



## ASX ANNOUNCEMENT

16 November 2023

# **GALAN SECURES AGREEMENT WITH GLENCORE FOR OFFTAKE & FINANCING PREPAYMENT FACILITY FOR THE HOMBRE MUERTO WEST (HMW) LITHIUM PROJECT**

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- **Binding offtake secured from Glencore, one of the world's largest global diversified natural resource companies, for lithium chloride and/or lithium carbonate from Phase 1 production (see DFS ASX release 3 July 2023) at HMW**
- **Glencore offers to provide or facilitate a Financing Prepayment Facility for US\$70 to US\$100 million, subject to conditions precedent**
- **Offtake with Glencore does not require an export licence**
- **The agreement endorses Galan's low-cost low-risk lithium chloride development strategy to become the next lithium producer in Argentina**
- **Discussions for the larger Phase 2 (see DFS ASX release 3 October 2023) HMW development are open and well advanced**
- **As previously announced Galan has commenced construction of Phase 1 HMW in September 2023 and remains on track for first pond fill in Q1-2024**
- **Commencement of production remains forecast for H1 2025**

The Board of Galan Lithium Limited (**Galan** or the **Company**) is very pleased to announce that it has signed a binding term sheet with a wholly owned subsidiary of Glencore plc (**Glencore**) global mining and trading company, for offtake for up to 100% of its premium lithium chloride concentrate from HMW (**Marketing Offtake Agreement** or **MOA**) and the offer to provide or facilitate a secured Financing Prepayment Facility (**Facility**) for US\$70 to US\$100 million, subject to conditions precedent being met.

### **OFFTAKE AGREEMENT**

Glencore will purchase technical grade lithium chloride product from Galan's high-grade, low-impurity HMW Project in Catamarca Province, Argentina. The offtake commitment does not require Galan to have secured an export licence for its lithium chloride. Glencore will accept offtake for Galan's lithium chloride to be toll treated into lithium carbonate for sale and export from Argentina.

The binding agreement is for a five (5) year period from commencement of commercial production for 100% of Galan's Phase 1 production estimated at 5.4kt lithium carbonate equivalent (LCE) in lithium chloride concentrate per annum. The price payable by Glencore will be referenced to a mutually agreed lithium carbonate price index over a quotational period less a marketing fee, discount and penalties (if any).

The agreement is renewable subject to mutual agreement between Galan and Glencore.

### **FINANCING PREPAYMENT FACILITY**

Galan is also delighted to have secured an offer from Glencore to provide or facilitate a binding proposal for the Facility to support funding of Phase 1, which is subject to certain conditions precedent being met including, amongst others, satisfactory due diligence to Glencore's absolute discretion and draw down under the Facility will only become effective when the MOA and all transaction definitive documentation has been signed subject to Glencore's satisfaction in its absolute discretion.

Galan believes that the execution of the binding term sheet for the MOA and Facility is a validation of the exceptional quality of the HMW Project and a strong endorsement of the experienced personnel with the requisite niche expertise which Galan has secured to successfully construct and deliver a lithium brine project in Argentina. Moreover, to underscore such confidence in the growth and future of Galan and its HMW Project, Galan and Glencore have agreed that Glencore will have first right to negotiate in respect of marketing and/or financing with regards to the future expansion of the HMW Project for Phase 2.

In parallel and whilst Galan is developing Phase 1 for maiden production at HMW in 1H 2025, the Company is also advancing discussions for the development of Phase 2 at HMW.

**Galan's Managing Director, Juan Pablo (JP) Vargas de la Vega, said:**

*"We are very delighted to announce Galan's achievement of this very significant milestone on the path towards commencing commercial production at HMW in H1 2025. The agreement with Glencore is a validation of the quality our world class project and endorses the calibre and experience of Galan's team. Our agreement with Glencore significantly de-risks our project and we are very well poised to secure finance for Phase 1 of the HMW Project. Importantly, Glencore's funding assistance via the prepayment facility endorses our lithium chloride concentration strategy to deliver the HMW project, and provide returns to shareholders, in a shorter time frame.*

*We are today closer to becoming a significant and reliable producer of lithium, and thereafter growing our production in line with the expected rise in demand. Our momentum towards maiden commercial production continually strengthens and we look forward to updating investors on our progress.*

*We thank and acknowledge the work of our dedicated Board and personnel to reach this critical milestone. As always, we are grateful to our community and government in Argentina for their invaluable support of our development at HMW."*

## About Glencore

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 commodities that advance everyday life. Through a network of assets, customers and suppliers that spans the globe, Glencore produces, processes, recycles, sources, markets and distributes the commodities that support decarbonisation while meeting the energy needs of today.

With around 140,000 employees and contractors and a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's marketing and industrial activities are supported by a global network of more than 40 offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. Glencore also provides financing, logistics and other services to producers and consumers of commodities.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. Glencore is an active participant in the Extractive Industries Transparency Initiative.

Glencore recognises its responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising its own operational footprint. Glencore believes that it should take a holistic approach and has considered its commitment through the lens of its global industrial emissions. Against a 2019 baseline, Glencore is committed to reducing its Scope 1, 2 and 3 industrial emissions by 15% by the end of 2026, 50% by the end of 2035 and Glencore has an ambition to achieve net zero industrial emissions by the end of 2050. For more detail see Glencore's 2022 Climate Report on the publication page of its website at [glencore.com/publications](https://www.glencore.com/publications)

This transaction is growing Glencore's already existing offtake volumes of lithium in Argentina by adding supply from the Hombre Muerto West project.

**The Galan Board has authorised this release.**

For further information contact:

**Juan Pablo ("JP") Vargas de la Vega**

**Managing Director**

[jp@galanlithium.com.au](mailto:jp@galanlithium.com.au)

+ 61 8 9214 2150

**Terry Gardiner**

**Non-Executive Director**

[TGardiner@galanlithium.com.au](mailto:TGardiner@galanlithium.com.au)

+ 61 (0) 400 900 377

**Jane Morgan**

**Investor and Media Relations**

[info@janemorganmanagement.com.au](mailto:info@janemorganmanagement.com.au)

+ 61 (0) 405 555 618

## **About Galan**

Galan Lithium Limited (ASX:GLN) is an ASX-listed lithium exploration and development business. Galan's flagship assets comprise two world-class lithium brine projects, HMW and Candelas, located on the Hombre Muerto Salar in Argentina, within South America's 'lithium triangle'. Hombre Muerto is proven to host lithium brine deposition of the highest grade and lowest impurity levels within Argentina. It is home to the established El Fenix lithium operation (Livent Corporation) and the Sal de Vida (Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, approximately 3 km south of the Tier 1 Greenbushes Lithium Mine.

**Hombre Muerto West (HMW):** A ~16 km by 1-5 km region on the west coast of Hombre Muerto Salar neighbouring Livent Corp. to the east. HMW is currently comprised of twenty one mining tenements. Geophysics and drilling at HMW demonstrated significant potential of a deep basin. In May 2023 an updated Mineral Resource estimate was delivered totalling 6.6 Mt of LCE. There still remains exploration upside for other areas of the HMW concessions that have not been included in the current resource estimate.

**Candelas:** A ~15 km long by 3-5 km wide valley-filled channel which project geophysics and drilling have indicated the potential to host a substantial volume of brine and over which a maiden resource estimated 685 kt LCE (Oct 2019). Furthermore, Candelas has the potential to provide a substantial amount of processing water by treating its low-grade brines with reverse osmosis, this is to avoid using surface river water from Los Patos River.

**Greenbushes South Lithium Project:** Galan now owns 100% of the mining tenement package that makes up the Greenbushes South Project that covers a total area of approximately 315 km<sup>2</sup>. The project is located ~250 km south of Perth in Western Australia. These mining tenements are located along the trace of the geological structure, the Donnybrook-Bridgetown Shear Zone that hosts the emplacement of the lithium-bearing pegmatite at Greenbushes. In March 2022 airborne geophysics were flown to develop pegmatite targets for the Galan's mining tenements. Following on, in August 2022, a pegmatite associated with spodumene-bearing rocks was discovered at E70/4790. This mining tenement is approximately 3 km to the south of the Greenbushes mine.

#### Resources (May 2023)

Resource Category	Brine Vol. (Mm <sup>3</sup> )	In situ Li (Kt)	Avg. Li (mg/l)	LCE (Kt)	Avg. K (mg/l)	In situ K (Kt)	KCl Equiv. (Kt)
<b>Hombre Muerto West:</b>							
Measured	1,020	890	873	4,737	7,638	7,782	14,841
Indicated	205	185	904	986	7,733	1,585	3,022
Inferred	182	161	887	859	7,644	1,391	2,653
<b>HMW Total</b>	<b>1,407</b>	<b>1,237</b>	<b>880</b>	<b>6,582</b>	<b>7,653</b>	<b>10,758</b>	<b>20,516</b>
<b>Candelas North (*)</b>							
Indicated	196	129	672	685	5,193	1,734	3,307
<b>Galan's Total Resource Inventory</b>							
<b>Grand Total</b>	<b>1,603</b>	<b>1,366</b>	<b>852</b>	<b>7,267</b>	<b>7,793</b>	<b>12,492</b>	<b>23,823</b>

#### Notes:

- No cut-off grade applied to the updated Mineral Resource Estimate as minimum assays values are above expected economic concentrations (Li 620 mg/L).
- Specific yield (SY) values used are as follows: Sand – 23.9%, Gravel – 21.7%, Breccia – 8%, Debris – 12%, Fractured rock – 6%, and Halite – 3%.
- The conversion for LCE = Li x 5.3228, and KCl = K x 1.907.
- There may be minor discrepancies in the above table due to rounding.
- (\*) The Candelas North Mineral Resource Statement was announced on 1 October 2019.
- There may be minor discrepancies in the above table due to rounding.

#### Forward-Looking Statements

Some of the statements appearing in this announcement may be forward-looking in nature. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Galan Lithium Limited operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside Galan Lithium Limited's control. Galan Lithium Limited does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, neither Galan Lithium Limited, its directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.