



## ASX ANNOUNCEMENT

27 August 2024

# Offtake Prepayment MOU

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is very pleased to announce that it has entered into an offtake prepayment memorandum of understanding with Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) in relation to the Company's Hombre Muerto West (**HMW**) project in Argentina (**Agreement**).

Upon execution of definitive agreements, Galan will supply and Chemphys will purchase a total of 23,000 tonnes LCE, as a lithium chloride product, over the first five years of Phase 1 production from the HMW project. Chemphys will also provide Galan with a US\$40 million offtake prepayment facility to facilitate the continued development of Phase 1 of the HMW project. Key terms of the Agreement are featured in Table 1.

### **Managing Director, JP Vargas de la Vega, commented:**

"I am delighted with this outcome. The high grade, low impurity lithium chloride samples Galan has been producing from the HMW pilot plant have been very well received by lithium converters leading to this agreement with Chemphys. Chemphys is a leader in processing lithium products in China and is a trusted partner to some of the world's largest battery manufacturers.

The offtake partnership and the financing prepayment will be foundational agreements for the HMW project and Galan. We look forward to the execution of the definitive agreements and further advancing the development of HMW in anticipation of first lithium chloride production in the second half of 2025."

### **Chemphys Director, Alison Dai, commented:**

"Chemphys is pleased to achieve this first milestone with Galan. Chemphys places great importance on the quality of the lithium supply and visibility of the supply chain. Galan is a great partner for Chemphys on these measures and we look forward to a strong relationship."

### About Chemphys

Chemphys has been a high purity lithium chemicals and technology company since 1998. The company's founder was pivotal in introducing spodumene into China in the 1990s and has been at the forefront of producing battery grade and high purity lithium products qualified by leading global battery materials customers. Chemphys' proprietary lithium processing technologies include direct lithium extraction, direct precipitation and electrochemical processes. Chemphys has interests in lithium companies with projects in Argentina including in the Salta and Catamarca provinces.

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**Table 1. Key terms of the Agreement**

Item	Detail
<b>Lithium Chloride Sales &amp; Purchase Agreement</b>	
Delivery Period	2025 -2030
Delivery Conditions	CIF China
Total Minimum Contract Volume	23,000 t LCE
Pricing	Market linked pricing to Li <sub>2</sub> CO <sub>3</sub> Battery Grade ≥ 99.5% index price
<b>Offtake Prepayment</b>	
Prepayment Amount	US\$ 40 M.
Security	First ranking security interest over lithium inventory and HMW project
Repayment	Repayment over off-take period
<b>Conditions of Agreement</b>	
Approvals	Receipt of all regulatory approvals
Due Diligence	Satisfactory completion of due diligence by Chemphys
Nature of Agreement	Non-binding

In relation to the offtake and financing prepayment facility announced 16 November 2023, the Company notes that it has not received both an offtake and financing proposal from the counterparty and accordingly the Company could no longer proceed with that option.

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

For further information contact:

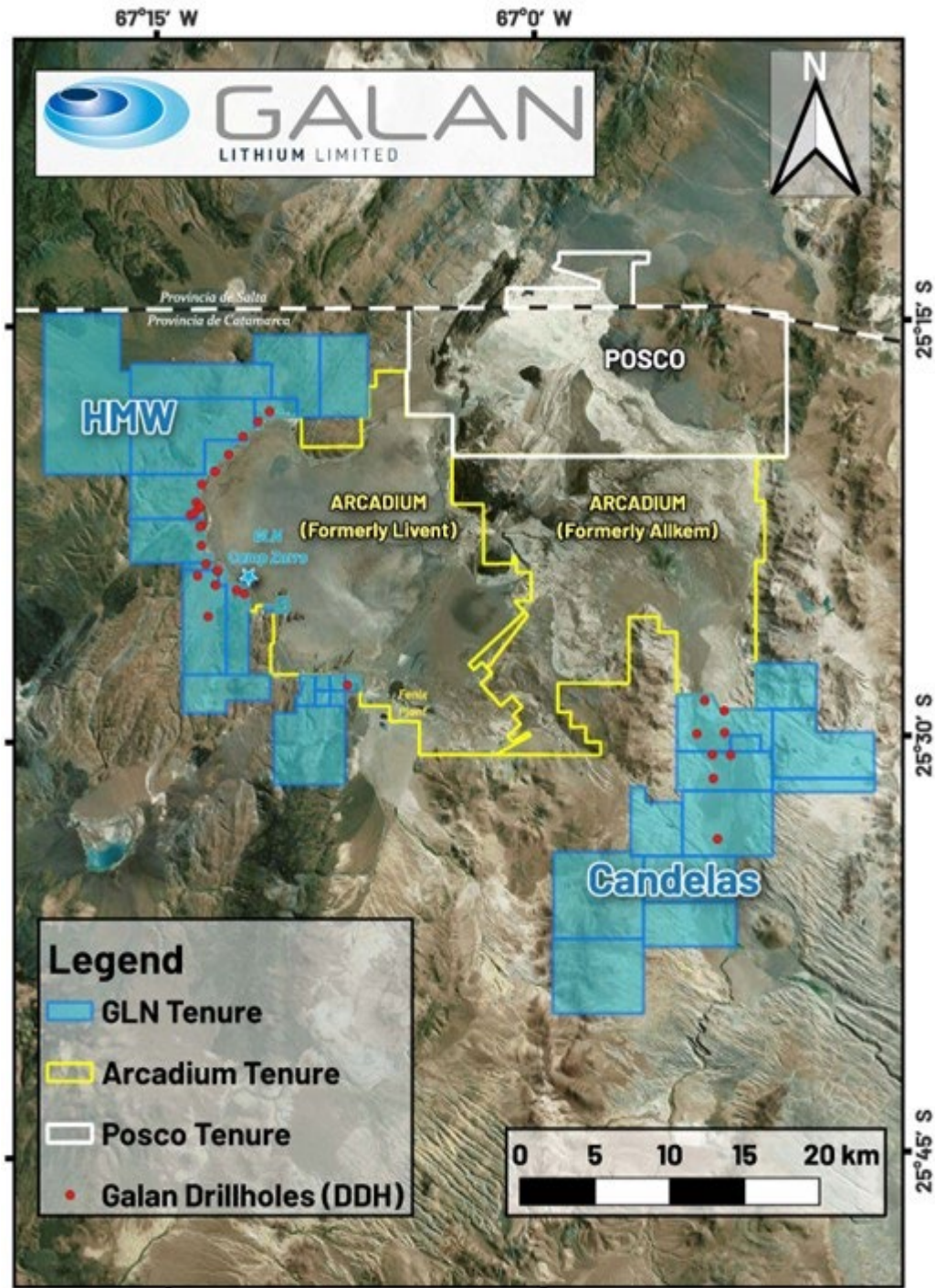
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About Galan



Galan's HMW and Candelas project tenure in Argentina

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 (Arcadium Lithium, formerly Livent Corporation), Sal de Vida (Arcadium Lithium, formerly Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, just south of the Tier 1 Greenbushes Lithium Mine.

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**Hombre Muerto West (HMW):** A ~16 km by 1-5 km region on the west coast of Hombre Muerto Salar neighbouring Arcadium Lithium 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 March 2024 an updated Mineral Resource estimate was delivered totalling 7.9Mt of LCE @ 883mg/l Li.

**Candelas:** A ~15 km long by 3-5 km wide valley-filled channel which geophysics and drilling 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.

#### **Conversion Factors**

Lithium grades are normally presented in mass percentages or milligrams per litre (or parts per million (ppm)). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percentage of lithium oxide (Li<sub>2</sub>O) content or percentage of lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) content. Lithium carbonate equivalent (LCE) is the industry standard terminology and is equivalent to Li<sub>2</sub>CO<sub>3</sub>. Use of LCE provides data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent Li<sub>2</sub>CO<sub>3</sub> value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li<sub>2</sub>CO<sub>3</sub>.

Convert from		Convert to Li	Convert to Li <sub>2</sub> O	Convert to Li <sub>2</sub> CO <sub>3</sub>
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	Li <sub>2</sub> O	0.464	1.000	2.473
Lithium Carbonate	Li <sub>2</sub> CO <sub>3</sub>	0.188	0.404	1.000
Lithium Chloride	LiCl	0.871		

#### **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 reflect views held only as at the date of this announcement.

**Competent Persons Statement**

*The information contained herein that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Mr Carlos Eduardo Descourvieres. Mr Descourvieres is an employee of WSP (Chile) and a Member of the Australian Institute of Mining and Metallurgy. He has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)'. Mr Descourvieres consents to the inclusion of his name in the matters based on his information in the form and context in which it appears.*

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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