



7 March 2023

Tivan affirms strategic focus as a critical minerals company; announces Exploration Alliance with EARTH AI for Sandover Lithium Project

- **Tivan completes reset of branding and positioning, and affirms strategic focus as a critical minerals company based in the Northern Territory**
- **Board confirms commitment to progressing exploration projects where strategic synergies exist, where a social licence to operate has been earned and on terms that are value accretive to shareholders**
- **In support, and building on the recent renegotiation of the Sandover Lithium Project, Tivan announces an Exploration Alliance Agreement with EARTH AI, a vertically integrated exploration company, to advance activities under a success based model**
- **Tivan views EARTH AI as philosophically aligned in its industry leading use of artificial intelligence and deployment of low disturbance drill rigs, the combination of which expedites timeframes, reduces costs and minimises impact on country**

The Board of Tivan Limited (ASX: TVN) (“Tivan” or the “Company”) is pleased to advise that it has completed its reset of the Company’s branding and strategic positioning. This process commenced prior to the Annual General Meeting on 28 November 2022, and is part of the ongoing ‘Reset, Review, Renew’ of the Company. It incorporates the renaming of the Company and the various digital identity assets that shareholders are now familiar with (see ASX announcement of 30 November 2022).

Consistent with previous guidance, the Board confirms that an upgraded website is entering pre-production and will reflect findings of the Review. This will be launched in the June quarter. Tivan will also be launching a LinkedIn presence shortly.

An important consideration throughout this period has been the shifting landscape in the critical minerals sector, both locally and globally. Tivan commented extensively in this area in its submission to the Federal refresh of the Critical Minerals Strategy (see ASX announcement of 1 February 2023 and [link](#)). The Board has extensively referenced ‘tailwinds’ now present in the sector, and these were represented in materials presented at the Northern Territory Government Investor Showcase last week (see ASX announcement of 21 February 2023).

Concurrently, the Board has reviewed various descriptions made of the Company’s strategic positioning by previous management, most recently describing TNG Limited as ‘a resource and mineral processing technology company’.

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Given the tailwinds present, and the Board's desire to reinforce change in the new era, the preferred description for Tivan henceforth is 'a critical minerals company'.

As with Tivan's branding, this formulation is simple and elegant, culturally appropriate, and precisely on message in terms of the policy agenda that is being pursued by the Northern Territory and Federal governments. It also plays directly to the rapidly increasing international focus on the vulnerabilities and dependencies in critical minerals supply chains.

Third Finding of Review

By defining Tivan as 'a critical minerals company' the Board is consciously providing scope to advance exploration activities that may not be directly related to the TIVAN® Processing Facility ("TPF"), now planned at the Middle Arm Sustainable Development Precinct (MASDP) (see ASX announcement of 14 February 2023).

The Board views it as appropriate and optimal for Tivan to advance exploration activities in such instances providing:

- Strategic synergies to the Company's core mission of project development for the TPF are readily identifiable;
- A social licence to operate in the prospective areas has been earned and maintained, including by third-party service providers; and
- Terms are reached that are competitive to peers and value accretive to shareholders, including by retaining long-term controlling interests.

This framework delimits Tivan's involvement in exploration activities in two principal ways.

First, Tivan is focused on the critical minerals sector, broadly as defined by Geoscience Australia to include 26 resource commodities (available [here](#)). This list includes titanium, vanadium and lithium. By way of contrast, it does not include base metals such as nickel and copper, nor precious metals such as gold and silver.

Second, by highlighting the importance of strategic synergies, the Board is effectively prioritising exploration activities in the Northern Territory and the north-east of Western Australia. These are the geographic areas where most of Tivan's efforts and resources will be deployed in the years ahead, including in building inclusive relationships with key stakeholders and regulators. The strength of these relationships is central to Tivan earning and maintaining a social licence to operate, as well as a precondition to progressing any successful exploration campaign into a feasibility assessment phase.

By way of recap, the Board has recently announced two findings as part of the Reset, Review, Renew phase, being the relocation to MASDP and the acquisition of Speewah (see ASX announcement of 20 February 2023).

The third finding is that Tivan will henceforth be identified as a critical minerals company. This is an inclusive description, specifically adopted to provide scope for the Company to advance critical minerals exploration activities that are principally based in the Northern Territory.

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Figure 1: Tivan, digital identities

Background on the Sandover Lithium Project

In support, the Board advises that it has executed an Exploration Alliance Agreement (“the Agreement”) with metals exploration company EARTH AI to progress target generation and drilling at the Sandover Lithium Project (the “Project” or “Sandover”).

Sandover is located 50km south-east of Mount Peake in the Northern Territory and covers an area of approximately 8,000km² across two contiguous blocks of tenements. Under previous management, the Company announced it had acquired the Project from private Northern Territory-based prospectors on acquisition terms of \$25,000 per licence (at the time, comprising 13 exploration licence applications) (see ASX announcement of 16 August 2022).

The area is considered prospective to host lithium-bearing pegmatites, as seen elsewhere in the Northern Arunta Pegmatite Province, and also sediment-hosted copper and Iron Oxide Copper Gold (“IOCG”) deposits, following recent work by the Northern Territory Geological Survey. The Project currently comprises five granted exploration licences (EL33098, EL33099, EL33100, EL33104, EL33105), and eight exploration licences under application (ELA33090, ELA33094, ELA33095, ELA33096, ELA33097, ELA33102, ELA33103, ELA33106).

Tivan recently announced that it had renegotiated the terms of acquisition of the Project with the vendors, and executed a Deed of Satisfaction under which the parties agreed to cancel a contingent milestone payment in return for the Company making a one-off payment of A\$200,000 to the vendors (see ASX announcement of 27 January 2023).

The successful renegotiation of the interests in Sandover paved the way for the agreement below.

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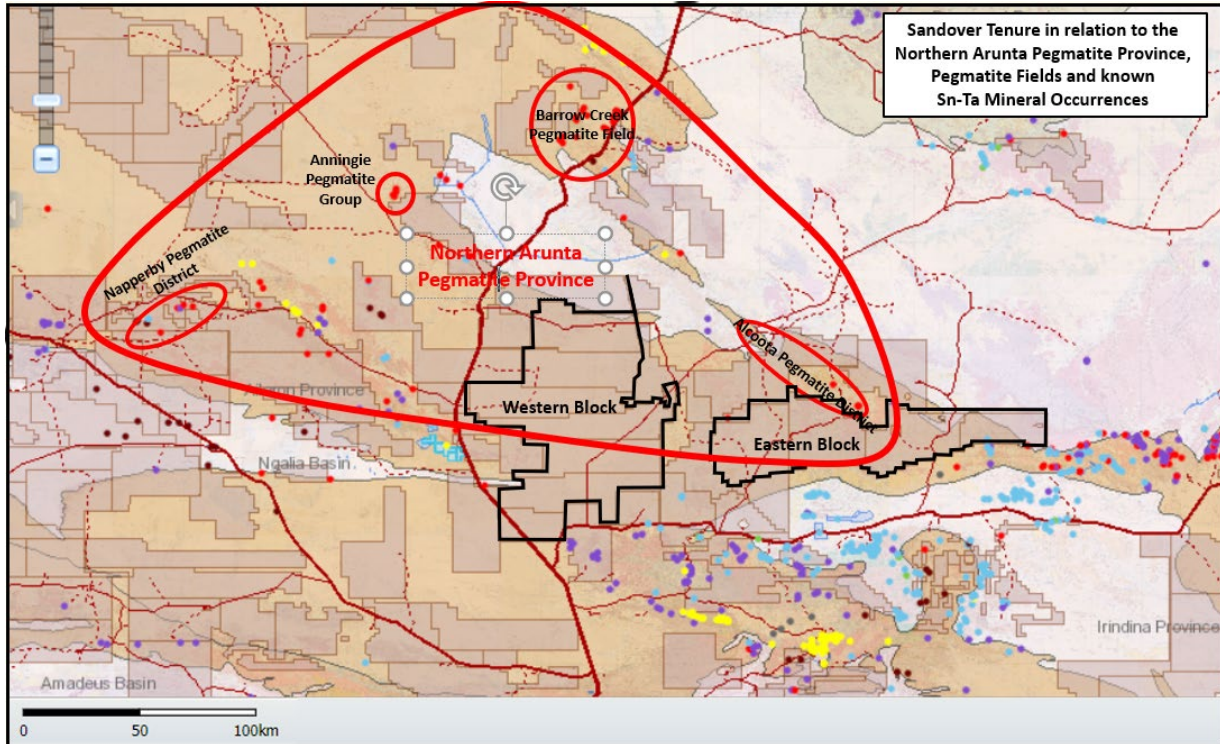


Figure 2: Sandover Lithium Project tenements in relation to the northern Arunta Pegmatite Province

Exploration Alliance Agreement with EARTH AI

EARTH AI is a San Francisco (USA) headquartered artificial intelligence (“AI”) company that has developed a vertically integrated exploration strategy to targeting, testing and verifying discoveries that are required for the climate transition. EARTH AI has an in-house geological team, proprietary cloud computing and an integrated geological AI review and machine learning process supported by a boots on the ground field assessment approach.

EARTH AI seeks to reduce the lead-time and cost to discovery, with drilling utilising its “Mobile Low Disturbance” diamond rig and associated equipment. EARTH AI has an office in Sydney, and its Australian field based operations are located in Young in New South Wales, Australia. Further details on EARTH AI and its exploration approach can be found at: <https://earth-ai.com/> and in prominent media coverage [here](#).

The key terms of the Exploration Alliance Agreement (“**Agreement**”) are summarised as follows:

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- The parties agree to conduct and fund certain exploration activities for the Sandover Project.
- Upon a qualifying grade drill intersection of any mineral being discovered (as specified in the Agreement), EARTH AI will be entitled to a 2% net smelter return royalty for the discovery area (to be formalised by way of a separate royalty deed for any discovery).
- Initial term of the Agreement is four years, with EARTH AI having the option to extend the term for another two years.
- Tivan has certain rights to terminate the Agreement which include where EARTH AI has not undertaken exploration activities in any 12 month period or if it has not undertaken exploration drilling by the end of the second year (except where Tivan has not approved or agreed to fund exploration activities).
- Tivan will fund up to 100% of the costs of exploration up to a total exploration expenditure amount of US\$4.5 million (or such other amount as is agreed between the parties) including drilling costs across the term of the Agreement. Exploration activities and budgets will be determined and agreed annually, although Tivan must provide sufficient funding to meet the annual minimum expenditure obligations associated with the tenements.
- EARTH AI will be appointed as Exploration Manager on a cost recovery basis and will oversee day-to-day project management, exploration activities and permitting, working under a joint technical committee comprising representatives from both parties.
- Where Tivan elects not to contribute to certain exploration drilling costs, and EARTH AI instead contributes the whole (or part) of such costs, then the net smelter return royalty will be adjusted accordingly; up to 3% where EARTH AI funds 100% of the exploration drilling costs, or otherwise adjusted on a straight line basis between 2% and 3% subject to the funding contribution of each party.
- EARTH AI will have a pre-emptive right to acquire Tivan's interest should Tivan wish to dispose of its interest in the Sandover Project. Tivan will have a pre-emptive right to acquire an EARTH AI royalty interest should EARTH AI wish to dispose of its royalty interest in the Project.
- Prior to entering a separate royalty deed, or first definition of a JORC compliant Mineral Resource for a discovery, the parties may agree to reduce the net smelter return royalty to 1% for a cash payment of US\$2.5 million to EARTH AI for each 1% increment of royalty.
- Tivan is under no obligation to explore, develop or mine any area subject to a net smelter return royalty under the Agreement. If by the second anniversary of a royalty trigger, no JORC compliant Mineral Resource has been defined, and annual exploration/development/mining expenditure has fallen below US\$250,000, EARTH AI will have the option to assume operational control and buy all of the tenements that overlap the royalty area by paying to Tivan US\$1 million plus a 2% net smelter royalty.
- All royalties contemplated under the Agreement will be secured by a mortgage over the tenements to which the royalty relates.

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The Agreement provides the Company with access to innovative AI capability for targeting and testing, an outsourced geology solution including project management for the Project, drilling capability, and significant anticipated cost savings for exploration activities including reduced costs of targeting, mapping and drilling.

Next Steps

Tivan and EARTH AI have commenced discussions on the initial phases of exploration work planned for the Project, defined as targeting and mapping. These phases are expected to be completed this year, providing scope for drilling programs to commence next year. Relevant permissions and notices will be sought in parallel.

Tivan has concurrently initiated a strategic dialogue with the Central Land Council. The first session is scheduled for early April and will include a discussion of the exploration activities at Sandover.

Exploration activities will utilise the regional office of Tivan in Alice Springs, located at Ghan Road. The lease for the office was recently extended for one year, with an option to extend a further two years.

Tivan will also apply for funding under the “Geophysics and Drilling Collaborations” competitive grants program funded by the Northern Territory Government to co-fund projects that address geoscientific knowledge gaps, advance exploration activity, deploy innovative targeting techniques and support the discovery and development of resources in the Northern Territory. More details are available [here](#).

Executive Chairman, Mr Grant Wilson, met recently with senior representatives of the Northern Territory Geological Survey to discuss the program and Tivan’s participation. Tivan will make two grant applications:

- In Round 16, 2023-2024, for up to A\$100,000, based on the Innovative Targeting project type, with applications due by 2 May 2023.
- In Round 17, anticipated for 2024-2025, for up to A\$200,000, based on the Greenfields Drilling project type, with applications expected to be due in Q2 2024, and subject to successful identification of prospective targets by EARTH AI.

Henceforth Tivan will include an update on Sandover as part of its Quarterly Activities report to shareholders, along with other ASX announcements when appropriate.

Review and Investor Briefing

The Board advises that the current period of Reset, Review, Renew continues, and that further announcements will be made at the appropriate time, including in respect other exploration assets held by the Company. The Review will conclude on schedule, at the conclusion of the March quarter. Consistent with previous guidance, an Investor Briefing is being planned for April.

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Comment from Executive Chairman

Mr Grant Wilson commented:

“Tivan is best defined as a critical minerals company. A clearly specified core mission, along with simple, elegant branding, are basic building blocks that will contribute to enterprise value over time. I am confident that the foundations we are putting in place will endure and are optimally designed to harness the tailwinds that are now available in the sector.

The Exploration Alliance with EARTH AI is an instructive step forward for Tivan, and the ideal solution to the highly problematic situation that the Board inherited at Sandover. There are clear strategic synergies for Tivan in amplifying its engagement in Central Australia, and deepening relationships with key stakeholders across the Territory.

EARTH AI’s proprietary techniques, that are designed to maximise success rates, reduce time spend and lower capital expenditure, also pass through to very favourable terms versus peers in the sector. The Alliance has been structured to minimise committed cashflows, retain topside optionality, expedite timeframes and fully utilise the government support available.

I am also pleased to introduce EARTH AI to Tivan’s shareholders. In 2018-19 I collaborated with Founder and CEO, Mr Roman Tesyluk, on an artificial intelligence project located in the Caucasus. We share a vision of digital transformation across the resources sector. Roman’s entrepreneurship and leadership have put EARTH AI at the frontier of algorithmic exploration. EARTH AI additionally has extensive experience in Central Australia and reconnaissance capabilities that are low-impact by design. I am confident that the Alliance will proceed in the years ahead with appropriate cultural sensitivities, as well as care and respect for country.

Finally, I am determined that Tivan grasps opportunities in the critical minerals sector as part of the new era. Today’s announcement reflects the importance I ascribe to tangible action that has legitimate and proximate aspirations in generating meaningful value for shareholders.”

Comment from Founder and CEO of EARTH AI

Mr Roman Tesyluk commented:

“Our team is extremely excited to start working on the Sandover Project alongside Tivan! We think the tenement area is highly prospective for critical metals mineralisation, lithium in particular, and our technology and process is highly suitable to produce significant exploration results in the area. EARTH AI has an extensive history of operating in the Northern Territory, which we believe has substantial exploration potential and is significantly underexplored.

We feel strongly aligned with Tivan for the need to maximise the quality and efficiency of critical metals exploration. This Alliance solidifies our mutual vision of making Northern Territory the new hub for critical and battery metals production.”

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

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