



ASX ANNOUNCEMENT

9 March 2021

AVZ signs second binding SC6 Offtake Agreement with major Chinese lithium converter

Highlights

- AVZ signs second strategic offtake agreement - with Shenzhen Chengxin Lithium Group Co.,Ltd
- Chengxin agree to purchase up to 180,000 tonnes per annum of SC6 for an initial 3-year term following commencement of production with mutually agreed options to extend
- Chengxin is a leading global battery materials producer that is continuing to expand its lithium hydroxide production capacity
- Over 50% of the intended annual SC6 saleable product from the Manono Project is now contracted under binding Offtake Agreements

AVZ Minerals Limited (ASX:AVZ, “the Company” or “AVZ”) is pleased to advise the Company has secured a second strategic, long-term offtake partner with Shenzhen Chengxin Lithium Group Co.,Ltd, (“Chengxin”).

The Company and Chengxin have signed a binding offtake agreement for the supply of spodumene concentrate (SC6) from the Manono Lithium and Tin Project (“Manono Project”).

Chengxin is a leading global battery materials producer that is continuing to expand its lithium hydroxide production capacity. Further details regarding Chengxin are outlined below.

AVZ’s Managing Director, Mr. Nigel Ferguson, said: “We are very pleased to conclude our discussions with Chengxin and to sign our second lithium offtake agreement.”

“This agreement takes offtake commitments to more than 50% of the Manono Project’s initial saleable SC6 production, which is a massive endorsement for our project.”

“We are well advanced with our other offtake discussions, not only for our lithium products but also for our tin and tantalum materials. These will be pursued diligently over the coming weeks and I look forward to updating the market once these agreements are finalised.”

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Market Cap

\$578 M

ASX Code: AVZ

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Chengxin is set to become one of the largest lithium hydroxide producers in China, with initial production capacity of up to 25,000t lithium carbonate and 15,000t lithium hydroxide and with future staged expansions expected to increase production to approximately 70,000t per annum. Chengxin will require approximately 560,000t per annum of SC6 to satisfy its internal demand after commissioning its planned expansions.

Key terms of the Chengxin Offtake Agreement:

- Term: initial 3-year term, with extension options by mutual agreement
- Annual Supply of up to 180,000 tonnes of spodumene concentrate per annum
- Pricing USD/CIF, China determined by a formula which references various published market prices of lithium carbonate and lithium hydroxide products and underpinned by an agreed floor price
- Shipment payments via documentary letter of credit
- Termination rights included for breach of the material terms of the Offtake Agreement including non-payment or failure to supply or take annual quantity commitments

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

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