

ASX ANNOUNCEMENT

29 November 2023

PHASE 2 HMW OFFTAKE PROCESS ADVANCES

- Galan has received many approaches for offtake and strategic financing for Phase 2 of its HMW project
- Direct enquiries have been received from reputable industry participants including car makers, chemical refiners, miners and traders
- The healthy volume of direct enquiries highlights the strength of the long term lithium market with the Phase 2 Offtake Process advancing to assess strategic opportunities
- The purpose of the Offtake Process for Phase 2 HMW is to maximise shareholder value in pursuit of Galan's low-cost lower-risk lithium chloride development strategy to become the next lithium producer in Argentina
- The Phase 2 Offtake Process is running in parallel with permitting process
- Construction of Phase 1 is progressing well and on time for first production H1 2025

Galan Lithium Limited (**ASX: GLN**) (**Galan** or **the Company**) is pleased to announce that it is advancing offtake partnering process for Phase 2 production (**Offtake Process**) for its 100% owned Hombre Muerto West (**HMW**) Project (HMW Project or the Project) in Catamarca Province, Argentina.

The Offtake Process follows on from the recently announced Phase 1 offtake and financing agreement with Glencore plc (ASX announcement dated 16 November 2023) and the positive Phase 2 Definitive Feasibility Study (**DFS**) (ASX announcement dated 3 October 2023). The Offtake Process is being led by Galan's Managing Director and one of its other Directors, Mr Daniel Jimenez.

Mr Jimenez was employed for 28 years by world leader in the lithium industry, Sociedad Química y Minera de Chile (SQM), based in Santiago, Chile where he formulated the commercial strategy and marketing of SQM's industrial products. Mr Jimenez was responsible for over US\$900 million worth of estimated sales in 2018.

The HMW Project DFS was separated into two phases. The initial Phase 1 DFS was based on a production level of 5,367 ktpa lithium carbonate equivalent (LCE) in the form of lithium chloride concentrate (as governed by the production permits). The Phase 2 DFS increased the overall annual production rate to 20,851 recoverable tonnes LCE, contained in a concentrated lithium chloride product for a period of 40 years.

The HMW project requires Phase 1 capital expenditure of US\$118.4m for commencement of commercial production in H1, 2025, followed by a further US\$310.4m in capital expenditure for Phase 2. Part of the Phase 2 capital will be funded from Phase 1 production.

Phase 2 Offtake Process

In exchange for offtake production, the formal Phase 2 Offtake Process will also be seeking partners offering financing and funding options for the construction of Phase 2. Galan is, and will continue to, conduct discussions and negotiations directly with prospective partners, without the use of intermediaries. The Offtake Process for Phase 2 production will aim to:

- Further de-risk the HMW project;
- Obtain very competitive offtake terms;
- Secure attractive finance and funding options; and
- Attract a well-respected partner in the lithium brine space

The Phase 2 Offtake Process will run in parallel to its permitting process.

Phase 1 Offtake and Financing

As announced earlier this month, Glencore will purchase technical grade lithium chloride product from Galan's high-grade, low-impurity HMW Project in Catamarca Province, Argentina. The offtake commitment does not require Galan to have secured an export licence for its lithium chloride. Glencore will accept offtake for Galan's lithium chloride to be toll treated into lithium carbonate for sale and export from Argentina.

Pending the satisfactory completion of its due diligence, Glencore has the option to either purchase a lithium chloride product or toll treat lithium carbonate in Argentina. The binding agreement is for an initial five (5) year period for 100% of Galan's Phase 1 production (5.4kt LCE per annum) and includes a prepayment option and project construction financing solution of between US\$70-US\$100 million. Any financing solution will be subject to customary conditions precedent for these types of transactions.

The binding agreement is for a five (5) year period from commencement of commercial production for 100% of Galan's Phase 1 production estimated at 5.4kt lithium carbonate equivalent (**LCE**) in lithium chloride concentrate per annum. The price payable by Glencore will be referenced to a mutually agreed lithium carbonate price index over a quotational period less a marketing fee, discount and penalties (if any). The agreement is renewable subject to mutual agreement between Galan and Glencore.

Galan's Managing Director, Juan Pablo (JP) Vargas de la Vega, said: *"We are very pleased with the progress of the offtake process for Phase 2 of our HMW Project and highlights the strength in the long term lithium market. Subsequent to the delivery of a DFS for each of Phases 1 and 2, and securing Phase 1 offtake from Glencore, one of the world's largest diversified natural resource companies, the interest in our project remains high. Glencore offers to provide or facilitate a Financing Prepayment Facility for US\$70 to US\$100 million, subject to conditions precedent, with no export licence required, clearly validates Galan's low-cost low-risk lithium chloride development strategy to become the next lithium producer in Argentina. Galan's robust 4 phase production strategy (up to 60ktpa LCE) provides an exceptional foundation for significant future economic upside."*

Discussions are advancing in parallel with the continuing and timely construction of Phase 1 of the HMW Project. In unison, the permitting process is progressing with the support of the local Catamarca government and local communities. Galan remains on track for first pond fill in Q1 2024 and we are confident, based on current discussions, that we will secure a strategic partner for Phase 2."

The Galan Board has authorised this release.

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About Galan

Galan Lithium Limited (ASX:GLN) is an ASX-listed lithium exploration and development business. Galan's flagship assets comprise two world-class lithium brine projects, HMW and Candelas, located on the Hombre Muerto Salar in Argentina, within South America's 'lithium triangle'. Hombre Muerto is proven to host lithium brine deposition of the highest grade and lowest impurity levels within Argentina. It is home to the established El Fenix lithium operation (Livent Corporation) and the Sal de Vida (Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, approximately 3 km south of the Tier 1 Greenbushes Lithium Mine.

Hombre Muerto West (HMW): A ~16 km by 1-5 km region on the west coast of Hombre Muerto Salar neighbouring Livent Corp. to the east. HMW is currently comprised of twenty one mining tenements. Geophysics and drilling at HMW demonstrated significant potential of a deep basin. In May 2023 an updated Mineral Resource estimate was delivered totalling 6.6 Mt of LCE. In November 2023, an offtake and financing agreement for Phase 1 production was signed with Glencore plc.

Candelas: A ~15 km long by 3-5 km 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 685 kt 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 to avoid using surface river water from Los Patos River.

Greenbushes South Lithium Project: Galan now owns 100% of the mining tenement package that makes up the Greenbushes South Project that covers a total area of approximately 315 km². The project is located ~250 km south of Perth in Western Australia. These mining tenements are located along the trace of the geological structure, the Donnybrook-Bridgetown Shear Zone that hosts the emplacement of the lithium-bearing pegmatite at Greenbushes. Part of the mining tenure is only 3 km to the south of the Greenbushes mine.

Resources (May 2023)

Resource Category	Brine Vol. (Mm ³)	In situ Li (Kt)	Avg. Li (mg/l)	LCE (Kt)	Avg. K (mg/l)	In situ K (Kt)	KCl Equiv. (Kt)
Hombre Muerto West:							
Measured	1,020	890	873	4,737	7,638	7,782	14,841
Indicated	205	185	904	986	7,733	1,585	3,022
Inferred	182	161	887	859	7,644	1,391	2,653
HMW Total	1,407	1,237	880	6,582	7,653	10,758	20,516
Candelas North (*)							
Indicated	196	129	672	685	5,193	1,734	3,307
Galan's Total Resource Inventory							
Grand Total	1,603	1,366	852	7,267	7,793	12,492	23,823

Notes:

1. No cut-off grade applied to the updated Mineral Resource Estimate as minimum assays values are above expected economic concentrations (Li 620 mg/L).
2. Specific yield (SY) values used are as follows: Sand – 23.9%, Gravel – 21.7%, Breccia – 8%, Debris – 12%, Fractured rock – 6%, and Halite – 3%.
3. The conversion for LCE = Li x 5.3228, and KCl = K x 1.907.
4. There may be minor discrepancies in the above table due to rounding.
5. (*) The Candelas North Mineral Resource Statement was announced on 1 October 2019.
6. There may be minor discrepancies in the above table due to rounding.

Forward-Looking Statements

Some of the statements appearing in this announcement may be forward-looking in nature. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Galan Lithium Limited operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward-looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside Galan Lithium Limited's control. Galan Lithium Limited does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, neither Galan Lithium Limited, its directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

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 in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Dr Michael Cunningham. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment 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 Project background, brine extraction method, recovery method and Project layout, 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, 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.

Competent Persons Statement 4

The information in this report that relates to the Ore Reserves estimation approach at Hombre Muerto West was compiled by Mr Rodrigo Riquelme. Mr Riquelme is a Principal Consultant of Geolnova and is assisting WSP Consulting (Chile). He has experience relevant to the assessment 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)". Mr Riquelme 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 5

The information in this report that relates to the Project infrastructure, Capex, Opex and economic evaluation was reviewed by Ernest Burga, General Manager of Andeburg Consulting Services Inc. He has sufficient experience relevant to the activity which they are undertaking to qualify as a Competent Persons as defined by the "Australasian Code for Reporting for Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Burga consents to the inclusion in this report of the matters based on his 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.