



ASX ANNOUNCEMENT

17 November 2023

Binding Term Sheet Signed for Funding Facility of up to US\$20,000,000

Highlights

- AVZ has signed a Binding Term Sheet (**Term Sheet**) to provide a pathway for the execution of a formal agreement for a general working capital and litigation funding facility of up to US\$20,000,000 (**Funding Facility**)
- After negotiations with various potential funders, AVZ's Board has elected to proceed to a period of exclusivity with Locke Capital I, LLC and its investment manager, Locke Capital Limited (**Locke**)
- AVZ and Locke will negotiate in good faith to execute a formal agreement on terms consistent with the Term Sheet as soon as possible, or in any case before 31 March 2024
- Upon completion of due diligence by Locke, and subject to approval of its Investment Committee and negotiation and execution of final documentation, Locke will advance funds to AVZ to be deployed in connection with the Manono Project
- The funds will provide funding for all legal fees incurred by AVZ on behalf of AVZ, AVZ International Pty Ltd, Green Lithium Holdings Pte. Ltd or Dathcom, expert fees, local law support, investigation costs, arbitration and court fees and any related activities
- The Funding Facility will also provide significant working capital to ensure AVZ can continue defending its legal rights to its interests in the Manono Project and ultimately see its development

AVZ Minerals Limited (ASX: AVZ, OTC: AZZVF) (**Company**) is pleased to advise that a Binding Term Sheet (**Term Sheet**) for a general working capital and litigation funding facility (**Funding Facility**) has been agreed and signed with Locke Capital I, LLC and Lock Capital Limited (**Locke**).

The Term Sheet provides a clear pathway to entering a formal agreement for Locke to provide a Funding Facility to the Company, which will be used to cover corporate, legal and project costs while the Company resolves various litigation matters in relation to the Manono Lithium and Tin Project (**Manono Project**).

AVZ Minerals Limited
Level 2, 1 Walker Avenue
West Perth, WA 6005
Australia

T: + 61 8 6186 7600

F: + 61 8 6118 2106

E: admin@avzminerals.com.au

W: www.avzminerals.com.au

ABN 81 125 176 703

Directors

Non-Executive Chairman: John Clarke

Managing Director: Nigel Ferguson

Technical Director: Graeme Johnston

Non-Executive Director: Rhett Brans

Executive Director: Serge Ngandu

Non-Executive Director: Casta Tungaraza

Non-Executive Director: Salome Sijaona

ASX Code: AVZ
OTC Code: AZZVF

After consultation and negotiations with various potential funders, the Board has elected to proceed to a phase of exclusive due diligence with Locke until, at latest, 31 March 2024, with the aim of executing a formal agreement for the Funding Facility as soon as practicably possible.

The Funding Facility is intended to fully fund the legal costs incurred with respect to the three ICC arbitration proceedings involving La Congolaise d'Exploitation Minière and/or Jin Cheng Mining Company, the two ICC arbitration proceedings involving Dathomir Mining Resources SARLU, and the ICSID arbitration proceedings against the Democratic Republic of the Congo, as previously disclosed to the ASX. Funds can also be used for other proceedings as agreed upon.

Additionally, the Term Sheet outlines the intention for the Funding Facility to cover any further legal costs associated with the Manono Project, corporate costs and any project costs associated with maintaining the current state of the Manono Project's assets, should the Company require.

Managing Director comment

AVZ Minerals' CEO Nigel Ferguson said: *"AVZ is extremely pleased to have signed this Term Sheet with Locke, a global litigation funder with deep experience in funding complex litigation proceedings like the ones AVZ is pursuing.*

Having Locke provide this proposal after completing a round of diligence validates AVZ's strong position across all its legal disputes with a clear pathway to conclusion in AVZ's favour.

AVZ remains committed to fighting for its legal rights for the benefit of its shareholders and its DRC stakeholders and to see the Manono Project to production."

Background to Locke

Locke is a specialist finance firm providing finance for dispute resolution. Locke has a broad portfolio of local and international litigation and arbitration funding projects and extensive experience working to enable the resolution of high-value litigation, arbitration and recovery projects. Locke provides innovative and responsive funding solutions for dispute resolutions. Locke, and its founders, has a successful track record in assisting companies around the globe and across various industries navigate through highly complex and evolving legal disputes.

Background to the claims

Further details of the various proceedings were provided in the announcement dated 27 September 2023 and subsequent updates were provided in announcements dated 9 October 2023, 2 November 2023 and 15 November 2023.

Next Steps

AVZ will provide access to relevant due diligence materials to Locke to advance towards the execution of a formal agreement to effect the Funding Facility on terms consistent with the Term Sheet as outlined below.

AVZ will continue to pursue all arbitration proceedings as disclosed in AVZ's announcement on 27 September 2023 as normal whilst the binding documentation of the funding is negotiated, in good faith, and executed. Funds will be released to AVZ per a fixed schedule based on cash flow forecasts provided by AVZ.

Key Terms

Key terms of the proposed Funding Facility as per the agreed Term Sheet are outlined below:

<i>Proposed Transaction</i>	<ul style="list-style-type: none">• AVZ and Locke enter into a transaction (Transaction) by which Locke will advance up to US\$20,000,000 of funds to AVZ to be deployed in connection with the Manono Project including:<ul style="list-style-type: none">○ legal fees incurred in respect of any legal proceedings in any way connected to the Manono Project (Proceedings); and○ otherwise in resolving issues in relation to the development of the Manono Project
<i>Exclusivity</i>	<ul style="list-style-type: none">• AVZ must not enter into negotiations with any third party in relation to the funding of Proceedings from the commencement to the termination of the Term Sheet
<i>Due Diligence</i>	<ul style="list-style-type: none">• Locke is to undertake its due diligence as soon as reasonably practicably and in any event by 31 March 2024• AVZ will provide all reasonable assistance to Locke for the duration of the due diligence process• If Locke determines, on the basis of its due diligence, that it will not proceed with the Transaction it must immediately terminate this Term Sheet
<i>Formal Agreement</i>	<ul style="list-style-type: none">• AVZ and Locke must negotiate in good faith and use their best endeavours to execute, as soon as practicable, a formal agreement to effect the Transaction on terms which are consistent with the Term Sheet
<i>Break Fee</i>	<ul style="list-style-type: none">• In the event that the Term Sheet is terminated by AVZ, by Locke on the basis of due diligence, or the formal agreement is not executed by 31 March 2024 AVZ must pay Locke's reasonable costs in relation to the Transaction capped at US\$200,000• A break-fee of US\$1,000,000 is payable to Locke by AVZ in the event that AVZ terminates the Term Sheet at any time
<i>Repayment</i>	<ul style="list-style-type: none">• Customary for a facility of this nature final repayment terms will be negotiated with Locke during the due diligence period

The Term Sheet outlines other commercial terms standard for funding agreements of this nature.

The Company remains committed to progressing the development of the Manono Project, for the advantage of all AVZ stakeholders and believes the Term Sheet is a significant step towards a binding Funding Facility, representing significant progress towards development of the Manono Project.

AVZ's preference continues to be to achieve resolution of the various disputes by agreement. However, AVZ's opponents have adopted a strategy of delaying negotiations in anticipation that AVZ will run out of funds and be unable to protect its rights. The Binding Term Sheet with Locke Capital demonstrates that this strategy will not succeed. If necessary, AVZ will prosecute all of the proceedings

to final hearing. Nevertheless, AVZ's preferred course is a negotiated resolution commencing with the execution of an MOU with the DRC Government which provides for a stay of the ICSID proceedings while the DRC Government takes the necessary steps to comply with the Mining Code at which time the ICSID proceedings can be withdrawn.

This announcement was authorised for release by the Board of Directors of AVZ Minerals Limited.

For further information, visit www.avzminerals.com.au or contact:

Mr. Jan de Jager or Mr. Ben Cohen

Joint Company Secretary

AVZ Minerals Limited

Phone: +61 8 6117 9397

Email: admin@avzminerals.com.au

Media Enquiries:

Mr. Peter Harris

Peter Harris & Associates

Phone: +61 (0) 412 124 833

