

26 September 2023

## Avenira Executes Binding Agreements with Technology Partner Aleees

**Avenira Limited** (ASX: AEV) (**'Avenira'** or **'the Company'**) is pleased to announce that it has entered into formal agreements with its technology partner Advanced Lithium Electrochemistry Ltd (**'Aleees'**) (TWSE: 5227) granting Avenira with the right to use Aleees' intellectual property for the manufacture and global distribution of Lithium Ferro Phosphate (LFP) cathode active material.

The two agreements, a License and Technology Transfer Agreement and a Subscription Agreement, were signed in Darwin in front of Northern Territory Chief Minister, Natasha Fyles and set out the terms for Avenira's use of the technology for its LFP Battery Cathode Manufacturing Plant in Darwin. The formal agreements follow the signing of a non-binding MOU with Aleees in September 2022 to work towards the development of a Lithium Iron Phosphate (LFP) battery cathode manufacturing plant in Darwin using Avenira's flagship Wonarah Phosphate Project<sup>1</sup>.

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 energy storage systems. Aleees has deep industry connections with offtakers in Asia and will provide management support during the development and operations of the LFP Plant.

**Figure 1: Proposed LFP Plant Location in Middle Arm Sustainable Development Precinct**



<sup>1</sup> See Avenira ASX Announcement 26 September 2022

Avenira and Aleees are working closely with the Northern Territory Government to establish Avenira's proposed LFP Plant in Darwin's Middle Arm Sustainable Development Precinct. The Avenira-Aleees relationship has the support of a three-way MOU with the NT Government<sup>2</sup>, under which the Northern Territory Government has committed to work proactively with Avenira and Aleees to assist and advise where appropriate in relation to necessary infrastructure including water, energy, power, telecommunications, road, port and rail access and service requirements.

### Licence Fees:

The License and Technology Transfer Agreement provides for the following licence fees payable to Aleees:

- US\$2 million on or before 24 December 2023, payable in cash or Avenira shares at the election of the Company;
- US\$2 million payable at the time that the LFP Project is fully funded and ready to commence construction of the first LFP train;
- US\$0.5 million payable on completion of construction (and satisfaction of Mechanical Completion tests); and
- US\$0.5 million payable upon first production and sale of LFP Cathode Active Material from the LFP Plant.

Avenira may elect - with Aleees' consent and subject to the approval of Avenira shareholders - to satisfy the first US\$2 million payment to Aleees due on or before 24 December 2023 to Aleees as follows:

- (a) by way of cash; or
- (b) the issuance of ordinary shares based on the VWAP of Avenira shared prior to the date of issue, subject to a cap of 300 million shares with any residual amount to be paid in cash.

If Aleees does not consent to the issue of the shares under (b) above, the License and Technology Transfer Agreement will terminate.

### Subscription Agreement:

Under the Subscription Agreement, subject to the approval of ASX and Avenira shareholders, Performance Rights shall be issued, as part of the incentive program offered to Aleees' team members, and will vest, upon achievement of critical milestones during the development of the LFP Plant. The performance criteria are as follows:

- **Funding:** 45,000,000 Performance Rights will each vest and convert into one Share upon completion of all funding required for the construction of the first LFP train.
- **Mechanical Completion:** 45,000,000 Performance Rights will each vest and convert into one Share upon achieving Mechanical Completion.
- **First Production and Sale:** 60,000,000 Performance Rights will each vest and convert into one Share upon first production and sale of 1,000t of LFP CAM from the LFP Plant.

The Performance Rights will only vest (and entitle the subscriber to be issued Shares) if these milestones are achieved within 3 years from the issue of the Performance Rights.

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<sup>2</sup> See Avenira ASX announcement 21 September 2022

Commenting on the execution of the formal agreements, Executive Chairman Brett Clark stated:

*“We are very pleased to have concluded formal agreements with our technology partner Aleees. The agreements build on the strong working relationship we have established with Aleees over the last 12 months, and which will now gather further momentum as we progress feasibility studies for the LFP Project.*

*In the meanwhile the LFP market continues to grow strongly, with LFP an emerging favourite in the expanding EV market, with factors driving this popularity including superior safety, longevity, cost-effectiveness, and environmental sustainability. LFP batteries have cornered around 30% of the EV market share<sup>3</sup> from just 6% in 2020, demonstrating the growing appeal of this type of lithium-ion battery in the electric vehicle sector.”*

**This announcement was authorised for release by the Board of Directors.**

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**Media/Investor Queries**

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<sup>3</sup> International Energy Agency (IEA), Global EV Outlook 2023, <https://www.iea.org/reports/global-ev-outlook-2023/trends-in-batteries>