



ASX ANNOUNCEMENT

31 July 2023

QUARTERLY ACTIVITIES REPORT JUNE 2023

HIGHLIGHTS

Hombre Muerto West (HMW)(100% Galan):

- HMW Total mineral Resource increases to 6.6Mt contained lithium carbonate equivalent (LCE) @ 880 mg/l Li; 72% in Measured category with no cut-off grade
- Phase 1 DFS delivers compelling economics from an initial 5.37ktpa LCE operation at HMW; targeting a high quality, 6% concentrated lithium chloride product (equivalent to 12.9% Li₂O or 31.9% LCE) in H1, 2025
- Phase 1 on its own delivers a post-tax NPV_{8%} of US\$460m, IRR of 36% and free cash flow of US\$54m per year, facilitating Galan's funding for further expansions.
- CAPEX before contingency of US\$104m and OPEX of US\$3,963/t of recoverable LCE contained in concentrated lithium chloride product; Phase 1 costing in the first half of world lithium cost curve
- Approximate 2 year payback from commencement of production
- Phase 1 provides an exceptional foundation for significant economic upside in the Phase 2 DFS (20ktpa LCE) due in Sep'23; Phase 2 production expected in 2026
- HMW pilot plant confirms production of a premium quality (6% Li) lithium chloride concentrate product; lithium chloride samples ready to distribute to potential off-take partners
- Phase 1 preparation works (new camp, top-soil removal etc) on track for lithium chloride production in H1, 2025; main pond 1 clearing 80% complete

Greenbushes South (100% Galan):

- Drilling complete at Galan's Greenbushes South Lithium Project, located only 3km from the world-class Greenbushes lithium mine; awaiting assay results
- Developing land access agreements for future drilling campaign at Greenbushes South

Corporate:

- Strongly supported A\$31.5m institutional placement completed in May'23
- Catalina provincial (Catamarca and Salta) tenure issue resolved and consolidated; area not previously included in HMW Resource estimate
- Cash at the end of quarter ≈A\$45 million

The Board of Galan Lithium Limited (**Galan** or the **Company**) is pleased to provide this Quarterly Activities Report for the quarter ended 30 June 2023 to the date of this report. The focus for the quarter was the completion of the Definitive Feasibility Study (**DFS**) and associated works/activities at its 100% owned, high-grade/low-impurity Hombre Muerto West (**HMW**) Project in the Catamarca Province, Argentina, as well as the drilling campaign at its wholly owned Greenbushes South Lithium Project in Western Australia.

Cautionary Statements

The Definitive Feasibility Study (**DFS**) referred to in this quarterly is based upon a JORC Code Compliant Mineral Resource Estimate (ASX: HMW Project Resource Increases to 6.6Mt LCE @ 880mg/l Li: 1 May 2023) (inclusive of the updated Proven and Probable Ore Reserve referred to in this announcement). Galan confirms that there are no Inferred Resources included in the DFS production schedule and that the schedule is comprised 100% of Ore Reserves.

The Mineral Resources underpinning the Ore Reserve and production target in the DFS have been prepared by a competent person in accordance with the requirements of the JORC Code (2012). The Competent Person's Statement(s) are found in the section of this ASX release titled "*Competent Person's Statement(s)*". For full details of the Mineral Resources estimate, please refer to the body of this announcement. Galan confirms that it is not aware of any new information or data that materially affects the information included in this release. All material assumptions and technical parameters underpinning the estimates in the ASX release continue to apply and have not materially changed.

Process and engineering designs for the DFS were developed to support capital and operating estimates to an accuracy of -10% to +15%. Key assumptions that the DFS was based on (including those defined as Material Assumptions under ASX Listing Rule 5.9.1) are outlined in the body of this announcement and Appendix 1. Galan believes the production target, forecast financial information derived from that target and other forward-looking statements included in this announcement are based on reasonable grounds.

Several key steps need to be completed in order to bring the Hombre Muerto West Project into production. Many of these steps are referred to in this announcement. Investors should note that if there are delays associated with completion of those steps, outcomes may not yield the expected results (including the timing and quantum of estimated revenues and cash flows). The economic outcomes associated with the DFS are based on certain assumptions made for commodity prices, exchange rates and other economic variables, which are not within the Company's control and subject to change. Changes in such assumptions may have a material impact on the economic outcomes.

To achieve the range of outcomes indicated in the DFS, funding will likely be required. There is no certainty that Galan will be able to source the amount of funding when required. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Galan's shares. It is also possible that Galan could pursue other value realisation strategies such as an off-take with prepayment, sale, partial sale or joint venture of the Hombre Muerto West Project.

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. 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, 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.

OPERATIONS

Hombre Muerto West (100% Galan)

Definitive Feasibility Study (DFS)

The HMW DFS Phase 1 delivered an annual production rate of 5,367 recoverable tonnes of lithium carbonate equivalent (LCE) contained in a concentrated lithium chloride product for a period of 40 years. The Phase 1 DFS results and analysis provided solid outcomes that showed the HMW Project was a very competitive and highly compelling project in the lithium brine industry.

As previously announced, the DFS was separated into two phases. This initial Phase 1 of the DFS focuses on the production of a lithium chloride concentrate, as governed by the production permits. The DFS optimisation work continues and will culminate in the release of a Phase 2 DFS in September 2023, addressing full 20ktpa LCE production rate.

The preparation of the Phase 1 DFS was carried out by several consultants. The Mineral Resource and Ore Reserve estimates were prepared by SRK Consulting (SRK), the lithium recovery method was designed by Ad-Infinitem and the pond designs and water contour channels were developed by AIA Engineering and Consulting Services International (AIA) and EIC Engineering (EIC) respectively. Both are specialised engineering firms with sound previous experience with similar projects. M3 Engineering and Technology Corporation (M3) was responsible for reviewing and documenting the recovery method and the civil material take-off quantities for ponds and water contour channels, as well as developing the engineering design of the reagents and filtering plant. M3 also developed the Project's layout, infrastructure designs, capital cost and operating costs estimates and economic evaluation. The price estimates of the lithium carbonate and lithium chloride concentrate were developed by Wood Mackenzie and iLiMarkets, respectively. Key financial highlights are presented in Table 1.

Table 1: Phase 1 Definitive Feasibility Study Results – HMW Project

Parameters	Units	Values
Lithium Carbonate Equivalent Production (after ramp-up)	tonnes/year	5,367
Project Life Estimate	Years	40
Capital Cost (CAPEX)	US\$m	118.4
Capital Cost (ex-contingency)	US\$m	103.6
Average Annual Operating Cost (OPEX)	US\$/tonne	3,963
Average Lithium Chloride Selling Price (2025-2064)	US\$/tonne	20,252
Average Annual EBITDA	US\$m	83
Average Annual Free Cash Flow	US\$m	54
Pre-Tax Net Present Value (NPV_{8%})	US\$m	736
After-Tax Net Present Value (NPV_{8%})	US\$m	460
Pre-Tax Internal Rate of Return (IRR)	%	48
After-Tax Internal Rate of Return (IRR)	%	36
Payback Period (After-Tax, from start of production)	Years	2.2

Mineral Resource Estimate

The most recent HMW Mineral Resource estimate was announced to the market on 1 May 2023 (Refer ASX Announcement entitled “Galan’s 100% Owned HMW Project Resource Increases to 6.6MT LCE @ 880 mg/l Li (72% in Measured Category)”). It incorporated geological and geochemical information obtained from nineteen (19) drillholes totalling 5,918 metres within the Pata Pila, Rana de Sal, Casa del Inca, Del Condor, Pucara del Salar, Delmira, Don Martin and Santa Barbara tenements (see figure 1). A total of 610 brine assays were used as a foundation of the estimation, all of which were analysed at Alex Stewart International (**Alex Stewart**) laboratory in Jujuy. The QA/QC program includes duplicates, triplicates, and standards. In total, 325 QA/QC samples were considered using Alex Stewart (duplicates) and SGS in Argentina (triplicates) as the umpired laboratory.

The updated HMW Mineral Resource was supported by new core porosity data. Also endorsing the directly obtained brine samples and core recovery was approximately 51 km of additional surface resistivity (CSAMT and TEM), which was completed in the 2021 and 2022 campaigns at the HMW Project.

The HMW Mineral Resource was reclassified based on the new data, resulting in a Measured Resource exceeding 4.7Mt of contained lithium carbonate equivalent (**LCE**) product grading 873 mg/L Li. In accordance with JORC Code Guidelines, the total HMW Mineral Resource (Measured + Indicated + Inferred) increased by approximately 14% to just over 6.6Mt of contained LCE grading at 880 mg/L Li. A summary of the updated HMW Mineral Resource is provided in the Mineral Resource Statement (Table 2). No cut-off grade was applied to the updated Mineral Resource estimate as minimum block grades of 805 mg/L Li exceeded the anticipated economic threshold. This exceptional characteristic of the HMW reservoir reflects the highly homogenous brine quality throughout the tenements, which permits the aggregation of the complete ore body and simplifies future operational and process constraints.

**Table 2: Mineral Resource Statement for Hombre Muerto West and Candelas (effective date 31 May 2023)
(Inclusive of Ore Reserves)**

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 originally announced by Galan on 1 October 2019.
6. There may be minor discrepancies in the above table due to rounding.

Ore Reserve Estimate

The HMW Project Phase 1 DFS reports an initial Ore Reserve estimate of 212Kt of recoverable LCE (Table 3). The Ore Reserve estimate was signed off by Dr Brian Luinstra, who is a Competent Person as it is described in the competent person statement.

Table 3: Ore Reserve Statement for HMW Project Phase 1 DFS (effective date 31 May 2023)

Ore Reserve Category	Production Period (years)	Pumped Brine Vol. (Mm ³)	Recovered Li Metal (Kt)	Avg. Li Grade (mg/l)	LCE (Kt)
Proven	1-10	19.7	17.8	901.6	53.7
Probable	11-40	59.1	52.4	886.9	158.7
HMW Total	1-40	78.8	70.2	890.6	212.5

Notes:

1. Ore Reserves are included in the Mineral Resources
2. No cut-off grade applied for HMW Ore Reserve.
3. A combined recovery factor of 57% applied accounting for: ponds and processing (66%); 90% efficiency assumed for lithium chloride to LCE process conversion. Additional 4% allowance applied for transport and operational losses.
4. "Li Metal" and "LCE" are expressed as total contained metals.
5. Lithium carbonate equivalent ("LCE") calculated using mass of LCE = 5.3228 multiplied by the mass of lithium metal.
6. There may be minor discrepancies in the above table due to rounding

For more detailed technical information (including relevant JORC Code Tables) surrounding the latest HMW Mineral Resource and the HMW Ore Reserve Statement, please refer to the ASX Announcement dated 1 May 2023 entitled "Galan's 100% Owned HMW Project Resource Increases to 6.6MT LCE @ 880 mg/l Li (72% in Measured Category)" and the ASX Announcement dated 3 July 2023 entitled "Phase 1 of Hombre Muerto West (HMW) DFS Delivers Compelling Economic Results for Accelerated Production."

Development of Ore Reserves in a brine deposit involves the application of mining modifying factors with the use of a fully integrated brine/groundwater numerical model. The model simulates the flow of brine to abstraction wells with an associated concentration of lithium to produce tonnes of lithium carbonate equivalent as part of a mine plan. Aquifer properties, including storage, permeability and Li concentration of host aquifers used in the numerical model, are calibrated to collected pumping data and water/brine levels to represent the hydrogeologic system as accurately as possible in order to facilitate forward-looking brine production estimates.

The Ore Reserve estimate has been developed using detailed integrated groundwater flow, density and solute transport finite difference modelling software MODFLOW (see figure 2), an industry-standard numerical groundwater modelling platform. The models have been used to simulate the Ore Reserve estimate and support the mine plans for the Hombre Muerto West Project. Detailed modelling reports describing the construction, calibration and operation of the model are being developed as part of the DFS.

The aquifer properties in the numerical model have been zoned according to the Mineral Resource model and calibrated to steady state and transient conditions using all collected hydrogeological data, including pumping tests and level measurements in monitoring bores across the HMW Project. Brine concentrations were assigned to the groundwater model directly from the resource block model.

The water balance for the west sub-basins margin of Salar del Hombre Muerto, where the HMW Project is located, has been studied and calibrated using the stationary numerical model. Due to relatively low annual rainfall (approx. 80mm/year) and limited extension of the catchment area on the west limit of the Salar del Hombre Muerto, there is no evidence of important density-driven mechanisms for dilution or mixing of the Ore Reserve.

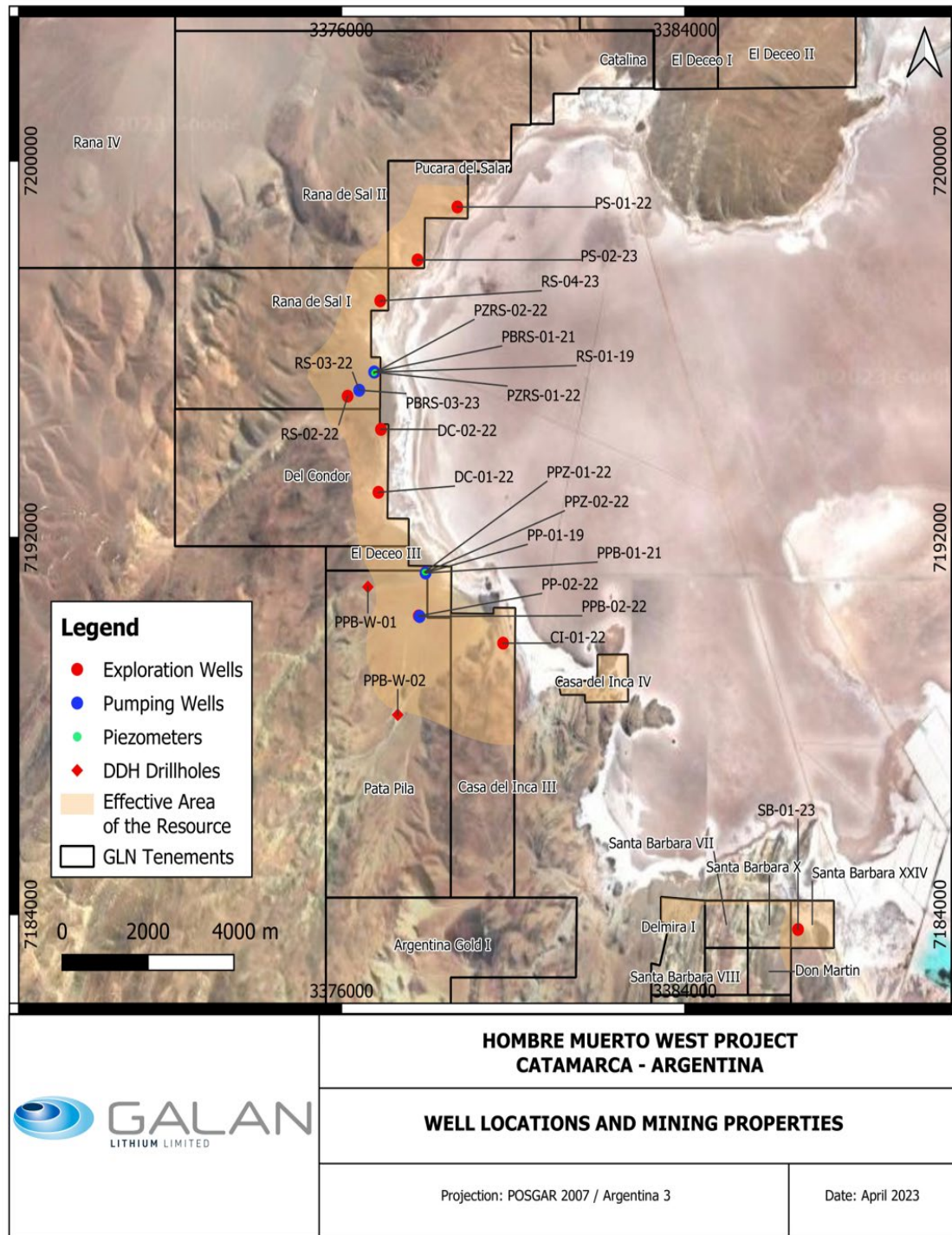


Figure 1: Hombre Muerto West Resource limits and drilling locations

Monthly production rates were simulated from year 1 to year 40 according to seasonal brine demand. Abstraction rates and concentrations have been modelled iteratively to manage grade and optimise pumping to meet pond requirements. The Ore Reserve estimate is based on the nominal Phase 1 mine production plan of 40 years. A global recovery factor of 57% was used to derive the LCE production rates from the abstracted brine volume and Li content. This factor considers the chemical process evaporation ponds recovery and purification plant (approx. 66%) and LCE conversion recovery (90%). Additionally, a 4% allowance was applied for transport and operational losses.

Abstraction capture zone analysis was used to determine the origin of brine from each production well throughout the life of mine and Ore Reserve volumes were all derived from capture zones contained from within the Measured Resource blocks.

At the time of the release of the Ore Reserve estimate, Galan had fully tested three pumping wells, all of which form part of the project infrastructure, with measured flow yields ranging between 18 and 25 L/s. Two additional wells are now completed and are undergoing hydraulic testing. For the modelled wells, a 20 L/s projected maximum flow has been assumed for the balance of the wells to complete the six required wells infrastructure. Under this scenario and considering the seasonal variability of the brine demand program, efficiencies for the wellfield are assumed to range between 30% (winter) and 75% (summer), averaging 52% on a yearly basis. This indicates that there will be sufficient installed well capacity to accomplish the abstraction scheme.

Due to the high and consistent grades of lithium within brines derived from Hombre Muerto West, no cut-off grade has been applied to the Ore Reserve (this means if a cut-off grade of 500mg/l was applied, the resource estimate would be the same ie. same tonnage and grade). The impact of density-driven flow was accounted for in the modelling, however, is not considered to be material to the Ore Reserve estimate, given the low-density gradients that have been mapped across the deposit.

The Ore Reserve estimate is considered to be a conservative representation of the aquifer systems with very high confidence in modelled outputs during the early to mid-life of the mine production plan and reducing confidence during later production. Brine derived in years 1-10 of the Phase 1 mine plan is predominantly from areas with high confidence levels with good geological and test pumping control and has therefore been categorised as Proven Ore Reserves. Brine derived in years 11-40 of the Phase 1 mine plan tends to be derived from areas with lower confidence and has therefore been categorised as Probable Ore Reserves.

It is important to note that hydrogeological numerical models have significant areas of uncertainty and that the mine plan developed over a 40-year period is not definitive; as declared by Galan, the Project intends to upscale production in additional sequential stages, which are not part of this Ore Reserve declaration. Model sensitivity, predictive uncertainty analysis and professional judgement have been incorporated into the numerical model development to determine the most sensitive parameters. A conservative approach to these parameters has been adopted to ensure the model is representative of the level of understanding of the hydrogeology.

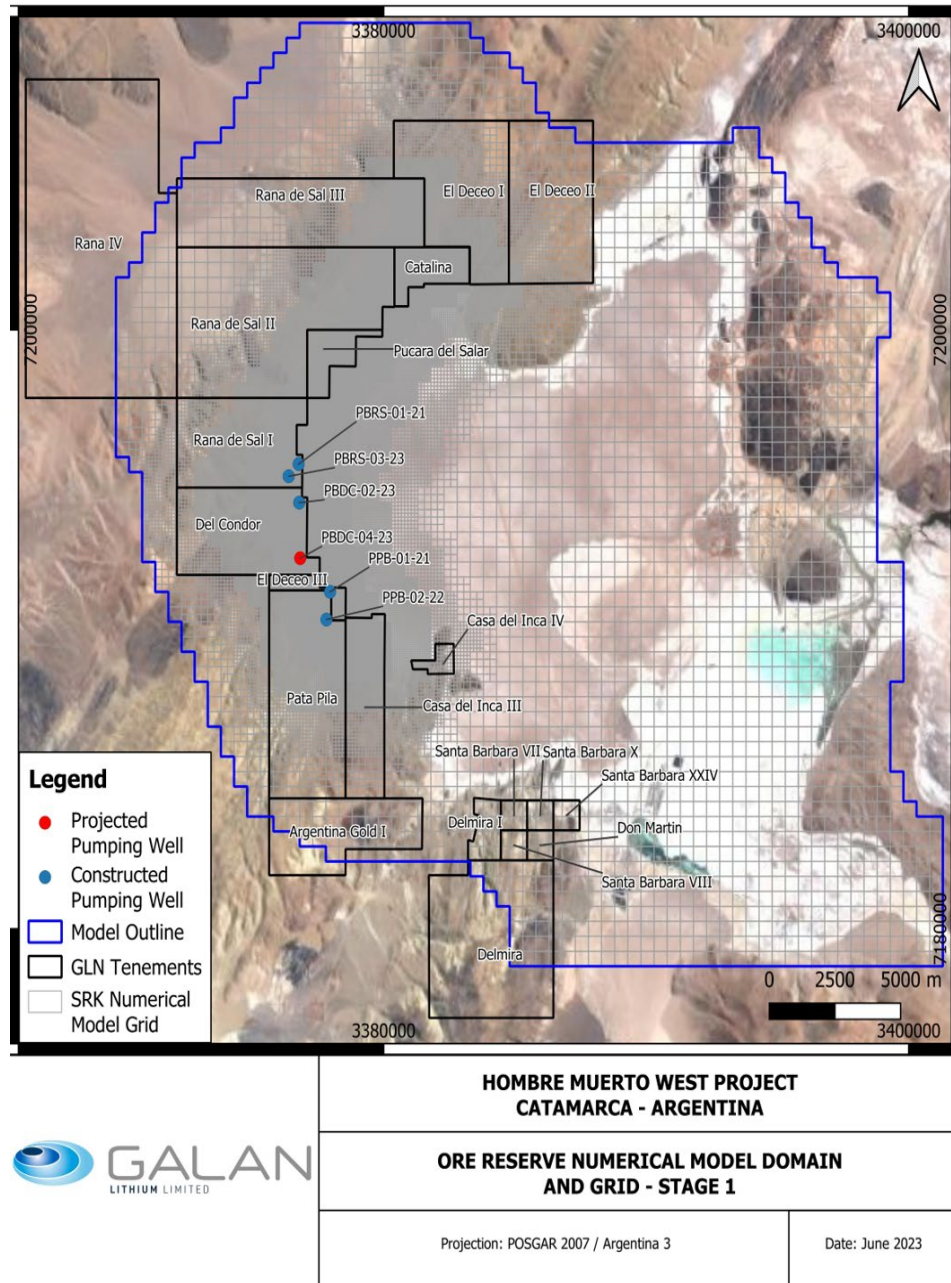


Figure 2: Hombre Muerto West Ore Reserve numerical model domain limits

Project Background

Location

The Hombre Muerto West Project (**HMW Project** or **Project**) is part of the Hombre Muerto basin, one of the most globally prolific salt flats, located in the Argentinean Puna plateau of the high Andes mountains at an elevation of approximately 4,000m above sea level. The Project is in the geological province of Puna, 90 km north of the town of Antofagasta de la Sierra, in the province of Catamarca, Argentina, as shown in Figure 3. The HMW Project is located to the West and South of the Salar del Hombre Muerto.

The HMW Project is in close proximity to other world-class lithium projects owned by Allkem Resources, Posco and Livent and is around 1,400 km northwest of the capital of Buenos Aires and 170 km west-southwest of the city of Salta (in a straight line).

Climate

The climate in the HMW Project area is classified as cold, high-altitude desert with sparse vegetation. Solar radiation is intense (especially during the summer months of October to March), resulting in high evaporation rates. Very strong winds are also typical, reaching speeds up to 80 km/h during the dry season. However, in summer, warm to cool winds normally develop after midday and reduce in strength during the evening hours.

Precipitation data from meteorological sources showed a mean annual precipitation of around 86.4 mm. Precipitation typically occurs between the months of December and March, during which about 82% of annual rainfall occurs. From April to November, it is typically dry, with average daily mean temperatures of approximately 5.3°C.

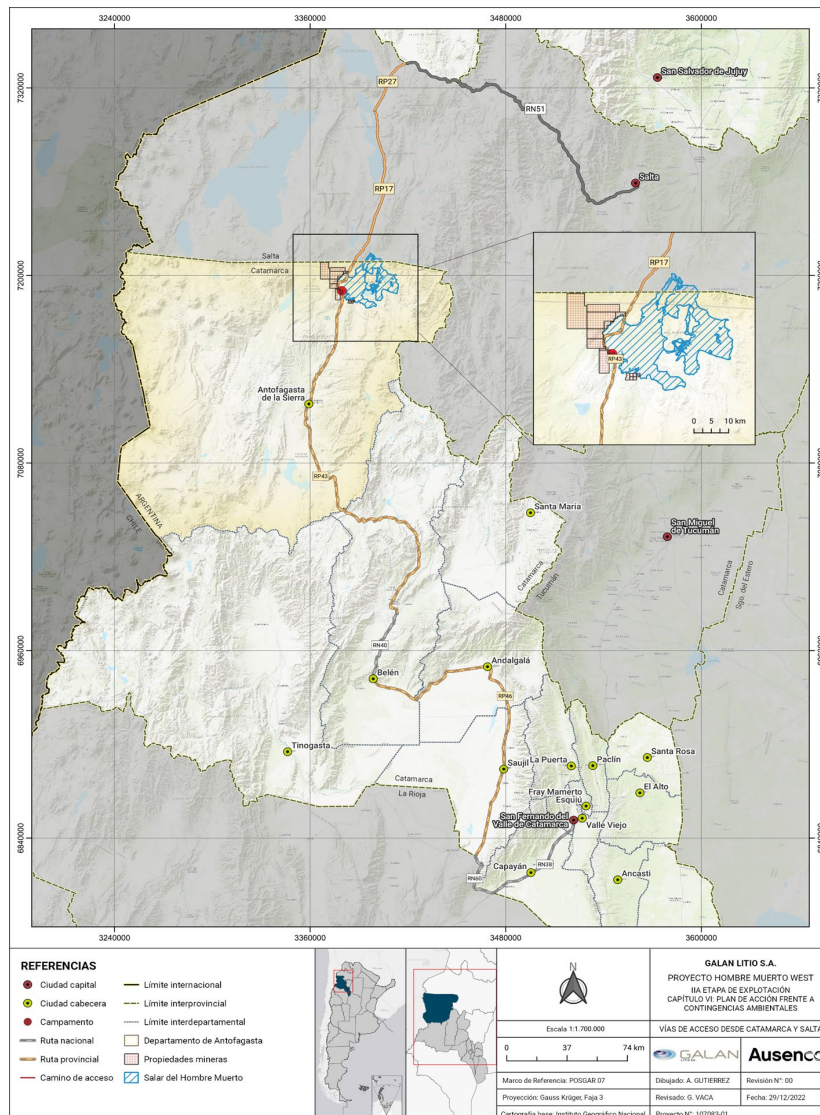


Figure 3: Location of HMW Project, Hombre Muerto Salar, Catamarca Argentina

Mining Tenure

The HMW Project comprises twenty one (21) mining tenements - Rana de Sal (I, II & III), El Deceo (I, II & III) Pata Pila, Catalina, Rana IV, Del Condor, Pucara del Salar, Casa del Inca (III & IV), Argentina Gold I & el Grupo Santa Barbara (Delmira, Delmira I, Santa Barbara X, Santa Barbara VII, Santa Barbara VIII, Santa Barbara XXIV & Don Martin), covering an area of approx 26,059 hectares (Figure 4).

All mining tenure is 100% owned by Galan (via its wholly owned subsidiaries in Argentina).

Design work shows that the HMW brine wells will be located in the Rana de Sal, Del Condor and Pata Pila areas. The main objective of these wells is the extraction of brine, rich in lithium, from the Salar, which is then pumped to the first preconcentration solar evaporation ponds.

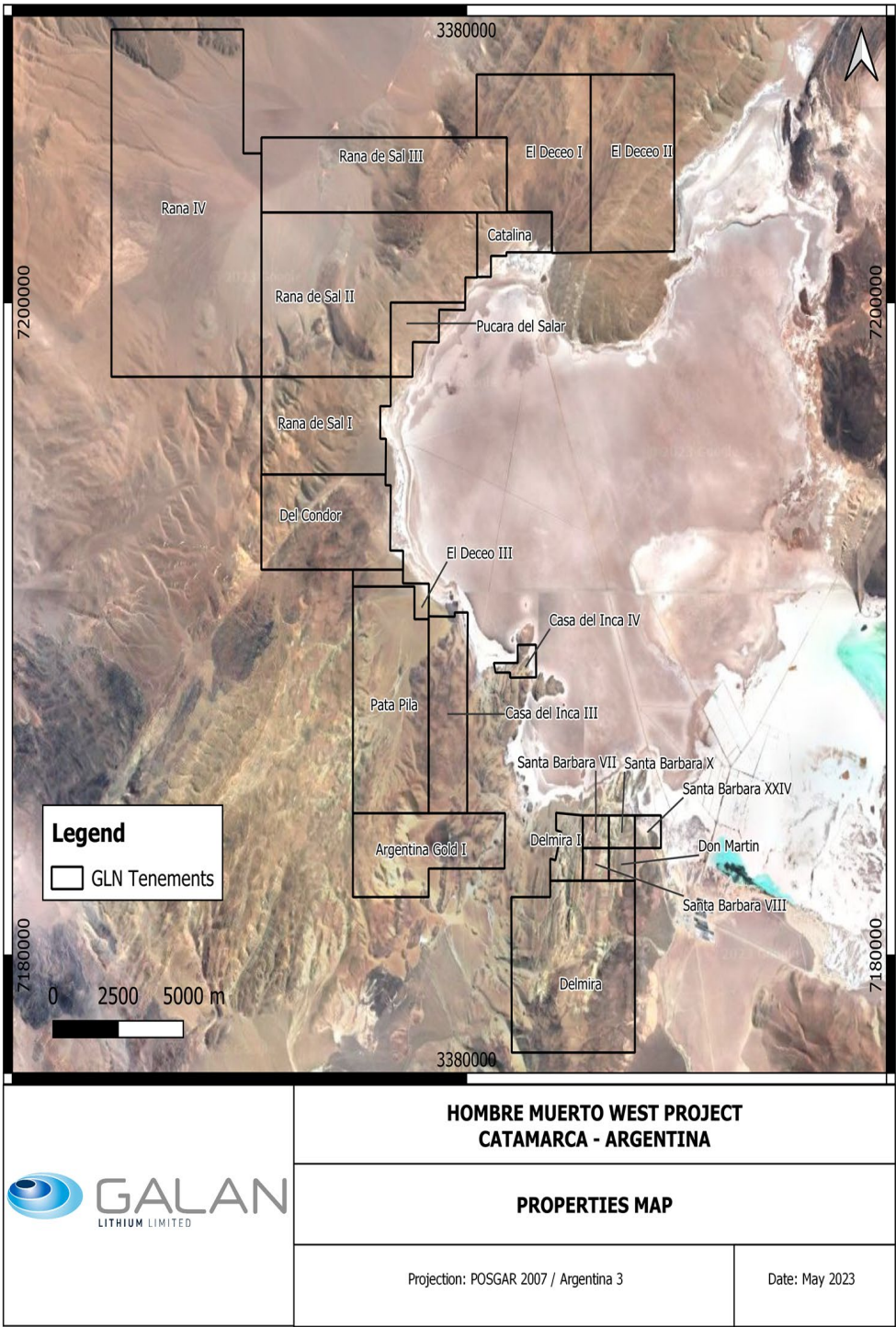


Figure 4: Hombre Muerto West Mining Tenure

Mining and Process Methodology

Brine Extraction

The raw brine extraction will be executed using vertical wells. At this time, five (5) pumping wells have been completed, with the expectation that a total of 6 wells will be constructed and tested by the end of July 2023. Wells are approximately 350-400 metres deep and designed to capture and extract high-grade brine volumes.

The brine wells field is positioned in the same area as the ponds system, and the raw brine extraction is conducted through four to six production wells depending on the seasonal brine demand. The raw brine from each well will be pumped to an accumulation pond to enable a more homogeneous brine feed quality. From the accumulation pond, the raw brine will be transported to the first pond of the evaporation system. The average raw brine flow required to feed the ponds system is 60.6 L/s.

Recovery Method

The process, specifically defined and designed for the HMW Project, is based on conventional solar evaporation ponds and impurity removal treatment by the addition of reagents to obtain a concentrated lithium chloride product with 6% Li content (equivalent to 12.9% Li_2O or 31.9% LCE). Figure 5 displays the general process diagram.

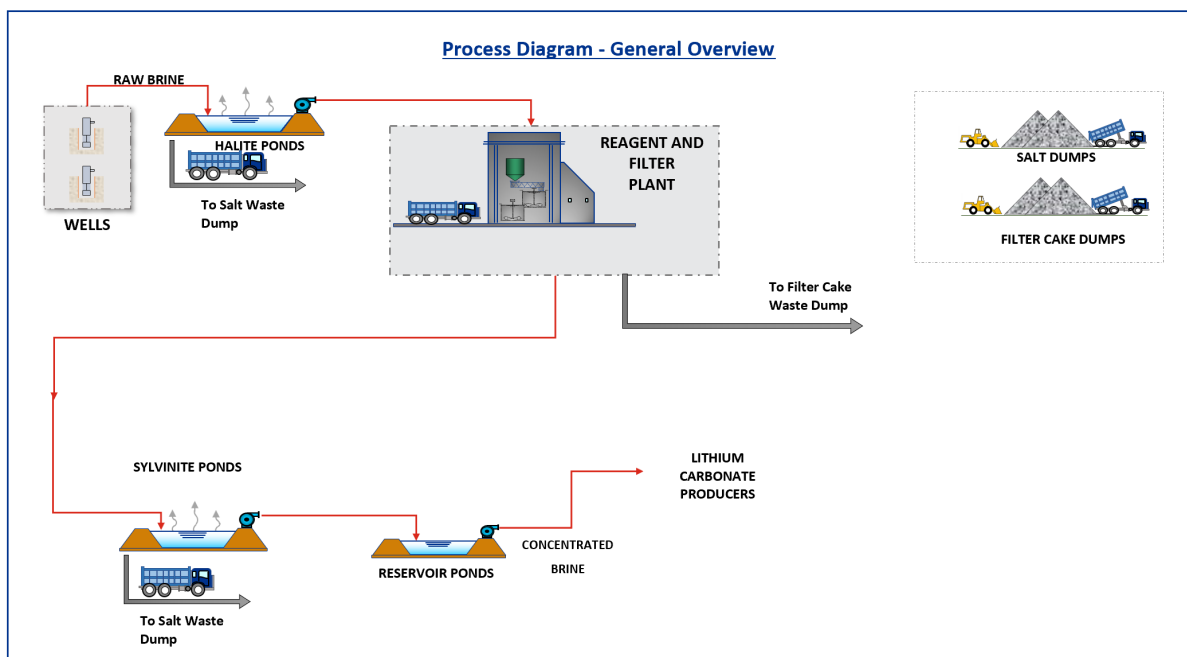


Figure 5: Process Diagram HMW Project

The process begins with the extraction of brine from wells located in the Rana de Sal, Del Condor and Pata Pila mining properties. Then, the brine from the wells is transferred to the pre-concentration ponds and through the action of solar radiation, wind and other environmental conditions, the water evaporates from the brine producing a change in the thermodynamic equilibrium point of the brine, which will cause the precipitation of salts and the concentration of lithium present in said brine.

After the preconcentration stage, the pre-concentrated brine progresses to a reagent addition stage in a plant that was designed to facilitate further precipitation of impurities, but not of the lithium present in the brine. This stage of the process requires a separation of solids and liquids to remove the precipitated solids after the mixture between the brine and the reagents. Filter presses will be used to perform this separation of solids and liquids.

After mixing with the reagent and separation of solids and liquids, the filtered brine will be transferred to the concentration ponds to continue with the lithium concentration until reaching the aim of 6% Li.

The summary of the areas considered in the process design is described in the following paragraphs:

Pre-concentration ponds

There are seven pre-concentration ponds at the beginning of the brine evaporation process, where the main salts precipitating are halite salts (NaCl). From the last pre-concentration ponds, it is fed to the reagent plant to generate the reaction between ions of elements present in the brine and the reagent, and thus cause the precipitation of impurities. The pre-concentration ponds will be arranged in a single string (or train of pools), passing the brine from one pool to another, through floating transfer pumps.

Reagents and Filtering Plant

The reagent plant treats the pre-concentrated brine adding reagents to precipitate the impurities, mainly magnesium and sulphate. After the addition of the reagents, the blended solution, brine and reagents mix is filtered to separate the precipitated salts from the brine (mainly magnesium hydroxide and gypsum). The filtered brine is fed into the first concentration pond, with the aim of continuing with the brine evaporation path. While the precipitated solids are sent to a discard waste dump.

Concentration ponds

These ponds are smaller and are fed with lower flows than the pre-concentration ponds. Sylvinite salts (KCl) and other salts precipitate in these ponds. The end product of this stage is a concentrated lithium brine with 6% of Li content.

Figure 6 shows the evaporation ponds system process diagram.

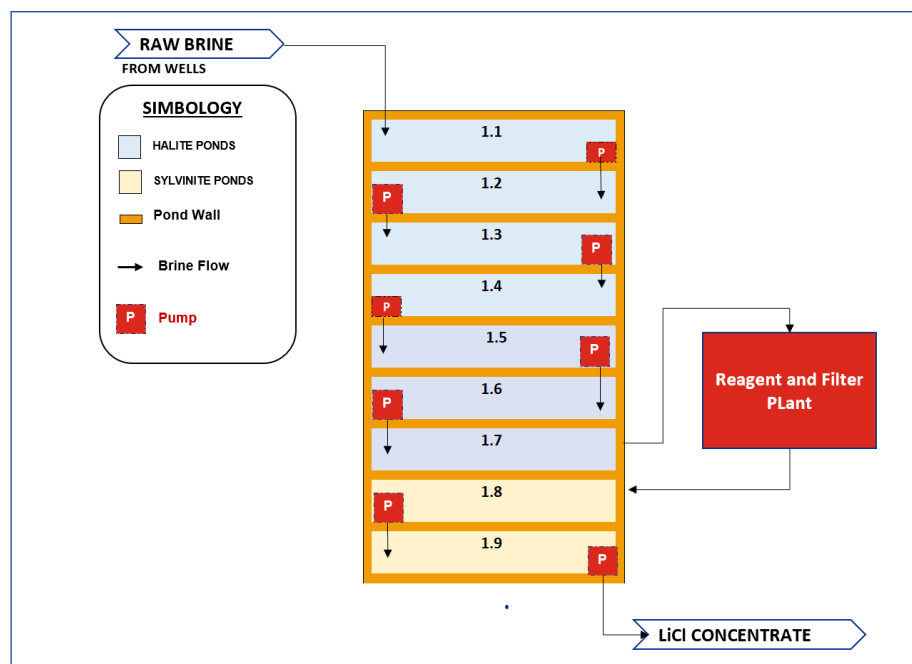


Figure 6: Brine Flow Diagram of the Evaporation Ponds System

Project Layout & Infrastructure

The HMW Project has developed a layout allowing the closer location of the project's main facilities. The brine wells field, evaporation ponds system, liming plant, water wells, camp etc are located within a radius of around 6 km. These facilities are also located next to the Hombre Muerto Salar.

Figure 7 shows the HMW Project Layout describing the major infrastructure items.

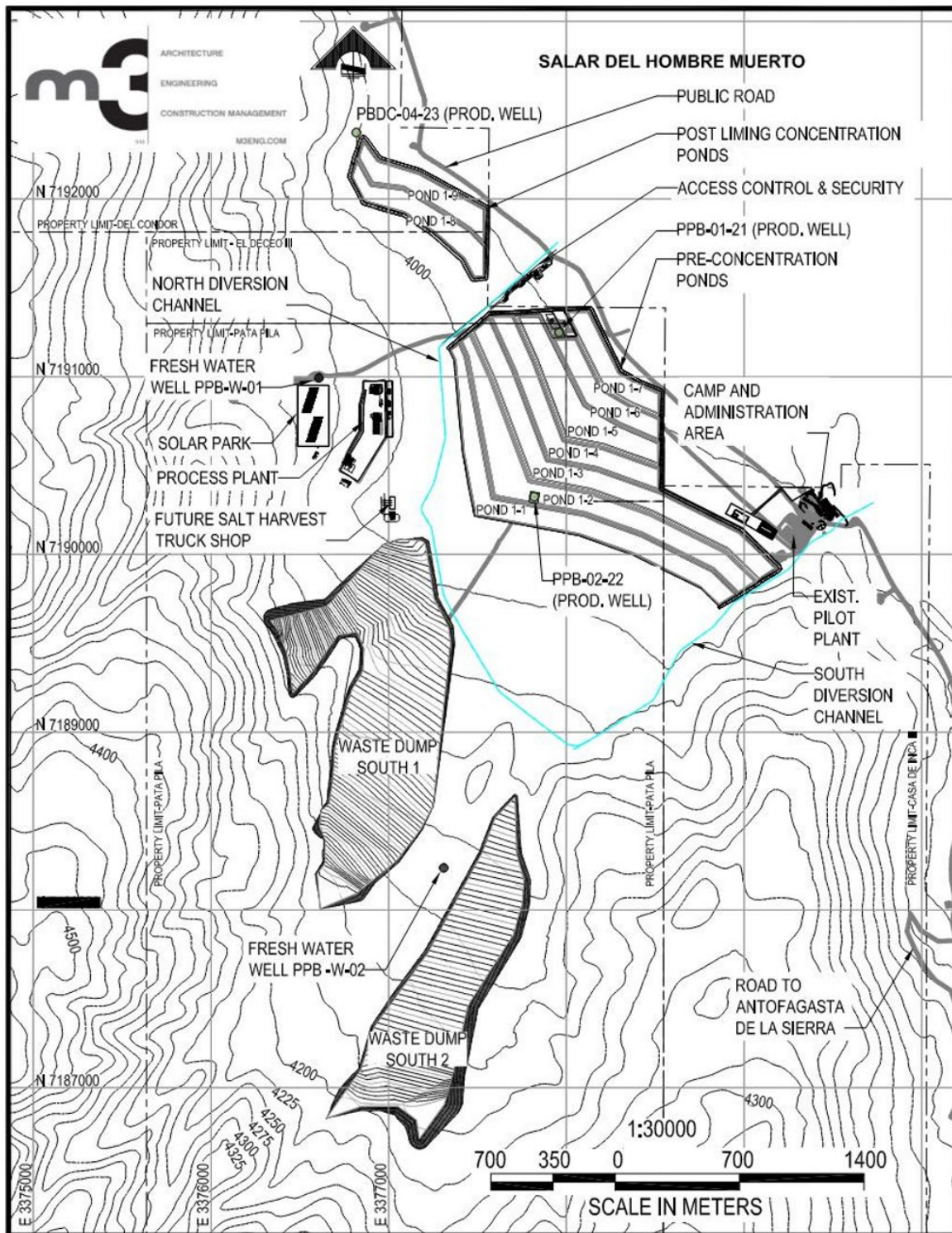


Figure 7: HMW Project Layout

The Project layout prioritised the usage of the Pata Pila, Deceo III and Del Condor tenements, because they offered the most competitive areas for the location of the main production facilities. This engineering design resulted in significant initial capital cost savings.

For more information on the Project Layout and Infrastructure please refer to the ASX Announcement dated 3 July 2023 entitled “Phase 1 of Hombre Muerto West (HMW) DFS Delivers Compelling Economic Results for Accelerated Production.”

Environmental and Social Studies

Galan is focusing on the discovery of lithium as a critical resource for the development of EV batteries, to assist with the decarbonisation of the economy and the transition to a more sustainable future. From its early ventures in Argentina, Galan has strived to put the well-being of its employees, communities and the environment first and foremost, as it continues its ongoing commitment towards a sustainable future for all its stakeholders.

Galan is developing and evolving its Environmental, Social and Governance (**ESG**) framework to enable it to report against the 21-core metrics and disclosures as promoted by the World Economic Forum. The Company has and continues to consult with all its stakeholders when addressing the planned systems and actions required for the four key ESG pillars – Governance, Planet, People and Prosperity.

In 2021, Galan partnered with Circular for full traceability and ESG tracking for its lithium brine assets in Argentina. To further enhance the building of its ESG journey, Galan also engaged Socialsuite to assist in the compilation of its baseline ESG reporting, database and systems.

The HMW Project has an existing permit (granted in July 2019) to run exploration, project studies and piloting related activities. In addition, Galan lodged an application to the relevant local authority in November 2022, to extend the piloting facilities for Phase 1 under the same permit scope. This includes the evaporation ponds system and associated facilities to test the production, at industrial level, for a lithium chloride product with 6% Li content. The initial development permit was granted on 23 June 2023 (as announced by Galan on 26 June 2023) and associated works have commenced. Full construction permits and the commencement of Phase 1 pond construction is expected during Q3, 2023.

Galan has also well advanced its Environmental Impact Assessment documentation in respect of the application for the Phase 2 exploitation Permit (20ktpa LCE production) at the HMW Project. The submission of the application for this permit is expected in Q3, 2023. The original document was developed by Ausenco Limited and updated by Galan personnel.

The Company is currently running environmental monitoring activities on site as required under its permitting. These activities involve the data collection for the weather, water sources, control of the sewage system, etc. The domestic and industrial wastes are managed using adequate storage, transport and final disposal procedures, as is required by the local environmental authorities in Catamarca. Galan strives to meet world's best practice in these areas.

The Company engaged early in the Project assessment process, with communities that could be influenced by the Project. This includes local government authorities, and indigenous communities located within the influence area of the HMW Project. Phase 1 of the Project was presented to local communities on 3 and 4 April 2023, with a formal endorsement and positive reception being obtained from these public meetings.

Galan has an existing workforce of around 70 people, including personnel with long and sound experience in the construction and operation of wells and evaporation pond units. Galan has ensured the recruitment of personnel from the communities close to the Project. It is expected to increase the workforce to around 350 people during construction, the majority should come from the Catamarca Province with some additional personnel possibly coming from nearby Provinces in the northern Argentinian region.

The Company has an ongoing, solid working relationship with all local communities and actively continues with meaningful engagement with local people, communities and businesses. Wherever possible, training, employment and procurement opportunities will be made available for nearby and surrounding communities of the HMW Project. Galan continues to encourage its suppliers and contractors to adopt similar policies, standards and practices.

Production Schedule

The HMW Project study team has developed a production schedule for the lithium chloride concentrate based on the process design and mass balance developed by the specialised process consultants, Ad-Infinitem. Table 4 displays the annual production schedule of the Project. To facilitate the understanding of the production, the program is expressed in recoverable units of LCE.

Table 4: Production Schedule (HMW Project – Phase 1)

	2025	2026	2027	2028	2029	2030	2031 - 2040	2041 - 2050	2051 - 2060	2061 - 2064	Total Production
Extraction of Brine (Mm3)	1,912	1,912	1,912	1,975	1,975	1,975	19,753	19,753	19,753	9,877	80,989
Recoverable LCE (tonnes)	4,249	4,249	5,367	5,367	5,367	5,367	53,674	53,674	53,674	21,470	212,458

The production schedule utilised a fixed average grade of 0.073% of Li with no cut-off grade being applied. The extracted brine volumes and Li contents were utilised in the production modelling, developed by Ad-Infinitem, using thermodynamic simulation software and their own mathematical models for the ponds and reagents plant. The production schedule assumes the full use of the current Ore Reserve estimate, with Proven Ore Reserves being used in the first ten years of production and Probable Ore Reserves from year 11 onwards.

The Ad-Infinitem developed predictive models also utilised key parameters for the evaporation rate, availability of the evaporation area, brine entrainment rate in the precipitated salts and leakage.

The operation of the evaporation ponds for producing lithium chloride concentrate has a long-term Li recovery of 66.7%, but in the first two years, due to the accumulation of operational ‘working capital’ (salt and brine inventory in ponds) during the ramp-up period, the Li recovery is 52.7%, which explains the lower production of 4,249 tonnes of recoverable LCE in years 2025 and 2026.

The estimate of the recoverable LCE produced by the lithium chloride concentrate after the conversion process considers a recovery of 90%. Galan considers this number quite achievable by an average lithium carbonate plant, based on the high quality of the lithium chloride concentrate produced by the HMW Project.

The total long-term Li operational recovery, considering both the evaporation process at the ponds system and the conversion process into LCE at the lithium carbonate plant, is 59.6%.

Test work and Piloting Activities

During 2022, Galan conducted test work activities at the HMW Project site for obtaining lithium chloride with a content of 6% Li. Test work utilised a batch methodology starting with a volume of around 40m³ of brine, to obtain around 10 litres of lithium chloride. Another set of lab test work activities were conducted in the Antofagasta Region of Chile during 2021. These tests also obtained lithium chloride products with similar qualities with the results being released to the market on 21 March 2021.

Galan has also conducted lab scale test work activities using the lithium chloride product obtained in the test work, for successfully achieving the obtention of lithium carbonate within the battery grade specifications. The result of these tests were released to the market on 12 July 2021.

All the test work undertaken and described previously, was released in line with the ASX disclosure requirements.

The Company also started the piloting activities in April 2022 by filling the first evaporation pond of the existing pilot plant. This plant has a small scale; the main purpose of early pilot plant construction and operation was to prove the process design of the HMW Project and to provide samples to the potential buyers of the lithium chloride product.

On 16 July 2023, the most advanced brine evaporation delivered a premium quality product of 350 litres containing 6% of Li content with significantly low levels of impurities (Mg, Ca, SO_4 , etc.). During the piloting process, the team learnt important takeaway knowledge on evaporation rates and reagent usage at the site. As a result the team feels vindicated and confident of delivering the Phase 1 DFS lithium chloride production milestone in H1 2025.

The next stage of the piloting is to achieve continuous production delivering multiple samples at low and medium scales to satisfy any volume required by potential off-takers. In addition, the pilot plant will feed a demonstrative lithium carbonate plant to be installed at the HMW Project site in 2024.

The Galan project team is now focused on the next block of activities:

- Preparations and engineering design of a demonstrative lithium carbonate pilot plant using the current lithium chloride concentrate feedstock.
- Provision of samples for potential off-take partners.
- Testing of further downstream optionality.

The pilot plant is expected to continue operations during 2023 and 2024 to provide ongoing data for further optimising the HMW project.

Market and Contracts

Estimate of the Lithium Carbonate Price

The estimate of the battery grade lithium carbonate price (for the period 2025-2040) used to run the economic evaluation of the HMW Project was taken directly from the latest battery grade lithium carbonate, contract price forecast prepared by Wood Mackenzie Q1, 2023*. In addition, from year 2041 to 2064, the long-term price of LCE was projected by Galan to remain steady at US\$28,000/t LCE.

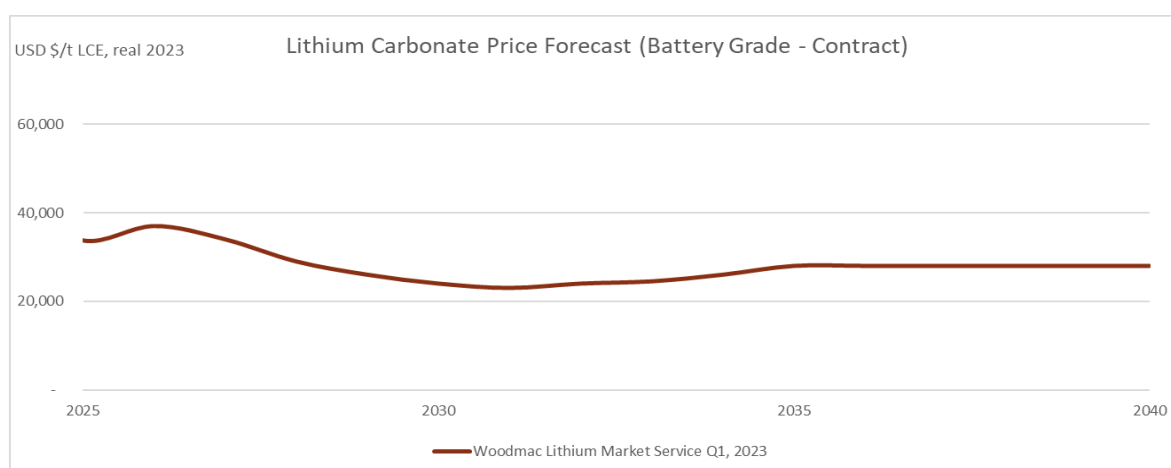


Figure 8: Lithium carbonate price forecast (Battery grade – contract)

* Wood Mackenzie Disclaimer

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Estimate of the Lithium Chloride Price

Galan conducted a sale price estimate study for a concentrated lithium chloride (**LiCl**) product. The study involved the following considerations:

- Technical analysis of the quality of the HMW LiCl product, the focus of this analysis was to define the technical effort required for converting LiCl concentrate into a lithium carbonate product, by any of the plants located in the northern region of Argentina.
- Commercial analysis for defining a range of off-take prices, taking into account the attractiveness of the business model for both Galan and any potential off-taker.

There are approximately ten (10) projects located in northern Argentina that can potentially utilise the LiCl concentrate to be generated by the HMW Project to subsequently produce a lithium carbonate product. Galan has also identified that the quality of the LiCl concentrate to be produced by the HMW Project is superior due to higher content of Li and lower contents of impurities to the average LiCl concentrates being utilised by the majority of the lithium carbonate plants in Argentina. Therefore, there is an opportunity for any of the lithium carbonate plants located in Argentina to use the LiCl concentrate produced by the HMW Project, which would allow them to improve the efficiency of their own conversion process, adding value to their business.

The estimate of the price of LiCl concentrate has been analysed considering the price of the lithium carbonate battery grade but deducting from it the costs and losses of the conversion process to transform the LiCl concentrate into lithium carbonate. The conversion cost includes the operating cost, capital cost and an economic margin for the converter. The losses include the metallurgical recovery of the Li embedded in the lithium carbonate plant.

The estimate of the LiCl concentrate price is nominated as a percentage of the lithium carbonate price. A pricing formula was developed by iLi Market, a specialised company for analysing the lithium market.

The average lithium chloride payable price for the period 2025-2064 is US\$20,252/t of LCE. This price is estimated on a real basis, excluding the impact of inflation, representing approximately 72% of Galan's long-term price estimate for lithium carbonate.

Capital (CAPEX) Estimate

Scope of the Capital Cost Estimate

The estimation includes direct and indirect Project costs, owner costs and contingency. Direct costs include equipment and materials supplied by Galan, labour, construction equipment, materials supplied by the construction contractor, indirect costs and construction contractor profits.

The scope of the estimate involves the brine extraction wells, solar evaporation ponds, reagents plant, water supply, power supply, access and internal roads, diesel storage, camp and associated facilities, owner's team, engineering and construction management services and other indirect costs.

Basis of the Capital Estimate

The capital cost estimate (**CAPEX**) was developed using the standards established for a DFS study as defined by the JORC Code.

The basis of the estimate utilised the information coming from actual costs being spent in Argentina and the estimate for new cost items developed by specialist teams.

The main source of inputs incorporated into the capital cost estimate are described in Table 5.

The CAPEX estimate structure was defined using the following criteria:

- **Direct Construction and Assembly Costs:** considers procurement or supply, assembly labour, construction equipment, permanent construction materials and consumables, as well as indirect Contractor costs such as mobilisation and demobilisation of construction equipment and temporary facilities, administration and supervision, transportation and feeding of personnel, general expenses and contractor profits.
- **Indirect Project Costs:** consider freight and insurance, capital spare parts, entry rights, supplier representatives, commissioning activities, engineering and studies, services, EPCM, start-up and owner costs.
- **Contingency:** estimate based on a percentage of the total cost, according to cost engineering standards.

All CAPEX costs are expressed in US dollars (US\$). The US\$-Argentinian Peso exchange rate used was ARS 230.76 per US\$ (May 2023 average). This rate was taken from the official website of the Banco de la Nación de la República Argentina.

Table 5: Information Utilised in the Capital Estimate (HMW Project - Phase 1)

Item	Quantities / Size	Price Source
Evaporation ponds	Engineering design and estimate of quantities	Budget quote
Main mechanical equipment	Engineering design and vendor sizing	Budget quote plus scalation on specific items
Main electrical equipment	Engineering design and vendor sizing	Budget quote and benchmark
Main pipelines	Engineering design and estimate of quantities	Budget quote
Camp and administration buildings	Engineering design and estimate of quantities	Tender quote
Water supply	Engineering design and estimate of quantities	Tender quote and budget quote
Diesel storage	Engineering design and estimate of quantities	Tender quote
Instrumentation	Discretionary allowance	% of direct cost
EPCM services	First principle and factors	Actual cost, budget quote and benchmark
Owner's team	First principle estimate of quantities	Based on actual cost
Transport	Discretionary allowance	% of direct cost

The contingency was calculated as a percentage of the total cost according to engineering standards. Due to the level of engineering development, an overall contingency of 13% is defined for this project.

The following items were excluded from the CAPEX estimate:

- Depreciation and amortisation
- Financial costs
- Costs or provisions for escalation
- Costs for processing permits
- Working capital
- Costs for closure of works
- VAT

In the case of working capital, it was included as part of the economic evaluation in the financial model. For the development of the CAPEX, Galan provided the following information to M3:

- Property of the land
- Location of brine well area and total flow
- Number of production wells
- Basic meteorological data
- Location of the freshwater well
- Civil design of the ponds and water contour channels

Existing Facilities (sunk costs)

The HMW Project has existing facilities, which have been considered as sunk costs for the capital estimate. These facilities include the following items:

- The construction of five (5) production wells, including pumps and electrical equipment. The low CAPEX component considered for this area in the capital estimate is explained because of the sunk cost
- Existing camp and ongoing expansion, including accommodation and utilities (water, power and sewage)
- Other administration and services buildings such as kitchen, dining room, polyclinic and offices
- Diesel tanks for both light vehicles, road maintenance and on-road trucks
- Boom truck, small excavators and other minor equipment and tools
- Pipe welding equipment and other tools for the installation of HDPE pipes
- Waste management storage area

Some of these facilities require an upgrade to fully serve the construction and operational activities for Phase 1 production from the HMW Project.

CAPEX Estimate Results

The total CAPEX for Phase 1 of the HMW Project is estimated at US\$118.4m, which is broken down into direct, indirect and contingency costs. This includes the following estimates:

- Direct project costs equal to US\$83.8 m, equivalent to 71% of the total CAPEX value.
- Indirect project costs equal to US\$19.8 m, equivalent to 17% of the total value of CAPEX.
- Project contingency equal to US\$14.8 m, equivalent to 13% of the total value of CAPEX.

Table 6 presents a summary of the capital cost estimate required for the implementation of Phase 1 of the HMW Project in accordance with the scope developed and all the information available in this stage.

Table 6: Capital Cost (CAPEX) Estimate (HMW Project – Phase 1)

Area	US\$M
Brine Wells and Brine Transport	3.3
Evaporation Ponds System	31.3
Ponds Reagent and filtering plant	27.0
Utilities	9.3
Infrastructure	12.9
Total Direct Cost	83.8
Total Indirect Cost	19.8
Total CAPEX without contingency	103.6
Contingency (13%)	14.8
Total CAPEX	118.4

Operating Cost (OPEX) Estimate

The operating cost estimate (**OPEX**) is expressed in US dollars (US\$). The US\$-Argentinian Peso exchange rate used was also ARS 230.76 per US\$ (May 2023 average), the same number used in the capital cost estimate.

The scope for the OPEX estimate considers all the activities being required for the production of lithium chloride. The study team prepared a first principle estimate through the usage of a comprehensive Excel model.

The battery limits to be considered for the development of the operating cost estimate are:

From : Raw brine feed from the brine wells.
To : Lithium chloride intermediate product delivered at the converter plant.

The following general definitions were utilised:

- Direct operational costs: expenses associated with the project that are directly associated with the main production of the process. These expenses include supply and consumption, mainly related to reagents and energy, as well as workforce, and personnel costs (salary), among others.
- General administration: all general business and administrations associated expenses that support the project site operation. Among these are the rental of offices, administration personnel (overhead salary), catering and personnel transport costs among others.

The OPEX estimate for Phase 1 of the HMW Project to Lithium Chloride is presented in Table 10.

Table 7: Operating Cost Estimate (HMW Project - Phase 1)

Area	US\$ / Recoverable t of LCE
Brine Field	256
Ponds	334
Reagents and filtering plant	1,207
Site services	657
Salt harvesting	512
General administration	997
Total OPEX	3,963

The cash cost for the production of lithium chloride, is US\$3,963 per recoverable tonne of LCE, excluding the conversion cost from lithium chloride to Li_2CO_3 . Galan expects to materially reduce the operating cash cost in the Phase 2 DFS for the HMW Project, because the economies of scale (higher production) will assist in reducing the fixed cost component, including G&A and site service items of the per tonne operating cost.

A brief explanation of each operating cost item is described below:

Brine Field

This cost area covers the operation of the six brine extraction wells, including manpower, electricity consumption, pipe replacements among others.

Evaporation Ponds

This cost area covers the operation of the nine evaporation ponds and other minor reservoirs and includes manpower, electricity consumption, maintenance of pumps and pipe replacements among others.

Reagents and Filtering Plant

This cost area involves the operation and maintenance of the reagents and filtering plant and includes the consumption of reagents, manpower, maintenance, and power consumption, among other items.

Site Services

The maintenance costs calculated for the Project are related to a relative annual maintenance cost associated with each area, plus the usage of the mobile equipment for road maintenance, maintaining the water deviation channels, transporting filtered cake and to serve some production activities. The mobile equipment fleet includes a forklift, boom truck, bobcat, front-end loader, water truck, grader, etc. Finally, this cost item also includes the cost for some small tools and supplies, such as lubricants and safety items, among others.

Salt Harvesting

This cost item includes the extraction of the precipitated salts from the ponds and the subsequent transport of this material to the designated stockpiles. A detailed cost estimate was prepared, assuming a specialised contractor would conduct this activity.

Product Transport

The transport costs consider the transport of the lithium chloride product from the final product area on-site to the lithium carbonate plant located in Argentina. An average transport distance was estimated considering the location of several potential plants in the northern region of Argentina.

General Administration

This item includes all costs related to the Catamarca office and camp services on-site. It also includes personnel transport, training, and travel, among other items.

In terms of the operating cost estimate for energy consumption this was prepared based on an analysis of total electrical consumption required for the Project. A detailed list of the electrical equipment was prepared, and the power consumption for each of them was estimated.

Galan conducted an analysis of the number of personnel or manpower required for the Project, excluding the salt harvesting personnel, which is included in the salt harvesting cost.

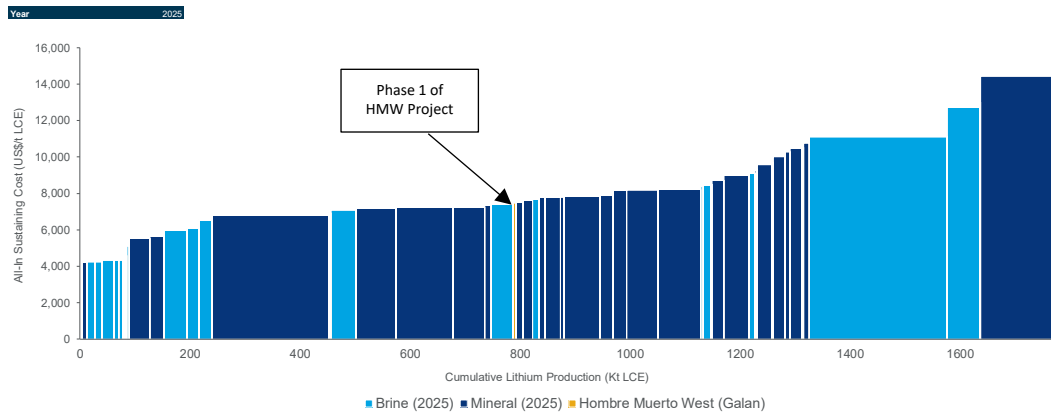
HMW Project Within the Lithium Cost Curve

The lithium carbonate equivalent (LCE), All-In sustaining cost curve is based on the latest Q1, 2023 forecast prepared by Wood Mackenzie*.

The costs include the cash operating cost for lithium chloride concentrate and estimated conversion costs to Li_2CO_3 , including the impact of sustaining CAPEX, royalties and selling costs.

Figure 9 displays the lithium carbonate equivalent cost curve and the location of the HMW DFS Phase 1 5.4ktpa LCE Project being within the first half of the industry cost curve. It is anticipated that the HMW DFS Phase 2 project will move the position of HMW materially to the left, due to economies of scale associated with full 20ktpa LCE production rates.

Cost Analysis - Lithium Carbonate Equivalent Cost Curve



Source: Wood Mackenzie - Lithium Cost Model Service
NOTE: 2025 costs are based on Wood Mackenzie's long term price assumption for lithium products.

Figure 9: All in sustaining cost curve (source: WoodMac – Lithium Cost Model Service)
(Wood Mackenzie data from Q1, 2023 with Galan's assumptions applied)

* Wood Mackenzie Disclaimer

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Project Schedule

Galan is actively executing the pre-construction activities including the improvement of the camp facilities, procurement of long lead items, tender of major contracts, recruiting personnel among other activities. Following the granting of the initial Phase 1 development permits in late June, top-soil removal and other earthworks have commenced, allowing the project to maintain schedule. The expectation is to start with the pond construction activities in Q3, 2023, once the full Phase 1 construction permit is granted by the authorities.

The construction period of Phase 1 is between Q3 2023 to Q4 2024, with the production of lithium chloride expected to commence in H1 2025.

Galan developed a construction schedule for the Project, considering the special conditions on-site. Productivity rates were also checked by M3 Engineering for major disciplines such as earthworks, installation of liner in the ponds system, concrete and structural steel. In addition, the fabrication time for the long lead items (press filters and lime plant, among others) was also considered to estimate the construction time.

Table 8 shows the most important milestones for the development of the HMW Project.

Table 8: Development Milestones (HMW Project – Phase 1)

Milestone	Completion Timeframe
Start of construction	H2 2023
First pond filled	H1 2024
Completion of construction	H2 2024
Start of production of lithium chloride	H1 2025

Galan expects to continue with the expansion of the HMW Project through the implementation of successive Phases. The construction of Phase 2 is subject to the approval of the 20ktpa LCE permit application, which Galan is expecting to obtain in 2024, which would allow the continuous construction of ponds once Phase 1 has been finalised.

Economic Evaluation

The economic evaluation of the HMW Project was conducted following industry standards for this project stage. A discount rate of 8% was utilised for present value calculations.

All costs are expressed in US dollars (US\$). The US\$-Argentinian Peso exchange rate used was ARS 230.76 per US\$ (May 2023 average). This rate was taken from the official website of the Banco de la Nación de la República Argentina.

Forecasted lithium carbonate prices for the period from 2025 to 2040, utilised for the economic evaluation, were provided by Wood Mackenzie. The lithium carbonate price for the period from 2041 onwards was left constant, at the 2040 value, as indicated by Galan.

Income tax and royalty assumptions are as follows:

Tax – There is no income tax at the provincial level. A rate of 35% was effectively applied to Argentinian federal income taxes.

Catamarca Royalty – applied under the Mining Investments Law system at 3% of the ‘mine mouth value’ of the mineral extracted. The ‘mine mouth value’ is defined as the value obtained in the first sale, less the direct and/or operating costs necessary to bring the ore from the mine mouth to said stage, with the exception of direct or indirect expenses and/or costs inherent to the extraction process.

The evaluation is based on ex-works Argentina; no withholding tax for repatriation of dividends was considered. No potential potassium credits were included in the economic evaluation.

The key assumptions and results of the economic evaluation are displayed in Tables 9 and 10, respectively.

Table 9: Key Assumptions Utilised for the Economic Evaluation HMW Project – Phase 1)

Assumption	Units	Values
Lithium Carbonate Production	tonnes/year	5,367
Project Life Estimate	Years	40
Discount Rate	%	8
Royalty	%	3
Corporate Tax	%	35
Dividend Payment Withholding Tax	%	n/a
Capital Cost (CAPEX)	US\$m	118
Sustaining Capital	US\$m	59
Average Annual Operating Cost (OPEX)	US\$/tonne	3,963
Average LiCl Selling Price (2025-2065)	US\$/tonne	20,252

Table 10: Economic Evaluation Results (HMW Project – Phase 1)

Parameters	Units	Values
Average Annual Net Income (after-tax)	US\$m/year	51.1
Average Provincial Royalty	US\$m/year	2.6
Average Operating Expenses	US\$m/year	21.0
Average Corporate and Withholding Taxes	US\$m/year	27.5
Average Annual EBITDA	US\$m/year	83.3
Average Annual Operational Free Cash Flow	US\$m/year	80.0
Average Annual Net Free Cash Flow	US\$m/year	54.0
Pre-Tax Net Present Value (NPV _{8%})	US\$m	736.1
After-Tax Net Present Value (NPV _{8%})	US\$m	459.8
Pre-Tax Internal Rate of Return (IRR)	%	48.2
After-Tax Internal Rate of Return (IRR)	%	35.5
Payback Period (After-Tax) ²	Years	2.2

(1) The Average figures for the income, Provincial Royalty, Operating Expenses, Corporate and Withholding Taxes, EBITDA and Operational Free Cash Flow has been estimated only considering the full production time of the operating period.

(2) Payback years after the commencement of production.

Sensitivity Analysis

The sensitivity of the economic evaluation of the HMW Project was analysed for the most important parameters. Tables 11 and 12 display the variation of the NPV and IRR, respectively, when the most important parameters fluctuate within the range of -30% and +30%.

Table 11: Sensitivity of the NPV After Tax (HMW Project – Phase 1)

Driver Variable	Base Case Value		NPV After Tax (US\$)						
			Percentage of Base Case Value						
			70%	80%	90%	100%	110%	120%	130%
CAPEX (Initial)	US\$m	\$118.4	\$493	\$482	\$471	\$460	\$449	\$437	\$426
Lithium Chloride Price	US\$/tonne (Avg)	\$20,252	\$246	\$317	\$389	\$460	\$531	\$602	\$673
OPEX	US\$/tonne	\$3,963	\$503	\$488	\$474	\$460	\$446	\$431	\$417

Table 12: Sensitivity of the IRR (HMW Project – Phase 1)

Driver Variable	Base Case Value		IRR After Tax (%)						
			Percentage of Base Case Value						
			70%	80%	90%	100%	110%	120%	130%
CAPEX (Initial)	US\$m	\$118.4	47.0%	42.4%	38.7%	35.5%	32.9%	30.6%	28.6%
Lithium Chloride Price	US\$/tonne (Avg)	\$20,252	23.9%	28.0%	31.8%	35.5%	39.1%	42.6%	46.0%
OPEX	US\$/tonne	\$3,963	37.7%	37.0%	36.3%	35.5%	34.8%	34.1%	33.3%

Project Funding

The relatively technically simple and strong economics of the HMW Project give Galan the foundation to source additional financing through debt and equity markets. This may include other fund raising channels that could benefit shareholders. However, there is no certainty that Galan will be able to source the required finance. Galan has not commenced formal financing discussions with any party.

To achieve the range of outcomes indicated in the DFS, funding of part of the US\$104m (ex-contingency) capital cost will likely be required. Typical project development financing involves a combination of debt and equity.

The Company may also elect to pursue other funding options, which could include undertaking a corporate transaction or other value realisation strategies such as an off-take with prepayment, sale, partial sale or joint venture of the HMW Project. Galan is of the opinion that there is a reasonable basis to believe that requisite future funding for Phase 1 of the HMW Project DFS will be available when required. However, the economic analysis does not price in the cost of funding over and above the application of the 8% discount factor, based on conventional mining methods and a very short capital payback period. It is also a possibility such funding may only be available on terms that may be dilutive or otherwise affect the value of Galan's existing shares on issue. The grounds on which this reasonable basis is founded include:

- Finance availability for high-quality projects remains robust
- Early offtake opportunities due to more flexible commercial outcomes
- The HMW Project Phase 1 will produce a premium, high-grade concentrated lithium chloride product with 6% Li content (equivalent to 12.9% Li₂O or 31.9% LCE)
- The HMW Project Phase 1 is technically simple and has a rapid payback of only 2.2 years from production
- The strategic nature of lithium, especially in the context of urgent global climate issues
- The release of Phase 1 of the HMW Project DFS enables Galan to discuss outcomes with potential financiers
- The HMW Project has significant growth in its Ore Reserves as it moves further down the Phase 2 DFS encompassing 20ktpa LCE production
- There are significant capital savings and other sunk costs that flow through to Phase 2 DFS
- Two years earlier cashflow from lithium chloride production versus lithium carbonate production

Upside Potential of the HMW Project

Phase 1 of the HMW Project DFS is the initial step in Galan's much larger development footprint. Phase 1 will provide:

- A premium product: High grade, low impurity concentrated lithium chloride product with 6% Li content (equivalent to 12.9% Li₂O or 31.9% LCE)
- Strong ESG credentials: Minimal fresh water usage and 50% lower power costs compared to lithium carbonate, including a solar power plant
- Significant Economics: CAPEX is approximately 40% less than lithium carbonate
- Up to 2 years earlier cash flow than lithium carbonate production saving sustaining CAPEX
- Flexible commercial outcomes: Opens up early offtake opportunities and pre-payments

The DFS optimisation work being conducted by the team continues and will culminate in the release of the Phase 2 DFS in September 2023, which will address the full 20ktpa LCE production rates.

Broader, more expansive studies have continued, which envisage Phase 3 production from HMW in 2028 (40ktpa LCE) followed by Phase 4 production in 2030 (60ktpa LCE) from both the HMW and Candelas projects.

The most significant and material items to be improved in the next expansion Phases of the HMW Project are:

- Additional Ore Reserves; the amount of reserves of 212Kt of recoverable LCE is not representative of the full potential for the HMW Project. It is expected that the Phase 2 DFS will significantly increase the quantity of Ore Reserves.
- Capital intensity; it is expected for the subsequent Phases of the HMW project, to have a lower capital intensity, expressed as US\$/LCE production capacity, in comparison with the capital intensity of Phase 1. The facilities to be constructed by Phase 1 and the economies of scale should allow this reduction, to be reflected in the CAPEX intensity of Phase 2.
- Operating cash cost; the small production volume of Phase 1 does not reflect a competitive cost for some fixed expenses, such as G&A and site services. It is expected to reduce in Phase 2 due to the

addition of a much larger production volume of recoverable LCE. In addition, a solar power plant will be incorporated in the second year of production which will facilitate a reduction in the OPEX costs.

- Annual Production Increase and cash flow generation; Phase 2 production of 20kt of recoverable LCE per annum will significantly increase the cash generated from the HMW Project.

Risk Analysis

For more information on the Risk Analysis, please refer to the ASX Announcement dated 3 July 2023 entitled “Phase 1 of Hombre Muerto West (HMW) DFS Delivers Compelling Economic Results for Accelerated Production.”

Project Update

Phase 1 preparation works (Figures 10 and 11) for lithium chloride production of 5.4ktpa LCE and camp expansion continue. 80% of top-soil clearing for main Pond 1 is completed, and further approved early works continue at site and camp. Phase 1 full construction permit and Phase 2 DFS are advancing and are expected to be achieved in Q3 2023.

New camp expansion is progressing well in readiness for the Phase 1 construction phase (Figure 11).

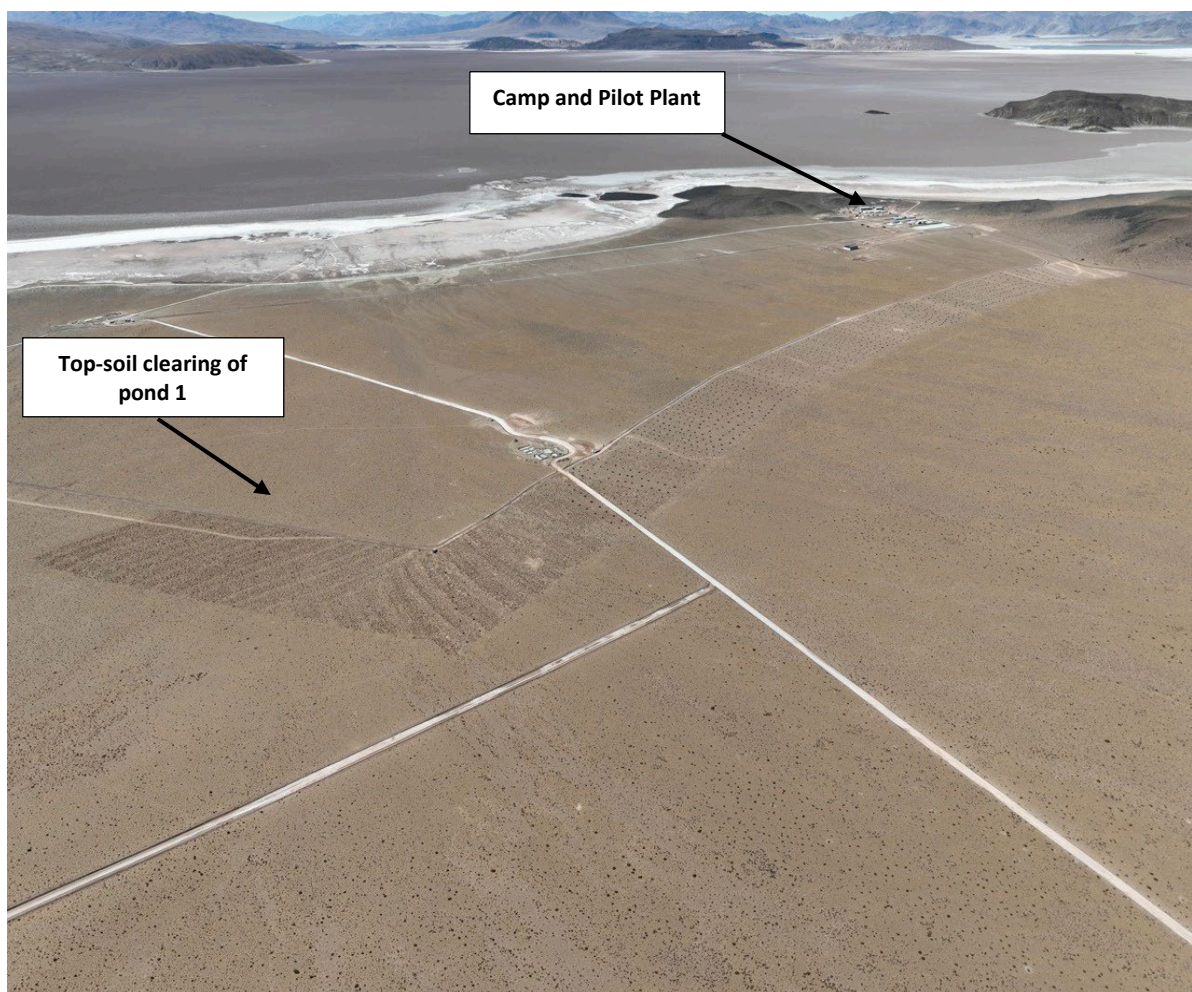


Figure 10: Aerial view of early work advances for Pond 1

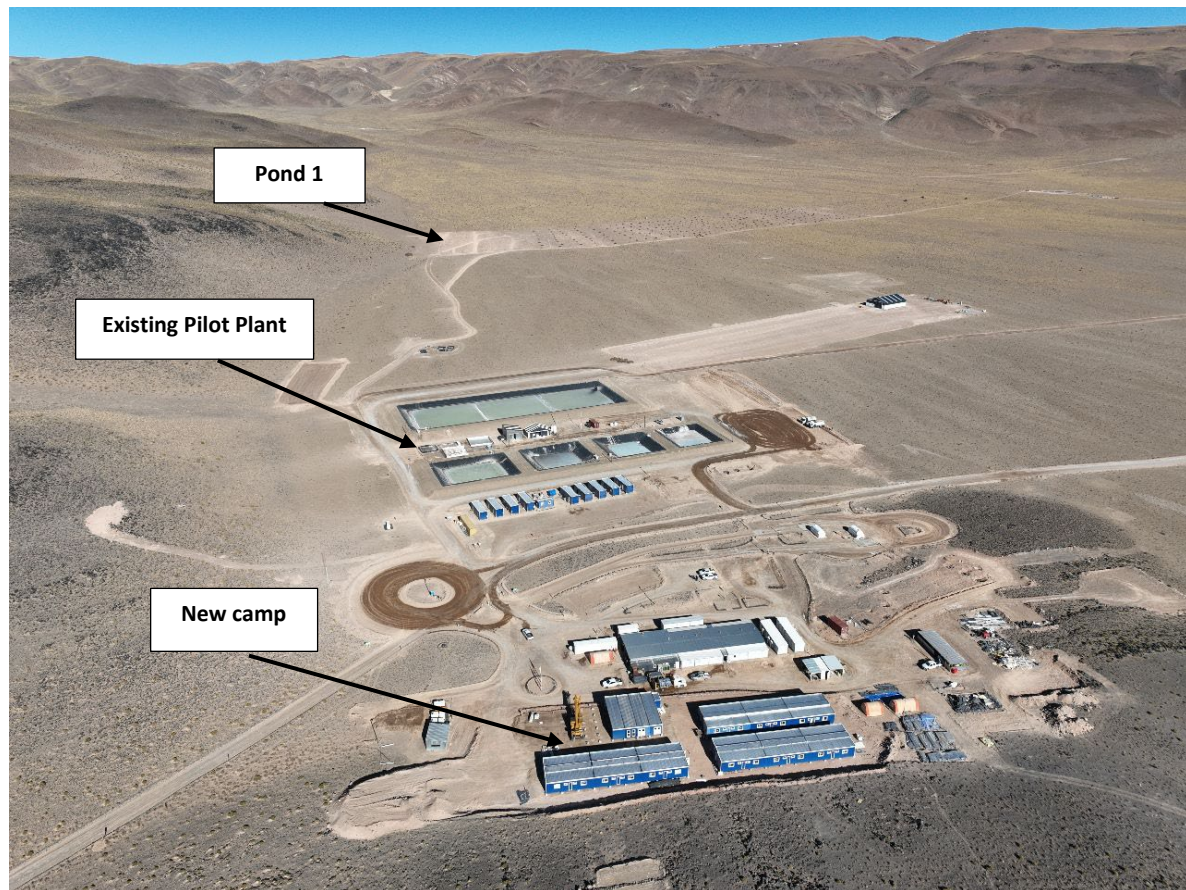


Figure 11: Aerial view of general advances for Phase 1 of HMW Project



Figure 12: Aerial view of existing pilot plant

Candelas (100% Galan)

The Candelas Project is supported by a full Preliminary Economic Assessment and a JORC 2012 Resource and lies approximately 40 km ESE of the HMW Project. It is hosted within a ~15 km by 3–4 km wide structurally controlled basin infilled with sediments that host the Li-bearing brines.

As announced on 8 February 2023, Galan moved to 100% full ownership and title to the Candelas project. Candelas has no 3rd party royalties attached to it and has a readily accessible reverse osmosis water source ie. no river water will be required.

Candelas will be incorporated into the revised production plan being formulated with the HMW Project.

Greenbushes South (100% Galan)

The maiden drilling campaign (eight diamond drill holes) at the Greenbushes South project was completed on 18 July 2023. The drill targets were identified from a combination of anomalous concentrations of pathfinder trace elements in soil samples and using ground geophysical methods (gravity and resistivity). Overall, a total of 3,735 metres were drilled over 19 weeks. Assays still need to be completed, and additional geochronological analyses are being performed on the non-mineralized pegmatites to place them into a greater geologic context. These additional results will determine how the non-mineralized pegmatites relate to the spodumene-bearing pegmatites at Greenbushes.



Figure 13: Diamond Drilling at Greenbushes South Project

Galan is working on new land access agreements within its Greenbushes South E70/4790 tenement, to secure the next phase of exploration closer to the primary target of the Donnybrook-Bridgetown Shear Zone, which hosts the Greenbushes deposit. These agreements will allow Galan to continue with the geophysical methods that successfully found blind pegmatites at depth. Galan plans on combining these future results along with previous soil anomalies announced on 24 March 2022 to develop its next drilling campaign by Q1 2024.

Additionally, Galan has benefitted from geophysical consultants NewGenGeo and SensOre to process the airborne geophysical data flown by Thompson Airborne in March 2022 over its Kirup Project, near the town of Donnybrook. Combining multiple approaches to processing the aeromagnetic and gravity data, Galan has developed a soil sample campaign over four target areas for Q4 2023 (Figure 14). The soil sampling and geologic mapping will ground-truth any potential lithium-bearing within the Kirup Project.

As a commitment to engage with stakeholders in Western Australia, Galan has hired a Community Engagement Officer to liaise with and provide information on its exploration plans to local communities.

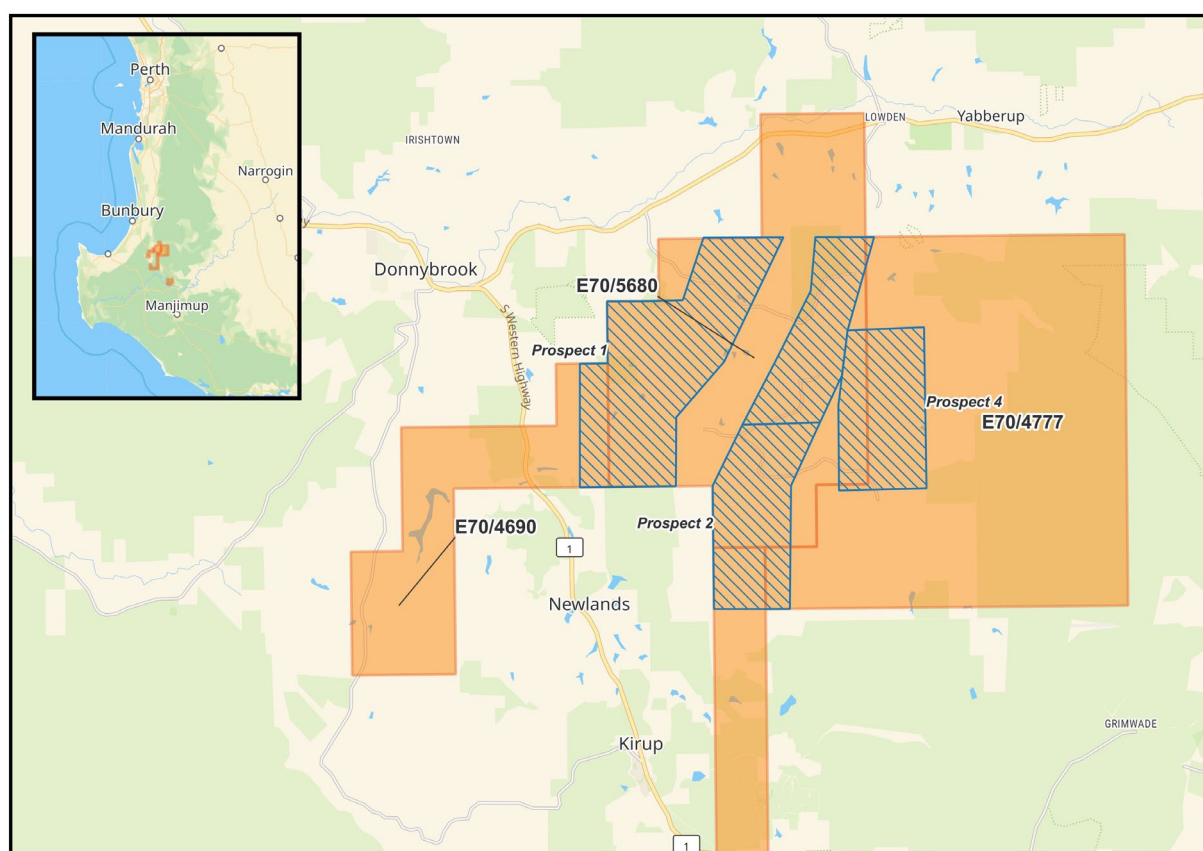


Figure 14: Map of identified potential lithium-bearing prospects from geophysical data within Galan's Kirup Project

CORPORATE

At the end of the June 2023 quarter, the Company had cash resources and investments of \$45.2 million.

Placement

On 22 May 2023, Galan announced the completion of a strongly supported A\$31.5 million institutional placement to accelerate the development of its strategic lithium projects.

The placement provides the Company with significant flexibility with respect to its ongoing capital expenditure requirements at Hombre Muerto West (**HMW**), Candelas and Greenbushes South. In particular, proceeds from the placement will be applied to accelerate:

- Purchase of Phase 1 (5.37ktpa LCE) long lead items including liners, piping and lime plant
- Prepayment for earthworks contractor and camp expansion
- Stage 2 DFS and production expansion studies
- Further exploration and production well drilling
- Contingency for extra work at Greenbushes and general working capital.

Other

On 28 July 2023, the Company announced that it had executed the necessary agreements to register its full ownership of the Catalina tenure (as issued by the Catamarca and Salta authorities). There is a long-standing political border dispute (over 100 years) between Salta and Catamarca, that includes the northern part of the Salar del Hombre Muerto, which does not have a foreseeable resolution. Over time, both respective provincial mining authorities have claimed the right on the disputed area and have been issuing mining rights that overlap over the same area. For clarity, Galan's Catalina tenure covers Catalina, Rana de Sal II, Rana de Sal III, Pucara del Salar and Deceo I.

The Catalina tenure has never been included in the HMW Resource estimate but will now be classified under the HMW Project and a more focused and detailed work campaign will ramp up in the area.

Catalina is located in a disputed area between Salta and Catamarca without final definition, therefore the ownership of the area will be disputed by Salta up until the Federal Congress takes a final decision. It is not expected that such a resolution will eventuate in the foreseeable near future.

However, following on from negotiations with the Salta private owner, an agreement has been reached whereby the Company will own 100% of the Catalina project, both in Salta and Catamarca, upon the issue of 9,756,098 fully paid ordinary shares in the capital of Galan. The uncertainty around the private ownership and potential mine development of the tenure has now been resolved through this important acquisition.

Appendix 5B

Payments to related parties of the entity and their associates for the quarter totalled \$343,498 for director fees, legal fees and consulting fees.

The Galan Board authorises the release of this June 2023 Quarterly Activities Report.

For further information contact:

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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 contained herein that relates to project background, brine extraction method, recovery method, project layout and infrastructure, capex estimate, opex estimate and economic evaluation have been directed by Mr. Marcelo Bravo. Mr. Bravo is Chemical Engineer and managing partner of Ad-Infinitem 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.

Competent Persons Statement 3

The information in this report that relates to the Mineral Resources estimation approach at Candelas and 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.

Competent Persons Statement 4

The information in this report that relates to the Ore Reserves estimation approach at Hombre Muerto West was compiled by Dr Brian Luinstra. Dr Luinstra is a 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 Luinstra 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 was reviewed by John Woodson, PE SME-RM as senior vice president of M3 Engineering and Technology Corporation. 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 of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Woodson 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.

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 remains for other areas of the HMW concessions that have not 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 which 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, maiden drilling commenced within E70/4790.

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 and 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. 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

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 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, 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.

INTEREST IN MINING TENEMENTS AT 30.06.23

Argentina (Hombre Muerto projects) - 100% interest

Candela I - VI
Casa Del Inca I, II, III & IV
Catalina
Deceo I, II & III
Del Condor
Delmira I
Don Martin
Jazmin II
Pata Pila
Pucara del Salar
Rana de Sal I, II & III
Santa Barbara VII, VIII, X, XXIV
Argentina Gold

Australia (Greenbushes South project) – 100% interest

E70/4690 (G)
E70/4790 (G)
E70/4777 (G)
E70/5680 (G)
E70/6263 (P) (formerly E70/4889)
E70/1698 to E70/1704 (P)
E70/6264 (P) (formerly E70/4629)

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GALAN LITHIUM LIMITED

ABN

87 149 349 646

Quarter ended ("current quarter")

30 June 2023

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	14	54
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(975)	(3,136)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	375	698
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(586)	(2,384)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(5,006)
	(c) property, plant and equipment	(46)	(124)
	(d) exploration & evaluation	(10,140)	(28,690)
	(e) investments	-	(2,082)
	(f) other non-current assets	(70)	(294)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(10,255)	(36,196)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	31,500	31,500
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	6
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1,776)	(1,793)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	29,724	(29,713)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	26,249	53,883
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(586)	(2,384)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(10,255)	(36,196)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	29,724	29,713

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
4.5	Effect of movement in exchange rates on cash held	19	135
4.6	Cash and cash equivalents at end of period	45,151	45,151

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	12,129	2,887
5.2	Call deposits	27,000	22,500
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Overseas bank acc	6,022	861
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	45,151	26,249

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	195
6.2	Aggregate amount of payments to related parties and their associates included in item 2	148

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Includes MD salary, NED salaries and professional fees plus legal fees paid to an associate of a NED.

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(586)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(10,140)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(10,725)
8.4	Cash and cash equivalents at quarter end (item 4.6)	45,151
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	45,151
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: NA	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: NA	
8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: NA	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2023

Authorised by: **The Board of Galan Lithium Limited**

Mike Robbins (Company Secretary)

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.