AVZ Minerals Limited

ABN 81 125 176 703

Annual Report 2015

Contents

Corporate Directory

Directors
Patrick Flint (Non-Executive Chairman)
Klaus Eckhof (Managing Director)
Gary Steinepreis (Non-Executive Director)

Company Secretary
Gary Steinepreis

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& Registered Office
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WEST PERTH
Western Australia 6005
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Securities Exchange Listing
Australian Securities Exchange
(Home branch: Perth, Western Australia)
ASX Code: **AVZ**

Website Address
www.avzminerals.com.au

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 2015. 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.

Patrick Flint	Non-Executive Chairman
Klaus Eckhof	Managing Director
Gary Steinepreis	Non-Executive Director

2. Company Secretary

The Company Secretary is Gary Steinepreis.

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 after income tax amounted to $657,426 (2014: $1,031,442 loss).

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

During the year, AVZ continued its business of mineral exploration in Namibia and AVZ is seeking new opportunities in the exploration and mining sector. In addition to evaluating new mineral projects, the Board will also consider business opportunities in other sectors.

The Company is primarily engaged in mineral exploration in Namibia. Activities undertaken in Namibia during the year involved planning, on-going reporting and applying for a number of licence renewals.

The Company's financial position, financial performance and use of funds information for the financial year is provided in the financial statements that follow this Directors' Report.

As an exploration entity, the Company has no operating revenue or earnings and consequently the Company's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Company's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Company's mineral portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Company, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Company's business strategy for the financial year ahead and, in the foreseeable future, is to continue exploration activity on the Company's existing mineral projects, identify and assess new mineral project opportunities and review development strategies where individual projects have reached a stage that allows for such an assessment.

6. Review of Operations (continued)

Due to the inherent risky nature of the Company's activities, the Directors are unable to comment on the likely results or success of these strategies.

The Company's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Company, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Company and its future performance include but are not limited to:

- geological and technical risk posed to exploration and commercial exploitation success;
- security of tenure including licence renewal (no assurance can be given that the licence renewals and licence applications that have been submitted will be successful), and inability to obtain regulatory or landowner consents;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff; and
- capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Company or an investment in it. There are other risks generic to the stock market and the world economy as whole and other risks generic to the mining industry, all of which can impact on the Company.

7. Significant Changes in the State of Affairs

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

8. Events Occurring after the Reporting Date

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 as well as seeking new opportunities in the exploration and mining sector with the objective of identifying commercial resources.

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 (including Director's interests at the date of this report)

Patrick Flint	Independent Non-Executive Chairman	
Qualifications	B.Com, CA, MAICD	
Experience	Mr Flint has been involved in the resources sector as a director or company secretary of ASX and Toronto Stock Exchange listed companies with mineral projects in Australia, Africa and Asia for the last 20 years. He is a Chartered Accountant and has significant experience with project acquisitions, joint venture negotiations and management, fundraisings and corporate matters.	
Interest in Securities	Fully Paid Ordinary Shares	4,000,000
	Performance Rights	4,000,000
Directorships in last 3 years	Nemex Resources Ltd (since 8 September 2010) Explaurum Limited (since 27 November 2013) **Former Directorships in the Last Three Years:** Mount Magnet South NL (15 April 2011 to 22 December 2014)	
Klaus Eckhof	Managing Director	
Qualifications	Dip. Geol. TU, AusIMM	
Experience	Mr Eckhof is a geologist with more than 20 years of experience identifying, exploring and developing mineral deposits around the world. Mr Eckhof worked for Mount Edon Gold Mines Ltd as Business Development Manager before it was acquired by Canadian mining company Teck. In 1994, he founded Spinifex Gold Ltd and Lafayette Mining Ltd, both of which successfully delineated gold and base metal deposits. In late 2003, Mr Eckhof founded Moto Goldmines which acquired the Moto Gold Project in the Democratic Republic of the Congo. There, Mr Eckhof and his team delineated more than 20 million ounces of gold and delivered a feasibility study within four years from the commencement of exploration. Moto Goldmines was subsequently acquired by Randgold Resources who poured first gold in September 2013.	
Interest in Securities	Fully Paid Ordinary Shares	8,000,000
Directorships in last 3 years	Burey Gold Ltd (since 6 February 2012) Cardinal Resources Limited (appointed 1 February 2013) **Former Directorships in the Last Three Years:** Carnavale Resources Ltd (1 January 2008 to 20 July 2015) Panex Resources Inc. (30 May 2006 to 24 July 2014) Explaurum Limited (24 August 2011 to 4 October 2013)	
Gary Steinepreis	Non-Executive Director / Company Secretary	
Qualifications	B.Com, CA	
Experience	Mr Steinepreis is a Chartered Accountant and holds a Bachelor of Commerce Degree from the University of Western Australia.	
Interest in Securities	Fully Paid Ordinary Shares	20,495,533

11. Information on Directors and Company Secretary (including Director's interests at the date of this report) (continued)

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:** Intercept Minerals Ltd (8 April 2014 to 2 February 2015) WAG Limited (2 November 2006 to 23 May 2013)

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:

		Appointment date:
Patrick Flint	Non-Executive Chairman	12 May 2014
Klaus Eckhof	Managing Director	12 May 2014
Gary Steinepreis	Non-Executive Director	30 November 2012

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 and/or performance rights), executive, business and shareholder objectives are 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.

If entitled, the executive directors and other key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9.25% 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.

(a) Remuneration Policy (continued)

The Managing Director, Mr Eckhof, is responsible for managing the Company's mineral projects in Namibia, as well as identifying new project opportunities. Mr Eckhof will receive annual remuneration of $180,000 through a consulting letter agreement with an entity which will provide his services. The arrangement can be terminated by either party on a month's notice. There are no other service or consulting agreements in place with key management personnel. At this stage due to the size of the Company, no remuneration consultants have been used. The Board's remuneration 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. If entitled, 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 awaiting renewal of its licences in Namibia and evaluating new project opportunities, there are currently no short-term incentives anticipated and therefore no key performance targets determined. Pending the securing of new projects, 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 Group's objective to provide incentives 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. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in 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 or performance rights subject to shareholder approval, to further align directors' interests with shareholders.

The non-executive remuneration is set at $3,000 per month for the Chairman, $2,000 per month for Directors and a daily rate is payable on additional work performed.

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

No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive Remuneration for this financial period and the previous 4 financial periods. With the exception of the Managing Director, no executive is receiving any base remuneration however, this will be reassessed should the Company secure a new project. No remuneration is currently performance related.

Voting and comments made at the company's 2014 Annual General Meeting

At the 2014 Annual general Meeting the Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

(c) Details of Key Management Personnel Remuneration

2015	Short term employee benefits		Post-employment benefits		
Name	Salary $	Consulting fees $	Superannuation $	Share Based Payment	Total $
Executive Director:					
Klaus Eckhof	-	180,000	-	-	180,000
Non-Executive Directors:					
Gary Steinepreis	-	26,000	-	-	26,000
Patrick Flint	32,877	-	3,123	17,200	53,200
TOTAL	**32,877**	**206,000**	**3,123**	**17,200**	**259,200**

2014	Short term employee benefits		Post-employment benefits	
Name	Salary $	Consulting fees $	Superannuation $	Total $
Executive Director:				
Klaus Eckhof [2]	-	25,000	-	25,000
Non-Executive Directors:				
Roger Steinepreis [1]	-	20,000	-	20,000
David Riekie [1]	-	20,000	-	20,000
Gary Steinepreis	-	24,000	-	24,000
Patrick Flint [2]	4,517	-	418	4,935
TOTAL	**4,517**	**89,000**	**418**	**93,935**

1: Mr David Riekie and Mr Roger Steinepreis resigned as Non-Executive Directors on 12 May 2014.

2: Mr Klaus Eckhof and Mr Patrick Flint were appointed on 12 May 2014.

(d) Key Management Personnel Compensation

(i) Options provided as remuneration and shares issued on exercise of such options
No options were provided as remuneration during the year.

(ii) 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.

(iii) Other transactions with key management personnel
Transactions with Director Related Parties
The following transactions occurred with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Payment to Steinepreis Paganin for legal fees	-	200
Payment to Ascent Capital – rent	-	26,250
Outstanding balances arising from recharges/purchases with Director Related Parties		
Current payables (purchases)	-	3,045

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.

(v) 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	Placement and entitlement issue participation	Other Changes	Balance at the end of the year
2015				
Directors of AVZ Minerals Limited				
Patrick Flint	-	4,000,000	-	4,000,000
Klaus Eckhof	-	8,000,000	-	8,000,000
Gary Steinepreis	15,371,649	5,123,884	-	20,495,533

(vi) Share-based Payments

There have been no options issued to current directors and executives as part of their remuneration.

On 8 August 2014, 4,000,000 Performance Rights were issued to Mr Flint. The Performance Rights are convertible to ordinary shares if the closing price of the shares on the ASX is $0.015 or higher (as adjusted) for 10 consecutive Business Days at nil consideration. These Performance Rights have a term of 3 years from the date of issue. The Company has valued these rights using a Black-Scholes option pricing model. The volatility for these rights has been determined to be 120% and the interest free rate at 2%. Details of the performance shares issued are as follows:

Director and Other KMP	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
PatrickFlint	4,000,000	08/08/2014	Nil	08/08/2017	0.008	17,200	-

This is the end of the audited remuneration report.

13. Meetings of Directors

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

	Directors Meetings	
Director	Number Eligible to Attend	Meetings Attended
P Flint	3	3
K Eckhof	3	3
G Steinepreis	3	3

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 $8,666 (2014: $13,140) 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

At the date of this report, all options over unissued ordinary shares in the Company have expired. Details of these expired shares are as follows:

Expiry date	Exercise price	Balance at start of year	Cancelled/ lapsed during the year	Balance at end of the year
30 Nov 14	20.0 cents	2,000,000	2,000,000	-
31 Oct 14	11.0 cents	1,900,000	1,900,000	-
		3,900,000	3,900,000	-

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 10 and forms part of this directors' report for the year ended 30 June 2015.

18. Non-Audit Services

Details of the non-audit services provided by the Company's external auditor BDO Audit (WA) Pty Ltd during the year ended 30 June 2015 are outlined in the following table. Based on advice from the Company's Audit and Governance Committee, the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and the scope of each type of non-audit service provided means that auditor independence was not compromised.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2015	2014
	$	$
Taxation services	2,000	-
Total remuneration for other services	2,000	-

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

Gary Steinepreis
Non-Executive Director

West Perth
29 September 2015

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF AVZ MINERALS LIMITED

As lead auditor of AVZ Minerals Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Revenue from continuing operations	3	44,800	42,619
Administrative costs		(87,652)	(29,118)
Consultancy expenses		(258,583)	(94,282)
Employee benefits expense		(42,795)	(46,975)
Occupancy expenses		(28,500)	(57,000)
Compliance and regulatory expenses		(70,160)	(56,741)
Insurance expenses		(14,267)	(9,855)
Depreciation expense	9	(1,560)	(9,421)
Exploration impaired	10	(198,709)	(770,669)
Loss before income tax		**(657,426)**	**(1,031,442)**
Income tax expense	6	-	-
Loss after income tax for the year		**(657,426)**	**(1,031,442)**
Other comprehensive income:			
Items that may be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		1,695	(123,877)
Other comprehensive income		1,695	(123,877)
Total comprehensive loss for the year		**(655,731)**	**(1,155,319)**
Loss for the year is attributable to:			
Owners of AVZ Minerals Limited		(654,626)	(902,725)
Non-controlling interests		(2,800)	(128,717)
		(657,426)	**(1,031,442)**
Total comprehensive loss for the year attributable to:			
Owners of AVZ Minerals Limited		(653,016)	(1,020,406)
Non-controlling interests		(2,715)	(134,913)
		(655,731)	**(1,155,319)**
Basic and diluted loss per share (cents per share)	16	(0.14)	(0.33)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

As at 30 June 2015

	Note	Consolidated 2015 $	2014 $
Current Assets			
Cash and cash equivalents	7	1,998,037	1,986,678
Trade and other receivables	8	27,402	29,978
Total Current Assets		2,025,439	2,016,656
Non-Current Assets			
Property, plant and equipment	9	4,444	5,763
Total Non-Current Assets		4,444	5,763
Total Assets		**2,029,883**	**2,022,419**
Current Liabilities			
Trade and other payables	11	46,279	57,017
Total Current Liabilities		46,279	57,017
Total Liabilities		**46,279**	**57,017**
Net Assets		**1,983,604**	**1,965,402**
Equity			
Contributed equity	12	13,996,848	13,340,115
Reserves	14	661,078	642,268
Accumulated losses		(12,479,003)	(11,824,377)
Capital and reserves attributable to owners of AVZ Minerals Ltd		2,178,923	2,158,006
Non-controlling interests		(195,319)	(192,604)
Total Equity		**1,983,604**	**1,965,402**

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

For the Year Ended 30 June 2015

Consolidated	Contributed Equity $	Accumulated Losses $	Option Reserve $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Total $	Non-controlling Interests $	Total Equity $
Balance at 1 July 2014	**13,340,115**	**(11,824,377)**	**1,310,448**	**-**	**(668,180)**	**2,158,006**	**(192,604)**	**1,965,402**
Total comprehensive income for the year:								
Loss for the year	-	(654,626)	-	-	-	(654,626)	(2,800)	(657,426)
Exchange differences on translation of foreign operations	-	-	-	-	1,610	1,610	85	1,695
	-	(654,626)	-	-	1,610	(653,016)	(2,715)	(655,731)
Transactions with owners in their capacity as owners:								
Contributions of equity (net of transaction costs)	656,733	-	-	-	-	656,733	-	656,733
Share based payment	-	-	-	17,200	-	17,200	-	17,200
	656,733	-	-	17,200	-	673,933	-	673,933
Balance at 30 June 2015	**13,996,848**	**(12,479,003)**	**1,310,448**	**17,200**	**(666,570)**	**2,178,923**	**(195,319)**	**1,983,604**
Balance at 1 July 2013	**12,941,083**	**(10,833,700)**	**1,310,448**	**-**	**(550,499)**	**2,867,332**	**(145,643)**	**2,721,689**
Total comprehensive income for the year:								
Loss for the year	-	(990,677)	-	-	-	(990,677)	(40,765)	(1,031,442)
Exchange differences on translation of foreign operations	-	-	-	-	(117,681)	(117,681)	(6,196)	(123,877)
	-	(990,677)	-	-	(117,681)	(1,108,358)	(46,961)	(1,155,319)
Transactions with owners in their capacity as owners:								
Contributions of equity (net of transaction costs)	399,032	-	-	-	-	399,032	-	399,032
	399,032	-	-	-	-	399,032	-	399,032
Balance at 30 June 2014	**13,340,115**	**(11,824,377)**	**1,310,448**	**-**	**(668,180)**	**2,158,006**	**(192,604)**	**1,965,402**

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

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2015

	Note	Consolidated 2015 $	2014 $
Cash Flows from Operating Activities			
Payments to suppliers and employees (inclusive of GST)		(491,464)	(219,480)
Interest received		44,800	42,619
Net cash outflow from operating activities	17	**(446,664)**	**(176,861)**
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(198,709)	(70,236)
Net cash outflow from investing activities		**(198,709)**	**(70,236)**
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		681,854	428,001
Share issue transaction costs		(25,122)	(28,968)
Net cash inflow from financing activities		**656,732**	**399,033**
Net increase in cash and cash equivalents		**11,359**	**151,936**
Cash and cash equivalents at the start of the year		1,986,678	1,834,742
Cash and cash equivalents at the end of the year	7	**1,998,037**	**1,986,678**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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.

(b) Basis of Consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of AVZ Minerals NL as at 30 June 2015 and the results of all subsidiaries for the year then ended. AVZ Minerals NL and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the Consolidated Entity, are shown separately within the Equity section of the consolidated Statement of Financial Position and in the consolidated Statement of Profit or Loss and Other Comprehensive Income.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

(iii) Joint operations

The group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

(iv) Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

(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.

1. Summary of Significant Accounting Policies (continued)

(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) 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.

(g) 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.

(h) 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.

1. Summary of Significant Accounting Policies (continued)

(i) 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.

(j) 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 measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other 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(f)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(k) 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.

(l) 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.

1. Summary of Significant Accounting Policies (continued)

(m) 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 corporate 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 statement of financial position 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.

(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').

(n) 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.

(o) 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.

(p) 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.

1. Summary of Significant Accounting Policies (continued)

(q) 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.

(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 profit or loss and other 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 profit or loss and other 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 profit or loss and other 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.

1. Summary of Significant Accounting Policies (continued)

(r) New accounting standards and interpretations

The following new accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2015. They have not been adopted in preparing the financial statements for the year ended 30 June 2015 and are expected to impact the entity in the period of initial application. The Group's assessment of the impact of these new standards and interpretations is set out below.

- AASB 9 Financial Instruments. This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018. As the entity does not have any financial liabilities measured at fair value through profit or loss, the amendments will not require any changes in fair value attributable to liabilities.

- AASB 15 Revenue from Contracts with Customers. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The nature of the change is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and due to the replacement of AASB 111. As the entity does not have any revenue from contracts with customers, the amendments will not require any changes.

- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (issued January 2015) – Effective for periods beginning on or after 1 January 2016. These amendments are applicable to annual periods beginning on or after 1 January 2016. The changes affect two standards as follows: AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The update clarifies that if assets/disposal groups are reclassified from being held for sale to being held for distribution to owner or vice versa, this is considered to be a continuation of the original plan for disposal. It also clarifies that if assets cease to be held for distribution to owners, the usual AASB 5 requirements for assets that cease to be held for sale will apply. The update also affects AASB 119: Employee benefits by clarifying that high quality corporate bonds or national government bonds used to determine the discount rate for long service leave and defined benefit liabilities must be denominated in the same currency as the benefits that will be paid to the employee.

(s) Parent Entity Financial Information

The financial information for the parent entity, AVZ Minerals Limited, disclosed in note 23 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(i) and to note 10 for movements in the exploration and evaluation expenditure balance.

(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.

		Consolidated 2015 $	2014 $
3.	**Revenue**		
	From continuing operations		
	Interest received	44,800	42,619
	Total revenue from other revenue	44,800	42,619
4.	**Loss for the Year**		
	Depreciation of non-current assets		
	Plant and equipment - office	1,560	2,778
	Plant and equipment - field	-	6,643
	Total depreciation	1,560	9,421
	Share-Based Payment Expense	17,200	-
		17,200	-
5.	**Auditor's Remuneration**		
	Remuneration of the auditors of the consolidated entity for:		
	Auditing or reviewing the financial statements:		
	- BDO Audit (WA) Pty Ltd	35,302	32,698
	Non-assurance services	2,000	-
	Total remuneration of auditors	37,302	32,698

		Consolidated 2015 $	Consolidated 2014 $
6.	**Income Tax Expense**		
(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 6(c))	-	-
	Increase/(Decrease) in deferred tax liabilities (note 6(d))	-	-
		-	-
(b)	Numerical reconciliation of income tax expense to prima facie tax payable		
	Loss from continuing operations before income tax expense	(657,426)	(1,031,442)
	Tax at the tax rate of 30.0% (2014: 30.0%)	(197,112)	(309,433)
	Tax effect of amounts which are not deductible in calculating taxable income:		
	Exploration	78,999	231,200
	Share based payments	5,160	-
	Other non-deductible amounts	(1,031)	13,257
	Differences in overseas tax rates	(4,200)	-
	Unrecognised tax losses	118,184	64,976
	Income tax expense/(benefit)	-	-
(c)	Deferred tax asset not recognised		
	Tax losses	1,781,385	1,654,138
	Exploration and expenditure	1,358,935	1,281,824
	Other	6,000	7,031
	Net deferred tax not recognised	3,146,320	2,942,993

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

		Consolidated 2015 $	Consolidated 2014 $
7.	**Cash & Cash Equivalents**		
(a)	Cash & cash equivalents		
	Cash at bank & in hand	1,998,037	1,986,678
	Total cash & cash equivalents	1,998,037	1,986,678

(b) Cash at bank and in hand

Cash on hand is non-interest bearing. Cash at bank bears interest rates between 0.00% and 2.26% (2014: 0.00% and 2.25 %). Refer to note 15 for the group's exposure to interest rate and credit risk.

		Consolidated 2015 $	2014 $
8.	**Trade & Other Receivables**		
(a)	Current		
	Other receivables	27,402	29,978
	Total current trade & other receivables	27,402	29,978

(b) Past due and impaired receivables
As at 30 June 2015, there were no other receivables that were past due or impaired (2014: nil).

(c) Effective interest rates and credit risk
Information concerning Liquidity risk of both current and non-current trade and other receivables is set out in note 15.

	Consolidated Plant & Office Field $	Plant & Office Equipment $	Total $
9. Property, Plant & Equipment			
(a) Year ended 30 June 2015			
Opening net book amount	4,002	1,761	5,763
Additions	-	-	-
Disposals/write-offs/adjustments	241	-	241
Depreciation charge	-	(1,560)	(1,560)
Closing net book amount	4,243	201	4,444
At 30 June 2015			
Cost	58,896	28,544	87,440
Disposals/write-offs/adjustments	2,429	-	2,429
Accumulated depreciation	(57,082)	(28,343)	(85,425)
Net book amount	4,243	201	4,444
(b) Year ended 30 June 2014			
Opening net book amount	11,068	4,539	15,607
Additions	-	-	-
Disposals/write-offs/adjustments	(423)	-	(423)
Depreciation charge	(6,643)	(2,778)	(9,421)
Closing net book amount	4,002	1,761	5,763
At 30 June 2014			
Cost	58,896	28,544	87,440
Disposals/write-offs/adjustments	2,188	-	2,188
Accumulated depreciation	(57,082)	(26,783)	(83,865)
Net book amount	4,002	1,761	5,763

	Consolidated 2015 $	2014 $
10. Exploration & Evaluation Expenditure		
Exploration and evaluation phase		
Opening balance	-	867,567
Exploration costs	198,709	-
Impairment expense[1]	(198,709)	(770,669)
Foreign Exchange Movement	-	(96,898)
Closing balance	-	-

[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 2015 $	2014 $
11. Trade & Other Payables		
Current		
Trade Payables	46,279	57,017
Total current trade & other payables	46,279	57,017

The group's exposure to Liquidity risk is noted in note 15.

	Consolidated 2015 Shares	2014 Shares	Consolidated 2015 $	2014 $
12. Contributed Equity				
(a) Contributed Equity				
Ordinary shares - fully paid	487,883,310	356,912,482	13,996,848	13,340,115
Total Contributed Equity	487,883,310	356,912,482	13,996,848	13,340,115

(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 13.

(d) Performance incentive shares

Refer to Note 22 for further details in respect to the performance shares granted.

12. Contributed Equity (continued)

		Date	Number of Shares $	Issue Price $	Total $
(e)	Movements in contributed equity				
	Opening Balance 1 July 2013		303,412,482		12,941,083
	Issue of shares: Placement	21 May 2014	53,500,000	$0.008	428,000
	Less: Transaction costs arising on share issues				(28,968)
	Closing Balance at 30 June 2014		356,912,482		13,340,115
	Opening Balance 1 July 2014		356,912,482		13,340,115
	Issue of shares: Placement	08 August 2014	9,000,000	$0.008	72,000
	Issue of shares: Rights entitlement	23 September 2014	121,970,828	$0.005	609,854
	Less: Transaction costs arising on share issues				(25,121)
	Closing Balance at 30 June 2015		487,883,310		13,996,848

13. Share Options

(a) 2015 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
30 Nov 14	20.0 cents	2,000,000	-	-	2,000,000	-
31 Oct 14	11.0 cents	1,900,000	-	-	1,900,000	-
		3,900,000	-	-	3,900,000	-

(b) 2014 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	-
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	-
30 Nov 14	20.0 cents	2,000,000	-	-	-	2,000,000
31 Oct 14	11.0 cents	1,900,000	-	-	-	1,900,000
		49,925,000	-	-	46,025,000	3,900,000

		Consolidated 2015 $	2014 $
14.	**Reserves**		
(a)	Unlisted option reserve		
	Opening balance	1,310,448	1,310,448
	Unlisted options issued as remuneration during the year	-	-
	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 13.

(b)	Share-based payment reserve		
	Opening balance	-	-
	Performance Rights issued as remuneration during the year	17,200	-
	Closing balance	17,200	-

4,000,000 Performance Rights were issued following the approval of shareholders at the general meeting held on 6 August 2014. The Performance Rights shall vest if the closing price of Shares on the ASX is $0.015 or higher (as adjusted) for 10 consecutive Business Days. The share based payment reserve is used to recognise the fair value of performance rights issued to employees but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights concerned convert to ordinary shares.

(c)	Foreign Currency Translation Reserve		
	Opening balance	(668,180)	(550,499)
	Exchange difference arising on translation of foreign operations	1,610	(117,681)
	Closing balance	(666,570)	(668,180)

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(q) and accumulated within a separate reserve within equity. The cumulative amount is reclassified to the statement of profit or loss and other comprehensive income when the net investment is disposed of.

(d)	Total reserves		
	Unlisted option reserve	1,310,448	1,310,448
	Share-based payment reserve	17,200	-
	Foreign currency translation reserve	(666,570)	(668,180)
	Total reserves	661,078	642,268

15. 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:

(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
	%	$	$	$	$
2015					
Financial assets					
Cash and cash equivalents	2.26%	1,998,037	-	-	1,998,037
		1,998,037	-	-	1,998,037

Consolidated	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest	Non-interest bearing	Total
	%	$	$	$	$
2014					
Financial assets					
Cash and cash equivalents	2.25%	1,986,678	-	-	1,986,678
		1,986,678	-	-	1,986,678

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 2015 and 30 June 2014, 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 -AA or above, with the exception of cash on hand of $NIL (2014: $NIL) which is not rated.

15. 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 2015 and 30 June 2014, 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 2015							
Trade and other payables	46,279	-	-	-	-	46,279	46,279
At 30 June 2014							
Trade and other payables	57,017	-	-	-	-	57,017	57,017

(e) Net fair value

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

Consolidated	2015 Carrying Amount $	2015 Net fair Value $	2014 Carrying Amount $	2014 Net fair Value $
Financial assets				
Cash and cash equivalents	1,998,037	1,998,037	1,986,678	1,986,678
Trade & other receivables - current	27,402	27,402	29,978	29,978
	2,025,439	2,025,439	2,016,656	2,016,656
Financial Liabilities				
Trade and other payables - current	46,279	46,279	57,017	57,017
	46,279	46,279	57,017	57,017

15. 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).

Due to their short term nature, the carrying amount of the current receivables and current payables is assumed to approximate their fair value. There are no financial assets or liabilities measured using the fair value hierarchy.

		Consolidated 2015 $	2014 $
16.	**Earnings per Share**		
(a)	Earnings/(Loss)		
	Earnings/(loss) used in the calculation of basic EPS	(657,426)	(1,031,442)
(b)	Weighted average number of ordinary shares ('WANOS')		
	WANOS used in the calculation of basic earnings per share:	458,876,325	309,422,071
		cents per share	cents per share
	Basic loss per share	(0.14)	(0.33)

Diluted earnings per share is equal to basic loss per share as the company is in a loss position.

		Consolidated 2015 $	2014 $
17.	**Cash Flow Information**		
(a)	Reconciliation of cash flows from operating activities with loss from ordinary activities after income tax:		
	Loss for the year	(657,426)	(1,031,442)
	Depreciation	1,560	9,421
	Exploration written off	198,709	770,669
	Employment Costs	18,655	43,679
	Changes in assets and liabilities:		
	(Increase) in operating receivables & prepayments	2,576	(1,053)
	(Decrease) in trade and other payables	(10,738)	31,865
	Net cash outflows from Operating Activities	**(446,664)**	**(176,861)**

(b) Non-cash investing and financing activities

There are no non-cash investing and financing activities during the year (2014: nil).

18. 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 2015 as follows:

	Africa $	Corporate $	Total $
Full- Year ended 30 June 2015			
Total segment revenue	-	44,800	44,800
Total segment loss before income tax	56,003	601,423	657,426
Full- Year ended 30 June 2014			
Total segment revenue	-	42,619	42,619
Total segment loss before income tax	815,512	215,930	1,031,442
Segment Assets			
At 30 June 2015	33,283	1,996,600	2,029,883
At 30 June 2014	29,081	1,993,338	2,022,419
Segment Liabilities			
At 30 June 2015	1,112	45,167	46,279
At 30 June 2014	1,049	55,968	57,017
Depreciation Expense			
At 30 June 2015	-	1,560	1,560
At 30 June 2014	-	9,421	9,421

Measurement of segment information

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

(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 $44,800 (2014: $42,619) were derived from one Australian financial institution during the period. These revenues are attributable to the corporate segment.

18. 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.

19. Commitments and Contingencies

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

20. Subsidiaries and non-controlling entities

(a) 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] 2015	Equity holding[1] 2014
			%	%
Northam Resources Ltd[2]	Australia	Ordinary	-	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 was deregistered during the financial period.

(b) Non-controlling entities

The following table sets out the summarised financial information for each subsidiary that has non-controlling interests that are material to the group. Amounts disclosed are before intercompany eliminations (AASB 12.B11)

Summarised statement of Financial Position	Himba Iron Exploration (Pty) Ltd 30 June 2015	Himba Iron Exploration (Pty) Ltd 30 June 2014	Tumba Base Metals X (Pty) Ltd 30 June 2015	Tumba Base Metals X (Pty) Ltd 30 June 2014	Eris Mining (Pty) Ltd 30 June 2015	Eris Mining (Pty) Ltd 30 June 2014
Current Assets	-	-	-	-	29,040	25,080
Non-current Assets	-	-	-	-	86,072	81,189
Total Assets	-	-	-	-	115,112	106,269
Current Liabilities	1,277,409	1,204,924	27,493	25,933	2,706,018	2,496,530
Non-current Liabilities	-	-	-	-	-	-
Total Liabilities	1,277,409	1,204,924	27,493	25,933	2,706,018	2,496,530
Net Assets	(1,277,409)	(1,204,924)	(27,493)	(25,933)	(2,590,906)	(2,390,261)
Accumulated NCI	(63,870)	(60,246)	(1,375)	(1,297)	(130,074)	(119,513)

Summarised statement of Profit or Loss and Other Comprehensive Income	Himba Iron Exploration (Pty) Ltd 30 June 2015	Himba Iron Exploration (Pty) Ltd 30 June 2014	Tumba Base Metals X (Pty) Ltd 30 June 2015	Tumba Base Metals X (Pty) Ltd 30 June 2014	Eris Mining (Pty) Ltd 30 June 2015	Eris Mining (Pty) Ltd 30 June 2014
Revenue	-	-	-	-	-	-
Profit for the period	-	(1,204,796)	-	(1,350)	(56,003)	(1,368,199)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	(1,204,796)	-	(1,350)	(56,003)	(1,368,199)
Profit/(Loss) allocated to NCI	-	(60,246)	-	-	(2,800)	(68,410)
Dividends paid to NCI	-	-	-	-	-	-

Summarised cash flows	Himba Iron Exploration (Pty) Ltd 30 June 2015	Himba Iron Exploration (Pty) Ltd 30 June 2014	Tumba Base Metals X (Pty) Ltd 30 June 2015	Tumba Base Metals X (Pty) Ltd 30 June 2014	Eris Mining (Pty) Ltd 30 June 2015	Eris Mining (Pty) Ltd 30 June 2014
Cash flows from operating activities	-	-	-	-	(56,003)	(1,000)
Cash flows from investing activities	-	-	-	-	-	-
Cash flows from financing activities	-	-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	-	-	-	(56,003)	(1,000)

21. 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 20.

(c) Key management personnel
The key management personnel compensation is as follows:

	2015 $	2014 $
Key Management Personnel Compensation		
Summary remuneration		
Short-term employee benefits	238,877	93,517
Post-employment benefits	3,123	418
Share-based payments	17,200	-
Total key management personnel compensation	259,200	93,935

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

(d) Other transactions with key management personnel

Transactions with Director Related Parties
The following transactions occurred with related parties:

	Consolidated 2015 $	Consolidated 2014 $
Payment to Steinepreis Paganin for legal fees	-	200
Payment to Ascent Capital – rent	-	26,250
Outstanding balances arising from recharges/purchases with Director Related Parties		
Current payables (purchases)	-	3,045

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.

22. Share Based Payments

There have been no options issued to current directors and executives as part of their remuneration.
On 8 August 2014, 4,000,000 Performance Rights were issued to Patrick Flint. The Performance Rights are convertible to ordinary shares if the closing price of the shares on the ASX is $0.015 or higher (as adjusted) for 10 consecutive Business Days at nil consideration. These Performance Rights have a term of 3 years from the date of issue. The Company has valued these rights using a Black-Scholes option pricing model. The volatility for these rights has been determined to be 120% and the interest free rate at 2%. Details of the performance shares issued are as follows:

Director and Other KMP	Number Issued	Grant Date	Exercise Price	Expiry Date of Milestone Achievements	Underlying Share Price on Grant Date ($)	Total Fair Value ($)	% Vested
Patrick Flint	4,000,000	08/08/2014	Nil	08/08/2017	0.008	17,200	-

		Company 2015 $	Company 2014 $
23.	**Parent Entity Information**		
(a)	Assets		
	Current assets	1,970,124	1,991,577
	Non-current assets	58,647	1,761
	Total assets	2,028,771	1,993,338
(b)	Liabilities		
	Current liabilities	45,167	55,967
	Total liabilities	45,167	55,968
(c)	Equity		
	Contributed equity	13,996,848	13,340,115
	Accumulated losses	(13,340,892)	(12,713,193)
	Option reserve	1,310,448	1,310,448
	Share based payment reserve	17,200	-
	Total equity	1,983,604	1,937,370
(d)	Total Comprehensive loss for the year		
	Loss for the year	(627,698)	(1,151,510)
	Other comprehensive income for the year	-	-
	Total comprehensive loss for the year	(627,698)	(1,151,510)

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.

24. Events Occurring after the Reporting Date

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.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 11 to 33 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 2015 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.

G Steinepreis

Gary Steinepreis
Non-Executive Director

West Perth, Western Australia
29 September 2015

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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 2015, 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(a)(i), 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 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.

Opinion

In our opinion:

(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 2015 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(a)(i).

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth, 29 September 2015

Shareholder Information

Shareholding

The distribution of members and their holdings of equity securities in the holding company as at 23 September 2015 is as follows:

Number Held	Class of Equity Securities Fully Paid Ordinary Shares
1- 1,000	19
1,001 - 5,000	19
5,001 - 10,000	57
10,001 - 100,000	145
100,001 and over	177
Total	417

Holders of less than a marketable parcel: 212

Twenty Largest Shareholders

The names of the twenty largest ordinary fully paid shareholders are as follows:

Shareholder	Number	% Held of Issued Ordinary Capital
JP Morgan Nominees Australia Ltd	37,373,208	7.66%
HSBC Custody Nominees Australia Ltd	28,853,752	5.91%
Oakhurst Enterprises Pty Ltd	20,495,533	4.20%
Leilani Inv Pty Ltd <Rice Fam Inv a/c>	20,089,276	4.12%
Ranchland Holdings Pty Ltd <RC Steinepreis fam>	19,235,256	3.94%
Seventy Three Pty Ltd <King s/f no 3 a/c>	17,920,308	3.67%
Croesus Mining Pty Ltd <Second s/f a/c>	15,162,199	3.11%
David Hannon	13,605,495	2.79%
J & J Bandy Nominees Pty Ltd <J&J Bandy s/f a/c>	11,120,308	2.28%
Merrill Lynch Australia Nominees Pty Ltd	10,390,131	2.13%
Talltree Holdings Pty Ltd <D Steinepreis fam>	10,000,000	2.05%
Talltree Holdings Pty Ltd <Nerd fam s/f a/c>	10,000,000	2.05%
Blueknight Pty Ltd	9,333,334	1.91%
Aviemore Capital Pty Ltd	8,994,638	1.84%
Manuela Reitmeier	8,333,400	1.71%
Croesus Mining Pty Ltd <Steinepreis s/f a/c>	8,252,262	1.69%
Piat Corp Pty Ltd	8,000,000	1.64%
David Noel Riekie	7,500,000	1.54%
Chifley Portfolios Pty Ltd <David Hannon a/c>	7,386,193	1.51%
Symorgh Investments Pty Ltd <Symorgh s/f a/c>	7,210,000	1.48%
	279,255,293	57.23%

Substantial Shareholders

The names of the substantial shareholders:

Shareholder	Number	%
Ranchland Holdings Pty Ltd	32,068,590	6.57
Chifley Portfolios Pty Ltd	31,474,954	6.45
N&J Mitchell Holdings Pty Ltd	24,414,461	5.00

On-Market Buy-Back

There is no current on-market buy-back.

Restricted Securities

There are no restricted ordinary shares in escrow.

Unquoted equity securities – performance rights

	Number on issue	Number of holders
Performance Rights shall vest if the closing price of Shares on the ASX is $0.015 or higher (as adjusted) for 10 consecutive Business Days	4,000,000	1

Holders of more than 20% of unlisted performance rights	Number of performance rights	Percentage of performance rights
Patrick Flint	4,000,000	100%

Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(i) Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(ii) Performance Rights

These securities have no voting rights.

AVZ Minerals Ltd, its wholly owned subsidiaries (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at

www.avz minerals.com.au

The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Group's main corporate governance practices are set out below. The Group has considered the ASX Corporate Governance Principles and Recommendations (3rd edition) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices
Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 1.4	✓	
Recommendation 1.5		✓
Recommendation 1.6		✓
Recommendation 1.7	✓	✓
Recommendation 2.1		✓
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5	✓	
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 4.1		✓
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 6.2	✓	
Recommendation 6.3	✓	
Recommendation 6.4		✓
Recommendation 7.1		✓
Recommendation 7.2	✓	
Recommendation 7.3		✓
Recommendation 7.4	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3	✓	

Disclosure – Principles & Recommendations - financial year 2014/2015

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

Disclosure:

Corporate Governance Statement

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Managing Director (who acts in the capacity as CEO).

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business;
- overseeing the accounting and corporate reporting systems, including the external audit; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Recommendation 1.2:

A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Disclosure:

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information following the guidance contained in the ASX Corporate Governance Principles and Recommendations (3rd edition) about any candidate to be elected for the first time or re-elected to enable an informed decision to be made.

Recommendation 1.3:

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

Each senior executive and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Disclosure:

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:

A listed entity should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board supports diversity but the Group has not yet developed a policy. It is the Board's intention to develop a policy at a time when the size of the Group and its activities warrants such a structure.

There are currently no women employees in the organisation.

Recommendation 1.6:

A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Chairman is responsible for evaluating the performance of the Board, its committees and individual directors. This is generally done through a meeting with the Chair.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance. There was no formal performance evaluation during the financial year.

Recommendation 1.7:

A listed entity should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1:

The Board of a listed entity should establish a Nomination Committee which the majority should be independent directors (including the Chair).

Disclosure:

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.2:

A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

Disclosure:

The Board Charter provides that the Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required. An essential component of this will be the time availability of Directors.

	Non-executive chairman	Managing director	Non-executive director / Company Secretary
Leadership	X	X	X
Strategy / Risk	X	X	X
Communication	X	X	X
Fundraising	X	X	X
Mining Industry	X	X	X
Governance	X	X	X
Health, safety and environment		X	X
Financial acumen	X	X	X

Recommendation 2.3:

A listed entity should disclose the names of the directors considered to be independent directors and length of service of each director.

Disclosure:

Patrick Flint is considered to be classified as an independent director.
The dates of appointment as a director are contained in the Directors' Report.

Recommendation 2.4:

A majority of the Board of a listed entity should be independent directors.

Disclosure:

The Group does not have a majority of independent directors.

Consistent with the size of the Group and its activities, the Board is comprised of three (3) directors, one of which is currently considered to be an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. The Board considers that each of the directors possesses the skills and experience suitable to building the Company and that the current composition of the Board is adequate for the Company's current size and operations. It is the Board's intention to appoint additional directors at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.5:

The Chair of the Board of a listed entity should be an independent director.

Disclosure:

Patrick Flint acts as Chair of the Board is independent.

Recommendation 2.6:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

The Board Charter provides for induction and professional development for the Board.

Principle 3 – Act ethically and responsibly

Recommendation 3.1:

A listed entity should have a Code of Conduct for its directors, senior executives and employees.

Disclosure:

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board of a listed entity should have an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2

The Board of a listed entity should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

This recommendation is included as part of the Audit Committee Charter adopted by the Board.

Recommendation 4.3

A listed entity should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

Disclosure:

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company has a website for making this information available to shareholders and investors.

Recommendation 6.2:

A listed entity should design and implement an investor relations program to facilitate two-way communication with investors.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings and will makes itself available to meet shareholders and regularly responds to enquiries made via telephone and in writing.

Recommendation 6.3:

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings. As a junior company the shareholder attendance numbers are low however, if a shareholder wishes to provide a comment or question and is not able to attend the meeting, the Company will address this as part of the meeting.

Recommendation 6.4:

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

The Company is currently reviewing and implementing a strategy to receive communications from, and send communications, to its shareholders.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board of a listed entity should have a committee or committees to oversee risk.

Disclosure:

The Board has adopted a Risk Management Policy. There is no risk management committee and this role is undertaken by the Board. The overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
   - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
   - litigation and claims; and
   - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

The Board of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

Disclosure:

The Board considers risk and discusses risk management at each Board meeting. As part of this all risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than an annual formal review.

Recommendation 7.3:

A listed entity should disclose if it has an internal audit function.

Disclosure:

The Company does not have an internal audit function but reviews its risk management and internal control processes on a regular basis.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board of a listed entity should have a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Recommendation 8.2:

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

The Company provides disclosure of all Directors and executives remuneration in its annual report.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Recommendation 8.3:

A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

Disclosure:

The Company does not have an equity based remuneration scheme which is affected by this recommendation.

Information required under Listing Rule 5.3.3

All projects are located in Namibia.

List of current mining and exploration tenements:

Project	Tenement	Interest	Status
Tumba	EPL 4436	95%	Granted (renewal lodged)
Himba	EPL 4286	95%	Granted (renewal lodged)
	EPL 4283	95%	Application
	EPL 4284	95%	Application
	EPL 4285	95%	Application
Brandberg	EPL 4788	95%	Application
Hammerhead/Thresher	EPL 5503	95%	Application
Abenab	EPL 5502	95%	Application

Key
EPL: Exploration Licence