



AVZ Minerals Limited
ABN 81 125 176 703

Interim Financial Report

31 December 2021



Corporate Directory

Directors

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

Chief Financial Officer

Jan de Jager

Joint Company Secretaries

Jan de Jager
Benjamin Cohen

Principal Place of Business & Registered Office

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West Perth WA 6005
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Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008
Telephone: +61 8 9226 0666

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: **AVZ**
OTCQX Best Market – OTC Markets Group
Code: **AVZZVF**

Website Address

www.avzminerals.com.au



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Directors' Report

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 2021.

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
Nigel Ferguson	Managing Director
Graeme Johnston	Technical Director
Rhett Brans	Non-Executive Director
Peter Huljich	Non-Executive Director

Chief Financial Officer

Jan de Jager

Joint Company Secretaries

Jan de Jager

Benjamin Cohen

Review of Operations

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

Highlights:

- Signed Suzhou CATH Energy Technologies ("CATH") as a cornerstone investor to co-develop the Manono Project;
- Completed a total of A\$115 million in capital raisings (before costs);
- Increased direct interest in the Manono Project from 60% to 75% by exercising options to acquire Dathomir's 15% shareholding in Dathcom Mining;
- Progressed discussions with potential financiers for the balance of development capital required for the Manono Project;
- Upgraded Manono 2012 JORC Proved and Probable Ore Reserves Estimate to 131.7Mt – an increase of 41.6% from the 93Mt reported in the April 2020 DFS;
- Extended Life of Mine to 29.5 years based on a 4.5 Mtpa operation (underpinned by the Ore Reserves) – an increase of 47.5% from the April 2020 DFS;
- Actively engaged with the DRC Government authorities regarding award of the Permis d'Exploitation ("Mining Licence"), as well as Collaboration Development Agreement, Mpiana Mwanga Hydro Electric Power Plant ("HEPP") Agreement and Manono Special Economic Zone ("MSEZ") Agreement;
- Completed Primary Lithium Sulphate reagent optimisation study and awarded Lithium Hydroxide Pre-Feasibility Study;
- Completed Front End Engineering Design ("FEED"), process plant design and site geotechnical investigation studies;
- Drilling confirmed further high-grade lithium and tin mineralisation at Carriere de l'Este deposit, approximately 1.2km long and open at both ends and down-dip; and
- Agreed to join new DRC Battery Council to develop sustainable battery value chain in DRC and Africa.

Overview

A raft of milestone achievements during the first half of the 2022 financial year has AVZ poised to progress development of the Manono Project in the 2022 calendar year.

Securing a cornerstone investor deal with Suzhou CATH Energy Technologies ("CATH"), completing two share placements for a total of A\$115 million (before costs) and increasing AVZ's equity interest in the Manono Project from 60% to 75% were just some of the funding highlights achieved during the July-December 2021 period.

The Company upgraded its JORC Ore Reserves Estimates at Roche Dure which resulted in an extension of its Life of Mine to 29.5 years based on a 4.5 Mtpa operation. This increase was based on new drilling from the pit floor.

In addition, resource drilling of four new, widely spaced 'step-out holes at the nearby Carriere de l'Este deposit confirmed further high-grade lithium and tin mineralisation directly beneath thin soil and laterite cover. This work confirmed the presence of sub-cropping spodumene mineralisation at Carriere de l'Este up to 1.2 kilometres long at average widths of 200 metres in places, confirming the deposit as a likely rival to Roche Dure.

Against a backdrop of ongoing impacts caused by the global COVID-19 pandemic, AVZ remained actively engaged with the DRC Government authorities undertaking the awarding of the Permis d'Exploitation ("Mining Licence"). As at the date of this report, the Company remains confident of securing a positive outcome with respect to all licencing and permitting agreements for the Manono Project.

The granting of the Mining Licence for the Manono Project will be a significant catalyst to finalise further binding finance agreements and ultimately, a Final Investment Decision ("FID") for the Project.

At an industry level, AVZ was honoured and excited to be the only aspiring mining company to be invited to join the DRC's newly formed Battery Council, which was one of the key outcomes that emerged from a DRC-Africa Business Forum held in late November 2021.

The DRC and Africa are strategically positioned to play a pivotal role in the global transition to clean energy and decarbonisation and the Manono Project will greatly assist to improve the fortunes of the Congolese people, of which AVZ Minerals is very supportive.

The newly formed DRC Battery Council – to be presided over by His Excellency, Chief of State, Mr. Félix Antoine Tshisekedi Tshilombo, President of the DRC and the Executive Secretary for the United Nations Economic Commission for Africa – will be a public-private partnership charged with supporting the DRC Government in ensuring the roadmap and outcomes from the forum are implemented. This will involve implementing a battery value chain that is transformative, sustainable, innovative, socially and environmentally responsible whilst remaining economically viable.

The honour of being invited by the DRC Government to be a member of the newly formed DRC Battery Council is an incredibly significant development for the Company, pending the award of its Mining Licence, Collaboration Development Agreement, Mpiana Mwanga Hydro-Electric Power Plant ("HEPP") Agreement and Manono Special Economic Zone ("MSEZ").

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

Cornerstone Investor to develop Manono Project

In late September 2021, AVZ announced its wholly owned subsidiary, AVZ International Pty Ltd ("AVZI") had entered into a Transaction Implementation Agreement ("TIA") with CATH to co-develop the Manono Project.

CATH is a private investment entity jointly owned by Mr. Pei Zhenhua and Contemporary Amperex Technology Co. Limited ("CATL"), who both have significant influence in the global lithium conversion and lithium-ion battery industry.

Under the TIA, CATH will invest US\$240 million in the project for a 24% direct equity interest in the Manono Project, as well as funding their pro rata portion of project development capital. Completion of the TIA is subject to the satisfaction or waiver of several conditions' precedent.* See *After Reporting Date Events* on page 11.

Proceeds from the transaction will fund the majority of the total project financing required for the Manono Project, with AVZ retaining a controlling interest and its position as lead developer and manager of the project.

Capital Raising / Project Financing

AVZ completed two highly successful, oversubscribed share placements during the period, raising a total of A\$115 million (before costs).

In early July 2021, the Company raised A\$40 million (before costs) via the issue of 307,692,308 shares at an issue price of \$0.13 per share while in early December, the Company raised A\$75 million (before costs) via the issue of 150,000,000 shares at an issue price of \$0.50 per share.

The share placements were well supported by several Tier 1 North American and Australian institutions along with global institutions in Europe, Singapore, Malaysia and the Middle East, as well as existing sophisticated shareholders, including CATH.

Proceeds from the share placements have and will allow AVZ to (i) increase AVZ's equity in the Manono Project from 60% to 75%; (ii) undertake an early works program including the upgrade of roads, bridges and progress camp construction ahead of a decision on the Mining Licence; (iii) progress various technical studies with respect to LiOH conversion and infrastructure initiatives that further enhance the Project; (iv) negotiate final project financing requirements from a position of an enhanced balance sheet; and (v) provide necessary working capital for corporate requirements, including potential next exploration opportunities.

In terms of Project funding, the Company continued working towards the appointment of a "Mandated Lead Arranger" (MLA) to lead a syndicated debt funding facility for the Manono Project.

Subject to closing the deal with CATH, the majority of project funding will be secured, enabling a Final Investment Decision ("FID") to be made. FID will kickstart project construction and ensure Dathcom will have sufficient equity capital to fund the first 6-8 months of project construction, with Financial Close ("FC") for debt financing the balance of the required funding expected in Q2 2022.

*Refer ASX Announcement dated 21 April 2020 "AVZ Delivers Highly Positive Definitive Feasibility Study for Manono Lithium and Tin Project"

**Refer ASX Announcement dated 27 September 2021 "Cornerstone investor secured for development of Manono Lithium and Tin Project" and *After Reporting Date Events* on page 11.

Upgraded 2012 JORC Ore Reserves Estimate

On 14 July 2021, the Company announced an upgraded 2012 JORC Ore Reserves at Roche Dure.

2012 JORC Proved and Probable Ore Reserves are now estimated at 131.7Mt – an increase of 41.6% from the 93Mt reported in the April 2020 Definitive Feasibility Study ("DFS"). The Ore Reserves estimate contains 65.0Mt of Proved Category and 66.6Mt of Probable Category.

The average lithium grade increased by 3.1% from 1.58% to 1.65% Li₂O while the tin grade of 990 ppm remained the same but reported an overall 41% increase in contained tin metal to 130.3kt.

The Life of Mine was extended to 29.5 years based on a 4.5Mtpa operation underpinned by the Ore Reserves – representing an increase of 47.5% from the April 2020 DFS.

The Roche Dure ore deposit continued to impress as potentially the largest standalone global hard rock lithium asset based on Proved and Probable Ore Reserves.

The Ore Reserve Estimate for the Manono Project as at July 2021, compared to April 2020, is outlined in Table 1 below:

Reserve category (July 2021)	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	1.07	1,037	69.1
Total	131.7	1.63	2.14	990	130.3
Reserve category (April 2020)	Tonnes (Mt)	Grade Li ₂ O (%)	Contained Li ₂ O (Mt)	Grade Sn (g/t)	Contained Sn (kt)
Proved	44.6	1.62	0.72	958	42.7
Probable	48.5	1.54	0.75	1,016	49.3
Total	93.0	1.58	1.47	988	92.0

Table 1: Roche Dure Ore Reserves Statement

Permitting & Licensing

During the period, the Company remained actively engaged with the DRC Government authorities that are undertaking the awarding of the Manono Mining Licence, as well as the Collaboration Development Agreement, Mpiana Mwanga HEPP Agreement and the MSEZ Agreement.

All documentation relating to the Manono Mining Licence was submitted to relevant authorities in the DRC Government in May 2021. The Company has received favourable opinions in relation to its environmental, cadastral and financial capacity and is engaged with the Department of Mines in relation to the technical opinion. The Mines Department assessment committee continues to review the Manono Project DFS.

The Company continues to enjoy an extremely good working relationship with stakeholders at all levels within the DRC Government and the wider community.

Engineering

A Pre-Feasibility Study ("PFS") to produce lithium hydroxide from primary lithium sulphate generated from Manono SC6 concentrate, was completed by Noram Engineering and Constructors Ltd during the period. The information from the PFS will assist to identify the preferred global location for a lithium hydroxide conversion facility or facilities, fed with product from Manono.

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

The Manono FEED Study was completed by Mincore Pty Ltd during the period, along with additional process plant design and site geotechnical studies. The FEED Study improved the confidence level in Capital and Operational Costs of the Manono Project to an AACEI Class 2 (+/- 10%) from the DFS version which was to a Class 3 (+/- 20%) level of estimation.

Technical

Resource drilling of four new, widely spaced 'step-out' holes at the Carriere de l'Este deposit confirmed further high-grade lithium and tin mineralisation directly beneath thin soil and laterite cover.

The drill data established the presence of sub-cropping spodumene mineralisation at Carriere de l'Este up to 1.2 kilometres long at average widths of 200 metres in places, confirming the deposit as a likely rival to Roche Dure***.

*** (See ASX Announcement "Assays from Carriere de l'Este drilling confirms deposit a likely rival to Roche Dure – 16 August 2021)

Corporate

Equity in Manono Project

During the period, AVZ increased its direct interest in the Manono Project from 60% to 75% by AVZI exercising the two put options granted by Dathomir Mining Resources SARLU ("Dathomir"); thereby securing Dathomir's minority 15% shareholding in Dathcom Mining SA ("Dathcom Mining") for US\$20 million (~A\$27 million). Replacement share certificates in Dathcom Mining have been awarded and registered at the courts in the DRC.

At-the-Market Subscription Agreement

In early December 2021, AVZ entered an At-the-Market (ATM) Subscription Agreement with Acuity Capital Investment Management Pty Ltd ("Acuity Capital") to access up to A\$50 million of standby equity capital over a 27-month period.

AVZ has full control of all aspects of the subscription process, having sole discretion as to utilise the ATM facility or not, the maximum number of shares to be issued, the minimum issue price of shares and the timing of each subscription (if any).

There are no requirements on AVZ to utilise the ATM facility and AVZ may terminate the ATM Subscription Agreement at any time. As security for the ATM facility, the Company issued 60 million AVZ shares under its ASX LR7.1 capacity to Acuity Capital at nil cash consideration. The Company may, however, at any time cancel the ATM facility as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval).

DRC Battery Council

In late November 2021, AVZ participated in the DRC-Africa Business Forum which was aimed at fostering the development of a battery, electric vehicle and renewable energy industrial value chain and market in Africa.

Hosted by the DRC Government in Kinshasa from 24-25 November 2021, the DRC-Africa Business Forum was led by its Ministry of Industry and the United Nations Economic Commission for Africa ("ECA"), in collaboration with the African Export-Import Bank ("Afreximbank"), the African Development Bank ("AfDB"), the Africa Finance Corporation ("AFC"), the Arab Bank for Economic Development in Africa ("BADEA"), the African Legal Support Facility ("ALSF") and the United Nations Global Compact.

Mr. Serge Ngandu, Corporate Affairs Director for AVZ Minerals' subsidiary Dathcom Mining, presented the Manono Project to delegates attending the first day of the DRC-Africa Business Forum. He also participated in a panel discussion with dignitaries from both the DRC and other African nations, including Heads of State and Captains of Industry.

The Presidential discussion, which was led by His Excellency, Chief of State, Mr. Félix Antoine Tshisekedi Tshilombo, President of the DRC, provided government leaders with a platform to demonstrate their commitment to and rationale for investing in the battery minerals industry in Africa and within the DRC.

Immediately following the Presidential discussion, the Congolese Government as well as the technical and financial partners such as ECA, AFC and BADEA signed commitments for the development of a battery minerals industry in the DRC.

AVZI was invited to execute this agreement, which was undertaken by Mr. Balthazar Tshiseke, the Deputy General Manager and Director of Dathcom Mining.



Dignitaries attending the DRC-Africa Business Forum held in Kinshasa in November 2021

OTCQX Best Market

In late 2021, the Company applied for its shares to be traded on the OTCQX Best Market in the USA (under the ticker symbol “AZZVF”) to enhance AVZ’s visibility and grow its North American shareholder base.

The OTCQX Best Market is the highest market tier of the Over-the-Counter (OTC) Market on which some 11,000 United States and global securities trade. The OTCQX Market will provide value and convenience to US investors, brokers and institutions seeking to trade AZZVF.

Issue of Performance Rights, Expiration of Performance Rights, Issue of Shares

During the period, the Company issued 20,175,000 performance rights to employees and consultants under its Performance Rights Plan and 31,750,000 performance rights to Directors (with various vesting conditions) while a total of 2,666,000 performance rights lapsed.

A total of 13,450,400 fully paid shares were issued during the period following the vesting of performance rights.

As of 31 December 2021, the Company’s securities on issue were as follows:

Quoted Securities	Number
Ordinary Fully Paid	3,441,623,080
Unquoted Securities	Number
6 cents Options expiring 8 April 2022	76,666,668
Performance Rights	80,614,600

Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 31 December 2021):

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

*AVZ Minerals Limited has secured a further 15% equity in the Manono Project from Dathomir Mining Resources SARL. AVZ Minerals now has a 75% interest in the Manono Project upon completion of that acquisition in August 2021. On 27 September 2021, AVZ Minerals announced Suzhou Cath Energy Technologies ("CATH") will earn a 24% interest in the Manono Project subject to the satisfaction or waiver of several conditions' precedent. On 16 February 2022, AVZ confirmed the parties to the Transaction Implementation Agreement had agreed to waive all outstanding 'conditions precedent' to effect the proposed transaction which was likely to occur during March 2022.

Roche Dure Main Pegmatite Ore Reserve Estimate (as of 31 December 2021):

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.

Roche Dure Main Pegmatite Mineral Resource at a 0.5% Li₂O cut-off (as of 31 December 2021):

Category	Tonnes (Millions)	Li ₂ O %	Sn ppm	Ta ppm	Fe ₂ O ₃ %	P ₂ O ₅ %
Measured	100	1.67	870	35	0.93	0.30
Indicated	174	1.65	807	35	0.97	0.29
Inferred	128	1.65	585	31	1.01	0.28
Total	401	1.65	752	34	0.97	0.29

Competent Person Statement

The technical information in the document that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr. Michael Cronwright, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Professions (SACNASP). Mr. Cronwright was a Principal Consultant with The MSA Group (Pty) Ltd (an independent consulting company). Mr. Cronwright has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the JORC Code. Mr. Cronwright consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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

The information that relates to Roche Dure pegmatite Ore Reserves is based on information compiled by Mr. Daniel Grosso who is an employee of CSA Global Pty Ltd. Mr Grosso takes overall responsibility for the Report as Competent Person. Mr. Grosso is a Member of the 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.

The information in this report that relates to geology and the exploration results is based on information compiled by Mr. Nigel Ferguson (BSc) FAusIMM MAIG, a Competent Person who is a Fellow of the Australian Institute of Mining and Metallurgy and a Member of the Australia Institute of Geoscientists. Mr. Ferguson is the Managing Director of AVZ Minerals Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Ferguson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

No new information

This document may include references to information that relates to Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code 2012. The information was extracted from the Company's previous ASX Announcements as follows:

“Updated Mineral Resource Estimate Includes Pit Floor “Wedge” Drill Results” released to ASX on 24 May 2021; and
“JORC Ore Reserves increase by 41.6% at Roche Dure” released to ASX on 14 July 2021.

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

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

The Company 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.

After Reporting Date Events

In early January 2022, AVZ commenced trading its ordinary shares on the OTCQX Best Market under the ticker symbol "AZZVF".

On 13 January 2022, the Company issued 10,440,000 fully paid ordinary shares to employees, consultants and directors of the Company following the vesting of Performance Rights.

In early February 2022, the Company committed to invest A\$25 million to advance its drilling program at Roche Dure and early works program for the Manono Project using funds received from its December 2021 capital raising.

In February 2022, the Company reached agreement with Suzhou CATH Energy Technologies ("CATH") to complete its US\$240 million investment into the Manono Lithium and Tin Project ("Manono Project"). Further to the Company's ASX Announcements on 27 September 2021 ("Cornerstone investor secured for development of Manono Lithium and Tin Project) and 30 November 2021 ("Extension of End Date to the Transaction Implementation Agreement"), the parties agreed to waive the following conditions precedent:

- the Mining Licence for the Manono Project being granted to Dathcom Mining SA ("Dathcom Mining");
- the entry by Dathcom Mining and the DRC Government into the Collaboration Development Agreement; and
- Dathcom Mining Board and shareholders making a Final Investment Decision ("FID") to develop the Manono Project and approving the transaction.

On 4 March 2022, S&P Dow Jones Indices announced that AVZ will be admitted to S&P/ASX 200 Index, effective prior to the open of trading on 21 March 2022 as a result of S&P Dow Jones Indices March quarterly review.

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 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, 16 March 2022

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 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,


HALL CHADWICK WA AUDIT PTY LTD


CHRIS NICOLOFF CA
Director

Dated this 16th day of March 2022
Perth, Western Australia

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2021

	Notes	Consolidated 31 December 2021 \$	31 December 2020 \$
Revenue			
Other income		81,870	193,792
Expenses			
Administration costs		(1,920,252)	(818,973)
Directors and consultancy expenses		(120,000)	(197,840)
Share-based payments expense	9	(6,990,205)	(295,277)
Compliance and regulatory expenses		(215,691)	(95,686)
Insurance expenses		(189,830)	(57,799)
Depreciation		(48,052)	(179,967)
Amortisation		(36,074)	(36,074)
Impairment – relinquishment of tenements		(638,047)	-
Movement in fair value of financial liabilities	6	2,738,705	323,751
Interest expense		(975)	(6,323)
Foreign exchange gain/(loss)		(443,565)	(241,207)
Loss before income tax		(7,782,116)	(1,411,603)
Income tax expense		-	-
Loss after income tax for the half-year		(7,782,116)	(1,411,603)
Other comprehensive (loss)/income:			
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		3,470,810	(9,897,842)
Total comprehensive (loss)/income for the half-year		(4,311,306)	(11,309,445)
Basic and diluted loss per share (cents per share)		(0.24)	(0.05)
Loss for the half-year is attributable to:			
Owners of AVZ Minerals Limited		(7,750,806)	(1,342,837)
Non-controlling interests		(31,310)	(68,766)
		(7,782,116)	(1,411,603)
Total comprehensive loss for the half-year attributable to:			
Owners of AVZ Minerals Limited		(4,651,357)	(9,922,130)
Non-controlling interests		340,051	(1,387,315)
		(4,311,306)	(11,309,445)

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.

Condensed Consolidated Statement of Financial Position
As at 31 December 2021

	Notes	Consolidated	
		31 December 2021 \$	30 June 2021 \$
Current Assets			
Cash and cash equivalents		76,314,567	2,463,632
Trade and other receivables		1,114,634	390,174
Total Current Assets		77,429,201	2,853,806
Non-Current Assets			
Mining exploration and evaluation	4	125,913,016	90,525,946
Property, plant and equipment		789,297	732,585
Right-of-use asset	5	12,025	48,099
Total Non-Current Assets		126,714,338	91,306,630
Total Assets		204,143,539	94,160,436
Current Liabilities			
Trade and other payables		530,584	469,151
Provisions		113,028	72,227
Financial Liabilities	6	-	6,661,275
Lease liability	5	13,047	51,343
Total Current Liabilities		656,659	7,253,996
Non-Current Liabilities			
Financial liabilities		-	-
Lease liability	5	-	-
Total Non-Current Liabilities		-	-
Total Liabilities		656,659	7,253,996
Net Assets		203,486,880	86,906,440
Equity			
Contributed equity	7	218,871,075	107,916,233
Reserves		12,121,875	3,439,770
Accumulated losses		(42,500,863)	(34,977,319)
Capital and reserves attributable to owners of AVZ Minerals Limited		188,492,087	76,378,684
Non-controlling interests		14,994,793	10,527,756
Total Equity		203,486,880	86,906,440

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

Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2021

Consolidated	Contributed Equity	Accumulated Losses	Other Reserves	Foreign Currency Reserves	Total	Non-controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2020	103,495,333	(30,162,109)	5,189,576	4,142,944	82,665,744	11,690,054	94,355,798
Loss for the half-year	-	(1,342,837)	-	-	(1,342,837)	(68,766)	(1,411,603)
Exchange differences on translation of foreign operations	-	-	-	(8,579,293)	(8,579,293)	(1,318,549)	(9,897,842)
Total comprehensive loss for the half-year	-	(1,342,837)	-	(8,579,293)	(9,922,130)	(1,387,315)	(11,309,445)
<i>Transactions with owners in their capacity as owners:</i>							
Share-based payments expense	-	-	295,277	-	295,277	-	295,277
Performance Rights lapsed	-	47,000	(47,000)	-	-	-	-
Exercise of listed options	1,728,000	-	-	-	1,728,000	-	1,728,000
Total transactions with owners in their capacity as owners	1,728,000	47,000	248,277	-	2,023,277	-	2,023,277
Balance at 31 December 2020	105,223,333	(31,457,946)	5,437,853	(4,436,349)	74,766,891	10,302,739	85,069,630
Balance at 1 July 2021	107,916,233	(34,977,319)	5,842,246	(2,402,476)	76,378,684	10,527,756	86,906,440
Loss for the half-year	-	(7,750,806)	-	-	(7,750,806)	(31,310)	(7,782,116)
Exchange differences on translation of foreign operations	-	-	-	3,099,449	3,099,449	371,361	3,470,810
Total comprehensive loss for the half-year	-	(7,750,806)	-	3,099,449	(4,651,357)	340,051	(4,311,306)
<i>Transactions with owners in their capacity as owners:</i>							
Share issue (net of costs)	109,608,055	-	-	-	109,608,055	-	109,608,055
Share-based payments expense	-	-	6,990,205	-	6,990,205	-	6,990,205
Performance Rights lapsed	-	227,262	(227,262)	-	-	-	-
Conversion of Performance Rights	1,180,287	-	(1,180,287)	-	-	-	-
Exercise of Unlisted Options	166,500	-	-	-	166,500	-	166,500
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	4,126,986	4,126,986
Total transactions with owners in their capacity as owners	110,954,842	227,262	5,582,656	-	116,764,760	4,126,986	120,891,746
Balance at 31 December 2021	218,871,075	(42,500,863)	11,424,902	696,973	188,492,087	14,994,793	203,486,880

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

Condensed Consolidated Statement of Cash flows
For the half-year ended 31 December 2021

	Notes	Consolidated	
		31 December 2021	31 December 2020
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(3,426,321)	(1,221,930)
Interest received		81,870	47,394
Interest expense		(975)	(6,323)
COVID-19 Cashflow Boost		-	37,500
R&D Tax Incentive		-	155,932
Net cash outflows from operating activities		(3,345,426)	(987,427)
Cash flows from investing activities			
Payments for exploration and evaluation		(5,186,773)	(5,424,775)
Payment for additional exploration interests		(27,045,367)	(685,235)
Payments for property, plant and equipment		(223,077)	(4,482)
Net cash outflows from investing activities		(32,455,217)	(6,114,492)
Cash flows from financing activities			
Share placement (net of capital raising costs)		109,608,055	-
Proceeds from exercise of options		166,500	1,728,000
Payment of lease liability		(38,296)	(34,383)
Net cash flow from financing activities		109,736,259	1,693,617
Net increase / (decrease) in cash and cash equivalents		73,935,616	(5,408,302)
Cash and cash equivalents at the beginning of the period		2,463,632	14,202,292
Foreign currency differences		(84,681)	(540,692)
Cash and cash equivalents at the end of the period		76,314,567	8,253,298

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 2021 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 2021 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 2021, 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 2021.

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 2021.

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 December 2021	30 June 2021
	\$	\$

4. Mining exploration and evaluation

Opening balance	90,525,946	84,896,432
Exploration costs	5,309,489	12,122,357
Acquisition of further interest (i)	27,045,367	685,235
Less: Impairment (ii)	(638,047)	-
Net exchange differences on translation	3,670,261	(7,178,078)
Closing balance	<u>125,913,016</u>	<u>90,525,946</u>

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.
- (ii) Impairment due to 50% relinquishment of tenements comprising PR 4029 and PR 4030.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$

5. Leases

(a) Amounts recognised in the balance sheet

Rights-of-use asset

Balance as at 1 July	48,099	120,248
Right-of-use assets recognised	-	-
Less: Depreciation	(36,074)	(72,149)
Closing balance	<u>12,025</u>	<u>48,099</u>

Lease liabilities

Balance as at 1 July	51,343	124,232
Lease liabilities recognised	-	-
Add: Interest	973	5,640
Less: Payments	(39,269)	(78,529)
Closing balance	<u>13,047</u>	<u>51,343</u>

(b) Amounts recognised in the consolidated statement of profit or loss

Depreciation of right-of-use asset	36,074	72,149
Interest expense on lease liabilities	973	5,640

(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 remained 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.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

	Consolidated	
	31 December 2021	30 June 2021
	\$	\$

6. Financial Liabilities

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

Deferred Consideration

Current Liability

Principal	6,661,275	5,796,838
Principal repayments	(6,761,325)	-
Fair value increase/(decrease) on repayment	535,142	-
Unwinding of interest on discounting	(2,738,705)	-
Fair value decrease	2,303,613	864,437

Closing balance

- 6,661,275

Non-Current Liability

Principal	-	-
Fair value increase/(decrease)	-	-

Closing balance

- -

Total

- 6,661,275

Total Deferred Consideration

Total current liability - 6,661,275

Total non-current liability - -

Total Liability

- 6,661,275

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

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

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

7. Contributed Equity

	Consolidated		Consolidated	
	31 December 2021 Shares	30 June 2021 Shares	31 December 2021 \$	30 June 2021 \$
(a) Contributed equity				
Ordinary shares – fully paid	3,441,623,080	2,906,165,175	218,871,075	107,916,233
Total contributed equity	3,441,623,080	2,906,165,175	218,871,075	107,916,233

	Date	Number of Shares \$	Fair Value \$	Total \$
(b) Movements in share capital				
Opening Balance 1 July 2020		2,838,498,508		103,495,333
Exercise of Unlisted Options ¹	21 Oct 2020	10,000,000	\$0.060	600,000
Exercise of Unlisted Options ¹	24 Nov 2020	5,000,000	\$0.060	300,000
Exercise of Unlisted Options ¹	10 Dec 2020	10,000,000	\$0.060	600,000
Exercise of Unlisted Options ²	14 Dec 2020	4,000,000	\$0.057	228,000
Closing Balance at 31 December 2020		2,867,498,508		105,223,333
Opening Balance 1 July 2021		2,906,165,175		107,916,233
Issue of shares ³	7 Jul 2021	307,692,308	\$0.130	40,000,000
Issue of shares ⁴	15 Jul 2021	1,648,530	\$0.190	313,221
Exercise of Unlisted Options ⁵	15 Jul 2021	1,000,000	\$0.067	66,500
Exercise of Unlisted Options ⁶	9 Aug 2021	1,666,667	\$0.060	100,000
Conversion of Performance Rights ⁷	30 Nov 2021	13,450,400	\$0.088	1,180,287
Issue of shares ⁸	3 Dec 2021	60,000,000	-	-
Issue of shares ⁹	17 Dec 2021	150,000,000	\$0.500	75,000,000
Less: Transaction costs arising on share issues			-	(5,705,166)
Closing Balance at 31 December 2021		3,441,623,080		218,871,075

¹During the half-year ended 31 December 2020, a total of 25,000,000 Unlisted Options (exercisable at \$0.06 on or before 8 April 2022) were exercised.

²During the half-year ended 31 December 2020, a total of 4,000,000 Unlisted Options (exercisable at \$0.057 on or before 5 September 2021) were exercised.

³On 7 July 2021, the Company completed a \$40 million placement through the issue of 307,692,308 shares at \$0.13 per share to institutional, professional and sophisticated investors.

⁴On 15 July 2021, 1,648,350 shares were issued to a Mincore Pty Ltd as part consideration for the completion of FEED study.

⁵On 15 July 2021, 1,000,000 Unlisted Options (exercisable at \$0.0665 on or before 5 May 2022) were exercised.

⁶On 9 August 2021, 1,666,667 Unlisted Options (exercisable at \$0.06 on or before 8 April 2022) were exercised.

⁷On 30 November 2021, 5,651,800 Class E Performance Rights, 1,101,000 Class H Performance Rights, 587,200 Class K Performance Rights, 2,000,000 Class L Performance Rights, 2,202,000 Class M Performance Rights, and 1,908,400 Class N Performance Rights vested and converted to Ordinary Shares. The fair value of the Performance Rights of \$1,180,287 was transferred from the Share Based Payment Reserve to Issued Capital.

⁸On 3 December 2021, 60,000,000 shares were issued as Collateral shares at nil cash consideration under an At-the-Market (ATM) Subscription Deed with Acuity Capital. The Company may, however, at any time cancel the ATM as well as buy back (and cancel) those shares for no cash consideration (subject to shareholder approval). The ATM facility limit is \$50,000,000 and matures on 20 March 2024.

⁹On 17 December 2021, the Company completed a \$75 million placement through the issue of 150,000,000 shares at \$0.50 per share to institutional and sophisticated investors.

Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2021

8. Share Options and Performance Rights

(a) Share Options

	Expiry date	Exercise price	Balance at 1 July 2021	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance at 31 December 2021
2021							
Unlisted	5 Mar 2022	6.65 cents	1,000,000	-	(1,000,000)	-	-
Unlisted	8 April 2022	6.0 cents	78,333,335	-	(1,666,667)	-	76,666,668
			79,333,335	-	(2,666,667)	-	76,666,668

	Expiry date	Exercise price	Balance at 1 July 2020	Granted during the period	Exercised during the period	Cancelled/ lapsed during the period	Balance at 31 December 2020
2020							
Unlisted	5 Mar 2021	4.75 cents	1,000,000	-	-	-	1,000,000
Unlisted	5 Sep 2021	5.7 cents	5,000,000	-	(4,000,000)	-	1,000,000
Unlisted	5 Mar 2022	6.65 cents	5,000,000	-	-	-	5,000,000
Unlisted	8 April 2022	6.0 cents	120,000,002	-	(25,000,000)	-	95,000,002
			131,000,002	-	(29,000,000)	-	102,000,002

(b) Performance Rights

	Expiry date	Exercise price	Balance at 1 July 2021	Granted during the period	Converted during the period	Cancelled/ lapsed during the period	Balance at 31 December 2021
2021							
Class E	3 Dec 2021	-	7,700,000	-	(5,651,800)	(2,048,200)	-
Class F	2 Jun 2022	-	8,000,000	-	-	-	8,000,000
Class H	3 Dec 2021	-	1,500,000	-	(1,101,000)	(399,000)	-
Class K	3 Dec 2021	-	800,000	-	(587,200)	(212,800)	-
Class L	3 Dec 2021	-	2,000,000	-	(2,000,000)	-	-
Class M	9 Dec 2023	-	19,600,000	-	(2,202,000)	-	17,398,000
Class N	26 Jun 2024	-	5,200,000	-	(1,908,400)	-	3,291,600
Class O	7 Sep 2024	-	-	16,675,000	-	-	16,675,000
Class P	7 Sep 2024	-	-	31,750,000	-	-	31,750,000
Class Q	7 Oct 2022	-	-	3,500,000	-	-	3,500,000
			44,800,000	51,925,000	(13,450,400)	(2,660,000)	80,614,600

	Expiry date	Exercise price	Balance at 1 July 2020	Granted during the period	Converted during the period	Cancelled/ lapsed during the period	Balance at 31 December 2020
2020							
Class D	Various	-	3,600,000	-	-	-	3,600,000
Class E	3 Dec 2021	-	17,400,000	-	-	-	17,400,000
Class F	2 Jun 2022	-	8,000,000	-	-	-	8,000,000
Class H	3 Dec 2021	-	3,000,000	-	-	-	3,000,000
Class I	11 Nov 2020	-	3,000,000	-	-	(3,000,000)	-
Class K	3 Dec 2021	-	1,600,000	-	-	-	1,600,000
Class L	3 Dec 2021	-	-	4,000,000	-	-	4,000,000
Class M	9 Dec 2023	-	-	24,100,000	-	-	24,100,000
			36,600,000	28,100,000	-	(3,000,000)	61,700,000

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 2021.

(b) Performance Rights

On 3 December 2021, 2,048,200 Performance Rights relating to Class E, 399,000 Performance Rights relating to Class H and 212,800 Performance Rights relating to Class K expired unexercised.

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

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

Class O	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Value per Performance Right on Grant Date (\$)	Total Fair Value (\$)	% Vested
Tranche 1	3,765,000	26 Aug 2021	Nil	7 Sep 2024	0.225	\$847,125	0%
Tranche 2	2,340,000	26 Aug 2021	Nil	7 Sep 2024	0.225	\$526,500	0%
Tranche 3	3,690,000	26 Aug 2021	Nil	7 Sep 2024	0.225	\$830,250	0%
Tranche 4	3,440,000	26 Aug 2021	Nil	7 Sep 2024	0.225	\$774,000	0%
Tranche 5	3,440,000	26 Aug 2021	Nil	7 Sep 2024	0.139	\$478,160	0%

During the half-year ended 31 December 2021, the share based payment expense recognised in relation to Class O Performance Rights was \$1,393,577.

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

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

9. Share Based Payments (con't)

Class P	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Value per Performance Right on Grant Date (\$)	Total Fair Value (\$)	% Vested
Tranche 1	7,000,000	18 Nov 2021	Nil	7 Sep 2024	0.575	\$4,025,000	0%
Tranche 2	3,750,000	18 Nov 2021	Nil	7 Sep 2024	0.575	\$2,156,250	0%
Tranche 3	7,000,000	18 Nov 2021	Nil	7 Sep 2024	0.575	\$4,025,000	0%
Tranche 4	7,000,000	18 Nov 2021	Nil	7 Sep 2024	0.575	\$4,025,000	0%
Tranche 5	7,000,000	18 Nov 2021	Nil	7 Sep 2024	0.358	\$2,506,000	0%

During the half-year ended 31 December 2021, the share based payment expense recognised in relation to Class O Performance Rights was \$4,127,275.

On 7 October 2021, 3,500,000 Class Q Performance Rights were issued to consultants of the Company. These Performance Rights shall vest upon all items delivered: 1) Mining Licence being granted to Dathcom; 2) Execution of the Collaboration Agreement; 3) Signing of the MOU agreement and 4) Approval of MSEZ.

Class Q	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Value per Performance Right on Grant Date (\$)	Total Fair Value (\$)	% Vested
	3,500,000	14 Sep 2021	Nil	7 Oct 2022	0.255	\$892,500	0%

During the half-year ended 31 December 2021, the share based payment expense recognised in relation to Class O Performance Rights was \$301,219.

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

10. Contingencies & Commitments

No matters or events have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

11. Related Party Transactions

The following Performance Rights were issued to key management personnel of the Company during the half-year ending 31 December 2021:

John Clarke	6,750,000
Nigel Ferguson	9,000,000
Graeme Johnston	7,000,000
Rhett Brans	4,500,000
Peter Huljich	4,500,000
Michael Hughes	2,000,000
Jan de Jager	4,500,000
Benjamin Cohen	1,575,000

The terms and conditions of these Performance Rights are disclosed in Note 9.

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

In early January 2022, AVZ commenced trading its ordinary shares on the OTCQX Best Market under the ticker symbol "AZZVF".

On 13 January 2022, the Company issued 10,440,000 fully paid ordinary shares to employees, consultants and directors of the Company following the vesting of Performance Rights.

In early February 2022, the Company committed to invest A\$25 million to advance its drilling program at Roche Dure and early works program for the Manono Project using funds received from its December 2021 capital raising.

In February 2022, the Company reached agreement with Suzhou CATH Energy Technologies ("CATH") to complete its US\$240 million investment into the Manono Lithium and Tin Project ("Manono Project"). Further to the Company's ASX Announcements on 27 September 2021 ("Cornerstone investor secured for development of Manono Lithium and Tin Project") and 30 November 2021 ("Extension of End Date to the Transaction Implementation Agreement"), the parties agreed to waive the following conditions precedent:

- the Mining Licence for the Manono Project being granted to Dathcom Mining SA ("Dathcom Mining");
- the entry by Dathcom Mining and the DRC Government into the Collaboration Development Agreement; and
- Dathcom Mining Board and shareholders making a Final Investment Decision ("FID") to develop the Manono Project and approving the transaction.

On 4 March 2022, S&P Dow Jones Indices announced that AVZ will be admitted to S&P/ASX 200 Index, effective prior to the open of trading on 21 March 2022 as a result of S&P Dow Jones Indices March quarterly review.

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 the Group, the results of those operations, or the state of affairs in future financial years.

Directors' Declaration
For the half-year ended 31 December 2021

The Directors of the Company declare that:

- (a) the consolidated financial statements and notes, as set out on pages 14 to 26 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001*; and other mandatory requirements
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2021 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
16 March 2022

**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 2021, 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 AVZ Minerals Limited financial position as at 31 December 2021 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.

Responsibility of the Directors for the Financial Report

The directors of the AVZ Minerals Limited 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 2021 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 16th day of March 2022
Perth, Western Australia