



GALAN
LITHIUM LIMITED

ASX ANNOUNCEMENT

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Positive Review at Galan's 100% Owned HMW Project - Staged Pond Design Optimises Capex Profile

Highlights:

- The potential value of Galan's wholly owned HMW Project continues to increase
- Positive review of preliminary ponds design layout confirms a production rate up to 25k tpa of LCE by optimising the continuous terrain available
- Staged pond design to improve capex profile while lowering initial capex
- New evaporation tests continue to achieve high grade lithium chloride concentrate in excess of 6% of Li and low impurities
- Battery grade test work is well advanced; results slightly delayed by COVID-19
- New Candelas optimised brine modelling is also underway

Galan Lithium Limited (ASX: GLN) (**Galan** or **the Company**) is pleased to announce a positive review and completion of some early milestones in the feasibility study foundation works at its flagship Hombre Muerto West Project (**HMW Project**) located in the South American Lithium Triangle. The activities completed during Q2 2021 were delivered on budget and on time utilising Galan's in-house team with support from relevant consultants.

The HMW Project team completed a preliminary evaporation ponds design with full use of tenements holding for producing up to 25k tpa LCE. This work confirmed the robustness of the evaporation design to achieve a high-quality brine concentrate by successfully completing two additional brine evaporation tests. In addition, a revised drilling programme was reviewed by the WSP Group, who have broad experience in both Chilean and Argentinian lithium brine deposits. Contract discussions have commenced with a view to commencing the drilling programme as soon as it is feasible.

Galan's Managing Director Juan Pablo (**JP**) Vargas de la Vega said:

"Galan continues to strengthen and broaden the flexibility of the HMW Project with a view to production as soon as possible. We have confirmed the existence of a strong product with lithium concentrate levels beyond 6% Li, and we continue to optimise our evaporation route. Our team is confident of the HMW Project's potential to increase its production levels up to 25k tpa LCE in the next feasibility studies. The Galan team continues to look at solutions to grow and make HMW as robust and as low risk as possible by using proven technology."

Preparation Work for Feasibility Study

New Pond Design:

Galan conducted preliminary work to upgrade the design (from Study released to the ASX on 21 December 2020) of the evaporation ponds facility to potentially produce up to 25kt tpa of LCE. The design was completed by a specialised consultant who has prepared similar designs for evaporation ponds systems already working in Argentina. The final production rate will be confirmed during the next stage of the feasibility studies.

The total area of the new design is around seven million square metres (up from 5.5 million). The new design allows for Galan to potentially develop the HMW Project in two stages. Stage 1 (in green in Figure 1) of the project could have the advantage of using the most favourable terrain for minimising the up-front capital ratio in terms of US\$ per tonne of LCE per year.

Stage 2 (in blue in Figure 1) shows the terrain with a higher level of incline to be used at a later stage. Galan also has further terrain optionality to the West (at Rana de Sal) that could be used for more evaporation ponds or as a halite storage. Overall, this staged approach optimises the capex profile and provides flexibility for a lower capex start up.

Evaporation Testwork:

Galan has continued the evaporation test work in Antofagasta, Chile. Two (2) new trials have been completed while achieving content of 6%+ Li in chloride concentrate. One trial used the same evaporation process route as the initial testwork confirming results reported to the ASX on 22 March 2021. The second test followed a modified process reagent route which also confirmed the above results. The significance of the second test was that it has the potential to reduce reagents cost, which means potentially lower opex. Evaporation work is continuing with a view to taking the best reagent solution forward for the feasibility studies and during piloting at site.

Feasibility work preparation:

Ad-Infinity is advancing well with the design of the pond pilot plant aimed at producing brine concentrate of 6% Li on site. The process flow diagram and equipment list are complete and the civil and mechanical design is well advanced. The planned construction of the pilot ponds is being discussed with local contractors.

Galan has also been advancing the analysis for selecting the preferred process design for the next feasibility studies. The Galan study team has defined this task as the next critical milestone to be completed before being able to seek expressions of interest for the major engineering contract for the HMW Project.

The test work for the battery grade lithium carbonate has been slightly delayed due to the continual spread of COVID-19 in Antofagasta, Chile. The laboratory facility at the University of Antofagasta was closed for several weeks during Q2 2021 and the recent re-start limited the amount of external work to be carried out by third parties. This issue meant that Galan had to change the laboratory facilities to develop all stages of the test work, introducing extra time to implement the necessary equipment for running the test. The problem has been resolved and the test completion is now expected in early Q3 2021.

Galan has also commenced new optimised brine concentrate modelling at its Candelas project. This is on the back of the very positive brine concentrate results at the HMW Project.

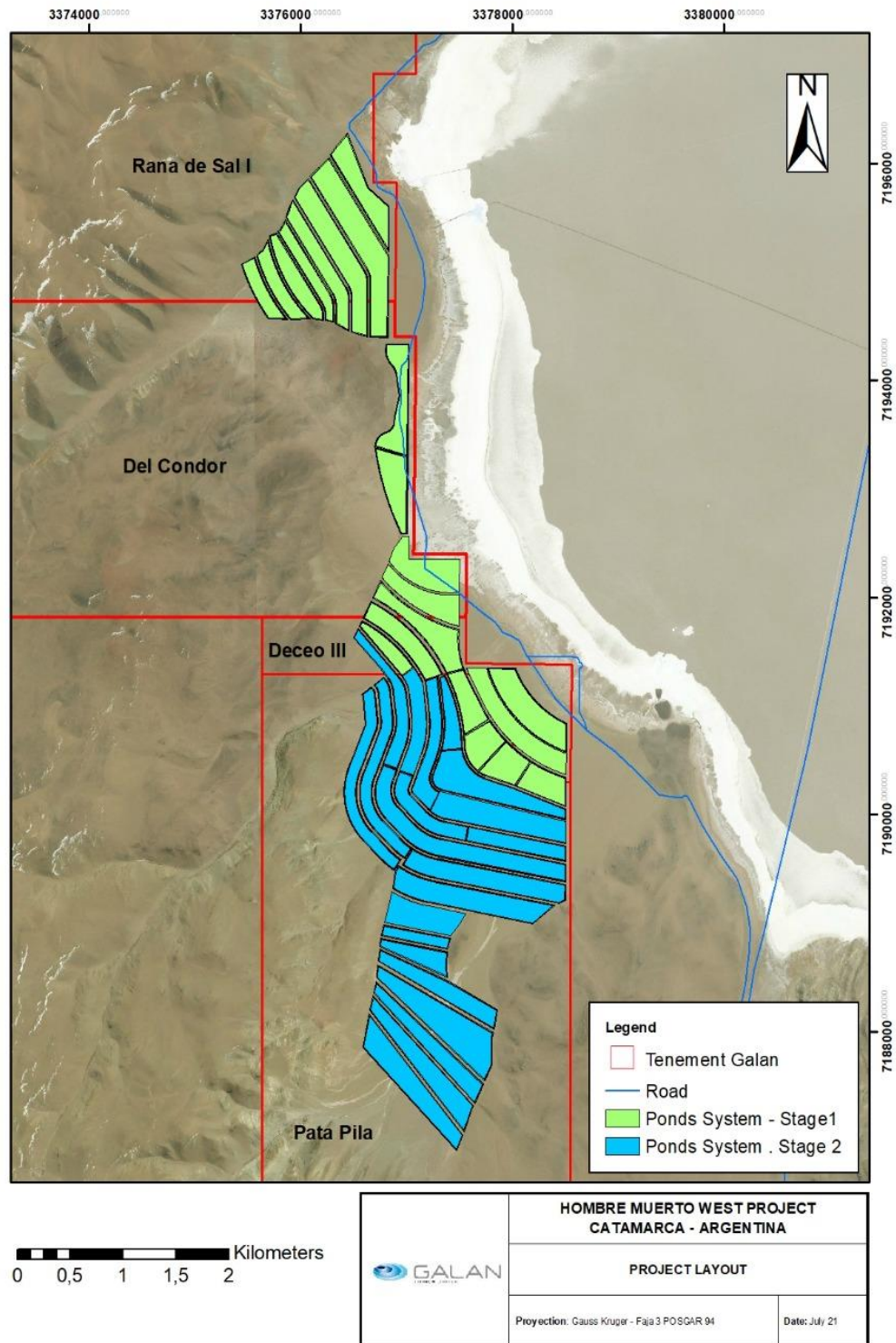


Figure 1

The Galan Board has authorised this release.

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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 (ASX:LIT) 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.