



GALAN
LITHIUM LIMITED

ASX ANNOUNCEMENT

27 October 2021

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2021

HIGHLIGHTS

- **Completion of an oversubscribed A\$50 million Institutional Placement**
- **Next round of drilling commenced at Hombre Muerto West with second rig being outsourced to commence further drilling in Q4 2021**
- **HMW Feasibility study progressing well - engineering contract award imminent**
- **Candelas scoping study on track for delivery in Q4 2021**
- **Galan partners with leading ESG supply chain traceability provider, Circular, for traceability of its lithium chloride concentrate and carbonate products for future markets**
- **All Argentinian projects are 100% owned by Galan - no offtake, JV or royalty agreements in place**
- **Grade is king - Hombre Muerto West resource ~ 2.3Mt LCE @ 946 mg/l Li**
- **Total indicated resource inventory in Argentina of ~ 3Mt LCE @ 858 mg/l Li**
- **Strong M & A action in Argentina lithium space – CDN\$966m Neo Lithium Corp (Oct'21), CDN\$377m Millennial Lithium Corp (Sep'21) and Galaxy/Orocobre finalised (Aug'21)**
- **Greenbushes South tenement applications advancing after completion of CMP**
- **Company continues to adhere to Covid-19 protocols in Argentina, Chile and Australia with employee's health and safety our number one priority**
- **Cash on hand at end of quarter was \$42.2m (\$15.5m – 30 June 2021) – gross tranche two proceeds of \$20m received on 15 October 2021**

The Board of Galan Lithium Limited ("Galan" or "the Company") is pleased to provide this Quarterly Activities Report for the quarter ended 30 September 2021 to the date of this report. The main focus for the quarter was the ongoing feasibility works and next round of drilling at its high-grade Hombre Muerto West ("HMW") project as well as moving scoping studies forward at the Candelas project which are both located in the Hombre Muerto West salt flat in the South American Lithium Triangle (see tenement location map in Figure 5).

OPERATIONS

Hombre Muerto West

Solid, steady progress was made with the feasibility study and associated works at the HMW project during the quarter.

The award of the engineering component of the feasibility studies is well advanced with Galan finalising discussions with three leading International engineering firms.

As announced on 29 September 2021, the first bore hole was completed at Pata Pila.

Drillhole PB-01-21 was completed to a final depth of 220m and the bore hole has now been cased and cleaned. The purpose of the drill hole has been to conduct pumping tests to help build the hydrogeological models required as part of the work to build our reserve estimates at the HMW project located on the Western Basin of the Hombre Muerto salar in Argentina. Excellent recovery of cuttings for the entire hole has revealed a highly detailed stratigraphy downhole. The Pata Pila licence covers large alluvial fan areas lying adjacent to Livent Corporation's (NYSE: LVHM) tenure (Figure 1).

These results will enable our team to update our previous conservative lithology interpretations which were significantly impacted by the lack of recovery for parts of the drilling. This meant some lithological interpretations were based on downhole Zealandez geophysical data. Because of this a conservative approach was made in the interpretation, where halite was conservatively modelled for the resources estimates by SRK Australia. However, the recent drilling results have revealed a minimum 40m of the interpreted halite is actually comprised of unconsolidated conglomerates and interbeds of silt and clay (see figure 2). These lithologies were conservatively assumed for aquifer porosity and their discovery is expected to impact future resource estimates.

To help resolve the stratigraphy between drill holes and update our resource estimates, Galan is planning a general passive seismic survey at HMW to complement the drill hole lithology logs. The aim is to produce high fidelity models of the stratigraphy to ensure we have the highest possible quality resource/reserve estimations.

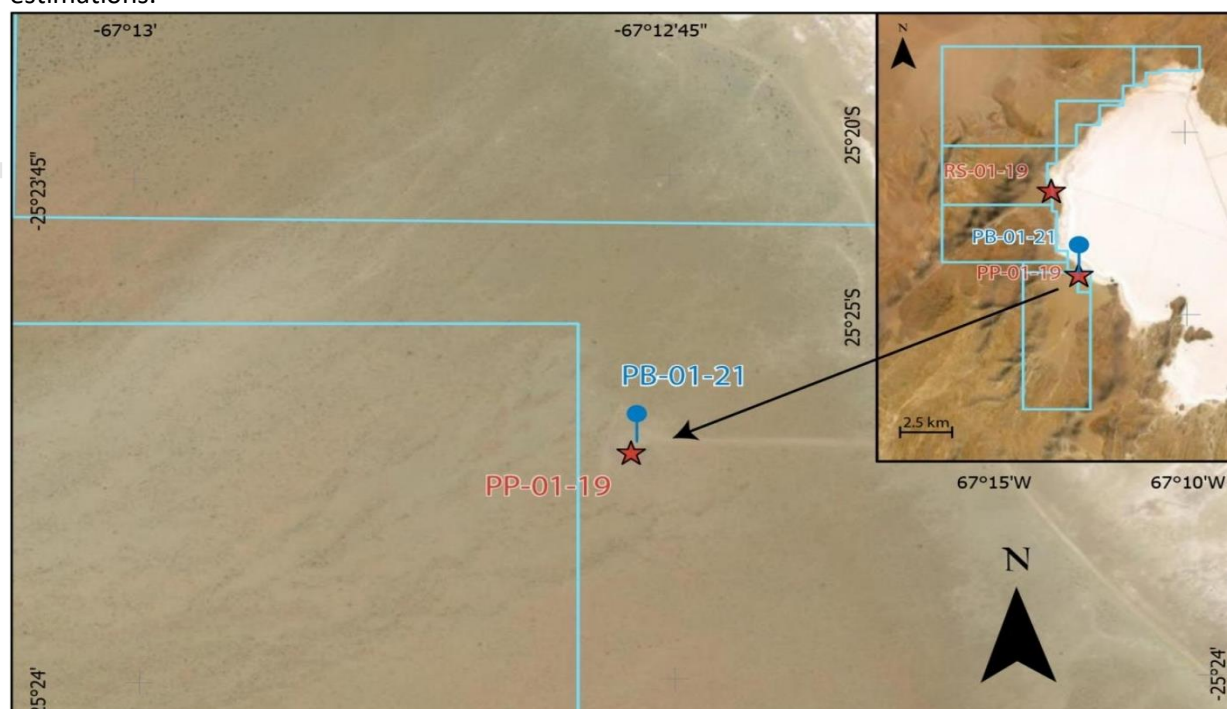


Figure 1: Inset: Galan Lithium Limited's Western Basin Projects, Hombre Muerto salar, Argentina. Main figure shows location of drill hole PP-01-19 and the adjacent new drill hole PB-01-21.



Figure 2: Cuttings of drill hole PB-01-21. These are cuttings of a polymictic conglomerate which we now know to extend through a min 40m zone of no recovery from the previous adjacent drill



Figure 3: Pata Pila (PB-01-21) bore being cleaned from the previous adjacent drill hole PP-01-19.



Figure 4: Pata Pila (PB-01-21) bore being cleaned from the previous adjacent drill hole PP-01-19.

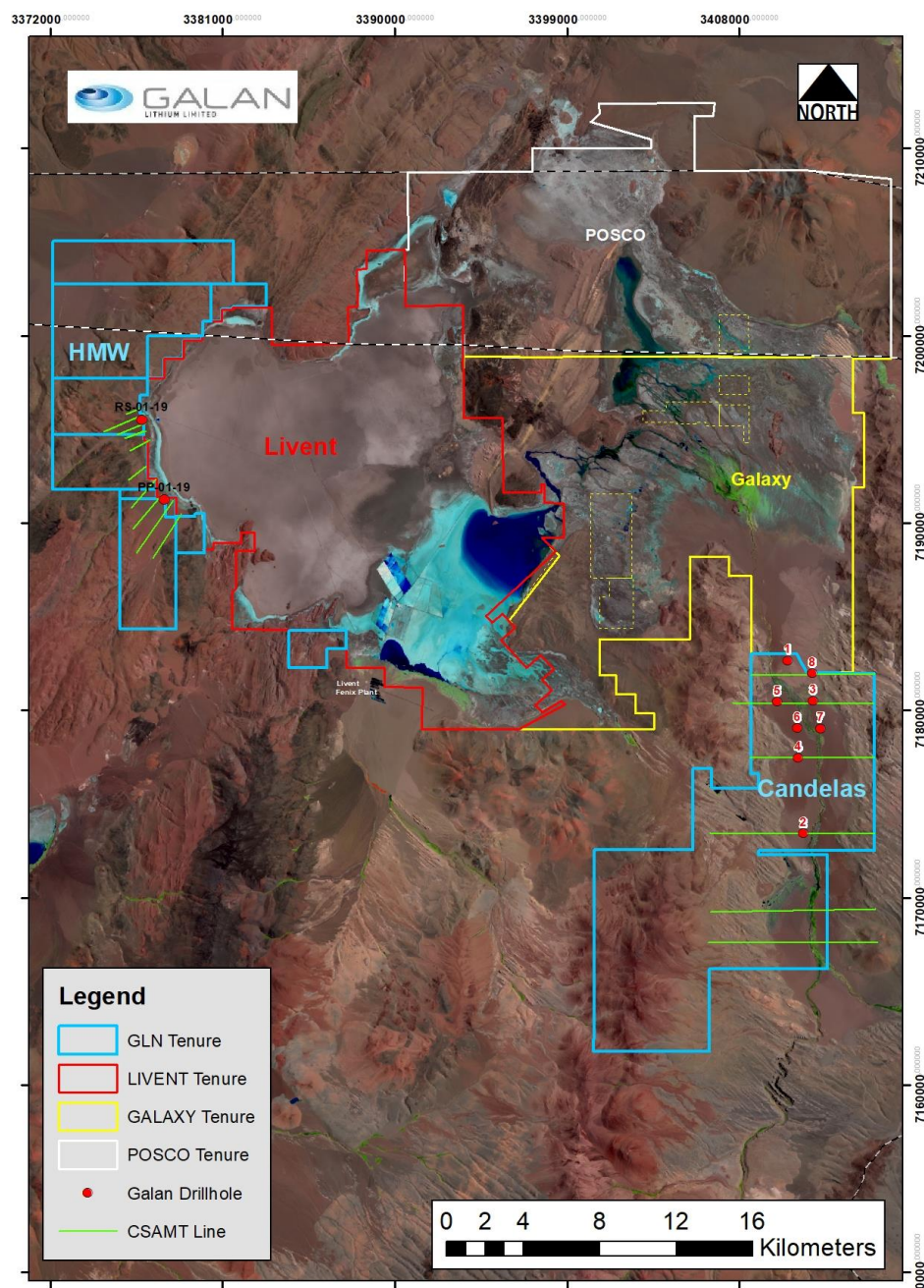


Figure 5: Location of Galan's concessions (in blue). Galan currently has a combined total Indicated Resource of 2.95Mt LCE @ 858mg/l Li

Candelas

Candelas is Galan's second key project and is located on the south east side of the Hombre Muerto West salt flat in Catamarca, Argentina.

As announced on 20 July 2021, the Company commenced a scoping study based on the brine concentrate modelling undertaken by Ad-Infinitem which showed results up to 6%Li.

The scoping study is being performed by Galan's in-house engineering team whilst Ad-Infinitem in Chile will oversee the chemical processing and other relevant study sections. The study is expected to be finalised during Q4 2021.

Lithium classification and conversion factors

Lithium grades are normally presented in mass percentages or milligrams per litre (or parts per million (ppm)). Grades of deposits are also expressed as lithium compounds in percentages, for example as a per cent. lithium oxide (Li₂O) content or per cent. lithium carbonate (Li₂CO₃) content. Lithium carbonate equivalent ("LCE") is the industry standard terminology for, and is equivalent to, Li₂CO₃. Use of LCE is to provide data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included further below to get an equivalent Li₂CO₃ value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li₂CO₃ from the deposit. Conversion Factors for Lithium Compounds and Minerals:

Convert from		Convert to Li	Convert to Li ₂ O	Convert to Li ₂ CO ₃
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	Li ₂ O	0.464	1.000	2.473
Lithium Carbonate	Li ₂ CO ₃	0.188	0.404	1.000

Greenbushes South

The Greenbushes South Lithium project is a joint venture between Galan (80%) and Lithium Australia NL (LIT)(20%). The Project is located 3 kms south of the world-class Greenbushes Lithium Mine which is owned and managed by Talison Lithium Pty Ltd.

During the quarter, minimal on the ground work was undertaken by the Company. The main focus was the compilation of the Conservation Management Plan ("CMP") which is required to assist the tenement grant process.

Expenditure on the project was in line with tenement commitments.

ESG Traceability

On 14 September 2021, the Company announced a collaborative partnership with Circulor Ltd (**Circulor**) to establish full lithium traceability and dynamic CO₂ and environmental, social and governance (**ESG**) tracking for its lithium brine assets, in Argentina's Lithium triangle.

Galan will be implementing Circulor's solution to help its future market products to meet sustainability objectives for ethical sourcing, CO₂ transparency and other ESG performance metrics. Circulor's solution will be used during Galan's feasibility study stage by tracking samples from its pilot lithium carbonate plant to marketable product (expected in H2 2022). This partnership provides Galan with full traceability of their lithium supply chain.

CORPORATE

On 13 August 2021, the Company announced the completion of a game changing A\$50 million (before costs) placement to institutional, sophisticated and professional investors, at A\$1.15 per share to accelerate the development of its strategic lithium projects in Argentina and Australia.

Canaccord Genuity (Australia) Limited acted as Lead Manager and Bookrunner to the Placement.

The two-tranche placement provides the Company with significant flexibility with respect to its ongoing capital expenditure requirements at HMW, Candelas and Greenbushes South.

The issue of 25,872,594 Shares Tranche 1 shares, under that placement, was completed on 20 August 2021 under the Company's existing 7.1 and 7.1A placement capacity. Shareholder approval for the completion of tranche 2 (17,605,667 Shares) of the Placement was obtained from shareholders at a general meeting held on 12 October 2021. The issue of the tranche 2 placement shares was finalised on 18 October 2021.

The proceeds raised by the placement were, or will be, used to fund the following:

- Drilling activities at the Company's Hombre Muerto West Project to establish well fields for production and to convert existing Resources to Reserves.
- Drilling activities at the Company's Candelas Project to convert existing Resources to Reserves.
- Ongoing exploration activities at the Company's HMW, Candelas and Greenbushes South Projects.
- Completion of feasibility studies at the HMW and Candelas Projects.
- Greenbushes drilling expected in 2022 - pending permits
- General working capital.

At the end of the September 2021 quarter, the Company had cash resources of A\$42.2m. After the recent receipt of the tranche 2 placement funds, Galan has cash reserves of approximately A\$60.6m.

In regard to COVID-19, Galan remains committed to delivering on our goals whilst maintaining the highest possible safety standards for our employees, contractors and consultants by adhering to all the recommended practices mandated by the authorities in Australia, Argentina and Chile. The borders are currently open between Chile and Argentina so COVID-19 travel and trade restrictions have been lifted and will only benefit our current studies at HMW and Candelas.

Appendix 5B

The following information is disclosed in compliance with ASX Listing Rule 5.3.5 regarding payments to related parties of the entity and their associates:

Related Party	Amount	Description
Managing Director	\$70,000	Salary
Directors	\$41,409	NED Director Fees
Associate of Director	\$116,005	NED Director Fees
	\$227,414	

The above includes the payment of outstanding 2020 and 2021 Chairman fees (\$90,700) that were unpaid at 30 June 2021.

The Galan Board authorises the release of this September 2021 Quarterly Activities Report.

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About Galan

Galan is an ASX listed company exploring for lithium brines within South America's Lithium Triangle on the Hombre Muerto salar in Argentina. Hombre Muerto is proven to host the highest grade and lowest impurity levels within Argentina and is home to Livent Corporation's El Fenix operation and Galaxy Resources and POSCO's Sal de Vida projects.

Galan has three projects:

Candelas: a ~15km long by 3-5km wide valley filled channel which project geophysics and drilling have indicated the potential to host a substantial volume of brine and over which a maiden resource estimated 685kt LCE (Oct 2019). Furthermore, Candelas has the potential to provide a substantial amount of processing water by treating its low-grade brines with reverse osmosis, this is without using surface river water from Los Patos River.

Hombre Muerto West (HMW): a ~14km by 1-5km region on the west coast of Hombre Muerto salar neighbouring Livent Corp to the east. HMW is currently comprised of seven concessions – Pata Pila, Rana de Sal, Deceo III, Del Condor, Pucara, Catalina and Santa Barbara. Geophysics and drilling at HMW demonstrated a significant potential of a deep basin. In March 2020, a maiden resource estimate delivered 1.1Mt of LCE for two of the largest concessions (Pata Pila and Rana de Sal). That resource now sits at 2.3Mt of LCE with exploration upside remaining for the rest of the HMW concessions not included in the current indicated resource.

Greenbushes South Lithium Project: Galan has an Exploration Licence application (E70/4629) covering a total area of approximately 43 km². It is approximately 15kms to the south of the Greenbushes mine. In January 2021, Galan entered into a sale and joint venture with Lithium Australia NL for an 80% interest in the Greenbushes South Lithium project, which is located 200 km south of Perth, the capital of Western Australia. With an area of 353 km², the project was originally acquired by Lithium Australia NL due to its proximity to the Greenbushes Lithium Mine ('Greenbushes'), given that the project covers the southern strike projection of the geological structure that hosts Greenbushes. The project area commences about 3km south of the current Greenbushes open pit mining operations.



Competent Persons Statements

Competent Persons Statement 1

The information contained herein that relates to exploration results and geology is based on information compiled or reviewed by Dr Luke Milan, who has consulted to the Company. Dr Milan is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Milan consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Competent Persons Statements 2

The information relating to the Exploration Results and integrity of the database was compiled by Mr Francisco Lopez (Geology). Mr Lopez is a full-time employee of Galan Lithium Limited and has been engaged by Galan as their Geology Manager. The integrity of the database and site inspection was done by Dr Michael Cunningham, GradDip, (Geostatistics) BSc honours (Geoscience), PhD, MAusIMM, MAIG, MGSA, FGSL. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd.

The information in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Dr Cunningham. He has sufficient experience relevant to the assessment and of this style of mineralisation to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 3

The information contained herein that relates to the progress of the laboratory test work and study development related activities have been directed by Mr. Marcelo Bravo. Mr. Bravo is Chemical Engineer and managing partner of Ad-Infinitem Spa. with over 25 years of working experience and he is a Member of the Chilean Mining Commission and has sufficient experience which is relevant to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Bravo consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

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

INTEREST IN MINING TENEMENTS AT 30.09.21

Argentina (Hombre Muerto projects) - 100% right, interest and/or title

Candela I - VI
Casa Del Inca III
Catalina
Deceo III
Del Condor
Pata Pila
Pucara
Rana de Sal
Santa Barbara

Australia (Greenbushes South project – 80%) – Granted (G) or Pending (P)

E70/4690 (G)
E70/4790 (G)
E70/4777 (G)
E70/5680 (G)
E70/4889 (P)
E70/1698 to E70/1704 (P)
E70/4629 (P) (100% owned by Galan)