

**RNS Number : 0426V  
Galileo Resources PLC  
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**Galileo Resources Plc  
("Galileo" or "the Company")**

### **Glenover Assets Sale and Option to sell shares in Glenover**

Galileo Resources plc ("Galileo" or the "Company") is pleased to provide details regarding;

- a. Asset sale agreements entered into between Glenover Phosphate Proprietary Limited ("Glenover") in which Galileo has a 29% direct and 4.99% indirect investment held via Galagen Proprietary Limited who are the BEE partner in Glenover, and JSE Limited listed Afrimat Limited (JSE : AFT) ("Afrimat") on 8 December 2021 (the "Asset Sale Agreement"). The Asset Sale Agreements relate to the sale for ZAR 250M (approx. GBP11.64M) of certain deposits of phosphate rock located at the Glenover Mine ("Inventory Deposits") ("Glenover Unconditional Asset Sale") and mining rights to mine the Vermiculite Deposit at the Glenover Mine ("Vermiculite Mining Rights") ("Glenover Conditional Asset Sale").
- b. A conditional sale of shares agreement between Afrimat, Glenover and the shareholders of Glenover under which Glenover has the option (the "Afrimat Option") to acquire the sale of shares in and shareholders loans made to Glenover for ZAR300M ( approx. GBP14M ) (the "Sale of Shares Agreement") which is expected to complete by 15 June 2023 if the option is exercised.

The agreements hereinafter being referred to as the ("**Glenover Agreements**").

#### **Colin Bird Chairman & CEO said:**

"Galileo originally invested in Glenover in 2012 and this agreement is testament to the hard work of the Glenover management, our local shareholder Ferminore Proprietary Limited, and BEE partner Galagen. The Acquirer Afrimat, is a well respected South African mining group, who have carried out extensive critical testwork and due diligence, before proposing this acquisition. We wish them well with this. The successful completion of this transaction is a good example of how local South African groups can successfully work with an experienced international partner creating value for all parties and an asset that can be taken on for further development by an established South African mining group. I would also like to thank the Galileo shareholders for their patience and support."

As further detailed below on completion of the;

- a. Asset Sale Agreement the value to Glenover will be ZAR250 million (approx.. GBP11.64M) which after taxes, costs and working capital requirements it intends to distribute to the Glenover shareholders; and
- b. Sale of Shares Agreement the value to the Glenover shareholder will be a further ZAR300M (approx. GBP14M).

Galileo has a 29% direct shareholding in Glenover and a 4.99% indirect shareholding held via Galagen Proprietary Limited who are the BEE partner in Glenover.

#### **Highlights of Glenover Unconditional Asset Sale**

Consideration payable to Glenover i) ZAR 215.1M for the ("Inventory Deposits") the ("Inventory Consideration").  
Payment of Unconditional Asset Sale Consideration Inventory Consideration to be paid by Afrimat in cash to Glenover within 15 business days of the signature date of the Asset Sale Agreement.

Effective Date The effective date is the signature date of Asset Sale Agreement.

Distribution of Unconditional Asset Sale Consideration to Glenover shareholders Glenover intends to make a cash distribution to its shareholders from the Inventory Consideration and the IP Consideration having made provision for South African Income Tax @ 28%, transaction costs and bonuses and having retained sufficient funds for 12 months working capital requirements at the time of the distribution to meet South African companies law solvency requirements ("Provisions Prior to Paying Dividend") . The final amount and timing of this distribution has not been finalised but is expected, subject to advice, to be around ZAR145M (approx. GBP6.8M) before 28 February 2022 of which Galileo's 29% share would be approximately ZAR42M (approx. GBP1.97M). Any proceeds received in respect of Galileo indirect 4.99% interest are subject to agreement with Galagen Proprietary Limited and will be notified at the time, as applicable.

### **Highlights of Glenover Conditional Vermiculite Mining Right Sale**

Consideration payable to Glenover ZAR 34.9M to acquire the Vermiculite Mining Right (the "Vermiculite Consideration").

Settlement of Vermiculite Consideration The Vermiculite Consideration is at Glenover's election to be settled in cash or Afrimat shares based on the 30 days' volume weighted average price ("VWAP") at which Afrimat shares traded on the JSE Limited on the relevant Effective Date. The Afrimat shares issued to settle the Vermiculite Consideration will not be subject to any sale restrictions.

Sale of Assets Outstanding Conditions a) by no later than 15 June 2022, the mining right to mine certain minerals on the property known as Farm Glenover 371 L.Q. (the "Mining Right") has been granted to Glenover; and

b) by no later than 15 June 2022, the Water Use License Application ("WULA") has been granted and a period of 30 days have lapsed since the date of grant of the WULA without any appeal having been lodged against the grant thereof.

"Sale of Assets Outstanding Conditions"

Effective Date The effective date of the sale of the Vermiculite Mining Right shall be the first day of the month following the month in which the last of the Sale of Assets

Outstanding Conditions has been fulfilled, which is anticipated as being 1 July 2022.

Distribution of Vermiculite Consideration to Glenover shareholders

Glenover intends to make a distribution in specie of Afrimat shares to its shareholders from the Vermiculite Consideration having made provision for South African Income Tax @ 22.4%, transaction costs and bonuses and having retained sufficient funds for 12 months working capital requirements at the time of the distribution to meet South African companies law solvency requirements. The final amount and timing of this distribution has not been finalised but is expected, subject to advice, to be around ZAR35M (approx.. GBP1.6M) of which Galileo's 29% share would be approximately ZAR10M (approx. GBP470K). Any proceeds received in respect of Galileo indirect 4.99% interest are subject to agreement with Galagen Proprietary Limited and will be notified at the time, as applicable.

### Highlights of Share Sale Agreement

Consideration payable to Glenover shareholders

ZAR300M (approx. GBP 14M) to acquire from the Glenover shareholders all the shares of and sale claims to Glenover (the "Glenover Shares") (the "Sale Shares Consideration"). Galileo Resources SA (Pty) Ltd, the Company's wholly owned South African subsidiary, share of the Sale Shares Consideration is ZAR102M (approx. GBP4.78M).

Settlement of Consideration payable to Glenover shareholders

a) 50% of the Sale Shares Consideration shall, at the election of Afrimat, be split between Afrimat shares based on the Afrimat 30 day VWAP at which the Afrimat shares traded on the JSE Limited on the relevant Effective Date and cash (Afrimat has to make this election on the relevant Effective Date); and

b) 50% of the Sale Shares Consideration shall, at the election of the Sellers, be split between Afrimat shares 30 day VWAP at which the Afrimat shares traded on the JSE Limited on the relevant Effective Date and cash (the Sellers have to make this election on the relevant Effective Date).

Any Afrimat shares issued to settle the Sale Shares Consideration will not be subject to any sale restrictions.

Afrimat Option Period

Afrimat has at its sole discretion until 15 June 2022 or, if an extension has been granted by 10 November 2022, to exercise their option to acquire the Glenover Shares.

Conditions Precedent

a) by no later than 15 June 2022 the issue of a mining licence to Glenover (the "Mining Right");

b) by no later than 15 June 2022 the Water Use License Application ("WULA") has been granted and a period of 30 days have lapsed since the date of grant of the WULA without any appeal having been lodged against the grant thereof;

c) by no later than 28 February 2023 the approval in terms of the Competition Act No. 89 of 1998, if required, has been granted, either unconditionally or subject to conditions which have been approved in writing by Afrimat;

d) by no later than 31 May 2023 the consent of the Minister of the Department of Mineral Resources and Energy for the application in terms of Section 11 of the Mineral and Petroleum Resources Development Act No. 28 of 2002, has been granted, either unconditionally or on terms and conditions which are reasonably acceptable to Afrimat;

e) by no later than 15 June 2022 the shareholders of the Company (to the extent required by the AIM Rules) have approved the Share Sale Agreement;

f) Afrimat has at its sole discretion have exercised the Afrimat Option to acquire or not to acquire 100% of the issued share capital of Glenover, exercisable at the sole discretion of Afrimat by 15 June 2022 or, if an extension has been granted by 10 November 2022; and

g) by no later than 15 June 2022, the approval of the amended Glenover's memorandum of incorporation by Glenover, Afrimat and the Shareholders is obtained to be filed with the CIPC;

(the "Sale of Shares Outstanding Conditions").

Effective Date

The effective date of the Sale of the Glenover Shares shall be the first day of the month following the month in which the last of the Sale of Shares Outstanding Conditions is fulfilled or waived, which is anticipated as being 1 July 2023.

Additional Information on Afrimat: Afrimat is a leading black empowered Group with its main business and core competence in open pit mining. It is listed on the 'Construction and Materials' sector of the JSE Main Board since 2006. The group supplies a broad range of products ranging from Construction Materials (aggregates, bricks, blocks, pavers and readymix concrete), Industrial Minerals (lime and lime products) and Bulk Commodities (iron ore and anthracite). Afrimat Afrimat's announcement in relation to the Asset Sale Agreement and the Option Agreement can be found at their website <https://www.afrimat.co.za/>



The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR").

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