



## ASX ANNOUNCEMENT

3 March 2020

# Shareholder Update on Yibin Tianyi \$14.1M Placement

## Highlights

- The Sunset Date for the satisfaction of conditions precedent has been extended to 31 March 2020 to accommodate a request from FIRB for additional review time
- Yibin Tianyi, through its associate, N-Resource Limited, is proposed to provide the Company with a US\$1m Convertible Note by 11 March 2020 in order for Yibin Tianyi to maintain its rights under the Subscription Agreement<sup>1</sup>
- AVZ requested and was given the right to commence negotiations, discussions or communications, to enter and conclude funding agreements with additional parties of interest, provided the total issue of new shares does not dilute Yibin Tianyi's expected 11% equity position in AVZ post the subscription agreement being finalised

AVZ Minerals Limited (ASX:AVZ, "the Company") advises the Sunset Date for the satisfaction of conditions precedent to the A\$14.1million investment in AVZ by Yibin Tianyi Lithium Co., Ltd ("Yibin Tianyi") has been extended to 31 March 2020 to accommodate a request to Yibin Tianyi from Australia's Foreign Investment Review Board ("FIRB") for additional review time.

Other than obtaining the necessary FIRB and Chinese Overseas Direct Investment approvals, all other conditions precedents to the Subscription Agreement are currently satisfied.

Accordingly, the Company and Yibin Tianyi have agreed to extend the Sunset Date for Yibin Tianyi's investment to 31 March 2020, or "144 days from the initial execution date of this Subscription Agreement". The Company will continue to work with FIRB and Yibin Tianyi's lawyers with a view to obtaining the necessary regulatory approvals as soon as possible prior to the extended deadline.

In addition, Yibin Tianyi, through its associate N-Resource Limited is proposed to provide the Company with a US\$1m Convertible Note by 11 March 2020 in order to maintain Yibin Tianyi's rights under the Subscription Agreement. The Convertible Note will be provided interest free until 31 March 2020\* and will be issued under the Company's placement capacity as per ASX Listing Rule 7.1.

*\*Please refer to Appendix A for the summary terms and conditions of the Convertible Note.*

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ABN 81 125 176 703

### Directors:

Non-Executive Chairman: John Clarke

Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

Non-Executive Director: Hongliang Chen

Non-Executive Director: Peter Huljich

### Market Cap

\$207 M

### ASX Code: AVZ

The Company has been given the permission to commence negotiations, discussions or communications, to enter and conclude for additional funding for the Company provided the total issue of new shares does not dilute Yibin Tianyi's equity holding to less than 11% of the total issued share capital in the Company immediately after the Subscription Shares are issued.

Should the advance under the Convertible Note of US\$1m not be made to AVZ by 11 March 2020, the Company has the right to terminate the Subscription Agreement.

Under the terms of the Subscription Agreement, both parties will negotiate in good faith to agree and execute a binding offtake agreement for lithium products from the Manono Lithium and Tin Project ("Manono Project").

Senior management from AVZ travelled to China in early January 2020 to visit Yibin Tianyi's lithium chemical plant, which is currently under construction and forecast to commence production by June 2020, and to commence initial discussions on a binding offtake agreement.

Yibin Tianyi is targeting production of up to 25,000 tonnes of lithium hydroxide per annum, with future staged expansions expected to increase production to approximately 100,000 tonnes per annum, making Yibin Tianyi's plant one of the largest hydroxide suppliers in China.

<sup>1</sup> Refer to ASX announcement dated 11 November 2019 "AVZ introduces Yibin Tianyi Lithium as a Strategic Investor"

#### **Lapsing of Unlisted Options**

The Company advises that 30,000,000 Unlisted Options exercisable at 30.5 cents per share have expired.

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

For further information, visit [www.avzminerals.com.au](http://www.avzminerals.com.au) or contact:

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## Appendix A

	Term	Description
1.	Borrower	AVZ Minerals Limited ACN 125 176 703 ( <b>Borrower</b> )
2.	Lender	N-Resource Limited ( <b>Lender</b> )
3.	Loan Amount	USD1,000,000 as a convertible loan ( <b>Loan</b> ).
4.	Use of Loan	The Loan advanced to the Company by the Lender will be used for short term working capital to enable the Company to progress its Manono Project DFS and operations.
5.	Repayment date	Means the earlier of the date: <ul style="list-style-type: none"> <li>(a) of Completion under the Subscription Agreement (the proceeds from Completion to be used to repay all amounts outstanding under the Convertible Loan Agreement);</li> <li>(b) that the Borrower raises at least A\$7,500,000 of debt or equity funding from persons other than the Lender or its associates (including the Subscriber); and</li> <li>(c) 3 calendar months after the date of the Convertible Loan Agreement.</li> </ul>
6.	Advance	The Lender will advance the Loan Amount to the Borrower subject to execution of the Convertible Loan Agreement.
7.	Interest	The Loan shall accrue interest from day to day at the rate of 10% per annum from 31 March 2020.
8.	Security	Unsecured.
9.	Conditions to conversion	The Lender may elect to convert some or all of the amounts outstanding under the Convertible Loan Agreement into Shares in the Borrower at any time provided that: <ul style="list-style-type: none"> <li>(a) the Subscription Agreement has been terminated; and</li> <li>(b) the Subscriber has withdrawn its existing application for approval under the <i>Foreign Acquisitions and Takeovers Act 1975</i> (Cth) (<b>FATA</b>) in relation to the Subscription Shares;</li> <li>(c) the Lender has obtained all necessary approvals pursuant to the FATA; and</li> <li>(d) an Event of Default has occurred.</li> </ul> <p>Any Shares issued on conversion will rank equally with all other Shares on issue at the date of issue and otherwise will be subject to the terms and conditions of the Company's constitution.</p> <p>Any Shares issued on conversion will be subject to a 12 month escrow period.</p>
10.	Conversion Price	85% of the 15 day VWAP of the Borrower's trading price per Share prior to the date of notice of conversion, subject to customary adjustments.