



Activities Report for the Quarter ending 31 March 2022

Highlights

- A\$25M committed to early works and exploration drilling program for Manono Project
- Close consultation with DRC Government authorities undertaking Mining Licence assessment continued, with favourable technical opinion for the Manono DFS received in April*
- Completion of US\$240M cornerstone investment with Suzhou CATH Energy Technologies (“CATH”) extended to 30 April 2022
- Work continued on securing debt funding for the balance of development capital required for the Manono Project
- AVZ admitted to OTCQX Best Market in the US
- AVZ admitted to S&P/ASX 200 Index

AVZ Minerals Limited (ASX: AVZ, OTCQX: AZZVF, “the Company”) presents its Quarterly Activities Report for the period ended 31 March 2022 and is pleased to provide the following commentary and update to shareholders.

AVZ Managing Director, Mr. Nigel Ferguson said: *“The award of a Permis d’Exploitation (“Mining Licence”) for the Manono Project has been a priority focus for the Company during the March 2022 Quarter.*

“During the past three months, the Company has remained in close consultation with the DRC Government authorities that are undertaking the Mining Licence assessment and, following the receipt of a favourable technical opinion on the April 2020 Manono Project Definitive Feasibility Study (“DFS”) from the Department of Mines in April, we are now extremely confident of securing a positive outcome with respect to all licence and permitting agreements for the Manono Project.*

“The decision made by the Board in early February to commit A\$25 million to an early works and exploration program further demonstrated our confidence in bringing the Manono Project to development.

* Refer ASX Announcement dated 13 April 2022 “Manono Project Receives Favourable Technical Opinion”

ASX ANNOUNCEMENT

28 April 2022

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Directors

Non-Executive Chairman: John Clarke

Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

Non-Executive Director: Peter Huljich

Market Cap

\$3.6BN

ASX Code: AVZ

OTCQX Code : AZZVF

“Undertaking this early works program in the second half of FY22 will assist the Company to maintain our development timetable for the Manono Project.

“The Company is also pleased to have significantly increased its investor exposure across the United States and Australian markets – having been admitted to the OTCQX Best Market in January and to the S&P/ASX 200 Index in late March.

“AVZ’s admission to the OTCQX Best Market will enhance the visibility and accessibility of the Company to US investors, allowing the Company to grow its North American shareholder base.

“AVZ’s admission to the S&P/ASX 200 Index recognised growing investor appetite and confidence in the Company and also in the DRC being a reputable jurisdiction that can host the sustainable development of battery minerals projects, like Manono.”

A\$25M committed to early works & exploration program

In early February 2022, AVZ announced it had committed to invest A\$25 million to advance its drilling program on the Roche Dure deposit and early works program for the Manono Project, using funds received from its recent A\$75 million capital raising in December 2021*.

The A\$25 million investment is aimed at maintaining the Manono Project development schedule, as well as funding an extension drilling program at Roche Dure, which has the potential to significantly expand the previously reported 2012 JORC Mineral Resource and Ore Reserves.

The early works program – comprising approximately A\$19 million – is allocated to:

- Upgrading existing roads and bridges to assist with the transport of equipment to and from site;
- Purchasing critical mobile equipment required for the initial Manono Project development;
- Progressing camp construction and entering key service contracts; and
- Progressing various technical studies with respect to metallurgical testwork, downstream processing and infrastructure projects.

The remaining A\$6 million is for additional resource drilling at Roche Dure.

*Refer ASX Announcement dated 10 February 2022 “Board approved early works and exploration budget”

Permis d’Exploitation (“Mining Licence”) for the Manono Project

During the quarter, the Company continued to have close consultation with the DRC Government authorities that are undertaking the Mining Licence assessment. Following the receipt of a favourable technical opinion from the Department of Mines in April 2022, AVZ is now highly confident of delivering a favourable outcome for all stakeholders.

Completion of US\$240M cornerstone investment with CATH extended to 30 April 2022

In late September 2021, AVZ announced its wholly owned subsidiary, AVZ International Pty Ltd (“AVZI”) had entered into a Transaction Implementation Agreement (“TIA”) with Suzhou CATH Energy Technologies (CATH) to develop the Manono Project*.

Under the TIA, CATH has agreed to pay US\$240 million cash for a 24% equity interest in the Manono Project, as well as their pro rata portion of project development capital.

On 30 November 2021, the Company confirmed that the Condition Precedent requiring CATH to obtain outbound direct investment (ODI) approvals/filings from the relevant PRC authorities had been satisfied. It also confirmed both parties had agreed to a three-month extension – to 28 February 2022 – by which the remaining conditions precedent must be satisfied or waived to effect the transaction.

On 16 February 2022, the Company confirmed the parties had agreed to waive the following conditions precedent:

- the Mining Licence for the Manono Project being granted to Dathcom Mining SA (“Dathcom”);
- the entry by Dathcom and the DRC Government into the Collaboration Development Agreements; and –
- Dathcom Board and shareholders making a final investment decision and approving the transaction.

On 1 April 2022, the Company confirmed the parties to the TIA had agreed to amend the end date for completion of the proposed transaction to 30 April 2022**.

* Refer ASX Announcement dated 27 September 2021 “Cornerstone investor secured for development of Manono Lithium and Tin Project”

** Refer ASX Announcement dated 1 April 2022 “Extension of End Date to CATH Transaction Agreement”

Project Funding Arrangements

Approximately 90% of Project development capital funding required per the April 2020 DFS* will be secured on close of the CATH discussed above, which, together with the award of the Mining Licence and the release of a Manono Project Bankable Feasibility Study (“BFS”), will trigger a Final Investment Decision (“FID”) on the Project.

Management continues to work towards the appointment of a Mandated Lead Arranger (“MLA”) to lead a syndicated debt funding facility for the balance of Project capital required. Key conditions precedent for securing the debt funding are the award of the Mining Licence and the release of the Manono BFS.

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

AVZ admitted to OTCQX Best Market

In January 2022, AVZ was admitted to the OTCQX Best Market, thereby enhancing the Company's market visibility with its North American shareholder base.

The OTCQX Best Market is the highest market tier of OTC Markets on which some 11,000 US and global securities trade. Eligible companies must meet high financial standards, follow best practice corporate governance, demonstrate compliance with US securities laws, be current in their disclosure and have a professional third-party sponsor.

Rimon Law acted as the Company's OTCQX sponsor.

AVZ's admission to the OTCQX Best Market is aimed at enhancing the visibility and accessibility of the Company to US investors, thereby allowing the Company to efficiently grow its North American shareholder base.

AVZ admitted to S&P/ASX 200 Index

In March 2022, the Company was admitted to the S&P/ASX 200 Index as a result of the S&P Dow Jones Indices March 2022 quarterly review.

The inclusion of AVZ in the S&P/ASX 200 Index from 21 March 2022, followed the continued progress made to develop its world-class tier 1 Manono Project in the Democratic Republic of the Congo ("DRC").

Corporate

The Company closed the March 2022 Quarter with a cash balance of A\$70.57 million.

Cash for the March 2022 Quarter was primarily used to fund the project development activities of the AVZ corporate and technical team in Perth and the Dathcom corporate and technical team in the DRC, including:

- A\$1.43 million for payroll, administration and corporate costs (including an amount of A\$0.271 million paid to directors in relation to employment and consultancy service agreements); and -
- A\$2.86 million was capitalised as exploration and evaluation costs to the Manono Project.

On 13 January 2022, a total of 10,440,000 fully paid shares were issued following the vesting of Performance Rights.

As of 31 March 2022, the Company's securities on issue were as follows:

Quoted Securities	Number
Ordinary Fully Paid	3,452,063,080
Unquoted Securities	Number
6 cents Options expiring 8 April 2022	76,666,668
Performance Rights	70,174,600

This release was authorised by Mr. Nigel Ferguson, Managing Director of AVZ Minerals Limited.

For further information, visit www.avzminerals.com.au or contact:

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Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 31 March 2022):

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, 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 by 30 November 2021. On 30 November 2021, AVZ confirmed the parties to the Transaction Implementation Agreement (“TIA”) had agreed to an extension to 28 February 2022 by which the remaining conditions precedent must be satisfied or waived to effect the transaction. On 16 February 2022, both parties confirmed the TIA would be completed ‘during March 2022’ and on 1 April 2022, AVZ confirmed both parties had agreed to amend the end date of the TIA to 30 April 2022.*

Roche Dure Main Pegmatite Ore Reserve Estimate (as of 31 March 2022):

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 March 2022):

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 Gross, 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

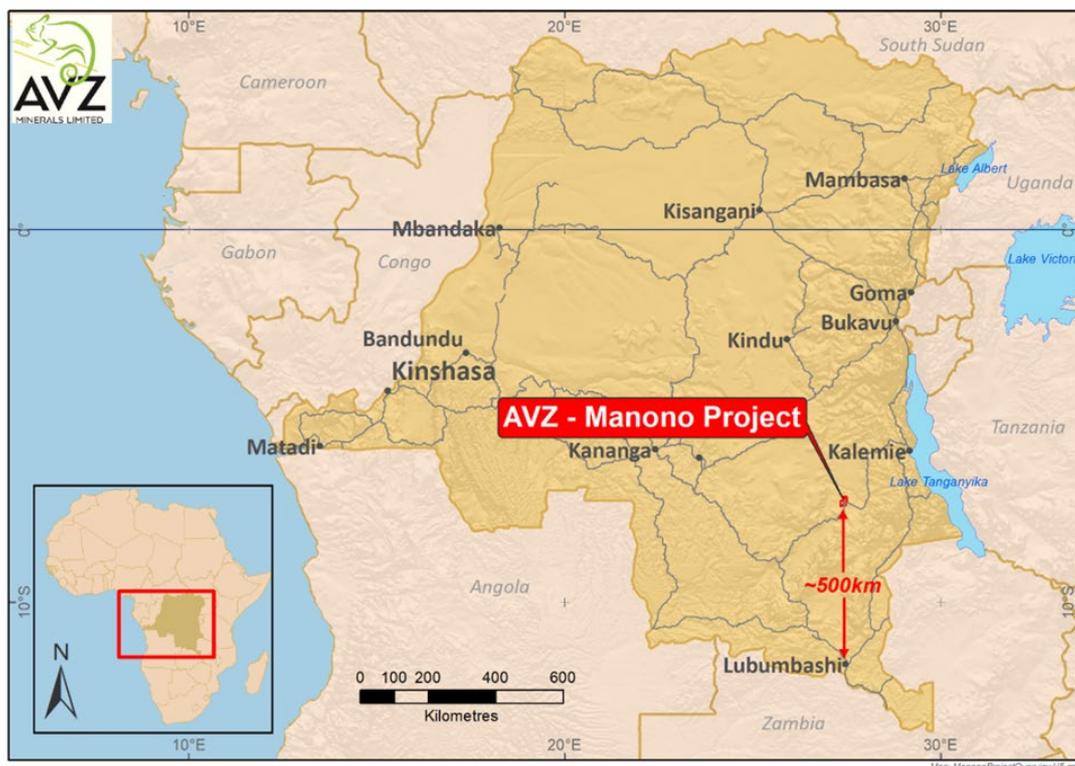
This document may include references to information that relates to Mineral Resources and Ore Reserves prepared and first disclosed under the JORC Code 2021. The information was extracted from the Company's previous ASX Announcements as follows:

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

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.



Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

AVZ Minerals Limited

ABN

81 125 176 703

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(40)	(56)
(b) development	-	-
(c) production	-	-
(d) staff costs	(553)	(1,473)
(e) administration and corporate costs	(872)	(3,387)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	154	236
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Government grants: COVID-19 Cashflow Boost	-	-
1.8 R&D Tax Incentive	-	-
1.9 Net cash from / (used in) operating activities	(1,311)	(4,681)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(867)	(1,091)
(d) exploration & evaluation	(2,861)	(7,965)
(e) investments	-	(27,045)
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,728)	(36,101)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	115,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	167
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(256)	(5,705)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Payment of lease liability	(13)	(51)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	269	109,411
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	76,314	2,464
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,311)	(4,681)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,728)	(36,101)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(269)	109,411

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(439)	(526)
4.6	Cash and cash equivalents at end of period	70,567	70,567

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	70,567	76,314
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	70,567	76,314

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	271
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
N/A		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,311)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,861)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,172)
8.4 Cash and cash equivalents at quarter end (item 4.6)	70,567
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	70,567
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	16.91
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Not applicable	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Not applicable	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2022

Authorised by: By the Board of AVZ Minerals Limited
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.