



ASX ANNOUNCEMENT

30 March 2021

AVZ signs binding SC6 Offtake Agreement with major Chinese lithium converter

Highlights

- AVZ signs third binding strategic offtake agreement - with Yibin Tianyi Lithium Industry Co., Ltd ("Yibin Tianyi")
- Yibin Tianyi is a key participant in the supply chain of Contemporary Amperex Technology (CATL), the world's largest lithium-ion battery maker and has significant expansion plans over the next five years
- Yibin Tianyi agree to purchase up to 200,000 metric tonnes per annum of SC6 for an initial 3-year term following commencement of production with an option to extend for an additional two years
- Significant milestone reached with more than 80% of annual SC6 production from the Manono Project committed under long-term binding offtake agreements, satisfying an important condition precedent for prospective Project financiers

AVZ Minerals Limited (ASX:AVZ, "the Company" or "AVZ") is pleased to advise the Company has secured a strategic, long-term offtake partner agreement with Yibin Tianyi Lithium Industry Co., Ltd., ("Yibin Tianyi").

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

Yibin Tianyi is a leading global battery materials producer that is continuing to expand its lithium hydroxide production capacity as a key participant in the supply chain of Contemporary Amperex Technology (CATL), the world's largest lithium-ion battery maker. Further details regarding Yibin Tianyi are outlined below.

AVZ's Managing Director, Mr. Nigel Ferguson, said: "We are very pleased to conclude our discussions with Yibin Tianyi and to sign another binding offtake agreement for SC6 to a Chinese converter."

"This agreement takes our SC6 binding offtake commitments to more than 80% of the Project's annual SC6 production*, which is a massive endorsement for the Manono Project and one that satisfies an important condition precedent for our prospective project financiers."

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Market Cap

\$607 M

ASX Code: AVZ

“At present, we are seeing buoyant market conditions with reported SC6 prices in China increasing circa 30%** in the first quarter of the year while during the same time the LME cash tin price has surged circa 30%*** boding well for the Manono Project’s Optimised Definitive Feasibility Study which is due for completion next quarter.”

“Positive market sentiment is greatly assisting our negotiations and while we are not compelled to commit to further forward sales, we are continuing to explore strategic opportunities for our offtakes in both traditional and emerging lithium markets including Europe, US and India.”

*[*Ref: Calculated based on 700kt annual SC6 production, with 153kt SC6 production being used for Primary Lithium Sulphate conversion.*

*[**Ref: Asian Metal, Spodumene Li₂O 6%min CIF China USD/mt, price movement from 1 January 2021 to 26 March 2021].*

*[***Ref: London Metal Exchange, LME cash price movement from 1 January 2021 to 25 March 2021].*

Key terms of the Yibin Tianyi Offtake Agreement:

- Term: initial 3-year term, with extension options
- Annual Supply of 200,000 metric tonnes (+/- 12.5% in Seller’s option) 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

About Yibin Tianyi:

Yibin Tianyi is set to become one of the largest lithium hydroxide producers in China, with initial production capacity of up to 20,000t of lithium hydroxide per annum and with future staged expansions expected to increase production to approximately 100,000t per annum. Yibin Tianyi will require approximately 700,000mt p.a. of SC6 to satisfy its internal demand after commissioning its planned hydroxide plant expansions.

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

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