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ASX ANNOUNCEMENT
30 October 2020

Activities Report for the Quarter ending 30 September 2020

Highlights

- Secured rights to additional 10% equity in Manono Lithium and Tin Project for US$15.5M, taking its total ownership to 75% on completion of the transaction
- Ongoing discussions held to aquire additional equity in the Manono Project
- Discussions advanced with multiple offtake partners for significant volumes of Spodumene Concentrate and Tin
- Negotiations progressed around financing options with several entities in Australia, Europe, the Middle East and South Africa
- Terms of reference for the Manono Special Economic Zone were submitted, along with a proposed framework of economic incentives
- Tenders for process plants were adjudicated, with the results pending a Financial Investment Decision to mine the Manono Project
- Tenders issued for rehabilitation of Mpiana Mwanga Hydro Electric Power Plant
- Pit floor drilling of the Roche Dure 'wedge' commenced to potentially upgrade some Inferred Resources to Indicated Resources
- New Ore Reserves to be generated from optimised mine design
- Geotechnical site investigations of plant site underway
- Site tailings storage facility confirmed and geotechnical sampling program commenced
- Phase 2 hydrogeological modelling field program commenced
- Unmarketable parcel share sale facility completed

AVZ Minerals Limited (ASX: AVZ, "the Company") is pleased to provide the following report on its activities for the Quarter ended 30 September 2020.

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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
$221 M

ASX Code: AVZ

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AVZ Managing Director, Mr. Nigel Ferguson said: "The Company has made significant progress on several fronts during the September quarter with respect to advancing our Manono Lithium and Tin Project ("Manono Project") in the Democratic Republic of Congo ("DRC")."

"We are seeing incredible levels of interest both in terms of investing in, as well as taking product from, our project. We have fielded enquiries from Australia; Middle Eastern countries, such as Qatar, Saudi Arabia and Oman; as well as from the UK, Europe, China and South East Asian countries."

"Presently, we have several groups accessing our virtual data room. We are confident of being able to share several offtake agreements and financing deals with our shareholders and the markets."

"We are also very pleased to have secured the right for additional equity in the Manono Project. This additional equity will add significantly to the project's bottom line and Net Present Value and is critical to our ongoing discussions with prospective financiers."

"The Board is confident of being able advance these discussions successfully to secure all offtake agreements, financing and then make the most significant step for the project, of the Decision to Mine."

Increased equity stake in Manono Project

In late September, the Company announced it had executed a Share Sale Purchase Agreement for an additional 10% equity stake in Dathcom Mining SA (which holds 100% of the Manono Project) from its joint venture partner, Dathomir Mining Resources SARLU ("Dathomir Mining").
(Refer ASX Announcement 21 September 2020 "AVZ to increase equity stake in Manono Lithium and Tin Project to 75%")

Under the Share Sale Purchase Agreement, AVZ paid US$500,000 to Dathomir Mining as an advance payment. The remaining US$15 M will be paid to Dathomir Mining at any time within 12 months of the Share Sale Purchase Agreement being executed, or as soon as the Company secures a minimum of US$50 M project financing.

As previously announced on 24 June 2019, the Company had secured an additional 5% equity interest from Dathomir Mining for a total consideration of US$5.5 M, with an advance payment of US$500,000. The balance of the consideration has not yet been paid and can be paid at any time within a period of 36 months from execution of the agreement.

Upon completion of both equity agreements, AVZ will hold a 75% stake in Dathcom Mining SA. As outlined in the Company's Definitive Feasibility Study for the Manono Project released on 21 April 2020, a 75% stake in the Manono Project would see AVZ's share of Project NPV_{10} increase from US$1,409 M to US$1,761 M (pre-tax) and from US$616 M to US$771 M (post-tax)[1].
(Refer to ASX Announcement dated 21 April 2020 titled "AVZ Delivers Highly Positive DFS for Manono Project")

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Offtake agreements

The Company made steady progress during the September Quarter in its discussions with potential offtake partners for significant volumes of Spodumene Concentrate, as well as Primary Lithium Sulphate and Tin. High level discussions were also held with multiple European battery industry participants around the opportunities of developing a lithium chemical conversion plant in Europe. These discussions are progressing and the Company will update the market once agreements are finalised.

AVZ is also pleased to advise that it has been accepted as a member of the European Battery Alliance (EBA), an organization launched by the European Commission to support the development and growth of the European battery industry. AVZ's strategy to ensure a diverse customer base has been further underpinned by the recent announcement from the European Commission that Lithium has been added to European Union critical raw materials list.

The Company is also actively investigating transparency protocols for future tin and tantalum production to support anti conflict minerals legislation and world's best practices.

Financing negotiations

Several entities from Europe, the Middle East and South Africa have accessed AVZ's virtual data room during the September Quarter to conduct due diligence on the Manono Project, with a view to making an investment and/or providing debt financing. Discussions are still progressing and the Company will update the market once a contract is finalised.

Manono Special Economic Zone (MSEZ)

Progressing discussions on the MSEZ proved challenging during the September Quarter due to COVID-19 travel bans in the DRC and the subsequent availability of key Congolese Government representatives.

During the period, the Company was able to submit its proposed terms of reference for the MSEZ and its rationale for the Manono Project including amongst others, the Mpiana Mwanga Hydro-Electric Power Plant rehabilitation, the Manono to Kabondo Dianda road refurbishment and the Lualaba River crossing – all of which are anchor activities for the MSEZ. AVZ's proposed framework of economic incentives were also submitted to the Congolese Government for review and consideration, and inclusion within the proposed MSEZ regional development framework.

A significant milestone was attained last week (20th-21st October 2020) when AVZ sponsored a two-day workshop attended by key Congolese Government agencies, AVZ staff and legal counsel in order to progress planning around the creation of the MSEZ. The workshop was attended by senior Government officials from the offices of the Minister for Industry, the Minister for Finance, the Minister of Economy, the National Agency for Industrial Promotion, the Ministry of Environment, the Minister for Mines and the Minister for Hydraulic Resources and Electricity.

The key findings and recommendations from the workshop will now be submitted to the Minister of Industry who will in turn submit his report together with a draft decree for the proposed MSEZ, supported by a draft "agreement of collaboration" to the Council of Ministers

and the Prime Minister of the DRC for their consideration, determination and for final execution.





Figure 1: The two-day workshop attended by senior Congolese Government officials, AVZ management and legal counsel.

Engineering

Approximately US$300 million worth of pre-mining infrastructure packages were assessed and adjudicated during the September quarter. The tenders, which will be awarded when the Company makes a financial investment decision to mine Manono, included the process plant, the Kabondo-Dianda intermodal staging site, mine-site buildings and construction crew accommodation quarters and diesel supply and camp catering services packages.

A tender for the rehabilitation of the Mpiana Mwanga Hydro Electric Power Plant (HEPP) was also issued during the quarter, with proposals expected in the December Quarter.

Environmental and Social Impact Assessments (ESIA) for the HEPP, access road and power transmission line are complete. The Kabondo Dianda road redevelopment ESIAs are almost complete and all ESIAs are expected to be submitted to the African Community Enterprise (ACE) department soon. ACE is a division of the DRC Ministry of Environmental Protection and is primarily focused on sustainable economic development in the DRC.

Pit floor drilling / Updated mine plan

The Company commenced diamond core resource drilling on the Roche Dure pit floor after COVID-19 travel restrictions to the DRC were lifted in mid-September (Figure 2). The drill program consists of 10 new geological resource holes for 1,700m of diamond drilling around the pit floor 'wedge' to potentially upgrade some Inferred Resources to Indicated Resources. The updated geological resource is not expected to increase but the current combined Indicated and Measured Resource tonnage is expected to increase pro-rata.

Once the 'wedge' material directly under the pit floor is drilled and assay results returned it is expected that some of this previously classified waste rock may then report as mineable ore. This new data will allow the existing mine design to be re-run and optimised. The re-run of the mine design will also allow for plant design optimisation studies to also be completed and incorporated into the new modelling. Consequently, a new Ore Reserve Estimate and financial model will be generated based on the revised mine design, which are expected to be published towards the end of December 2020.

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Figure 2: Rig 4 on drill hole MO20DD002

Plant Site Geotechnical Program

The final location of the Manono plant site has been 'fine-tuned' based on recent survey information and updated site design work. This has allowed planning of the plant site geotechnical investigation program and the siting of 38 new test pits and nine geotechnical boreholes sighted under significant weight bearing locations (Figure 3). PQ sized diamond core from the nine holes will be sent to a specialist geotechnical laboratory in Johannesburg for an array of specialist load bearing strength tests. This data will allow for detailed planning of the future earthworks program for construction of the new plant site.

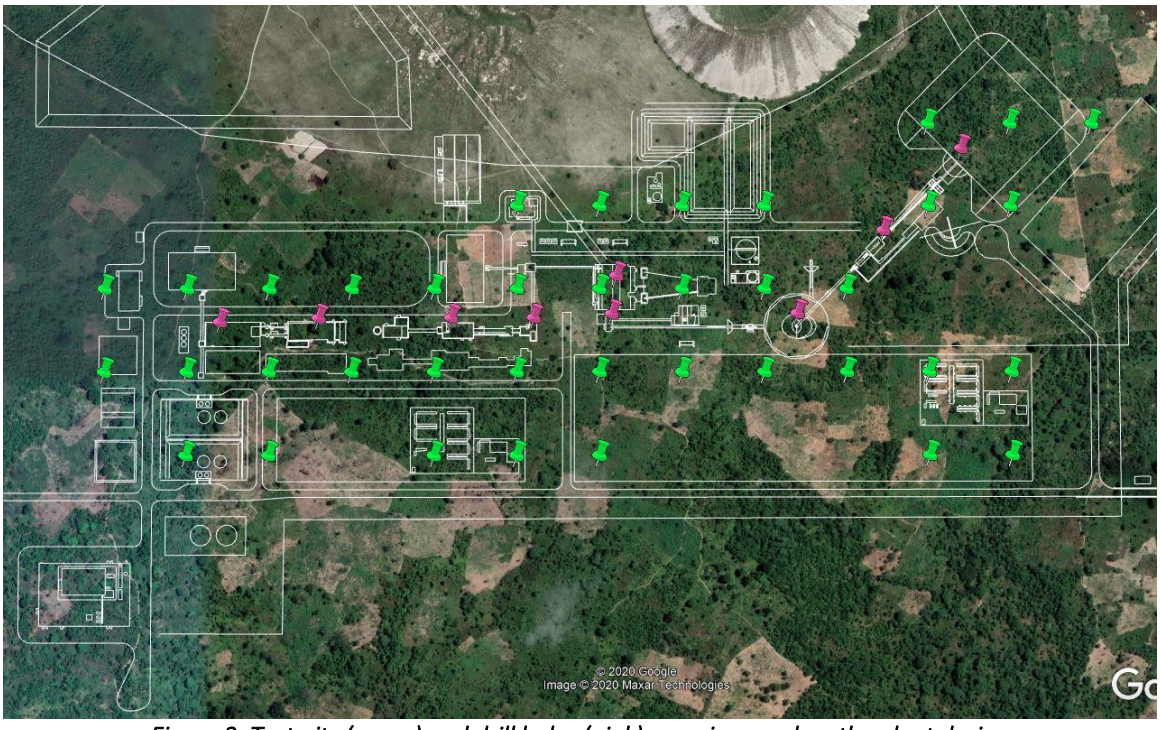


Figure 3. Test pits (green) and drill holes (pink) superimposed on the plant design

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Tailings storage facility

A decision has been made to store future mine tailings inside the waste rock dump to the west of the Roche Dure open pit (Figure 4). The advantages of this design, which is known as an Integrated Waste Landform (IWL), include minimising land disturbance by storing the tailings inside a rock barrier, increased stability of the overall storage facility, substantial savings on dam wall construction and ease of future rehabilitation. Five locations have been selected for geotechnical drilling to be conducted, as well as more test pits, to examine the underlying soil and rock properties of the proposed site (Figure 4).

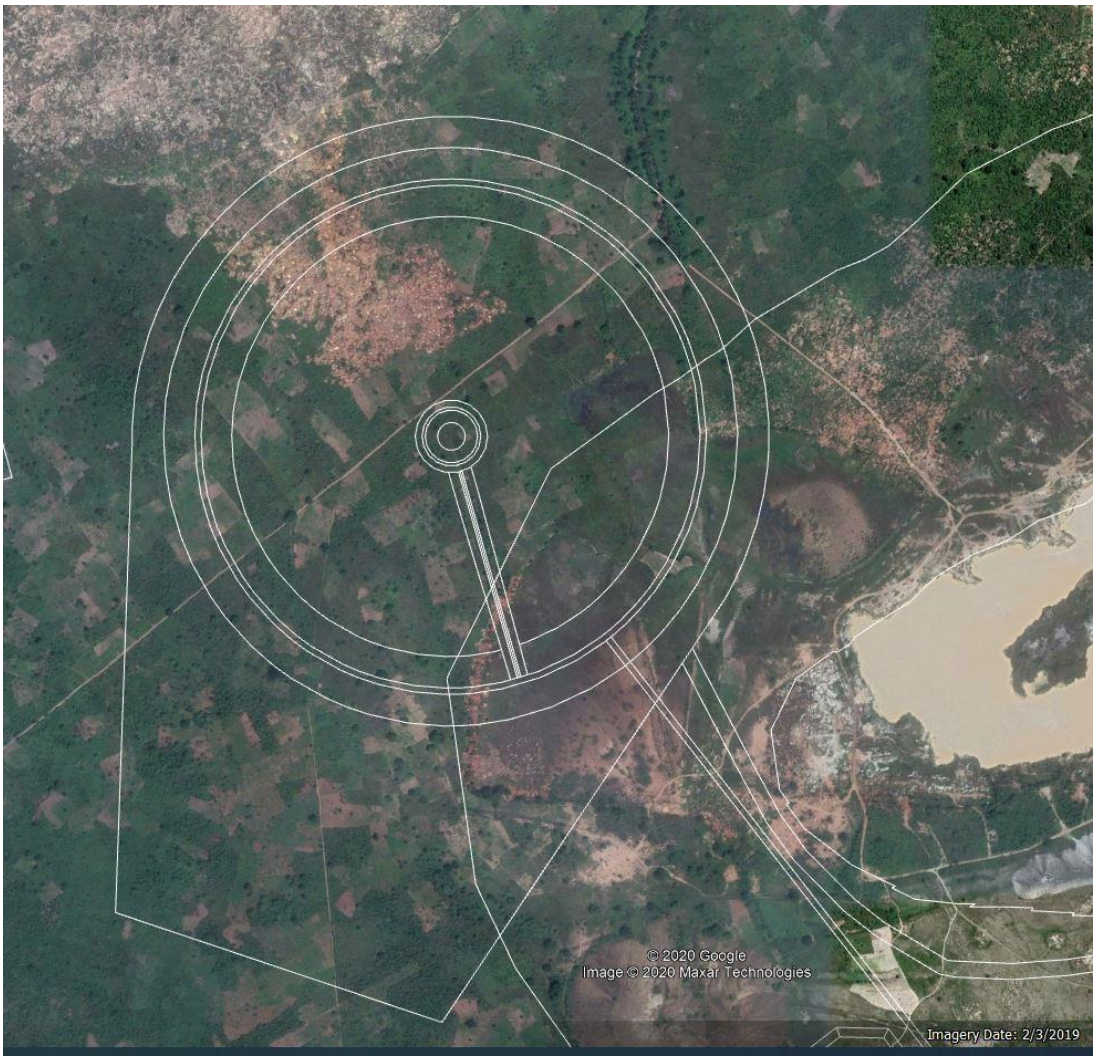


Figure 4. Outline of the Integrated Waste Landform west of the Roche Dure open pit

Hydrogeological model field program

A specific hydrogeological investigation of Roche Dure has commenced following a regional appraisal of the hydrology of the site. Water table monitoring piezometers are being installed around the perimeter of the Roche Dure pit to determine and model the various parameters of the free-standing water table, including potential recharge of the water table and how it may be affected by the deepening of the Roche Dure open pit. The final hydrogeological model will be included in the Manono Environmental and Social Impact Assessment report which will accompany the application for the Manono mining permit.

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Corporate

The Company completed an Unmarketable Parcel Share Sale Facility in mid-September. In accordance with the terms of the Facility announced on 15 June 2020, a total of 5,985,461 shares were sold at an average price of 5.94 cents per share. The total number of shareholders was reduced by approximately 1,550 following the completion of the Facility.

Major cash outflow during the September Quarter included:

- $2.183 M on early works and other operating costs for the Manono Project;
- $0.685 M advanced payment on the acquisition of the additional 10% interest in the Manono Project; and
- $0.622 M on payroll, administration and corporate costs (including $0.188 M to directors and related entities in relation to non-executive directors' fees, Managing Director and Technical Director fees, paid in accordance with the employment and consultancy agreements.)

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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[1](Refer to ASX Announcement dated 21 April 2020 titled "AVZ Delivers Highly Positive DFS for Manono Project")

The Company confirms in the subsequent public report that all the material assumptions underpinning the production target, or the forecast financial information derived from a production target, in the initial public report referred to in rule 5.16 or rule 5.17 (as the case may be) continue to apply and have not materially changed.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, 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 Person's findings are presented have not materially changed from the original market announcement.

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Information required under ASX Listing Rule 5.3.3

List of current mining and exploration tenements (as of 30 September 2020):

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

Roche Dure Main Pegmatite Ore Reserve Estimate

Reserve Category	Tonnes (Millions)	Grade Li_2O %	Contained Li_20 (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**

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

Refer ASX Announcement dated 21 April 2020 "AVZ delivers highly positive Definitive Feasibility Study for Manono Lithium and Tin Project". AVZ confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources and Ore Reserves, 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 Person's findings are presented have not materially changed from the original market announcement.

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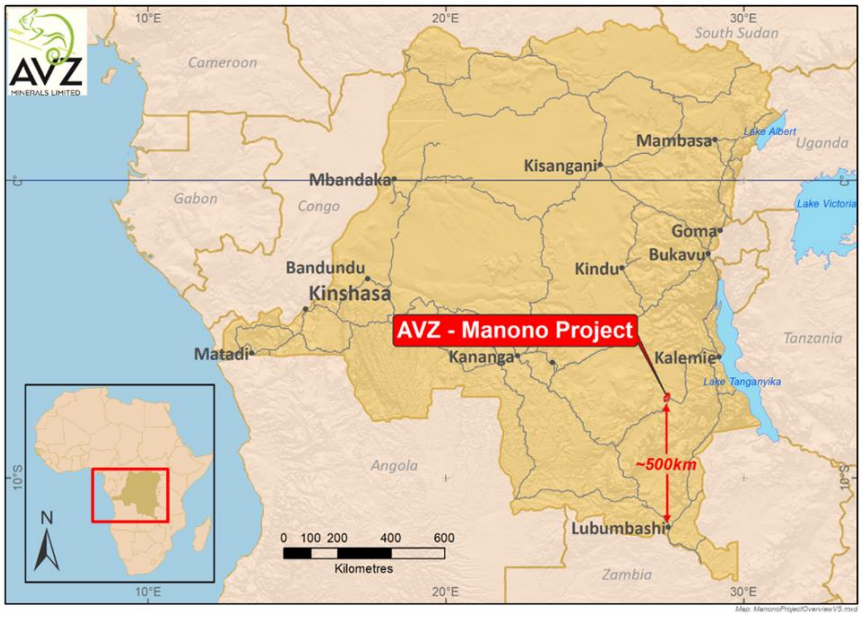
Roche Dure Main Pegmatite Mineral Resource at a 0.5% Li_2O cut-off:

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

Competent Person Statement

The information in the document that relates to the geology of the Roche Dure pegmatite is based upon information compiled by Mr Michael Cronwright, who is a fellow of The Geological Society of South Africa (GSSA) and is a registered professional with the South African Council for Natural Scientific Professions (SACNSAP). Mr Cronwright 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 Mineral Resource estimate has been completed by Mrs Ipelo Gasela (BSc Hons, MSc (Eng) who is a geologist with 14 years' experience in mining geology, Mineral Resource evaluation and reporting. She is a Senior Mineral Resource Consultant for The MSA Group (an independent consulting company), is registered with the South African Council for Natural Scientific Professions (SACNASP) and is a Member of the Geological Society of South Africa (GSSA). Mrs Gasela has the appropriate relevant qualifications and experience to be considered a Competent Person for the activity being undertaken as defined in the 2012 edition of the JORC Code. Mrs Gasela consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.



Appendix 5B

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

Name of entity

AVZ Minerals Limited

ABN	Quarter ended ("current quarter")
81 125 176 703	30 September 2020

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(297)	(297)
	(e) administration and corporate costs	(325)	(325)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	28	28
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants: COVID-19 Cashflow Boost	38	38
1.8	R&D Tax Incentive	156	156
1.9	**Net cash from / (used in) operating activities**	**(400)**	**(400)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(9)	(9)
	(d) exploration & evaluation	(2,183)	(2,183)
	(e) investments	(685)	(685)
	(f) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 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**	**(2,877)**	**(2,877)**

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	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**-**	**-**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	14,202	14,202
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(400)	(400)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,877)	(2,877)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (3 months) $A'000
4.5	Effect of movement in exchange rates on cash held	(110)	(110)
4.6	**Cash and cash equivalents at end of period**	**10,815**	**10,815**

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	8,815	4,138
5.2	Call deposits	2,000	10,064
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)**	**10,815**	**14,202**

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	188
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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7.	**Financing facilities** *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.*	**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)	(400)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(2,183)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(2,583)
8.4	Cash and cash equivalents at quarter end (item 4.6)	10,815
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	10,815
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	**4.18**

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.

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

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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: 30 October 2020

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.

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