



ASX ANNOUNCEMENT
24 December 2020

AVZ Signs First Lithium Offtake Agreement with GFL International

Highlights

- AVZ signs strategic offtake agreement with GFL International Co. Limited, a subsidiary of Ganfeng Lithium Co Ltd
- Ganfeng is China's largest lithium compound producer
- Initial 5-year term with GFL and option to extend for further 5 years
- GFL to purchase up to 160,000 metric tonnes per annum of spodumene concentrate

AVZ Minerals Limited (ASX:AVZ, "the Company" or "AVZ") is pleased to advise the Company has secured a strategic, long-term offtake partner with GFL International Co. Limited ("GFL"), a subsidiary of China's largest lithium compounds producer, Ganfeng Lithium Co Ltd ("Ganfeng Lithium").

The Company and GFL have signed an offtake agreement, for an initial five year term and with an option to extend for a further five years, for spodumene concentrate (SC6) from the Manono Lithium and Tin Project "**Manono Project**".

GFL is a leading global battery materials producer that is continuing to expand both its lithium carbonate and lithium hydroxide production capacity. Further details regarding Ganfeng Lithium are outlined below.

AVZ's Managing Director, Mr. Nigel Ferguson, said: "We are very pleased to finalise these discussions with GFL and to sign our first lithium offtake agreement."

"The fact we have signed our first offtake agreement with China's largest lithium compound producer just reinforces our belief that the Manono Project is world-class."

"GFL has signed on to take 30% of the Manono Project's initial saleable SC6 yearly tonnage, which is a massive endorsement for our project."

"Over the coming months, I look forward to finalising other offtake agreements which are currently under negotiation, not only for our lithium products but also for our tin and tantalum materials."

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Market Cap
\$280 M

ASX Code: AVZ

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“This SC6 offtake agreement with GFL will also greatly assist the Company in meeting any conditions precedent that are required for our prospective financiers.”

“I look forward to updating our shareholders and the market with respect to the Company’s financing options for the Manono Project early in the New Year.”

Key terms of the GFL Offtake Agreement:

- Term: initial 5-year term, with the option to extend for a further 5 years, at GFL’s option.
- Annual Supply: Ramping up to 160,000 dry metric tonnes of spodumene concentrate from Year 3 onwards.
- Product specifications: 6% Spodumene Concentrate SC6.
- Pricing: CIF, China determined by a formula which references pricing of lithium carbonate and lithium hydroxide, with appropriate adjustments for quality and including a scaled collar price mechanism. If the term is extended for a further 5 years, a review of the pricing formula may be triggered with reference to agreed market parameters.
- Payment: payment for each shipment will be made by an irrevocable letter of credit.
- Agreement by the parties to place an importance and focus on environmental, social and governance (ESG) development through the agreement.
- Termination rights: include occurrence of an insolvency event and material breach of the Offtake Agreement including non-payment or failure to supply or take annual tonnage requirements.

About Ganfeng Lithium <http://www.ganfenglithium.com/index_en.html>

Ganfeng Lithium is the world’s third largest and China’s largest lithium compounds producer and the world’s largest lithium metals producer in terms of production capacity as of December 31, 2017, according to CRU. Ganfeng Lithium offers five major categories of more than 40 lithium compounds and metals products, which they believe is one of the most comprehensive product offerings among the lithium compounds and metals suppliers in the world. Ganfeng Lithium has a vertically integrated business model, with operations along the critical stages of the value chain, including upstream lithium extraction, midstream lithium compounds and metals processing as well as downstream lithium battery production and recycling. Ganfeng Lithium started as a midstream manufacturer of lithium compounds and lithium metals and has successfully expanded both upstream and downstream along the industry value chain to secure competitive lithium raw material supply, ensure cost and operational efficiency, achieve valuable synergies between various business lines, gather latest market information and develop cutting-edge technologies. Ganfeng Lithium’s comprehensive suite of product offerings enables it to effectively address the unique and diverse products needs of its customers who mainly come from battery related end markets and have a broad variety of requirements and specifications.

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

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