

Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme AVZ Minerals Limited (AVZ)

ACN/ARSN 125 176 703

1. Details of substantial holder (1)

Name Yibin Tianyi Lithium Industry Co., Ltd (Tianyi), Contemporary Ampere Technology Co., Limited (CATL), Suzhou TA&A Ultra Clean Technology Co., Ltd (Suzhou TA&A), Changjiang Chendao (Hubei) New Energy Industry Investment Co., Ltd. (Changjiang Chendao), Pei Zhenhua, Rong Jianfen, Zeng Yuqun, Li Pin and Ningbo Meishan Chendao Investment LLP (collectively, the Yibin Group).

ACN/ARSN (if applicable) n/a

The holder became a substantial holder on 14 May 2020

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

| Class of securities (4) | Number of securities | Person's votes (5) | Voting power (6) |
|--|----------------------|--------------------|------------------|
| Fully paid ordinary shares in AVZ (Shares) | 237,500,000 Shares | 237,500,000 Shares | 8.9% |

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

| Holder of relevant interest | Nature of relevant interest (7) | Class and number of securities |
|---------------------------------------|--|--------------------------------|
| Tianyi | Registered holder of 237,500,000 Shares, pursuant to the issue of 237,500,000 Shares to Yibin at completion of a share subscription agreement dated 8 November 2019 and side letter for subscription agreement amendment dated 4 May 2020 between Yibin and AVZ - see Annexure A. Taken under section 608(1) of the <i>Corporations Act 2001</i> (Cth) (<i>Corporations Act</i>) to have a relevant interest in these Shares as the registered holder. | 237,500,000 Shares |
| CATL | Taken under section 608(3)(b) of the <i>Corporations Act</i> to have a relevant interest in 237,500,000 Shares by reason of controlling Yibin. | 237,500,000 Shares |
| Suzhou TA&A and Changjiang Chendao | Each taken under section 608(3)(a) of the <i>Corporations Act</i> to have a relevant interest in 237,500,000 Shares by reason of having voting power above 20% in Yibin. | 237,500,000 Shares |
| Pei Zhenhua and Rong Jianfen | Each taken under section 608(3)(b) of the <i>Corporations Act</i> to have a relevant interest in 237,500,000 Shares by reason of controlling Suzhou TA&A, which has a relevant interest in Yibin | 237,500,000 Shares |
| Zeng Yuqun and Li Pin | Each taken under section 608(3)(b) of the <i>Corporations Act</i> to have a relevant interest in 237,500,000 Shares by reason of controlling CATL, which has a relevant interest in Yibin. | 237,500,000 Shares |
| Ningbo Meishan Chendao Investment LLP | Taken under section 608(3)(b) of the <i>Corporations Act</i> to have a relevant interest in 237,500,000 Shares by reason of controlling Changjiang Chendao, which has a relevant interest in Yibin. | 237,500,000 Shares |

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

| Holder of relevant Interest | Registered holder of Securities | Person entitled to be registered as holder (8) | Class and number of securities |
|-----------------------------|---------------------------------|--|--------------------------------|
| Tianyi Group | Tianyi | Tianyi | 237,500,000 Shares |

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

| Holder of relevant Interest | Date of acquisition | Consideration (9) | | Class and number of securities |
|-----------------------------|---------------------|--|----------|--------------------------------|
| | | Cash | Non-cash | |
| Tianyi Group | 14 May 2020 | AUD10,687,500 in total (or AUD0.045 per share) | Nil | 237,500,000 Shares |

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

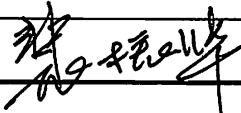
| Name and ACN/ARSN (if applicable) | Nature of association |
|-----------------------------------|-----------------------|
| None | N/A |

7. Addresses

The addresses of persons named in this form are as follows:

| Name | Address |
|---------------------------------------|--|
| Tianyi | 6 th Floor, Enterprise Service Building, Jiangan Industrial Park, Yibin City, Sichuan Province, China |
| CATL | No 2 Xingang Road, Zhangwan Town, Ningde City, Fujian Province, China |
| Suzhou TA&A | Suzhou Industrial Park, Shuangma Street, No. 99, Jiangsu Province, China |
| Changjiang Chendao | Donghu New Technology Park, Gaoxin No.2 Road, No. 388, Factory 1-146, Hubei Province, China |
| Pei Zhenhua | Suzhou Industrial Park, Shuangma Street, No. 99, Jiangsu Province, China |
| Rong Jianfen | Suzhou Industrial Park, Shuangma Street, No. 99, Jiangsu Province, China |
| Zeng Yuqun | No 2 Xingang Road, Zhangwan Town, Ningde City, Fujian Province, China |
| Li Pin | No 2 Xingang Road, Zhangwan Town, Ningde City, Fujian Province, China |
| Ningbo Meishan Chendao Investment LLP | Qixin Road 88, Block 1, Room 401, District A-C0970. Beilun District, Ningbo City Zhejiang Province. |

Signature

| | | | |
|------------|---|----------|---------------------|
| print name | Pei Zhenhua, | capacity | President of Tianyi |
| sign here |  | date | 18 May 2010 |

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
 - (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
 - (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
 - (4) The voting shares of a company constitute one class unless divided into separate classes.
 - (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
 - (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
 - (7) Include details of:
 - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).
- See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
 - (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

AVZ Minerals Limited

Annexure A

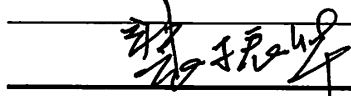
This is Annexure A referred to in the Form 603 Notice of initial substantial holder dated 18 May 2020

print name Pei Zhenhua

capacity

President of Tianyi

sign here



date

18 May 2020

A copy of the executed Share Subscription Agreement dated 8 November 2019 and Side Letter to Share Subscription Agreement Amendment dated 4 May 2020 follows.

Execution
Version

DATED

8 November 2019

AVZ MINERALS LIMITED

and

YIBIN TIANYI LITHIUM INDUSTRY CO., LTD

SUBSCRIPTION AGREEMENT

CONTENTS

DETAILS

Date

Parties

Name **AVZ Minerals Limited**
ABN 81 125 176 703
Short form name **Company**
Notice details Level 2, 8 Colin Street
WEST PERTH, WESTERN AUSTRALIA 6005

Attention: Nigel Ferguson
Email: nferguson@avzminerals.com.au

Name **Yibin Tianyi Lithium Industry Co., Ltd**
(a company incorporated pursuant to the laws of the People's Republic of China)

Company number 91511523MA64CKAA7B
Short form name **Subscriber**
Notice details 6th Floor, Enterprise Service Building
Jiangan Industrial Park. Yibin City
Sichuan Province, China. 644200

Attention: Zhenhua Pei
Email: Pei@canmax.com.cn

Introduction

The Subscriber, subject to the terms and conditions of this agreement agrees to subscribe for, and the Company will issue to the Subscriber, the Subscription Shares.

AGREED TERMS

1 DEFINED TERMS AND INTERPRETATION

1.1 Defined terms

In this agreement:

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

Authorisations means any certificates, approvals, accreditations, authorisations, permits, licences, consents or other similar clearances required to be obtained under any Law or under any material contract of a Group Company.

Authorised Person of a party means:

- (a) an officer or employee of the party;
- (b) an adviser of the party;
- (c) an officer or employee of an adviser of the party; and
- (d) in the case of the Subscriber, also means the Nominee and an officer or employee of the Nominee.

Board means the board of directors of the Company.

Board Nominee means the person or persons nominated by the Subscriber to be appointed as a director of the Company in accordance with this agreement.

Board Nominee Period means the period commencing on the Completion Date and ending on the date on which the Subscriber is no longer entitled to appoint a Board Nominee in accordance with clause 8.5.

Business Day means:

- (a) for receiving a notice under clause 13, a day that is not a Saturday, Sunday, public holiday or bank holiday in the place where the notice is received; and
- (b) for all other purposes, a day that is not a Saturday, Sunday, public holiday or bank holiday in Perth, Western Australia.

Claim includes a claim, notice, complaint, dispute, demand, action, proceeding, litigation, investigation, judgment, damage, loss, cost, expense or liability however arising, whether present, unascertained, immediate, future or contingent, whether based in contract, tort or statute and whether involving a third party or a party to this agreement.

Cleansing Statement or Prospectus means either:

- (a) where the Company is permitted under the Corporations Act, a statement in accordance with and for the purposes of section 708A(5) of the Corporations Act; or
- (b) otherwise, a disclosure document for an offer of continuously quoted securities (as defined in the Corporations Act) which has been prepared in accordance with section 713 of the Corporations Act for the purpose of section 708A(11) of the Corporations Act.

Company Warranties means the representations and warranties made or given by the Company to the Subscriber in accordance with clauses 10 and 11 and Warranty 1 to Warranty 10 of Schedule 3.

Competing Transaction means any expression of interest, offer or proposal by any person and/or its Associates (other than the Subscriber or its Associates) in relation to a transaction for the raising of equity capital.

Competitor means a person or persons who makes any approach, inquiry or proposal to the Company or any of its Authorised Persons which is, or could reasonably be expected to lead to, a Competing Transaction.

Completion means completion of the transactions contemplated by clauses 6.2 and 6.3.

Completion Date means 2 Business Days after the date that the Conditions Precedent are satisfied or waived in accordance with this agreement.

Conditions Precedent means the conditions precedent included in clause 3.1.

Confidentiality Agreement means the confidentiality agreement between the Company and the Subscriber dated 19 August 2019.

Confidential Information means (regardless of its form):

- (a) any negotiations, discussions, understandings, materials, documents, facts, matters or circumstances relating to the subject matter of this agreement, the terms of this agreement and any transaction document made or purported to be made in connection with this agreement; and
- (b) any information relating to the other party's business, operations or financial performance.

Constitution means the constitution of the Company.

Controller means, in relation to a person:

- (a) a receiver, receiver and manager, administrator or liquidator (whether provisional or otherwise) of that person or that person's property; or
- (b) anyone else who (whether or not as agent for the person) is in possession, or has control, of that person's property to enforce an Encumbrance.

Corporations Act means the *Corporations Act 2001* (Cth).

Mining Registry means the DRC mining cadastre in charge at the central or provincial level of the management of mining titles.

Director means a director of the Company.

DRC means the Democratic Republic of Congo.

DRC Mining Code means the mining code of the DRC set out by the law No.007-2002 dated 11 July 2002 as amended by the law No.18/0001 dated 09 March 2018.

DRC Mining Regulations means the decree dated 26 March 2002 setting out implementation regulations of the DRC Mining Code as amended by decree No.18/024 dated 08 June 2018.

Electronic Communications has the meaning given to that term in clause 13.1(b).

Encumbrance means any:

- (a) security for the payment of money or performance of obligations, which includes a mortgage, charge, lien, pledge, trust, power, title retention or flawed deposit arrangement, restriction against transfer or other encumbrance;
- (b) right, interest or arrangement which has the effect of giving another person a preference, priority or advantage over creditors including any right to set-off;
- (c) right that a person (other than the owner) has to remove something from land (known as a *profit a prendre*), easement, public right of way, restrictive or positive covenant, lease or licence to use or occupy; or
- (d) other third party right or interest or any right arising as consequence of the enforcement of a judgement,

or any agreement to create any of them or allow any of them to exist.

Exclusivity Period means the period commencing of the date of this agreement and expiring on the earlier of:

- (a) the Completion Date; and
- (b) the termination of this agreement.

Explanatory Memorandum means the explanatory memorandum to accompany the Notice of Meeting in relation to the Shareholder Approval and related transactions to be dispatched to Shareholders.

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Governmental Agency means any government or any governmental, semi-governmental, fiscal, monetary, judicial or statutory agency, authority, tribunal, commission, body or other entity, with power, authority or jurisdiction in any part of the world which includes, for the avoidance of doubt, the Mining Registry, the Ministry of Mines, the Ministry of Environment including any of their internal services and departments in the DRC and any Minister of such department.

Group Company means the Company and each of its Subsidiaries, including but not limited to AVZ International Pty Ltd ACN 617 550 464, AVZ Minerals Congo SARL, AVZ Power SAU and Dathcom Mining SAS or any one of them as the context requires.

GST has the meaning given in the GST Act.

GST Act means the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Indicative Timetable means the indicative timetable for the implementation of the subscription for the securities contemplated by this agreement set out in Schedule 1.

Insolvent means, in relation to a party, any one or more of the events or circumstances:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in section 9 of the Corporations Act);
- (b) it has had a Controller appointed, or is in liquidation, in provisional liquidation, under administration or wound up or has had a receiver or receiver and manager appointed to any part of its property;
- (c) it is subject to any compromise, arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the other parties, such approval not to be unreasonably withheld);
- (d) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that party, which is preparatory to or could result in any of paragraphs (a), (b) or (c) above;
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (f) it is the subject of an event described in section 459C(2) or section 585 of the Corporations Act (or it makes a statement from which another party to this agreement reasonably deduces it is so subject);
- (g) it ceases or threatens to cease to carry on all or a material part of its business;
- (h) it suspends payments of its debts or is otherwise unable to pay its debts as and when they become due and payable; or
- (i) something having a substantially similar effect to paragraphs (a) to (h) (inclusive) happens in connection with that party under the Laws of any jurisdiction,

unless such event or circumstance occurs as part of a solvent reconstruction, amalgamation, scheme, compromise, arrangement, merger or consolidation approved by the Subscriber (such approval is not to be unreasonably withheld or delayed).

Joint Venture Agreement means the joint venture agreement between the Joint Venture Participants dated 27 January 2017 as amended by:

- (a) the Amendment No. 1 to the Joint Venture Agreement between the Joint Venture Participants dated 25 March 2017;
- (b) the Amendment No. 2 to the Joint Venture Agreement between the Joint Venture Participants dated 25 January 2018;

- (c) the Amendment No. 3 to the Joint Venture Agreement between the Joint Venture Participants dated 12 September 2018; and
- (d) the Amendment No. 4 to the Joint Venture Agreement between the Joint Venture Participants dated 15 April 2019.

Joint Venture Participants means Cominière SA, AVZ International Pty Ltd and Dathomir SARL.

Law includes any law, statute, regulation, ordinance, authorisation, ruling, judgement and any order or decree of any Governmental Agency or regulatory authority in any jurisdiction, and, for the avoidance of doubt, includes the Listing Rules.

Licences means the exploration and mining permits in the DRC in which the Company has a direct or indirect interest as listed in Schedule 4.

Listing Rules means the listing rules of the ASX.

Loss means any loss, Claim, action, damage, liability, cost, charge, expense, penalty, compensation, fine or outgoing suffered, paid or incurred.

Material Adverse Change means any event, condition or circumstance or change to any existing circumstance that has, or is reasonably likely to have, in the opinion of the Subscriber (acting reasonably), a material adverse effect on the financial condition, business assets, liabilities, results of operations or prospects of the business run by the Company and any Group Company, taken as a whole.

Ministry of Mines means the ministry of mines of the DRC.

Ministry of Environment means the ministry in charge of environment and sustainable development of the DRC.

Nominee means a company nominated in writing by the Subscriber to subscribe for the Subscription Shares in accordance with clause 4.

Notice of Meeting means the notice of Shareholder Meeting to be accompanied by the Explanatory Memorandum in relation to the Shareholder Approval and related transactions (if any) to be dispatched to the Shareholders.

ODI Approvals means all necessary approval of overseas direct investments required by the laws of the People's Republic of China.

Project means the exploration project known as the Manono Lithium and Tin Project (and Manono Extension Project) in the DRC, comprising, as at the date of this agreement, the Licences and any subsequent mining project relating to the same area in whole or part.

Regulator's Draft means the draft Explanatory Memorandum and Notice of Meeting in a form acceptable to the Company, and to the extent described in clause 7.2(c), the Subscriber, which is provided to ASX for review as contemplated by Listing Rule 15.1.

Relevant Sunset Date means in respect of the Conditions Precedent, the date specified in the third column of the table in clause 3.1.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Shareholder Approval means the Shareholder approval described in clause 7.1(a).

Shareholder Meeting means the extraordinary general meeting of Shareholders to be held for the purpose of seeking the Shareholder Approval.

Subscription means the subscription by the Subscriber or a Nominee for the Subscription Shares for the Subscription Price on the terms of this agreement.

Subscriber Warranties means the representations and warranties made or given by the Subscriber to the Company in accordance with clauses 10 and 11 and Warranty 11 of Schedule 3.

Subscription Price means A\$14,143,500.

Subscription Shares means 314,300,000 Shares to be issued to the Subscriber at an issue price of A\$0.045 per Share, equating to a subscription amount of A\$14,143,500.

Subsidiary has the meaning given to that term in the Corporations Act.

Superior Proposal has the meaning given in clause 2.6.

Takeover Bid has the meaning given to that term in clause 11.2(b)(i)(B).

Voluntary Restriction Deed means the form of restriction deed annexed as Annexure A where the Subscriber agrees not to sell, assign, transfer or otherwise deal with its Subscription Shares for the period of 12 months from the date they are issued.

Warranties means each of the representations and warranties given under clauses 10 and 11 and set out in Schedule 3.

1.2 Interpretation

In this agreement, except where the context otherwise requires:

- (a) the singular includes the plural and vice versa, and a gender includes other genders;
- (b) another grammatical form of a defined word or expression has a corresponding meaning;
- (c) a reference to a clause, paragraph or schedule is to a clause, paragraph or schedule of this agreement;
- (d) a reference to a document or instrument includes the document or instrument as novated, altered, supplemented or replaced from time to time;
- (e) a reference to **A\$, \$A, dollar** or **\$** is to Australian currency;
- (f) a reference to time is to Perth, Western Australia time;
- (g) a reference to a party is to a party to this agreement, and a reference to a party to a document includes the party's executors, administrators, successors and permitted assigns and substitutes;

- (h) a reference to a person includes a natural person, partnership, body corporate, association, governmental or local authority or agency or other entity;
- (i) a reference to a statute, ordinance, code or other Law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (j) the meaning of general words is not limited by specific examples introduced by **including, for example** or similar expressions;
- (k) a rule of construction does not apply to the disadvantage of a party because the party was responsible for the preparation of this agreement or any part of it; and
- (l) if a day on or by which an obligation must be performed or an event must occur is not a Business Day, the obligation must be performed or the event must occur on or by the next Business Day.

1.3 Headings

Headings are for ease of reference only and do not affect interpretation.

2 EXCLUSIVITY

2.1 Termination of Existing Discussions

During the Exclusivity Period, the Company must, and must procure that all of its Authorised Persons:

- (a) terminate all negotiations or discussions in respect of any Competing Transaction or potential Competing Transaction with any other person; and
- (b) promptly diligently request the return or destruction of all information (in any form, including copies) that was provided to other parties in connection with any Competing Transaction or potential Competing Transaction.

2.2 No-shop Restriction

During the Exclusivity Period, the Company must not, and must procure that none of its Authorised Persons directly or indirectly solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view to obtaining any expression of interest, offer or proposal from any other person in relation to a Competing Transaction or potential Competing Transaction.

2.3 No-talk Restriction

Subject to clause 2.5, during the Exclusivity Period, the Company must not, and must procure that none of its Authorised Persons:

- (a) directly or indirectly enter into, continue or participate in any communication, negotiations or discussions with any other person regarding a Competing Transaction or potential Competing Transaction; or
- (b) grant access:

- (i) to any non-public information related to the Company; or
- (ii) to any employees or officers of the Company or any of its Subsidiaries,
to any person who intends to make, is assessing whether to make or may reasonably be expected to make, an offer, proposal or expression of interest with respect to a Competing Transaction (other than the Subscriber and its Associates);

even if, in any case:

- (c) the Competing Transaction was not directly or indirectly solicited, invited or initiated;
or
- (d) the other person has publicly announced the Competing Transaction.

2.4 Notification

Subject to clause 2.5, during the Exclusivity Period, the Company must immediately notify the Subscriber in writing of all material terms of which the Company is aware in respect of any Competing Transaction.

2.5 The Subscriber's Right to Respond

- (a) If the Company is permitted by virtue of clause 2.6 to engage in activity that would otherwise breach clause 2.3, the Company must enter into a confidentiality agreement with the Competitor which is on terms no less onerous to the Competitor than the Confidentiality Agreement is to the Subscriber.
- (b) Without prejudice to the Subscriber's rights under this clause 2, if at any time during the Exclusivity Period any Director wishes to approve or recommend the entry into any agreement, commitment, arrangement or understanding relating to a Competing Transaction, the Company must ensure that the Director does not do so:
 - (i) unless the Competing Transaction is bona fide; and
 - (ii) until each of the following has occurred:
 - (A) the Board have made the determination contemplated by clause 2.6 in respect of the Competing Transaction;
 - (B) the Company has given the Subscriber notice in writing of its intention to enter into an agreement, commitment, arrangement or understanding relating to a Competing Transaction, subject to the Subscriber's rights under clause 2.5;
 - (C) the Company has given the Subscriber all information that would be required by clause 2.4;
 - (D) the Subscriber's rights under clause 2.5 have been exhausted; and
 - (E) the Board have made the determination contemplated by clause 2.6 in respect of that Competing Transaction after the Subscriber's rights under clause 2.5 have been exhausted and after evaluation of any Counterproposal.

If the Company gives notice to the Subscriber under clause 2.5(b)(ii)(B), the Subscriber will have the right, but not the obligation, at any time during the period of 3 Business Days following receipt of the notice, to propose any other form of transaction (**Counterproposal**), and if it does so then the Company and the Directors must review the Counterproposal in good faith. If the Counterproposal is a more favourable to the Company's Shareholders (other than the Subscriber and its Associates) than the Competing Transaction, after taking into account all terms and conditions of both proposals, then the parties must negotiate in good faith to enter into an amended agreement reflecting the Counterproposal, or otherwise pursue implementation of the Counterproposal in good faith.

- (c) For the purposes of this clause 2.5, each successive modification of any third party expression of interest, offer or proposal in relation to a Competing Transaction will constitute a new Competing Transaction.

2.6 Exception to No-talk Restriction

Despite anything else in this agreement, the restrictions in clauses 2.3, 2.4 and 2.5 do not apply to the extent that they restrict the Directors from taking or refusing to take any action with respect to a bona fide Competing Transaction (which was not solicited, invited, encouraged or initiated in contravention of clause 2.2) in circumstances where the Directors have determined, acting in good faith:

- (a) that, after the Board receives written legal advice from an appropriately experienced Senior Counsel regarding their duties as Directors, failing to take or refusing to take action with respect to the Competing Transaction would, or would be reasonably likely to, involve a breach of the fiduciary or statutory duties or legal obligations of a Director; and
- (b) that, after receiving formal written advise from its reputable financial advisers, the Competing Transaction is more favourable to the Company's Shareholders than the subscription for the Subscription Shares, after taking into account all terms and conditions of both proposals,

(such a proposal being a **Superior Proposal**).

3 CONDITIONS PRECEDENT

3.1 Conditions Precedent for issue of the Subscription Shares

The obligations of the parties in relation to the issue of the Subscription Shares being satisfied or waived by the party entitled to the benefit of the Conditions Precedent.

| | Conditions Precedent | Party entitled to benefit | Relevant Sunset Date |
|---|---|---------------------------|---|
| 1 | FIRB Approval: Either: (a) the Subscriber receiving notice in writing from the Treasurer or his or her agent, free from conditions (or subject only to such conditions as are acceptable to the Subscriber), to the effect that there are no objections under FATA to the Subscription; or (b) the Treasurer being, by reason of | Subscriber and Company | 84 days from the execution of this Subscription Agreement |

| Conditions Precedent | Party entitled to benefit | Relevant Sunset Date |
|--|---------------------------|---|
| lapse of time, no longer empowered to make an order under FATA in respect of the proposed Subscription. | | |
| 2 Other Government Regulatory Approvals: The Subscriber obtaining the relevant regulatory approvals (other than pursuant to item 1 of this table) for the subscription of the Subscription Shares (including ODI Approvals). | Subscriber and Company | 84 days from the execution of this Subscription Agreement |
| 3 Restructure of Dathcom Mining SAS: Dathcom Mining SAS being converted from an SAS corporations to an SA corporations, and the articles of association and joint venture agreement in relation to Dathcom Mining SAS (as converted into an SA corporation) being adopted in a form that provides that the Company controls a majority of the board (on terms satisfactory to the Subscriber, acting reasonably). | Subscriber | 84 days from the execution of this Subscription Agreement |
| 4 Tin rights: The Company has provided evidence to the Subscriber that the Company or its related body corporate has officially applied for and is in the process of being granted the tin rights in respect of the Licences, and such an application has not been refused or denied by a Government Agency. | Subscriber | 84 days from the execution of this Subscription Agreement |
| 5 Subscription Shares Shareholder Approval: In respect of the Subscription Shares, the Company receiving the Shareholder Approval, in accordance with the requirements of the Corporations Act and the Listing Rules. | Subscriber and Company | 84 days from the execution of this Subscription Agreement |

3.2 Waiver of Conditions Precedent

The Conditions Precedent may only be waived in writing by the party or parties entitled to the benefit of the Conditions Precedent (as specified in the second column of the table in clause 3.1) and will be effective only to the extent specifically set out in that waiver.

3.3 Conduct of the parties

The Subscriber must:

- (a) use all reasonable endeavours to ensure that the Conditions Precedent are satisfied or waived before the Relevant Sunset Date set out in the table;

- (b) without limiting its obligations under clause 3.3(a), must not deliberately do or omit to do (and must procure that its Authorised Persons do not deliberately do or omit to do) anything designed, intended or expected to result in, or which may contribute to, the Conditions Precedent not being satisfied; and
- (c) procure that its Authorised Persons work in good faith and in a timely and co-operative fashion with the other party and its Authorised Persons to satisfy the Conditions Precedent (including by attending meetings and by providing information).

3.4 Failure to satisfy Conditions Precedent

- (a) If a Condition Precedents has not been satisfied or waived (or becomes incapable of being satisfied or waived) by the Relevant Sunset Date as set out in clause 3.1, or such other date agreed by the parties in writing a party entitled to the benefit of the relevant Condition Precedent may terminate this agreement by giving notice in writing to the other party.
- (b) A party will not be entitled to terminate this agreement pursuant to clause 3.4(a) if the relevant Condition Precedent has not been satisfied or is prevented from being satisfied as a result of:
 - (i) a breach of the terms of this agreement by that party; or
 - (ii) a deliberate act or omission of that party.
- (c) On termination of this agreement under clause 3.4(a), all of the provisions of this agreement will lapse and cease to have effect and no party will have any liability to the other party arising from termination. Termination of this agreement under clause 3.4(a) will not affect any accrued rights and liabilities of either party arising under this agreement before the date of termination.

4 SUBSCRIBER NOMINEE

4.1 Right to nominate

The Subscriber may nominate one or more of its related bodies corporate to subscribe for the Subscription Shares by giving written notice of the identity of the nominee (or nominees) to the Company at least 1 Business Day prior to the Completion Date.

4.2 References to 'Subscriber'

If the Subscriber appoints a nominee (or nominees) under clause 4.1, a reference to the 'Subscriber' in clause 6 shall be taken to mean the nominee (or nominees) as applicable.

5 BOARD NOMINEE

As soon as reasonably practicable after the date of this agreement, and no later than 2 Business Days prior to the Completion Date, the Subscriber must give written notice to the Company of the person whom it proposes as the Board Nominee.

6 COMPLETION OF SUBSCRIPTION AND ISSUE

6.1 Time and place

Completion of the subscription and issue of the Subscription Shares will take place at 12.00pm on the Completion Date at the Company's office of Level 2, 8 Colin Street, West Perth, Western Australia 6005, or such other place as may be agreed between the parties.

6.2 Subscriber's obligations at Completion

On or before Completion, the Subscriber must:

- (a) pay the Subscription Price in respect of the Subscription Shares to the Company by the transfer of immediately available funds into the Company's bank account using the following details:

Bank: Westpac Banking Corporation

Account Name: AVZ Minerals Limited

BSB: 036 406

Account Number: 256748; and

- (b) subscribe for and accept the issue of the Subscription Shares by delivering to the Company:
 - (i) an application for the Subscription Shares duly completed and executed by the Subscriber (or the Subscriber's nominee(s)), substantially in the form of Schedule 2; and
 - (ii) a counterpart of the Voluntary Restriction Deed duly executed by the Subscriber; and
- (c) deliver to the Company a consent to act as a director of the Company, containing the details required under Section 205B(3) of the Corporations Act, completed and executed by the Board Nominee.

6.3 Company's Obligations at Completion

On or before Completion, the Company must:

- (a) register the Subscriber as the holder of the Subscription Shares;
- (b) duly and validly issue the Subscription Shares;
- (c) deliver to the Subscriber a holding statement showing the Subscriber as the holder of the Subscription Shares;
- (d) subject to receipt of the signed consent referred to in clause 6.2(c), deliver to the Subscriber a copy of the minutes of meeting, or circular written resolutions, of the Board under which the Board Nominee is appointed to the Board with effect on and from the Completion Date;
- (e) deliver to the Subscriber a counterpart of the Voluntary Restriction Deed duly executed by the Company; and

- (f) deliver to the Subscriber a draft of the Cleansing Statement or Prospectus referred to in clause 6.5(b).

6.4 Completion simultaneous

- (a) Subject to clause 6.4(b), the actions to take place on Completion as contemplated by clauses 6.2 and 6.3 are interdependent and must take place, as nearly as possible, simultaneously. If one action does not take place, then without prejudice to any rights available to any party as a consequence:
 - (i) there is no obligation on any party to undertake or perform any of the other actions;
 - (ii) to the extent that such actions have already been undertaken, the parties must do everything reasonably required to reverse those actions; and
 - (iii) the Company and the Subscriber must each return to the other all documents delivered to it under clauses 6.2 and 6.3 and must each repay to the other all payments received by it under clause 5, without prejudice to any other rights any party may have in respect of that failure.
- (b) The Subscriber may, in its sole discretion, waive any or all of the actions that the Company is required to perform under clause 6.3 and the Company may, in its sole discretion, waive any or all of the actions that the Subscriber is required to perform under clause 6.2.

6.5 Actions post Completion

The Company must:

- (a) within 2 Business Days of the Completion Date, apply to ASX for, and use all reasonable endeavours to obtain, official quotation of the Subscription Shares on ASX; and
- (b) give to the ASX and ASIC, within 5 Business Days of the Completion Date, a Cleansing Statement or Prospectus in respect of the Subscription Shares under Chapter 6D.2 of the Corporations Act.

6.6 Ranking of the Subscription Shares

The Subscription Shares will rank equally with all existing Shares, including in respect of all dividends, distributions, rights and other benefits in accordance with the constitution of the Company from the date of issue of the Subscription Shares.

7 IMPLEMENTATION

7.1 Company's obligations in relation to the Shareholder Approval for Subscription Shares

The Company will use its reasonable endeavours to execute all documents, do all acts and things reasonably within its power as may be necessary for the implementation of the subscription for the Subscription Shares, on a basis consistent with this agreement and substantially in accordance with the Indicative Timetable, and in particular the Company must:

- (a) **draft Notice of Meeting and Explanatory Memorandum:** prepare a draft of the Notice of Meeting and Explanatory Memorandum in respect of resolutions to approve the issue to the Subscriber of the Subscription Shares for the purposes of Listing Rule 7.1 in accordance with all applicable Laws and policy (and in particular with the Corporations Act and the Listing Rules), and make available to the Subscriber drafts of that information (so that the Subscriber has a reasonable opportunity to review and comment on those drafts);
- (b) **liaise with ASX:** as soon as practicable after receipt of the Subscriber's approval under clause 7.2(c), provide copies of the Regulator's Draft to ASX for their review and comment pursuant to Listing Rule 15.1 and liaise with ASX until the Notice of Meeting and Explanatory Memorandum is released;
- (b) **keep the Subscriber informed:** prior to the dispatch of the Notice of Meeting and Explanatory Memorandum, promptly inform the Subscriber of any material matters raised by the ASX in connection with the Notice of Meeting or Explanatory Memorandum and, where necessary, co-operate with the Subscriber to resolve any such matters;
- (c) **approval of Notice of Meeting and Explanatory Memorandum:** as soon as practicable after the ASX has completed its review of the Notice of Meeting and Explanatory Memorandum, procure that a meeting of the Company's board is convened to consider approving the Notice of Meeting and Explanatory Memorandum for dispatch to the Shareholders; and
- (d) **Shareholder Meeting:** promptly convene the Shareholder Meeting.

7.2 The Subscriber's obligations in relation to the Shareholder Approval for the Subscription Shares

The Subscriber will use its reasonable endeavours to execute all documents, do all acts and things reasonably within its power as may be necessary for the implementation of the subscription for the Subscription Shares on a basis consistent with this agreement and substantially in accordance with the Indicative Timetable, and in particular the Subscriber must:

- (a) **Subscriber Information:** promptly prepare and provide to the Company all information in relation to the Subscriber and its Associates that is required to be included in the Explanatory Memorandum by all applicable Laws and policy relevant to that information (in particular under the Corporations Act and the Listing Rules) (**Subscriber Information**), make available to the Company drafts of that information (so that the Company has a reasonable opportunity to review and comment on drafts), consult with the Company in relation to the content of those drafts and consider in good faith, for the purpose of amending those drafts, comments from the Company and its Authorised Persons on those drafts;
- (b) **review drafts of Notice of Meeting and Explanatory Memorandum:** as soon as practicable after delivery, review drafts of the Notice of Meeting and Explanatory Memorandum prepared by the Company and provide comments on those drafts in good faith;
- (c) **approval of Subscriber Information in Regulator's Draft:** as soon as practicable after finalisation of an advanced draft of the Regulator's Draft suitable for review by

ASX, the Subscriber must approve and confirm to the Company the Subscriber Information as being in a form appropriate for provision to ASX for review;

- (d) **keep the Company informed:** promptly provide to the Company any new Subscriber Information not included in the Regulator's Draft; and
- (e) **approval of Subscriber Information in Notice of Meeting and Explanatory Memorandum:** as soon as practicable after the ASX has completed its review of the Notice of Meeting and Explanatory Memorandum, the Subscriber must confirm to the Company the Subscriber Information as being in a form appropriate for dispatch to the Shareholders.

7.3 Notice of Meeting and Explanatory Memorandum

- (a) The parties agree that:
 - (i) the efficient preparation of the Notice of Meeting and Explanatory Memorandum is in the interests of the parties and the Shareholders; and
 - (ii) they will use their respective reasonable endeavours and utilise all reasonably necessary resources (including management resources and the resources of external advisers) to produce the Notice of Meeting and Explanatory Memorandum as soon as reasonably practicable and in accordance with the Indicative Timetable.
- (b) Each party must promptly inform the other if they have any reason to believe that any information in the Notice of Meeting and Explanatory Memorandum is misleading or deceptive in any material respect (whether by omission or otherwise).
- (c) If there is a dispute as to the content of any part of the Subscriber Information, the parties must consult in good faith and use their reasonable endeavours to resolve the dispute within 5 Business Days. If the parties fail to agree on the form or content of the Subscriber Information, the Company will have the final decision on the form or content of the Notice of Meeting and Explanatory Memorandum.
- (d) Even if there is a dispute as to the form or content of the Subscriber Information and the parties use this procedure, the parties will continue to perform their obligations under this agreement.
- (e) To the maximum extent possible at Law, the Subscriber will not be responsible for, and will disclaim any liability for, any information appearing in the Explanatory Memorandum.

7.4 Good faith co-operation by Authorised Persons

Each party must procure that its Authorised Persons work in good faith and in a timely and co-operative fashion with the other party to implement the subscription for the Subscription Shares in accordance with the Indicative Timetable and to prepare all documents required relating to the subscription for those securities (including by attending meetings and by providing information).

7.5 Recommendation of the Directors

- (a) Subject to clause 7.5(b), the Company will procure that the Directors (other than the Board Nominee and Huayou's Board Nominee) will recommend that the Shareholders vote in favour of all resolutions to be proposed at the Shareholder Meeting in relation to the subscription for the Subscription Shares and approve the subscription for those securities.
- (b) Each Director may only change, withdraw or modify his or her recommendation in relation to the relevant resolutions described in clause 7.5(a) if the Company receives a bona fide Competing Transaction and the Director determines:
 - (i) that the Competing Transaction is a Superior Proposal; and
 - (ii) that continuing to recommend that Shareholders vote in favour of the resolutions to be proposed at the Shareholder Meeting in relation to the subscription for, and the issue of, the Subscription Shares, would be reasonably likely to involve a breach of the fiduciary or statutory duties or legal obligations of that Director.

7.6 Prohibition on capital reconstructions, reorganisations and issues

Prior to the earlier of the Completion Date and the date that this agreement is terminated, the Company must not without the prior approval of the Subscriber (which must not be unreasonably withheld or delayed):

- (a) undertake any capital reconstruction or reorganisation event in relation to the Company or its Share capital; or
- (b) undertake any bonus issue of securities in the Company.

8 BOARD REPRESENTATION

8.1 Rights to a board nominee

The Board must, on receiving a written request from the Subscriber, appoint as an additional Director or casual vacancy on the Board in accordance with the Constitution one Board Nominee of the Subscriber on Completion occurring and provided that the Board Nominee has provided to the Board a written consent to act as a Director, a bankruptcy check and a national criminal history check or other checks depending on the residence of the Board Nominee (as provided for under Listing Rule guidance note 1 in paragraph 3.19) to confirm that the Board Nominee is of good fame and character. If the Board Nominee is not of good fame and character (which the Parties agree will be determined by ASX in the event of a dispute) the Board is not required to appoint the specific Board Nominee and the Subscriber shall nominate another Board Nominee.

8.2 Nomination for re-election at Annual General Meeting

- (a) While the Company is admitted to the official list of the ASX, any Director appointed by the Board under clause 8.1 must retire from office at, and will be eligible for re-election at, the next annual general meeting following his or her appointment in accordance with the constitution of the Company.

- (b) During the Board Nominee Period, the Company will, and use its reasonable endeavours to procure that the Board will, support the re-election or election of the then current or proposed Board Nominee at the next annual general meeting following their appointment.

8.3 Removal or resignation of the Board Nominee

- (a) During the Board Nominee Period, if a Board Nominee appointed under clause 8.1 is due to retire by rotation or is eligible for re-election at any time (**Incumbent Nominee**), the Subscriber may nominate another Board Nominee in the Incumbent Nominee's place.
- (b) During the Board Nominee Period, if a Board Nominee is removed, retires or ceases to hold office as a Director for any reason the Subscriber may nominate another Board Nominee in that person's place and the Company will use its reasonable endeavours to procure that the Board will appoint that person to the Board.
- (c) Where the Subscriber nominates a new Board Nominee under clauses 8.3(a) or 8.3(b), the Company will cause the Board to appoint the Board Nominee so nominated to the Board as a casual vacancy.

8.4 Replacement representation

Any Board Nominee who is appointed as a director to the Board (including under clauses 8.1, 8.3(a) or 8.3(b)) will be taken to have been appointed to represent the interests of the Subscriber and section 203D(1) of the Corporations Act applies.

8.5 Removal of Nominee Director

- (a) Subject to clauses 8.5(b) and 8.5(c), if the Subscriber or its Nominee (together with their respective Associates) holds less than 10% of the issued Shares in the Company for more than 15 consecutive days (**Nominee Resignation Period**) (other than as a result of the exercise of any options or the vesting of any performance rights on issue as at the Completion Date, including those set out in Schedule 4) after Completion then the Subscriber must procure that the Nominee Director must submit his or her resignation to the Board.
- (b) If during the Nominee Resignation Period, the Subscriber forms the view (acting reasonably) that it is prohibited from acquiring any Shares (whether by purchase on-market, the exercise of options, or any other means) pursuant to Division 3 of Part 7.10 of the Corporations Act, the Subscriber may provide written notice to the Company of that prohibition (**Prohibition Notice**).
- (c) If the Subscriber provides a Prohibition Notice to the Company in accordance with clause 8.5(b), the Company and Subscriber must use their reasonable endeavours to agree a reasonable extension of the Nominee Resignation Period, and in the absence of agreement, the Nominee Resignation Period will end on the earlier of:
 - (i) 15 days after the Subscriber is no longer prohibited from acquiring any Shares; and
 - (ii) the date that is 45 consecutive days after the date that the Subscriber ceases to hold the relevant percentage of issued Shares in clause 8.5(a).

- (d) If for whatever reason a Nominee Director refuses to submit a resignation to the Board in accordance with clause 8.5, and the Company calls a meeting of its shareholders to remove the Nominee Director, the Subscriber will vote its then Shares for the removal of that Nominee Director.

9 OFFTAKE AGREEMENT AND STANDSTILL

9.1 Negotiation of Offtake Agreement

From the Completion Date, the parties will negotiate in good faith to agree and execute, as soon as reasonably possible, a binding offtake agreement on ordinary and reasonable commercial terms, subject to the requirements of the Listing Rules and any approvals required, including under Listing Rule 10.1 (under the current draft guidance note 24 issued by ASX).

9.2 Standstill

- (a) Subject to clause 11.2(b), the Subscriber agrees that, for a period of 12 months after the date of this agreement, it will not and will ensure that its Associates and Related Bodies Corporate (as defined in the Corporations Act) do not, without the prior written consent of the Company:
 - (i) acquire (within the meaning of the Corporations Act), agree to acquire or make any invitation or proposal to acquire a relevant interest (within the meaning of the Corporations Act) directly or indirectly in any shares or securities in the Company or a Group Company or any rights or options to acquire or subscribe for such shares or securities, subscribe for or purchase or enter into any agreement to purchase any shares, securities or options to acquire shares or securities in the Company or a Group Company; or
 - (ii) advise, assist, co-operate with or encourage any other person in connection with any of the foregoing activities, including existing shareholders of the Company or a Group Company or other third parties with existing business relationships with the Company or a Group Company.
- (b) The restrictions in clause 11.2(a) do not apply:
 - (i) to any acquisition of Shares or other securities of the Company made:
 - (A) in accordance with the terms of this Subscription Agreement; or
 - (B) by way of a full takeover bid under Chapter 6 of the Corporations Act (**Takeover Bid**), so long as the Takeover Bid is:
 - (I) first communicated to, and approved by, the Board prior to the Subscriber making the Takeover Bid; and
 - (II) recommended by the Board to Shareholders; or
 - (ii) to any acquisition of a relevant interest in any Shares or other securities of the Company, which result in the Subscriber and its Associates having in aggregate a relevant interest (within the meaning of the Corporations Act) in no more than 19.9% of Shares in the Company.

10 WARRANTIES

10.1 Warranties

- (a) The Company represents and warrants to the Subscriber that each of the Company Warranties is true and accurate at the date of this agreement and as at immediately prior to Completion.
- (b) The Subscriber represents and warrants to the Company that each of the Subscriber Warranties is true and accurate in respect of the Subscriber as at the date of this agreement and as at immediately prior to Completion.

10.2 Reliance

- (a) The Company acknowledges that the Subscriber entered into this agreement in reliance on the Company Warranties.
- (b) The Subscriber acknowledges that the Company entered into this agreement in reliance on the Subscriber Warranties.

10.3 Application of Warranties

- (a) Each of the Company Warranties:
 - (i) is for the benefit of the Subscriber;
 - (ii) remains in full force and effect after the Completion Date; and
 - (iii) is separate and independent and is not limited by reference to any other Company Warranty.
- (b) Each of the Subscriber Warranties:
 - (i) is for the benefit of the Company;
 - (ii) remains in full force and effect after the Completion Date; and
 - (iii) is separate and independent and is not limited by reference to any other Subscriber Warranty.

10.4 Maximum aggregate liability and time period for Claims

The maximum aggregate liability of the Company (including legal costs and expenses incurred in defending a Claim from a third party), as a result of Claims for breach of the Company Warranties is limited to 100% of the Subscription Price paid to the Company. The Company is not liable for a Claim unless the Subscriber has notified the Company of the Claim before the date that is 20 calendar months after the date of this agreement.

10.5 Notice of potential Claim

If a party becomes aware of anything which is or may be reasonably likely to give rise to a Claim it must notify the other party in writing, within 30 Business Days after it has first come to the first party's attention (**Claim Notice**), setting out the act, matter or thing relied on as giving rise to the Claim, the Warranty or clause the subject of the Claim and all relevant

details of the Claim in so far as they are available to the first party. For the avoidance of doubt, failure to provide a Claim Notice does not invalidate a Claim.

10.6 Survival

The Warranties survive the execution and Completion of this agreement.

10.7 Disclose breach

Each party must immediately disclose to the other party in writing, full details of any fact, matter, event or circumstance which the party becomes aware of, and which does or might reasonably be expected to constitute a breach of any of the Warranties.

10.8 Indemnity

Subject to clause 10.4, the Company indemnifies and will keep indemnified on a full indemnity basis and hold harmless the Subscriber against any and all Loss suffered by the Subscriber arising out of or otherwise in connection with any breach of this agreement by the Company (including, for the avoidance of doubt, any of the undertakings or the Company Warranties).

10.9 Exclusion of consequential loss

Neither party will be liable to the other party for any consequential loss, indirect loss or loss of profits of the other party arising as a result of a breach of this agreement (including any breach of Warranty), other than Loss suffered by the Subscriber as a result of the diminution in value of the Subscription Shares.

10.10 Awareness

Where a Warranty is given 'so far as a party is aware' or with a similar qualification as to the relevant party's awareness or knowledge, that party will be deemed to know or be aware of a particular fact, matter or circumstance if a director or officer of that party:

- (a) is aware of that fact, matter or circumstance on the date the Warranty is given; or
- (b) would reasonably be expected to be aware of that fact, matter or circumstance if, on the date the Warranty is given, they had made reasonable enquiries as to the accuracy of the Warranty.

10.11 Acknowledgements

The Subscriber acknowledges and agrees that:

- (a) the Company has not given to it a disclosure document relating to the offer of the Subscription Shares because the Company has relied upon exceptions set out in the Corporations Act;
- (b) it has detailed knowledge and extensive experience about financial and business matters so as to be capable of evaluating the merits and risks of entering into this agreement and subscribing for the Subscription Shares;
- (c) in entering into this agreement and subscribing for the Subscription Shares, it is, except as expressly set out in this agreement, relying on information reported to ASX by the Company and its own evaluation, advice and investigations; and

- (d) except as expressly set out in this agreement, the Company is not responsible to the Subscriber for and the Subscriber has not relied on any statement or representation made, any advice, opinion, warranty, undertaking, promise, estimate, projection or forecast given or any conduct of any kind engaged in, in relation to the Subscription Shares or this agreement.

11 CAPACITY

- (a) Each party represents and warrants to the other party that:
 - (i) it is validly existing under the Laws of its place of incorporation or registration;
 - (ii) it has the power to enter into and perform its obligations under this agreement and to carry out the transactions contemplated by this agreement;
 - (iii) it has taken all necessary action to authorise its entry into and performance of this agreement and to carry out the transactions contemplated by this agreement;
 - (iv) its obligations under this agreement are valid and binding and enforceable against it in accordance with their terms; and
 - (v) the execution, delivery and performance by it of this agreement (and any other agreement required to be entered into by it in connection with this agreement) will not:
 - (A) result in a breach of, or constitute a default under, any agreement or arrangement to which it is party or by which it is bound; or
 - (B) result in a breach of any Law or order, judgment or decree of any court, governmental agency or regulatory body to which it is a party or by which it is bound.
- (b) Each of the representations and warranties made by the parties under clause 11(a) remains in full force and effect on and after the Completion Date.

12 TERMINATION

The Subscriber may terminate this agreement at any time before Completion by written notice to the Company if:

- (a) the Conditions Precedent have not been satisfied or waived (or becomes incapable of being satisfied) by the Relevant Sunset Date;
- (b) an order is made or an effective resolution is passed for the winding up or dissolution without winding up (otherwise than for the purposes of reconstruction or amalgamation) of the Company or any Group Company;
- (c) a receiver, receiver and manager, judicial manager, liquidator, administrator or like official is appointed over the whole or a substantial part of the undertaking or property of the Company or any Group Company;
- (d) a holder of an Encumbrance takes possession of the whole or any substantial part of the undertaking and property of a Group Company;

- (e) an event occurs or circumstances arise in relation to the Company or any Group Company which would be reasonably likely to have a Material Adverse Change;
- (f) the Company is removed from the official list of ASX; or
- (g) the Company is in material breach of the terms of this agreement or breaches any representation or Warranty given or made by it under this agreement.

13 NOTICES AND OTHER COMMUNICATIONS

13.1 Service of notices

A notice, demand, consent, approval or communication under this agreement (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the sender; and
- (b) hand delivered or sent by prepaid post, courier, facsimile or email or other electronic means (**Electronic Communication**) to the recipient's address for Notices specified in the Details section of this agreement, as varied by any Notice given by the recipient to the sender.

13.2 Electronic Communications

Notices may be delivered using a form of Electronic Communication unless it is a notice under clause 5 or if a party (the **Notifying Party**) gives a Notice to the other party stating that Electronic Communications is no longer an accepted form of communication for Notices addressed to the Notifying Party.

13.3 Effective on receipt

A Notice given in accordance with clause 13.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) if hand delivered, on delivery;
- (b) if sent by prepaid post, on the fifth Business Day after the date of posting (or on the fifteenth Business Day after the date of posting if posted to or from a place outside Australia);
- (c) if sent by courier, on the date of delivery (as stated in the consignment tracking advice obtained from the courier company);
- (d) if sent by facsimile, when the sender's facsimile system generates a message confirming successful transmission of the entire Notice unless, within one Business Day after the transmission, the recipient informs the sender that it has not received the entire Notice;
- (e) if sent by Electronic Communication, at the time of transmission unless, within 24 hours of transmission or, if the unsuccessful transmission is as consequence of any act or omission of the sender or defect or deficiency in the sender's transmitting equipment, any time after transmission, the sender receives advice that the transmission has been unsuccessful,

but if the delivery, receipt or transmission is not on a Business Day or is after 5.00pm (addressee's time) on a Business Day, the Notice is taken to be received at 9.00am (addressee's time) on the next Business Day.

14 CONFIDENTIALITY

14.1 Confidentiality

Each party (the **recipient**):

- (a) must keep confidential any Confidential Information of the other party (**discloser**) disclosed to it or its Authorised Persons by the discloser, of which the recipient becomes aware (whether before or after the date of this agreement); and
- (b) may disclose Confidential Information in respect of which it has an obligation of confidentiality under clause 14.1(a) only:
 - (i) to those of its Authorised Persons who:
 - (A) have a need to know that Confidential Information for the purposes of this agreement and the transactions contemplated by it; and
 - (B) undertake to the recipient a corresponding obligation of confidentiality to that undertaken by the recipient under this clause 14.1;
 - (ii) with the prior written approval of the discloser;
 - (iii) if disclosure is required by Law or the Listing Rules, provided that the recipient has to the extent reasonably practicable having regard to the required timing of the disclosure consulted with the discloser as to the form and content of the disclosure; or
 - (iv) if disclosure is required for use in legal proceedings regarding this agreement.

14.2 Confidential Information

The provisions of clause 14.1 apply:

- (a) if this agreement is terminated, for a period of 2 years after termination of this agreement; and
- (b) otherwise, until the relevant Confidential Information becomes publicly available (otherwise than as a result of a breach of confidentiality).

14.3 Announcements

A party must not make or authorise a press release or announcement (including pursuant to the Listing Rules) relating to the subject matter or provisions of this agreement unless:

- (a) it is required to be made by Law and before it is made that party has:
 - (i) notified the other party; and

(ii) given the other party a reasonable opportunity to comment on the contents of, and the requirement for, the press release or announcement; or

(b) it has the prior written approval of the other party.

15 GST

15.1 Interpretation

In this clause 17, a word or expression defined in the GST Act has the meaning given to it in that Act.

15.2 GST gross up

If a party makes a supply under or in connection with this deed in respect of which GST is payable, the consideration for the supply but for the application of this clause 15.2 (**GST exclusive consideration**) is increased by an amount equal to the GST exclusive consideration multiplied by the rate of GST prevailing at the time the supply is made.

15.3 Reimbursements

If a party must reimburse or indemnify another party for a loss, cost or expense, the amount to be reimbursed or indemnified is first reduced by any input tax credit the other party is entitled to for the loss, cost or expense, and then increased in accordance with clause 15.2.

15.4 Tax invoice

A party need not make a payment for a taxable supply made under or in connection with this deed until it receives a tax invoice for the supply to which the payment relates.

16 MISCELLANEOUS

16.1 Alterations

This agreement may be altered only in writing signed by each party.

16.2 Assignment

A party may only assign this agreement or a right under this agreement with the prior written consent of each other party.

16.3 Costs

Each party must pay its own costs of negotiating, preparing and executing this agreement.

16.4 Stamp duty

Any stamp duty, duties or other taxes of a similar nature (including fines, penalties and interest) in connection with this agreement or any transaction contemplated by this agreement must be paid by the Subscriber.

16.5 Survival

(a) The following clauses survive termination of this agreement:

- (i) clauses 8, 9, 10, 13, 14 and 15; and
 - (ii) any other term by its nature intended to survive termination of this agreement.
- (b) Accrued rights and remedies of a party are not affected by termination of this agreement.

16.6 Counterparts

This agreement may be executed in counterparts. All executed counterparts constitute one document.

16.7 Entire agreement

This agreement constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

16.8 Further action

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this agreement and any transactions contemplated by it.

16.9 Severability

A term or part of a term of this agreement that is illegal or unenforceable may be severed from this agreement and the remaining terms or parts of the term of this agreement continue in force.

16.10 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

16.11 Relationship

Except where this agreement expressly states otherwise, it does not create a relationship of employment, trust, agency or partnership between the parties.

16.12 Governing Law and jurisdiction

This agreement is governed by the Law of Western Australia and each party irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

Schedule 1 – Indicative Timetable

| Event | Date |
|---|---------------------------|
| Execution of this agreement | 8 November 2019 |
| Company lodges Notice of Meeting and Explanatory Memorandum with ASX | Mid to late November 2019 |
| Company despatches Notice of Meeting and Explanatory Memorandum to Shareholders | Mid to late November 2019 |
| Shareholder Meeting held | Late December 2019 |
| Completion Date | Mid-January 2020 |

Schedule 2 – Application for Subscription Shares

To: The Directors
AVZ Minerals Limited (ABN 81 125 176 703) (**Company**)

[Insert date]

Application for shares pursuant to the Subscription Agreement between the Company and Yibin Tianyi Lithium Industry Co., Ltd dated 8 November 2019

[Yibin Tianyi Lithium Industry Co., Ltd
/ Nominee] (**Subscriber**):

- (a) applies, and agrees to subscribe, for [•] fully paid ordinary shares in the capital of the Company (**Subscription Shares**);
- (b) agrees to pay the sum of \$[•] upon the Completion Date in accordance with the Subscription Agreement; and
- (c) agrees to be bound by the terms of the Constitution of the Company.

Capitalised terms which are used but not defined in this application have the meaning given to them (if any) in the Subscription Agreement.

Executed by [Yibin Tianyi Lithium Industry Co., Ltd / **Nominee**]

Signature of director

Signature of director/company secretary
(Please delete as applicable)

Name of director (print)

Name of director/company secretary (print)

Schedule 3 – Warranties

WARRANTY 1 – Company and corporate matters

- 1.1 The Company is a corporation registered (or taken to be registered) and validly existing under the Corporations Act.
- 1.2 Each Group Company is validly incorporated, organised and subsisting in accordance with the Laws of its place of incorporation.
- 1.3 The Company and each Group Company has all necessary Authorisations for the execution, delivery and performance by the Company of this agreement in accordance with its terms.
- 1.4 The Company has full power, authority and all necessary consents to enter into and perform this agreement.
- 1.5 The execution, delivery and performance of this agreement:
 - (a) complies with its constitution or other constituent documents (as applicable); and
 - (b) does not constitute a breach of any Law or obligation, or cause or result in a default under any agreement, or Encumbrance, by which it is bound.
- 1.6 The issue of the Subscription Shares under this agreement will not:
 - (a) impose any Encumbrance on the Company or any Group Company;
 - (b) put the Company or any Group Company in breach of any obligation or agreement by which it is bound; or
 - (c) put the Company in breach of any obligation under the Listing Rules or Corporations Act.

WARRANTY 2 – Capital structure

- 2.1 The capital structure of the Company is as set out in Schedule 4 as at the date of this agreement and is true, accurate, up-to-date and complete in all respects.
- 2.2 The share capital of the Subsidiaries is legally and beneficially held as set out in Schedule 4 and is true, accurate, up-to-date and complete in all respects.
- 2.3 The Subscriber will acquire full legal and beneficial ownership of each Subscription Share issued to the Subscriber pursuant to this agreement free and clear of all Encumbrances.

WARRANTY 3 – Solvency

- 3.1 Neither the Company, nor any Group Company (other than the Namibian Subsidiaries) is, or is reasonably likely to become, Insolvent.

WARRANTY 4 – Licences

- 4.1 The description of the Licences as set out in Schedule 4 is true, accurate, up-to-date and complete in all respects.

- 4.2 All Licences are in good standing and the Company and each Group Company are in compliance with the conditions of such Licence and the applicable mining legislation and regulations in all material respects and such Licences are not liable to forfeiture or any other equivalent action which would cause the Company or any Group Company to lose the benefit of the Licences.
- 4.3 The Company has applied, or procured that a related body corporate has applied, to the relevant Government Agency for the grant of exclusive rights to explore for tin pursuant to the Licences.

WARRANTY 5 – Material contracts

- 5.1 To the best knowledge and belief of the Company, the Company and each Group Company has fulfilled all the material obligations and duties that it owes under all of their material contracts (including the Joint Venture Agreement).

WARRANTY 6 – Environment and pollution

- 6.1 There are no outstanding notices, orders or demands that have been issued by any Government Agency or regulatory authority to the Company, or any Group Company pertaining to any environmental matter relevant to the Licences or the Project.
- 6.2 To the best knowledge and belief of the Company, none of the Company or any Group Company has materially breached or otherwise failed to materially comply with any environmental Laws, regulations, controls, permits, licences or works approvals relating to the Company, any Group Company, or the Project (including any of the environmental requirements set out in the DRC Mining Code and Mining Regulations).

WARRANTY 7 – Litigation

- 7.1 There is no Claim (including in respect of any environmental matters) threatened against the Company, a Group Company or any person for whose acts or defaults the Company or any Group Company may be vicariously liable.
- 7.2 To the best knowledge and belief of the Company, there is no fact, matter or circumstance likely to give rise to any Claim (including in respect of any environmental matters) or liability against the Company or a Group Company or any person for whose acts or defaults the Company or any Group Company may be vicariously liable.
- 7.3 There are no material unsatisfied or outstanding judgments, orders or awards affecting the Company, any Group Company.
- 7.4 Neither the Company, nor any Group Company, is currently involved in any legal proceedings.

WARRANTY 8 – Listing Rule and Corporations Act compliance

- 8.1 The Company warrants that:
- (d) it has been admitted to and is listed on the official list of ASX (**Official List**);
 - (e) it has not been removed from Official List and no removal from the Official List has been threatened by the ASX; and

- 8.2 The Company has satisfied all conditions necessary to enable it to lodge with ASX and ASIC a Cleansing Statement or Prospectus in respect of the Subscription Shares.
- 8.3 To the best knowledge and belief of the Company, the Company is in compliance with its periodic and continuous disclosure obligations under the Listing Rules and the Corporations Act and has disclosed to the ASX all material information concerning the assets and liabilities, financial position and performance and profits and losses of the Group Company's and their business operations.

WARRANTY 9 – Taxation

- 9.1 All taxation returns required to be made by the Company or any Group Company been made with true and full disclosure of all relevant matters.
- 9.2 The Company is not aware of any actual or potential liabilities in respect of unpaid or unassessed taxes or stamp duty of a Group Company.

WARRANTY 10 – Information

- 10.1 To the best knowledge and belief of the Company, all information disclosed or made available to the Subscriber or its officers, employees, agents or advisors in relation to the business or affairs of the Company or any Group Company in connection with the negotiation and entry into this agreement by or on behalf of the Company (including information set out in the responses to the request for information provided to the Company by the Subscriber and its advisers) (**Due Diligence Disclosures**), is true, complete, accurate and not misleading or deceptive or likely to mislead and deceive in all material respects.
- 10.2 No information has been omitted from, or not included in, the Due Diligence Disclosures that a prospective subscriber for securities in the Company, or offtaker in respect of the Project, acting reasonably would consider misleading or deceptive in any material respect.

WARRANTY 11 – Subscriber

- 11.1 The Subscriber warrants that:
- (a) it is a person to whom an offer and issue of Subscription Shares can be made without disclosure as a result of sub-sections 708(8) of the Corporations Act;
 - (b) it has access to adequate funds necessary to enable it to pay the Subscription Price in accordance with this agreement;
 - (c) it has taken all necessary action to authorise payment of the Subscription Price and there are no regulatory or other approvals required in the People's Republic of China or any other jurisdiction in connection with the payment of the Subscription Price to the Company in accordance with this agreement;
 - (d) all funds advanced by or on behalf of it to the Company in accordance with this agreement will not represent proceeds of crime and to the best of its knowledge none of the funds to be provided by the Subscriber:
 - (i) have been or will be derived from or related to any activity that is deemed criminal under the Laws of the People's Republic of China, Australia, or any other jurisdiction; or

- (ii) are being tendered on behalf of a person or entity who has not been identified to the Company.

Schedule 4 – Capital Structure and Licences

The following is all the capital in the Company on issue as at the date of this agreement:

| Security | Number on issue |
|--------------------|---|
| Ordinary shares | 2,304,148,459 |
| Listed options | 203,649,049 |
| Unlisted options | 41,000,000 (30,000,000 @30.5 cents expiring 28/2/2020) (1,000,000 @ 4.75 cents expiring 05/3/2021) (5,000,000 @ 5.7 cents expiring 05/9/2021) (5,000,000 @ 6.65 cents expiring 05/3/2022) |
| Performance rights | 48,200,000 (4,500,000 subject to shareholders approval) |

Listed options

Exercise price 3 cents.

Expiry Date 24 May 2020.

Performance rights

| Holder | Number | Expiry Date |
|--------------------|-----------|-------------|
| Nigel Ferguson | 9,000,000 | 03/12/2021 |
| Rhett Brans | 4,500,000 | 03/12/2021 |
| Graeme Johnston | 6,000,000 | 03/12/2021 |
| Papa Ilunga | 750,000 | 03/12/2021 |
| Balthazar Tshiseke | 750,000 | 03/12/2021 |
| Nelson Bwihangane | 600,000 | 03/12/2021 |
| Leonard Math | 3,000,000 | 03/12/2021 |
| Marinika Poilly | 1,500,000 | 03/12/2021 |
| Peter Huljich* | 4,500,000 | 03/12/2021 |
| Michael Hughes | 3,000,000 | 14/08/2022 |
| Ongeza Mining | 8,000,000 | 02/06/2022 |
| Graeme Johnston | 2,100,000 | 05/02/2021 |

| | | |
|-------------------|-----------|------------|
| Matthew O'Hara | 1,500,000 | 05/02/2021 |
| JNS Capital Corp# | 3,000,000 | 15/05/2019 |

Subsidiaries

The following table sets out the legal and beneficial ownership of the shares in the Subsidiaries:

| Group Company | Total Issued Share Capital | Registered Holder(s) | Legal and Beneficial Ownership Percentage of the Issued Share Capital |
|--|-----------------------------------|---|--|
| AVZ International Pty Ltd (Incorporated in Australia) | 100 shares | AVZ Minerals Limited | 100% |
| AVZ Minerals Congo SARL (Incorporated in the DRC) | 1,000 shares | AVZ International Pty Ltd | 100% |
| AVZ Power SAU (Incorporated in the DRC) | 100 shares | AVZ Minerals Limited | 100% |
| Dathcom Mining SAS (Incorporated in the DRC) | 1,000 shares | AVZ International Pty Ltd (Incorporated in Australia) La Congolaise D'Exploitation Miniere SA (Incorporated in the DRC) Dathomir Mining Resources SARL (Incorporated in the DRC) | 60% - 600 shares 25% - 250 shares 15% - 150 shares |

Licences

| Holder | Project | Company's interest | Permit | Expiry date |
|---------------------------|--------------------------|---|---------------|--------------------|
| Dathcom Mining SAS (100%) | Manono Project | Indirect interest in 60% pursuant to terms of the Joint Venture Agreement. | PR 13359 | 27 December 2021 |
| AVZ Minerals Congo SARL | Manono Extension Project | Direct interest in 100% pursuant to the Company's 100% ownership of AVZ International Pty Ltd | PR 4029 | 20 July 2021 |
| | | | PR 4030 | 20 July 2021 |

SIGNING PAGE

EXECUTED as an agreement

Executed by **AVZ MINERALS LIMITED (ABN 81 125 176 703)** in accordance with section 127 of the *Corporations Act 2001* (Cth) by authority of its directors

Signature of director

Signature of director/company secretary
(Please delete as applicable)

Name of director (print)

Name of director/company secretary (print)

Executed by **YIBIN TIANYI LITHIUM INDUSTRY CO., LTD** by authority of its directors

Signature of director

Handwritten signature and date: 2019.11.8



Name of director (print)

Signature of director/company secretary
(Please delete as applicable)



Name of director/company secretary (print)

SIGNING PAGE

EXECUTED as an agreement

Executed by AVZ MINERALS LIMITED (ABN 81 125 176 703) in accordance with section 127 of the *Corporations Act 2001* (Cth) by authority of its directors



Signature of director

MAIS M. FERGUSON

Name of director (print)



Signature of ~~director~~ company secretary
(Please delete as applicable)

LEONARD MATH

Name of ~~director~~ company secretary (print)

Executed by YIBIN TIANYI LITHIUM INDUSTRY CO., LTD by authority of its directors

Signature of director

Name of director (print)

Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)



Appendix A

Voluntary Escrow Deed

relating to shares in AVZ Minerals Limited

—

AVZ Minerals Limited (**AVZ**)

[Subscriber / Nominee] (**Subscriber**)

—

Voluntary Escrow Deed

relating to shares in AVZ Minerals Limited

| | |
|--|-----------|
| Details | 3 |
| Agreed terms | 4 |
| 1. Defined terms & interpretation | 4 |
| 1.1 Defined terms | 4 |
| 1.2 Interpretation | 4 |
| 1.3 Compliance with ASX Listing Rules | 5 |
| 2. Conditionality | 5 |
| 3. Restrictions | 5 |
| 3.1 Dealing with Escrow Shares | 5 |
| 3.2 Exceptions to the escrow restrictions | 6 |
| 3.3 Notification | 6 |
| 4. Holding Lock | 6 |
| 5. Warranties | 7 |
| 6. Consequences of breach | 7 |
| 7. Termination and Release | 7 |
| 8. Notices | 8 |
| 8.1 Notices | 8 |
| 8.2 Effective on receipt | 8 |
| 9. Miscellaneous | 8 |
| 9.1 Alterations | 8 |
| 9.2 Assignment | 8 |
| 9.3 Counterparts | 8 |
| 9.4 Further action | 8 |
| 9.5 Severability | 8 |
| 9.6 Entire agreement | 8 |
| 9.7 Waiver | 8 |
| 9.8 Governing law and jurisdiction | 9 |
| Signing page | 10 |

Details

Date

Parties

| | |
|-----------------|---|
| Name | AVZ Minerals Limited ACN 125 176 703 |
| ABN | 81 125 176 703 |
| Short form name | AVZ |
| Notice details | Level 2, 8 Colin Street West Perth, Western Australia 6005 Attention: Nigel Ferguson Email: nferguson@avzminerals.com.au |

| | |
|-----------------|--|
| Name | [insert] |
| Short form name | Subscriber |
| Notice details | [Insert] Attention: [insert] Email: [insert] |

Background

- A AVZ and **[insert]** have entered into a subscription agreement (**Subscription Agreement**), under which the Subscriber has subscribed for **[insert]** Shares.
- B Under the Subscription Agreement, the parties agreed that the Shares will be subject to a voluntary escrow for the Escrow Period.
- C The Shares are to be subject to a voluntary escrow on the terms and conditions of this deed.

Agreed terms

1. Defined terms & interpretation

1.1 Defined terms

In this deed:

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

ASX 3.10A Notice means a notice to ASX in accordance with ASX Listing Rule 3.10A.

ASX Listing Rules means the listing rules of the ASX.

ASX Settlement means ASX Settlement Pty Limited ABN 49 008 504 532.

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

Business day has the meaning set out in the ASX Listing Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Disposal Notice has the meaning given in clause 3.3(a).

Dispose has the meaning given to that term in the ASX Listing Rules and includes sell, assign, transfer, convey or otherwise dispose of a legal or beneficial interest (including by way of a declaration of trust) and **Disposal** has a similar meaning.

Encumbrance means a mortgage, charge, pledge, lien, option, restriction against transfer and other third party interest, a PPSA Security Interest, other encumbrance or security interest of any kind, or another type of agreement or arrangement having similar effect, other than any Encumbrance created or arising under this deed.

Escrow Period means the period commencing on Issue Date and expiring on the date that is 12 calendar months later.

Escrow Shares means the *[insert number of shares]* Shares issued to the Subscriber in accordance with clause 6 of the Subscription Agreement on or about the Issue Date.

Holding Lock has the meaning given to that term in Section 2 of the ASX Settlement Operating Rules.

Issue Date means *[Insert date]*.

PPSA Security Interest means a 'security interest' under the *Personal Property Securities Act 2009* (Cth).

Share Registry means the entity engaged by AVZ from time to time to maintain the register of members.

Shares means a fully paid ordinary share in the capital of AVZ.

Subscription Agreement means the Subscription Agreement entered into between *[insert]* and AVZ on 8 November 2019.

Takeover Bid means a takeover bid for some or all Shares under Chapter 6 of the Corporations Act.

1.2 Interpretation

In this deed unless the context otherwise requires:

- (a) headings are for convenience only and do not affect its interpretation;
- (b) an obligation or liability assumed by, or a right conferred on, 2 or more parties binds or benefits all of them jointly and each of them severally;
- (c) the expression **person** includes an individual, the estate of an individual, a corporation, an authority, an association or joint venture (whether incorporated or unincorporated), a partnership and a trust;

- (d) a reference to any party includes that party's executors, administrators, successors and permitted assigns, including any person taking by way of novation;
- (e) a reference to any document (including this deed) is to that document as varied, novated, ratified or replaced from time to time;
- (f) a reference to any statute or to any statutory provision includes any statutory modification or re-enactment of it or any statutory provision substituted for it, and all ordinances, by-laws, regulations, rules and statutory instruments (however described) issued under it;
- (g) words importing the singular include the plural (and vice versa) and words indicating a gender include every other gender;
- (h) reference to parties, clauses, schedules, exhibits or annexures are references to parties, clauses, schedules, exhibits and annexures to or of this deed and a reference to this deed includes any schedule, exhibit or annexure to this deed;
- (i) where a word or phrase is given a defined meaning, any other part of speech or grammatical form of that word or phrase has a corresponding meaning;
- (j) a reference to time is to Western Standard Time as observed in Perth, Western Australia;
- (k) where an action is required to be undertaken on a day that is not a Business Day it shall be undertaken on the next Business Day;
- (l) a reference to a payment is to a payment by bank cheque or such other form of cleared funds the recipient otherwise allows in the relevant lawful currency specified; and
- (m) a reference to **\$** or **dollar** is to the lawful currency of the Commonwealth of Australia.

1.3 Compliance with ASX Listing Rules

For so long as AVZ is listed on the official list of ASX:

- (a) notwithstanding anything contained in this deed, if the ASX Listing Rules prohibit an act being done, that act must not be done;
- (b) nothing contained in this deed prevents an act being done that the ASX Listing Rules requires to be done;
- (c) if the ASX Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be);
- (d) if the ASX Listing Rules require this deed to contain a provision and it does not contain such a provision, this deed is deemed to contain that provision;
- (e) if the ASX Listing Rules require this deed not to contain a provision and it contains such a provision, this deed is deemed not to contain that provision; and
- (f) if any provision of this deed is or becomes inconsistent with the ASX Listing Rules, this deed is deemed not to contain that provision to the extent of the inconsistency.

2. Conditionality

Clause 3 has no force or effect until such time as the Subscriber becomes the registered holder of the Escrow Shares.

3. Restrictions

3.1 Dealing with Escrow Shares

Subject to clause 3.2, during the Escrow Period, the Subscriber agrees that it will not do any of the following:

- (a) Dispose of, or agree or offer to Dispose of, the Escrow Shares;
- (b) create, or agree or offer to create, any Encumbrance over any of the Escrow Shares; or

- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of the Escrow Shares.

3.2 Exceptions to the escrow restrictions

- (a) The parties acknowledge and agree that, except as expressly provided for in clause 3.1, the terms of this deed will have no effect on any rights of the Subscriber to:
 - (i) receive dividends, a return of capital or other distribution attaching to the Escrow Shares;
 - (ii) receive or participate in any rights or bonus issue in connection with the Escrow Shares; or
 - (iii) exercise voting rights in respect of the Escrow Shares.
- (b) Clause 3.1 will cease to apply, and the Subscriber is entitled to Dispose of the Escrow Shares:
 - (i) to the extent necessary to allow the Subscriber to:
 - (A) accept, or indicate that it will accept, an offer made under a Takeover Bid;
 - (B) tender any of its Escrow Shares into a bid acceptance facility established in connection with a Takeover Bid; or
 - (C) transfer or cancel the Escrow Shares as part of a merger or an acquisition of share capital being implemented by way of scheme of arrangement under Part 5.1 of the Corporations Act,

provided that, if for any reason any or all Escrow Shares are not transferred or cancelled in accordance with a Takeover Bid (including because the Takeover Bid does not become unconditional) or scheme of arrangement as described in clause 3.2(b)(i)(B) or 3.2(b)(i)(C), then the Subscriber agrees that the restrictions that apply to the Escrow Shares under this deed (including under clause 3.1) will continue to apply and without limiting the foregoing, the Holding Lock will be re-applied to all Escrow Shares not so transferred or cancelled;
 - (ii) with the prior written consent of the board of AVZ; or
 - (iii) pursuant to an order of a court of a competent jurisdiction compelling the transfer, disposal or encumbrance, or as otherwise required by law.

3.3 Notification

Prior to any Disposal by the Subscriber of Escrow Shares pursuant to clause 3.2(b)(i):

- (a) the Subscriber must notify AVZ in writing of the number of Escrow Shares which it will Dispose (**Disposal Notice**) no later than 10 Business Days before doing so; and
- (b) AVZ must, in respect of the Escrow Shares notified to it in the Disposal Notice:
 - (i) provide an ASX 3.10A Notice to ASX in respect of those Escrow Shares as soon as possible (and in any event within one Business Day) after AVZ receives the Disposal Notice; and
 - (ii) release the Holding Lock in relation to those Escrow Shares as soon as possible (and in any event within 10 Business Days) after the date on which the Disposal Notice is delivered to AVZ pursuant to clause 3.3(a).

4. Holding Lock

Subject to clauses 3.2 and 3.3, and the ASX Settlement Operating Rules, the parties acknowledge and agree that:

- (a) the Escrow Shares will be subject to a Holding Lock for the Escrow Period;
- (b) the Subscriber:
 - (i) agrees to the application of a Holding Lock to the Escrow Shares for the Escrow Period;

- (ii) authorises AVZ (and its agents or representatives) to do, and procure, all things necessary or desirable to ensure that a Holding Lock is applied to those Escrow Shares for the Escrow Period; and
- (c) AVZ will do all things necessary to procure the release of any Holding Lock applied to the Escrow Shares:
 - (i) if, and to the extent that, clause 3.1 ceases to apply; and
 - (ii) in full as soon as possible (and in any event within one Business Day) after the end of the Escrow Period,

including providing an ASX 3.10A Notice to ASX that the Escrow Shares will be released from the Holding Lock, in accordance with any timing requirements set out in ASX Listing Rule 3.10A.

5. Warranties

Each party warrants to the other party that:

- (a) it has the power to enter into and perform its obligations under this deed and to carry out the transactions described in this deed;
- (b) it has taken all necessary action to authorise its entry into and performance of this deed and to carry out the transactions described in this deed;
- (c) its obligations under this deed are valid and binding and enforceable against it in accordance with its terms; and
- (d) its entry into this deed does not constitute a breach of any obligation (including without limitation, any statutory, contractual or fiduciary obligation), or default under any agreement or undertaking, by which it or its assets are bound.

6. Consequences of breach

- (a) If the Subscriber breaches this deed, AVZ may:
 - (i) take any steps it considers necessary to prevent or cure the breach or enforce this deed (as the case may be); and
 - (ii) subject to the ASX Listing Rules and in addition to its other rights and remedies, refuse to acknowledge, deal with, accept or register any Disposal of any Escrow Shares.
- (b) The parties acknowledge and agree that:
 - (i) AVZ may withhold any dividends or distributions attaching to the Escrow Shares while any breach of this deed by the Subscriber continues. All withheld dividends or distributions will be paid or transferred to the Subscriber upon the Subscriber no longer being in breach of this deed; and
 - (ii) damages would be an insufficient remedy for AVZ for a breach of prospective breach of this deed by the Subscriber and that AVZ is entitled to seek and obtain an injunction or specific performance to enforce the Subscriber's obligations under this deed for an actual or anticipated breach of this deed.

7. Termination and Release

- (a) This deed terminates with immediate effect and without any action of any party upon the end of the Escrow Period.
- (b) On and from the termination of this deed:
 - (i) the Subscriber will be free to undertake the actions referred to in clause 3.1 in respect of the Escrow Shares; and

- (ii) AVZ must procure that the Share Registry releases the Holding Lock in respect of the Escrow Shares, if still in effect, as soon as possible following termination of this deed.

8. Notices

8.1 Notices

A notice, demand, consent, approval or communication under this deed (**Notice**) must be:

- (a) in writing, in English and signed by a person duly authorised by the Sender; and
- (b) hand delivered or sent by prepaid post within Australia or email to the recipient's address for Notices specified in the details, as varied by any Notice given by the recipient to the sender.

8.2 Effective on receipt

A Notice given in accordance with clause 8.1 takes effect when taken to be received (or at a later time specified in it), and is taken to be received:

- (a) in hand delivered, on delivery;
- (b) if sent by prepaid post within Australia (and if available, using the priority service), two Business Days from and including the day of posting; or
- (c) if sent by email, when received by the addressee,

but if the delivery or receipt is on a day that is not a Business Day or is after 5:00 pm (addressee's time), the Notice is taken to be received at 9:00 am on the following Business Day.

9. Miscellaneous

9.1 Alterations

This deed may be altered only in writing signed by all parties.

9.2 Assignment

A party must not assign this deed or any right under this deed without the prior written consent of the other party.

9.3 Counterparts

This deed may be executed in any number of counterparts. All executed counterparts constitute one document.

9.4 Further action

Each party must do, at its own expense, everything reasonably necessary (including executing documents) to give full effect to this deed and any transactions contemplated by it.

9.5 Severability

A term or part of a term of this deed that is illegal or unenforceable may be severed from this deed and the remaining terms or parts of the term of this deed continue in force.

9.6 Entire agreement

This deed constitutes the entire agreement between the parties in connection with its subject matter and supersedes all previous agreements or understandings between the parties in connection with its subject matter.

9.7 Waiver

A party does not waive a right, power or remedy if it fails to exercise or delays in exercising the right, power or remedy. A single or partial exercise of a right, power or remedy does not prevent

another or further exercise of that or another right, power or remedy. A waiver of a right, power or remedy must be in writing and signed by the party giving the waiver.

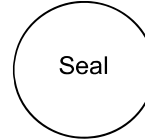
9.8 Governing law and jurisdiction

This deed is governed by the law of Western Australia and each party irrevocably and unconditional submits to the non-exclusive jurisdiction of the courts of Western Australia.

Signing page

EXECUTED as a deed.

Signed sealed and **delivered** by **[insert]** in the presence of



Signature of witness

Signatory of authorised signatory

Name of witness (print)

Name of authorised signatory

Executed by AVZ Minerals Limited in accordance with Section 127 of the *Corporations Act 2001*

Signature of director

Signature of director/company secretary
(Please delete as applicable)

Name of director (print)

Name of director/company secretary (print)

Date: 4 May 2020

Nigel Ferguson
Managing Director
AVZ Minerals Limited
Level 2, 8 Colin Street
West Perth, WA 6005

Dear Nigel

Side letter for Subscription Agreement Amendment

1. Background

- 1.1 We refer to the subscription agreement dated 8 November 2019 between AVZ Minerals Limited (**Company**) and Yibin Tianyi Lithium Industry Co., Ltd (**Subscriber**), as amended by the side letter between the Company and the Subscriber dated 31 January 2020, the side letter between the Company and the Subscriber dated 28 February 2020 and the side letter between the Company and the Subscriber dated 31 March 2020 (collectively, the **Subscription Agreement**).
- 1.2 Unless otherwise stated, capitalised terms in this letter, have the same meaning as that given in the Subscription Agreement.

2. Revised Subscription Agreement terms

- 2.1 On 23 April 2020, the Subscriber withdrew its Foreign Investment Review Board (**FIRB**) application in which it had sought approval from the Treasurer for the issue of the Subscription Shares (being 314,300,000 shares) to the Subscriber (the **FIRB Application**).
- 2.2 Due to the withdrawal of the FIRB Application, the Subscription as currently contemplated in the Subscription Agreement is not able to be completed as the Condition Precedent in item 1 of the table in clause 3.1 is not able to be satisfied.
- 2.3 For this reason, the Company and the Subscriber have agreed to restructure the Subscription so that:
- (a) the Subscriber will subscribe for, and the Company will issue to the Subscriber, 237,500,000 Shares, being approximately 9% of the Shares in the Company;
 - (b) the price for the Shares will be \$0.0450 per Share, being a total subscription price of A\$10,687,500 for the 237,500,000 Shares; and
 - (c) the Subscriber will no longer have a Board Nominee,
- (collectively, the **Revised Transaction**).
- 2.4 The purpose of this letter is to record the parties' agreement to the amendment of the Subscription Agreement terms to give effect to the Revised Transaction.

3. Agreement in respect to the revised Subscription Agreement terms

- 3.1 By signing a copy of this side letter, the Company and the Subscriber acknowledge and agree that:
- (a) the following definitions in clause 1.1 of the Subscription Agreement are amended as follows:
 - (i) "**Subscription Price**" means A\$10,687,500; and
 - (ii) "**Subscription Shares**" means 237,500,000 Shares to be issued to the Subscriber at an issue price of A\$0.045 per Share, equating to a subscription amount of A\$10,687,500;
 - (b) the following definitions in clause 1.1 of the Subscription Agreement are deleted:

- (i) **"Board Nominee"**;
 - (ii) **"Board Nominee Period"**; and
 - (iii) **"FATA"**;
- (c) the following clauses in the of the Subscription Agreement are replaced, varied or deleted (as appropriate):
- (i) item 1 of the table at clause 3.1 of the Subscription Agreement is deleted;
 - (ii) the first column in item 2 of the table at clause 3.1 of the Subscription Agreement is varied by deleting the words "*other than pursuant to item 1 of this table*";
 - (iii) the third column in item 2 and item 4 of the table at clause 3.1 of the Subscription Agreement is varied by replacing the reference to "*174 days from the execution of this Subscription Agreement*" with "*30 June 2020*";
 - (iv) item 5 of the table at clause 3.1 of the Subscription Agreement is deleted;
 - (v) clause 5 of the Subscription Agreement is deleted;
 - (vi) clause 6.2(c) of the Subscription Agreement is deleted;
 - (vii) clause 6.3(d) of the Subscription Agreement is deleted;
 - (viii) the parties obligation to comply with clauses 7.1, 7.2 and 7.3 of the Subscription Agreement is subject to the Company being required to obtain Shareholder approval as described in clause 3.1(d) below; and
 - (ix) clause 8 of the Subscription Agreement is deleted;
- (d) notwithstanding any of the above, if prior to Completion occurring the ASX exercises its discretion under the ASX Listing Rules to require the Company to obtain Shareholder approval for the issue of the Subscription Shares or the Company is not permitted to issue the Subscription Shares within its placement capacity under ASX Listing Rules 7.1 and 7.1A, then the issue of the Subscription Shares is conditional on, the parties must comply with clauses 7.1, 7.2 and 7.3 in seeking to obtain, and the Company and the Subscriber will use their best endeavours to obtain, the required approval; and
- (e) for the purposes of the Subscription, the Company confirms that it has sufficient placement capacity under ASX Listing Rules 7.1 and 7.1A to issue the Subscription Shares to the Subscriber at Completion on the terms of the Subscription Agreement (provided that Completion occurs prior to the date that is 10 trading days of 4 May 2020).
- 3.2 Except as expressly stated by this side letter:
- (a) all the terms and conditions of the Subscription Agreement; and
 - (b) all accrued rights and obligations under the Subscription Agreement (including for any breach prior to the agreement in paragraph 3.1 above),

remain in full force and effect.

We look forward to receiving your executed counterpart of this side letter.

Your sincerely,

Zhenhua Pei

on behalf of Yibin Tianyi Lithium Industry Co., Ltd

EXECUTED as an agreement.

Executed by **AVZ MINERALS LIMITED (ABN 81 125 176 703)** in accordance with section 127 of the *Corporations Act 2001* (Cth)

Signature of director

Signature of director/company secretary
(Please delete as applicable)

Name of director (print)

Name of director/company secretary (print)

Executed by **YIBIN TIANYI LITHIUM INDUSTRY CO., LTD** by authority of its directors



Signature of director

Signature of director/company secretary
(Please delete as applicable)



Name of director (print)

Name of director/company secretary (print)

EXECUTED as an agreement.

Executed by AVZ MINERALS LIMITED (ABN
81 125 176 703) in accordance with section 127
of the Corporations Act 2001 (Cth)

Signature of director

NIGEL M. FERGUSON

Name of director (print)

Signature of ~~director~~ company secretary
(Please delete as applicable)

LEONARD MATH

Name of ~~director~~ company secretary (print)

Executed by YIBIN TIANYI LITHIUM
INDUSTRY CO., LTD by authority of its
directors

Signature of director

Name of director (print)

Signature of director/company secretary
(Please delete as applicable)

Name of director/company secretary (print)