

Avenira- Aleees MOU sets out LFP cathode manufacturing pathway

HIGHLIGHTS

- **Avenira signs non-binding MOU with global LFP cathode manufacturer, Aleees to jointly develop a LFP battery cathode manufacturing facility in Darwin, Northern Territory**
- **Parties to work towards an initial 5,000-10,000tpa in 2023/24, potentially scaling to 200,000tpa by 2032**
- **Avenira proposes to construct the LFP plant, sourcing phosphoric acid feed from its flagship Wonarah Phosphate project in the Northern Territory**
- **Aleees will grant licensing rights and certain development, operational and management support**

Memorandum of Understanding (MOU)

Avenira (ASX: AEV) is pleased to advise it has signed a non-binding MOU with world leading LFP battery manufacturer, Advanced Lithium Electrochemistry Ltd (Aleees), (TWSE: 5227) to work towards the development of a Lithium Iron Phosphate (LFP) battery cathode manufacturing plant in Darwin using Avenira's flagship Wonarah Phosphate Project.

Taiwan-based Aleees is a globally recognised LFP battery material manufacturer and one of the few companies outside China with complete LFP cathode material manufacturing capability and patents for electric vehicle and stationary storage batteries.

Under the MOU Avenira proposes to construct the LFP plant in the NT and use phosphoric acid feedstock from its advanced Tier 1 high-grade Wonarah Phosphate Project, south-east of Darwin.

Aleees, which has deep industry knowledge and an extensive list of intellectual property rights and patents, will grant licensing rights and offer certain operational, management and research and development support for the establishment and operation of the LFP Plants.

The Avenira-Aleees MOU comes on the back of a three-way MOU with the Northern Territory Government (see ASX announcement 21 September 2022), whereby the Northern Territory Government will work proactively with the partners to assist and advise where appropriate in relation to necessary infrastructure including water, energy, power, telecommunications, road, port and rail access and service requirements.

LFP batteries are growing in popularity for electric vehicles and static storage due to their lower cost, longer life cycle, safety, thermal stability and fast charging capabilities compared to Lithium-Nickel-Manganese-Cobalt (NMC) batteries.

Avenira and Aleees are targeting the construction and commissioning of an initial 5,000-10,000 tonnes per annum LFP Plant by 2023/2024, **(First LFP Plant)**

Avenira plans to replicate the First LFP Plant in 10,000tpa trains up to a potential 200,000tpa by 2032.

The details of the phased capacity program should not be construed as production targets, as the Scoping study previously advised has not yet been completed to form the reasonable basis for Avenira to expect that it can extract commercially sufficient high grade phosphate from the Wonarah project for the LFP plant to achieve those phases.

Avenir’s Executive Chairman, Mr. Brett Clark commented,

“Aleees is a world-class partner to be assisting us on this journey. Aleees brings its deep knowledge of LFP cathode manufacturing to Avenir’s world-class deposit of high-grade phosphate at Wonarah. This is a perfect demonstration of parties working together to deliver high value downstream processing solutions and value to our stakeholders.”

“We also jointly acknowledge the proactive role the NT Government has and will continue to play in helping to facilitate the development.”

Key Terms

Under the key terms of the MOU Avenir and Aleees will enter into a Patent and Technology License Agreement (**License Agreement**) to grant Avenir the use of Aleees’ technology.

- Avenir will pay Aleees a down payment (**Down Payment**) of USD\$ five (5) million which will be payable in two tranches:
 - Tranche 1 - USD\$3m upon Avenir securing sufficient funding for the First LFP Plant.
 - Tranche 2 – USD\$2m upon completion of construction of First LFP Plant.
- In addition, Avenir will pay Aleees a royalty (**Royalty**) of:
 - US\$1.5/kg of LFP cathode product between 0 – 30,000tpa.
 - US\$1.25/kg of LFP cathode product between 30,000 – 50,000tpa.
 - US\$1.0/kg of LFP cathode product over 50,000tpa.
- Under a management agreement (**Management Agreement**) Avenir will with Aleees operate and maintain the LFP Plants for a period of twenty (20) years.
- As part of the incentive program offered to Aleees’ team members, Avenir will grant, subject to shareholder and ASX approval, 220 million performance rights (**Performance Rights**) to certain Aleees team members, subject to meeting key performance criteria.
- Aleees and Avenir will work together to secure offtake arrangements with investment grade offtakers.
- The MOU operates to the end of June 2023, unless both parties agree to extend the MOU, or;
- The MOU is replaced when both Parties execute the Licensing Agreement and the Management Agreement.

The following table indicates the targeted milestones to be achieved under the MOU.

No.	Project Milestone	Milestone Completion Date
1.	Site selection	Q4 2022
2.	Financial funding	Q1 2023
3.	Sign Patent and License Agreement	Q1 2023
4.	Sign Management Agreement	Q1 2023
5.	Engineering, Procurement, Construction Management	2023/2024
6.	Commissioning of First LFP Plant	2023/2024

This announcement has been authorised by the Board of Avenir Limited.

For further information regarding Avenir, please visit avenir.com or contact

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Wonarah Phosphate Project (Avenira 100%)

Wonarah Project Summary

- High Grade Phosphate Resource of 67Mt @ 30.0% P₂O₅, (27% P₂O₅ cutoff grade).
- Tier 1 large premium grade phosphate deposit in Australia (15% Cut off grade):
 - Measured Resource of 64.9 Mt @ 22.4% P₂O₅;
 - Indicated Resource of 133 Mt @ 21.1% P₂O₅;
 - Inferred Resource of 352 Mt @ 21% P₂O₅.
 - 100%-owned by Avenira.
- Excellent infrastructure including nearby road, rail, gas, and water.

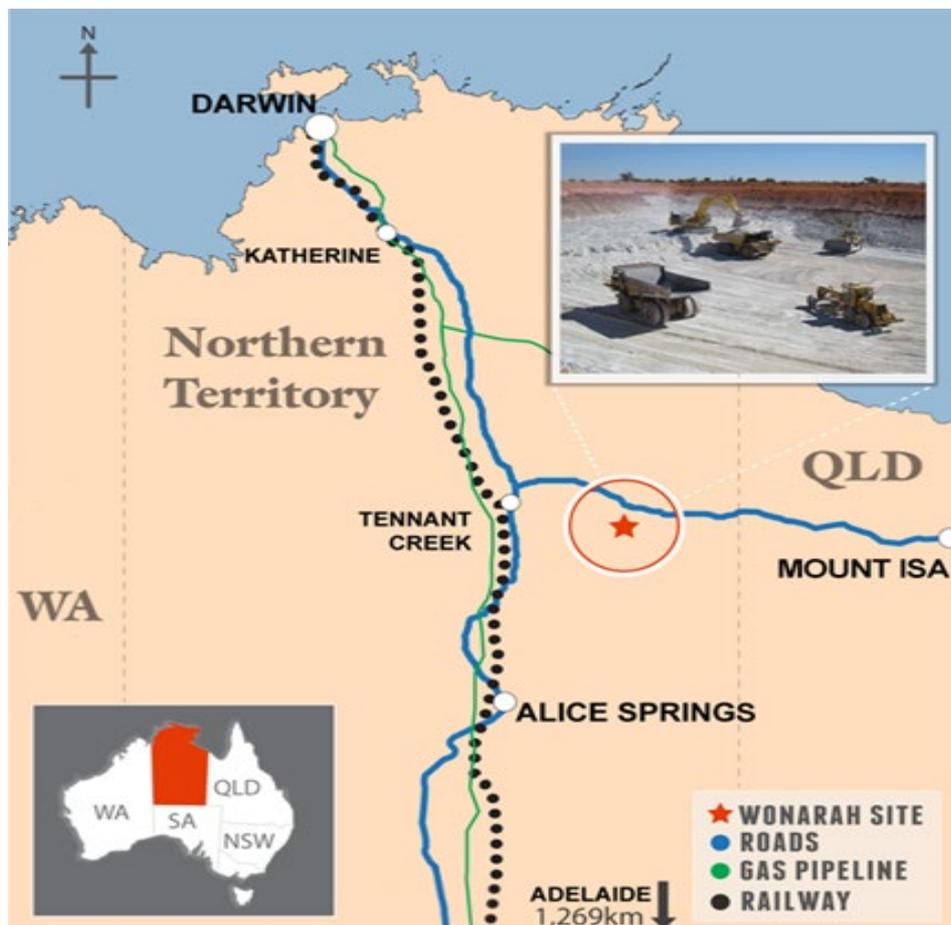


FIGURE 1: WONARAH PROJECT LOCATION MAP