



ANNOUNCEMENT

8 January 2025

Restructured Transaction Implementation Agreement and Joint Venture including US\$20 Million Pre-Completion Facility

AVZ Minerals Limited (**AVZ**) is pleased to announce that it has entered into a pre-completion funding agreement (**Pre-Completion Funding Agreement**), a revised transaction implementation agreement (**TIA**) and a relationship deed with Suzhou CATH Energy Technologies (**CATH**) (together the **Restructured JV Arrangement**).¹

The Restructured JV Arrangement is a continuation of the strong relationship and partnership between AVZ and CATH, with both parties committed to the development of the Manono Lithium and Tin Project (**Manono Project**). The Manono Project has the potential to become a leading global producer of lithium products.

Under the terms of the Restructured JV Arrangement:

- CATH will provide AVZ with a facility of US\$20m to be drawn over the coming twelve months or so, to finance AVZ's certain expenditures and also for working capital and general corporate purposes;
- CATH will pay AVZ US\$259.25m to acquire a 30.5% indirect interest in the Manono Project, through the acquisition of shares in Green Lithium Holding Lte. Ltd (**GLH**) (a wholly owned subsidiary of AVZ International Pty Ltd (**AVZI**) and the holder of legal title to AVZ's interest in Dathcom Mining SA (**Dathcom**)), on satisfaction of certain conditions precedent, including grant of a mining licence for the project area covered by PR 13359 (**Mining Licence**) to Dathcom;
- AVZ and CATH will enter a multi-faceted joint venture to develop the Manono Project;
- Subject to certain conditions, CATH may contribute all project development costs to the Phase I Manono Project joint venture pursuant to a capital expenditure funding agreement to be agreed between CATH and GLH;
- Until the later of 5 years and repayment of any CATH funding of AVZ project development costs, CATH will be entitled to purchase up to 100% of the uncommitted offtake produced and thereafter a reduced rate equal to its and each non-AVZ JV participant's economic interest in the Manono Project;
- AVZ and CATH have entered a relationship deed under which, among other things, CATH undertakes to reasonably support AVZ under certain circumstances;² and
- As a consequence of the revised JV and funding arrangements, AVZ no longer needs to draw upon the Locke litigation funding facility.

¹ For further information relating to CATH or the previous TIA, refer to AVZ's announcement dated 27 September 2021 titled "Cornerstone investor secured for development of Manono Lithium and Tin Project" and subsequent announcements dated 29 September 2021, 30 November 2021, 16 February 2022, 2 May 2022, 1 June 2022, 29 July 2022, 30 September 2022, 3 January 2023, 28 February 2023, 4 April 2023 and 3 July 2023.

² As the date of this announcement, CATH and its associates hold a relevant interest in 7.1% of AVZ shares on issue

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Directors

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Non-Executive Director: Rhett Brans
Executive Director: Serge Ngandu
Non-Executive Director: Salome Sijaona

AVZ Managing Director comment

AVZ Minerals' Managing Director Nigel Ferguson said:

"AVZ is pleased to have secured a deeper relationship with our long-term partner, CATH. Working together with CATH we remain determined to advance the Manono Project. We are thankful for the continued financial support of our partner in CATH.

We'd also like to thank Locke Capital for their support and the external validation of AVZ's legal claims and strategy. However, the Board considers the restructured partnership with CATH provides greater long-term value for AVZ shareholders.

AVZ remains committed to fighting for its legal rights for the benefit of its shareholders, CATH and its DRC stakeholders and to advance the Manono Project to the benefit of all stakeholders."

Pre-Completion Funding Agreement

The Pre-Completion Funding Agreement is intended to fund certain expenditures of AVZ and also AVZ corporate costs and meet ongoing working capital requirements.

<i>Pre-Completion Funding Agreement</i>	
<i>Committed Amount</i>	<ul style="list-style-type: none">• Up to US\$20,000,000.
<i>Conditions to Drawdown</i>	<ul style="list-style-type: none">• No material adverse change and no default or potential default has occurred and is continuing• Other customary conditions to drawdown for a facility of this nature
<i>Availability Period</i>	<ul style="list-style-type: none">• The funds will be available to AVZ until the earlier of:<ul style="list-style-type: none">– a Mining Licence is granted over the Manono Project and completion of the revised TIA; or– completion of scheduled drawdowns in December 2025 or in 2026.
<i>Drawdown</i>	<ul style="list-style-type: none">• Drawdowns scheduled as US\$10m by end of January 2025, plus two further US\$5m drawdowns as and when required by AVZ's budgeted requirements
<i>Use of funds</i>	<ul style="list-style-type: none">• Funds received must be applied to pay AVZ's costs in respect of efforts to secure the Manono Project and for AVZ corporate costs
<i>Interest rate</i>	<ul style="list-style-type: none">• Funds advanced will attract interest at a rate of 9% per annum• Interest will be capitalised
<i>Repayment</i>	<ul style="list-style-type: none">• Funds advanced plus interest will be repaid from proceeds of the Manono Project acquisition price payable by CATH on grant of the Mining Licence and completion of the revised TIA; or• Repayable in full on 31 December 2027.
<i>Security</i>	<ul style="list-style-type: none">• The facility will be unsecured for the first US\$10m drawdowns• CATH will require security is granted as a condition to the further US\$10m utilisation which will also cover the first US\$10m drawdowns

Joint strategy

- AVZ and CATH have agreed to work collaboratively to constructively engage with the DRC Government to secure and accelerate the development of the Manono Project.
 - AVZ and CATH are committed to resolve the relevant issues in order to see the Manono Project through to production.
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Locke Funding Facility

On 28 November 2024 AVZ announced it had agreed the key terms and conditions for a litigation funding facility of up to US\$15 million with Locke Capital II, LLC (**Locke**).³

Due to the availability of the Pre-Completion Funding Agreement from CATH, AVZ has elected not to proceed with the funding facility agreement with Locke. No funds have been drawn down by AVZ from Locke.

The Board would like to express its gratitude to Locke for its support of the Company.

Revised TIA

Consideration

Under the terms of the revised TIA, CATH will acquire an indirect 30.5% interest in the Manono Project, through the acquisition of shares in GLH (a wholly owned subsidiary of AVZI and the holder of legal title to AVZ's interest in Dathcom), for cash consideration to AVZ of US\$259.25m.

Development costs funding

In addition to the cash consideration, subject to certain conditions, CATH may contribute all project development costs to the Phase I Manono Project joint venture pursuant to a capital expenditure funding agreement to be agreed between CATH and GLH. Under the capital expenditure funding agreement, and should AVZ not wish to contribute its share, AVZ's pro-rata share of project development costs may be accounted as a loan from CATH to GLH attracting interest at a rate standard for facilities of this nature and not greater than that applied to the CATH facility unless the actual funding costs at the time are higher. The loan from CATH to GLH will be repayable from profits from the Manono Project.

Offtake and marketing arrangements

AVZ shareholders will recall that on 29 March 2021, Dathcom, AVZI and Yibin Tianyi Lithium Industry Co., Limited (a company incorporated pursuant to the laws of China) (**Yibin Tianyi**) entered into an offtake agreement (**YT Offtake Agreement**). AVZ shareholders will also recall that the original TIA contemplated several variations to the YT Offtake Agreement, including (among other variations) that the agreement be assigned to CATH and expanded in scope so that it provides for the offtake of SC6 for the life of the Manono Project.⁴

The YT Offtake Agreement will be further revised to provide that, until the later of 5 years and repayment of any funding of AVZ's expenditure obligations facilitated by CATH, CATH will be entitled

³ Refer to AVZ's announcement titled "US\$15,000,000 Funding Facility agreed with Locke". For further information relating to Locke, refer to AVZ's announcement dated 17 November 2024 titled "AVZ Secures US\$20 Million Funding Facility" and subsequent announcements dated 2 April 2023, 14 June 2024 and 30 July 2024.

⁵ Refer to AVZ's announced titled dated 20 October 2021 titled "Manono Lithium and Tin Project Corporate Update".

to purchase up to 100% of the offtake produced and thereafter a reduced rate equal to its and each non-AVZ JV participant's economic interest in the Manono Project.

Downstream processing arrangement

AVZI will be granted an option to purchase up to 49% of CATH's interest in a lithium hydroxide or carbonate conversion plant (**LHC Plant**) to be built by CATH.

Release of break fee arrangements

There are no break fee arrangements. The escrowed US\$20 million break fee paid by CATH into an escrow account under the original TIA will be released to CATH.⁵

Conditions precedent to the transaction completion

Completion is subject to satisfaction or waiver of certain conditions precedent, including:

- the Mining Licence being granted to Dathcom;
- the transfer of certain service entities to GLH;
- the CAPEX Funding Agreement is entered into by CATH and GLH;
- a shareholders agreement in respect of GLH is entered into between AVZ, CATH and GLH;
- a revised offtake agreement is entered into between Dathcom and CATH;
- all regulatory approvals and third-party consents required under all applicable laws (including those of the Democratic Republic of Congo and the People's Republic of China) and contractual arrangements having been obtained;
- no material adverse change having occurred.

Relationship Deed

The relationship deed between AVZ and CATH provides for:

- a restriction on any disposal of AVZ shares by CATH (or any of its associates) to certain prohibited parties;
- an undertaking by CATH (and each of its associates holding AVZ shares) to extend certain agreed supports to AVZ; and
- for CATH to provide reasonable assistance to AVZ in respect of certain shareholder-related proceedings.

This announcement was authorised for release by the board of directors of AVZ Minerals Limited.

For further information, visit www.avzminerals.com.au or you can contact the Company via telephone +61 8 6186 7600 or email admin@avzminerals.com.au

⁵ Refer to AVZ's announced titled dated 20 October 2021 titled "Manono Lithium and Tin Project Corporate Update".