



27 January 2023

Renegotiation of Sandover Lithium Project Acquisition Terms

The Board of Tivan Limited (ASX: TVN) (“Tivan” or the “Company”) advises that it has renegotiated the terms of acquisition of the Sandover Lithium Project (“Project”) in the Northern Territory with the project vendors.

Under the leadership of the Company’s former Managing Director and CEO, Mr Paul Burton, in August 2022 the Company entered into a binding term sheet with two private prospectors to acquire 13 Exploration Licence Applications comprising the Sandover Lithium Project located 50km south-east of the Company’s Mount Peake Project.

In an ASX announcement on 16 August 2022 detailing the Project acquisition, it was disclosed that acquisition terms were “\$25,000 per granted licence, with the consideration paid on transfer”. This consideration, totalling an amount of \$325,000, has been paid to the vendors.

The binding term sheet also included a contingent milestone payment: upon the definition of a Mineral Resource (as defined in the JORC Code 2012) for the Project with an in-situ value exceeding \$500 million the vendors (or their nominees) will be entitled to a cash payment equal to 2.0% of the in-situ value of the Mineral Resource, capped at a maximum amount of \$40 million, due and payable within 60 days of the Company’s Board of Directors’ approval and acceptance of an independent valuation of the in-situ value of the Mineral Resource. The contingent milestone payment (“the Payment”) was not disclosed in the ASX announcement of 16 August 2022.

The Board considers the “Payment” to be uncommercial. If not renegotiated, the Payment would effectively prohibit the Company from undertaking any exploration activity for the Project, or selling the Project, and instead likely result in the Company relinquishing its interests in the Project.

In order to resolve this issue, the Company has renegotiated the terms of acquisition with the vendors, and has now executed a Deed of Satisfaction under which the parties have agreed to cancel the Payment in return for the Company making a one-off payment of A\$200,000 to the vendors. Following this payment, the vendors will have no further interest in the Project.

Five of the 13 Exploration Licence Applications have been granted since acquisition.

Comment from Executive Chairman

Mr Grant Wilson commented:

“The new Board has taken extensive legal advice in relation to the Project since mid-December. Concurrently, extensive due diligence with multiple independent parties was conducted to establish a fair value framework for the Project.”

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The credible prospect of Tivan relinquishing the tenements, and thereby extinguishing the rights of the vendors in full, exerted significant commercial pressure throughout the renegotiation, ensuring that the resulting terms are favourable for shareholders.

While I am pleased that Tivan now owns the Project without encumbrance, I reiterate my deep disappointment regarding the conduct of previous management in this area. The process of 'house-cleaning' is now largely complete. Onward we go."

This announcement has been approved by the Board of the Company.

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