ASX ANNOUNCEMENT

29 July 2021

QUARTERLY ACTIVITIES REPORT
JUNE 2021

HIGHLIGHTS

- **Foundation works begin to accelerate the commencement of Feasibility Studies at Hombre Muerto West (HMW) Project**
- **SRK Consulting (Australia) to commence resource to reserve works**
- **WSP Group appointed to support hydrogeological model at HMW – team includes ex SQM hydrogeologist**
- **Proof of concept laboratory test of HMW Project's Lithium Carbonate Equivalent (LCE) achieves 99.88% of purity (min requirement of battery grade quality is >99.5% LCE)**
- **Further Greenbushes South field work completed – two extra licences granted**
- **Option to purchase key tenement executed**
- **Galan donates five (5) ventilators to the local health authorities in Catamarca, Argentina**
- **Company continues to adhere to Covid-19 protocols in Argentina, Chile and Australia with employee's health and safety our number one priority**
- **Imminent commencement of scoping study for Candelas Project also located in the Hombre Muerto West salt flat**
- **Cash on hand at end of quarter was $15.5m ($14.9m - 31 March 2021)**

The Board of Galan Lithium Limited ("Galan" or "the Company") is pleased to provide this Quarterly Activities Report for the quarter ended 30 June 2021 to the date of this report. The main focus for the quarter was the commencement of foundation feasibility works and the completion of proof-of-concept laboratory testing for its low carbon footprint brine evaporation process at its flagship Hombre Muerto West Project located in the South American Lithium Triangle in Catamarca, Argentina.

OPERATIONS

Hombre Muerto West

As announced on 17 May 2021, the Company commenced early foundation works for its feasibility study at its flagship Hombre Muerto West (**HMW**) Project located in the South American lithium triangle in Catamarca, Argentina.

Resource to Reserves

The Company has recently appointed WSP Consulting Chile (**WSP**) and SRK Consulting (Australia) Pty Ltd (**SRK**) in respect of transforming the huge HMW resource into reserves, the main foundation for its feasibility study.

WSP will provide support and design work, including production wells, for different aspects related to the hydrogeology of the HMW tenements located in the Hombre Muerto Salar Basin. WSP's team includes two former SQM employees who have a long history working with lithium brines.

SRK, in association with WSP, will review the current resource estimate and then undertake reserve conversion work for the HMW project.

Drilling at HMW fill follow up soon after the design and location of the wells is confirmed. Galan is in advanced discussion with drilling companies to execute the programme.

On 12 July 2021, Galan announced exciting proof of concept test work results for the precipitation of battery grade lithium carbonate product at its HMW Project.

Summary of the Test Work Results

The first laboratory test work for producing lithium carbonate was conducted in Antofagasta under the supervision of specialised consultancy firm, Ad-Infinitum. The test used as a feedstock the high-quality brine concentrate with >6% of Li contents obtained through the evaporation test work also undertaken in Antofagasta.

The test procedure and test work activities were developed and supervised by Ad-Infinitum. They initially optimised the concentration stage, producing a purer product thus reducing reagent consumption and opex costs. Importantly at the next stage, further reagent cost reductions were identified, as a cleaner concentrate requires less reagents and volume impurities to be removed for the precipitation of lithium carbonate. As a result, the battery grade was obtained with no requirement to do undertake an additional purification step using dissolution with CO2.

The assay of the lithium carbonate sample was completed at an external laboratory located in Santiago. The delivered result achieved 99.88% of lithium carbonate contents exceeding the minimum quality of 99.5% for battery grade products.

On the back of the developing test procedures, Ad-Infinitum also identified other opportunities for further improving results. These opportunities will be adopted in the future test work activities at both laboratory and pilot plant levels with the possibility to further improve the quality of the battery grade lithium carbonate product.

This proof-of-concept milestone adds more flexibility to the adoption of a preferable processing design for the HMW Project. The study team is working on different alternatives to optimise the combined outcome for the pond design and lithium carbonate plant design.

Other works

The following early works items have started or are due to start:

- Aerial survey to supply the topography data required at feasibility study level quality;
- Design of the mass balance for the brine concentrate with 6% of Li plus design of the pilot plant;
- Process design and mass balance of lithium plant for 6% of Li but also considering a lower Li content for selecting the optimum lithium plant design; and

Preparation works for the feasibility studies have progressed with the engagement of Ad-Infinitum for creating the design of the pilot plant and a specialised topography and ponds designing consultant for the preparation of a revised design of the evaporation ponds system, which includes the most favourable terrain at Rana de Sal and Del Condor mining tenements.

In parallel, discussions with engineering firms for the resolution of the final engineering assignment of the feasibility studies are well advanced.

Key Tenement Acquisition

Galan has executed a binding option agreement with a private Argentinian individual for the purchase of a right to earn a 100% interest in the *Casa Del Inca III* lithium brine tenement (announced 15 July 2021). The acquisition increases and consolidates Galan's project footprint in the South American Lithium Triangle in Catamarca, Argentina.

Casa del Inca III is located within the world-class, Salar del Hombre Muerto, where Livent Corporation (NYSE:LTHM) is currently producing lithium carbonate and Galaxy Resources Limited (ASX:GXY) is developing its Sal de Vida project. More importantly, it sits alongside Galan's Pata Pila interest, which shares the same geology setting forming part of the suite of tenements that comprise the HMW project. The HMW project currently houses a high-grade, low impurity lithium brine resource of ~2.3Mt LCE @ 946mg/l Li.

Galan has agreed to initially acquire 300ha for a total of US$150,000 with the initial deposit of US$80,000 being paid.

Figure 1 shows the key tenement location where it abuts the east side of the Pata Pila tenement and highlights the initial 300ha to be purchased under the Agreement plus the total 900ha, if required.

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_2O**	**Convert to Li_2CO_3**
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	Li_2O	0.464	1.000	2.473
Lithium Carbonate	Li_2CO_3	0.188	0.404	1.000

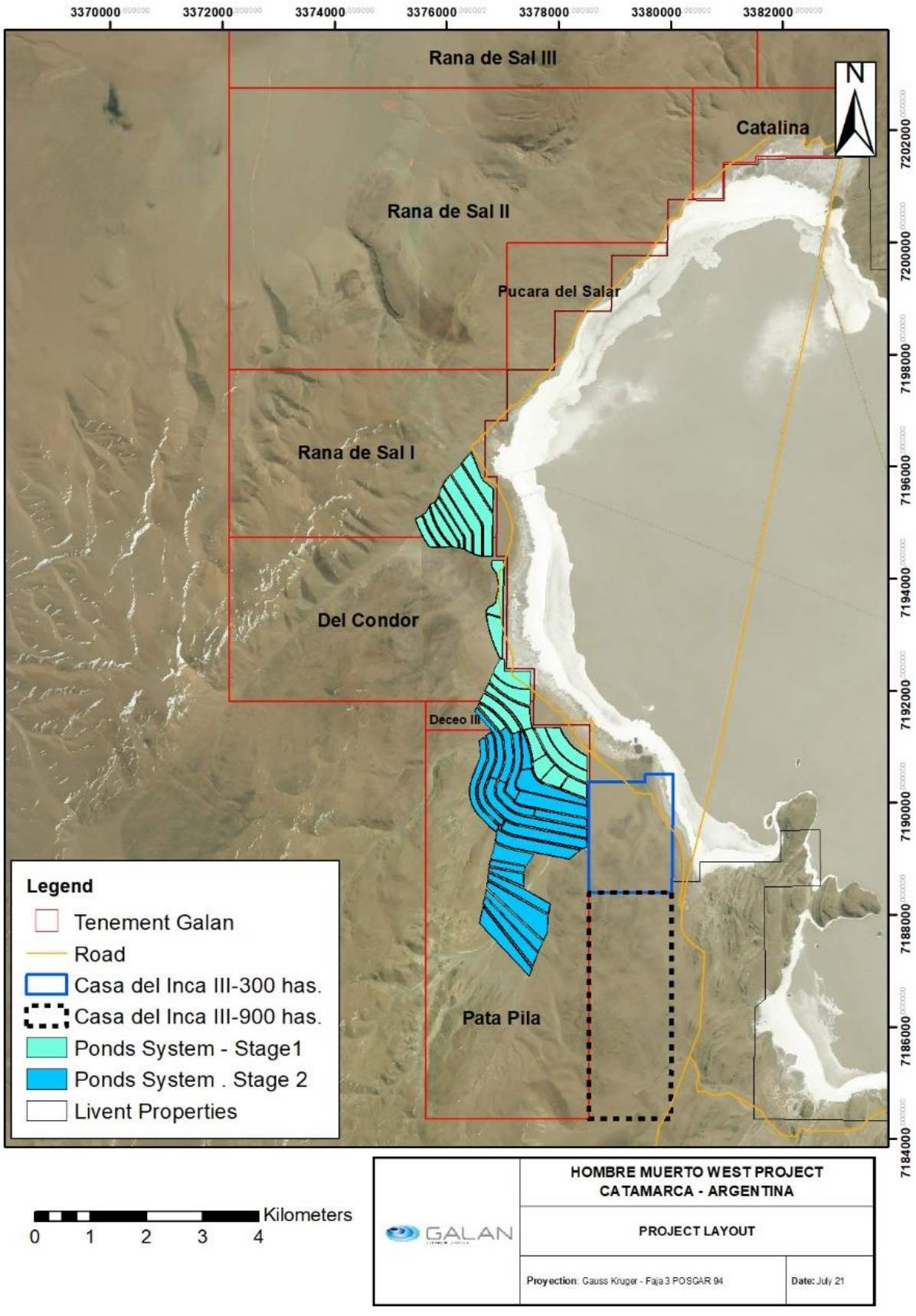

Figure 1: Location of Casa del Inca III concession (300ha in blue; 900ha dotted) and GLN's concessions (in red)

Greenbushes South

During the quarter, Galan completed its initial exploration sampling and mapping work at the Greenbushes South Lithium project (joint venture between GLN (80%) and LIT (20%)).

A major goal of the field mapping was to identify and map the surface expression of the Donnybrook-Bridgetown Shear Zone (DBSZ) that hosts the Greenbushes deposit. The DBSZ is a steeply dipping, N-S trending, shear zone associated which is primarily associated with syntectonic emplacement of the lithium bearing pegmatites of the Greenbushes mine to the north. This major geologic feature is recognised in geophysical data and the recent mapping helped identify its surface expression through the Greenbushes South project.

25 soil samples and 15 rock chip samples were taken perpendicular to strike of the DBSZ. Assays of soil and rock chip samples taken from near the DBSZ surface expression have arsenic (As) concentrations up to 574 ppm, up to 16 ppm antimony (Sb) and up to 12 ppm of tin (Sn). Additional samples taken from previously mapped pegmatite outcrops have concentrations of up to 27 ppm of tin (Sn).

This data, combined with the historical data, indicate that the DBSZ and its associated geochemical footprint continues along strike from the Greenbushes Deposit into the project area. These initial samples serve as a positive sign for future targeted soil and geophysical surveys along the DBSZ to help identify potential blind pegmatite bodies. Plans for further soil and rock chip sampling have been finalised but there have been field work delays due to the unusually high rainfall in the region.

In May 2021, two additional licences (E70/4777 and E70/5680) were granted.

In early July 2021, the Company had a fruitful first meeting with the Department of Biodiversity, Conservation and Attractions (DBCA) in respect of formulating its Conservative Management Plan for the project.

Candelas

The main focus for the quarter was the HMW Project and therefore minimal work was undertaken on the Candelas project. However, as announced on 20 July 2021, the brine concentrate modelling undertaken by Ad-Infinitum showed results up to 6%Li. The Company now plans to commence a scoping study at Candelas (see figure 3) building from the data accumulated from HMW's detailed studies and PEA (released 21 December 2020).

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

CORPORATE

The following options were converted to shares during the June 2021 quarter:

- $0.21 options (expiry 8/10/23) – 37,500
- $0.25 options (expiry 31/3/22) – 621,500
- $0.3834 options (expiry 11/6/21) – 3,500,000 (*)

(*) 100% of the issued $0.3438 options have been converted.

In mid-July 2021, Galan proudly donated five (5) new ventilators to local health authorities in Catamarca to assist in their fight against Covid-19.

Figure 2 – Galan team donating 5 ventilators to local health authorities in Catamarca, Argentina

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.

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	$60,000	Salary
Directors	$35,877	NED Director Fees
Associate of Director	$12,420	NED Director Fees
	$108,297	

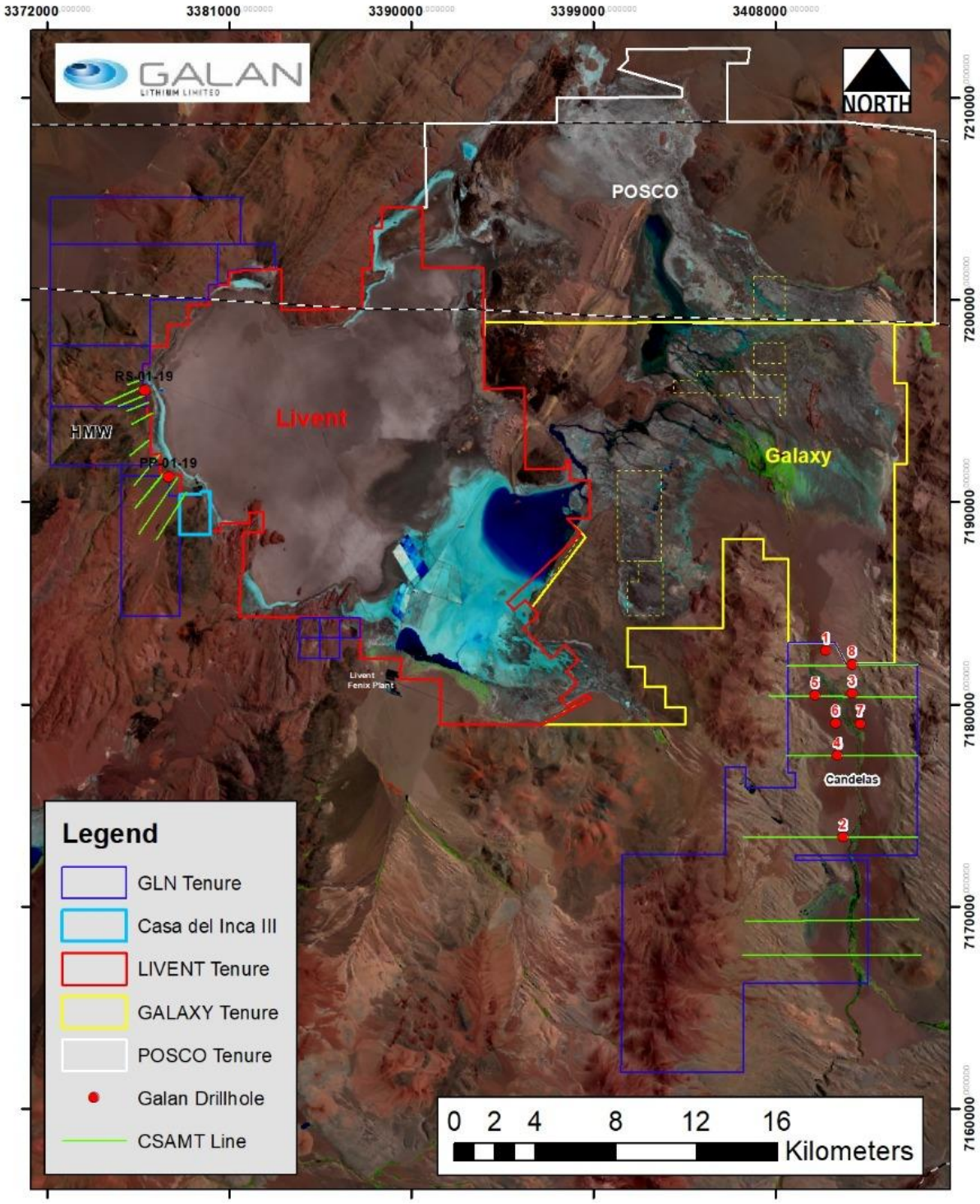

Figure 3 – Location of Galan's Hombre Muerto West salt flat tenure

The Galan Board authorises the release of this June 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-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 30.06.21

Argentina (Hombre Muerto projects) - 100% right, interest and/or title	Australia (Greenbushes South project – 80%) – Granted (G) or Pending (P)
Candela	E70/4690 (G)
Candela II	E70/4790 (G)
Candela III	E70/4777 (G)
Candela IV	E70/5680 (G)
Candela V	E70/4889 (P)
Candela VI	E70/1698 to E70/1704 (P)
Catalina	E70/4629 (P) (100% owned by Galan)
Deceo I, II & III	
Del Condor	
Pata Pila	
Pucara	
Rana de Sal	
Santa Barbara	