

7<sup>th</sup> March 2024

ASX ANNOUNCEMENT

## Option to acquire Chenene Lithium Project

### HIGHLIGHTS

- Binding Heads of Agreement have been signed by both parties. Non-refundable option fee of \$100,000 provides for exclusive option to acquire 100% interest in the Chenene Lithium Project comprising four contiguous prospecting licenses for lithium covering 300km<sup>2</sup> in central Tanzania.
- Two prime exploration targets identified (refer to fig 2). Target 1 – pegmatite rock chips assayed to 1.08% Li<sub>2</sub>O, 2,7782 ppm Caesium and 181 ppm Tantalum. This pegmatite target is at least 950m long, is parallel and locate approximately 160m south to a pegmatite (owned by 3rd party ML) where rock chips were assayed to 5.49% Li<sub>2</sub>O with 7,624 ppm Caesium and 4,870 ppm Tantalum<sup>1</sup>.
- Adjacent 3<sup>rd</sup> party mining license show pegmatites with up to 5.49% Li<sub>2</sub>O, with strong potential to extend ~150m along strike and ~100m down dip into Chenene Lithium Project.<sup>1</sup>
- Subject to satisfactory due diligence being undertaken by AustChina, 100% of the Project will be acquired for \$500,000. Additional consideration of \$550,000 will be made subject to achieving quality milestones. An additional \$200,000 will be paid should a JORC compliant resource of 5mt at 1% Li<sub>2</sub>O be identified.

### OVERVIEW

AustChina Holdings Limited (**ASX:AUH**) (“**AUH**” or the “**Company**”) is pleased to announce that it has entered into a Binding Agreement with Cassius Mining Limited (**ASX:CMD**) (**Cassius**) and its wholly owned subsidiary Cassius Mining (T) Limited (**CMT**) pursuant to which it has been granted an exclusive and binding option to acquire (**Option**) 100% of the issued capital in **CMT**, the holder of four prospecting licences which comprise the **Chenene Lithium Project**.

AustChina Holdings Limited (**ASX:AUH**) (“**AUH**” or the “**Company**”) is pleased to announce that it has entered into a Binding Agreement with Cassius Mining Limited (**ASX:CMD**) (**Cassius**) and its wholly owned subsidiary Cassius Mining (T) Limited (**CMT**) pursuant to which it has been granted an exclusive and

<sup>1</sup> ASX:CMD Release 16 Feb 2023 | “Chenene Lithium Project – Rock Sample Assays to 1.08% Li<sub>2</sub>O.”  
This release includes Competent Persons Statement.



binding option to acquire (Option) 100% of the issued capital in CMT, the holder of four prospecting licences which comprise the Chenene Lithium Project.

While the Company is still continuing its exploration at the existing Blackall Project, the Board views the acquisition of the Chenene Lithium Project as a potential value driver for shareholders as it will allow the Company to regenerate and diversify its existing asset portfolio through exposure to lithium assets.

**Fig 1: The Location of the Chenene Project in Tanzania**



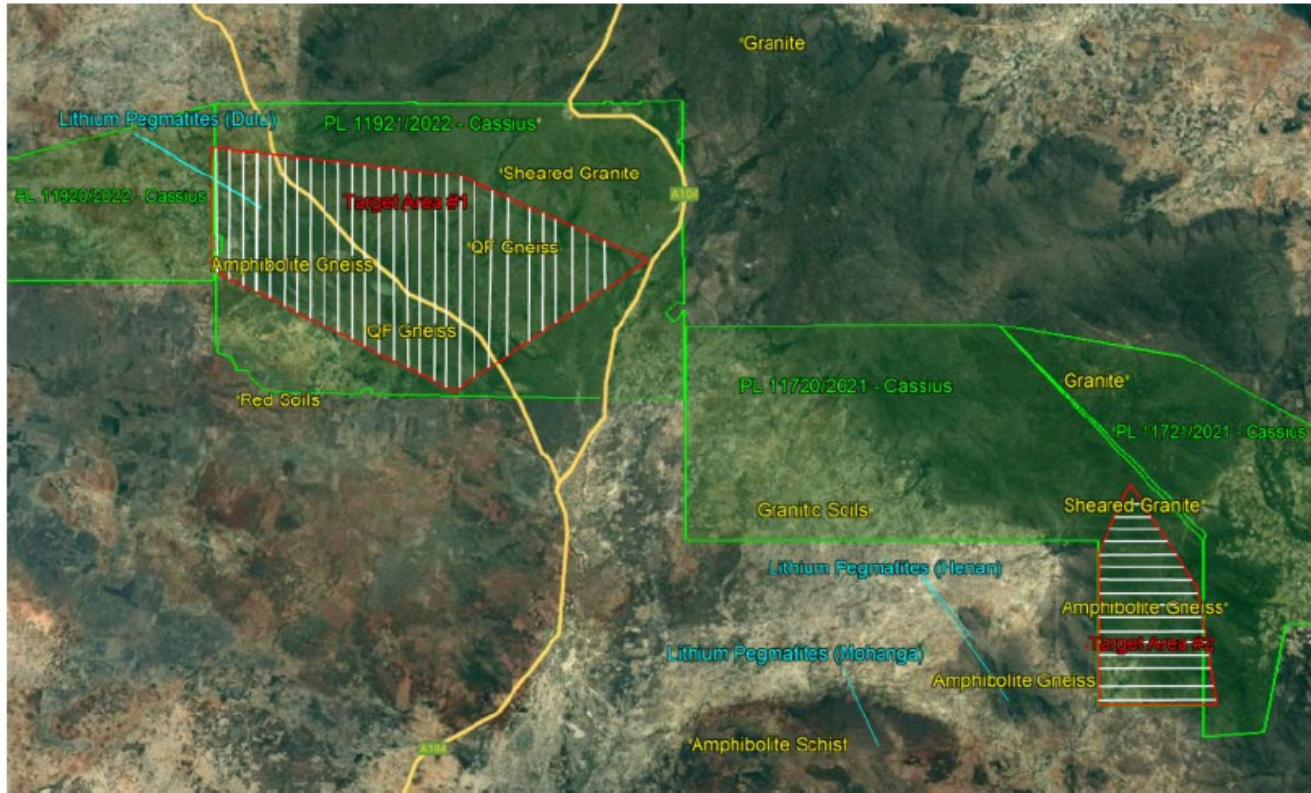
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**Chief Executive Officer, Andrew Fogg, commented:**

*“The Acquisition of the Chenene Lithium Project represents a substantial enhancement to our current exploration portfolio, presenting an opportunity to generate significant shareholder value in line with the Company’s ongoing mineral exploration efforts and stated objectives. Additionally, it is expected that the transaction will attract an additional class of investors who are seeking exposure to the junior lithium exploration market.”*

## Chenene Lithium Project Overview

The Chenene Lithium Project has two prime exploration targets that have been identified. (Fig 2.)



*Fig 2- CMT's PL's (green shaded) showing Targets 1 and 2 with N-S and E-W traverse lines respectively.*

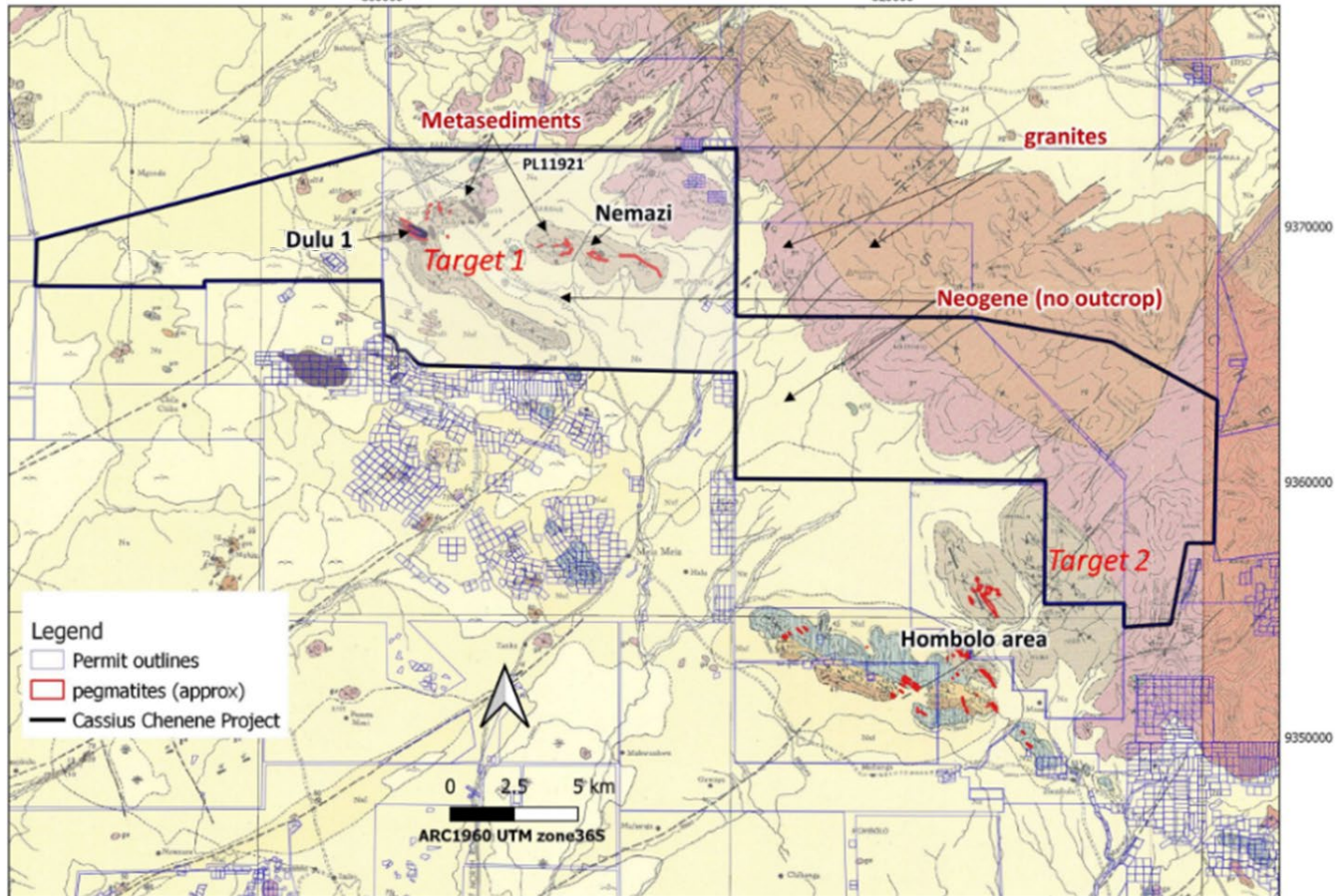
Within Target #1, pegmatite rock chips assayed to **1.08%  $\text{Li}_2\text{O}$ , 2,782 ppm Caesium and 181 ppm Tantalum** have been located at Dulu 1. (Fig 3)

PL11921 fully encloses a 0.14 km<sup>2</sup> Mining Licence (3<sup>rd</sup> party ML). Cassius conducted approved sampling within this tenement with rocks chip assayed to **5.49%  $\text{Li}_2\text{O}$  with 7,624 ppm Caesium and 4,870 ppm Tantalum** in a pegmatite exposure parallel with a similar outcrop in PL11921. The exposure in the mining licence has strong potential to extend ~150m along strike in both directions, as well as ~100m down dip into the Company's license.<sup>2</sup>

<sup>2</sup> ASX:CMD Release 16 Feb 2023 – "Chenene Lithium Project – Rock Sample Assays to 1.08%  $\text{Li}_2\text{O}$ "  
This release includes Competent Persons Statement..



**Fig 3: Geology map of Chenene Lithium Project across 4 PL's (combined 300km2) – showing location of the Dulu area and known pegmatites.<sup>1</sup>**



Target 2 in the adjacent PL 11720 to the East lies within ~2.5km of the known spodumene-bearing pegmatites in the Hombolo area (within an adjacent 3<sup>rd</sup> party license.) the planned fieldwork programme at this target is of lower priority than the Dulu work, yet remains an important area to explore.

## Geology

The main features are the NW-trending Chenene Hills of sheared granite within rolling plains formed mainly of eroded granitic soils. A belt of metamorphosed amphibolite schists and amphibolite gneiss rocks outcrops along the margins of the sheared granites within the Licences, exposed intermittently above granitic soil plains.

<sup>3</sup> ASX:CMD Release 16 Feb 2023 – “Chenene Lithium Project – Rock Sample Assays to 1.08% Li<sub>2</sub>O”  
This release includes Competent Persons Statement..

## Proposed Exploration

AustChina intends to conduct the following due diligence programme to evaluate the potential for and location of lithium within the licenses including:

- Trenching operations to expose the pegmatite sub-surface to at least 3.5m vertical depth along at least 100m lateral length (in sections as required), and as a minimum cover each of the specific locations set out in Item 2 of Annexure A (**Trenching**); and/or
- Drilling to a vertical depth of at least 25m at each of the locations set out in set out in Item 2 of Annexure A (**Drilling**).

The estimated expenditure required to complete the proposed activities above over the next 12 months is approximately \$150,000.

Following completion of the due diligence programme, the Company will assess whether to exercise the Option.

## Material Terms of Proposed Transaction

The material terms of the Proposed Transaction are as follows:

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| Option | <ul style="list-style-type: none"> <li>a) In consideration for AUH paying CMD a non-refundable option fee of \$100,000 (Option Fee) within five business days of execution of the agreement, CMD will grant AUH an exclusive option to acquire 100% of the issued capital of CMT (Option).</li> <li>b) The initial period of the Option commences on the date of execution of the agreement and ends on the date which is 60 days after CMT receives all necessary governmental and regulatory approvals to permit Drilling to be conducted on the Licenses (Initial Option Period) and may be extended for successive periods.</li> <li>c) The Initial Option Period may be extended by AUH (in its sole discretion) on a monthly basis (for up to a maximum of four additional months) (each, an Extended Option Period) in consideration for a non-refundable cash payment by AUH to CMD of \$100,000 in relation to any Extended Option Period (in each case, an Option Renewal Fee). The Initial Option Period may only be extended if AUH has elected to conduct Drilling and requires additional time to complete Drilling or obtain final assay results or CMD otherwise consents to the extension</li> </ul> |
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|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Due Diligence | During the period from the Execution Date until the earlier of Completion (Due Diligence Period), AUH may conduct any activities it deems necessary for the evaluation of the potential for and location of lithium within the Licences including, but not limited to Trenching and/or Drilling.                                                                                                                                                                                                                                                                                                                                                                         |
| Consideration | <p>If AUH elects to exercise the Option, the consideration payable for the acquisition of CMT (Acquisition) will comprise:</p> <ul style="list-style-type: none"> <li>a) The payment of \$500,000 less any Option Renewal Fees which have already been paid by AUD to CMD, which amount is payable on completion of the acquisition of CMT (Completion);</li> <li>b) The payment of the milestone consideration below to CMT, subject to the satisfaction of the relevant targets and milestones; and</li> <li>c) The payment of a 1% NSR royalty to CMD in respect of lithium extracted from the area within the boundaries of the Cheyenne Lithium Project.</li> </ul> |

### Milestone Payments – Drilling and Trenching

- a) AUH will also be required to make a payment of up to \$550,000 to CMD on the date which is 90 days after Completion (Milestone Date), with the amount payable to determined based on whether AUH has conducted Trenching and/or Drilling and the results of those activities. The amount payable will be calculated as follows:
  - i. Subject to paragraph (a)(iii), if AUH conducted Trenching and the Trenching Target was met, \$200,000 will be payable;
  - ii. Subject to paragraph (a)(iii), if AUH conducted Drilling and the Drilling Target was met, \$350,000 will be payable; and
  - iii. If AUH conducted only Trenching or Drilling, the fee payable under paragraph (a)(i) (if only Trenching was conducted) or paragraph (a)(ii) (if only Drilling was conducted) will be increased to \$550,000. The relevant fee will only be payable if the target set out in that clause was met.
- b) No milestone payments will be payable under paragraph (a) unless the Trenching Target or the Drilling Target are met.
- c) If AUH conducted neither Trenching nor Drilling prior to the Milestone Date, an amount of \$550,000 will be payable to CMD on the Milestone Date
- d) For the purposes of paragraph (a),
  - i. The Trenching Target will be met if a minimum of five samples from a vertical depth of at least 3.5m along the Dulu 1 pegmatite assay to a minimum of 1% Li<sub>2</sub>O; and
  - ii. The Drilling Target will be met if at least one 10m interval along the Dulu 1 pegmatite assays to a minimum of 1% Li<sub>2</sub>O.

### Milestone Payments – JORC Resource

Subject to the exercise of the Option and Completion occurring, AUH agrees to pay CMD an amount of \$200,000, payable in cash or fully paid ordinary shares in the capital of AUH (AUH Shares) (at AUH's election and subject to AUH shareholder approval being obtained) upon the announcement by AUH of a JORC 2012 compliant resource of at least 5 million tonnes at 1% Li<sub>2</sub>O within the boundaries of the Licences, as those exist at the date of this Agreement (JORC Milestone). The number of AUH Shares to be issued will be calculated based on the volume weighted average price of AUH Shares over the 20 consecutive days on which the AUH Shares have actually traded prior to the date of the announcement of satisfaction of the JORC Milestone.

### Adviser Fee

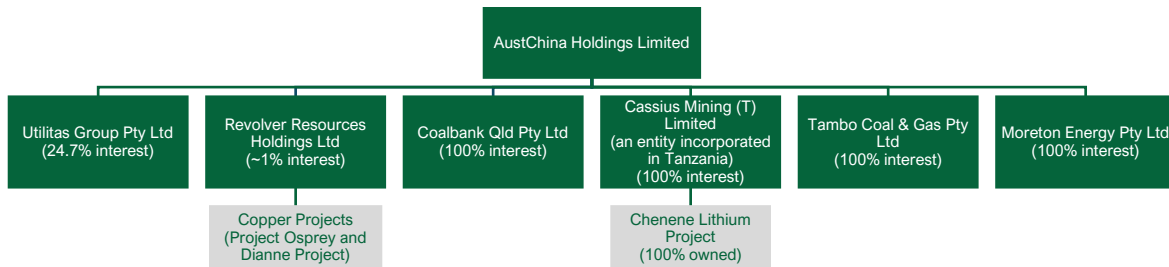
Lynx Advisors Pty Ltd will receive a fee of \$135,000 for introducing and facilitating the transaction (of which \$67,500 will be payable in cash and \$67,500 will be satisfied through the issue of 22,500,000 Shares at a deemed issue price of \$0.003 per Share). These Shares will be held in escrow for 3 months after issue.

## Capital Raising

The Proposed Transaction is not conditional upon the completion of a capital raising, nor are funds required to complete initial exploration activities on the Chenene Lithium Project.

## Corporate Structure

If the Option is exercised and the Company acquires 100% of the issued capital in CMT, the corporate structure of the Company will be as follows:



## Capital Structure

With the exception of shares issued to Lynx Advisers, no other securities will be issued as consideration for grant of the Option.

## No Change to Nature of Main Undertaking

The Company operates within the energy and resources sector, with recent operations focused on the Blackall Coal Project. The Company's shareholders also have exposure to junior resources projects through the Company's shareholding in Revolver Resources Holdings Ltd and bioenergy development through the Company's shareholding in Utilitas.



The Proposed Transaction will result in the Company being granted an exclusive option to acquire 100% of the issued capital of CMT, which holds the Chenene Lithium Project.

The Company will retain and continue to allocate funds for the exploration and development of the Blackall Coal Project, in addition to the proposed activities at the Chenene Lithium Project.

The Proposed Transaction represents an opportunity for the Company to respond to changing market conditions and regenerate and diversify its existing asset portfolio through exposure to lithium assets, consistent with the Company's business model. As the Company will remain a junior explorer within the energy and resources sector and retain the Blackall Coal Project, there is no change in the nature of the Company's business arising from the Proposed Transaction.

**This announcement has been approved for release by the Chairman of the Board**

#### **For further information**

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##### **Andrew Fogg**

Chief Executive Officer

T: +61 7 3229 6606

E: [info@austchinaholdings.com](mailto:info@austchinaholdings.com)

##### **Chloe Hayes**

Investor & Media Relations

T: +61 458 619 317

E: [chloe@janemorganmanagement.com.au](mailto:chloe@janemorganmanagement.com.au)

## **Competent Person Statement**

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Information in this ASX Announcement relating to Exploration Targets, Exploration Results and Mineral Resources were contained within an ASX Announcement by Cassius Mining Limited - ASX:CMD Release 16 Feb 2023 – “Chenene Lithium Project – Rock Sample Assays to 1.08% Li<sub>2</sub>O”. This 16 February 2023 announcement contained the relevant Competent Person Statement and the Company is not aware of any new information or data that would materially affect the information included in the announcement made by CMD on 16 February 2023.