

# Multiyear offtake extension with long term major customer Sichuan Yahua Industrial Group

## HIGHLIGHTS

- ◆ Three-year extension agreement from January 2023 signed with current long term major customer Yahua International Investment and Development Co Ltd for minimum 120,000 dmt per annum of high quality spodumene concentrate from Galaxy's Mt Cattlin Operation
- ◆ Yahua to purchase another 30,000 dmt during the remainder of 2020
- ◆ Yahua officially launched its new plant capable of 20,000 tonnes per year of lithium hydroxide, located in the city of Ya'an in southwest China's Sichuan province on Monday, 18 May 2020
- ◆ Agreement extension underpins Galaxy's Mt Cattlin Operation as a reliable, high quality product that is qualified in major lithium supply chains throughout China and Japan

Galaxy Resources Limited (ASX: **GXY**) ("**Galaxy**") advises that it has varied its existing Offtake Agreement with Yahua International Investment and Development Co., Ltd ("**Yahua**") to extend its term by a further three years to 31 December 2025. The contract extension is conditional upon Yahua continuing to meet the terms of the current agreement up to 31 December 2022 and the parties agreeing a pricing mechanism for the period from 2023 to 2025.

Yahua has agreed to purchase a further 30,000 dmt of 6% Li<sub>2</sub>O spodumene concentrate during the remainder of 2020 and 120,000 dmt per annum of 6% Li<sub>2</sub>O spodumene concentrate from Mt Cattlin for each calendar year from 2021 to 2025 on a take or pay basis. Pricing for spodumene shipments sold up to the end of 2022 will be agreed between the parties on a spot cargo CIF (Cost, Insurance and Freight) basis. A pricing formula for the 2023 to 2025 period is to be agreed prior to the end of 2022.

This extended offtake arrangement with Yahua supplements Galaxy's existing spodumene concentrate offtake agreements with:

- Meiya Corporation (**Meiya**) for 55,000 dmt (+/- 10%) per annum of 5.7% spodumene concentrate up to 31 December 2022 on a take or pay basis; and
- Yi Chun Yin Li New Energy Co., Ltd (**Jiangte**) for 45,000 dmt (+/- 10%) per annum of 6% Li<sub>2</sub>O spodumene concentrate in 2020 and 60,000 dmt (+/- 10%) per annum of 6% Li<sub>2</sub>O spodumene concentrate in 2021 and 2022 on a take or pay basis.

Pricing for spodumene shipments sold to Meiya and Jiangte will be agreed between the parties on a CIF basis.

The market continues to experience an extended period of weak demand across the entire lithium value chain. As previously advised, in order to maintain relationships with its valuable, long term customers who are also experiencing challenges in this market, Galaxy's near-term sales volumes and shipping schedules are dictated by the pace these customers can work through their existing inventory levels.



Figure 1: Yahua's 20,000 tonne pa lithium hydroxide plant located in China's southwest province Sichuan

ENDS

This release was authorised by Mr. Simon Hay, Chief Executive Officer of Galaxy Resources Limited.

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**About Galaxy (ASX: GXY)**

Galaxy Resources Limited (“Galaxy”) is an international company with lithium production facilities, hard rock mines and brine assets in Australia, Canada and Argentina. It wholly owns and operates the Mt Cattlin mine in Ravensthorpe Western Australia, which is currently producing spodumene and tantalum concentrate.

Galaxy is advancing plans to develop the Sal de Vida lithium and potash brine project in Argentina situated in the lithium triangle (where Chile, Argentina and Bolivia meet), which is currently the source of more than 40% of global lithium production. Sal de Vida has excellent potential as a low-cost brine-based lithium carbonate production facility.

Galaxy’s diversified project portfolio also consists of the wholly owned James Bay lithium pegmatite project in Quebec, Canada. James Bay will provide additional expansion capacity to capitalize on future lithium demand growth.

Lithium compounds are used in the manufacture of ceramics, glass, and consumer electronics and are an essential cathode material for long life lithium-ion batteries used in hybrid and electric vehicles, as well as mass energy storage systems. Galaxy is bullish about the global lithium demand outlook and is aiming to become a major producer of lithium products.

**About Sichuan Yahua Industrial Group Co., Ltd**

Sichuan Yahua Industrial Group Co., Ltd. is a China-based company principally engaged in the manufacture and sales of civil explosives. The Company’s main products include industrial explosives, industrial detonators, industrial cords, customized civil explosive products and others. The Company’s products are mainly applied in mining, hydropower, transportation construction, urban renewal, geological exploration and national defense industries. Through its subsidiaries, the Company is also engaged in the manufacture and sales of lithium carbonate, lithium hydroxide and other lithium salt products. The Company distributes its products in the domestic Chinese market and to overseas markets.

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