

4 December 2023

Equity Investment and Strategic Cooperation and Offtake MOU, with Sichuan Hebang Biotechnology

Highlights

- **Avenira Limited** (ASX: AEV) (“**Avenira**” or “**the Company**”) has secured a binding strategic equity investment of A\$2 million from Sichuan Hebang Biotechnology Corporation Limited (SHSE: 603077) (“**Hebang**”), by way of a placement of Avenira shares.
- In addition, Avenira has entered into a non-binding Strategic Cooperation and Offtake Memorandum of Understanding (“**MOU**”) with Hebang. The MOU establishes a framework for close cooperation between Avenira and Hebang in the fields of phosphate mining and yellow phosphorus production.
- Hebang is a company listed on the Shanghai Stock Exchange and with over 6,700 employees, that focuses on the manufacture of agricultural (including feed nutrients and herbicides) and photovoltaic products. Its products assist in weed control and increase yields in food crops to feed the world’s growing population, with yellow phosphorus being one of its key ingredients in the manufacturing process.
- Hebang has the necessary technology and processes required for photovoltaic power station and yellow phosphorus factory construction, and as a yellow phosphorus user, has a procurement demand for yellow phosphorus products.
- Yellow Phosphorus is a vital intermediate product in the production of thermal phosphoric acid (TPA), a core feedstock in the manufacture of LFP Cathode Active Material (LFP).
- The MOU provides for cooperation between Avenira and Hebang for the development of the Wonarah Project, covering the following key aspects of the development of a yellow phosphorous plant, direct shipping of ore and development of renewable energy solutions:
 1. **Yellow Phosphorus Project** - Hebang to contribute to the investment, construction, and operation of a yellow phosphorus plant with an initial production capacity of 50,000 tons per annum, including:
 - **Support:** providing the yellow phosphorus plant with technology, processes, operational experience, personnel, and other support to assist Avenira in the construction and operation of the yellow phosphorus plant.
 - **Funding:** contributing to the funding of the yellow phosphorus plant on terms to be negotiated between the parties and acceptable to Avenira and Hebang.
 - **Offtake:** committing to purchase part of the production of yellow phosphorus from the yellow phosphorus plant.
 2. **Development of renewable energy solution** – Avenira and Hebang to jointly pursue renewable energy options for the yellow phosphorus plant, notably photovoltaic and wind power with energy storage systems.

Avenir Limited (ASX: AEV) (“**Avenir**” or “**the Company**”) is pleased to announce that it has secured a strategic equity investment of A\$2 million from Sichuan Hebang Biotechnology Corporation Limited (SHSE: 603077) (“**Hebang**”). In tandem, Avenir and Hebang have entered into a non-binding Strategic Cooperation and Offtake Memorandum of Understanding (“**MOU**”) that establishes a framework for close cooperation between Avenir and Hebang in the fields of phosphate mining and yellow phosphorus production.

Placement Details

Both parties have entered into a binding Subscription Agreement for Hebang to invest A\$2 million in Avenir via a private placement for 181,818,182 ordinary shares at an issue price of 1.1 cents per share (“**the Placement**”).

The Placement follows Hebang completing its site inspection and evaluation into Wonarah and its underlying mineral geology with a view of developing a yellow phosphorus plant in Australia, using the phosphate from Wonarah as a feed source.

The Placement will be completed under the Company’s existing Listing Rule 7.1 placement capacity and in one tranche. On completion of the Placement, Hebang will become a substantial shareholder in the issued capital of Avenir.

Strategic Cooperation and Offtake MOU

In parallel with the Placement, Avenir has also entered into a non-binding Strategic Cooperation and Offtake Memorandum of Understanding (“**MOU**”) with Hebang. The MOU establishes a framework for close cooperation between Avenir and Hebang in the fields of phosphate mining and yellow phosphorus production. Yellow Phosphorus is a vital intermediate product in the production of thermal phosphoric acid (TPA), a core feedstock in the manufacture of LFP Cathode Active Material (LFP).

The non-binding MOU provides for:

- (a) **The construction and operation of an initial 50,000tpa yellow phosphorus plant** - with the parties to cooperate in the mining of phosphate from the Wonarah Project and the construction and operation of a yellow phosphorus plant with an initial production capacity of 50,000 tpa of yellow phosphorus;
- (b) **Offtake of yellow phosphorus** - a commitment by Hebang to purchase part of the production of yellow phosphorus from the yellow phosphorus plant. The purchase will not affect the supply of yellow phosphorus for the production of thermal phosphoric acid (TPA) required for the LFP Plant. The MOU provides the framework for further negotiations in relation to price, term, product quality and other offtake parameters. The final annual amount to be delivered under the offtake and term of the agreement will be finalised as Hebang and Avenir progress to a formal binding offtake agreement.
- (c) **Construction and Operations Support** - Hebang providing the yellow phosphorus plant with technology, processes, construction management, operational experience, personnel and other support to assist Avenir in the construction and operation of the yellow phosphorus plant.
- (d) **Funding Support** - Hebang contributing to the funding of the yellow phosphorus plant on terms to be negotiated between the parties and acceptable to Avenir and Hebang. The form of financial support may include further equity investment in Avenir and/or investment at the yellow phosphorous plant at the asset level.

- (e) **Development of renewable energy solutions** - The parties to jointly pursue renewable energy options for the yellow phosphorus plant, notably solar and wind power with back-up energy storage.

Commenting on the Placement and Strategic Cooperation & Offtake MOU, Avenir's Executive Chairman Brett Clark stated:

"We are delighted to be working with Hebang, a world leader in the manufacture of yellow phosphorus-based products and chemicals.

Hebang's strategic equity investment, in the form of an equity placement into Avenir, is a great testament to the quality of our Wonarah Phosphate Project and to the strength of our business model, with our main focus being to produce and supply LFP cathode active material into the global battery minerals value chain.

The relationship with Hebang and the potential development of a Yellow Phosphorous plant has the potential to accelerate the opportunity to vertically integrate feedstock from Wonarah with our LFP Project in Darwin.

We look forward to working in close collaboration with Hebang."

About Sichuan Hebang Biotechnology Corporation Limited (Hebang)

Hebang is a public company, listed on Shanghai Stock Exchange, which focuses on the manufacture of chemicals and photovoltaic products, including feed nutrients, herbicides, photovoltaic module and other photovoltaic materials. It is also one of the world's largest producers of PMIDA (N-phosphonomethyl iminodiacetic acid) and glyphosate, that allows farmers to reduce weed competition and increase yields in food crops to feed the world's growing populations, both of which use phosphate as its key ingredient.

Hebang is also a major manufacturer of solar panels and has the necessary technology and processes required for a photovoltaic power station, yellow phosphorus factory construction, and as a yellow phosphorus user, has a procurement demand for yellow phosphorus products.

Hebang has over 6,700 employees and generated over US\$1.7 billion in revenues in FY2022.¹

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

For further information, contact:

Brett Clark
Chairman and Chief Executive Officer
+61 8 9264 7000

Media/Investor Queries
Citadel-MAGNUS
Michael Weir 0402 347 032
Jono van Hazel 0411 564 969

¹ <https://www.hebang.cn>