of the pit is completed, AVZ intends to conduct further infill drilling of material underneath the pit that could not be accessed while it was flooded in order to upgrade Mineral Resource categories from Inferred to Indicated and from Indicated to Measured.

Metallurgical Sampling Test Work

The metallurgical test work for Phase 1 was completed during the half year.

Initial characterisation test work was completed using HLS ("Heavy Liquid Separation") to determine the theoretical maximum spodumene liberation at various crush sizes. Additionally, mineral species were also investigated to examine if they could be readily separated with minimal mineral inter-growth to ensure spodumene itself did not contain excessive concentrations of iron bound in its structure. Examination of Roche Dure pegmatite sample indicated almost no inter-growth between spodumene and gangue minerals exists. Also, the spodumene contained very low iron percentages and was well inside specified limits for spodumene concentrate.

[2] Refer to ASX Announcement dated 16 September 2019, "Metallurgical Test Work Update on Roche Dure Resource Samples".
[3] Refer to ASX Announcement dated 31 December 2019, "Manono Lithium and Tin Project Operational Update".

HLS testing at three crush sizes; 10.0mm, 5.56mm and 3.35mm (Table 1), was conducted to identify crush size with maximum lithium recovery and lithium grade. Current convention states that lithium grade be reported as *lithia* (Li_2O) instead of lithium. The Manono HLS results (*refer to ASX announcement dated 13th August 2019*) demonstrate that lithium recovery improves with decreasing crush size and, lithia grade also improves with decreasing crush size. HLS results presented in *Table 1* below, are inclusive of lithium losses to <0.5mm size fraction.

Test Description		Recovery Li_2O (%)	Grade Li_2O (%)	Grade Fe_2O_3 (%)
1	HLS: 3.35mm	70.4	6.6	0.40
2	HLS: 5.56mm	65.9	6.2	0.36
3	HLS: 10.0mm	61.7	5.8	0.40

Table 1: Heavy Liquid Separation met test work results

Comminution testing was conducted using DMS. Three 5.56mm crush DMS tests were conducted, one to a test SG of 2.9 which failed to achieve 6% lithia in the concentrate and, two tests; one without and the other with a pre-treatment process to remove mica prior to testing (designated with an RC "Reflux Classifier" in the description). Both the 2.95 SG tests at 5.56mm could produce a concentrate lithia grade of 6% at 59% recovery.

Table 2 below includes iron oxide, mica and fluorine contaminant concentration where assayed, otherwise depicted with a "NA", in the DMS100 test spodumene concentrates.

Test Description		Recovery	Grade			
		Li_2O (%)	Li_2O (%)	Fe_2O_3 (%)	Mica (%)	F (g/t)
1	DMS100: 5.56mm, 2.95SG	59.8	5.8	0.50	2.7	59
2	DMS100: 5.56mm, RC, 2.9SG	60.9	5.9	0.45	2.1	82
3	DMS100: 3.35mm, RC, 2.9SG	62.8	6.0	0.44	1.7	NA

Table 2: Dense Media Separation 100 met test work results

A large scale DMS test was conducted in a DMS circuit containing a 250mm cyclone, approximately 2.5 times the diameter of the pilot scale DMS100 cyclone.

A sample was prepared to a crush size of 5.56mm, which presently appears to be the most economic crush size. The DMS250 test result is graphically presented in the Figure 1 below, with all other 5.56mm DMS test results for comparison.

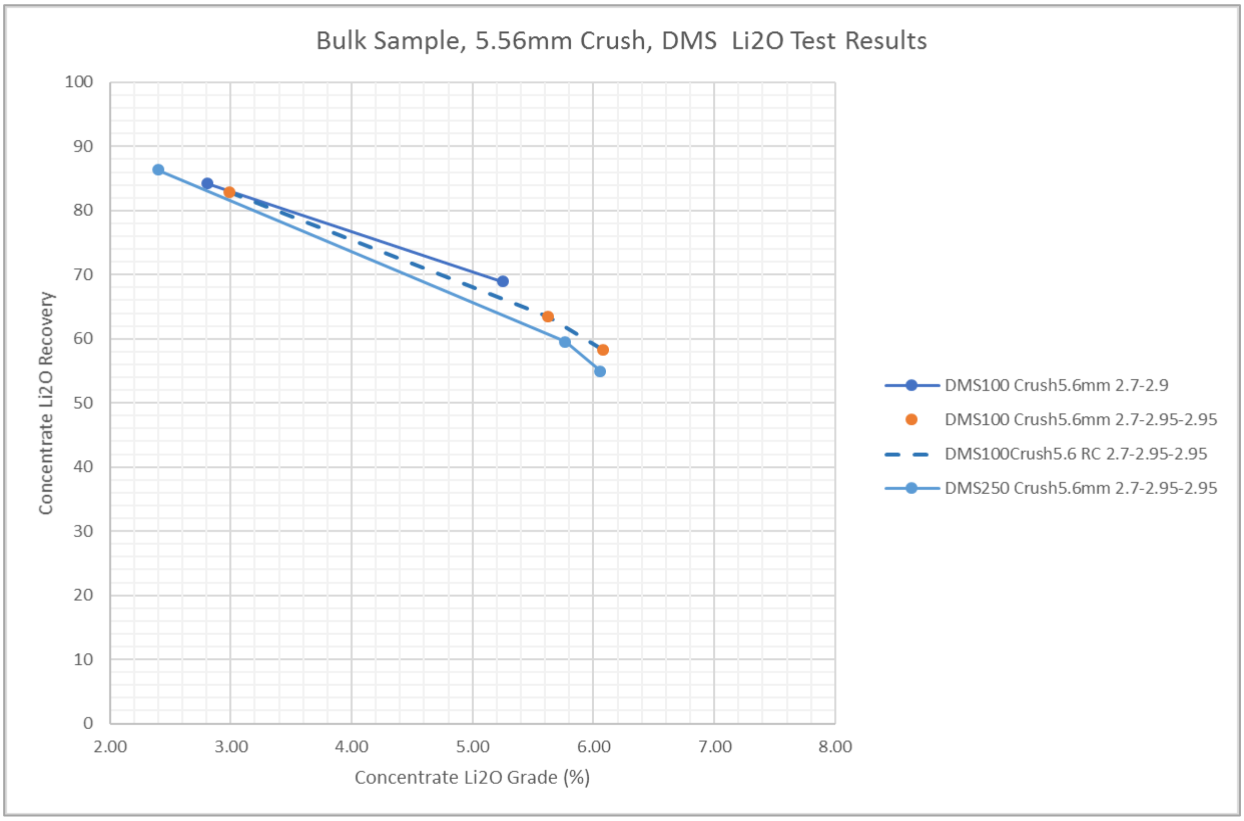

Figure 1: DMS100 and DMS200 – Grade Recovery test results

Only iron oxide impurity in the DMS250 test spodumene concentrate is presently available for reporting and is presented at Test Description '4' with other 5.56mm crush DMS test spodumene concentrate assays in *Table 3* below.

Test Description		Recovery	Grade			
		Li_2O (%)	Li_2O (%)	Fe_2O_3 (%)	Mica (%)	F (g/t)
1	DMS100: 5.56mm, 2.95SG	59.8	5.8	0.50	2.7	59
2	DMS100: 5.56mm, RC, 2.9SG	60.9	5.9	0.45	2.1	82
3	DMS100: 3.35mm, RC, 2.9SG	62.8	6.0	0.44	1.7	NA
4	DMS250: 5.56mm, 2.9SG	59.6	5.8	0.49	NA	NA

Table 3 - DMS100 and DMS250 Beneficiation Results

A two-tonne bulk sample was crushed and homogenised to 32mm for further test work material supply. The resulting 10 variability subset samples were crushed and homogenised to 12.5mm with head assays received and aligning well with estimated assays from previous core assay determinations. All screened undersize materials were also assayed and provided further positive confirmation of assay work completed to date with the reported numbers aligning very well. These samples are now pending Heavy Liquid Separation ("HLS") test work.

High Pressure Grinding Rolls ("HPGR") performance test work has been undertaken on initial prepared material. The analysis indicates a 6mm screen would be suitable to produce a 3mm p80 product. However, it has been decided to relax this target for test purposes given the benefit of 5% additional mass to the Dense Media Separation ("DMS") feed if screened at 8mm. A head assay received for the bulk composite aligns perfectly to assay estimates by interval. The head lithia assay is 1.66% lithia and 0.6% Fe_2O_3.

DMS feed preparation and optimisation work continues to schedule. Some work was completed in late December and will be reported in Q1 2020. The following work is pending or partially completed but will be completed as scheduled within Q1 2020:

- tin extraction from the coarse DMS concentrate;
- moisture determination; and -
- sample preparation and grind establishment.

Low Intensity Magnetic Separation ("LIMS") has been completed with results now being prepared for reporting and as such, this section of the metallurgical test work for Phase 2 is complete. Further work to be undertaken in Q1 2020 includes flotation test work, rheology and thickening and tailings samples.

Transport studies

To the end of 2019, a team of consultants had investigated the Tazara and other railway systems in the region with a view to selecting the most suitable and cost-effective method of transporting Manono's lithium products to port.

The SNCC railway line within the DRC was found to be operational between Tenke Fungurume and the port of Lobito in Angola, being used to export copper products from the Kolwezi and Tenke Fungurume areas of the DRC.

The Angola line is of international standard with construction having only been completed about four years ago. However, for AVZ to make use of this rail route, it would need to upgrade approximately 220km of existing gravel road between Manono and the railhead north of Tenke Fungurume at Kabonodo Dianda during the construction phase of the Manono line. This route presents as the simplest and most cost-effective investigated to date.

Utilising the Port of Moba was ruled out during this period given the length and cost of rehabilitating the road and port, as would be required by AVZ.

The analysis of each of the transport studies completed will be included in the final DFS.

Figures 2 & 3: SNCC Train at Kabondo Dianda Railway station some 200km from Manono

AVZ Power

AVZ Power was fully incorporated by the end of 2019 and the in-country team had finalised several in-depth discussions at Ministerial level on the redevelopment of the Mpiana Mwanga hydro-electric power facility, which is located some 85km south-east of Manono.

Several consultants had visited the Mpiana Mwanga HEP site to assess the necessary refurbishment required to match the staged development of the Manono Project. The reports on these site visits will be included in the DFS, along with costings.

Figures 4-7: The Mpiana-Mwanga hydro-electric power station on the Luvua River

Environmental and Social Impact Studies

As part of the formal process to obtain mining permits for the Manono Project, EmiAfrica was appointed in Q4 2019 to conduct environmental and social impact studies.

EmiAfrica consultants and senior members of AVZ's technical team briefed key local stakeholders and dignitaries to appraise them of the Company's intention to mine the Roche Dure deposit, to obtain their input and address any concerns they had about future mining activities.

EmiAfrica also started a flora and fauna study of Roche Dure which is required under the Environmental and Social Impact Assessment (EISA) program. In addition, Canadian firm, RD Consultants, was appointed to undertake hydrogeological surveys.

Figures 8 & 9: Key stakeholder briefings with local chiefs and dignitaries were undertaken as part of the process to obtain mining permits for the Manono Project.

Project Studies

During the period, AVZ awarded contracts for several studies including ore sorting, marketing, rail technical, IT infrastructure and financial modelling. A range of other studies were also progressed relating to road transport, road refurbishment, catering services, diesel supply, resource to reserve generation and mine design.

Government Engagement

AVZ undertook extensive government engagement during the half year, including a formal briefing with the President of the Democratic Republic of the Congo, His Excellency, President Tshisekedi Tshilombo, and several meetings with Government officials and Presidential advisors. AVZ briefed the President around its decision to fast track a DFS for the Manono Project following its highly successful drilling program in 2018. Questions relating to taxation, logistics, energy supply, industrialisation, and economic and social development in the Tanganyika Province were also discussed.

Figure 10: L – R. Mr Tony Kanku (Advisor), Mr Graeme Johnston (AVZ Technical Director), Mr Balthazar Tshiseke (Dathcom Chief Administrator), His Excellency Mr Felix Tshisekedi, President of the DRC, Mr Christian Lukusa and Mr John Kaninda (Dathcom legal advisors).

In October, AVZ met with high ranking officials from the Tanzanian Port Authority, Tanzania Railways Corporation, Tanzania Zambia Railways Authority, Tanzania Revenue Authority and Tanzania's Export Processing Zones Authority, which is the principal government agency for promoting investments in Tanzania's special economic zones.

Project issues focused around the available capacity, laydown and storage areas at the port of Dar es Salaam and a further range of benefits for AVZ such as tax incentives and exemptions and planned rail and port upgrades should further beneficiation in Tanzania be investigated.

The Tanzanian Government officials offered every possible assistance to facilitate the Company's objectives of being able to efficiently and cost effectively transport Roche Dure concentrate via the port of Dar es Salaam.

The Company is working towards securing Letters of Intent with the Tanzania Railways Corporation, Tanzania Zambia Railways Authority and Tanzania's Export Processing Zones Authority around the movement of Roche Dure concentrate.

Corporate

Board and Management Changes
Highly experienced mining veteran Dr John Clarke was appointed Non-Executive Chairman of the Board of Directors of AVZ Minerals Ltd on 2 December 2019.

Dr Clarke's appointment further strengthened the Board of Directors as the Company prepared to move into the financing and development phase of the Manono Project.

Dr Clarke brings an impressive depth of resources industry experience to AVZ, having started his career in 1972 as a metallurgist at Goldfield's Kloof Gold Mine. Most of his career has focused on the operation, development or management of African mining projects and activities, from junior operating roles to the most senior Executive and Board level appointments.

Dr John Clarke

Michael Hughes

Michael Hughes was appointed as Project Director for the Manono Project in October 2020.

Mr Hughes has more than 35 years' experience in Engineering, Procurement and Construction in the minerals and metals market, having worked for both engineering companies and clients to execute studies and projects. His experience covers all metals and minerals commodities plant design and construction in Africa, India, France and Australia. He has also worked in many African countries, including Malawi, Mozambique, Namibia, Botswana, Madagascar and Ethiopia.

Equity in Manono Project

Favourable discussions continued during the half year with Senior Ministers of the Congolese Government around securing extra equity in the Manono Project from AVZ's Joint Venture partners, La Congolaise D'Exploration Miniere and with Dathomir Mining Resources SARL.

Strategic Investor – Yibin Tianyi

In November, the company announced a strategic investment of A$14.1million to Yibin Tianyi Industry Lithium Co. Ltd through the issue of 314,300,000 shares at 4.5 cents per share.

Yibin Tianyi is an emerging lithium chemical producer in China that is aligned and backed by China's largest EV battery manufacturer, CATL, and the Shenzen-listed company, Suzhou TA&A Ultra Clean Technology Co., Ltd.

As part of the strategic share placement, AVZ will be negotiating in good faith with Yibin Tianyi to agree and execute a binding offtake agreement for lithium products from the Manono Project.

Yibin Tianyi is target production of up to 25,000 tonnes of lithium hydroxide per annum, with future staged expansions expected to increase production to approximately 100,000 tonnes per annum, making Yibin Tianyi's plant one of the largest hydroxide suppliers in China.

List of current mining and exploration tenements (as at 31 December 2019):

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

Roche Dure Main Pegmatite Mineral Resource at a 0.5% Li_2O cut-off as at 31 December 2019:

Category	Tonnes (Millions)	Li_2O %	Sn ppm	Ta ppm	Fe_2O_3 %	P_2O_5 %
Measured	107	1.68	836	36	0.93	0.31
Indicated	162	1.63	803	36	0.96	0.29
Inferred	131	1.66	509	30	1.00	0.28
Total	**400**	**1.65**	**715**	**34**	**0.96**	**0.29**

Competent Person Statement

The information in this report that relates to metallurgical test work results is based on, and fairly represents information complied and reviewed by Mr Nigel Ferguson, a Competent Person who is a Fellow of The Australasian Institute of Mining and Metallurgy and Member of the Australian Institute of Geoscientists. Mr Ferguson is a Director of AVZ Minerals Limited. Mr Ferguson 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 Resource and Ore Reserves”. Mr Ferguson consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information in the document that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr Michael Cronwright, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Scientific Professions (SACNSAP). Mr Cronwright is a full time employee of 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 Mineral Resource estimate has been completed by Mrs Ipelo Gasela (BSc Hons, MSc (Eng) who is a geologist with 14 years’ experience in mining geology, Mineral Resource evaluation and reporting. She is a Senior Mineral Resource Consultant for The MSA Group (an independent consulting company), is registered with the South African Council for Natural Scientific Professions (SACNASP) and is a Member of the Geological Society of South Africa (GSSA). Mrs Gasela 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. Mrs Gasela consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Operating Result

The loss from continuing operations for the half-year after providing for income tax was $2,751,418 (31 December 2018: $2,742,958).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this Directors’ report and the interim financial report.

After Reporting Date Events

Subsequent to half year end, a total 4,196,667 Listed Options exercisable at 3 cents each expiring 24 March 2020 were exercised into ordinary shares, raising a total of $125,900.

On 11 February 2020, the Company issued 1,000 ordinary shares at 7 cents each in accordance with the Cleansing Prospectus dated 6 February 2020.

On 3 March 2020, AVZ advises the Sunset Date for the satisfaction of conditions precedent to the A$14.1million investment in AVZ by Yibin Tianyi Lithium Co., Ltd has been extended to 31 March 2020 to accommodate a request from Australia's Foreign Investment Review Board ("FIRB") for additional review time.

Other than obtaining the necessary FIRB and Chinese Overseas Direct Investment approvals, all other conditions precedents to the Subscription Agreement are currently satisfied.

In addition, Yibin Tianyi, through its associate N-Resource Limited is proposed to provide the Company with a US$1m Convertible Note by 11 March 2020 in order to maintain Yibin Tianyi's rights under the Subscription Agreement. The Convertible Note will be provided interest free until 31 March 2020. Please refer to ASX Announcement dated 3 March 2020 – Shareholder Update on Yibin Tianyi $14.1m Placement for the summary terms and conditions of the Convertible Note.

Should the advance under the Convertible Note of US$1m not be made to AVZ by 11 March 2020, the Company has the right to terminate the Subscription Agreement.

On 11 March 2020, the Company announced that it has received the US$1m Convertible Note from N-Resource Limited which now permits Yibin Tianyi to maintain its rights under the Subscription Agreement in which the Sunset Date has been extended to 31 March 2020.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of AVZ Minerals Limited, the results of those operations, or the state of affairs in future financial years.

Lead 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 15.

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, 11 March 2020

Bentleys
THINKING AHEAD

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To The Board of Directors

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

As lead audit Partner for the review of the financial statements of AVZ Minerals Limited for the half year ended 31 December 2019, 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 review.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 11th day of March 2020

Financial Statements

Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-year ended 31 December 2019

	Notes	Consolidated 31 December 2019 $	Consolidated 31 December 2018 $
Revenue			
Other income		76,405	98,856
Expenses			
Administration costs		(833,337)	(699,018)
Directors and consultancy expenses		(107,733)	(628,961)
Share-based payments expense	9	(1,277,384)	(1,192,520)
Occupancy expenses		-	(7,932)
Compliance and regulatory expenses		(77,382)	(114,853)
Insurance expenses		(38,818)	(30,331)
Depreciation		(152,920)	(130,484)
Amortisation		(36,074)	-
Movement in fair value of financial liabilities	6	(297,002)	(37,715)
Interest expense		(7,173)	-
Loss before income tax		**(2,751,418)**	**(2,742,958)**
Income tax expense		-	-
Loss after income tax for the half-year		**(2,751,418)**	**(2,742,958)**
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(79,097)	3,319,260
Total comprehensive (loss)/income for the half year		**(2,830,515)**	**576,302**
Basic and diluted loss per share (cents per share)		(0.12)	(0.145)
Loss for the half-year is attributable to:			
Owners of AVZ Minerals Limited		(2,691,779)	(2,690,086)
Non-controlling interests		(59,639)	(52,872)
		(2,751,418)	**(2,742,958)**
Total comprehensive loss for the half-year attributable to:			
Owners of AVZ Minerals Limited		(2,772,327)	(72,781)
Non-controlling interests		(58,188)	649,083
		(2,830,515)	**576,302**

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

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	Consolidated 31 December 2019 $	30 June 2019 $
Current Assets			
Cash and cash equivalents		2,164,502	8,750,641
Trade and other receivables		550,623	207,100
Total Current Assets		**2,715,125**	**8,957,741**
Non-Current Assets			
Mining exploration and evaluation	4	79,147,731	74,184,250
Property, plant and equipment		1,266,608	1,348,416
Right-of-use asset	5	156,323	-
Total Non-Current Assets		**80,570,662**	**75,532,666**
Total Assets		**83,285,787**	**84,490,407**
Current Liabilities			
Trade and other payables		687,681	278,946
Provisions		15,692	3,423
Financial liabilities	6	1,425,974	2,138,357
Lease liability	5	39,390	-
Total Current Liabilities		**2,168,737**	**2,420,726**
Non-Current Liabilities			
Financial liabilities	6	5,370,770	5,074,286
Lease liability	5	119,516	-
Total Non-Current Liabilities		**5,490,286**	**5,074,286**
Total Liabilities		**7,659,023**	**7,495,012**
Net Assets		**75,626,764**	**76,995,395**
Equity			
Contributed equity	7	83,202,691	81,097,191
Reserves		8,585,875	9,630,639
Accumulated losses		(27,719,067)	(25,347,888)
Capital and reserves attributable to owners of AVZ Minerals Ltd		64,069,499	65,379,942
Non-controlling interests		11,557,265	11,615,453
Total Equity		**75,626,764**	**76,995,395**

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

Consolidated Statement of Changes in Equity

For the Half-year Ended 31 December 2019

Consolidated	Contributed Equity $	Accumulated Losses $	Other Reserves $	Foreign Currency Reserves $	Total $	Non-controlling Interests $	Total Equity $
Balance at 1 July 2018	66,973,014	(20,203,478)	4,025,591	802,097	51,597,224	11,108,814	62,706,038
Loss for the half-year	-	(2,690,086)	-	-	(2,690,086)	(52,872)	(2,742,958)
Exchange differences on translation of foreign operations	-	-	-	2,670,177	2,670,177	649,083	3,319,260
Total comprehensive income/(loss) for the half-year	-	(2,690,086)	-	2,670,177	(19,909)	596,211	576,302
Transactions with owners in their capacity as owners:							
Share-based payments expense	-	-	1,192,520	-	1,192,520	-	1,192,520
Total transactions with owners in their capacity as owners	-	-	1,192,520	-	1,192,520	-	1,192,520
Balance at 31 Dec 2018	66,973,014	(22,893,564)	5,218,111	3,472,274	52,769,835	11,705,025	64,474,860
Balance at 1 July 2019	81,097,191	(25,347,888)	6,361,769	3,268,870	65,379,942	11,615,453	76,995,395
Loss for the half-year	-	(2,691,779)	-	-	(2,691,779)	(59,639)	(2,751,418)
Exchange differences on translation of foreign operations	-	-	-	(80,548)	(80,548)	1,451	(79,097)
Total comprehensive loss for the half-year	-	(2,691,779)	-	(80,548)	(2,772,327)	(58,188)	(2,830,515)
Transactions with owners in their capacity as owners:							
Share-based payments expense	141,000	-	1,277,384	-	1,418,384	-	1,418,384
Performance Rights lapsed	-	320,600	(320,600)	-	-	-	-
Conversion of Performance Rights	1,921,000	-	(1,921,000)	-	-	-	-
Exercise of listed options	43,500	-	-	-	43,500	-	43,500
Total transactions with owners in their capacity as owners	2,105,500	320,600	(964,216)	-	1,461,884	-	1,461,884
Balance at 31 Dec 2019	83,202,691	(27,719,067)	5,397,553	3,188,322	64,069,499	11,557,265	75,626,764

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

Consolidated Statement of Cash flows

For the Half-year Ended 31 December 2019

	Notes	Consolidated 31 December 2019 $	 31 December 2018 $
Cash flows from operating activities			
Payments to suppliers and employees		(910,314)	(1,206,509)
Interest received		48,417	92,038
Interest expense		(7,173)	-
Net cash outflows from operating activities		(869,070)	(1,114,471)
Cash flows from investing activities			
Payments for exploration and evaluation		(4,989,323)	(12,900,768)
Payment for additional 5% exploration interests		(712,490)	-
Payments for property, plant and equipment		(68,842)	(359,848)
Proceeds from sale of assets		-	6,818
Payment of deferred consideration for mineral properties		-	(1,058,724)
Net cash outflows from investing activities		(5,770,655)	(14,312,522)
Cash flows from financing activities			
Proceeds from exercise of options		43,500	-
Payment of lease liability		(33,491)	-
Net cash outflows from financing activities		10,009	-
Net decrease in cash and cash equivalents		(6,629,716)	(15,426,993)
Cash and cash equivalents at the beginning of the period		8,750,642	16,336,516
Foreign currency differences		43,576	-
Cash and cash equivalents at the end of the period		2,164,502	909,523

Amounts shown above relating to payments to suppliers and employees include goods and services tax. The above 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 2019 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 2019 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

AASB 16 Leases - Impact of adoption and accounting policies applied from 1 July 2019

AASB 16 replaces the provisions of AASB 117 Leases that relate to the recognition, classification and measurement of leases. This note explains the impact of the adoption of AASB 16 Leases on the Company's financial statements and discloses the new accounting policies that have been applied from 1 July 2019.

On 1 July 2019, the Company held one lease, for the office based in West Perth. The Company assessed which business model applied to the lease and classified its lease into the appropriate AASB 16 category. The Company entered into an additional lease on 1 September 2019.

The Company has elected to apply AASB 16 utilising the modified retrospective approach from 1 July 2019, and therefore has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

Reclassification from administration expense to a lease liability and right-of-use ("ROU") asset

The office lease was reclassified from an operating lease which was recorded as an administrative expense in the consolidated statement of profit or loss, as payments were made each month under the previous AASB 117, to recognising a lease liability and a ROU asset in its balance sheet under the new AASB 16. The lease payments are discounted using the Company's incremental borrowing rate of 6.66%. See Note 5 for further details.

1. Basis of preparation of half-year report (continued)

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 Consolidated Group incurred a loss for the period of $2,751,418 and net cash outflows from operating activities of $869,070. As at 31 December 2019, the Consolidated Group has a working capital surplus of $546,388.

Whilst the Consolidated Group is in a net asset position, the incurred losses and operating cash outflows indicate a material uncertainty that may cast significant doubt about the Consolidated Group's ability to continue as a going concern. The directors have prepared a cash flow forecast, which indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this financial report. Included in the cash flow forecast is the completion of definitive feasibility studies and raising capital from equity markets and managing cashflow. The Directors believe it is appropriate to prepare these accounts on a going concern basis as the Consolidated Group has entered into a share subscription agreement with Yibin Tianyi for a proposed capital raising of AUD $14.1 million which has been extended to 31 March 2020. The completion of the Yibin Tianyi's placement is now in the final stage and awaiting for the Foreign Investment Review Board home to approve before the completion to take place. Furthermore, Yibin Tianyi through its associate N-Resource Limited has provided the Consolidated Group with a USD $1 million convertible note.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Group's history of raising capital to date, the directors are confident of the Consolidated Group's ability to raise additional funds as and when they are required.

Should the Consolidated Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Consolidated Group be unable to continue as a going concern and meet its debts as and when they fall due.

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 2019.

Key Estimates – Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The ultimate recoupment of value is dependent on the successful development and commercial exploitation or sale of the respective areas.

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.

		Consolidated	
		31 December2019	30 June2019
		$	$
4.	**Mining exploration and evaluation**		
	Exploration and evaluation phase		
	Opening balance	74,184,250	49,690,995
	Acquisitions (i)	-	5,860,721
	Exploration costs	5,073,530	18,833,154
	Net exchange differences on translation	(110,049)	(200,620)
	Closing balance	**79,147,731**	**74,184,250**

(i) On 24 June 2019, the Company announced that it has executed a Share Sale Purchase Agreement with Dathomir Mining Resources SARL to increase the group's equity in the Manono Lithium and Tin Project for a total consideration of US$5,500,000. The total consideration converted to AU$ at 24 June 2019 was AU$5,860,721.

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.

		Consolidated	
		31 December 2019	30 June 2019
		$	$
5.	**Leases**		
	(a) Amounts recognised in the balance sheet		
	Rights-of-use asset		
	Balance as at 1 July	-	-
	Right-of-use assets recognised as at 1 July	192,397	-
	Less: Depreciation	(36,074)	-
	Closing balance	156,323	-
	Lease liabilities		
	Balance as at 1 July	-	-
	Lease liabilities recognised as at 1 July	192,397	-
	Add: Interest	5,774	-
	Less: Payments	(39,265)	-
	Closing balance	158,906	-
	(b) Amounts recognised in the consolidated statement of profit or loss		-
			-
	Depreciation of right-of-use asset	36,074	-
	Interest expense on lease liabilities	5,774	-

(c) Leasing Activities

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

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

Initial measurement

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

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

Subsequent measurement

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

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

		Consolidated	
		31 December 2019	30 June 2019
		$	$
6.	**Financial Liabilities**		
	Acquisition of a 60% interest in Dathcom Mining SA on 23 May 2017*		
	Deferred Consideration		
	Current Liability		
	Principal	1,425,456	2,027,027
	Principal repayments (i)	-	(2,115,075)
	Fair value increase/(decrease) on repayment	518	(78,544)
	Transfer between current/non-current	-	1,592,048
	Total Current Liability	**1,425,974**	**1,425,456**
	Non-Current Liability		
	Principal	-	1,022,043
	Transfer between current/non-current	-	(1,592,048)
	Fair value increase	-	570,005
	Total Non-Current Liability	**-**	**-**
	Total Liability	**1,425,974**	**1,425,456**

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

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

Deferred Consideration		
Current Liability		
Principal	712,901	712,901
Principal repayments	(712,490)	-
Fair value decrease on repayment	(411)	-
At 30 June	**-**	**712,901**
Non-Current Liability		
Principal	5,074,286	5,074,286
Fair value increase	296,484	-
At 30 June	**5,370,770**	**5,074,286**
Total	**5,370,770**	**5,787,187**

On 24 June 2019, the Company announced that it had executed a Share Sale Purchase Agreement ("Agreement") with Dathomir Mining Resources SARL to increase the Group's equity in the Manono Lithium and Tin Project for a total consideration of US$5,500,000. Under the Agreement, the first tranche payment of US$500,000 is to be paid within 14 days of execution and the balance of the consideration can be paid at any time within 36 months from execution of the Agreement. The first tranche payment of US$500,000 was paid in July 2019.

The value of the deferred consideration is the board's assessment of the value of contracted future payments issued under the agreement for the acquisition of Dathcom Mining SA*. The fair value is based on assumptions to present value the future payments based on a discount rate of 12%. The principal payments are contractually required in U.S. dollars and have been converted to Australian dollars at 30 June 2019.

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

Total Deferred Consideration		
Total current liability	1,425,974	2,138,357
Total non-current liability	5,370,770	5,074,286
Total Liability	**6,796,744**	**7,212,643**

	Consolidated		Consolidated	
	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 $	30 June 2019 $
7. Contributed Equity				
(a) Contributed equity				
Ordinary shares – fully paid	2,305,598,459	2,287,198,459	83,202,691	81,097,191
Total contributed equity	**2,305,598,459**	**2,287,198,459**	**83,202,691**	**81,097,191**

	Date	Number of Shares $	Fair Value $	Total $
(b) Movements in share capital				
Opening Balance 1 July 2018		1,868,461,449		66,973,014
Placement				
Conversion of Performance Right[1]	19 Jul 18	20,000,000	$0.029	-
Closing Balance at 31 December 2018		**1,888,461,449**		**66,973,014**
Opening Balance 1 July 2019		2,287,198,459		81,097,190
Conversion of Performance Right[1]	19 Jul 18	-	$0.029	580,000
Share based payment[2]	5 Jul 19	3,000,000	$0.047	141,000
Conversion of Performance Right[3]	11 Jul 19	13,950,000	$0.10	1,341,000
Exercise of listed options[4]	23 Dec 19	1,450,000	$0.03	43,500
Closing Balance at 31 December 2019		**2,305,598,459**		**83,202,691**

[1]On 19 July 2018, 20,000,000 Performance Rights vested and were converted to Ordinary Shares. The fair value of the Performance Rights of $580,000 was transferred from Share based payment reserve to Share Capital during the half year ended 31 December 2019.
[2]On 5 July 2019, 3,000,000 shares were issued to a supplier in lieu of cash payments for investor relations services received.
[3]On 11 July 2019 5,000,000 Class C Performance Rights and 8,950,000 Class E Performance Rights vested and converted to Ordinary Shares. The fair value of the Performance Rights of $1,341,000 was transferred from Share based payment reserve to Share Capital.
[4]During the half year ended 31 December 2019 a total of 1,450,000 Listed Options (exercisable at $0.03 on or before 24 May 2020) were exercised.

8. Share Options and Performance Rights

(a) 2019 Share option details

	Expiry date	Exercise price	Balance at 1 July 2019	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance at 31 December 2019
Unlisted	28 Feb 2020	30.5 cents	30,000,000	-	-	-	30,000,000
Unlisted	5 Mar 2021	4.75 cents	1,000,000	-	-	-	1,000,000
Unlisted	5 Sep 2021	5.7 cents	5,000,000	-	-	-	5,000,000
Unlisted	5 Mar 2022	6.65 cents	5,000,000	-	-	-	5,000,000
Listed	24 May 2020	3 cents	203,649,049	-	(1,450,000)	-	202,199,049
			244,649,049	**-**	**(1,450,000)**	**-**	**243,199,049**

8. Share Options and Performance Rights

(b) 2019 Performance Rights details

	Expiry date	Exercise price	Balance at 1 July 2019	Granted during the period	Converted during the period	Cancelled/ lapsed during the period	Balance at 31 December 2019
Class B	30 Nov 2021	-	7,500,000	-	-	(7,500,000)	-
Class C	12 Oct 2018	-	5,000,000	-	(5,000,000)	-	-
Class D	Various	-	14,850,000	-	-	(11,250,000)	3,600,000
Class E	3 Dec 2021	-	35,800,000	-	(8,950,000)	(750,000)	26,100,000
Class F	2 Jun 2022	-	8,000,000	-	-	-	8,000,000
Class G	2 Jun 2022	-	3,000,000	-	-	(3,000,000)	-
Class H	3 Dec 2021	-	4,500,000	-	-	-	4,500,000
Class I	11 Nov 2020	-	-	3,000,000	-	-	3,000,000
Class J	1 Nov 2022	-	-	3,000,000		-	3,000,000
			78,650,000	6,000,000	(13,950,000)	(22,500,000)	48,200,000

8. Share Options and Performance Rights

) (a) 2018 Share option details

	Expiry date	Exercise price	Balance at 1 July 2018	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance at 31 December 2018
Unlisted	28 Feb 2020	30.5 cents	30,000,000	-	-	-	30,000,000
Unlisted	15 Apr 2019	10 cents	207,428,573	-	-	-	207,428,573
Listed	24 May 2020	3.0 cents	203,649,049	-	-	-	203,649,049
			441,077,622	**-**	**-**	**-**	**441,077,622**

8. Share Options and Performance Rights

(b) 2018 Performance Rights details

	Expiry date	Exercise price	Balance at 1 July 2018	Granted during the period	Converted during the period	Cancelled/ lapsed during the period	Balance at 31 December 2018
Class A	22 May 2018	-	20,000,000	-	-	(20,000,000)	-
Class B	30 Nov 2021	-	7,500,000	-	-	-	7,500,000
Class C	12 Oct 2018	-	5,000,000	-	-	-	5,000,000
Class D	Various	-	14,850,000	-	-	-	14,850,000
Class E	3 Dec 2021	-	-	35,800,000	-	-	35,800,000
			47,350,000	**35,800,000**	**-**	**(20,000,000)**	**63,150,000**

9. Share Based Payments

(a) Options
No options were issued to current directors and executives as part of their remuneration during the the half-year ended 31 December 2019.

(b) Performance Rights
On 11 July 2019, 13,950,000 unlisted Performance Rights vested and were converted to Ordinary Shares.

3,000,000 Performance Rights were issued to a consultant of the Company on 11 November 2019. These Performance Rights are split into three equal tranches with the following vesting conditions:

1. shall vest if the volume weighted average share price ("VWAP") for AVZ shares on the ASX is $0.10 or higher for a period of consecutive 15 trading days.
2. shall vest if the volume weighted average share price ("VWAP") for AVZ shares on the ASX is $0.15 or higher for a period of consecutive 15 trading days.
3. shall vest if the volume weighted average share price ("VWAP") for AVZ shares on the ASX is $0.20 or higher for a period of consecutive 15 trading days.

9. Share Based Payments (continued)

	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Value per Performance Right on Grant Date ($)	Total Fair Value ($)	% Vested
Class I	3,000,000	11/11/2019	Nil	11/11/2020	0.016	47,000	0%

3,000,000 Performance Rights were issued to an employee of the Company on 1 November 2019. These Performance Rights are split into two equal tranches with the following vesting conditions:

1. shall vest upon delivering a positive and definitive transport route(s) for export of product to be included in the Definitive Feasibility Study – Manono Project.
2. shall vest upon Completion and delivery of a positive Definitive Feasibility Study – Manono Project.

	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
Class J	3,000,000	1/11/2019	Nil	1/11/2022	0.046	$138,000	0%

The Performance Rights are probability weighted to be 100% on management's best estimate on the portion that will vest.

(c) Shares issued as share based payments

During the half year ended 31 December 2019, the Company settled payments for investor relation services received through the issue of ordinary shares. On 5 July 2019, the Company issued 3,000,000 shares to a supplier in lieu of cash payments for investor relation services received. The share-based payment was valued at the fair value of the services received. The shares were issued at the share price of 4.7c. Expenses of $141,000 were recognised as investor relations fees in the statement of profit or loss and other comprehensive income.

There were no shares issued as share based payments for the period ended 31 December 2018: NIL).

10. Contingencies & Commitments

There are no changes in commitments or contingent liabilities from 30 June 2019.

11. Related Party Transactions

The following Class C and Class E Performance Rights vested and were converted to Ordinary Shares. The Ordinary Shares were issued to key management personnel of the Company during the half year ending 31 December 2019:

Nigel Ferguson	3,000,000
Graeme Johnston	4,000,000
Rhett Brans	1,500,000
Leonard Math	1,000,000

The terms and conditions of the Class C and Class E Performance Rights are disclosed in Note 8 and the 30 June 2018 and 30 June 2019 Annual Reports.

Apart from the above, there has been no material changes in the related party transactions described in the last annual report.

12. Events Occurring Subsequent to Reporting Date

Subsequent to half year end, a total 4,196,667 Listed Options exercisable at 3 cents each expiring 24 March 2020 were exercised into ordinary shares, raising a total of $125,900.

On 11 February 2020, the Company issued 1,000 ordinary shares at 7 cents each in accordance with the Cleansing Prospectus dated 6 February 2020.

On 3 March 2020, AVZ advises the Sunset Date for the satisfaction of conditions precedent to the A$14.1million investment in AVZ by Yibin Tianyi Lithium Co., Ltd has been extended to 31 March 2020 to accommodate a request from Australia's Foreign Investment Review Board ("FIRB") for additional review time.

Other than obtaining the necessary FIRB and Chinese Overseas Direct Investment approvals, all other conditions precedents to the Subscription Agreement are currently satisfied.

In addition, Yibin Tianyi, through its associate N-Resource Limited is proposed to provide the Company with a US$1m Convertible Note by 11 March 2020 in order to maintain Yibin Tianyi's rights under the Subscription Agreement. The Convertible Note will be provided interest free until 31 March 2020. Please refer to ASX Announcement dated 3 March 2020 – Shareholder Update on Yibin Tianyi $14.1m Placement for the summary terms and conditions of the Convertible Note.

Should the advance under the Convertible Note of US$1m not be made to AVZ by 11 March 2020, the Company has the right to terminate the Subscription Agreement.

On 11 March 2020, the Company announced that it has received the US$1m Convertible Note from N-Resource Limited which now permits Yibin Tianyi to maintain its rights under the Subscription Agreement in which the Sunset Date has been extended to 31 March 2020.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of AVZ Minerals Limited, the results of those operations, or the state of affairs in future financial years.

Director's Declaration
For the half-year ended 31 December 2019

The Directors of the Company declare that:

(a) the consolidated financial statements and notes, as set out on pages 17 to 30 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards AASB 134 Interim Financial Reporting, the *Corporations Regulations 200*1; and other mandatory requirements

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date

(b) In the Directors' opinion there are reasonable grounds to believe that AVZ Minerals Limited will be able to pay its debts as and when they become due and payable.

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

Nigel Ferguson
Managing Director

Perth, Western Australia
11 March 2020

Bentleys
THINKING AHEAD

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Independent Auditor's Report

To the Members of AVZ Minerals Limited

We have reviewed the accompanying half-year financial report of AVZ Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the Consolidated Entity, comprising the Company and the entities it controlled during the half-year.

Directors' Responsibility for the Half-Year 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

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2019 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. As the auditor of the Consolidated Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion

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 is not in accordance with the Corporations Act 2001 including:

a. Giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2019 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.

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 $2,751,418 during the half year ended 31 December 2019. 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.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 11th day of March 2020