



ASX ANNOUNCEMENT

4 May 2020

Yibin Tianyi to Invest A\$10.6 Million in AVZ and Execution of A\$5.3 Million Underwriting Agreement for Options

Highlights

- Yibin Tianyi to invest A\$10.6 million in AVZ Minerals for a 9% stake on completion of the placement
- Placement funds will enable AVZ to repay the US\$1m convertible loan, undertake early development works at Manono Project and provide ongoing working capital
- Underwriting agreement executed to underwrite the exercise of A\$5.3 million listed options expiring 24 May 2020
- Negotiations continue to close out a binding offtake agreement with Yibin Tianyi

AVZ Minerals Limited (ASX: AVZ, or “the Company”) is pleased to announce an equity placement of A\$10,687,500 to Yibin Tianyi Lithium Industry Co., Ltd (“Yibin Tianyi”) through the issue of 237,500,000 shares at 4.5 cents per share (“Placement”).

Upon completion of the Placement, Yibin Tianyi will hold the equivalent of a 9% stake in AVZ.

Under the new amended Subscription Agreement, Yibin Tianyi will not be entitled to an AVZ Board seat.

Yibin Tianyi will require Chinese Overseas Direct Investment (“ODI”) approval to complete this investment. With the reduced investment amount (under 10%) and with no Board seat, the Placement is not subject to the approval of the Foreign Investment Review Board.

The Company currently intends to issue the Placement shares pursuant to existing placement capacity under ASX Listing Rules 7.1 and 7.1A and anticipates the Placement to be completed by 13 May 2020. In the event that the Placement does not complete by 13 May 2020 and the Company is unable to issue the Placement under ASX Listing Rules 7.1A due to the minimum price, the Company will seek shareholder approval.

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Non-Executive Director: Rhett Brans

Non-Executive Director: Hongliang Chen

Non-Executive Director: Peter Huljich

Market Cap

\$142 M

ASX Code : AVZ

Accordingly, the Company and Yibin Tianyi have agreed to extend the sunset date for satisfaction of all conditions precedent to 30 June 2020 to allow completion of the transaction.

Other than as described above, all other conditions precedent to the Subscription Agreement are currently satisfied.

Yibin Tianyi and the Company are continuing negotiations to execute a binding offtake agreement for lithium products from the Manono Lithium and Tin Project (“**Manono Project**”).

AVZ Executes A\$5.3 Million Underwriting Agreement for Options

The Company is also pleased to announce it has entered into an underwriting agreement (“**Agreement**”) with Canaccord Genuity (Australia) Limited (“**Canaccord**”) to underwrite the exercise of 177,622,382 AVZ listed options expiring on 24 May 2020 and exercisable at A\$0.03 each trading under ASX code – AVZO (“**Options**”).

In May 2017, as part of a capital raising AVZ issued 300,000,000 Options exercisable at A\$0.03 per Option at any time within a period of three years. Since that date, approximately 122,377,618 Options have been exercised by holders.

Under the Agreement, Canaccord agrees to underwrite the exercise of any of the outstanding 177,622,382 Options that are not exercised by Option holders prior to their expiry (“**Offer**”). The total amount to be potentially raised from the Offer is up to approximately A\$5.3 million (before costs).

Settlement of the shares to be issued under the Offer is expected to occur on or about 29 May 2020. The Agreement contains standard covenants and termination provisions for an agreement of this nature.

AVZ’s Managing Director, Mr. Nigel Ferguson, said: “Upon completion, the Board is pleased to finally and officially welcome Yibin Tianyi as a shareholder.

Yibin Tianyi has remained committed to becoming an investor in AVZ and its intention of becoming one of the largest hydroxide suppliers in China is complementary to our vision of bringing our world-class Manono Project into production.

Funding from both the Offer and Placement strengthens AVZ’s balance sheet and together with existing cash, ensures that AVZ is well positioned with A\$19.6 million, before costs, available to advance the development of its flagship Manono Project – one of the world’s largest and highest grade undeveloped hard rock lithium projects.

I look forward to updating the market and our shareholders with respect to offtake agreements, financing arrangements and at the appropriate time, with respect to a decision to mine our Manono Project.”

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

For further information, visit www.avzminerals.com.au or contact:

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About Yibin Tianyi

As previously announced, Yibin Tianyi is backed by several Chinese entities including China's largest EV battery manufacturer, Contemporary Amperex Technology (SZSE: 300750) ("CATL") and Suzhou TA&A UltraClean Technology Co., Ltd (SZSE: 300390).

Yibin Tianyi is set to become one of the largest lithium hydroxide producers in China, targeting production of up to 25,000t of lithium hydroxide per annum, with future stages expansions expected to increase that production to approximately 100,000t per annum. Yibin Tianyi will require approximately 600,000 tonnes per annum of spodumene concentrate (SC6) or some 180,000 tonnes per annum of Primary Lithium Sulphate as feed stock to satisfy its hydroxide plant when fully completed.

About AVZ

AVZ's recently released Definitive Feasibility Study¹ for its Manono Project, is forecasting an initial 20-year mine life producing some 700,000 tonnes per annum of high-grade SC6 lithium² and 43,375 tonnes per annum of Primary Lithium Sulphate.

The Manono Project has a substantial ore body capable of extending the Life of Mine well past the current 20 years, as modelled¹ or indeed, increasing production capacity as required.

¹ Refer ASX Announcement dated 21 April 2020 "AVZ delivers highly positive Definitive Feasibility Study for Manono Lithium and Tin Project"

² 700 kt/a of SC6 produced, with 153 kt/a used as feed stock for lithium sulphate plant