AVZ Minerals Limited

(Formerly Avonlea Minerals Limited)
ABN 81 125 176 703

Annual Report 2013

Contents

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	11
Financial Statements	12
Directors' Declaration	41
Independent Auditor's Report	42
ASX Additional Information	44
Corporate Governance Statement	45
Schedule of Mineral Tenements	53

Corporate Directory

Directors
Roger Steinepreis (Chairman)
David Riekie
Gary Steinepreis

Company Secretary
Gary Steinepreis

Principal Place of Business
& Registered Office
Level 1
33 Ord Street
WEST PERTH
Western Australia 6005
Telephone: (08) 9420 9300
Facsimile: (08) 9420 9399

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233

Email: registrar@securitytransfer.com.au

Auditors
BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008
Telephone: (08) 6382 4600

Securities Exchange Listing
Australian Securities Exchange
(Home branch: Perth, Western Australia)
ASX Code: **AVZ**

Website Address
www.avonleaminerals.com.au

Directors' Report

Your directors submit their report on the consolidated entity consisting of AVZ Minerals Limited (ASX: AVZ) ("AVZ") and the entities it controlled for the financial year ended 30 June 2013. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

1. Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Roger Steinepreis	Non-Executive Chairman
David Riekie	Non-Executive Director (Resigned as Managing Director 3 August 2012)
Gary Steinepreis	Non-Executive Director (Appointed 30 November 2012)
David Macoboy	Non-Executive Chairman (Resigned 3 August 2012)
Hamish Halliday	Non-Executive Director (Resigned 30 November 2012)
Stephen Parsons	Alternate Non-Executive Director for Hamish Halliday (Resigned 30 November 2012)

2. Company Secretary

The Company Secretary is Gary Steinepreis who was appointed on 30 November 2012. Brett Dunnachie was company secretary for the period 1 July 2012 to 30 November 2012.

3. Principal Activities

The principal activity of the consolidated entity during the financial year was mineral exploration. There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

4. Operating Results

The loss of the consolidated entity attributable to the owners of the company after providing for income tax amounted to $2,413,002 (2012: $3,730,100).

5. Dividends Paid or Recommended

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. Review of Operations

On 3 August 2012, the Company announced Board changes and a strategic review. Mr David Macoboy resigned as Non-Executive Chairman and Mr David Riekie stepped down as Managing Director and has continued as a Non-Executive Director.

AVZ changed its name from Avonlea Minerals Limited on 3 December 2012, following the approval by its shareholders.

During the year the Company completed a share placement of 30 million new ordinary fully paid shares at an issue price of 1.5 cents to raise $450,000. The placement was made to sophisticated and professional investors pursuant to Section 708 of the Corporations Act and included participation by Gary Steinepreis, at the time a proposed director.

On 7 December 2012, the Company lodged a prospectus for a non renounceable entitlement issue on the basis of one new share for every share held to raise $1,517,062. The issue was underwritten and completed in full in January 2013.

AVZ has reduced its immediate exploration activities on its Namibian projects to conserve its capital and consider commercial options. In that regard and as part of a broader strategic view, AVZ is also seeking, together with its current projects, new opportunities in the exploration and mining sector. AVZ will continue to progress its review of the exploration potential and maintain the value of its Namibian projects, which include Vanadium and Iron Ore Resources and exploration targets.

6. Review of Operations (continued)

AVZ elected to write down 70% of the capitalised exploration representing an impairment of $2,024,322 based on director's discretion. AVZ was unable to provide sufficient appropriate audit evidence to support the basis for impairment, as required by the accounting standards, and therefore BDO have issued a qualified audit opinion in relation to the capitalised exploration and evaluation expenditure carried at $867,567 on the consolidated statement of financial position as at 30 June 2013 and the exploration impairment of $2,024,322 recorded in the consolidated statement of profit or loss and other comprehensive income for the year then ended.

7. Significant Changes in the State of Affairs

There have been no further significant changes in the state of affairs of the group to the date of this report, not otherwise disclosed in this report.

8. Significant Events After Balance Date

Other than as disclosed in this report, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

- the group's operations in future financial years, or
- the results of those operations in future financial years, or
- the group's state of affairs in future financial years.

9. Likely Developments and Expected Results of Operations

The group will continue its mineral exploration activity at and around its exploration projects with the objective of identifying commercial resources. Further information on likely developments in the operations of the group and the expected results of operations have not been included in the annual report because the directors believe it would be likely to result in unreasonable prejudice to the group. Therefore, this information has not been presented in this report.

10. Environmental Regulation

The group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

11. Information on Directors and Company Secretary

Roger Steinepreis	Non-Executive Director	
Qualifications	B.Juris, LLB	
Experience	Mr Steinepreis graduated from the University of Western Australia where he completed his law degree. He was admitted as a barrister and solicitor of the Supreme Court of Western Australia in 1987 and has been practising as a lawyer for over 20 years. Mr Steinepreis is the legal advisor to a number of public companies on a wide range of corporate related matters. His areas of practice focus on company restructures, initial public offerings and takeovers. He is a Director of Firestrike Resources Limited, PHW Consolidated Limited, Apollo Consolidated Limited, DGI Holdings Limited and Integrated Resources Group Limited.	
Interest in Securities	Fully Paid Ordinary Shares	24,051,442
	15 cent Options expiring 14 November 2013	1,500,000

11. Information on Directors and Company Secretary (continued)

Roger Steinepreis (continued)

Directorships in last 3 years	Firestrike Resources Limited (since 10 March 2011) Adavale Resources Ltd (from 26 May 2006 to 20 December 2012) Imugene Limited (from 29 January 2002 to 1 October 2012) Apollo Consolidated Limited (since 4 August 2009) Digital Performance Group Limited (formerly Comtel Corporation Ltd) (from 9 March 2006 to 24 December 2010) DGI Holdings Limited (from 3 July 2012) PHW Consolidated Limited (from 17 December 2012) Integrated Resources Group Limited (from 5 November 2012)

David Riekie — Non-Executive Director (Formerly Managing Director)

Qualifications — B.Ec, Dip Acc, CA, MAICD

Experience

Mr Riekie was appointed Managing Director on 21 August 2008 and held this position until 3 August 2012. David was previously an Executive Director of a boutique corporate advisory company for over 13 years. During this time has held a variety of non-executive board position with both resource and industrial companies. He has a significant level of experience in capital raising initiatives (public and private), and corporate matters strategies, both in Australia and overseas.

David is a Chartered Accountant, a Member of the Institute of Company Directors and holds a Bachelor of Economics Degree and a Diploma of Accounting.

Interest in Securities		
	Fully Paid Ordinary Shares	16,365,696
	15 cent Options expiring 14 November 2013	1,500,000

Directorships in last 3 years — Hawkley Oil and Gas Limited (from 22 June 2010 to 17 September 2013)

Gary Steinepreis — Non-Executive Director

Qualifications — B.Com, CA

Experience

Mr Steinepreis was appointed as a non-executive director and company secretary on 30 November 2012.

Gary is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia. He is currently a director of ASX listed entities, Monto Minerals Ltd, New Horizon Coal Ltd and Norseman Gold plc.

Interest in Securities		
	Fully Paid Ordinary Shares	15,371,649

Directorships in last 3 years

Monto Minerals Ltd (since 16 June 2009)
Norseman Gold Plc (since 3 December 2007)
New Horizon Coal Ltd (since 4 June 2010)

Former Directorships in the Last Three Years:

Minerals Corporation Limited (17 February 2011 to 14 October 2011)
WAG Limited (2 November 2006 to 23 May 2013)
Agri Energy Limited (22 June 2009 to 11 June 2012)
Avalon Minerals Ltd (20 December 2006 to 1 March 2011)
RMG Limited (31 January 2006 to 30 April 2011)

12. Audited Remuneration Report

This report details the nature and amount of remuneration for all key management personnel of AVZ Minerals Limited and its subsidiaries. The information provided in this remuneration report has been audited as required by section 308(C) of the *Corporations Act 2001*. For the purposes of this report, key management personnel of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

The individuals included in this report are:

Roger Steinepreis	Non-Executive Chairman
David Riekie	Non-Executive Director (Resigned as Managing Director 3 August 2012)
Gary Steinepreis	Non-Executive Director (Appointed 30 November 2012)
David Macoboy	Non-Executive Chairman (Resigned 3 August 2012)
Hamish Halliday	Non-Executive Director (Resigned 30 November 2012)
Stephen Parsons	Alternate Non-Executive Director for Hamish Halliday (Resigned 30 November 2012)
Alex Aitken	Senior Geologist

All of the key management personnel held their positions for the entire financial year and up to the date of the report except as noted above.

(a) Remuneration Policy

The remuneration policy of AVZ Minerals Limited has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. By providing components of remuneration that are indirectly linked to share price appreciation (in the form of options), executive, business and shareholder objectives are indirectly aligned. The board of AVZ Minerals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company, as well as create goal congruence between directors and shareholders. The board's policy for determining the nature and amount of remuneration for board members is as follows:

(i) Executive Directors & Other Key Management Personnel

The remuneration policy and the relevant terms and conditions has been developed by the full Board of Directors as the company does not have a Remuneration Committee due to the size of the Company and the Board. In determining competitive remuneration rates, the Board reviews local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Reviews are performed to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The executive directors and other key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits.

The Company is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry.

Options have been issued to provide a mechanism to participate in the future development of the Company and an incentive for their future involvement with and commitment to the Company. Options and performance incentives may also be issued in the event that the entity moves from an exploration entity to a producing entity, and key performance indicators such as profits and growth can then be used as measurements for assessing Board performance. All remuneration paid to

12. Audited Remuneration Report (continued)

(a) Remuneration Policy (continued)

directors is valued at the cost to the Company and expensed. Shares issued to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using and appropriate option valuation methodology.

The Company completed a strategic review of its business and operations and non-executive remuneration is set at $2,000 per month and a daily rate is payable on additional work performed. At this stage due to the size of the Company, no remuneration consultants have been used. The Board's renumeration policies are outlined below:

Fixed Remuneration

All executives receive a base cash salary which is based on factors such as length of service and experience as well as other fringe benefits. All executives also receive a superannuation guarantee contribution required by the government, which is currently 9.25% and do not receive any other retirement benefits.

Short-term Incentives (STI)

Under the group's current remuneration policy, executives can from time to time receive short-term incentives in the form of cash bonuses. However, as the company is currently undertaking a strategic review, there are currently no short-term incentives anticipated and therefore no key performance targets determined. Pending the strategic review, the Board will determine the criteria of eligibility for short-term incentives and set key performance indicators to appropriately align shareholder wealth and executive remuneration.

Long-term Incentives (LTI)

Executives are encouraged by the Board to hold shares in the company and it is therefore the objective of the group's option scheme to provide an incentive for participants to partake in the future growth of the group and, upon becoming shareholders in the Company, to participate in the group's profits and dividends that may be realised in future years.

The Board considers that this equity performance linked remuneration structure is effective in aligning the long-term interests of group executives and shareholders as there exists a direct correlation between shareholder wealth and executive remuneration.

(ii) Non-Executive Directors

The board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. In determining competitive remuneration rates, the Board review local and international trends among comparative companies and the industry generally. Typically the Company will compare non-executive remuneration to companies with similar market capitalisations in the exploration and resource development business group.

These on-going reviews are performed to confirm that non-executive remuneration is in line with market practice and is reasonable in context of Australian executive reward practices. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and from time to time, non-executive's may receive options subject to shareholder approval, to further align directors' interests with shareholders.

The Company completed a strategic review of its business and operations and non-executive remuneration is set at $2,000 per month and a daily rate is payable on additional work performed.

12. Audited Remuneration Report (continued)

(b) Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of share options to the majority of the directors and executives to encourage the alignment of personal and shareholder interest. As at the date of the report, the company is currently undergoing a strategic review. With the exception of the senior geologist, no executive is receiving any base remuneration however, this will be reassessed upon completion of the strategic review. Given the review, no remuneration is currently performance related.

(c) Details of Key Management Personnel Remuneration

2013	**Short term employee benefits**			**Post-employment benefits**	**Equity based payments**	
	Salary	**Consulting fees**	**Other amounts**	**Superannuation**	**Options [1]**	
Name						**Total**
	$	**$**	**$**	**$**	**$**	**$**
Executive Director:						
David Riekie [4]	38,175	-	-	3,435	-	41,610
Non-Executive Directors:						
Roger Steinepreis	-	14,000	-	-	-	14,000
David Riekie [4]	-	24,000	-	-	-	24,000
Gary Steinepreis [6]	-	24,000	-	-	-	24,000
David Macoboy [2]	3,822	-	-	344	-	4,166
Hamish Halliday [5]	-	-	-	-	-	-
Stephen Parsons [5]	-	-	-	-	-	-
Key Executives:						
Alex Aitken	69,350	-	-	6,241	-	75,591
TOTAL	**111,347**	**62,000**	**-**	**10,020**	**-**	**183,367**

2012	**Short term employee benefits**			**Post-employment benefits**	**Equity based payments**	
	Salary	**Consulting fees**	**Other amounts**	**Superannuation**	**Options [1]**	
Name						**Total**
	$	**$**	**$**	**$**	**$**	**$**
Executive Director:						
David Riekie	250,000	-	2,332	22,500	-	274,832
Non-Executive Directors:						
Roger Steinepreis	24,000	-	2,332	-	-	26,332
David Macoboy [2]	33,643	-	2,332	688	67,384	104,047
Hamish Halliday	12,000	-	2,332	-	-	14,332
Stephen Parsons	12,000	-	2,332	-	-	14,332
Andrew Gastevich [3]	9,170	-	-	825	-	9,995
Key Executives:						
Alex Aitken	135,000	-	-	12,150	7,582	154,732
TOTAL	**475,813**	**-**	**11,660**	**36,163**	**74,966**	**598,602**

1: The fair value of the options is calculated at the date of grant using a Black-Scholes model. No retirement benefits or equity securities were issued to any director of other key management personnel during the current or previous financial year.
2: Mr David Macoboy was appointed Non-Executive Chairman on 22 September 2011 and resigned on 3 August 2012.
3: Mr Andrew Gastevich resigned as Non-Executive Director 3 November 2011.
4: Mr David Riekie resigned as Managing Director on 3 August 2012, however remains as a non-executive director.
5: Mr Hamish Halliday and Mr Stephen Parsons resigned as Non-Executive Directors on 30 November 2012.
6: Mr Gary Steinepreis was appointed on 30 November 2012.

12. Audited Remuneration Report (continued)

(d) Details of Share Based Payments

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of AVZ Minerals Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

	Granted No.	Options granted as Part of Remuneration $	Total Remuneration at Risk and Represented by Options %	Exercised	Lapsed	Other Changes[1]	No. Vested and Exercisable
30 June 2013							
No options granted							
30 June 2012							
David Macoboy	1,500,000	67,384	65%	-	-	-	1,500,000
Alex Aitken	300,000	7,582	5%	-	-	(500,000)	300,000

[1] Other changes refer to options cancelled during the year.

When exercised, each option is convertible into 1 ordinary share of the company. The options do not carry any vesting conditions.

During the financial year and up to the date of this report the company issued options as part of remuneration to directors and executives as follows:

Director	Expiry Date	Exercise Price	Number of Options
30 June 2013			
No options granted			
30 June 2012			
David Macoboy	31 Oct 14	11.0 cents	1,500,000
Alex Aitken	31 Oct 14	11.0 cents	300,000

The following factors and assumptions were used in determining the fair value of options issued to directors and executives on grant date:

Grant Date	Expiry Date	Exercise Price	Fair Value Per Option	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate	Dividend Yield
30 June 2013			$	$	%	%	%
No options granted							
30 June 2012							
04 Nov 11	31 Oct 14	11.0cents	0.045	0.08	98%	3.72%	0%
12 Jan 12	31 Oct 14	11.0cents	0.025	0.06	94%	3.19%	0%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. There were no options exercised during the year.

(e) Employment Contracts of Directors and Senior Executives

There are currently no Executive Director or key management personnel contracts of employment in place.

There were no performance bonuses paid during the year ended 30 June 2013.

This is the end of the audited remuneration report.

13. Meetings of Directors

The number of directors' meetings (including committees) held during the financial year and the number of meetings attended by each director is:

	Directors Meetings	
Director	Number Eligible to Attend	Meetings Attended
D Macoboy	1	1
D Riekie	6	6
R Steinepreis	6	6
H Halliday	1	-
S Parsons	1	-
G Steinepreis	5	5

The company does not have a formally constituted audit committee as the board considers that the company's size and type of operation do not warrant such a committee.

14. Insurance of Officers

During the financial year, AVZ Minerals Limited paid a premium of $17,820 (2012: $13,992) to insure the directors and secretary of the company and its controlled entities.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

15. Shares under Option

Unissued ordinary shares of AVZ Minerals Limited under option at the date of this report are as follows:

Date options granted	Expiry Date	Exercise Price	Number under Option
10 Mar 09	31 Mar 14	10.0 cents	400,000
22 May 09	22 May 14	20.0 cents	7,125,000
22 May 09	22 May 14	30.0 cents	7,125,000
22 May 09	22 May 14	45.0 cents	7,125,000
15 Nov 10	14 Nov 13	15.0 cents	6,000,000
31 Jan 11	30 Nov 14	20.0 cents	2,000,000
4 Nov 11	31 Oct 14	11.0 cents	1,500,000
4 Nov 11	31 May 14	20.0 cents	2,500,000
4 Nov 11	31 May 14	25.0 cents	2,500,000
12 Jan 12	31 Oct 14	11.0 cents	400,000

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

16. Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of these proceedings. The company was not a party to any such proceedings during the year.

17. Auditor's Independence Declaration

Section 307c of the *Corporations Act 2001* requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 11 and forms part of this directors' report for the year ended 30 June 2013.

18. Non-Audit Services

No fees were paid or payable to the auditors for non-audit services performed during the year ended 30 June 2013 (2012: nil).

Signed in accordance with a resolution of the Board of Directors.

Gary Steinepreis
Non-Executive Director

West Perth, 25 September 2013

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

25 September 2013

The Board of Directors
AVZ Minerals Limited
Level 1, 33 Ord Street
West Perth, WA 6005

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF
AVZ MINERALS LIMITED

As lead auditor of AVZ Minerals Limited for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

This declaration is in respect of AVZ Minerals Limited and the entities it controlled during the period.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

Contents

Consolidated Statement of Profit and Loss and Comprehensive Income	13
Consolidated Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Consolidated Statement of Cash Flows	16
Notes to the Consolidated Financial Statements	17
Directors' Declaration	41

These financial statements cover AVZ Minerals Limited as a consolidated entity consisting of AVZ Minerals Limited and its subsidiaries. The financial statements are presented in the Australian dollar currency.

AVZ Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

AVZ Minerals Limited
Level 1
33 Ord Street
West Perth Western Australia 6005

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations in the directors' report, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 25 September 2013. The company has the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available on our website: www.avonleaminerals.com.au.

Consolidated Statement of Profit and Loss and Other Comprehensive Income

For the Year Ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Revenue from continuing operations	3	30,753	37,662
Other income	3	40,089	-
Administrative costs		(135,380)	(382,633)
Consultancy expenses		(56,100)	(325,785)
Employee benefits expense		(68,571)	(601,117)
Share based payment expenses	26	-	(77,496)
Occupancy expenses		(63,033)	(46,396)
Compliance and regulatory expenses		(70,639)	(59,753)
Insurance expenses		(39,297)	(39,340)
Depreciation expense	4	(26,502)	(33,718)
Exploration impaired	11	(2,024,322)	(2,259,760)
Loss before income tax		**(2,413,002)**	**(3,788,336)**
Income tax expense	7	-	-
Loss for the year		**(2,413,002)**	**(3,788,336)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		24,632	(502,404)
Other comprehensive income		24,632	(502,404)
Total comprehensive loss for the year		**(2,388,370)**	**(4,290,740)**
Loss for the year is attributable to:			
Owners of AVZ Minerals Limited		(2,308,824)	(3,730,100)
Non-controlling interests		(104,178)	(58,236)
		(2,413,002)	**(3,788,336)**
Total comprehensive loss for the year attributable to:			
Owners of AVZ Minerals Limited		(2,270,413)	(4,207,384)
Non-controlling interests		(117,957)	(83,356)
		(2,388,370)	**(4,290,740)**
Basic loss per share (cents per share)	19	(1.20)	(3.65)
Diluted loss per share (cents per share)	19	N/A	N/A

The accompanying notes form part of these financial statements.

As at 30 June 2013

	Note	Consolidated 2013 $	2012 $
Current Assets			
Cash and cash equivalents	8	1,834,742	767,496
Trade and other receivables	9	28,925	87,681
Total Current Assets		1,863,667	855,177
Non Current Assets			
Receivables	9	-	30,000
Property, plant and equipment	10	15,607	69,445
Exploration & evaluation expenditure	11	867,567	2,752,038
Total Non Current Assets		883,174	2,851,483
Total Assets		**2,746,841**	**3,706,660**
Current Liabilities			
Trade and other payables	12	25,152	366,288
Provisions	13	-	55,782
Total Current Liabilities		25,152	422,070
Total Liabilities		**25,152**	**422,070**
Net Assets		**2,721,689**	**3,284,590**
Equity			
Contributed equity	14	12,941,083	11,115,614
Reserves	17	759,949	721,538
Accumulated losses		(10,833,700)	(8,524,876)
Capital and reserves attributable to owners of AVZ Minerals Ltd		2,867,332	3,312,276
Non-controlling interests		(145,643)	(27,686)
Total Equity		**2,721,689**	**3,284,590**

The accompanying notes form part of these financial statements.

For the Year Ended 30 June 2013

Consolidated	Contributed Equity	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total	Non-controlling Interests	Total Equity
	$	$	$	$	$	$	$
Balance at 1 July 2012	**11,115,614**	**(8,524,876)**	**1,310,448**	**(588,910)**	**3,312,276**	**(27,686)**	**3,284,590**
Total comprehensive income for the year:							
Loss for the year	-	(2,308,824)	-	-	(2,308,824)	(104,178)	(2,413,002)
Exchange differences on translation of foreign operations	-	-	-	38,411	38,411	(13,779)	24,632
	-	(2,308,824)	-	38,411	(2,270,413)	(117,957)	(2,388,370)
Equity settled share based payment transactions	-	-	-	-	-	-	-
Contributions of equity (net of transaction costs)	1,825,469	-	-	-	1,825,469	-	1,825,469
	1,825,469	-	-	-	1,825,469	-	1,825,469
Balance at 30 June 2013	**12,941,083**	**(10,833,700)**	**1,310,448**	**(550,499)**	**2,867,332**	**(145,643)**	**2,721,689**
Balance at 1 July 2011	8,611,545	(4,794,776)	1,087,568	(111,626)	4,792,711	55,670	4,848,381
Total comprehensive income for the year:							
Loss for the year	-	(3,730,100)	-	-	(3,730,100)	(58,236)	(3,788,336)
Exchange differences on translation of foreign operations	-	-	-	(477,284)	(477,284)	(25,120)	(502,404)
	-	(3,730,100)	-	(477,284)	(4,207,384)	(83,356)	(4,290,740)
Equity settled share based payment transactions	-	-	222,880	-	222,880	-	222,880
Contributions of equity (net of transaction costs)	2,504,069	-	-	-	2,504,069	-	2,504,069
	2,504,069	-	222,880	-	2,726,949	-	2,726,949
Balance at 30 June 2012	**11,115,614**	**(8,524,876)**	**1,310,448**	**(588,910)**	**3,312,276**	**(27,686)**	**3,284,590**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(705,148)	(1,293,853)
Interest received		30,753	37,662
Net cash outflow from operating activities	20	**(674,395)**	**(1,256,191)**
Cash Flows from Investing Activities			
Payments for (proceeds from) property, plant and equipment		26,023	(12,938)
Payments for exploration and evaluation		(139,851)	(1,650,467)
Credit card deposit returned		30,000	-
Net cash outflow from investing activities		**(83,828)**	**(1,663,405)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		1,967,062	2,290,000
Share issue transaction costs		(141,593)	(89,932)
Net cash inflow from financing activities		**1,825,469**	**2,200,068**
Net increase (decrease) in cash and cash equivalents		**1,067,246**	**(719,528)**
Cash and cash equivalents at the start of the year		767,496	1,487,024
Cash and cash equivalents at the end of the year	8	**1,834,742**	**767,496**

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements present the financial information for AVZ Minerals Limited as a consolidated entity consisting of AVZ Minerals Limited and the entities is controlled throughout the year ('group' or 'consolidated entity').

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Accounting Interpretations and the *Corporations Act 2001*.

(i) Statement of Compliance

The financial report complies with Australian Accounting Standards which include International Financial Reporting Standards as adopted in Australia. Compliance with these standards ensures that the consolidated financial statements and notes as presented comply with International Financial Reporting Standards (IFRS).

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets.

(iii) New and Amended Standards Adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods However, amendments made to AASB 101 *Presentation of Financial Statements* effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of the consolidated entity as at 30 June 2013 and the results of the group for the year then ended. Subsidiaries are all those entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the group. Disposals to non-controlling interests result in gains and losses for the group that are recorded in the statement of comprehensive income. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary. A list of controlled entities is contained in Note 24 to the financial statements. All controlled entities have a 30 June financial year-end.

(ii) Joint ventures

Joint venture entities

A joint venture entity is an entity in which the group holds a long-term interest and which is jointly controlled by the group and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

1. Summary of Significant Accounting Policies (continued)

Jointly controlled assets
The group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants, not a separate entity carrying on a trade or a business of its own.

The financial statements of the group include its share of the assets, liabilities and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the group's interest in the joint venture operations.

(c) Segment reporting
Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

(d) Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for the business activities as follows:

(i) Interest income
Interest income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(e) Income tax
The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Leases
Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables.

1. Summary of Significant Accounting Policies (continued)

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(g) Impairment of assets

At each reporting date the group assesses whether there is any indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

For the purpose of presentation of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(i) Trade and other receivables

Trade and other receivables are initially recognised initially at fair value and subsequently measured at amortised costs using the effective interest method, less provision for impairment. Trade and other receivables are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an ongoing basis. Amounts that are known to be uncollectible are written off by reducing the carrying amount directly.

(j) Exploration and evaluation expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- Such costs are expected to be recouped through successful development and exploitation or from sale of the area: or
- Exploration and evaluation activities in the area have not, at balance date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(k) Property, plant and equipment

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be

1. Summary of Significant Accounting Policies (continued)

measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on Australian assets is calculated using the straight line method (Namibian assets using diminishing value) to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Plant and equipment - office	40.0%
Furniture and equipment - office	20.0%
Plant and equipment – field (Australia)	20.0%
Plant and equipment – field (Namibia)	22.5%
Motor Vehicles (Namibia)	22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(g)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(m) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(n) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employee's services up to the end of the reporting period and are measured at the amounts expected to be paid when liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables.

(ii) Long service leave

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

1. Summary of Significant Accounting Policies (continued)

(iii) Share-based payments

The company provides benefits to employees (including directors) of the company in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value is determined using an appropriate option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of AVZ Minerals Limited ('market conditions').

(o) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit/loss attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of interest and other financing costs associated with the dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Goods and services tax (GST) and Value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Revenue, expenses and assets incurred in Namibia are recorded inclusive of VAT and no receivable or payable is recorded as the recoverability of the VAT from the relevant taxation authority is uncertain.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is AVZ Mineral's functional and presentation currency.

1. Summary of Significant Accounting Policies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale financial assets are included in the fair value reserve in equity.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- Income and expenses for the statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- All resulting exchange differences are recognised as a separate component of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of comprehensive income, as part of the gain or loss on sale where applicable. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(s) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not applicable until 1 January 2015 but is available for early adoption but has to be fully adopted by 30 June 2016. The group is yet to assess its full impact. The group has not yet decided when to adopt AASB 9.

(ii) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective 1 January 2011)

The revised AASB 124 is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The aim of the amendment is to clarify and simplify the definition of a related party. The group will apply the amended standard from 1 July 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements.

1. Summary of Significant Accounting Policies (continued)

(ii) AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from AASB 10 (effective 1 January 2013).

The revised AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements*. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iv) AASB 11 Interest in Joint Ventures AASB 2011-7 Amendments to Australian Accounting Standards arising from AASB 11 (effective 1 January 2013).
The revised AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities using proportionate consolidation. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(v) AASB 12 Disclosure of Interests in Other Entities (effective 1 January 2013).
The revised AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates. New disclosures have been introduced about the judgements made by management to determine whether control exists, and requires summarised information about joint arrangements, associates and subsidiaries with non-controlling interests. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(vi) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013).
The revised AASB 13 explains how to measure fair value and aims to enhance fair value disclosures. The group has yet to determine which, if any, of its current measurement techniques it will have to change as a result of the new guidance. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

No other amendments or interpretations are expected to affect the financial statements of the group.

(t) Parent Entity Financial Information
The financial information for the parent entity, AVZ Minerals Limited, disclosed in note 26 has been prepared on the same basis as the consolidated financial statements.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and judgements may differ from the related actual results and may have a significant effect on the carrying amount of assets and liabilities within the next financial year and on the amounts recognised in the financial statements. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of deferred exploration and evaluation expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired. Refer to the accounting policy stated in note 1(j) and to note 11 for movements in the exploration and evaluation expenditure balance.

2. Critical accounting estimates and judgements (continued)

(b) Share based payment transactions

The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model, using the assumptions detailed in note 26.

		Consolidated 2013 $	2012 $
3.	**Revenue**		
(a)	From continuing operations		
	Interest received	30,753	37,662
(b)	Other income		
	Refund of VAT	21,539	-
	Proceeds from sale of plant and equipment	18,550	-
	Total revenue from other revenue	40,089	-
4.	**Loss for the Year**		
(a)	Depreciation of non-current assets		
	Plant and equipment - office	12,209	11,414
	Plant and equipment - field	13,825	13,251
	Motor vehicle	468	9,053
	Total depreciation	26,502	33,718
	Interest and finance charges paid and or payable	-	6,017
	Total finance costs	-	6,017
(b)	Asset write-down expense		
	Write-down of fixed assets	1,313	1,180
	Total asset write-down expense	1,313	1,180
(c)	Foreign exchange loss		
	Net foreign exchange loss	3,224	64,922
	Total foreign exchange loss	3,224	64,922
5.	**Auditor's Remuneration**		
(a)	Remuneration of the auditors of the consolidated entity for:		
	Auditing or reviewing the financial statements:		
	- BDO Audit (WA) Pty Ltd	33,000	30,545
	- HLB Mann Judd (WA Partnership)	-	1,200
	Non-assurance services	-	-
	Total remuneration of auditors	33,000	31,745
6.	**Key Management Personnel Compensation**		
(a)	Summary remuneration		
	Short-term employee benefits	173,347	487,473
	Post-employment benefits	10,020	36,163
	Long-term benefits	-	-
	Share-based payments	-	74,966
	Total key management personnel compensation	183,367	598,602

Details of remuneration disclosures are provided within the audited remuneration report which can be found on pages 5 to 8 of the directors' report.

6. Key Management Personnel Compensation (continued)

(b) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with the terms and conditions of the options, are provided within the audited remuneration report which can be found on pages 5 to 8 of the directors' report.

(c) Loans to key management personnel

No loans were made to any director or other key management personnel of the group, including their personally related parties during the financial year.

(d) Other transactions with key management personnel

Information relating to other transactions with any director or other key management personnel can be found at note 25.

(e) Option holdings

The number of options over ordinary shares in the company held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the group, including their personally related parties, are set out below:

	Balance at start of the year	Granted as remuneration	Exercised	Other changes	Balance at end of the year	Vested and exercisable
2013						
Directors of AVZ Minerals Limited						
David Macoboy[1]	1,500,000	-	-	(1,500,000)	-	-
Roger Steinepreis	1,500,000	-	-	-	1,500,000	1,500,000
David Riekie	14,000,000	-	-	-	14,000,000	14,000,000
Hamish Halliday[1]	9,430,000	-	-	(9,430,000)	-	-
Stephen Parsons[1]	9,430,000	-	-	(9,430,000)	-	-
Other key management personnel						
Alex Aitken[1]	300,000	-	-	(300,000)	-	-

[1] Other changes relate to options no longer reported as director/key management personnel resigned during the period.

	Balance at start of the year	Granted as remuneration	Exercised	Other changes	Balance at end of the year	Vested and exercisable
2012						
Directors of AVZ Minerals Limited						
David Macoboy	-	1,500,000	-	-	1,500,000	1,500,000
Roger Steinepreis[1]	4,500,000	-	-	(3,000,000)	1,500,000	1,500,000
David Riekie	14,000,000	-	-	-	14,000,000	14,000,000
Andrew Gastevich[2]	2,250,000	-	-	(2,250,000)	-	-
Hamish Halliday	9,430,000	-	-	-	9,430,000	3,310,000
Stephen Parsons	9,430,000	-	-	-	9,430,000	3,310,000
Other key management personnel						
Alex Aitken	500,000	300,000	-	(500,000)	300,000	300,000

[1] Other changes relate to options expired during the year.
[2] Mr Andrew Gastevich resigned on the 3 November 2011.

6. Key Management Personnel Compensation (continued)

(f) Ordinary shareholdings

The number of shares in the company held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the group, including their personally related parties, are set out below. There were no shares granted during the period as remuneration.

	Balance at the start of the year	Received on exercise of options	Other Changes	Balance at the end of the year
2013				
Directors of AVZ Minerals Limited				
David Macoboy[1]	1,000,000	-	(1,000,000)	-
Roger Steinepreis	4,812,500	-	19,238,942	24,051,442
David Riekie	5,978,441	-	10,387,255	16,365,696
Gary Steinepreis [3]	-	-	15,371,649	15,371,649
Hamish Halliday [2]	7,385,500	-	(7,385,500)	-
Stephen Parsons [2]	7,397,500	-	(7,397,500)	-
Other key management personnel				
Alex Aitken	-	-	-	-

[1] David Macoboy was appointed on the 22 September 2011 and resigned on the 3 August 2012.
[2] Hamish Halliday and Stephen Parsons resigned on 30 November 2012.
[3] Gary Steinepreis was appointed on 30 November 2012.

	Balance at the start of the year	Received on exercise of options	Other Changes	Balance at the end of the year
2012				
Directors of AVZ Minerals Limited				
David Macoboy[1]	-	-	1,000,000	1,000,000
Roger Steinepreis	3,500,000	-	1,312,500	4,812,500
David Riekie	3,588,441	-	2,200,000	5,788,441
Andrew Gastevich[2]	950,000	-	(950,000)	-
Hamish Halliday	7,198,000	-	187,500	7,385,500
Stephen Parsons	7,210,000	-	187,500	7,397,500
Other key management personnel				
Alex Aitken	-	-	-	-

[1] David Macoboy was appointed on the 22 September 2011 and resigned on the 3 August 2012.
[2] Mr Gastevich resigned on the 3 November 2011.

(g) Converting performance shareholdings

The number of converting performance shares in the company held during the financial year by each director of AVZ Minerals Limited and other key management personnel of the group, including their personally related parties, are set out below. Converting performance shares do not form part of remuneration and were previously issued as part consideration for the acquisition of Eris Mining (Pty) Ltd.

	Balance at the start of the year	Issued	Other Changes[1]	Balance at the end of the year
2012				
Directors of AVZ Minerals Limited				
Hamish Halliday	1,560,000	-	(1,560,000)	-
Stephen Parsons	1,560,000	-	(1,560,000)	-

[1] Other changes refer to converting performance shares lapsing during the year.

		Consolidated	
		2013	2012
		$	$
7.	**Income Tax Expense (note should be restructured)**		
(a)	Income tax expense		
	Current tax	-	-
	Deferred tax	-	-
	Total income tax expense	-	-
	Deferred income tax expense included in income tax expense comprises:		
	Decrease/(Increase) in deferred tax assets (note 7(c))	-	8,691
	Increase/(Decrease) in deferred tax liabilities (note 7(d))	-	(8,691)
		-	-
(b)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Loss from continuing operations before income tax expense	(2,413,002)	(3,788,336)
	Tax at the tax rate of 30.0% (2012: 30.0%)	(723,901)	(1,136,500)
	Tax effect of amounts which are not deductible in calculating taxable income:		
	Exploration written off	607,297	762,456
	Share based payments	-	66,864
	Other non-deductible amounts	29,098	9,944
	Differences in overseas tax rates	4,444	(87,353)
	Unrecognised tax losses	83,062	384,589
	Income tax expense/(benefit)	-	-
(c)	Deferred tax recognised		
	Deferred tax liabilities	260,270	756,583
	Exploration and expenditure	-	676
	Other		
	Deferred tax assets		
	Carry forward tax losses recognized	(260,270)	(757,259)
	Net deferred tax recognised	-	-
(d)	Unrecognised tax losses		
	Unused tax losses for which no deferred tax asset has been recognised	5,351,594	5,074,720
	Potential tax benefit at the tax rate of 30.0% (2012: 30.0%)	1,552,440	1,497,759
	Potential tax benefit at the tax rate of 30.0% (2012: 37.5%)	53,038	30,821
		1,605,478	1,528,580
(e)	Unrecognised temporary differences		
	Unrecognised deferred tax asset relating to capital raising costs	200,922	171,018

1: The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

		Consolidated 2013 $	Consolidated 2012 $
8.	**Cash & Cash Equivalents**		
(a)	Cash & cash equivalents		
	Cash at bank & in hand	1,834,742	767,496
	Total cash & cash equivalents	1,834,742	767,496
(b)	Cash at bank and in hand		

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 3.50% (2012: 0.00% and 4.75%). Refer to note 18 for the group's exposure to interest rate and credit risk.

		Consolidated 2013 $	Consolidated 2012 $
9.	**Trade & Other Receivables**		
(a)	Current		
	Other receivables	28,925	57,600
	Prepayments	-	30,081
	Total current trade & other receivables	28,925	87,681
(b)	Non-current		
	Deposits[1]	-	30,000
	Total non-current trade & other receivables	-	30,000

[1] Deposits relate to a guarantee for a corporate credit card facility.

(c) Past due and impaired receivables

As at 30 June 2013, there were no other receivables that were past due or impaired (2012: nil).

(d) Effective interest rates and credit risk

Information concerning effective interest rates and credit risk of both current and non-current trade and other receivables is set out in note 18.

	Consolidated Motor Vehicles $	Plant & Office Field $	Plant & Office Equipment $	Total $
10. Property, Plant & Equipment				
(a) Year ended 30 June 2013				
Opening net book amount	30,878	21,819	16,748	69,445
Additions	-	-	-	-
Disposals/write-offs/adjustments	(30,410)	3,074	-	(27,336)
Depreciation charge	(468)	(13,825)	(12,209)	(26,502)
Closing net book amount	-	11,068	4,539	15,607
At 30 June 2013				
Cost	-	58,896	28,544	87,440
Accumulated depreciation	-	(47,828)	(24,005)	(71,833)
Net book amount	-	11,068	4,539	15,607
(b) Year ended 30 June 2012				
Opening net book amount	39,473	35,069	16,863	91,405
Additions	-	-	12,480	12,480
Effect of exchange rates	458	-	-	458
Disposals/write-offs	-	-	(1,180)	(1,180)
Depreciation charge	(9,053)	(13,250)	(11,415)	(33,718)
Closing net book amount	30,878	21,819	16,748	69,445
At 30 June 2012				
Cost	41,821	58,896	28,542	129,259
Accumulated depreciation	(10,943)	(37,077)	(11,794)	(59,814)
Net book amount	30,878	21,819	16,748	69,445

	Consolidated 2013 $	2012 $
11. Exploration & Evaluation Expenditure		
(a) Exploration and evaluation phase		
Opening balance	2,752,038	3,636,334
Exploration and acquisition costs	139,851	1,375,464
Impairment expense[1]	(2,024,322)	(2,259,760)
Closing balance	867,567	2,752,038

[1] Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired and have provided for an impairment expense to reduce the carrying value to the expected recoverable amount.

The value of the group's interest in exploration expenditure is dependent upon:

- the continuance of the company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

	Consolidated 2013 $	Consolidated 2012 $
12. Trade & Other Payables		
(a) Current		
Trade Payables	25,152	315,417
Other Payables	-	50,871
Total current trade & other payables	25,152	366,288

The group's exposure to foreign currency risk is noted in note 18.

	Consolidated 2013 $	Consolidated 2012 $
13. Provisions		
(a) Current		
Accrued employee benefits	-	55,782
Total Provisions	-	55,782

Amounts shown are expected to be settled within 12 months.

	Consolidated 2013 Shares	Consolidated 2012 Shares	Consolidated 2013 $	Consolidated 2012 $
14. Contributed Equity				
(a) Contributed Equity				
Ordinary shares - fully paid	303,412,482	121,706,241	12,941,083	11,115,614
Total Contributed Equity	303,412,482	121,706,241	12,941,083	11,115,614

(b) Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Options

Information relating to options including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 15.

(d) Performance incentive shares

Information relating to performance incentive shares including details of performance incentive shares issued, exercised and lapsed during the financial year and options performance incentive shares outstanding at the end of the financial year, is set out in note 16.

(e) Capital risk management

The group's principal objective when managing capital is to ensure that the group can continue as a going concern in order to provide benefits for shareholders and other stakeholders. Due to the nature of the group's activities being mineral exploration, the primary source of funding of the activities is equity raisings. The focus for the group's capital risk management is the current working capital position against the group's requirements to meet exploration programmes and corporate overheads.

(f) Capital risk management (continued)

	Consolidated 2013 $	Consolidated 2012 $
Cash and cash equivalents	1,834,742	767,496
Trade & other receivables - current	28,925	87,681
Trade & other receivables - non-current	-	30,000
Trade & other payables	(25,152)	(422,070)
Working capital position	1,838,515	463,107

		Date	Number Shares $	Issue Price $	Total $
(g)	Movements in contributed equity				
	Opening Balance 1 July 2011		83,356,241		8,611,545
	Issue of shares: Placement	30 Sep 11	10,000,000	$0.08	800,000
	Issue of shares: Kudu Minerals	4 Nov 11	3,800,000	$0.08	304,000
	Issue of shares: Placement	10 Nov 11	8,750,000	$0.08	700,000
	Issue of shares: Placement	18 Apr 12	15,800,000	$0.05	790,000
	Less: Transaction costs arising on share issues				(89,931)
	Closing Balance at 30 June 2012		121,706,241		11,115,614
	Opening Balance 1 July 2012		121,706,241		11,115,614
	Issue of shares: Placement	23 Oct 12	18,250,000	$0.015	273,750
	Issue of shares: Placement	29 Nov 12	11,750,000	$0.015	176,250
	Issue of shares: Entitlement issue	29 Jan 13	151,706,241	$0.01	1,517,062
	Less: Transaction costs arising on share issues				(141,593)
	Closing Balance at 30 June 2013		303,412,482		12,941,083

15. Share Options

(a) 2013 unlisted share option details

Expiry date	Exercise price	Balance at start of year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance at end of the year
31 Aug 13	15.0 cents	3,250,000	-	-	-	3,250,000
31 Aug 13	20.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	25.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	30.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	45.0 cents	2,500,000	-	-	-	2,500,000
14 Nov 13	15.0 cents	6,000,000	-	-	-	6,000,000
31 Mar 14	10.0 cents	400,000	-	-	-	400,000
22 May 14	20.0 cents	7,125,000	-	-	-	7,125,000
22 May 14	30.0 cents	7,125,000	-	-	-	7,125,000
22 May 14	45.0 cents	7,125,000	-	-	-	7,125,000
30 Nov 14	20.0 cents	2,000,000	-	-	-	2,000,000
31 May 14	11.0 cents	400,000	-	-	-	400,000
31 May 14	20.0 cents	2,500,000	-	-	-	2,500,000
31 May 14	25.0 cents	2,500,000	-	-	-	2,500,000
31 Oct 14	11.0 cents	1,500,000	-	-	-	1,500,000
		49,925,000	-	-	-	49,925,000

Expiry date	Exercise price	Balance at start of year	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Balance at end of the year
15. Share Options (continued)						
(b) 2012 unlisted share option details						
31 Mar 12	20.0 cents	7,000,000	-	-	(7,000,000)	-
31 Aug 13	15.0 cents	3,250,000	-	-	-	3,250,000
31 Aug 13	20.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	25.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	30.0 cents	2,500,000	-	-	-	2,500,000
31 Aug 13	45.0 cents	2,500,000	-	-	-	2,500,000
14 Nov 13	15.0 cents	6,000,000	-	-	-	6,000,000
31 Jan 14	28.0 cents	500,000	-	-	(500,000)	-
31 Mar 14	10.0 cents	400,000	-	-	-	400,000
22 May 14	20.0 cents	7,125,000	-	-	-	7,125,000
22 May 14	30.0 cents	7,125,000	-	-	-	7,125,000
22 May 14	45.0 cents	7,125,000	-	-	-	7,125,000
30 Nov 14	20.0 cents	2,000,000	-	-	-	2,000,000
31 May 14	11.0 cents	-	400,000	-	-	400,000
31 May 14	20.0 cents	-	2,500,000	-	-	2,500,000
31 May 14	25.0 cents	-	2,500,000	-	-	2,500,000
31 Oct 14	11.0 cents	-	1,500,000	-	-	1,500,000
		50,525,000	6,900,000	-	(7,500,000)	49,925,000

	Balance at start of year	Granted during the year	Converted during the year	Lapsed during the year	Balance at end of the year
16. Performance Incentive Shares					
(a) 2013 performance incentive shares					
Performance incentive shares	-	-	-	-	-
	-	-	-	-	-
(b) 2012 performance incentive shares					
Performance incentive shares	7,125,000	-	-	(7,125,000)	-
	7,125,000	-	-	(7,125,000)	-

The performance incentive shares lapsed as the conditions were not met in the required timeframe.

	Consolidated 2013 $	Consolidated 2012 $
17. Reserves		
(a) Unlisted option reserve		
Opening balance	1,310,448	1,087,568
Unlisted options issued as remuneration during the year	-	222,880
Closing balance	1,310,448	1,310,448

The unlisted option reserve records items recognised on valuation of director, employee and contractor share options as well as share options issued during the course of a business combination. Information relating to the details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in note 15.

17. Reserves (continued)

(b) Foreign Currency Translation Reserve

Opening balance	(588,910)	(111,626)
Exchange difference arising on translation of foreign operations	38,411	(477,284)
Closing balance	(550,499)	(588,910)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities. The exchange differences arising are recognised in other comprehensive income as detailed in note 1(r) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to the statement of profit or loss or other comprehensive income when the net investment is disposed of.

(c) Total reserves

Unlisted option reserve	1,310,448	1,310,448
Foreign currency translation reserve	(550,499)	(588,910)
Total reserves	759,949	721,538

18. Financial Instruments, Risk Management Objectives and Policies

The consolidated entity's principal financial instruments comprise cash and cash equivalents. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the company. The consolidated entity also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the consolidated entity's policy not to trade in financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

18. Financial Instruments, Risk Management Objectives and Policies (continued)

(a) Interest Rate Risk

The group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

Consolidated	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
	%	$	$	$	$
2013					
Financial assets					
Cash and cash equivalents	3.50%	1,834,742	-	-	1,834,742
Trade & other receivables - current	0.00%	28,925			28,925
		1,863,667	-	-	1,834,667
Financial Liabilities					
Trade and other payables - current	0.00%	-	-	25,152	25,152
		-	-	25,152	25,152
2012					
Financial assets					
Cash and cash equivalents	3.50%	729,469	-	38,027	767,496
Trade & other receivables - current	0.00%	-	-	57,600	57,600
Trade & other receivables - non-current	4.00%	-	30,000	-	30,000
		729,469	30,000	95,627	855,096
Financial Liabilities					
Trade and other payables - current	0.00%	-	-	366,288	366,288
		-	-	366,288	366,288

The maturity date for all cash, current receivables and trade and other payable financial instruments included in the above tables is one year or less from balance date. The maturity for the non-current receivables is between 1 and 3 years from balance date.

(i) Sensitivity analysis

The group's main interest rate risk arises from cash equivalents with variable and fixed interest rates. At 30 June 2013 and 30 June 2012, the group's exposure to interest rate risk is not deemed material.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the group's maximum exposure to credit risk. All cash equivalents are held with financial institutions with a credit rating of A1+ or above, with the exception of cash on hand of $- (2012: $2,149) which is not rated.

18. Financial Instruments, Risk Management Objectives and Policies (continued)

(c) Foreign Currency Risk

The group is exposed to fluctuations in foreign currencies arising from exploration commitments in currencies other than the group's presentational currency (Australian Dollars).

The group operates internationally and is exposed to foreign exchange risk arising from currency exposures to the Namibian Dollar (NAD). The group has not formalised a foreign currency risk management policy, however it monitors its foreign currency expenditure in light of exchange rate movements, and retains the right to withdraw from the foreign exploration commitments after the minimum expenditure targets have been met.

(i) Sensitivity analysis

The group's main foreign currency risk arises from cash equivalents held in foreign currency denominated bank accounts and other payable amounts denominated in currencies other than the group's functional currency. At 30 June 2013 and 30 June 2012, the group's exposure to foreign currency risk is not deemed material as the cash held in overseas financial institutions is not considered material to the group.

(d) Liquidity risk

The group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the group aims at ensuring flexibility in its liquidity profile by maintaining the ability to undertake capital raisings. The current trade and other payables are due and payable within 3 to 6 months.

Contractual maturities of financial liabilities	Less than 6 months $	6-12 months $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Total contractual cashflows $	Carrying amount liabilities $
At 30 June 2013							
Trade and other payables	25,152	-	-	-	-	25,152	25,152
At 30 June 2012							
Trade and other payables	366,288	-	-	-	-	366,288	366,288

(e) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

Consolidated	2013 Carrying Amount $	2013 Net fair Value $	2012 Carrying Amount $	2012 Net fair Value $
Financial assets				
Cash and cash equivalents	1,834,742	1,834,742	767,496	767,496
Trade & other receivables - current	28,925	28,925	57,600	57,600
Trade & other receivables - non-current	-	-	30,000	30,000
	1,863,667	1,863,667	855,096	855,096
Financial Liabilities				
Trade and other payables - current	25,152	25,152	366,288	366,288
	25,152	25,152	366,288	366,288

18. Financial Instruments, Risk Management Objectives and Policies (continued)

(f) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) Quoted prices in active markets for identical assets or liabilities (level 1)
ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The group does not currently hold any assets and liabilities measured and recognised at fair value at 30 June 2013 and 30 June 2012.

	Consolidated	
	2013	2012
	$	$
19. Earnings per Share		
(a) Earnings/(Loss)		
Earnings/(loss) used in the calculation of basic EPS	(2,413,002)	(3,730,100)
(b) Weighted average number of ordinary shares ('WANOS')		
WANOS used in the calculation of basic earnings per share:	204,239,388	102,097,630

Diluted earnings per share is not shown or calculated as the company is in a loss position.

	Consolidated	
	2013	2012
	$	$
20. Cash Flow Information		
(a) Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
(Loss) for the year	(2,413,002)	(3,788,336)
Depreciation	26,502	33,718
Asset write-down expense	1,313	1,180
Exploration expenditure write off	2,024,322	2,259,760
Share based payments	-	222,880
Other	24,632	64,787
Changes in assets and liabilities:		
(Increase) in operating receivables & prepayments	58,756	(17,695)
(Decrease) in trade and other payables	(396,918)	(32,485)
Net cash (outflows) from Operating Activities	**(674,395)**	**(1,256,191)**

(b) Non-cash investing and financing activities ordinary activities

On 4 November 2011 the company issued 3,800,000 ordinary shares at $0.08 per share to Kudu Minerals. (Pty) Ltd to relinquish all current and pending mining claims held by Kudu over exclusive prospecting licence 4416 in Northern Namibia.

21. Segment Information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker that are used to make strategic decisions. For the purposes of segment reporting the chief operating decision maker has been determined as the board of directors. The board monitors the entity primarily from a geographical perspective, and has identified two operating segments, being exploration for mineral reserves within Africa and the corporate/head office function.

(b) Segment information provided to the board of directors

The segment information provided to the board of directors for the reportable segments for the year ended 30 June 2013 as follows:

	Africa $	Corporate $	Total $
2013			
Total segment revenue	-	30,753	30,753
Interest revenue	-	30,753	30,753
Depreciation and amortisation expense	930	25,572	26,502
Exploration impairment expense	2,024,322	-	2,024,322
Total segment loss before income tax	2,083,569	329,433	2,413,002
Total segment assets	900,567	1,846,274	2,746,841
Total segment liabilities	1,160	23,992	25,152

	Africa $	Corporate $	Total $
2012			
Total segment revenue	-	37,622	37,622
Interest revenue	-	37,622	37,622
Depreciation and amortisation expense	9,053	24,665	33718
Exploration impairment expense	2,259,760	-	2,259,760
Total segment loss before income tax	(2,297,426)	(1,490,910)	(3,788,336)
Total segment assets	2,822,413	884,247	3,706,660
Total segment liabilities	3,920	418,150	422,070

(c) Measurement of segment information

All information presented in part (b) above is measured in a manner consistent with that in the financial statements.

(d) Segment revenue

No inter-segment sales occurred during the current or previous financial year. The entity is domiciled in Australia. No revenue was derived from external customers in countries other than the country of domicile. Revenues of $30,753 (2012: $37,622) were derived from one Australian financial institution during the period. These revenues are attributable to the corporate segment.

21. Segment Information (continued)

(e) Reconciliation of segment information

Total segment revenue, total segment profit/loss before income tax, total segment assets and total segment liabilities as presented in part (b) above, equal total entity revenue, total entity profit/loss before income tax, total entity assets and total entity liabilities respectively, as reported within the financial statements.

22. Commitments and Contingencies

There are no commitments or contingent liabilities outstanding at the end of the year.

23. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding[1] 2013	2012
			%	%
Northam Resources Ltd[2]	Australia	Ordinary	100	100
Himba Iron Exploration (Pty) Ltd	Namibia	Ordinary	95	95
Eris Mining (Pty) Ltd	Namibia	Ordinary	95	95
Tumba Base Metals X (Pty) Ltd	Namibia	Ordinary	95	95

1: The proportion of ownership interest is equal to the proportion of voting power held.
2: Company is dormant.

24. Related Party Information

(a) Parent entity

The ultimate parent entity within the group is AVZ Minerals Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 24.

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 6.

(d) Transactions with Director Related Parties

The following transactions occurred with related parties:

	Consolidated 2013 $	2012 $
Purchases from director related entities		
Payments for shared services costs to Gryphon Minerals Limited	29,481	104,861
Payments for shared services costs to Venture Minerals Limited	19,291	98,053
Payment to Steinepreis Paganin for legal fees	28,030	4,434
Payment to Ascent Capital – rent	30,000	-
Outstanding balances arising from recharges/purchases with Director Related Parties		
Current payables (purchases)	-	37,694
There were no loans made to or from related parties during the year.		

24. Related Party Information (continued)

(e) Terms and conditions of related party transactions
Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

25. Share Based Payments

The Directors have not issued any options as remuneration during the current year.

2012 – The Directors issued options as remuneration:

(a) Fair value of listed options granted
The fair value of listed options granted is calculated as the market value prevailing at the date on which the options are authorised for issue.

(b) Fair value of unlisted options granted
The weighted average fair value of the options granted during the financial year was $0.032 cents. The price was calculated by using the Black-Scholes European Option Pricing Model applying the following inputs:

	2012
Weighted average exercise price	$0. 1921
Weighted average years to expiry	2.7
Weighted average underlying share price	$0.0786
Weighted average expected volatility	98%
Weighted average risk-free rate	3.69%
Discount for unmarketability of options	-

The following factors and assumptions were used in determining the fair value of options issued on grant date:

Grant Date	Expiry Date	Exercise Price	Fair Value Per Option	Price of Shares on Grant Date	Estimated Volatility	Risk Free Interest Rate	Dividend Yield
			$	$	%	%	%
30 June 2012							
04 Nov 11	31 Oct 14	11.0cents	0.045	0.08	98%	3.72%	0%
04 Nov 11	31 May 14	20.0cents	0.039	0.08	98%	3.72%	0%
04 Nov 11	31 May 14	25.0cents	0.027	0.08	98%	3.72%	0%
12 Jan 2012	31 Oct 14	11.0cents	0.025	0.06	94%	3.19%	0%

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future trends, which may not eventuate. The life of the options is based on historical exercise patterns, which may not eventuate in the future. The total share-based payment expense recognised during the year, are set out below:

25. Share Based Payments (continued)

	Consolidated 2013 $	2012 $
Unlisted options:		
Share based payments expense - Options issued to directors and employees	-	77,496
Consultants expense -Options issued to Consultants	-	145,384
Contributed equity:		
Ordinary shares issued to Kudu Minerals (Pty) Ltd – Capitalised to exploration & evaluation expenditure	-	304,000

Amounts reflected above have been included in the statement of comprehensive income. Details of other option movements and balances are set out in note 15.

		Company 2013 $	2012 $
26.	**Parent Entity Information**		
(a)	Assets		
	Current assets	1,835,091	815,680
	Non-current assets	878,749	2,820,605
	Total assets	2,713,840	3,636,285
(b)	Liabilities		
	Current liabilities	23,992	418,151
	Total liabilities	23,992	418,151
(c)	Equity		
	Contributed equity	12,941,083	11,115,614
	Accumulated losses	(11,561,683)	(9,207,928)
	Option reserve	1,310,448	1,310,448
	Total equity	2,689,848	3,218,134
(d)	Total Comprehensive loss for the year		
	Loss for the year	(2,353,755)	(4,487,145)
	Other comprehensive income for the year	-	-
	Total comprehensive loss for the year	(2,353,755)	(4,487,145)

The parent entity has not guaranteed any loans for any entity during the year. The parent entity does not have any contingent liabilities, or capital commitments.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 13 to 41 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the group's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(b) the audited remuneration disclosures set out on pages 5 to 8 of the directors' report comply with section 300A of the Corporations Act 2001; and

(c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(d) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

Gary Steinepreis
Non-Executive Director

West Perth, Western Australia
25 September 2013

Tel: +8 6382 4600
Fax: +8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF AVZ MINERALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of AVZ Minerals Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of AVZ Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Basis for Qualified Opinion

Attention is drawn to the capitalised exploration and evaluation expenditure carried at $867,567 on the consolidated statement of financial position as at 30 June 2013 and the exploration impairment of $2,024,322 recorded in the consolidated statement of profit or loss and other comprehensive income for the year then ended. We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the appropriateness of the recoverable value of the capitalised exploration and evaluation expenditure. Consequently, due to this limitation we were unable to determine whether any adjustments to these amounts would be necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph:

(a) the financial report of AVZ Minerals Limited is in accordance with the *Corporations Act 2001*, including:
    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
    (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
(b) the financial report also complies *with International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of AVZ Minerals Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO
B McVeigh

Brad McVeigh
Director

Perth, Western Australia
Dated this 25th day of September 2013

Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 24 September 2013 was as follows:

Number Held as at 24 September 2013	Class of Equity Securities Fully Paid Ordinary Shares
1- 1,000	18
1,001 - 5,000	19
5,001 - 10,000	62
10,001 - 100,000	175
100,001 and over	174
Total	448

Holders of less than a marketable parcel: 251

Substantial Shareholders

The names of the substantial shareholders as at 24 September 2013.

Shareholder	Number	%
Ranchland Holdings Pty Ltd	24,051,442	7.93
David Noel Riekie	16,365,696	5.39
Oakhurst Enterprises Pty Ltd	15,371,649	5.07

Voting Rights - Ordinary Shares

In accordance with the holding company's Constitution, on a show of hands every member present in person or by proxy or attorney or duly authorised representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held.

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders as at 24 September 2013 are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
Oakhurst Enterprises Pty Ltd	15,371,649	5.07%
Leilani Inv Pty Ltd <Rice Fam Inv a/c>	15,066,957	4.97%
Ranchland Holdings Pty Ltd <RC Steinepreis fam>	14,426,442	4.75%
Seventy Three Pty Ltd <King s/f no 3 a/c>	11,920,308	3.93%
N&J Mitchell Holdings Pty Ltd <Second s/f a/c>	11,371,649	3.75%
J & J Brady Nominees Pty Ltd <J&J Bandy s/f a/c>	11,120,308	3.67%
Aviemore Cap Pty Ltd	8,994,638	2.96%
Wilhaja Pty Ltd <Riekie fam a/c>	8,228,814	2.71%
Merrill Lynch Aust Nom Pty Ltd	7,717,598	2.54%
Symorgh Inv Pty Ltd <Symorgh a/c>	7,140,000	2.35%
Blueknight Pty Ltd	7,000,000	2.31%
Talltree Holdings Pty Ltd <Nerd fam s/f a/c>	7,000,000	2.31%
Talltree Holdings Pty Ltd <D Steinepreis fam>	6,500,000	2.14%
McTavish Industries Pty Ltd <McTavish a/c>	5,640,000	1.86%
SDG Nominees Pty Ltd < T J Strapp s/f a/c>	5,250,000	1.73%
Ardlussa Pty Ltd < V & V Pendal s/f a/c>	5,250,000	1.73%
Zero Nominees Pty Ltd	4,540,000	1.50%
Syncopated Pty Ltd	4,371,649	1.44%
Symington Pty Ltd	3,583,332	1.18%
N&J Mitchell Holdings Pty Ltd <Steinepreis s/f a/c>	3,476,832	1.15%
	163,970,176	54.05%

Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that the Company's practices are largely consistent with those ASX guidelines. As consistency with the guidelines has been a gradual process, where the Company did not have certain policies or committees recommended by the ASX Corporate Governance Council (the Council) in place during the reporting period, we have identified such policies or committees.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

To illustrate where the Company has addressed each of the Council's recommendations, the following table cross-references each recommendation with sections of this report. The table does not provide the full text of each recommendation but rather the topic covered.

Recommendation	Section
Recommendation 1.1 Functions of the Board and Management	1.1
Recommendation 1.2 Evaluation of Board, Directors and Key Executives	1.4.10
Recommendation 1.3 Reporting on Principle 1	1.1 and 1.4.10
Recommendation 2.1 Independent Directors	1.2 and 1.3
Recommendation 2.2 Independent Chairman	1.2 and 1.3
Recommendation 2.3 Role of the Chairman and CEO	1.2 and 1.3
Recommendation 2.4 Establishment of Nomination Committee	2.3
Recommendation 2.5 Evaluation of Board, Committees and Directors	1.4.10
Recommendation 2.6 Reporting on Principle 2	1.2, 1.4.6, 1.4.10, 2.3.1 and the Directors' Report
Recommendation 3.1 Code of Conduct	4
Recommendation 3.2 Disclosure of Diversity	3.2
Recommendation 3.3 Reporting on Principle 3	1.1 and 1.4.9, 3
Recommendation 4.1 Establishment of Audit Committee	2.1
Recommendation 4.2 Structure of Audit Committee	2.1.1
Recommendation 4.3 Audit Committee Charter	2.1
Recommendation 4.4 Reporting on Principle 4	2.1
Recommendation 5.1 Policy for Compliance with Continuous Disclosure	1.4.4
Recommendation 5.2 Reporting on Principle 5	1.4.4
Recommendation 6.1 Communications Strategy	1.4.8
Recommendation 6.2 Reporting on Principle 6	1.4.8
Recommendation 7.1 Policies on Risk Oversight and Management	2.1.3
Recommendation 7.2 Managing and Implementing Risk Management	2.1.3
Recommendation 7.3 Attestations by CEO and CFO	2.1.3
Recommendation 7.4 Reporting on Principle 7	2.1.3
Recommendation 8.1 Establishment of Remuneration Committee	2.2
Recommendation 8.2 Executive and Non-Executive Director Remuneration	2.2.3.1 and 2.2.3.2
Recommendation 8.3 Reporting on Principle 8	1.2, 2.2.1 and 2.2.3.2

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry out its functions, the Company has adopted a Charter. A copy is available for inspection on the Company's website.

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties given its current size and scale of operations. The names of the Directors and their qualifications and experience are stated in the Directors' Report along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment skills.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer.

An Independent Director is a Non-Executive Director and:

- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
- within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member. Or an employee materially associated with the service provided;
- is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has no material contractual relationship with the Company or other group member other than as a Director of the Company;
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Material is defined as being where the relationship accounts for more than five percent of consolidated gross expenditure per annum of the Company.

The Company currently does not have a majority of the Board independent. The Board currently comprises of three two non-independent Directors. Due to the size of the Company and the experience of the Directors, the Company believes that the current composition of the Board remains appropriate.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

- Leadership of the Organisation: overseeing the Company
- and establishing codes that reflect the values of the Company and guide the conduct of the Board.
- Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
- Overseeing Planning Activities: the development of the Company's strategic plan.
- Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
- Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
- Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
- Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
- Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
- Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which is available for inspection on the Company's website.

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4 Board Policies (continued)

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

1. Board of Directors (continued)

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The Company has a Continuous Disclosure Policy which is available for inspection on the Company's website.

1.4.5 Education and Induction

It is the policy of the Company that new Directors undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- access to a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board;
- background information on and contact information for key people in the organisation;
- an analysis of the Company;
- a synopsis of the current strategic direction of the Company; and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

- communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
- giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
- making it easy for shareholders to participate in general meetings of the Company; and
- requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. The Company has a Shareholder Communication Policy which is available for inspection on the Company's website.

1. Board of Directors (continued)

1.4 Board Policies (continued)

1.4.9 Trading in Company Shares

The Company has had a formal Share Trading Policy in place since May 2007 and subsequently reviewed and updated in December 2010. A copy of the policy is available for inspection on the Company's website.

1.4.10 Performance Review/Evaluation

It is the policy of the Board to conduct annual evaluations of its effectiveness and that of individual Directors. Each Directors performance is appraised personally by the Chairman and in a meeting led by the other independent Director, the Chairman's performance is assessed.

The evaluation process in the current year was overseen by the Chairman. The evaluation process of the Chairman was led by the other independent Director in conjunction with the Managing Director. The objective of this evaluation is to provide best practice corporate governance to the Company.

2. Board Committees

2.1 Audit Committee

Due to the size and scale of operations of the Company the full Board undertakes the role of the Audit Committee. As the full Board undertakes the role of the Audit Committee, no formal Charter has been adopted however below is a summary of the role and responsibilities of an Audit Committee.

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting and overseeing the independence of the external auditors.

As the whole Board only consists of three (3) members, the Company does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues and an audit committee cannot be justified based on a cost-benefit analysis. However, in accordance with the ASX Listing Rules, the Company is moving towards establishing an audit committee consisting primarily of Independent Directors.

In the absence of an audit committee, the Board sets aside time to deal with issues and responsibilities usually delegated to the audit committee to ensure the integrity of the financial statements of the Company and the independence of the external auditor.

2.1.2 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports which accompany published financial statements and recommends their approval to the members.

The Audit Committee each year reviews the appointment of the external auditor, their independence, the audit fee, and any questions of resignation or dismissal.

The Audit Committee or is also responsible for establishing policies on risk oversight and management.

2.1.3 Risk Management Policies

The Board's Charter clearly establishes that it is responsible for ensuring there is a good sound system for overseeing and managing risk. Due to the size and scale of operations, risk management issues are considered by the Board as a whole.

2. Board Committees (continued)

A risk management plan has been developed and implemented by AVZ. The plan provides a framework for systematically understanding and identifying the types of business risks threatening AVZ as whole and specific business activities within the Company. A risk register has been developed through the implementation and review of the risk management plan which has identified material business risk of the Company. The risk register also provides the controls in place to mitigate the material business risks and management's assessment of residual risk.

The board believes that it has a thorough understanding of the Company's key risks and is managing them appropriately. The board is responsible for reviewing annually its risk management system. This includes reviewing operational, financial, compliance, systems and risk management procedures. The directors confirm they have completed their annual review for the 2012 financial year. A copy of the company's risk management statement is available from the corporate governance section of the company's website.

2.1.3 Risk Management Policies (continued)
Mr David Riekie (Non-Executive Director) and Mr Gary Steinepreis (Company Secretary) provided the Board with a declaration in accordance with S295A of the Corporations Act that the financial statements are founded on a sound system of risk management and internal compliance. Their statement assured the Board that the risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

2.2 Remuneration Committee
2.2.1 Role
The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

As the whole Board only consists of three (3) members, the Company does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. As the full Board undertakes the role of the Remuneration Committee, no formal Charter has been adopted however below is a summary of the role and responsibilities of a Remuneration Committee.

2.2.2 Responsibilities
The responsibilities of a Remuneration Committee, or the full Board include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations on any proposed changes and undertaking reviews of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy
Directors' Remuneration was approved by resolution of the Board on 25 August 2010, however the Board has implemented reduced fee base.

2.2.3.1 Senior Executive Remuneration Policy
The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy the remuneration of senior executive may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;

2.Board Committees (continued)

- participation in any share/option scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

The value of shares and options granted to senior executives are calculated using the Black and Scholes method.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders. The Board may use its discretion with respect to the payment of bonuses, stock options and other incentive payments.

2.2.3.2 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses however they do participate in option schemes. Non-Executive Directors are entitled to but not necessarily paid statutory superannuation. Non-Executive Directors are not provided with any retirement benefits other than superannuation.

2.2.4 Current Director Remuneration

Full details regarding the remuneration of Directors, is included in the Directors' Report.

2.3 Nomination Committee

2.3.1 Role

The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills and diversity are present in Directors on the Board at all times.

As the whole Board only consists of three (3) members, the Company does not have a nomination committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues. As the full Board undertakes the role of the Nomination Committee, no formal Charter has been adopted however below is a summary of the role and responsibilities of a Nomination Committee. The Company has adopted a Diversity Policy and is available for inspection on the Company's website.

2.3.2 Responsibilities

The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee would also oversee management succession plans including the CEO and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role.

2.3.3 Criteria for selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in accounting and financial management and Director-level business experience.

3. Diversity

3.1 Diversity and inclusion

AVZ and all its related bodies corporate are committed to workplace diversity in relation to genders, age, ethnicity and background. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

3.2 Diversity Policy

The Company has developed a Diversity Policy during the current period which was formally adopted in June 2012. A copy of the policy is available for inspection on the Company's website.

3.3 Measurable Objectives for Gender Diversity

Due to the size and nature of the company's operations, AVZ has yet to establish measurable objectives for gender diversity.

3.4 Proportion of women employees and board members

As at 30 June 2012, the proportion of women on the Board and in senior management positions was nil. The proportion of women in our workplace was 0%.

4. Company Code of Conduct

The Company has had a formal Code of Conduct which provides guidelines aimed at maintaining high ethical standards, corporate behaviour and accountability within the Company. A copy of the Code of Conduct is available for inspection on the Company's website.

Schedule of Mineral Tenements

As at 25 September 2013

Project	Tenement	Interest	Status
Hoarusib	EPL 4126	95%	Granted
	EPL 4127	95%	Granted
	EPL 4128	95%	Granted
Paresis	EPL 4125	95%	Granted
Hammerhead/Thresher	EPL 4129	95%	Granted
	EPL 4339	95%	Granted
Abenab	EPL 4416	95%	Granted
Tumba	EPL 4436	95%	Granted
	EPL 4437	95%	Granted
	EPL 4438	95%	Granted
	EPL 4439	95%	Granted
	EPL 4440	95%	Granted
Himba	EPL 4286	95%	Granted (renewal lodged)
	EPL 4283	95%	Pending
	EPL 4284	95%	Pending
	EPL 4285	95%	Pending
Brandberg	EPL 4788	95%	Pending
	EPL 4624	95%	Granted

Key
EPL: Exploration Licence