

ASX ANNOUNCEMENT

22 April 2024

GALAN SIGNS PIVOTAL COMMERCIAL AGREEMENT WITH CATAMARCA GOVERNMENT TO COMMERCIALISE LITHIUM CHLORIDE CONCENTRATE

Highlights:

- Galan has signed a commercial agreement with the Catamarca Government in support of the grant of permits to enable the commercialisation of lithium chloride concentrate to be sold locally or exported internationally
- Galan's ability to export lithium chloride concentrate is expected to facilitate access to a larger customer base domestically and internationally, potentially offering enhanced offtake terms and funding/prepayment opportunities
- The agreement includes an increase in the proposed royalty rate to 7% and potential advance payments. This is similar to the successful regime operating in Australia (applied to the export of spodumene concentrate, which contributed to Australia becoming the largest Lithium exporter in the world, in recent years), thereby supporting the rapid development of the HMW project
- The agreement includes a commitment by Galan, after 4 years, to pursue further downstream processing routes (e.g. lithium carbonate, lithium hydroxide or other alternatives), outside the Hombre Muerto salar, with the intent to offer priority to a collaboration with the Catamarca government agency
- The HMW Project is a Tier One project that will produce a low cost premium high grade lithium chloride (LiCl) concentrate of 6% Li, comparable to 13% Li₂O or 32% Lithium Carbonate Equivalent (LCE) and remains on track for first production in H1 2025.
- The agreement also cements an important prerequisite required for the grant of Phase 2 permits (currently under application), potentially enabling the continuity of development for Phase 2 construction at the completion of Phase 1.
- Galan continues to work closely with the local Catamarca government in relation to our long term value add lithium production strategy, this agreement further significantly de-risks the strategy and provides evidence of our very strong, positive and collaborative relationship with local authorities and our community

Galan Lithium Limited (**ASX:GLN**) (**Galan** or the **Company**) is very pleased to announce that on Friday 19 April 2024 (Argentina time), the Catamarca Governor signed a commercial agreement in support of the grant of permits for the commercialisation of lithium chloride concentrate from the Hombre Muerto West lithium brine project (HMW). The permits will allow for the domestic sale or export of lithium chloride concentrate, Galan will however continue to endeavour to place lithium chloride concentrate locally. Galan commits to pursuing further downstream processing routes (e.g. lithium carbonate, hydroxide or other alternatives) after 4 years, in a location outside the Hombre Muerto salar. The next step in the process is the formalisation and the passing into legislation.



Catamarca Governor Raúl Jalil and Galan Lithium Ltd Managing Director Juan Pablo Vargas de la Vega in Catamarca on Friday 19 April 2024

As previously announced, the HMW project is separated into four production phases. The initial Phase 1 Definitive Feasibility Study (DFS) focused on the production of 5.4ktpa LCE of a lithium chloride concentrate (currently under construction) by H1 2025, as governed by the approved production permits. The Phase 2 DFS targets 21ktpa LCE of a lithium chloride concentrate in 2026, followed by Phase 3 production of 40ktpa LCE by 2028 and finally a Phase 4 production target of 60ktpa LCE by 2030. Phase 4 will include lithium brine sourced from both HMW and Galan's other 100% owned project in Argentina, Candelas. The very positive Phase 2 DFS results were announced on 3 October 2023 (<https://wcsecure.weblink.com.au/pdf/GLN/02720109.pdf>).

Galan's Managing Director, Juan Pablo (**JP**) Vargas de la Vega, commented: "Galan would firstly like to acknowledge and sincerely thank the Government of the Catamarca Province in Argentina for their continued support. We look forward to continuing to work side by side with our local communities and authorities, towards achieving mutually beneficial and sustainable outcomes for both the people of Argentina and Galan's shareholders, through the further downstream development of lithium processing routes such as lithium carbonate, hydroxide or other alternatives, in Catamarca.

This commercial agreement is an important milestone in implementing Galan's strategy, providing access to a larger international customer base at potentially improved sales and funding/prepayment terms. The agreement is expected to provide tangible progress towards the granting of Phase 2 permits on our journey to becoming the next lithium producer in Argentina.

We are proud of our long term relationship with the Government of Catamarca and local communities in Argentina. The agreement reflects the mutual respect and trust we have established and the commitment we all have to maximising the short, medium and long term economic opportunities at the HMW Project.”

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 (Arcadium Lithium, formerly Livent Corporation), Sal de Vida (Arcadium Lithium, formerly Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, just south of the Tier 1 Greenbushes Lithium Mine.

Hombre Muerto West (HMW): A ~16 km by 1-5 km region on the west coast of Hombre Muerto Salar neighbouring Arcadium Lithium to the east. HMW is currently comprised of twenty one mining tenements. Geophysics and drilling at HMW demonstrated significant potential of a deep basin. A binding offtake and financing agreement (pending due diligence) for Phase 1 production has been signed with Glencore plc. In March 2024 an updated Mineral Resource estimate was delivered totalling 7.9Mt of LCE @ 883mg/l Li.

Candelas: A ~15 km long by 3-5 km wide valley-filled channel which project geophysics and drilling have indicated the potential to host a substantial volume of brine and over which a maiden resource estimated 685 kt LCE @ 672 mg/l Li (Oct 2019). Furthermore, Candelas has the potential to provide a substantial amount of processing water by treating its low-grade brines with reverse osmosis, this is to avoid using surface river water from Los Patos River.

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

Resources (March 2024)

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	1,028	890	866	4,738	7,505	7,714	14,711
Indicated	347	310	894	1,649	7,837	2,717	5,181
Inferred	300	278	926	1,480	8,210	2,464	4,700
HMW Total	1,675	1,478	883	7,867	7,700	12,895	24,591
Candelas North (*)							
Indicated	196	129	672	685	5,193	1,734	3,307
Galan’s Total Resource Inventory							
Grand Total	1,871	1,607	859	8,552	7,819	14,629	27,895

Notes:

1. No cut-off grade applied to the updated Mineral Resource Estimate
2. The conversion for LCE = Li x 5.3228, and KCl = K x 1.907.
3. There may be minor discrepancies in the above table due to rounding.
4. (*) The Candelas North Mineral Resource Statement was announced on 1 October 2019.

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 percentage of lithium oxide (Li₂O) content or percentage of lithium carbonate (Li₂CO₃) content. Lithium carbonate equivalent (LCE) is the industry standard terminology and is equivalent to Li₂CO₃. Use of LCE provides 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 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.

Table of 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
Lithium Chloride	LiCl			

Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.91.

Forward-Looking Statements

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

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 the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Mr Carlos Eduardo Descourvieres. Mr Descourvieres is an employee of WSP (Chile) and a Member of the Australian Institute of Mining and Metallurgy. He has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)'. Mr Descourvieres consents to the inclusion of his name in 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.