



GALAN
LITHIUM LIMITED

12 August 2024

ASX Compliance

By email: ListingsCompliancePerth@asx.com.au
Caitlyn Cooke <Caitlyn.Cooke@asx.com.au>

Dear Caitlyn

Response to ASX Aware Letter

Galan Lithium Limited (GLN) refers to the ASX Aware Letter dated 7 August 2024 (Ref # 97598) and responds to the queries in that letter as set out below:

- 1. Does GLN consider the receipt of the offer from EnergyX to acquire GLN's Argentinian lithium assets, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?**

No

- 2. If the answer to question 1 is 'no' please advise the basis for that view.**

The confidential indicative non-binding conditional proposal provided by EnergyX proposed an outline of an asset level transaction which could only proceed with the agreement of GLN. Based on its terms GLN did not consider there was a prospect that GLN's agreement would be forthcoming and, moreover, the conditions contained in it were not possible to fulfill. In the absence of a reasonable prospect of the indicative proposal proceeding GLN did not consider its receipt to be information that a reasonable person would expect to have a material effect on the price or value of GLN securities. GLN also considered the terms and conditions proposed to be such that if disclosed they would not have a material effect on the price or value of its securities.

As noted in the ASX announcement dated 6 August 2024, GLN had sought to enter into a confidentiality agreement with EnergyX with the intention of seeking to explore if there was any prospect of securing a transaction which GLN could potentially agree to, however EnergyX and GLN have not been able to agree terms of the confidentiality agreement. As announced earlier today, GLN has now decided not to proceed any further.

GLN notes that following release of its Announcement accurately describing the terms of EnergyX's indicative proposal, GLN's share price returned to levels consistent with its share price and trading prior to the Article (which inaccurately described EnergyX's indicative offer as a US\$150 million takeover bid) being released, which supports GLN's assessment that disclosure of the indicative proposal would not have a material effect on the price or value of its securities.

- 3. When did GLN first become aware of the information referred to in question 1 above? In answering this question, please provide specific date and time when GLN first became aware of the information.**

An email from the CEO of EnergyX date stamped as received at 4:21 AM WST on 12 July 2024 was when GLN first received the indicative offer and during the course of that morning became aware of the document which was an outline of how EnergyX are proposing to combine EnergyX and aspects of GLN.

- 4. If GLN first become aware of the information referred to in question 1 before the date of the Announcement, did GLN make any announcement prior to the date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe GLN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps GLN took to ensure that the information was released promptly and without delay.**

GLN did not make any announcement prior to the date of the Announcement. The Announcement was released to correct inaccuracies in the Article as ASX expressly suggests an issuer should do in accordance with Section 6.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B titled “Responding to comment or speculation in media or analyst reports and market rumours”. GLN considers it was appropriate to release the Announcement in a timely manner after it became aware of the Article and considers that it did so.

- 5. If GLN first became aware of the offer from EnergyX to acquire GLN’s Argentinian lithium assets before lodging any of the Cleansing Notices on MAP, did GLN rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the offer received from EnergyX before GLN lodged the Announcement on MAP.**

No, as noted above GLN considers there was no prospect of the conditional indicative non binding outline proposal provided by EnergyX converting into an offer capable of acceptance or an agreed transaction, and the outline of terms proposed by EnergyX to be such that if disclosed they would not have a material effect on the price or value of its securities.

- 6. What time on 5 August 2024 did the AFR contact GLN to seek comment on the Article?**

An email message was passed from GLN’s Perth office to GLN’s executive that the AFR wanted to speak to GLN at around 3.03pm AEST on 5 August 2024.

A GLN executive spoke to an AFR journalist at around 3.15pm AEST on 5 August 2024 who asked questions as to whether the EnergyX indicative offer was real. The GLN executive provided no comment.

- 7. When did GLN first become aware of the Article? In answering this question, please provide a specific date and time.**

Around 3.46pm AEST on 5 August 2024.

- 8. Noting the publication of the Article online at 3.33PM AEST on 5 August 2024 and the trading which occurred in GLN’s securities proximate to and immediately following the publishing of the Article, does GLN believe it had a responsibility to respond to the Article?**

GLN considers it was appropriate to respond in accordance with published ASX guidance.

8.1 If the answer to question 8 is ‘no’, please provide the basis for that view commenting specifically on section 6.4 of ASX Guidance Note 8.

N/A

8.2 If the answer to question 8 is 'yes' what time on 5 August 2024 does GLN believe it had a responsibility to respond to the Article?

GLN considers that it was appropriate to respond to the Article in a timely manner after it become aware of it and that it did so. GLN did not become aware of the Article until 3.46pm AEST on 5 August 2024, and notes that trading in GLN securities was paused at 3.54pm AEST on 5 August 2024 with a trading halt subsequently being placed on GLN securities. GLN released the Announcement prior to market open on 6 August 2024 and considers that by doing so it acted in a timely manner.

9. Please confirm that GLN is in compliance with the Listing Rules, and, in particular, Listing Rule 3.1.

Confirmed.

10. Please confirm that GLN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GLN with delegated authority from the board to respond to ASX on disclosure matters.

Confirmed.

For and on behalf of the Galan Board.

Yours faithfully

Mike Robbins

Company Secretary



7 August 2024

Reference: 97598

Mr Mike Robbins
Company Secretary
Galan Lithium Limited
Level 1, 50 Kings Park Road
WEST PERTH WA 6000

By email: MRobbins@galanlithium.com.au

Dear Mr Robbins

Galan Lithium Limited ('GLN'): ASX Aware Letter

ASX refers to the following:

- A. The notices pursuant to Section 708A of the *Corporations Act 2001* (the 'Act') released by GLN on the ASX Market Announcement Platform ('MAP'), each of which sought to 'cleanse' ordinary shares for secondary sale purposes, and stated that there was no excluded information, as defined in sections 708A(5)(e), 708A(7) and 708A(8) of the Act as of the date of the notice, on the following dates:
 - (i) 15 July 2024; and
 - (ii) 2 August 2024(together, the 'Cleansing Notices')
- B. The change in price of GLN's securities from an opening price of \$0.125 on Monday 5 August 2024 to an intraday high of \$0.175, together with the significant increase in the volume of GLN securities traded after 3:30 PM AEST on Monday 5 August 2024.
- C. The article appearing in the Australian Financial Review titled *Texas-headquartered EnergyX lobs \$US150m bid for Galan Lithium* published online at 3.33 PM AEST on 5 August 2024 (the 'Article') which stated Energy Exploration Technologies Inc. ('EnergyX') had, on 11 July offered US\$150m in cash and scrip to acquire GLN's Argentinian lithium assets. The article also noted that GLN had been approached for comment by the AFR during the afternoon of 5 August 2024.
- D. The pause in trading of GLN's securities released on MAP at 3.54 PM AEST on 5 August 2024.
- E. The subsequent trading halt placed on GLN's securities on 5 August 2024 following the pause in trading, pending release announcement by GLN in relation to the Article.
- F. GLN's announcement titled *Galan Response to AFR Street Talk Article* lodged with MAP and released at 9.42 AM AEST on 6 August 2024 in which GLN disclosed it had received a non-binding indicative offer from EnergyX (the 'Announcement') to acquire GLN's Argentinian lithium assets for US\$50million in cash and common shares in EnergyX valued at US\$50million. Under the proposal, EnergyX would also provide US\$50million in funding to develop the assets and pay GLN a 10% gross revenue royalty for 10 years after production has started. The Announcement lifted the trading halt in GLN's securities.
- G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- H. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

- I. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “When does an entity become aware of information?”
- J. Section 6.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “Responding to comment or speculation in media or analyst reports and market rumours” which states:

“...Where, however, a media or analyst report or market rumour appears to contain or to be based on credible market sensitive information (whether that information is accurate or not) and:

- there is a material change in the market price or traded volumes of the entity’s securities which appears to be referable to the report/rumour (in the sense that it is not readily explicable by any other event or circumstance)...*

ASX considers that the entity has a responsibility to the market to respond to the report in a timely manner. If the entity does not do so, voluntarily, ASX will consider exercising its power under Listing Rule 3.1B to require it to do so.”

- K. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- L. The concept of “confidentiality” detailed in section 5.8 of *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule.”

Request for information

Having regard to the above, ASX asks GLN to respond separately to each of the following questions:

1. Does GLN consider the receipt of the offer from EnergyX to acquire GLN's Argentinian lithium assets, to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please advise the basis for that view.
3. When did GLN first become aware of the information referred to in question 1 above? In answering this question, please provide a specific date and time GLN first became aware of the information.
4. If GLN first became aware of the information referred to in question 1 before the date of the Announcement, did GLN make any announcement prior to that date which disclosed the information? If not, please explain why the information was not released to the market at an earlier time, commenting specifically on when you believe GLN was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps GLN took to ensure that the information was released promptly and without delay.
5. If GLN first became aware of the offer from EnergyX to acquire GLN's Argentinian lithium assets before lodging any of the Cleansing Notices on MAP, did GLN rely on the provisions of Listing Rule 3.1A not to release an announcement containing the information in relation to the offer received from EnergyX before GLN lodged the Announcement on MAP.
6. What time on 5 August 2024 did the AFR contact GLN to seek comment on the Article?
7. When did GLN first become aware of the Article? In answering this question, please provide a specific date and time.
8. Noting the publication of the Article online at 3:33 PM AEST on 5 August 2024 and the trading which occurred in GLN's securities proximate to and immediately following the publishing of the Article, does GLN believe it had a responsibility to respond to the Article?
 - 8.1 If the answer to question 8 is 'no', please provide the basis for that view, commenting specifically on section 6.4 of ASX Guidance Note 8.
 - 8.2 If the answer to question 8 is 'yes', what time on 5 August 2024 does GLN believe it had a responsibility to respond to the Article?
9. Please confirm that GLN is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
10. Please confirm that GLN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of GLN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **4 PM AWST Monday, 12 August 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, GLN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require GLN to request a trading halt immediately if trading in GLN's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in GLN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to GLN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that GLN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance