

**GALAN LITHIUM LIMITED**

**ACN 149 349 646**

## **ENTITLEMENT OFFER BOOKLET**

For a pro rata non-renounceable Rights Issue to Eligible Shareholders on the basis of one (1) New Share for every four (4) existing Shares held by Eligible Shareholders on the Record Date at an issue price of \$0.105 per New Share to raise approximately \$13,300,015 (before costs) (**Offer**).

**ELIGIBLE SHAREHOLDERS MAY ALSO APPLY FOR SHORTFALL SHARES IN ADDITION TO THEIR ENTITLEMENT.**

**The Offer opens on Wednesday, 18 September 2024 and closes at 5:00pm (WST) on Thursday, 3 October 2024 (unless it is lawfully extended). Valid acceptances must be received before that time.**

Applications for New Shares by Eligible Shareholders can only be made by using or following the instructions on an Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Shareholders' Entitlement to participate in the Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

***This document is not a prospectus and does not contain all of the information that an investor may require in order to make an informed investment decision regarding the New Shares offered by this Offer Document.***

***The New Shares offered by this Offer Document should be considered as speculative.***

## TABLE OF CONTENTS

1.	IMPORTANT INFORMATION .....	1
2.	CORPORATE DIRECTORY .....	4
3.	DETAILS OF THE OFFER .....	5
4.	ACTION REQUIRED BY SHAREHOLDERS.....	14
5.	RISK FACTORS.....	17
6.	ADDITIONAL INFORMATION.....	28
7.	DEFINED TERMS .....	29

## 1. IMPORTANT INFORMATION

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

### 1.1 This document is not a prospectus

This Offer Document is dated 18 September 2024, has been prepared by Galan Lithium Limited and is for a rights issue of continuously quoted securities (as defined in the Corporations Act) of the Company. This Offer Document is not a prospectus under the Corporations Act and has not been lodged with the ASIC. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares offered by this document. As the Offer Document has a lower level of disclosure requirements than a prospectus, Shareholders should obtain professional advice before accepting the Offer. The ASX and its officers take no responsibility for the contents of this Offer Document or the merits of the investment to which this Offer Document relates.

This Offer Document including each of the documents attached to it and which form part of this Offer Document are important and should be read in their entirety prior to making an investment decision. In particular, Shareholders should refer to the risk factors set out in Section 5 of this document. If you do not fully understand this Offer Document or are in any doubt as to how to deal with it, you should consult your professional adviser.

### 1.2 Section 708AA of the Corporations Act

This offer document (**Offer Document**) is issued pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 for the offer of New Shares without disclosure to investors under Part 6D.2 of the Corporations Act. This Offer Document was lodged with ASX on 18 September 2024 and a cleansing notice was issued by the Company in connection with the Offer on 10 September 2024 in accordance with section 708AA(2)(f) of the Corporations Act.

In general terms, section 708AA permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, the level of disclosure in this Offer Document is significantly less than the level of disclosure required in, and what you would expect in, a prospectus. Eligible Shareholders should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding to accept the Offer.

### 1.3 Eligibility

Applications for Shares by Eligible Shareholders can only be made by following the instructions on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

### 1.4 Overseas Shareholders

The Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia, New Zealand or the Approved Foreign Jurisdictions. It is not practicable for the Company to comply with the securities laws of overseas jurisdictions (other than those mentioned above) having regard to the number of overseas Shareholders, the number and value of New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction.

## **New Zealand Shareholders**

The Offer is being made in New Zealand pursuant to the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016* (New Zealand). Please see Section 3.20 for further information.

## **International Offer Restrictions**

This Offer Document and the Entitlement and Acceptance Form may not be distributed outside Australia and New Zealand except that they may be distributed in the Approved Foreign Jurisdictions in compliance with the permissions set out in Section 3.20 of this Offer Document.

The distribution of this Offer Document and the Entitlement and Acceptance Form, or any other material relating to the Offer, in jurisdictions outside Australia may also be restricted by law and any such restrictions should be observed. Should a person obtain this Offer Document outside Australia they should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. The Company disclaims all liability to such persons.

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. By applying for or paying for New Shares or Shortfall Shares, Eligible Shareholders will be taken by the Company to have represented that there has been no breach of any such laws.

## **US**

Without limiting the above, the Offer Document and the Entitlement and Acceptance Form, and any material relating to the Offer may not be sent or distributed to (wholly or partially), or relied upon by any persons in the US or to persons that are acting for the account or benefit of a US Person.

This Offer Document does not constitute an offer to sell, or the solicitation of an offer to buy, any New Shares or Shares in the US or to, or for the account or benefit of, any person in the US.

The New Shares being offered under this Offer Document have not been registered under the US Securities Act or any the securities laws in any state of the US, and may not be offered, sold, or transferred directly or indirectly, in the US, or to or for the account of a US Person, unless registered or an exception to registration applies and otherwise lawful.

### **1.5 Notice to nominees and custodians**

The Offer and the Shortfall Offer are being made to all Eligible Shareholders. Nominees with registered addresses in Australia, New Zealand and the Approved Foreign Jurisdictions may be able to participate in the Offer in respect of some or all of the beneficiaries on whose behalf they hold Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder and any applicable foreign laws are complied with.

Nominees and custodians should note that the Offer and Shortfall Offer are not available to beneficiaries on whose behalf they hold Shares who would not satisfy the criteria for an Eligible Shareholder and to whom the Offer and Shortfall Offer cannot be made in compliance with applicable foreign laws.

Due to legal restrictions, nominees and custodians may not send copies of this Offer Document or accept the Offer or the Shortfall Offer on behalf of any person who is not in Australia, New Zealand or an Approved Foreign Jurisdiction except with the consent of the Company and where permitted to do so by applicable foreign laws.

The Company is not required to determine whether or not any registered Shareholder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares. Where any person is acting as a nominee or custodian for a foreign person that person in dealing with its beneficiary will need to assess whether indirect participation in the Offer and the Shortfall Offer by the beneficiary, complies with applicable foreign laws.

The submission of an Application will be taken by the Company to constitute a representation that there has been no breach of those regulations.

## **1.6 Forward-looking statements**

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Offer Document will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention of updating or revising forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Offer Document, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 5 of this Offer Document.

## **1.7 Speculative investment**

An investment in New Shares offered under this Offer Document should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 of this Offer Document for further details.

## **1.8 Definitions**

Throughout this Offer Document abbreviations and defined terms are used. Defined terms are generally identifiable by the use of an upper-case first letter. Abbreviations and defined terms are contained in the Defined Terms in Section 7.

## 2. CORPORATE DIRECTORY

### Directors

Richard Homsany  
*Non-Executive Chairman*

Juan Pablo Vargas de la Vega  
*Managing Director*

Daniel Jimenez  
*Non-Executive Director*

Terry Gardiner  
*Non-Executive Director*

Claudia Pohl  
*Non-Executive Director*

### Company Secretary

Mike Robbins

### Share Registry\*

Automic Pty Ltd  
Level 5  
126 Phillip Street  
SYDNEY NSW 2000

Telephone: 1300 288 664 (within Australia)  
+61 2 9698 5414 (outside Australia)

### Auditor\*

Hall Chadwick  
283 Rokeby Road  
SUBIACO WA 6008

### Registered Office

Level 1  
50 Kings Park Road  
WEST PERTH WA 6005

Telephone: +61 8 9214 2150  
Website: [www.galanlithium.com.au](http://www.galanlithium.com.au)

### Solicitors

Cardinals Lawyers and Consultants  
60 Havelock Street  
WEST PERTH WA 6005

Telephone: +61 8 9213 3000

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Offer Document.

### **3. DETAILS OF THE OFFER**

#### **3.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) New Share for every four (4) Shares held by Eligible Shareholders registered at the Record Date at an issue price of \$0.105 per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as the Record Date, as set out in Section 3.7 of this Offer Document, a maximum of approximately 126,666,814 New Shares will be issued pursuant to this Offer to raise up to \$13,300,015.

As at the Record Date the Company had 79,045,302 Options on issue. As those Options were not exercised prior to the Record Date, they do not entitle their holders to participate in the Offer. Please refer to Section 3.7 of this Offer Document for information on the exercise price and expiry date of the Options on issue. The Company also has 18,350,000 Performance Rights on issue, none of which were exercisable as at the Record Date as the conditions for their exercise had not yet been met.

All of the New Shares offered under this Offer Document will rank equally with the Shares on issue at the date of this Offer Document.

The Directors may at any time decide to withdraw this Offer Document and the offer of New Shares made under this Offer Document in which case the Company will return all Application monies (without interest) within 28 days of giving such notice of withdrawal.

#### **3.2 Minimum subscription**

There is no minimum subscription. Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer. Please refer to Section 4.3 for further details of the Shortfall Offer.

#### **3.3 Use of Funds**

Completion of the Offer will result in an increase in cash in hand of up to approximately \$13,300,015 if fully subscribed (before the payment of costs associated with the Offer).

The Company will use the funds raised under the Offer, together with existing cash resources, to fund further Phase 1 construction and development of the Company's HMW Project, for corporate costs and general working capital, and to meet the costs of the Offer.

The above is a statement of the Board's current intentions as at the date of this Offer Document. However, Shareholders should note that, as with any budget, the use of funds may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.4 Indicative Timetable

Lodgement of Cleansing Statement & Appendix 3B with ASX	Tuesday, 10 September 2024
Ex date	Thursday, 12 September 2024
Record Date for determining Entitlements ( <b>Record Date</b> )	Friday, 13 September 2024
Offer Document lodged with ASX Offer Document sent out to Shareholders & Company announces this has been completed Offer Open Date ( <b>Opening Date</b> )	Wednesday, 18 September 2024
Last day to extend the Offer Closing Date	Before 10:00am WST, Monday 30 September 2024
Offer Closing Date ( <b>Closing Date</b> )*	5:00pm WST, Thursday 3 October 2024
New Shares quoted on a deferred settlement basis	Friday, 4 October 2024
ASX notified of under subscriptions	Tuesday, 8 October 2024
Issue date/New Shares entered into Shareholders' security holdings	Before 10:00am WST, Thursday 10 October 2024
Quotation of New Shares issued under the Offer*	Friday, 11 October 2024

\* Subject to the ASX Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

\*\* These dates are indicative only and are subject to change.

### 3.5 Entitlements and acceptance

Details of how to apply under the Offer are set out in Section 4 of this Offer Document.

The Entitlement of Eligible Shareholders to participate in the Offer was determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

You can also apply for Additional Shares under the Shortfall Offer in addition to your Entitlement by following the instructions set out in Section 4. The Shortfall Offer is described in Section 4.3 below.

### 3.6 No rights trading

The rights to New Shares under the Offer are non-renounceable. Accordingly, there will be no trading of rights on the ASX and you may not dispose of your rights to subscribe for New Shares under the Offer to any other party. If you do not take up your Entitlement to New Shares under the Offer by the Closing Date, the Offer to you will lapse.



### 3.7 Capital structure

The effect of the Offer on the capital structure of the Company, assuming all Entitlements are accepted, is set out below.

Shares	Number
Shares on issue as at the Record Date	506,667,257
Shares on issue as at the date of this Offer Document	576,200,597
New Shares offered pursuant to the Offer <sup>1</sup>	126,666,814
<b>Total Shares on issue after completion of the Offer<sup>1</sup></b>	<b>702,867,411</b>

**Notes:**

1. This number may vary due to rounding of Entitlements and may increase as a result of the rounding up of New Shares offered under the Offer. This number also assumes no Shares are issued pursuant to Options or Performance Rights prior to completion of the Offer.

Options	Number
Options on issue as at the Record Date and as at the date of this Offer Document:	
- Listed Options (GLNOB) exercisable at \$0.65, expiring on 20 March 2029	47,645,627
- Unlisted Options exercisable at \$1.30, expiring on 24 December 2024	500,000
- Unlisted Options exercisable at \$0.35, expiring on 18 July 2026	30,899,675
Options offered pursuant to the Offer	Nil
<b>Total Options on issue after completion of the Offer<sup>1</sup></b>	<b>79,045,302</b>

**Notes:**

1. Assumes no Options are exercised prior to completion of the Offer.

Performance Rights	Number
Performance Rights on issue as at the Record Date and as at the date of this Offer Document	
- Director Performance Rights I (Expiring 25 February 27)	8,250,000
- Director Performance Rights II (Expiring 16 December 2027)	8,250,000
- Management Performance Rights I (Expiring 25 February 2027)	1,250,000
- Management Performance Rights II (Expiring 25 February 2027)	600,000
Performance Rights offered pursuant to the Offer	Nil
<b>Total Performance Rights on issue after completion of the Offer</b>	<b>18,350,000</b>

The capital structure on a fully diluted basis as at the date of this Offer Document would be 655,245,899 Shares. On completion of the Offer (assuming all Entitlements are accepted and no Performance Rights are exercised and converted into Shares prior to Completion of the Offer) the capital structure on a fully diluted basis would be 781,912,713 Shares. No Shares or Options on issue are subject to escrow restrictions, either voluntary or ASX imposed.

### 3.8 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of this Offer Document).

Examples of how the dilution may impact Shareholders are set out in the table below:

Holder	Holding as at date of Offer Document	% at date of Offer Document	Entitlement under the Offer	Holdings if Offer not taken Up	% post Offer
Shareholder 1	30,000,000	5.21	7,500,000	30,000,000	4.27
Shareholder 2	25,000,000	4.33	6,250,000	25,000,000	3.56
Shareholder 3	20,000,000	3.47	5,000,000	20,000,000	2.85
Shareholder 4	15,000,000	2.60	3,750,000	15,000,000	2.13
Shareholder 5	10,000,000	1.74	2,500,000	10,000,000	1.42
Shareholder 6	5,000,000	0.87	1,250,000	5,000,000	0.71
Shareholder 7	1,000,000	0.17	250,000	1,000,000	0.14

**Notes:**

1. This is based on a share capital of 576,200,597 Shares as at the date of this Offer Document, and 702,867,411 Shares upon completion of the Offer.
2. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

### 3.9 Directors Interests and Participation

Each Director's relevant interest in the securities of the Company at the date of this Offer Document and their Entitlement is set out in the table below.

Director	Shares	Options	Performance Rights	Voting Power (%)	Entitlement	\$
Richard Homsany	4,024,284	1,065,217	3,000,000	0.70	1,006,071	105,637
Juan Pablo Vargas de la Vega	21,649,741	2,839,129	6,000,000	3.76	5,412,436	568,306
Terry Gardiner	8,745,704	1,515,217	3,000,000	1.52	2,186,426	229,575
Daniel Jimenez	3,777,497	164,892	3,000,000	0.66	944,375	99,159
Claudia Pohl	43,478	21,739	Nil	< 0.01	10,870	1,141

**Notes:**

1. The Voting Power and Entitlement stated above are calculated as at the date of this Offer Document.

**3.10 Effect of the Offer on control and voting power in the Company**

As at the date of this Offer Document, there are no substantial Shareholders holding 5% or more of the total issued Shares of the Company.

The potential effect that the issue of the New Shares under the Offer will have on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their entitlements under the Offer, the issue of New Shares under the Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Shareholders who are not Eligible Shareholders being unable to participate in the Offer;
- (b) in the more likely event that there is a shortfall, Eligible Shareholders who do not subscribe for their full entitlement of Shares under the Offer and Shareholders who are not Eligible Shareholders unable to participate in the Offer will be diluted relative to those Shareholders who subscribe for some or all of their Entitlement as illustrated by the table in Section 3.8; and
- (c) in respect of any Shortfall, Eligible Shareholders may apply to top-up their shareholding, by subscribing for Additional Shares to be issued under the Shortfall Offer at the discretion of the Directors. However, the Company will only issue such New Shares pursuant to an Application received where the Directors are satisfied, in their discretion, that the issue of the New Shares will not increase the Applicant's voting power above 19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law. Further information on the Shortfall Offer is set out in Section 4.3.

**3.11 Pro forma Statement of Financial Position**

The unaudited pro forma statement of financial position as at 31 December 2023 is set out in Annexure 1, and has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position. The pro forma statement of financial position has been prepared assuming:

- (a) the full subscription of \$13,300,015 is raised under the Offer; and
- (b) estimated expenses of the Offer of \$75,000 have been taken into account.

The unaudited pro forma statement of financial position has been prepared to provide investors with information on the assets and liabilities of the Company and pro forma assets and liabilities of the Company as noted in Annexure 1. The historical and pro forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

**3.12 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	(\$)	Date
Highest	\$0.205	12 June 2024
Lowest	\$0.11	4 – 10, 13 September 2024
Last	\$0.11	13 September 2024

### 3.13 Opening and Closing Dates

The Offer opens on the Opening Date, being 18 September 2024, and closes on the Closing Date, being 5:00pm (WST) on 3 October 2024 (or such other dates as the Directors in their discretion shall determine subject to the ASX Listing Rules). The Company will accept Entitlement and Acceptance Forms until the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the ASX Listing Rules.

### 3.14 Issue and dispatch

New Shares issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the indicative timetable set out in Section 3.4 of this Offer Document. New Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application monies will be held by the Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by making a payment by BPAY® or EFT.

The issue of New Shares offered by this Offer Document and dispatch of holding statements are expected to occur on the dates specified in the indicative timetable set out in Section 3.4 of this Offer Document.

It is the responsibility of Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holding statements will do so at their own risk.

### 3.15 ASX listing

Application for official quotation by ASX of the New Shares offered pursuant to this Offer Document will be made.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares now offered for subscription.

### 3.16 CHESS

The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. As the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of New Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

### **3.17 Risk Factors**

An investment in New Shares offered under this Offer Document should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company which are non-exhaustive. Please refer to Section 5 of this Offer Document for further details.

### **3.18 Taxation implications**

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

### **3.19 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

Specifically, the Company is required to notify ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the securities markets conducted by the ASX. In particular, the Company has an obligation under the ASX Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price of value of its securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under the Offer. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website at [www.galanlithium.com.au](http://www.galanlithium.com.au) or the ASX at [www.asx.com.au](http://www.asx.com.au).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

### **3.20 International Offer Restrictions**

No action has been taken to register or qualify the New Shares, or the Offer, or otherwise to permit the public offering of the New Shares, in any jurisdiction outside of Australia.

The distribution of this Offer Document within jurisdictions outside of Australia may be restricted by law and persons into whose possession this Offer Document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

This Offer Document does not constitute an offer of New Shares in any jurisdiction where, or to any person to whom, it would be unlawful to issue this Offer Document.

It is the responsibility of any overseas Applicant to ensure compliance with all laws of any country relevant to its, his or her Application. The submission of an Application will be taken by the Company to constitute a representation and warranty that there has been no breach of such law and that all necessary approvals and consents have been obtained.

## **New Zealand**

The Offer is made to Eligible Shareholders with a registered address in New Zealand, in reliance on the *Financial Markets Conduct Act 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016*.

The New Shares are not being offered or sold to the public in New Zealand other than to such Eligible Shareholders.

Neither this Offer Document nor the Offer, nor any other materials relating to the New Shares have been registered, filed or approved by any New Zealand regulatory authority. This Offer Document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

## **Singapore**

This Offer Document and any other materials relating to the New Shares have not been and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Offer Document and any other document relating to the New Shares may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the *Securities and Futures Act 2001* of Singapore (**SFA**) or another exemption under the SFA.

This Offer Document has been given to you on the basis that you are an existing holder of the Company's Shares. If you are not such a Shareholder, please disregard and return this Offer Document immediately. You may not forward or circulate this Offer Document to any person in Singapore.

Any offer is not made to you with a view to the New Share being subsequently offered for sale to any other party in Singapore. On-sale restrictions in Singapore may be applicable to investors who acquire New Shares. As such investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## **Hong Kong**

WARNING: This Offer Document may be distributed in Hong Kong only to:

- no more than 50 existing Shareholders of the Company; and
- any other Shareholder who is a "professional investor" (as defined in the *Securities and Futures Ordinance* of Hong Kong, Chapter 571 of the Laws of Hong Kong).

This Offer Document may not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Hong Kong or used for any purpose in Hong Kong other than in connection with a permitted recipient's consideration of the Offer.

You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Offer Document, you should obtain independent professional advice.

This Offer Document has not been reviewed by any Hong Kong regulatory authority. In particular this Offer Document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**the SFO**). No action has been taken in Hong Kong to authorise or register this Offer Document or to permit the distribution of this Offer Document or any documents issued in connection with it.

### **3.21 Rights issue exception not available**

No nominee has been appointed for Shareholders who are not Eligible Shareholders under section 615 of the Corporations Act and, as such, Eligible Shareholders will not be able to rely on the exception for rights issues in item 10 of section 611 of the Corporations Act. Accordingly, when an Eligible Shareholder applies for some or all of its Entitlement and/or some or all of the Shortfall, it must have regard to the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold). Eligible Shareholders who may be at risk of their voting power in the Company increasing beyond that allowed by the takeovers prohibition in section 606 of the Corporations Act as a result of the acceptance of the Offer should seek professional advice before making an Application. The Company will only issue such New Shares pursuant to an Application received where the Directors are satisfied, in their discretion, that the issue of the New Shares will not increase the Applicant's voting power above 19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

### **3.22 Enquiries concerning Offer Document**

Enquiries relating to this Offer Document should be directed to the Company on +61 8 9214 2150.

For personal use only

## 4. ACTION REQUIRED BY SHAREHOLDERS

### 4.1 How to Accept the Offer

You may accept the Offer as follows:

- (a) if you wish to accept your **full** Entitlement :
  - (i) refer to the Entitlement and Acceptance Form which specifies the payment amount for your full Entitlement;
  - (ii) make payment by BPAY® or EFT for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you wish to accept your **full** Entitlement and apply for Shares under the Shortfall Offer:
  - (i) refer to the Entitlement and Acceptance Form which specifies the payment amount for your full Entitlement;
  - (ii) calculate the amount payable for the number of Shortfall Shares you wish to apply for under the Shortfall Offer (at \$0.105 per New Share);
  - (iii) make payment by BPAY® or EFT for the appropriate Application monies for your full Entitlement plus the number of Shortfall Shares you wish to apply for (at \$0.105 per New Share), or
- (c) if you only wish to accept **part** of your Entitlement, arrange payment by BPAY® or EFT for the appropriate Application monies (at \$0.105 per New Share); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Your completed payment must reach the Registry no later than 5:00pm (WST) on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

### 4.2 Payment

The issue price of \$0.105 per New Share is payable in full on application.

**It is your responsibility to ensure that your BPAY® or EFT payment is received by the Registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.**

Please note when you pay by BPAY® or EFT:

- (a) You do not need to return a completed Entitlement and Acceptance Form but your payment will be taken to constitute a representation by you that you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety and you are taken to have made the declarations on that form.
- (b) If you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application monies.



- For personal use only
- (c) If you pay an amount in excess of the amount payable for your full Entitlement, you are deemed to have applied for such additional whole number of New Shares under the Shortfall Offer which is covered by your additional Application monies.
  - (d) If you have multiple holdings you will have multiple unique reference numbers. To ensure that you receive your Entitlement in respect of each holding, you must use the unique reference number shown on each personalised Entitlement and Acceptance Form when paying for any New Shares that you wish to apply for in respect of that holding. Payments in excess of the amount payable for one holding will not be treated as payment for another holding, and the excess will be refunded to the Applicant without interest.
  - (e) You must quote your unique payment reference as your payment reference/description when processing your BPAY® or EFT payment. Failure to do so may result in your funds not being allocated to your application and New Share subsequently not being issued to you.
  - (f) You acknowledge that once a BPAY® or EFT payment instruction given in relation to any Application monies, the Application may not be varied or withdrawn except as required by law.

#### 4.3 Shortfall Offer

Any New Shares under any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer (**Shortfall**).

Eligible Shareholders may apply for Shortfall under the Shortfall Offer in addition to their Entitlements subject to such Applications being received by the Closing Date. The issue price for each Shortfall Share to be issued under the Shortfall offer shall be \$0.105 being the price at which New Shares have been offered under the Offer.

The Shortfall Offer will be open to existing Eligible Shareholders and, at the invitation of the Company, new external investors to the Company.

The issue price for each Share to be issued under the Shortfall Offer shall be \$0.105 being the price at which Shares have been offered under the Offer.

Eligible Shareholders who wish to apply for Shortfall in addition to their Entitlement may do so using the one Entitlement and Acceptance Form (the return of which is optional) and by making the one BPAY® or EFT payment. A separate Shortfall Offer Form has been included for third parties who wish to apply for Shortfall Shares at the invitation of the Company.

Allocation of the Shortfall will be at the discretion of the Board. If the Offer is oversubscribed (by take up of Entitlements and Applications for Shortfall Shares by Eligible Shareholders), scale back will be applied to Applications under the Shortfall at the discretion of the Board. There is no guarantee that Eligible Shareholders will receive any Shortfall applied for under the Shortfall or the full amount of Shortfall for which they have applied. When determining the amount (if any) by which to scale back an Application, the Company may take into account a number of factors, including the size of an applicant's shareholding in the Company, the extent to which an applicant has sold or bought Shares in the Company (before and after both the announcement of the Offer and the Record Date), as well as when the Application for Shortfall was made. It is an express term of the Offer that an applicant for Shortfall will be bound to accept a lesser number of Shortfall Shares allocated to them than applied for, if so allocated. If a lesser number of Shortfall Shares is allocated to an applicant for Shortfall Shares than applied for, excess application monies will be refunded without interest to the Applicant.

Any Shortfall not applied for by Eligible Shareholders may be placed and allocated by the Company in the three months following the Closing Date of the Offer.

No Shortfall Shares will be issued via the Shortfall Offer to related parties of the Company (including Directors and their associates). The Company will only issue such Shortfall Shares pursuant to an Application received where the Directors are satisfied, in their discretion, that the issue of the Shortfall Shares will not increase the Applicant's voting power above 19.99% or otherwise result in a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

For personal use only

## 5. RISK FACTORS

### 5.1 Introduction

The New Shares offered under this Offer Document should be considered speculative because of the nature of the Company's business.

There are numerous risk factors involved with the Company's business. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company carries no guarantee with respect to the payment of dividends, return of capital or price at which securities will trade.

The following is a summary of the more material matters to be considered. However, this summary is not exhaustive and potential investors should examine the contents of this Offer Document in its entirety, together with publicly available information, and consult their professional advisors before deciding whether to apply for the New Shares. Each of the risks set out below, if they eventuate, could have a material adverse impact on the Company's business and prospects, financial condition, results of operations, cash flows and on the value of the New Shares. The risks are general in nature and regard has not been had to the investment objectives, financial situation, tax position or particular needs of any investor.

### 5.2 Company Specific Risks

#### (a) Operating and development

The ability to Galan to achieve development timelines and production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. There is a risk that current estimates of the cost of Phase 1 of the HMW Project will not be met and/or further unanticipated funding may be required in the future. There is also a risk that the development timetable for Phase 1 of the HMW Project takes longer than planned and further injections of working capital are required before the commencement of commercial production. Production costs for the Company's product may be negatively affected by a rise in the cost of key inputs or a rise in other costs such as labour.

#### (b) Risks to completion of Phase 1

While the Company considers there to be a reasonable basis for its Phase 1 HMW Project production forecasts, the forecasts are subject to a number of factors, many of which cannot be foreseen and are beyond the control of the Company. These factors may cause the production forecasts not to be achieved or to be achieved later than expected.

#### (c) Geographical and concentration risk

The Company's flagship HMW Project is located in Argentina. Any circumstance or event which negatively impacts Argentina could materially affect the financial performance of the Company more significantly than if it had a geographically diversified asset base.

#### (d) Funding risk

The Company has entered into an agreement with Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) in relation to a US\$3 million strategic placement at an issue price of \$0.105 per Share (being the same price as New Shares under the Offer). Completion under that agreement is subject to due diligence by Chemphys and the entry into definitive offtake agreements between the Company and Chemphys. Failing satisfaction of these conditions, the Company will receive US\$3 million less funding some or all of which will need to be sourced from elsewhere. If settlement does not occur for any reason, the

Company will have less funding available for Phase 1 of the HMW Project, which may prevent or delay the implementation of the HMW Project. If the Company does not receive \$13,300,015 pursuant to the Offer and Shortfall Offer the Company will need to source funding from elsewhere to fully fund Phase 1 of the HMW Project, which may prevent or delay the implementation of the HMW Project.

**(e) Environment and community**

The Company's method of production at its HMW Project, being the brine evaporation method, is to a significant degree driven by solar radiation and other environmental factors and is therefore susceptible to seasonal variations and is particularly susceptible to abnormal weather and climatic events. There is a risk that adverse weather and climate events may cause significant variability in the HMW Project's production profile and may negatively impact the Company's operations and financial performance, as was experienced in a 2017 weather event.

The ongoing support of the local communities and the appropriate management of local community expectations is very important to the efficient and profitable operations of the Company at the HMW Project. The failure of the Company to maintain and further develop its community engagement programmes and provide education, employment and other economic and social benefits to the local communities would risk disaffection on the part of the communities which may have adverse implications for the Company's operations in the local area and Argentina generally.

**(f) Offtake risk**

The Company has entered into a non-binding agreement with Chemphys for the offtake of product from Stage 1 of the HMW Project and a prepayment of US\$40 million for such product. The agreement is subject to completion of due diligence by Chemphys and the entry into legally binding definitive agreements which is required for the construction of Stage 1 of the HMW Project to be fully funded. If the entry into legally binding definitive agreements does not occur the Company will need to source this level funding from other sources, which include debt and/or equity to complete the construction of Stage 1 of the HMW Project.

The Company's operations and future revenues are also dependent on the counterparties to existing and future offtake agreements performing their obligations. If counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, the Company's profitability could be adversely affected. The risk of non-performance or attempted renegotiation of terms by the Company's offtake customers is enhanced by prevailing demand and pricing sensitivities currently impacting the global market for lithium products.

If any of the Company's offtake customers default under agreed delivery schedules and/or any of its future offtake agreements are otherwise terminated, there can be no assurance that the Company will find a new counterparty willing to enter into a replacement offtake agreement with similar pricing, quantity of terms.

**(g) Tenure, access and grant of applications**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that the Company's tenements will be renewed (nor that any future tenement applications will be granted).

The Company's projects are subject to relevant mining legislation. The renewal of the term of a granted tenement is also subject to government discretion and the Company's ability to meet the conditions imposed by relevant authorities,

including compliance with the Company's work program requirements, is not certain. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

There is no assurance that such renewals will be given as a matter of course and there is no assurance that new conditions will not be imposed by the relevant granting authority. The consequence of forfeiture or involuntary surrender of a granted tenement for reasons beyond the control of the Company could be significant.

In addition, the Company may be subject to payment and other obligations. In particular, tenement holders may be required to expend the funds necessary to meet the minimum work commitments attaching to the tenements. Failure to meet these work commitments may render the tenement liable to be cancelled or its size reduced.

If a tenement is not renewed or an area of any tenement is relinquished, the Company may suffer significant damage through the loss of the opportunity to develop and discover any resource on that tenement. As at the date of the Offer, the Directors are not aware of any relinquishment of its tenements or any reason why the renewal of any tenement will not be given.

Further, if any contractual obligations are not complied with when due, in addition to any other remedies that may be available to other parties, this could result in dilution or forfeiture of the Company's interest in its projects.

There is also a risk of inability to access the land required for operations on tenements. This may, for example, be as a result of weather, environmental restraints, native title, landholder's activities, regulatory or third-party objections or other factors. Such difficulties may cause delays and cost overruns (and may prevent the carrying out of activities on tenements).

Interests in tenure may also be compromised or lost due to third party interests or claims.

**(h) Future capital requirements**

The Company's capital requirements depend on numerous factors. Additional funding may be required and may be raised by the Company via the issues of equity, debt or a combination of debt and equity or asset sales. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its proposed operations and scale back its exploration, studies and development programmes as the case may be. There is no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern or remain solvent.

The Board and management of the Company have discretion concerning the use of the Company's capital resources as well as the timing of expenditures. Capital resources may be used in ways not previously anticipated or disclosed. The results and the effectiveness of the application of capital resources are uncertain. If they are not applied effectively, the Company's financial and/or operational performance may suffer.

**(i) Reliance on key personnel**

The Company is reliant on a number of key personnel and consultants. The loss of one or more of these key contributors could have an adverse impact on the business of the Company. It may be difficult for the Company to continue to attract and retain suitable qualified and experienced people.

**(j) New projects and acquisitions**

The Company may make acquisitions in the future as part of future growth plans. In this regard, the Directors will use their expertise and experience in the resources sector to assess the value of potential projects that have characteristics that the Directors consider are likely to provide returns to Shareholders.

There can be no guarantee that any new project acquisition or investment will eventuate from these pursuits, or that any acquisitions will result in a return for Shareholders. Such acquisitions may result in use of the Company's cash resources and/or the issuance of equity securities, which will dilute shareholdings.

Furthermore, any new project or business acquisition may change the risk profile of the Company, particularly if the new project is located in another jurisdiction, involves a new commodity and/or changes the Company's capital/funding requirements.

**(k) Native title, cultural heritage and sacred sites**

The Company has interest in mining tenements in Western Australia. Mining tenements in Australia are subject to native title laws and may be subject to future native title applications. Native title may preclude or delay granting of exploration and mining tenements or the ability of the Company to explore, develop and/or commercialise the mining tenements. Considerable expenses may be incurred negotiating and resolving issues, including any compensation agreements reached in settling native title claims lodged over any of the mining tenements held or acquired by the Company.

The presence of Aboriginal sacred sites and cultural heritage artefacts on mining tenements is protected by Western Australian and Commonwealth laws. Any destruction or harming of such sites and artefacts may result in the Company incurring significant fines and court injunctions. The existence of such sites may limit or preclude exploration or mining activities on those sites, which may cause delays and additional expenses for the Company in obtaining clearances.

**(l) Sovereign and political risk**

The Company has interests in exploration licences in Argentina and Canada. Mineral exploration tenure in both countries is governed by their own legislation.

Its interests in Argentina and Canada will be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, heritage and native title laws, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Argentina or Canada that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company and the market price of Shares. No assurance can be given regarding future stability in Argentina or any other country in which the Company may in the future have an interest. Government policies are subject to review and changes from time to time. Such changes are likely to be beyond the control of the Company and may affect the Company's profitability.

**(m) Potential for significant dilution**

Upon implementation of the Offer, the Company will issue up to approximately 126,666,814 New Shares under the Offer (subject to rounding).

The capital structure upon completion of the Offer is set out in Section 3.7.

The issue of the New Shares will dilute the interests of existing Shareholders. There is also a risk that Shareholders will be further diluted as a result of future capital raisings required in order to fund working capital and development requirements of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of this Offer Document is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

**5.3 Industry Specific Risks**

**(a) Nature of mineral exploration and mining**

The business of mineral exploration, development and production is subject to risk by its nature. Shareholders should understand that mineral exploration, development and mining are high-risk enterprises, only occasionally providing high rewards (with no guarantee of ever becoming producing assets).

The success of the Company depends, among other things, on successful exploration, feasibility of the projects, securing and maintaining title to tenements and consents, successful design, construction, commissioning and operating of mining and processing facilities, successful development and production in accordance with forecasts and successful management of the operations. Exploration and mining activities may also be hampered by force majeure circumstances, land claims and unforeseen mining problems.

There is no assurance that exploration and development of the mineral tenement interests currently owned by the Company, or any other projects that may be acquired in the future, will result in the discovery of mineral deposits which are capable of being exploited economically. Even if an apparently viable deposit is identified, there is no guarantee that it can be profitably exploited. If such commercial viability is never attained, the Company may seek to transfer its property interests or otherwise realise value, or the Company may even be required to abandon its business and fail as a "going concern".

Whether a mineral deposit will be commercially viable depends on a number of factors, which include, without limitation, the particular attributes of the deposit,

such as size, grade and proximity to infrastructure, metal prices, which fluctuate widely, and government regulations, including, without limitation, regulations relating to prices, taxes, royalties, land tenure, land use, exporting of minerals and environmental protection. The combination of these factors may result in the Company expending significant resources (financial and otherwise) on tenements without receiving a return. There is no certainty that expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of an economically viable mineral deposit.

The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. The Company believes that those consultants and others are competent and that they have carried out their work in accordance with internationally recognised industry standards. However, if the work conducted by those consultants or others is ultimately found to be incorrect or inadequate in any material respect, the Company may experience delays or increased costs in exploring or developing its tenements.

**(b) Results of studies**

Subject to the results of any future exploration and testing programs, the Company may progressively undertake a number of studies in respect to the Company's current projects or any new projects. These studies may include scoping studies, pre-feasibility studies and bankable feasibility studies.

These studies may not occur, but if they are completed, they would be prepared within certain parameters designed to determine the economic feasibility of the relevant project within certain limits. There can be no guarantee that any of the studies will confirm the economic viability of the Company's projects or the results of other studies undertaken by the Company (e.g. the results of a feasibility study may materially differ to the results of a scoping study).

Further, even if a study determines the economics of the Company's projects, there can be no guarantee that the projects will be successfully brought into production as assumed or within the estimated parameters in the feasibility study, once production commences including but not limited to operating costs, mineral recoveries and commodity prices.

In addition, the ability of the Company to complete a study would be dependent on the Company's ability to raise further funds to complete the study as required.

**(c) Resource and Reserve estimates**

Ore reserve and mineral resource estimates are expressions of judgment based on drilling results, past experience with mining properties, knowledge, experience, industry practice and many other factors. Estimates which are valid when made may change substantially when new information becomes available. Mineral resource and ore reserve estimation is an interpretive process based on available data and interpretations and thus estimations may prove to be inaccurate. There is no guarantee that any of the Company's projects will become feasible and consequently no forecast is made of whether or not any ore reserve will be defined in future.

The actual quality and characteristics of mineral deposits cannot be known until mining takes place and will almost always differ from the assumptions used to develop resources. Further, ore reserves are valued based on future costs and future prices and, consequently, the actual ore reserves and mineral resources may differ from those estimated, which may result in either a positive or negative effect on operations.

Should the Company encounter mineralisation or formations different from those predicted by past drilling, sampling and similar examinations, resource estimates may have to be adjusted and mining plans may have to be altered in a way which



could adversely affect the Company's operations.

**(d) Operational risks**

The operations of the Company may be affected by various factors which are beyond the control of the Company, such as failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration or mining, operational and technical difficulties encountered in exploration and mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages, delays in procuring, or increases in the costs of consumables, spare parts, plant and equipment, fire, explosions and other incidents beyond the control of the Company. The operations of the Company may also be affected by various other factors, including failures in internal controls and financial fraud.

These risks and hazards could also result in damage to, or destruction of, production facilities, personal injury, environmental damage, business interruption, monetary losses and possible legal liability. While the Company currently intends to maintain insurance within ranges of coverage consistent with industry practice, no assurance can be given that the Company will be able to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

**(e) Environmental regulation risk**

The Company's projects are subject to country specific Provincial, State and Federal laws and regulations regarding environmental matters. The governments and other authorities that administer and enforce environmental laws and regulations determine these requirements. As with all exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if they result in mine development.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop mineral deposits. There are also risks that the Company may breach environmental laws and regulations, with consequential adverse effects on the financial position and performance of the Company.

Further, the Company will require approvals from relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and results of operations.

**(f) Environmental liabilities risk**

The Company's activities are subject to potential risks and liabilities associated with (without limitation) the potential pollution of the environment and the necessary disposal of mining waste products resulting from mineral exploration and production. Insurance against environmental risk (including potential liability for pollution or other hazards as a result of the disposal of waste products occurring from exploration and production) is not generally available to the

Company (or to other companies in the minerals industry) at a reasonable price. To the extent that the Company becomes subject to environmental liabilities, the satisfaction of any such liabilities would reduce funds otherwise available to the Company and could have a material adverse effect on the Company. Laws and regulations intended to ensure the protection of the environment are constantly changing and are generally becoming more restrictive.

**(g) Change in regulations and regulatory risk**

Any material adverse changes in government policies, legislation or shifts in political attitude in Australia and overseas that affect mineral mining and exploration activities, tax laws, royalty regulations, government subsidies and environmental issues may affect the viability of a project or the Company. No assurance can be given that amendments to current laws and regulations or new rules and regulations will not be enacted, or that existing rules and regulations will not be applied in a manner which could substantially limit or affect the Company's business.

The Company's activities are subject to extensive laws and regulations relating to numerous matters such as regulatory and third-party consents, conditions including environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, Native Title and heritage matters, protection of endangered and protected species and other matters. The Company requires permits from regulatory authorities to authorise the Company's operations. These permits relate to matters such as exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time consuming process and there is a risk that the Company will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Company from proceeding with the exploration or development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more tenements.

**(h) Climate change risk**

There are a number of climate-related factors that may affect the operations and financial position of the Company. Climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes and earthquakes) may have an adverse effect of the Company's operations and/or the Company's future financial performance.

Changes in policy, technological innovation and/or consumer/investor preferences may also adversely impact the operations and financial position of the Company or may result in less favourable pricing for its product, particular in the event of a transition to a lower carbon economy.

**(i) Inclement weather and natural disasters**

The Company's operational and exploration activities are subject to a variety of risks and hazards which are beyond its control, including adverse weather conditions such as excessive rain, flooding and/or fires. Unexpected or seasonal weather patterns may delay or adversely impact the Company's drilling and exploration activities and may have an adverse effect of the Company's operations and/or the Company's future financial performance.

**(j) Occupational health and safety risk**

The Company is committed to providing a healthy and safe environment for its personnel, contractors and visitors. However, exploration, development and other mining industry activities have inherent risks and hazards. While the Company provides appropriate instructions, equipment, preventative measures, first aid information and training to all stakeholders through its occupational, health and safety management systems, health and safety incidents may nevertheless occur. Any illness, personal injury, death or damage to property resulting from the Company's activities may lead to a claim against the Company.

**5.4 General Risks**

**(a) Securities investments**

There is no guarantee that an active trading market in the Shares will continue or that the price of Shares will increase. The prices at which Shares trade may fluctuate in response to a number of factors.

Further, the stock market is prone to price and volume fluctuations. There can be no guarantee that trading prices will be sustained. These factors may materially affect the market price of the Shares, regardless of the Company's operational performance.

Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(b) Economic risk**

Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company. Similarly, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Factors that may contribute to that general economic climate and the market price of Shares include, but are not limited to:

- (i) changes in government policies, taxation and other laws;
- (ii) the strength of the equity and share markets in Australia and overseas;
- (iii) movement in, or outlook on, exchange rates, interest rates and inflation rates;
- (iv) industrial disputes in Australia and overseas;
- (v) changes in investor sentiment toward particular market sectors or commodities;
- (vi) financial failure or default by an entity with which the Company may become involved in a contractual relationship; and
- (vii) natural disasters, social upheaval, war and conflicts (or impacts of war or conflicts) or acts of terrorism.

**(c) Commodity price volatility and exchange rate risks**

As the Company's flagship HMW Project currently under development is located in Argentina, the Company is exposed to the risks of commodity price volatility and exchange rate fluctuations increasing the Company's costs.

Also, if the Company achieves success leading to production (which may never occur), the revenue it will derive through the sale of product will expose the potential income of the Company to commodity price and exchange rate risks.

Commodity prices and exchange rates fluctuate and are affected by numerous factors beyond the control of the Company.

**(d) Dilution**

In certain circumstances, the Directors may issue securities without any vote or action by Shareholders. When the Company issues equity securities, the percentage of ownership of Shareholders may be reduced and diluted.

**(e) Competition**

Like many industries, the resources industry is subject to domestic and global competition. The Company has no influence or control over the activities or actions of its competitors and these activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

Many of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce minerals, but also carry out refining operations and produce other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

**(f) Litigation risks**

Legal proceedings may arise from time to time in the course of the Company's activities. Legal proceedings brought by third parties including but not limited to joint venture partners or employees could negatively impact the Company.

**(g) Unforeseen expenses**

The Company may incur unforeseen expenses. In those circumstances, the expenditure proposals of the Company may be adversely affected.

**(h) Insurance**

The Company insures its operations in accordance with industry practice. However, insurance of all risks associated with exploration, development and mining activities is not always available and, where it is available, the cost may be prohibitively high. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

**(i) Accounting Standards**

Australian Accounting Standards (**AAS**) are adopted by the Australian Accounting Standards Board (**AASB**) and are not within the control of the Company and its Directors. The AASB may, from time to time, introduce new or refined AAS, which may affect the future measurement and recognition of key statement of profit or loss and statement of financial position items. There is also a risk that interpretation of existing AAS, including those relating to the measurement and recognition of key statement of profit or loss or statement of financial position items may differ. Any changes to the AAS or to the interpretation of those standards may have an adverse effect on the reported financial performance and position of the Company.

**(j) Expected future events may not occur**

Certain statements in this Offer Document may constitute forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performants and achievements of the Company to be materially different from any future

results, performance or achievements, expressed or implied by such forward looking statements. Given these uncertainties, Shareholders should not place undue reliance on such forward-looking statements. In addition, under no circumstances should forward looking statements be regarded as a representation or warranty by the Company, or any other person referred to in this document, that a particular outcome or future event is guaranteed.

**(k) Trading in securities of the Company may not be liquid**

There is no guarantee that there will be an ongoing liquid market for securities of the Company. Accordingly, there is a risk that, should the market or Company's securities become illiquid, the Shareholders will be unable to realise their investment in the Company.

## 6. ADDITIONAL INFORMATION

### 6.1 No financial product advice

This Offer Document is not, and is not taken to be, financial product advice or a recommendation to acquire New Shares. This Offer Document has been prepared without taking into account the objectives, financial situation or needs of individual investors. All investors should consider all relevant information having regard to their own objectives, financial situation and needs, and consult a stockbroker, accountant or other independent financial adviser before making an investment decision.

### 6.2 Representations

No person is authorised to give any information or to make any representation in relation to the Offer which is not contained in this document or in a release by the Company to the ASX. Any information or representation in relation to the Offer which is not contained in this document may not be relied upon as having been authorised by the Company. To the maximum extent permitted by law the Company and its advisers and affiliates or related bodies corporate and any of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer or this Offer Document being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

### 6.3 Discretion of the Directors

Without limiting the other powers and discretions set out in this document, the Directors may:

- implement the Offer in the manner they think fit (subject always to the Listing Rules and the Corporations Act); and
- settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this Offer Document as they think fit, whether generally or in relation to any Shareholder or any Shares, and the determination of the Directors is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.

### 6.4 Governing law

This Offer Document, the Offer and the contracts formed on acceptance of applications are governed by the laws applicable in Western Australia. Each person who applies for New Shares under the Offer submits to the jurisdiction of the Courts of the State of Western Australia.

### 6.5 Privacy Act

If you complete an Entitlement and Acceptance Form, you will be providing personal information to the Company (directly or by the Registry). The Company collects, holds and uses that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

## 7. DEFINED TERMS

**\$ or A\$** means an Australian dollar.

**Additional Shares** means those New Shares not issued under the Offer.

**Applicant** refers to a person who submits an Application.

**Application** refers to the submission of an Entitlement and Acceptance Form or Shortfall Application Form (as the case may be) and/or the submission of a payment of subscription monies in respect of the Offer.

**Approved Foreign Jurisdictions** means subject to Section 3.20, Singapore and Hong Kong.

**ASX** means ASX Limited (ACN 008 624 691) or, where the context permits, the Australian Securities Exchange operated by it.

**ASX Listing Rules** means the Listing Rules of the ASX, as amended from time to time.

**Closing Date** means the closing date set out in Section 3.4 or such other date as may be determined by the Directors.

**Company** means Galan Lithium Limited (ACN 149 349 646).

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

**Directors** mean the current directors of the Company.

**Eligible Shareholder** means a Shareholder whose details appeared on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand or an Approved Foreign Jurisdiction.

**Entitlement** means the entitlement to subscribe for one (1) New Share for every four (4) Shares held by an Eligible Shareholder on the Record Date.

**Entitlement and Acceptance Form** means the Entitlement and Acceptance Form attached to or accompanying this Offer Document.

**HMW Project** means the Company's Hombre Muerto West project located in Argentina.

**New Share** means a new Share proposed to be issued pursuant to this Offer.

**Offer or Rights Issue** means the pro rata non-renounceable offer of New Shares at an issue price of \$0.105 each on the basis of one (1) New Share for every four (4) Shares held on the Record Date.

**Offer Document** means this Entitlement Offer Booklet.

**Opening Date** means the opening date set out in Section 3.4 of this Offer Document.

**Record Date** means the record date set out in Section 3.4 of this Offer Document.

**Registry** means the Company's share registry Automic Pty Ltd, details of which are set out in Section 2 of this Offer Document.

**Section** means a section of this Offer Document.

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

**Shareholder** means a holder of Shares.

**Shortfall** means the New Shares not applied for under the Offer.

**Shortfall Application Form** means the Shortfall Application Form attached to or accompanying this Offer Document.

**Shortfall Shares** means those New Shares issued pursuant to the Shortfall Offer.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in Section 4.3 of this Offer Document.

For personal use only



## ANNEXURE 1 – PRO- FORMA STATEMENT OF FINANCIAL POSITION

	Reviewed Balance Sheet as at 31 December 2023 (\$)	Significant changes Since 31 December 2023 <sup>1</sup> (\$)	Effect of Offer <sup>2</sup> (\$)	Unaudited Pro Forma Balance Sheet Post Offer (\$)
<b>Current Assets</b>				
Cash & cash equivalents	15,864,672	(437,274)	13,225,015	28,677,413
Other assets	3,567,421			3,567,421
<b>Non-Current Assets</b>				
Plant & equipment	8,878,948			8,878,948
Exploration & evaluation expenditure	108,280,445	45,463,625		153,744,070
<b>TOTAL ASSETS</b>	<b>136,591,486</b>	<b>45,026,351</b>	<b>13,225,015</b>	<b>194,867,852</b>
<b>Current Liabilities</b>				
Trade & other payables	7,785,977			7,785,977
Leave liabilities	192,434			192,434
<b>Non-Current Liabilities</b>				
Other	3,206,503			3,206,503
Borrowings				
<b>TOTAL LIABILITIES</b>	<b>11,181,914</b>			<b>11,181,914</b>
<b>NET ASSETS</b>	<b>125,409,572</b>	<b>45,026,351</b>	<b>13,225,015</b>	<b>183,685,938</b>
<b>EQUITY</b>				
Issued capital	141,111,868	46,494,118	13,225,015	200,856,001
Reserves	8,311,091			8,311,091
Accumulated Losses	(24,013,387)	(1,467,767)		(25,481,154)
<b>TOTAL EQUITY</b>	<b>125,409,572</b>	<b>45,026,351</b>	<b>13,225,015</b>	<b>183,685,938</b>

Notes to the proforma statement of financial position:

1. Significant changes since 31 December 2023 includes the following transactions:
  - a) Equity capital raises in January 2024, May 2024 and September 2024; and
  - b) Ongoing expenditure associated with the development of HMW.
2. Assumes the Entitlement Offer is fully subscribed leading to the issue of up to 126,666,814 Shares at \$0.105 to raise \$13,300,015 with the deduction of \$75,000 for associated Offer fees.