



ASX ANNOUNCEMENT

5 May 2023

ADDENDUM TO ANNOUNCEMENT GALAN'S 100% OWNED HMW PROJECT RESOURCE INCREASES TO 6.6MT LCE @ 880 mg/l Li (72% IN MEASURED CATEGORY)

Galan Lithium Limited (ASX: GLN) (**Galan or the Company**) provides the following additional information as an addendum to the ASX Announcement dated 1 May 2023 and titled "Galan's 100% Owned HMW Project Resource Increases to 6.6MT LCE @ 880 mg/l Li (72% in Measured Category)".

ASX Listing Rule 5.8 requires various items of disclosure in the body of an announcement as well as in the JORC Tables. The following items lacked adequate disclosure and are now presented in more detail in this Addendum to Announcement.

Sampling/Sub-sampling

Depth-specific brine samples were taken from multiple target intervals using packer, bailer and airlift tests. Brine samples representing the hole screened interval at pumping wells were collected during classical (up to 72 hours) pumping tests and then long-term (30 days) pumping tests.

Water/brine samples from target intervals were collected by the bailer test, which involves purging isolated sections of the hole of all fluid a total of five times to minimise the possibility of contamination by drilling fluid (fresh water), although some contamination (5–15%) may occur. The hole was then allowed time to refill with groundwater. On the fifth purge, a sample was collected and analysed. Samples were taken from the relevant section based upon geological logging and conductivity testing of water.

Discrete sections were isolated using 'packers', where water/brine samples were collected after purging the hole of all fluid to minimise contamination by drilling fluid, and the hole was then allowed to refill. Samples were then taken from the relevant isolated section. Packer sampling was performed during drilling of each hole and after well casing and development using both a simple and double packer system. Simple packer sampling during drilling was conducted from selected depths by Galan by placing the packer at the bottom interval of the hole. Airlift pumping times ranged between 1 and 18 hours. To ensure that brine sampling was representative, airlift sampling with a simple packer was performed after hole casing, cleaning and development to remove the drilling fluid from the hole and host sediments. The cased well was then airlift pumped for a minimum of 48 hours, with 72-hour tests completed for most of the cased wells.

Estimation methodology and other factors including metallurgy

A proportional block model was created to cover the extent of the relevant tenement areas and was confined by a wireframe model based upon the various lithologies. When choosing appropriate model cell dimensions of 40m (easting) by 200m (northing) by 10m (elevation), consideration was given to drill spacing, sample interval, the interpreted geometry and thickness of the hydrogeologic domains and the style of mineralisation.

Blocks were selected by tenement and then by hydrogeologic domains. The following fully owned tenements form the Mineral Resource estimate:

- Del Condor;
- El Deceo III;
- Pata Pila;
- Casa del Inca III and Casa del Inca IV;
- Delmira I;
- Don Martin;
- Pucara de Salar;
- Rana de Sal I and Rana de Sal II;
- Santa Barbara VII, Santa Barbara X and Santa Barbara XXIV;

Several assay intervals overlap as a result of different tests performed. Therefore, depth specific packer samples were prioritised over pumping tests and airlift samples (because the latter samples are more representative of composite value over the entire screened interval). Where sample segments overlap, a mean value was calculated. Also, one well per platform was taken to avoid conflict of different values in proximity.

As a result of the long sample intervals, samples were composited to 20m length and an Inverse Distance interpolation (using power 2) was deemed most appropriate. The search ellipse was anisotropic with a slightly longer north dimension and a relatively short vertical dimension. The search ellipse distance was defined to ensure all blocks within the hydrogeologic domains were estimated. The search ellipse used a first pass radius of 2 by 1.5 by 0.1 km. A second and third pass used a ratio of 2 and 4 respectively.

All blocks coded with Sand, Gravel, Breccia, Halite, Fractured Rock and Debris Flow were estimated for Li (mg/l) and K (mg/l) grade. A categorical variable was also coded into the block model which provides details of how many samples, distance from samples etc were interpolated for each search ellipse pass.

Brine volume, lithium and potassium insitu were then calculated based on applying the appropriate specific yield values for each hydrogeological domain. These values were then converted to Lithium Carbonate equivalent (LCE) and Potash (KCl) using the following conversion factors:

- LCE Equivalent: multiplying Li insitu by factor of 5.3328
- KCl Equivalent (or Potash): multiplying K insitu by factor of 1.907

The production of lithium carbonate (Li_2CO_3) from lithium brine has been demonstrated by a number of companies with projects in Argentina in close proximity to Hombre Muerto West, for example Livent Corporation's El Fenix, and Galaxy's Hombre de Muerto. It is assumed Galan would use similar methods to enrich brine to 99.6% lithium and produce lithium carbonate (Li_2CO_3). In terms of production of potash (KCl) from lithium brines, SQM is one of the largest producers of potash from lithium bearing brines from salars in Chile. At this stage KCl recovery is considered feasible to be a by-product of Li_2CO_3 production process.

Specific Yield

Specific Yields (**Sy**) incorporated into the updated MRE were derived from laboratory measured values from the SGS laboratory in Salta using methodology in accordance with standard ISO 5636-5. Direct Sy measurements were augmented by Scanning Electron Microscopy (SEM) to which indicated minimal presence of clay minerals within the sand and gravel materials and supporting higher Sy values for these lithologies. Sy values used in the Mineral Resource Estiamte update (in order of abundance) were:

- Sand: 23.9%
- Gravel: 21.7%
- Breccia: 8.0%
- Debris flow: 12.0%
- Fractured rock: 6%
- Halite: 3.0

Zelandez Limited were contracted to obtain measurements of total porosity, pore-size distribution and S_y by downhole Borehole Nuclear Magnetic Resonance (BNMR) technology profiling. Results of the BNMR analyses were complicated both by the presence of drilling fluids, borehole construction and the inherent control of fractures on BNMR results. A geostatistical analysis of the Zelandez results comparing numerous existing porosity and S_y studies of salars in the region (including Hombre Muerto) undertaken by other companies was completed. This review found the Zelandez derived results to be highly variable within similar lithologies, with numerous zero reading intervals resulting in anomalously low averaged values when compared to similar salar settings and sedimentology. Notably, non-zero BNMR results for sand and gravel units correspond well with laboratory derived S_y values. Nonetheless, Zelandez BNMR results, along with additional downhole probes (fluid electric conductivity and temperature, formation resistivity and natural gamma ray) proved to be an excellent tool for hydrogeologic unit definition and correlation. Further on-site calibration procedures should be conducted to represent S_y magnitudes for actual BNMR total porosity measurements.

Specific Yield values were also benchmarked against other projects within the area

The specific yield (S_y) of sand, silt, and clay units within other salars have a wide range of between 8% and 15% (e.g. Sulfa Mina on Salar de Pular, PNN's ASX release dated 4 January 2019; Hombre Muerto North Project, NRG Metals Inc. dated 7 August 2019). The ranges tend to be a function of the coarseness of sand grains and proportion of clay. The higher clay content tends to result in a reduction in the drainable porosity and hence S_y . The sandy units at HMW are a mix of silts and sands and notably contain very little clay. As a result of the relative abundance of sands and lack of clays within the sand hydrogeologic domain, SRK applied laboratory average S_y for sand samples of 23.9% into the updated MRE.

The S_y of gravels, channel deposits, flanglomerate sequences have been benchmarked to other projects, with typical values ranging around 11% (e.g. 3Q Project, NEO Lithium Corp, NI 43-101 dated 7 May 2019; Rincon Lithium project, AGY's ASX release dated 13 November 2018). As a result of the lack of clays within the gravel hydrogeologic domain, SRK applied the laboratory average S_y for gravel samples of 21.7% to the updated HMW MRE.

Breccia and halite lithologies are relatively rare in the HMW Project area, and SRK applied conservative S_y values of 8% and 3%, respectively for these hydrogeologic domains. Livent has recently declared measured values of approximately 4% for pure Halite on the Salar del Hombre Muerto brine deposit.

Fractured rock and debris flows were logged in the latest holes and S_y values of 6% and 12% were applied based on benchmarking from other projects. Direct BNMR total porosity measures for fractured rock unit averages 10%, thus assuming a 40% of the total porosity as retention is considered conservative at this stage.

Potential economic viability

The deposit is in a well-known lithium brine area with well-established existing infrastructure and nearby plants available for ore processing.

The minimum interpolated grade is 805 Li mg/l, which is considered a relative high grade, and above what has been deemed in similar projects as an economic cut-off grade. For example, a 500 Li mg/l cut off was used for ²NRG Metals Inc's Hombre Muerto North project that has a combined Measured/Indicated resource.

Lithium and potassium would be produced via conventional brine processing techniques and evaporation ponds to concentrate the brine prior to processing.

The production of lithium carbonate (Li₂CO₃) and Potash (KCl) from brines have been demonstrated by a number of companies with projects in Argentina in close proximity to Hombre Muerto West, for example Livent Corporation's El Fenix, and Galaxy's Hombre Muerto. It is assumed Galan would use similar methods to enrich brine to 99.6% lithium and produce lithium carbonate (Li₂CO₃).

On-site metallurgical tests have demonstrated that solar concentration and commercial additives are capable of producing 6% Li concentrated brine, with deployed contaminants.

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 3km south of the Tier 1 Greenbushes Lithium Mine.

Hombre Muerto West (HMW): A ~16km 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 significant potential of a deep basin. In May 2023 an updated Mineral Resource estimate was delivered totalling 6.6Mt of LCE. There still remains exploration upside for other areas of the HMW concessions that have not been included in the current resource estimate.

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.

Greenbushes South Lithium Project: Galan now owns 100% of the 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 tenements are located along the trace of the geologic structure, the Donnybrook-Bridgetown Shear Zone, that hosts the emplacement of the lithium-bearing pegmatite at Greenbushes. In March 2022 airborne geophysics was flown to develop pegmatite targets for all of Galan's tenements. Following on, in August 2022, a pegmatite associated with spodumene-bearing rocks was discovered at E70/4790. This tenement is approximately 3 km to the south of the Greenbushes mine. In early March 2023, drilling commenced within E70/4790.

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 Alvaro Henriquez. Mr Henriquez is a full-time employee of Galan Lithium Limited and has been engaged by Galan as their Exploration 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. Review of the hydrogeological aspects of the exploration program and a site inspection was completed by Dr Brian Luinstra, BSc honours (Geology), PhD (Earth Sciences), MAIG, PGeo (Ontario). Dr Luinstra is a Principal Consultant of SRK Consulting (Australasia) Pty Ltd.

Competent Persons Statement 3

The information in this report that relates to the Mineral Resources estimation approach at Hombre Muerto West was compiled by Dr Cunningham. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. 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.

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.

Forward-Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. 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'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, none of 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.