



Activities Report for the Quarter ending 31 March 2023

Highlights

- AVZ's securities remained in Voluntary Suspension during the March 2023 Quarter pending a resolution and clarity of the mining and exploration rights for the Manono Lithium and Tin Project ("**Manono Project**")
- AVZ continued its high-level discussions with the DRC Government with respect to the award of the Manono Project Mining Licence (PE) to Dathcom Mining SA ("**Dathcom**") and other permits required for the Manono Project
- AVZ continued to affirm its legal rights to a 75% interest in Dathcom and its pre-emptive rights over 15% of the 25% interest held by La Congolaise D'Exploitation Miniere ("**Cominiere**") in the Manono Project, which is the subject of arbitration proceedings before the International Chamber of Commerce ("**ICC**") in Paris
- AVZ continued preparations to defend a case in the ICC brought against its subsidiary AVZ International Pty Ltd ("**AVZI**") by Jin Cheng Mining Company ("**Jin Cheng**"), a subsidiary of Zijin Mining Group Company Limited ("**Zijin**"), regarding a 15% interest in Jin Cheng purportedly acquired from Cominiere in Dathcom
- AVZ continued preparations to prosecute its case in the ICC against Dathomir Mining SARL ("**Dathomir**") to affirm AVZ's acquisition in August 2021 of a 15% interest in Dathcom from Dathomir under the Dathomir SPAs
- Received continued support from Suzhou CATH Energy Technologies ("**CATH**") with the Transaction Implementation Agreement ("**TIA**") extended by mutual agreement to 30 June 2023 in early April 2023
- The Roche Dure extension drilling program concluded with widespread, high-grade spodumene lithium mineralisation observed with all core samples despatched for assay
- Essential construction works for the construction team camp facilities at site continued

ASX ANNOUNCEMENT

28 April 2023

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Non-Executive Director: Rhett Brans

ASX Code: AVZ

OTC Code : AZZVF

AVZ Minerals Limited (ASX: AVZ, OTC:AZZVF, “the Company”) presents its Quarterly Activities Report for the period ended 31 March 2023 and provides the following commentary and update to shareholders.

Voluntary Suspension and Mining Licence

AVZ’s securities remained in Voluntary Suspension during the March 2023 Quarter, pending a resolution and clarity on the mining and exploration rights for the Manono Project.

The Company continued to engage with the Government of the Democratic Republic of Congo (“DRC”) with respect to the grant of the Mining Licence (PE) and Dathcom’s continuing exploration rights for the Manono Project.

On 6 February 2023¹, the Company confirmed it was in receipt of two additional Ministerial Decrees from the DRC Minister of Mines, dated 28 January 2023, which had the effect of:

1. Reversing the Ministerial Decree which converted the southern portion of licence PR13359 from a Permis de Recherche (PR or Exploration Licence) to a Permis d’Exploitation (PE or Mining Licence); and
2. Reversing the Ministerial Decree which acknowledged a declaration of partial renunciation of PR13359 by Dathcom, i.e. the excluded northern portion of PR13359 that was not covered by the Ministerial Decree to convert the PR to a PE or Mining Licence.

Following the receipt of the two additional Ministerial Decrees in January 2023, Dathcom continues to hold 100% of its right, title and interest in PR13359.

The Company is the subject of a hostile third-party campaign run by parties seeking to acquire an interest in the Manono Project through questionable and irregular means, some of whom are the subject of the DRC General Inspectorate of Finance report on the management of mining asset in the DRC² and has included unauthorised access to the Company’s confidential and legally privileged information³.

The Company has received ongoing support from the Australian Embassy in Harare who are engaged with other foreign embassies in the region, who jointly share a common interest to support investment transparency in Africa’s mining industry.

AVZ made several announcements relating to its tenure of Voluntary Suspension during the March 2023 Quarter⁴.

¹ Refer ASX Announcement dated 6 February 2023 titled “Issue of two new Ministerial Decrees Manono Lithium and Tin Project”

² Refer ASX Announcement dated 6 December 2022 titled “DRC General Inspectorate of Finance’s findings against Cominiere and Dathomir”

³ February 2023 titled “Clarification on suspension and AFR articles” and ASX Announcement dated 31 March 2023 titled “Voluntary suspension – update and further extension”

⁴ Refer ASX Announcements dated 31 January 2023 and 28 February 2023 titled “Request for extension to Voluntary Suspension” as well as ASX Announcements dated 10 February 2023 titled “Clarifications on suspension and AFR articles” and 31 March 2023 titled “Voluntary Suspension – update and further extension”

Legal action to affirm interests in Manono Project

AVZ undertook substantial work during the March 2023 Quarter regarding arbitration proceedings before the ICC in Paris with respect to the Company's legal rights to a 75% interest in Dathcom, the entity under which the Manono Project is held, and its pre-emptive rights over 15% out of Cominiere's 25% interest in the Manono Project⁵.

Jin Cheng Dispute

The Company continued preparations to defend a case in the ICC brought against its subsidiary AVZI) by Jin Cheng, a subsidiary of Zijin, regarding a 15% interest which Jin Cheng purportedly acquired from Cominiere in Dathcom⁵.

AVZI remains of the view that its jurisdictional challenge will be successful, thereby affirming that Jin Cheng does not have the right to instigate the ICC arbitration proceedings against AVZI under the Dathcom Joint Venture Agreement ("**JVA**") since it is not a party to the Dathcom JVA.

It should be noted that such a determination – if made by the ICC – does not finally determine whether the sale of shares from Cominiere to Jin Cheng was effective, which remains to be determined by way of separate proceedings.

Dathomir Dispute

AVZ continued preparations to prosecute its case in the ICC against Dathomir to affirm AVZ's acquisition in August 2021 of a 15% interest in Dathcom from Dathomir under the Dathomir SPAs and to put an end, once and for all, to Dathomir's claims and to recover losses sustained from them⁵.

AVZI remained of the view that it will be successful in the Dathomir proceedings.

⁵ Refer ASX Announcement dated 22 March 2023 titled "Arbitration Proceedings Update and Internal Financial Report Clarification"

Extension of Transaction Implementation Agreement (TIA) with CATH

The Company and CATH mutually agreed to extend the completion date for its TIA⁶ to 30 June 2023 on 4 April 2023 which followed several earlier announcements relating to its TIA with CATH during the March 2023 Quarter⁷.

The AVZ and CATH partnership remains strong despite the frustrations experienced by the prolonged delay of the award of the Mining Licence for the Manono Project, with both parties determined to develop the Manono Project.

⁶ Refer ASX announcements dated 27 September 2021 titled "Cornerstone investor secured for development of Manono Lithium and Tin Project"

⁷ Refer ASX Announcements dated 3 January 2023, 28 February 2023 and 4 April 2023 titled "Extension of End Date to the Transaction Implementation Agreement"

Diamond Drilling Program at Roche Dure North-East Extension

The Roche Dure extension drilling programme was concluded in the March quarter with future assay results expected to be of similar width and tenor, paving the way for a future updated JORC2012 compliant Mineral Resource Estimate to be estimated.

The Company received assay results from further widespread, high-grade spodumene lithium mineralisation from 17 of 53 completed resource drillholes at the Roche Dure North-East Extension.

Fifty-four samples from the third consignment of four drillholes returned values greater than 2% including five individual samples grading greater than 3% Li_2O , with the highest value being from hole MO22DD009 from 56.0 to 58.0 metres downhole grading 4.39% Li_2O ⁸. One-hundred and five samples from the fifth consignment of five drillhole assay results returned values greater than 2% including seven individual samples grading greater than 3% Li_2O , with the highest value being from hole MO22DD021 from 131.0 to 133.0 metres downhole grading 3.55% Li_2O ⁹.

Drilling results from Section 8,200mN provided further evidence of the Roche Dure orebody dipping at significantly shallower angles from the current orebody model (20 degrees dip to the south-east compared with an average dip of 45 degrees for the current geological model). The original drilling programme design was for 45 deep drillholes on a steep orebody and as the orebody became shallower the programme was redesigned during the drilling operations into 53 shallower holes to allow for the greater spatial coverage required over the shallower orebody.

The Roche Dure orebody remains open along strike and down dip in all directions.

⁸ Refer ASX Announcement dated 28 February 2023 titled "Further Positive Results from Roche Dure Extension Drilling Program"

⁹ Refer ASX Announcement dated 22 March 2023 titled "Further Positive Results from Roche Dure Extension Drilling Program"

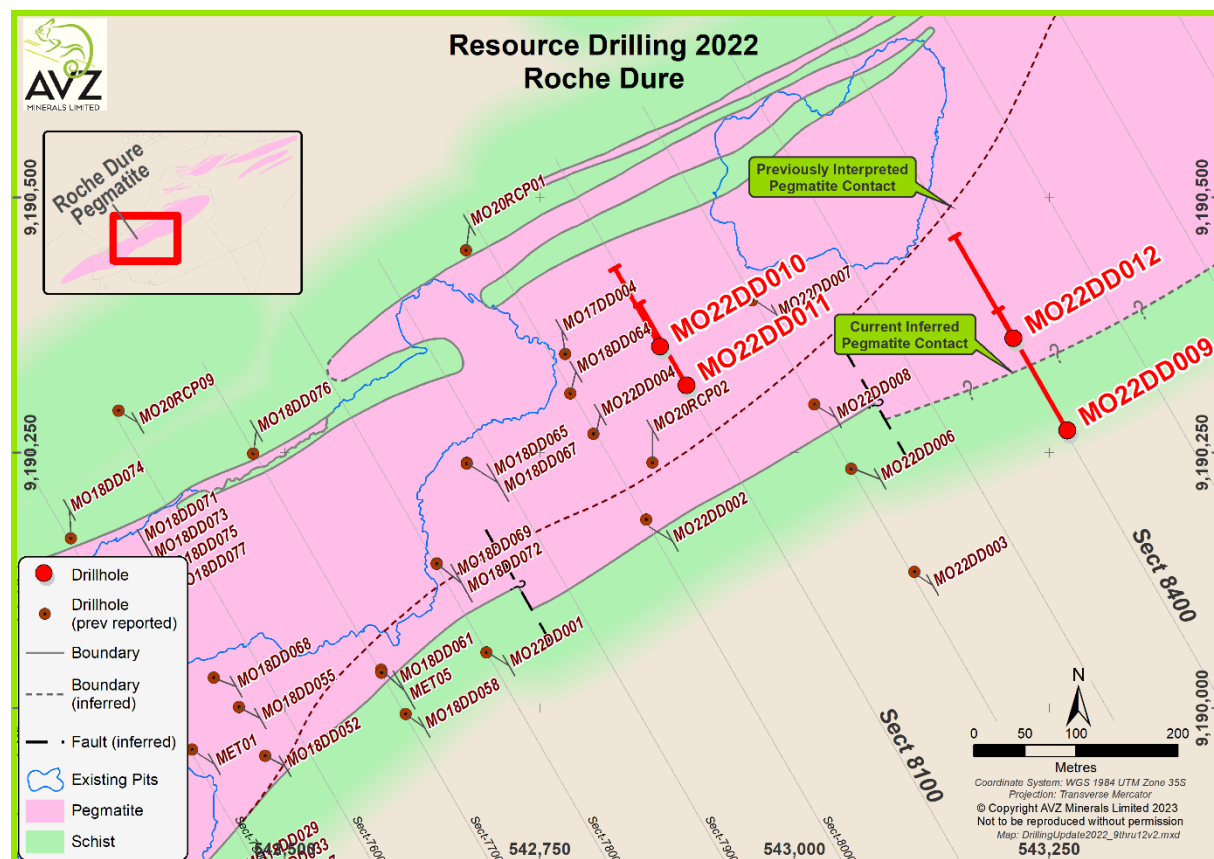


Figure 1: Locations of drillholes MO22DD009 to MO22DD012

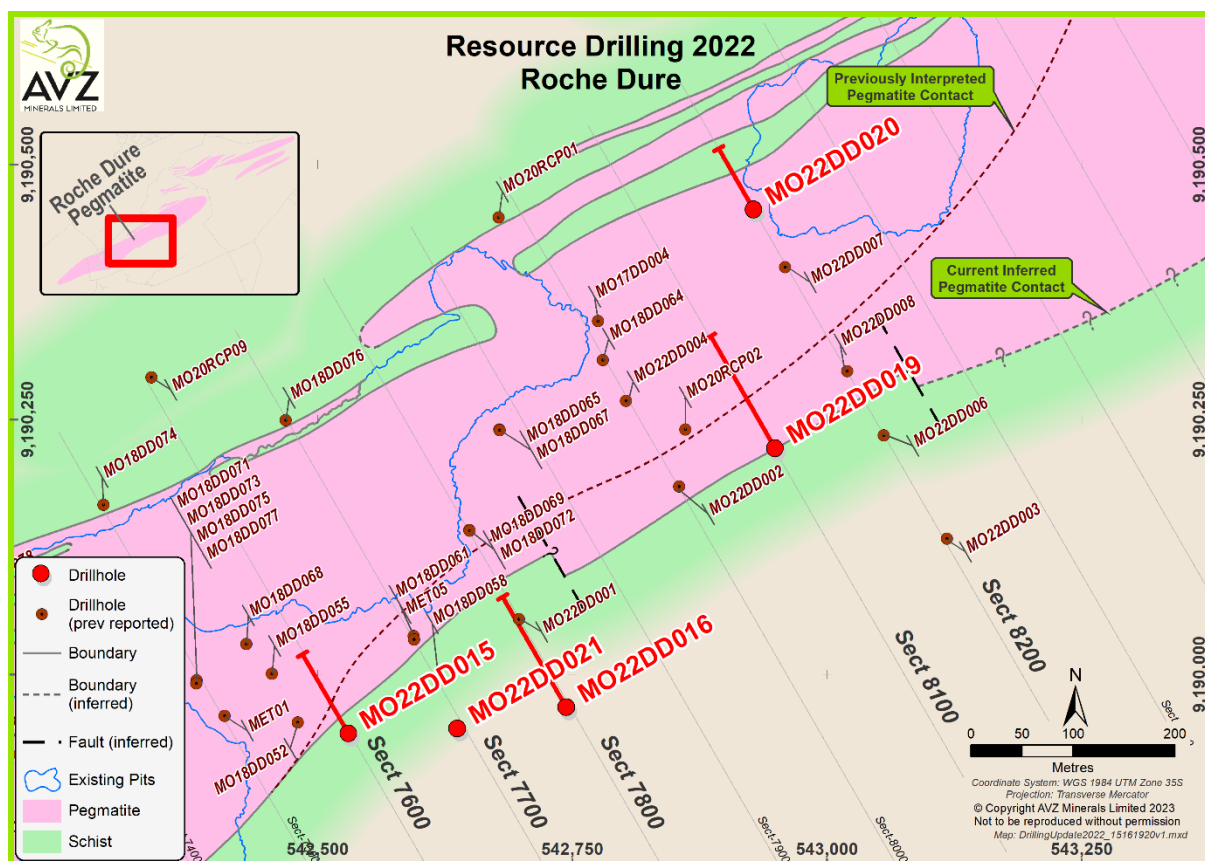


Figure 2: Locations of drillholes MO22DD015, MO22DD016 and MO22DD019 to MO22DD021

Corporate

The Company closed the March 2023 Quarter with a cash balance of A\$27.3 million.

Cash for the March 2023 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\$2.1 million for payroll, administration and corporate costs; and
- A\$7.3 million was capitalised as exploration and project development works, including recent drilling, and evaluation costs to the Manono Project.

Payments made to related parties as reported in the Appendix 5B (refer Items 6.1 and 6.2) for the March 2023 Quarter relate to Director's employment, consultancy services and business expense reimbursements to our Director-related parties.

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

Quoted Securities	Number
Ordinary Fully Paid	3,528,729,748
Unquoted Securities	Number
Performance Rights	54,541,600

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

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Information required under ASX Listing Rule 5.3.3

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

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

*AVZ through its wholly owned entity, AVZ International Pty Ltd (“AVZI”) has a legal 75% interest in the Manono Project. On 27 September 2021, AVZ announced that Suzhou Cath Energy Technologies (“CATH”) will earn a 24% interest in the Manono Project subject to the satisfaction or waiver of several conditions’ precedent stipulated in the Transaction Implementation Agreement (“TIA”). Since 30 November 2021, both parties have agreed on several occasions to amend the closure date for the TIA. Post reporting period on 4 April 2023, both parties agreed to amend the TIA end date to 30 June 2023.

Roche Dure Main Pegmatite Ore Reserve Estimate (as of 31 March 2023):

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

Note: The Ore Reserve estimate has been based on a cut-off > US\$0.00 block value comprising an economic block by block calculation. Figures may not sum due to rounding.

Roche Dure Main Pegmatite Mineral Resource at a 0.5% Li₂O cut-off (as of 31 March 2023):

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

ABOUT MANONO LITHIUM AND TIN PROJECT

AVZ holds a 75% interest in the Manono Project, located 500km north of Lubumbashi in the south of the Democratic Republic of Congo, hosting the world class Roche Dure Mineral Resource, one of the largest undeveloped hard rock lithium deposits in the world. 10% will remain with the DRC government as per the DRC Mining Code and the 15% balance, currently belonging to the DRC government, is subject to a purchase agreement from AVZ International but is yet to be finalised.

The Manono Project is strategically positioned as a clean, sustainable source of lithium, significantly contributing to the green energy transition, feeding the global lithium-ion battery value chain. With industry leading ESG credentials, it is forecast to be one of the lowest carbon emitting hard rock mines in the world. AVZ, as operators of the Manono Project, has been admitted as an inaugural member of the DRC Battery Council.

NO NEW INFORMATION

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

- Mineral Resources and Ore Reserves for the Manono Lithium and Tin Operation "MLTO" or Roche Dure reference the Company's previous ASX Announcements "JORC Ore Reserves increase by 41.6% at Roche Dure" released to ASX on 14 July 2021 and "Updated Mineral Resource Estimate Includes Pit Floor "Wedge" Drill Results" released to ASX on 24 May 2021.
- Any reference to Carriere de l'Este mineral resource estimate (MRE) should be read in conjunction with the Company's previous ASX Announcement "Assays from Carriere de l'Este drilling confirms deposit a likely rival to Roche Dure" dated 16 August 2021.
- Any reference to tin exploration targets should be read in conjunction with the Company's previous ASX Announcement "Initial Exploration Target for Alluvial Placer Hosted Tin Defined at the Manono Lithium and Tin Project" dated 18 May 2021.
- The Definitive Feasibility Study (DFS) refers to the April 2020 DFS, announced to the ASX on 21 April 2020.

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

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

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

FORWARD LOOKING INFORMATION

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

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

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

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 2023

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	(59)	(179)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(726)	(2,759)
	(e) administration and corporate costs	(1,362)	(5,209)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	152	508
1.5	Interest and other costs of finance paid	(19)	(62)
1.6	Income taxes paid	-	-
1.7	Government grants: COVID-19 Cashflow Boost	-	-
1.8	R&D Tax Incentive	-	138
1.9	Net cash from / (used in) operating activities	(2,014)	(7,563)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(52)
	(d) exploration & evaluation	(7,326)	(26,164)
	(e) investments	-	-
	(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	-	15
	(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	(7,326)	(26,201)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Payment of lease liability	(61)	(178)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	(61)	(178)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	36,589	60,726
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,014)	(7,563)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(7,326)	(26,201)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(61)	(178)

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	125	529
4.6	Cash and cash equivalents at end of period	27,313	27,313

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	27,313	36,589
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)	27,313	36,589

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	238
6.2	Aggregate amount of payments to related parties and their associates included in item 2	15
<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>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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)	(2,014)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(7,326)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(9,340)
8.4	Cash and cash equivalents at quarter end (item 4.6)	27,313
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	27,313
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.92
	<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 2023

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.