



GALAN
LITHIUM LIMITED

ASX ANNOUNCEMENT

30 April 2021

QUARTERLY ACTIVITIES REPORT MARCH 2021

HIGHLIGHTS

- **HMW's lithium chloride (LiCl) concentrate increases significantly by 25% to 6% Li (32% LCE*)(from the original study value of 4.8% Li)**
- **Galan's high-grade result (6% Li) is directly comparable to SQM's and Albemarle's LiCl concentrate produced from the Atacama basin in Chile**
- **Furthermore, HMW's LiCl concentrate level (12.9% Li₂O*) is equivalent to more than double the average concentrate grade of Australian lithium spodumene producers (6% Li₂O **)**
- **Galan may then have the flexibility to place its lithium for downstream products anywhere in the world without the burden of high logistics costs, high CO₂ footprint and/or waste management**
- **Evaluation of the commercial potential in the global market for its high-grade LiCl concentrate as feed for lithium battery products has commenced**
- **Test results showed very low level of contaminants, especially SO₄, Ca and Mg**
- **Initial HMW brine evaporation pilot works forecast to commence in Q2 2021 (pending COVID-19 situation)**
- **Data review enhances prospectivity at Greenbushes South Lithium Project**
- **Cash on hand at end of quarter was \$14.9m**

The Board of Galan Lithium Limited ("Galan" or "the Company") is pleased to provide this Quarterly Activities Report for the quarter ended 31 March 2021 and thereafter. The main focus for the quarter was the completion of the laboratory test work for its low carbon footprint brine evaporation process at its flagship Hombre Muerto West ("HMW") project located in the South American Lithium Triangle in Catamarca, Argentina.

* see lithium classification and conversion factors below

** excludes Greenbushes

OPERATIONS

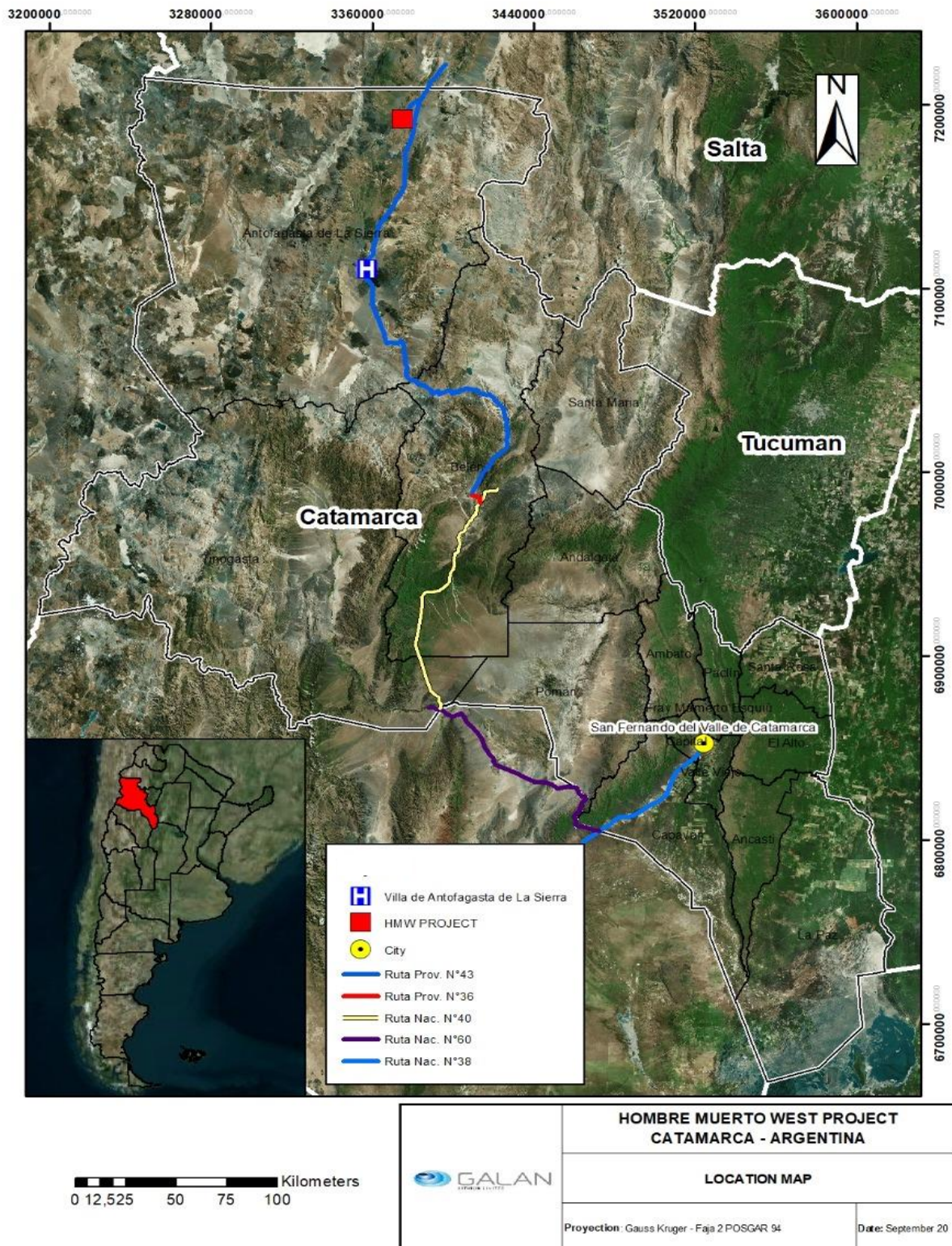


Figure 1: HMW Project, Hombre Muerto Salar, Catamarca Argentina

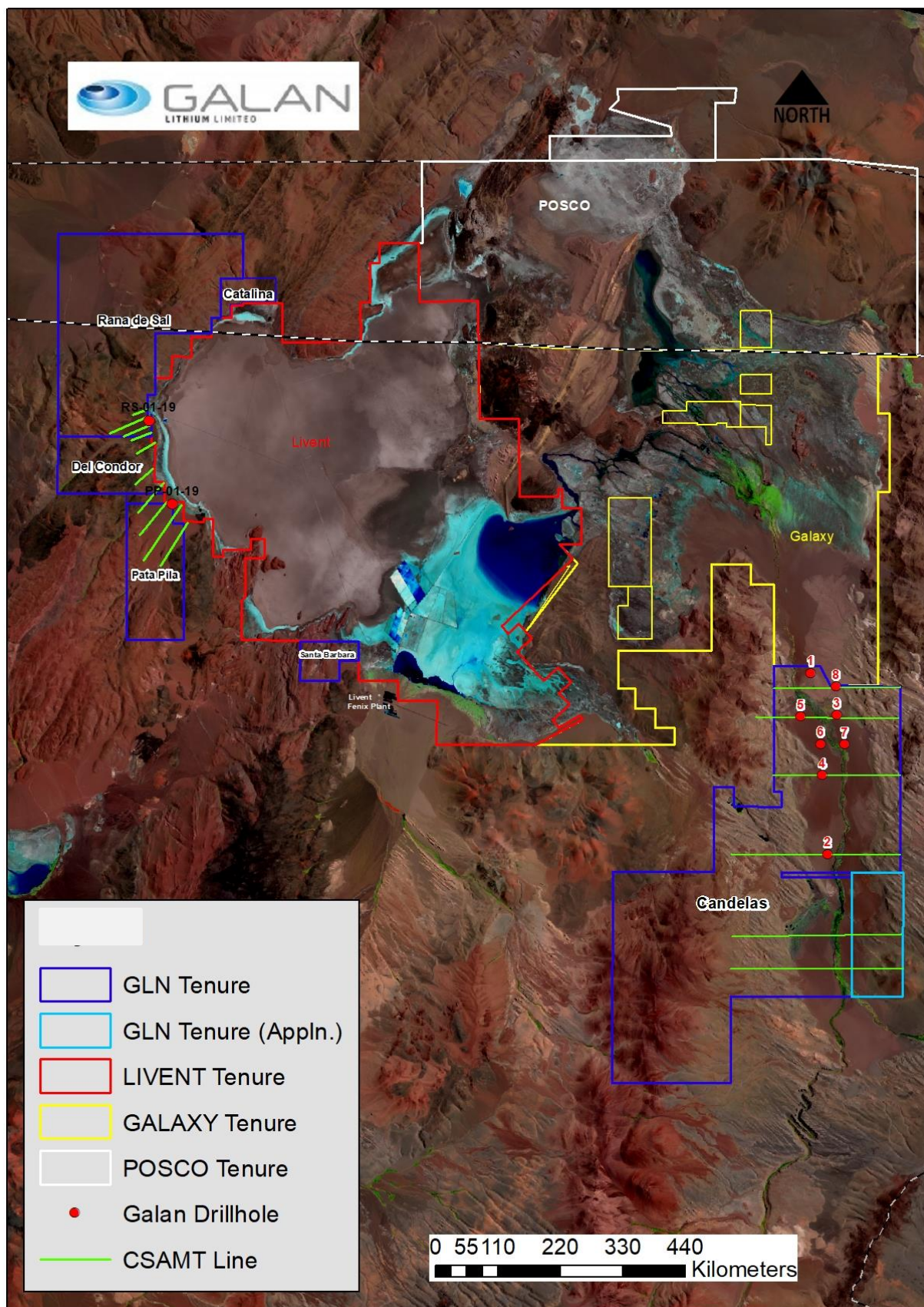


Figure 2: Hombre Muerto West Properties Map

Summary of the Test Work Results

As announced on 22 March 2021, the second round of test work on HMW's raw brine was conducted in Antofagasta using the first stage of natural brine evaporation process and finalised using accelerated evaporation in a wind tunnel under controlled conditions. The test work was fully managed and conducted by lithium experts Ad-Infinitum. As our technical advisors, Ad-Infinitum recommended the use of reagents to remove impurities and to avoid the risk of precipitation of Li salts causing losses of this valuable element.

The results far exceeded Galan's expectations, with the lithium chloride concentrate increasing by 25% to 6% Li (vs. 4.8% Li estimation for the Scoping Study/PEA, ASX announcement 21 December 2020). The HMW project's Li grade, is one of the highest publicly known brine concentration levels in the world, using the evaporation process. Galan's 6% Li it is directly comparable to SQM's & Albemarle's concentrate produced from the Atacama salt-flat in Chile. This result was made possible through the optimisation process developed using the Ad-Infinitum prediction model. These grades provide Galan with exciting commercial opportunities for a lithium chlorine concentrate product.

Furthermore, the low levels of impurities contained in the lithium chlorine brine were also significant. The main contaminants like SO₄, Mg and Ca were reduced significantly. Whilst B and other elements like K, Na and Cl are low they are expected to be removed during the treatment at a downstream process. Galan's study team is confident that this brine concentrate quality could be converted into a high-quality battery grade product while remaining cost competitive.

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

Next Steps:

- Galan is continuing to test and optimise a range of lithium chloride concentrate solutions with conversion costs in mind to deliver the best commercial solution in the shortest time possible.
- Galan expects to commence commissioning the evaporation pilot test work on site during Q2 2021.
- Testing the conversion of the high-grade LiCl to lithium carbonate battery grade.
- Galan is reviewing the scope of work for the most adequate path to accelerating the project development (lowest Capex and shortest time) to market. The high quality of the concentrated LiCl could be a mayor strategic differentiation for improving the economic performance of the project.

Greenbushes South

In January 2021, Galan entered into a sale and joint venture with Lithium Australia NL (ASX:LIT) for an 80% interest in the Greenbushes South Lithium project (“the 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.

As announced on 15 April 2021, the Company completed a review of historical CSIRO data which enhances the prospectivity of its Greenbushes South Lithium project.

Galan reviewed the historical CSIRO data sets of laterite geochemistry (Smith et al. 1987 (*)) along with other geological studies. This CSIRO study defines geochemical anomalies within the laterite soils across the Greenbushes region due to the dispersion minerals and elements during extensive weathering of the mineralized Li-Sn-Ta pegmatites. This study was undertaken before Talison Lithium Pty Ltd’s mine commenced production, when the ore deposit was still concealed. This study confirmed the feasibility to explore for a concealed deposit of this style of mineralisation. Elements such as As, Sn, Be, Sb, Nb, Ta and B were used to define the anomaly and were centred over the deposit. This review was conducted by Galan’s Competent Person, Dr Luke Milan.

Galan will now augment this data set by extending the coverage of soil sampling on from the historical data sets, with a focus on the most anomalous area located to the north east of Greenbushes South holding. Mapping and rock chip sampling will also be undertaken. The objective is to confirm historical data and define extensions of geochemical anomalies and therefore potential mineralisation into Galan’s Greenbushes South tenure. These results would then be used to delineate potential targets for further exploration such as drilling.

(*) – historical data source:

Raymond E. Smith, J.L. Perdrix, J.M. Davis,
Dispersion into pisolitic laterite from the greenbushes mineralized Sn-Ta pegmatite system, Western Australia,
Journal of Geochemical Exploration, Volume 28, Issues 1–3, 1987

Candelas

The main focus for the quarter was the HMW Project and therefore minimal work has been undertaken on the Candelas project.

CORPORATE

As previously announced on 27 January 2021, the Company successfully received firm commitments for an over-subscribed placement for 20 million shares at an issue price of \$0.50 per share to raise \$10 million (before costs). Final funds were received in early February 2021.

The following options were converted and the applicable funds received, during the March’21 quarter:

- \$0.20 options (expiry 31/10/23) – 2,000,000
- \$0.25 options (expiry 31/3/22) – 2,742,858
- \$0.3834 options (expiry 11/6/21) – 500,000

The Board has agreed to increase the Managing Director's remuneration package to \$280,000 per annum (plus statutory superannuation). All other employment conditions remain the same and the increase will be backdated to 1/4/21.

In regard to COVID-19, Galan remains committed to delivering on our goals whilst maintaining high safety standards for our employees, contractors and consultants by adhering to the recommended practices mandated by the authorities in Australia, Argentina and Chile and there have been no major disruptions to our HMW development schedule.

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	\$55,000	Salary
Directors	\$24,106	NED Director Fees
Associate of Director	\$9,000	NED Director Fees

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

For further information contact:

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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 Statement 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.

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-Infinitum 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 31.03.21

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

DECEO I, II & III

CANDELA

CANDELA II

CANDELA III

CANDELA IV

CANDELA V

CANDELA VI

CATALINA

SANTA BARBARA

PATA PILA

RANA de SAL

PUCARA

DEL CONDOR

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

E70/4690 (G)

E70/4790 (G)

E70/4629 (P) (*)

E70/4777 (P)

E70/4889 (P)

E70/5680 (P)

E70/1698 (P)

E70/1699 (P)

E70/1700 (P)

E70/1701 (P)

E70/1702 (P)

E70/1703 (P)

E70/1704 (P)

(*) 100%