GALAN LITHIUM LIMITED

ACN 149 349 646

AND CONTROLLED ENTITIES

ANNUAL REPORT

30 June 2019

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Directors

Nathan McMahon (Non-Executive Chairman)
Juan Pablo Vargas de la Vega (Managing Director)
Chris Chalwell (Non-Executive Director)
Terry Gardiner (Non-Executive Director)
Jinyu (Raymond) Liu (Non-Executive Director)
Daniel Jimenez (Non-Executive Director)

Company Secretary

Mike Robbins

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Auditors

Bentleys
Level 3, 216 St Georges Tce
Perth WA 6000

Share Registry

Advanced Share Registry Limited
110 Stirling Highway
Nedlands WA 6009

Stock Exchange Listing

Australian Securities Exchange Limited (ASX)
Home Exchange-Perth, Australia

ASX Code

GLN

The Directors submit their report on Galan Lithium Limited (**the Company** or **Galan**) and its controlled entities (**the Group**) for the financial year ending 30 June 2019 (**the year**).

1. DIRECTORS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Nathan Bruce McMahon - Non-Executive Chairman

Experience

Mr McMahon has provided corporate and tenement management advice to the mining industry for nearly 25 years to in excess of twenty public listed mining companies. Nathan has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence.

Mr McMahon is also joint Managing Director of Cazaly Resources Ltd.

Other listed directorships

Cazaly Resources Limited	Since June 2002

Interest in shares and options

6,269,167 ordinary shares
750,000 unquoted options exercisable at $0.15 expiring on or before 29/11/19

Juan Pablo ('JP') Vargas de la Vega - Managing Director

Experience

JP is a Chilean/Australian mineral industry professional with 15 years broad experience in ASX mining companies, stockbroking and private equity firms and holds a Masters in Mineral Economics from Curtin University, Perth. JP has been a specialist lithium analyst in Australia. JP has also operated a private copper business in Chile and has also worked for BHP, Rio Tinto and Codelco.

Other listed directorships

Nil

Interest in shares and options

7,127,274 ordinary shares
5,117,658 unquoted options exercisable @ $0.14 expiring on or before 31/12/19
5,000,000 Class A performance shares
5,000,000 Class B performance shares

Christopher William Chalwell - Non-Executive Director

Experience

Mr Chalwell has more than 30 years' experience in senior management and advisory roles, initially graduating from the Western Australian School of Mines and more recently from the Advanced Management Program at Harvard University in Boston. Chris is currently the Chairman of Railtrain Holdings Group and is a recent Director of the Industrial Foundation of Accident Prevention (IFAP), a not for profit organisation where Chris worked to advanced safety leadership in the workplace. He was also Vice Chairman of Perth Racing, Western Australia's premier thoroughbred racing club.

For more than a decade and prior to Chris's appointment as Railtrain, Chris was Chief Operating Officer of Skilled Group, a workforce services business that under Chris's leadership transformed by increasing revenues to greater than $1.0 billion, significantly reduced employee injury rates and increased productivity and profitability.

Other listed directorships

Nil

Interest in shares and options

2,511,402 ordinary shares
750,000 unquoted options exercisable @ $0.15 expiring on or before 29/11/19

Terry James Gardiner - Non-Executive Director

Experience

Mr Gardiner has been involved in capital markets, corporate advising, stockbroking & derivatives trading for over 20 years. For the past thirteen years Mr Gardiner has been an Executive Director of boutique broker Barclay Wells Ltd.

Other listed directorships

Cazaly Resources Ltd since December 2016.
Roto-Gro International Limited since July 2019.

Interest in shares and options

5,195,902 ordinary shares
750,000 unquoted options exercisable @ $0.15 expiring on or before 29/11/19

Jinyu (Raymond) Liu - Non-Executive Director

Experience

Mr Liu is a qualified mining engineer with a commercial background and received his degree in Mining Engineering from University of Western Australia. He also holds a Masters of Minerals Economics from Curtin University and a Western Australia Unrestricted Quarry Manager's licence. Mr Liu is the founding Managing Partner of Havelock Mining Investment, a Hong Kong investment company and has been involved with numerous investments in ASX listed companies and is currently a Director of Okapi Resources Ltd. Prior to this, he held technical roles at Rio Tinto, KCGM and Mt Gibson Iron.

Other listed directorships

Okapi Resources Limited since October 2017.

Interest in shares and options

13,367,640 ordinary shares
6,588,230 unquoted options exercisable @ $0.14 expiring on or before 31/12/19

Daniel Jimenez - Non-Executive Director (appointed 4 September 2019)

Experience

Mr Jimenez is a civil industrial engineer and had previously worked for world leader in the lithium industry Sociedad Química y Minera de Chile (NYSE:SQM, Santiago Stock Exchange: SQM-A, SQM-B) for 28 years based in Santiago, Chile. His last position at SQM was as Vice President of Sales of Lithium, Iodine and Industrial Chemicals where he formulated the commercial strategy and marketing of SQM's industrial products and was responsible for over US$900 million worth of estimated sales in 2018. He also previously held several senior positions in SQM in the finance and sales areas at SQM´s headquarters in Chile and in the U.S. He also held regional commercial responsibilities for Europe, Africa and Asia based in Belgium. Since leaving SQM in late 2018, Daniel has been a leading consultant to the lithium industry focusing on market intelligence, forecasting and lithium business strategy.

Other listed directorships

Nil

Interest in shares and options

Nil

Mike Robbins - Company Secretary

Mr Robbins has over 20 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office management positions and is also Company Secretary for Cazaly Resources Limited.

2. DIVIDENDS

No dividend has been paid during the year and no dividend is recommended for the year.

3. DIRECTORS' MEETINGS

The number of Directors' meetings held and conducted during the financial year and the number of meetings attended by each Director are:

	Meetings	
	No. Eligible	**No. Attended**
Mr McMahon	6	5
Mr Vargas de la Vegas	6	6
Mr Chalwell	6	6
Mr Gardiner	6	6
Mr Liu	6	6

For details of the function of the Board and any relevant committees please refer to the Corporate Governance Statement on the Company's website at www.galanlithium.com.au.

4. PRINCIPAL ACTIVITIES

The principal activity of the Company during the course of the financial year consisted of mineral exploration, acquisition and evaluation.

5. OPERATIONS & CORPORATE REVIEW

Operations

- Results confirm lateral brine extension and high-grade continuity in the northern end of the Candelas basin
- Resource estimation work has been awarded with maiden JORC compliant resource estimate (for initially northern portion) on track for delivery in Q3 2019
- Preliminary Feasibility Study (PFS) to commence shortly after Candelas maiden resources estimate is completed
- Alternative processing technology review underway with results to feed into PFS
- Brine samples sent to international laboratories
- Drilling permits received for the Western Tenements

The main exploration focus has been at the Candelas lithium brine project, Catamarca province, Argentina, where the Company successfully and safely completed its maiden stage one and stage two drilling campaigns. The Company recorded no lost time injuries (LTI's) since drilling exploration began in January 2019.

The drilling results have confirmed the presence of high-grade, low impurity lithium close to the eastern boundary of the Candelas basin. This indicates a minimum 3.5km strike and 2.5km width extent in this northern portion of Candelas (Figure 1). All five holes drilled at Candelas North graded >500 mg/l Li (Table 1). Importantly, results continue to show exceptional low levels of impurities with Mg/Li ratios <2.80, which is in line with those observed at the nearby Livent project (NYSE: Fenix) and Galaxy Resources' (ASX: GXY) Sal de Vida project. The Galan team was able to successfully operate at high altitude and low temperatures during winter. This is a significant achievement that indicates that the Company will be able to continue its PFS activities during winter next year.

Table 1: Candelas Drillhole Assays Summary (C-01-19 to C-08-19)

Hole ID	From (m)	To (m)	Interval (m)		Li mg/L	Mg mg/L	B mg/L	K mg/L	Mg:Li	Location
C-01-19	205	397	192	m@	**802**	2,224	577	8,219	2.77	**Candelas North**
C-02-19	470	662	192	m@	121	368	347	1,854	3.04	Candelas Central
C-03-19	311	454	143	m@	**784**	2,144	544	7,095	2.73	**Candelas North**
C-04-19	371	488	117	m@	141	525	349	1,880	3.72	Candelas Central
C-05-19	240	377	137	m@	**680**	1,721	506	6,682	2.53	**Candelas North**
C-06-19	350	404	54	m@	**508**	1,363	462	5,670	2.68	**Candelas North**
C-07-19	150	331	181	m@	99	126	281	1,859	1.27	**Candelas North**
C-08-19	270	340.4	70.4	m@	**744**	1,974	566	7,684	2.65	**Candelas North**

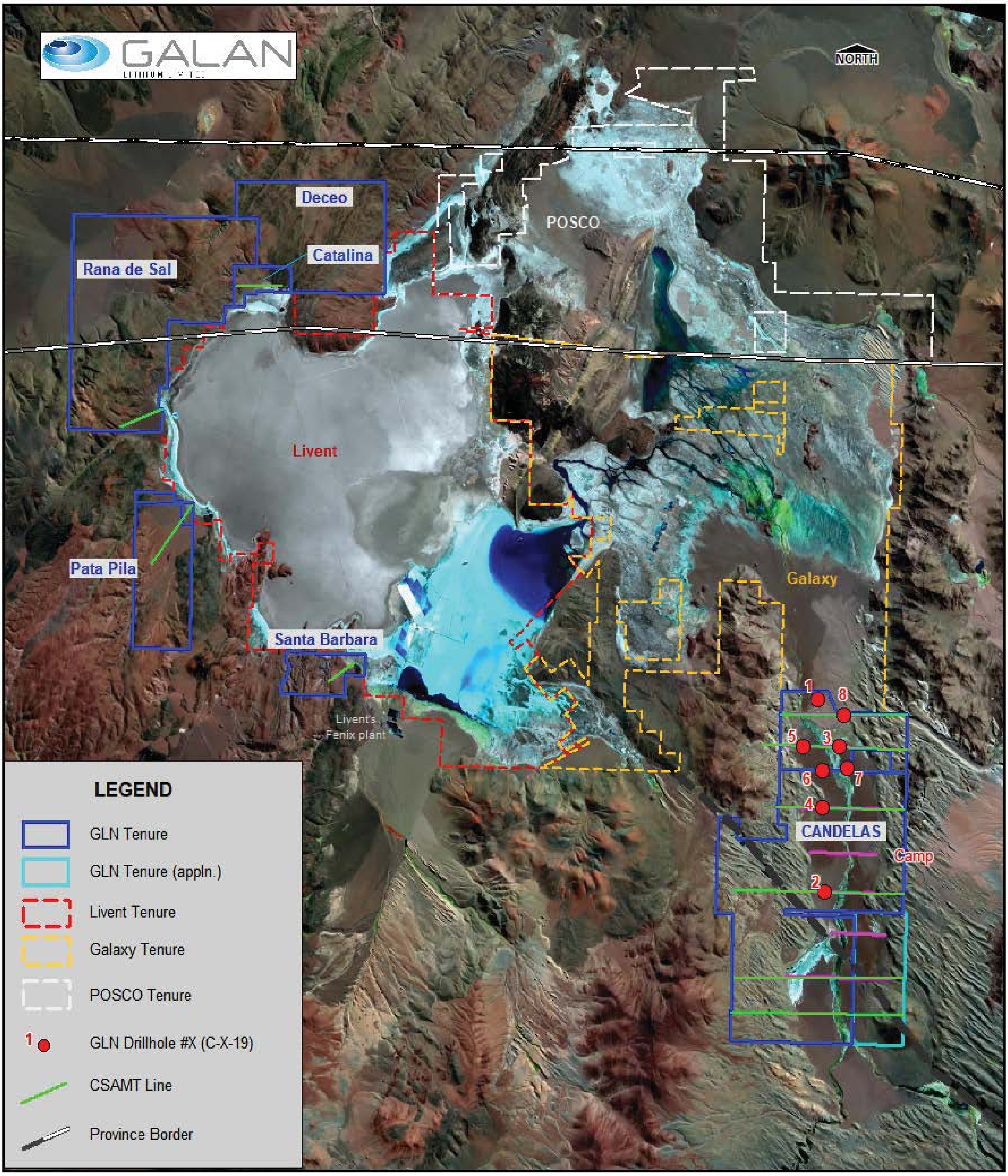

Figure 1: Location of Candelas drillholes and Galan Lithium's tenure, salar Hombre Muerto, Argentina

Drilling

The Company is on track to deliver a maiden JORC compliant resource estimate in Q3 2019 for the northern portion of Candelas following receipt of further assay and porosity results from its recently completed drilling campaign.

Drillhole (C-01-19)

As announced on 20 February 2019, the highly successful maiden drillhole (C-01-19), located immediately to the southeast of the Hombre Muerto salar in Argentina, was completed to a depth of 401 metres. The drillhole successfully encountered a substantial intercept of **192 metres @ 802 mg/l Li within** brine from depths of approximately 235 to the end of the hole within coarse clastic sediments to 311 metres and then fractured basement lithologies to 401 metres.

Drillhole (C-02-19)

Drillhole C-02-19 encountered fractured basement at 632m and was completed to a total depth of 662m. It was noted that sample waters were elevated in temperature (~30°c) indicative of proximal hydrothermal activity which would dilute the aquifer at this location. Fumaroles at surface are only observed to exist in the proximity to C-02-19 (CSMAT line 4). It is the technical team's view that brines were introduced at depth into the channel from the north with drillhole C-02-19 drilled into a hydrothermally affected area. Hydrothermal activity proximal to C-02-19 may be diluting the aquifer at this location. Drill hole C-02-19 largely replicated the geology of the maiden drill hole including good levels of potential porosity within a thick sequence (~231m) of conglomerates (105m thick in C-01-19). C-02-19 has a layer of ignimbrite to 167m (165m in C-01-19) below shallow alluvial cover. The tectonic basin in this area was found to be much deeper (632m vs 310m) encountering a very thick sequence of sands and clays at depth (to 401m) before entering interbedded breccia and conglomerates (to 632m) similar in character to that observed in maiden drill hole C-01-19.

Drillhole (C-03-19)

On 17 April 2019, Galan announced that it had completed drilling, casing and sampling its third drillhole (C-03-19) at the project. The drillhole is located approximately 2.5kms south of the maiden drillhole (C-01-19). Following termination of the drillhole to a final depth of 460m. Field tests and logging indicated a substantial intercept of brine where assays confirmed an exceptional intercept of **143m @ 784 mg/l Li** from 311m to 454m.

Drillhole (C-04-19)

The fourth drillhole (C-04-19) was recently completed to 488m. Field tests indicated a moderately conductive, from 100 mS/cm to ~143 mS/cm, brine horizon intercepted over 117m from ~371m to 488m to the end of the hole. Downhole geophysics will be performed, and samples collected over the interval.

Drillholes (C-05-19 to C-08-19)

As announced on 2 July 2019, laboratory results were received for drill hole five (C-05-19), six (C-06-19) and seven (C-07-19). The new data confirmed a minimum 3.5km strike extent of heavy brines at the northern portion of Candelas with holes one, three, five and six all with >500mg/l Li ranging from 510-802mg/l Li and hole eight giving similar indications from field testwork. The latest round of sampling for drill holes 5 to 7 followed downhole geophysics which highlighted the preferred brine horizons to be sampled. The holes were then cased to the top of the brine horizon and pumped for between 8 to 24 hours to ensure that the sample was representative.

Drillhole C-07-19 encountered shallow basement at ~248m, not deep enough to encounter heavy brines in this region.

Drillhole C-08-19

The results for the last drill hole of the two-stage campaign were announced on 22 July 2019. Positive laboratory results for hole eight indicated a 70.4m interval grading 744mg/l Li with low impurities. Initial packer results from a 5-hour pumping test yielded 655 mg/l Li. Following this, the hole was cased and the interval resampled utilising a more comprehensive 72-hour pumping test. Results from this indicated an increase in grade to 744 mg/l Li from 655 mg/l Li and a brine density of 1.80 (compared to 1.162 using 5-hour pumping test) with both conductivities remaining >200 mS/cm.

Drillhole eight (C-08-19) also positively tested and confirmed the presence of high-grade lithium close to the eastern boundary of the Candelas basin. All five holes drilled at Candelas North graded >500 mg/l Li (Table 1). Importantly, results continue to show exceptional low levels of impurities with Mg/Li ratios <2.80, which is in line with those observed at the nearby Livent project (NYSE: Fenix) and Galaxy Resources' (ASX: GXY) Sal de Vida project.

Next Steps

SRK (Australia) has now visited site as part of their ongoing oversight of the project and for the mineral resource estimation process. During this time SRK also visited the Western Tenement sites due to the granting of those drilling permits (announced 24 July 2019).

Pumping tests have continued to be carried out at the remaining holes at Candelas to ensure quality control over previous samples.

The Company is preparing for the commencement of a Pre-Feasibility Study ('PFS') into the potential development of the project. Samples have been sent to international laboratories for the testing of lithium extraction using ion-exchange technologies with results expected in the next coming months.

Western Basin

On 13 August 2019, Galan announced that the Company would commence its maiden drill programme over its Western Tenement projects located on the Hombre Muerto salar in Argentina. Preparatory works to access sites for drilling were completed within the *Pata Pila* and *Rana del Sal* project areas with drilling commencing on 16 August 2019.

The drilling was targeting highly conductive anomalies recorded from CSAMT (Controlled Source Audio-frequency Magnetotellurics) surveys previously completed in September last year (Figures 2, 3).

The Company was granted permits to drill a total of 14 drillholes plus 5 water bores within 18 months over the Western tenements (Figure 3).

Pata Pila

Pata Pila covers a large alluvial fan along the western margin of the salar with the geophysical profile showing an upper, horizontal conductive layer over ~2km being compatible with geological units interpreted to contain brines (Figure 2). The south-west extreme of the line shows the limit of the conductive materials which is more transitional and may be due to mixing of fresh/salty water content with brines in the area between stations 10400E and 10800E. To the west, the resistive materials are interpreted as metamorphic basement.

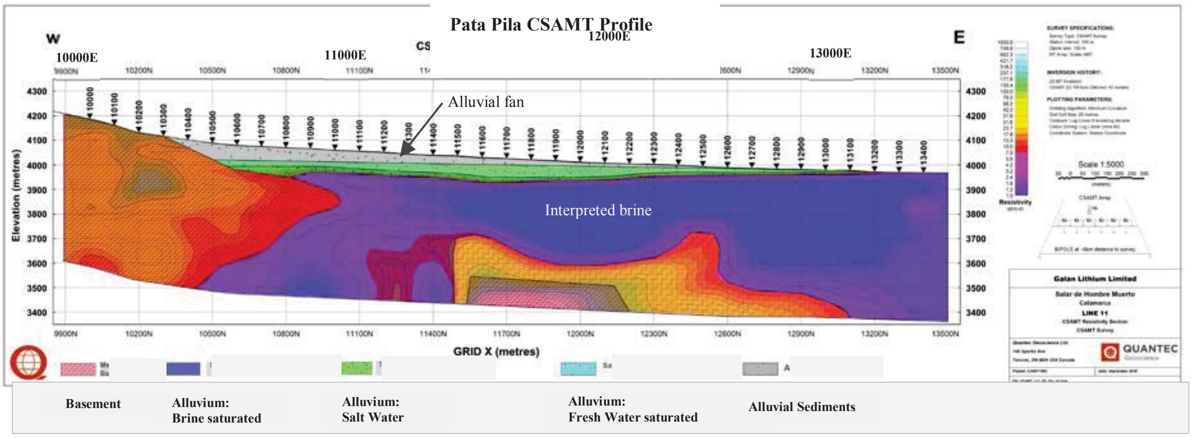

Figure 2: Pata Pila - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

Drillhole PP-19-01

As announced on 11 September 2019 the Company reported exceptional preliminary assay results from its maiden drill hole at Pata Pila, part of its Western Basin projects located on the Hombre Muerto salar in Argentina (Figure 3).

The Pata Pila licence covers a large alluvial fan adjacent to Livent Corporation's (NYSE: LVHM) tenure covering the western margin of the Hombre Muerto salar. The drillhole intercepted several brine horizons varying from 25m to 258m in thickness and was completed at 718 metres after encountering basement at a depth of 713 metres. Preliminary results from four samples returned consistent, high lithium grades greater than 900mg/l Li with low impurity levels (Table 1). These results are significant, being some of the highest-grade results reported from any brine project in Argentina to date.

Further samples taken to the end of the hole also reported heavy brines with high specific gravity values ~1.20 and conductivities >200 mS/cm. Further double packer tests will be undertaken following downhole geophysics which is currently underway.

Table 2: Field and laboratory test results, drill hole PP-19-01, Pata Pila

Sampling Method	Sample No.	From (m)	To (m)	S.G. (g/l)	Cond. (mS/cm)	Li mg/l	Mg mg/l	Mg:Li
Bailer	607	99	121	1.220	>200	**938**	1,338	1.43
Bailer	608	Failed Test						
Packer	609	254	301.5	1.222	>200	**902**	1,570	1.74
Packer	610	493	541	1.219	>200	**902**	1,440	1.60
Packer	611	544	580	1.221	>200	**909**	1,388	1.53
Packer	612	582	647	1.200	>200	n/a	n/a	n/a
Packer	613	651	718	1.200	>200	n/a	n/a	n/a

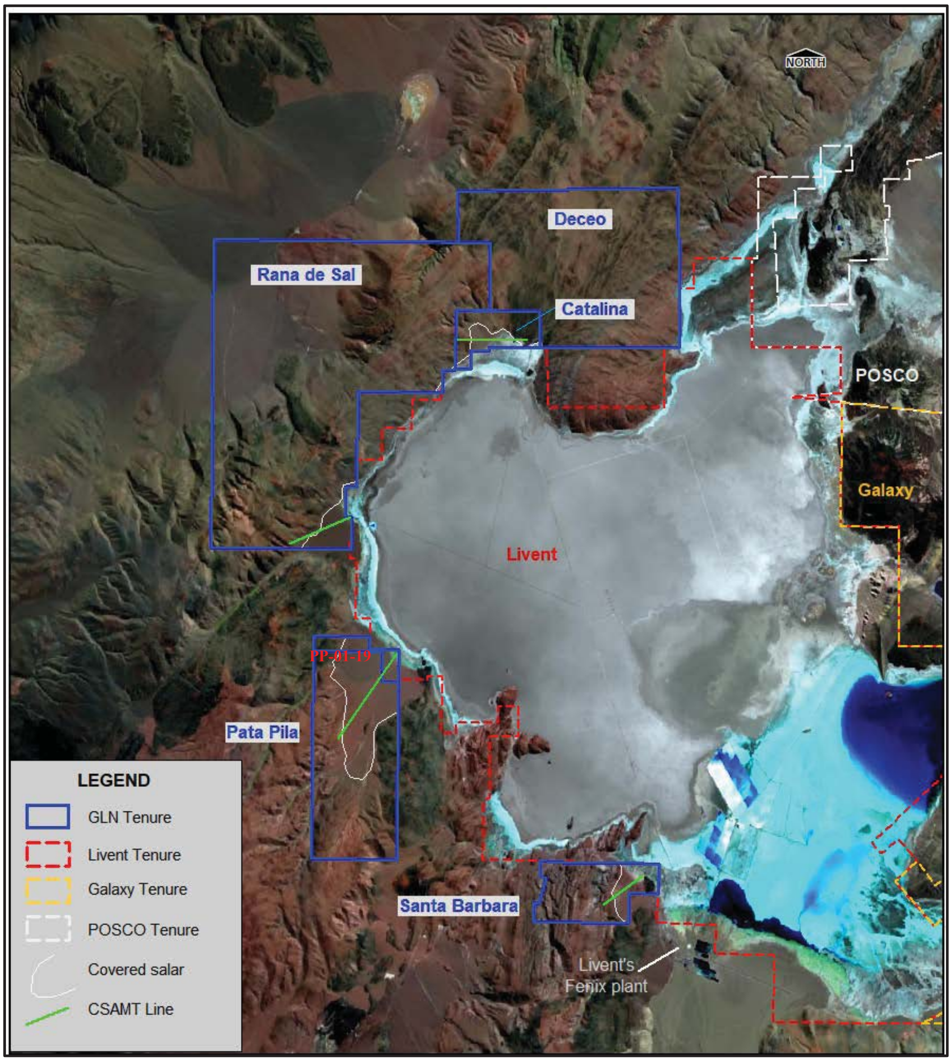

Figure 3: Location of Western Basin tenements including drillhole PP-19-01

<u>Rana del Sal</u>

The Rana de Sal profile covers an alluvial fan area interpreted to overlie the salar. The geophysical profile shows a highly conductive response over ~1.5km that are compatible with units interpreted to contain brines (Figure 3). The eastern end shows the conductive anomaly remaining open, as expected, as the line enters the salar in the area where Livent Corporation (NYSE:LTHM) has its operations. Towards the west a more resistive unit is interpreted as basement. Between stations 10700E and 11900E, the overlying materials are interpreted as alluvial fan sediments saturated with fresh or salty water.

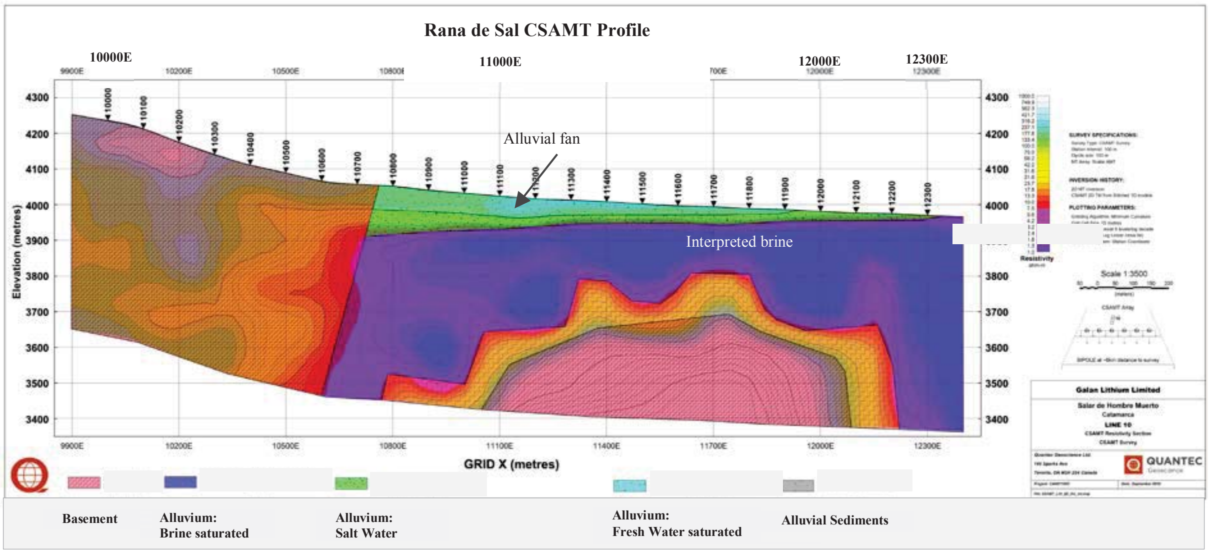

Figure 4: Rana del Sal - Interpreted CSAMT model showing lowly resistive brine saturated materials

Processing

As announced on 3 July 2019, the Company confirmed that it had commenced a preliminary investigation into ion exchange technologies for processing lithium brines from the Candelas lithium brine project located in Catamarca province, Argentina

The investigation follows a six-month technical review into alternative processing technologies, with the results of both to be fed into the PFS for the project's potential development.

Due to the lead time associated with conducting due diligence into the suitability of ion exchange technologies the Company has chosen to conduct these activities in parallel to other exploration and operational activities currently underway and adding value to the Candelas project.

In addition to investigating ion exchange technologies, the Company is also following the more conventional processing route using evaporation, selective precipitation, purification and precipitation as Lithium Carbonate.

These tests will be conducted over the next few months the results of which will be utilised in the PFS.

Galan has initiated discussions with technology providers capable of providing ion exchange recovery from lithium brines, with two providers selected to conduct bench top test work.

The Company is also assessing precipitation technologies for the extraction of lithium salts for further processing which is to be tested through an Australian technology provider.

Ion exchange overview

Within the lithium brine industry, significant resources have been mobilised over the past few years to improve the recoveries and economics of lithium production from brines leading to the development of many alternative options. Galan has assessed many of these and has prioritised testwork based on a number of factors for potential implementation into the processing flow sheet.

Ion exchange has been chosen as the first technology to be assessed due to the lead time required to test the technology. Ion exchange is a low cost and high flow-rate processing step that is widely used in water treatment. Several technology providers have been able to demonstrate high recovery of lithium from brine into a clean and concentrated solution.

Having a clean solution significantly reduces further processing costs and high recoveries are generated from a wide range of feed solution strengths.

Alasehir Exploration Licence

Due to the continued social unrest in Turkey, the Company re-negotiated an extension to the Option period to 31 December 2019. The Company continues to retain a dialogue with the local regulatory authorities and project advisors.

Greenbushes South – E70/4629 (100%)

The Company continues to progress the grant of the licence through the regulatory bodies.

Corporate

Equity

Fully paid ordinary shares

On 15 April 2019, a total of 14,545,455 fully paid shares in the Company were issued under a placement to sophisticated and professional investors. The placement was completed at $0.275 per share for gross proceeds of $4m.

On 16 April 2019, the Company issued a total of 1,515,000 fully paid ordinary shares, for gross proceeds of $500,000, to Acuity Capital under a Controlled Placement Agreement (CPA). The CPA provides Galan with up to $5 million of standby equity capital up to 31 December 2020. Importantly, Galan retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of the shares and the timing of each placement tranche (if any). There are no requirements on Galan to utilise the CPA and Galan may terminate the CPA at any time, without cost or penalty.

If Galan does decide to utilise the CPA, GLN is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by GLN and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of GLN's choosing (again at the sole discretion of GLN).

Performance Shares

At the Annual General Meeting held on 29 November 2018, shareholders approved the creation of Class A Performance Shares and Class B Performance Shares as new classes of shares in the Company on the terms and conditions contained in the notice of meeting. At the same meeting, shareholders approved the issue of 5 million Class A Performance Shares and 5 million Class B Performance Shares to the Managing Director in line with the announcement made on 10 August 2018. Due to an administrative oversight, the performance Shares were not issued to the Managing Director within the ASX timeframes. The Performance Shares were subsequently approved by shareholders on 6 June 2019 and issued to the Managing Director on 13 June 2019.

Listed Options

As announced on 2 January 2019, a total of 16,269,109 Galan quoted options were issued to option holders before their expiry at 5.00pm WST on 31 December 2018. This represented a take up of 99% of the total quoted options issued under the terms of the original entitlement offer dated 4 February 2016.

The balance of 180,891 Galan quoted options (Shortfall Securities) were dealt with in accordance with the Barclay Wells underwriting agreement announced on 19 November 2018. Total funds raised for the Company from the GLN quoted options was $2.303m.

Other

On 20 August 2019, the Company announced that it had appointed Mr Boris Caro, a highly experienced engineer and former Study Manager of Orocobre, as Study Advisor to assist with the PFS for the potential development of Candelas.

Financial

The loss after tax for the year was $3,554,529 (2018: $992,850). The Company's net assets were $16,453,871 at the end of the year compared to $9,014,159 in 2018.

Cash and cash equivalents as at year end were $2,583,490 (2018: $1,689,593).

Exploration expenditure for the year was $7,707,614 (2018: $7,611,078). All of this expenditure was on the Company's various lithium brine projects in the Hombre Muerto salar in Argentina. There was no exploration expenditure written off for the year (2018: $6,281).

Net administration expenses and employee benefits for the year totalled $1,140,993 (2018: $345,925).

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company and the market price of the Company's shares.

All mining ventures are exposed to risks and the Board continues to monitor risks associated with current projects whilst also analysing the risks associated with any new mining opportunities. These risks may cover such areas as:

- Title Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply.

Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

- Exploration Risk

The Board realises that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company's tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

- Economic

General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest, inflation and currency exchange rates may have an adverse effect on the Company's exploration, development and possible production activities, as well as on its ability to fund those activities.

- Resource Estimates

In the future, the Company's main projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's quoted securities.

- Access Risks – Cultural Heritage and Native Title

The Company must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Company.

- JV and Contractual Risk

The Company has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Company's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture agreements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

- Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

- Volatility in Global Credit and Investment Markets

Global credit, commodity and investment markets have recently experienced a high degree of uncertainty and volatility. The factors which have led to this situation have been outside the control of the Company and may continue for some time resulting in continued volatility and uncertainty in world stock markets (including the ASX). This may impact the price at which the Company's quoted securities trade regardless of operating performance and affect the Company's ability to raise additional equity and/or debt to achieve its objectives, if required.

- Commodity Price Volatility and Exchange Rates Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of lithium or any other minerals it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for commodities and metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions.

Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities.

- Environmental Risks

The operations and proposed activities of the Company are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

- Sovereign and Political Risks

Argentina

The Company acquired 100% of Blue Sky Lithium Pty Ltd on 25 June 2018. The acquisition of Blue Sky means the Company holds options to acquire the rights to the projects located in Argentina. Mineral exploration tenure in the Argentina is governed by Argentinian legislation.

Its interests in Argentina will be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or preventing from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Argentina that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

Turkey

The Company executed an Agreement on 3 September 2015 under which it acquired an option to acquire a petroleum project located in the Republic of Turkey. Petroleum exploration tenure in the Republic of Turkey is governed by Turkish legislation.

If the Company completes the Acquisition its interests in the Republic of Turkey will be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or preventing from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in the Republic of Turkey that affect ownership, petroleum exploration, development or mining activities, may affect the viability and profitability of the Company.

General

The legal system operating in Argentina and the Republic of Turkey is different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficultly in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

The Company cannot guarantee that the licences and/or tenements in which it may acquire an interest, if it completes the acquisition, or any other licences and/or tenements in which it has or may acquire in the future, will be renewed beyond their current expiry date and there is a material risk that, in the event the holder of those licences and/or tenements is unable to renew any of them beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

Further, there is no guarantee that any applications for petroleum licences and/or tenements will be granted or granted on conditions satisfactory to the Company.

The Company's future operations in Argentina and Turkey may be affected by changing political conditions and changes to laws and petroleum and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

The above risks are not exhaustive but are the minimum exposure areas observed by the Company. Outside of the above, the Company is continually assessing Industry type risk (covering resources, commercial, commodity prices & volatility, insurance and environmental) and general type risk (economic, share markets, government & legal and global volatility).

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group that occurred during the financial year.

7. AFTER BALANCE SHEET DATE EVENTS

On 15 July 2019, the Argentinian authorities granted the Company permission to become a registered foreign shareholder of the Argentinian company Galan Exploraciones S.A. (GESA). Under the Argentine Corporations Code, a local company must have at least two shareholders. At the date of this report, the Company holds 95% of the issued shares in GESA with the remaining 5% being held in trust, on behalf of the Company, by Juan Pablo Vargas de le Vega.

On 5 August 2019, the Company announced that it was undertaking a capital raising of $2 million through a combination of a private placement to sophisticated investors and a share purchase plan offer to existing shareholders.

The Company received firm commitments from sophisticated investors to raise $1 million through a share placement at 18 cents per share with one free unquoted option (exercisable on or before 31 August 2020 at $0.25) also being issued on a one option for every two shares subscribed for basis (**Placement**). The 5,555,556 Placement shares and 2,777,778 options were issued on 14 August 2019 under the Company's existing placement capacity under ASX Listing Rule 7.1.

The Company also offered existing eligible shareholders, shares plus one free unquoted option (exercisable on or before 31 August 2020 at $0.25) issued at the same price of $0.18 and on the same terms as the Placement under a Share Purchase Plan (**SPP**) to raise up to a further $1 million. The SPP closed on 13 September 2019 with applications received well in excess of the $1m envisaged. The 5,555,485 shares and 2,777,691 options were issued on 17 September 2019.

On 4 September 2019, Galan announced the appointment of Mr Daniel Jimenez to the Board. Mr Jimenez is a civil industrial engineer and has, until recently, worked for world leader in the lithium industry, Sociedad Química y Minera de Chile (NYSE:SQM, Santiago Stock Exchange: SQM-A, SQM-B) for 28 years based in Santiago, Chile.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

8. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The Directors continue the Company's strategy for the advancement of Shareholders' interests and asset values through well-defined work programmes on the Company's tenements and to implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities.

Further information about likely developments in the operations of the Company and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

9. ENVIRONMENTAL ISSUES

The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial year under review.

10. REMUNERATION REPORT (Audited)

The remuneration report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Structure & Contractual Arrangements
C Remuneration and Performance
D Equity-based compensation
E Details of Remuneration
F Interests of Key Management Personnel (KMP)
G Voting and comments at the Company's 2017 Annual General Meeting
H Related Party Information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel comprising the Non-Executive Chairman, Managing Director and Non-Executive Directors.

A Remuneration Philosophy

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

B Remuneration Structure & Contractual Arrangements

The Company has in place non-executive letters of engagement for all Non-Executive Directors. The Directors hold office until the next annual general meeting at which point 1/3 of the directors retire by rotation and will be eligible for election as a Director at that meeting in accordance with the Company's Constitution.

The Directors' appointments will automatically cease in the event that he or she give notice to the Board of their resignation as a Director or if he or she retires by rotation and is not re-elected as a Director by the Shareholders of the Company. Moreover his or her appointment will be terminated immediately if, for any reason, he or she becomes disqualifies or prohibited by law from being or acting as a Director or from being involved in the management of a Company.

From 1 July 2018, the Non-Executive Directors (including the Non-Executive Chairman), were all engaged on contracts with annual director's fees of $36,000 per annum.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors (from within the remuneration pool approved by Shareholders from time to time at a general meeting) and is set at levels to reflect market conditions and encourage the continued services of the Directors. The Company does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors.

The Company is an exploration entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior management personnel are paid market rates associated with individuals in similar positions within the same industry.

The Managing Director is on an annual salary is $180,000 (inclusive of statutory superannuation).

10. REMUNERATION REPORT (Audited) (Cont'd)

On 6 June 2019, shareholders approved the issue of a total of 10 million performance shares to the Managing Director upon the achievement of the following milestones on or before 31 July 2023:

- 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (**JORC Code**) within a project in which the Company has an interest. In the event that the Company's interest in that project is less than 100%, only the proportion of those 5,000,000 Class A Performance Shares that is equal to the Company's percentage interest in the project will convert into Shares (i.e. if the Company holds a 75% interest in the relevant project, 75% of the Class A Performance Shares will convert into Shares) unless the Board agrees otherwise; and
- 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company.

C Remuneration and Performance

During the reporting period, Director remuneration was not linked to either long term or short term performance conditions. The Board feels that the terms and conditions of options and shares held by Directors are a sufficient, long term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth.

D Equity Based Compensation

No shares or options were issued to Directors or key management during the financial year.

E Details of Remuneration

The key management personnel of the Company are the Managing Director, Non-Executive Chairman and Non-Executive Directors. Details of the remuneration of the key management personnel of the Company are set out below:

10. REMUNERATION REPORT (Audited) (Cont'd)

	Short-term Benefits				Post-Employment Benefits	Other Long-term Benefits	Equity Based Payment		Total	Performance Related
	Salary	Cash profit Share	Non-cash benefit	Other	Super-annuation	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
Mr Nathan McMahon – Non Executive Chairman (i)										
2019	46,000	-	-	-	-	-	-	-	46,000	-
2018	17,500	-	-	-	-	-	-	10,950	28,450	38.5%
Mr Juan Pablo Vargas de la Vega – Managing Director										
2019	164,384	-	-	-	15,616	-	393,351	-	573,351	68.6%
2018	66,047	-	-	-	6,275	-	-	-	72,322	-
Mr Terry Gardiner – Non Executive Director										
2019	36,000	-	-	-	-	-	-	-	36,000	-
2018	30,000	-	-	-	-	-	-	10,950	40,950	26.7%
Mr Chris Chalwell – Non Executive Director (ii)										
2019	36,000	-	-	-	-	-	-	-	36,000	-
2018	30,000	-	-	-	-	-	-	10,950	40,950	26.7%
Mr Raymond Liu – Non Executive Director										
2019	36,200	-	-	-	-	-	-	-	36,200	-
2018	-	-	-	-	-	-	-	-	-	-
Mr Patrick Corr – Non Executive Director (Appointed 9 October 2017 - Resigned 25 June 2018)										
2019	-	-	-	-	-	-	-	-	-	-
2018	18,000	-	-	-	-	-	-	10,950	28,950	37.8%
Total Remuneration										
2019	318,584	-	-	-	15,616	-	393,351	-	727,551	54.1%
2018	161,547	-	-	-	6,275	-	-	43,800	211,622	20.7%

(i) Director fees of $46,000 were due and payable to Kingsreef Pty Ltd, a company controlled by Mr McMahon. This covers the period February 2018 to June 2019 inclusive.

(ii) Director fees of $36,000 were paid, or were due and payable to Westdev Pty Ltd, a company controlled by Mr Chalwell.

F Interests of Key Management Personnel (KMP)

As at 30 June 2019, the following interests in shares and options were held by KMP.

Share holdings of KMP

30 June 2019

Name	Balance 1 July 2018	Purchased	Options Exercised	Other	Balance 30 June 2019
Nathan McMahon	4,839,381	-	1,429,786	-	6,269,167
JP Vargas de la Vega (i)	6,823,544	303,730	-	-	7,127,274
Chris Chalwell	2,000,000	50,000	461,402	-	2,511,402
Terry Gardiner	3,529,919	-	1,665,983	-	5,195,902
Jinyu (Raymond) Liu (i)	13,367,640	-	-	-	13,367,640
Patrick Corr (ii)	-	-	-	-	-
Total	**30,560,484**	**353,730**	**3,557,171**	**-**	**34,471,385**

10. REMUNERATION REPORT (Audited) (Cont'd)

30 June 2018

Name	Balance 1 July 2017	Purchased	Options Exercised	Other	Balance 30 June 2018
Nathan McMahon	4,839,381	-	-	-	4,839,381
JP Vargas de la Vega (i)	-	-	-	6,823,544	6,823,544
Chris Chalwell	1,600,000	400,000	-	-	2,000,000
Terry Gardiner	3,329,919	200,000	-	-	3,529,919
Jinyu (Raymond) Liu (i)	-	-	-	13,367,640	13,367,640
Patrick Corr (ii)	-	-	-	200,000	200,000
Total	**9,769,300**	**600,000**	**-**	**20,391,184**	**30,760,484**

Quoted option holdings of KMP

30 June 2019

Name	Balance 1 July 2018	Issued/Other	Exercised	Lapsed	Balance 30 June 2019
Nathan McMahon	1,429,786	-	(1,429,786)	-	-
JP Vargas de la Vega (i)	-	-	-	-	-
Chris Chalwell	311,402	150,000	(461,402)	-	-
Terry Gardiner	1,665,983	-	(1,665,983)	-	-
Jinyu (Raymond) Liu (i)	-	-	-	-	-
Patrick Corr (ii)	-	-	-	-	-
Total	**3,407,171**	**150,000**	**(3,557,171)**	**-**	**-**

30 June 2018

Name	Balance 1 July 2017	Issued/Other	Exercised	Lapsed	Balance 30 June 2018
Nathan McMahon	1,429,786	-			1,429,786
JP Vargas de la Vega (i)	-	-	-	-	-
Chris Chalwell	311,402	-			311,402
Terry Gardiner	1,615,983	50,000	-	-	1,665,983
Jinyu (Raymond) Liu (i)	-	-	-	-	-
Patrick Corr (ii)	-	100,000	-	-	100,000
Total	**3,357,171**	**150,000**	**-**	**-**	**3,507,171**

Unquoted option holdings of KMP

30 June 2019

Name	Balance 1 July 2018	Issued/Other	Exercised	Lapsed	Balance 30 June 2019
Nathan McMahon	750,000	-	-	-	750,000
JP Vargas de la Vega (i)	1,023,533	4,094,126 (iv)	-	-	5,117,659
Chris Chalwell	750,000	-	-	-	750,000
Terry Gardiner	750,000	-	-	-	750,000
Jinyu (Raymond) Liu (i)	917,646	5,670,584 (iv)	-	-	6,588,230
Patrick Corr (ii)	-		-	-	-
Total	**4,191,179**	**9,764,710**	**-**	**-**	**13,955,889**

10. REMUNERATION REPORT (Audited) (Cont'd)

30 June 2018

Name	Balance 1 July 2017	Issued/Other	Exercised	Lapsed	Balance 30 June 2018
Nathan McMahon	-	750,000 (iii)	-	-	750,000
JP Vargas de la Vega (i)	-	1,023,533 (iv)	-	-	1,023,533
Chris Chalwell	-	750,000 (iii)	-	-	750,000
Terry Gardiner	-	750,000 (iii)	-	-	750,000
Jinyu (Raymond) Liu (i)	-	917,646 (iv)	-	-	917,646
Patrick Corr (ii)	-	750,000 (iii)	-	-	750,000
Total	**-**	**4,941,179**	**-**	**-**	**4,941,179**

(i) Mr JP Vargas de la Vega and Mr Jinyu (Raymond) Liu were appointed on 25 June 2018.
(ii) Mr Patrick Corr was appointed on 9 October 2017 and resigned on 25 June 2018.
(iii) Exercisable at $0.15 on or before 29 November 2019 (approved by shareholders at the AGM on 24 November 2017).
(iv) Exercisable at $0.14 on or before 31 December 2019 (approved by shareholders at a general meeting held on 4 May 2018) issued as part of the Blue Sky acquisition.

Performance Share holdings of KMP

30 June 2019

Name	Balance 1 July 2018	Issued/Other	Exercised	Lapsed	Balance 30 June 2019
Nathan McMahon	-	-	-	-	-
JP Vargas de la Vega (i)	-	10,000,000	-	-	10,000,000
Chris Chalwell	-	-	-	-	-
Terry Gardiner	-	-	-	-	-
Jinyu (Raymond) Liu	-	-	-	-	-
Total	**-**	**10,000,000**	**-**	**-**	**10,000,000**

(i) Mr JP Vargas de la Vega was awarded 5,000,000 Performance A shares and 5,000,000 Performance B shares. The 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (JORC Code) within a project in which the Company has an interest. The 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum.

G Voting and Comments at the Company's 2018 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2018 was put to the shareholders of the Company at the Annual General Meeting held 29 November 2018. The Company received 100% of the vote, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2018 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

10. REMUNERATION REPORT (Audited) (Cont'd)

H Related Party Information

Cazaly Resources Limited was paid a total of $126,720 (incl GST) under an Office Services Agreement with the Company and is considered by the Company to be a related party, as the Galan Non-Executive Chairman, Mr Nathan McMahon is also a director of Cazaly Resources Limited.

Barclay Wells Ltd was paid a total of $333,700 (incl GST) in capital raising and advisory fees for the 2019 financial year. On 13 June 2019, 2,000,000 unlisted options (exercisable at $0.3438 on or before 11 June 2021) were granted to Barclay Wells Ltd (Black-Scholes valuation of $206,611). Barclay Wells Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

End of Remuneration Report

11. OPTIONS

At the date of this report the Company had the following Options on issue:

Expiry Date	Exercise Price	Unquoted Options
29/11/2019	$0.1500	2,825,000
31/12/2019	$0.1400	23,941,178
31/08/2020	$0.6000	5,350,000
31/08/2020	$0.2500	5,555,469
11/06/2021	$0.3438	4,000,000

12. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

13. INDEMNIFYING OFFICERS & AUDITORS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor.

The Company has insurance policies in place for Directors and Officers insurance.

14. NON-AUDIT SERVICES

The auditors have not provided any non-audit services to the Company in the financial year ended 30 June 2019.

15. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under Section 307C in relation to auditor's independence for the Year ended 30 June 2019 has been received and can be found on page 26.

Signed in accordance with a resolution of the Board of Directors.

Nathan McMahon
Non-Executive Chairman

Perth, Western Australia
Date: 24 September 2019

Competent Person's Statement
The information contained herein that relates to Exploration Results 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.

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Partner for the audit of the financial statements of Galan Lithium Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS	**DOUG BELL CA**
Chartered Accountants	**Partner**

Dated at Perth this 24th day of September 2019

	Note	30 June 2019	30 June 2018
Continuing Operations			
Interest revenue	3	6,788	2,727
Other Income		41	-
Total		6,829	2,727
Administration expenses		(815,114)	(168,320)
Compliance & regulatory expense		(252,615)	(121,509)
Employment expense		(325,878)	(177,605)
Exploration written off	9	-	(6,281)
Fair value gain/(loss) on financial assets		(17,239)	(12,527)
Impairment of loan	8	-	(458,238)
Depreciation		(2,464)	(220)
Share based payments	16	(2,148,048)	(50,877)
Loss before income tax expenses		(3,554,529)	(992,850)
Income tax expenses	4	-	-
Loss for the year from continuing operations		(3,554,529)	(992,850)
Other comprehensive income		-	-
Total comprehensive income and net loss for the Year attributable to the owners of the Company		(3,554,529)	(992,850)
Basic weighted average loss per share (cents per share)	13	(3.31)	(2.07)
Diluted weighted average loss per share (cents per share)	13	(3.31)	(2.07)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note	30 June 2019 $	30 June 2018 $
Current Assets			
Cash and cash equivalents	5	2,583,490	1,689,593
Prepayments		14,636	-
Trade and other receivables	6	53,487	42,513
Total Current Assets		2,651,613	1,732,106
Non-Current Assets			
Financial Assets	7	21,311	36,550
Plant & Equipment		6,902	1,631
Exploration and evaluation	8	15,312,411	7,604,797
Total Non-Current Assets		15,340,624	7,642,978
Total Assets		17,992,237	9,375,084
Current Liabilities			
Trade and other payables	9	1,538,366	360,925
Total Current Liabilities		1,538,366	360,925
Total Liabilities		1,538,366	360,925
Net Assets		**16,453,871**	**9,014,159**
Equity			
Issued capital	10	16,940,982	10,161,339
Reserves	11	6,844,900	2,630,302
Accumulated losses	12	(7,332,011)	(3,777,482)
Total Equity		**16,453,871**	**9,014,159**

The accompanying notes form part of these financial statements.

	Note	Issued Capital	Equity-based Payment Reserve	Accumulated Losses	Total Equity
		$	$	$	$
Balance at 1 July 2017		**3,250,458**	**60,950**	**(2,784,632)**	**526,776**
Net loss for the year		-	-	(992,850)	(992,850)
Total comprehensive loss for the year		-	-	(992,850)	(992,850)
Transactions with owners recorded directly in equity:					
Shares issued		7,051,000	-	-	7,051,000
Issue of options	11	-	2,569,352	-	2,569,352
Capital raising costs		(140,119)	-	-	(140,119)
Transfer to accumulated losses		-	-	-	-
Balance at 30 June 2018		**10,161,339**	**2,630,302**	**(3,777,482)**	**9,014,159**
Net loss for the year		-	-	(3,554,529)	(3,554,529)
Total comprehensive loss for the year				(3,554,529)	(3,554,529)
Transactions with owners recorded directly in equity:					
Shares Issued		7,052,485	-	-	7,052,485
Issue of options	11	-	3,882,196	-	3,882,196
Issue of performance share	11	-	393,352	-	393,352
Capital raising costs		(333,792)	-	-	(333,792)
Options exercised		60,950	(60,950)	-	-
Balance at 30 June 2019		**16,940,982**	**6,844,900**	**(7,332,011)**	**16,453,871**

The accompanying notes form part of these financial statements.

	Note	30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Cash paid to suppliers and employees		(1,138,752)	(414,136)
Interest received		6,788	2,727
Payments for exploration expenditure		(4,683,097)	(246,872)
Net cash used in operating activities	14	(5,815,061)	(658,281)
Cash flows from investing activities			
Payments for Property, Plant & Equipment		(7,735)	(1,851)
Cash acquired on acquisition of subsidiary	8	-	15,550
Proceeds from sale of investments		-	2,673
Payment for investments		(2,000)	(2,000)
Net cash used in investing activities		(9,735)	14,372
Cash flows from financing activities			
Proceeds from issue of equity instruments		7,052,485	2,426,000
Payment for share issue costs		(333,792)	(140,119)
Net cash used in used in financing activities		6,718,693	2,285,881
Net increase in cash and cash equivalents		893,897	1,641,972
Cash and cash equivalents at beginning of the year		1,689,593	47,621
Effect of exchange rate changes on the balance of cash held in foreign currency		-	-
Cash and cash equivalents at end of year		2,583,490	1,689,593

The accompanying notes form part of these financial statements.

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Galan Lithium Limited (**the Company** or **Galan**) and its controlled entities (**the Group**) for the financial year ended 30 June 2019. Galan is a publicly listed company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 24 September 2019 by the Directors of the company.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities, as at 30 June 2019 is contained in Note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss after tax for the year of $3,554,529 (2018: $992,850) and net cash outflows used in operating activities of $5,815,061 (2018: $658,281).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report. Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate because:

- the Directors have an appropriate plan to raise additional funds as and when it is required. In light of the Group's current exploration projects, the Directors believe that the additional capital required can be raised in the market; and
- the Directors have an appropriate plan to contain certain operating and exploration expenditure if appropriate funding is unavailable.

Should the Group not achieve the matters set out above, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Group not be able to continue as a going concern.

(d) Basis of measurement

The financial statements have been prepared on an accrual basis and are based on the historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(e) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Group's functional currency.

The accounting policies set out below have been applied consistently to all years presented in these financial statements, and have been applied consistently by the Group.

(f) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the Year when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future Years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(g) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Tax Office (ATO).

Receivables and payables are stated with amounts of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(h) Financial Instruments

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

  either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payable and convertible notes.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and Borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

(i) Impairment of Assets

At the end of each reporting year, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(j) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting Year.

(k) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial positions, at reporting date the Company had no such overdraft.

(l) Revenue and other Income

Interest Revenue is recognised as interest accrues using the effective interest method. At reporting date the Company had no other revenue sources.

(m) Trade and other payables

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the reporting date and are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Equity settled compensation

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting Year, with a corresponding increase to the option reserve.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(o) Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(p) Critical accounting estimates and judgements

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.
Key Judgements –Exploration and evaluation expenditure

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key Judgments – Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Key Estimates – Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Key Estimates – equity settled transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model.

For equity settled transactions with consultants and other non-employees the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

(q) Foreign Currency Transaction and Balances

Functional and presentation currency

The functional currency of each of the entities in the Company is measured using the currency of the primary economic environment in which the entity operates. The Company's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(r) Fair value measurements

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets held for trading

The Company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(i) Fair Value Hierarchy
AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

(ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is:

– *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	30 June 2019			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
- Australian listed shares	21,311	-	-	21,311

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets at fair value through profit or loss:				
- Australian listed shares	36,550	-	-	36,550

(s) New, revised or amending accounting standards and interpretations adopted

The Company has adopted all of the new, revised or amended Accounting Standards that are mandatory for the current accounting period.

The adoption of these Accounting Standards and Interpretations are described below:

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement (AASB 139) for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. The Group has elected to restate comparative information.

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. The changes in accounting policies resulting from the adoption of AASB 9 did not have a material impact on the Group's financial statements.

As of 30 June 2018 and 30 June 2019, the Group's financial instruments consist of cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings.

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liability at amortised cost	Financial liability at amortised cost

The change in classification has not resulted in any re-measurement adjustments at 1 July 2018. Refer to the relevant accounting policy disclosures for further details.

Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

There is no impact on the cash flows of the Group from the application of AASB 9.

Initial application of AASB 15: Revenue from Contracts with Customers

The Group has adopted AASB 15 with a date of initial application of 1 July 2018. Based on the Directors' assessment there was no impact on the Group's existing revenue recognition policy arising from the adoption.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following table summarises the expected impact of new Accounting Standards that are not yet mandatory and have not been early adopted:

Nature of Change	Application Date	Impact on Initial Application
AASB 16 eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires an entity to bring most leases into its statement of financial position in a similar way to how existing finance leases are treated under AASB 117. An entity will be required to recognise a lease liability and a right of use asset in its statement of financial position for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases. Lessor accounting remains largely unchanged from AASB 117.	Annual reporting periods beginning on or after 1 January 2019.	Management has assessed the impact of AASB 16 on the Groups existing operations. The Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020, given the Group does not have any leases (refer Note 23).

2. *OPERATING SEGMENTS*

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Company is currently managed primarily on the basis of its exploration activity. Operating segments are therefore determined on the same basis.

Exploration

Segment assets, including acquisition costs of exploration licenses, all expenses related to the tenements and profit on sale of tenements are reported on in this segment.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- non-recurring items of revenue or expense;
- deferred tax assets and liabilities.

2. *OPERATING SEGMENTS (Cont'd)*

30 June 2019	Exploration $	Unallocated $	Total $
Revenue			
Interest	-	6,788	6,788
Other	-	41	41
Total segment revenue	**-**	**6,829**	**6,829**
Segment net operating loss (profit) after tax	**(156,147)**	**(3,398,382)**	**(3,554,529)**
Impairment of exploration assets	-	-	-
Share based payments	-	(2,148,048)	(2,148,048)
Segment assets			
Exploration expenditure	13,436,823	-	13,436,823
Cash and cash equivalents	-	2,583,490	2,583,490
Other assets	-	1,971,924	1,971,924
Total segment assets	**13,436,823**	**4,555,414**	**17,992,237**
Segment liabilities	**1,742,242**	**189,476**	**1,931,718**

30 June 2018	Exploration $	Unallocated $	Total $
Revenue			
Interest	-	2,727	2,727
Other		-	-
Total segment revenue	**-**	**2,727**	**2,727**
Segment net operating loss (profit) after tax	**(78,822)**	**(914,028)**	**(992,850)**
Impairment of exploration assets	6,281	-	6,281
Share based payments	-	(50,877)	(50,877)
Segment assets			
Exploration expenditure	7,604,797	-	7,604,797
Cash and cash equivalents	-	1,689,593	1,689,593
Other assets	-	80,694	80,694
Total segment assets	**7,604,797**	**1,770,287**	**9,375,087**
Segment liabilities	**298,190**	**62,735**	**360,925**

3. *REVENUE AND OTHER INCOME*

	30 June 2019 $	30 June 2018 $
Interest received from financial institutions	6,788	2,727

4. *INCOME TAX EXPENSE*

(a) Income tax expense

Current tax	-	-
Deferred tax	-	-

(b) Reconciliation of income tax expense to prima facie tax payable

The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Accounting loss before tax	(3,554,529)	(992,850)
Prima facie tax on accounting loss at 30% (2018:30%)	(1,066,359)	(297,855)
Add / (Less)		
Tax effect of:		
Non-deductible expenses	682,186	174,618
Share issue cost deduction	(9,228)	(1,103)
Deferred tax assets not brought to account	393,401	124,340
Income tax attributable to operating loss	-	-
The applicable weighted average effective tax rates as follows	Nil%	Nil %

(c) Deferred tax assets

Unused tax losses	-	-
Other	-	-
Set-off of deferred tax liabilities	-	-
	-	-

(d) Deferred tax liabilities

Other	-	-
Set-off of deferred tax assets	-	-
	-	-

(e) Tax losses

Tax effect of unused tax losses for which no deferred tax asset has been recognised	1.192,983	959,420
Tax effect of unrecognised temporary differences	47,607	11,720
	1,240,950	971,140

5. CASH AND CASH EQUIVALENTS

	30 June 2019 $	30 June 2018 $
Cash at bank	33,285	20,004
Deposits at call (i)	2,550,205	1,669,589
	2,583,490	1,689,593

(i) The effective interest rate on short-term bank deposits (90 day maturity) was 0.20% (2018: 0.97%).

6. TRADE AND OTHER RECEIVABLES

GST receivables and other debtors (a)	53,487	25,109
Loan to Director (b)	-	17,404
	53,487	42,513

(a) Receivables past due but not impaired

There were no trade receivables past due but not impaired. Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 16 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

(b) Loan to Director

A short-term, non interest bearing loan was due from the Managing Director to Blue Sky Lithium Pty Ltd at 30 June 2018 of $17,404 (subsequently repaid during the year).

7. FINANCIAL ASSETS

Shares in listed corporations at fair value	21,311	36,550

8. *EXPLORATION AND EVALUATION*

	30 June 2019 $	30 June 2018 $
Costs carried forward in respect of areas of interest:		
Exploration and evaluation phases at cost	15,312,411	7,604,797
Movement:		
Brought forward	7,604,797	-
Exploration expenditure capitalised during the year	5,580,114	7,611,078
Share valuation capitalised (see (c) and (d) below)	2,127,500	-
Exploration expenditure written off	-	(6,281)
Balance at reporting date	15,312,411	7,604,797

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

Asset acquisition – Hombre Muerto Lithium Project

On 25 June 2018, the Company acquired 100% of the issued capital of Blue Sky under the Share Sale and Purchase Agreement. The purchase consideration was as follows:

(a) 3,000,000 fully paid ordinary shares in the capital of Galan and 3,000,000 options each at an exercise price of $0.14 on or before 31 December 2019. These were issued on 25 June 2018.
(b) Issue to the Blue Sky vendors and shareholders of 17,000,000 Shares and 12,000,000 Options. These Shares were issued on 25 June 2018 and the Options on 15 August 2018.
(c) Upon the delineation by or on behalf of Galan of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to the Blue Sky vendors and shareholders.
(d) Upon the commencement of commercial production from a pilot plant by on or behalf of Galan, the issue of 10,000,000 Shares to the Blue Sky vendors and shareholders.

A finder's facilitation fee of 5,000,000 Shares and 10,000,000 Options was also payable on Completion. These Shares were issued on 25 June 2018 and the Options on 15 August 2018.

Purchase consideration

The fair value of the consideration for the acquisition was as follows:

25,000,000 ordinary shares	$4,625,000
25,000,000 options	$2,518,475
Total consideration	$7,143,475

As at 30 June 2019, the probability of meeting the milestones listed in (c) and (d) above were revised and as such a value of $2,127,500 (see Note 16) has been attributable to these shares as deferred consideration.

8. EXPLORATION AND EVALUATION (Cont'd)

Assets and liabilities acquired at acquisition date:

	30 June 2018 $ Acquiree's carrying amount
Cash and cash equivalents	15,550
Trade and other receivables	21,409
Exploration and evaluation	440,016
Trade and other payables	(135,000)
Net assets acquired	341,975
Consideration	7,143,475
Excess of consideration and net assets acquired recognised as exploration and evaluation	6,801,500

9. TRADE AND OTHER PAYABLES

	30 June 2019 $	30 June 2018 $
Accruals	914,168	171,876
Trade payables	211,434	157,975
Other payables	412,764	31,074
	1,538,366	360,925

Accounts payable are non-interest bearing and are predominantly settled on 30 to 45 day terms.

10. ISSUED CAPITAL

	2019 Number	2019 $
Fully paid ordinary shares (2018: 95,090,001)	129,334,278	17,605,136

		30 June 2019 Number	30 June 2019 $	30 June 2018 Number	30 June 2018 $
Balance at the start of the year		95,090,001	10,161,339	36,570,001	3,250,458
Issue of shares at $0.05 each	(i)	-	-	1,600,000	80,000
Issue of shares at $0.05 each	(ii)	-	-	4,480,000	224,000
Issue of shares at $0.05 each	(i)	-	-	400,000	20,000
Issue of shares at $0.05 each	(iii)	-	-	2,040,000	102,000
Issue of shares at $0.08	(iv)	-	-	7,700,000	616,000
Issue of shares at $0.08	(v)	-	-	17,300,000	1,384,000
Issue of shares at $0.185	(vi)	-	-	20,000,000	3,700,000
Issue of shares at $0.185	(vii)	-	-	5,000,000	925,000
Issue of shares at $0.14	(viii)	16,269,109	2,277,675	-	-
Issue of shares at $0.14	(ix)	180,891	25,325	-	-
Issue of shares at $0.14	(x)	1,058,822	148,235	-	-
Issue of shares at $0.15	(xi)	675,000	101,250	-	-
Issue of shares at $0.275	(xii)	14,545,455	4,000,000	-	-
Issue of shares at $0.33	(xiii)	1,515,000	500,000	-	-
Less: transaction costs		-	(333,792)	-	(140,119)
Transfer from equity based reserve		-	60,950	-	-
Balance at the end of the year		129,334,278	16,940,982	95,090,001	10,161,339

(i) Placement shares issued on 6 September 2017 (1,600,000 shares) and 30 November 2017 (400,000 shares). The shares issued on both dates were ratified and approved by shareholders at the AGM on 24 November 2017.
(ii) Placement shares issued on 3 October 2017. Ratified by shareholders at a general meeting held on 4 May 2018.
(iii) Placement shares issued on 11 December 2017. Ratified by shareholders at a general meeting on 4 May 2018.
(iv) Tranche 1 placement shares issued on 14 February 2018. Ratified by shareholders at a general meeting held on 4 May 2018.
(v) Tranche 2 placement shares issued on 14 May 2018. Approved by shareholders at a general meeting held on 4 May 2018.
(vi) Shares issued to the vendors of Blue Sky as approved by shareholders on 4 May 2018.
(vii) Shares issued to the finders of Blue Sky as approved by shareholders on 4 May 2018.
(viii) Issued on various dates between 19 July 2018 and 2 January 2019 on the conversion of Galan quoted options (exercisable at $0.14 on or before 31/12/18).
(ix) Issued on 14 January 2019 as an underwriting for Galan quoted options (exercisable at $0.14 on or before 31/12/18).
(x) Issued on various dates between 25 January 2019 and 15 April 2019 on the conversion of Galan unquoted options (exercisable at $0.14 on or before 31/12/19).
(xi) Issued on 12 February 2019 and 5 March 2019 on the conversion of Galan unquoted options (exercisable at $0.15 on or before 29/11/19).
(xii) Issued on 15 April 2019 under a placement announced to ASX on 9 April 2019.
(xiii) Issued on 16 April 2019 under a controlled placement agreement with Acuity Capital.

Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

10. ISSUED CAPITAL (Cont'd)

Performance Shares

On 6 June 2019, shareholders approved the issue of a total of 10 million performance shares to the Managing Director upon the achievement of the following milestones on or before 31 July 2023:

- 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (**JORC Code**) within a project in which the Company has an interest. In the event that the Company's interest in that project is less than 100%, only the proportion of those 5,000,000 Class A Performance Shares that is equal to the Company's percentage interest in the project will convert into Shares (i.e. if the Company holds a 75% interest in the relevant project, 75% of the Class A Performance Shares will convert into Shares) unless the Board agrees otherwise; and
- 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company.

A valuation of the performance shares as at 30 June 2019 was conducted by management (see Note 16).

Options as at 30 June 2019

The following unquoted options remained on issue as at 30 June 2019:

Expiry Date	Exercise Price	Number Under Option	Issue/Grant Date
29/11/19	$0.1500	2,325,000	30/11/2017
29/11/19	$0.1500	500,000	11/12/2017
31/12/19	$0.1400	2,788,236	25/06/2018
31/12/19	$0.1400	21,152,942	15/08/2018
31/08/2020	$0.6000	5,350,000	28/02/2019
11/06/2021	$0.3438	4,000,000	13/06/2019

Capital risk management

The Board controls the capital of the Company in order to provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. There are no externally imposed capital requirements.

	30 June 2019 $	30 June 2018 $
Cash and cash equivalents	2,583,490	1,689,593
Trade and other receivables	53,487	42,513
Trade and other payables	1,875,588	(360,925)
Working capital position	4,512,565	1,371,181

11. RESERVES

Share Based Payment Reserve

This reserve records the value of equity benefits provided to employees and directors as part of their remuneration, share based payments to 3rd parties plus option consideration for acquisitions.

	30 June 2019 $	30 June 2018 $
Opening balance	2,630,302	60,950
Issue of options (i)	-	50,877
Issue of options to vendors and finders (ii)	-	2,518,475
Valuation of options (iii)	2,127,500	-
Issue of options to employees (iv)	1,754,696	-
Performance shares (v)	393,352	
Transfer to accumulated losses	(60,950)	-
Closing Balance	6,844,900	2,630,302

(i) Represented by 3,000,000 unquoted options issued to Directors (approved by shareholders at the AGM held on 24 November 2017) and 500,000 unquoted options issued to an employee.
(ii) Represented by 15,000,000 unquoted options issued to the Blue Sky vendors on acquisition ($1,511,085) and 10,000,000 unquoted options issued to the finders for the Blue Sky acquisition ($1,007,390).
(iii) Represented by valuation of deferred consideration shares due to the Blue Sky vendors on acquisition (see note 9).
(iv) Represented by 5,350,000 unquoted options issued to employees and 4,000,000 unquoted options issued to consultants.
(v) Represented by 5,000,000 Class A and 5,000,000 Class B Performance shares issued to Managing Director, Mr Juan Pablo Vargas de la Vega.

12. ACCUMULATED LOSSES

Opening balance	(3,777,482)	(2,784,632)
Loss for the Year	(3,554,529)	(992,850)
Closing Balance	(7,332,011)	(3,777,482)

13. LOSS PER SHARE

	Number	Number
Basic and diluted weighted average number of ordinary shares outstanding during the year used in the calculation of diluted loss per share	111,442,461	47,980,796
	$	$
Loss used in the calculation of basic and diluted loss per share	(3,554,529)	(992,850)

14. CASH FLOW INFORMATION

	30 June 2019	30 June 2018
	$	$
Reconciliation from the net loss after tax to the net cash flow from operations		
Loss from ordinary activities after income tax	(3,554,529)	(992,850)
Exploration write-off	-	6,281
Impairment of loan	-	458,238
Gain on sale of shares	17,239	(2,673)
Fair value adjustment to investments	-	15,200
Depreciation	2,464	220
Share based payments	2,148,048	50,877
Share based payments as consideration for acquisitions	-	7,143,475
Changes in assets and liabilities		
- (increase)/decrease in trade and other receivables	(25,610)	(37,191)
- (increase)/decrease in exploration	(5,098,519)	(7,626,628)
- Increase/(decrease) in trade and other payables	695,846	326,770
Cash flow from operations	(5,815,061)	(658,281)

15. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of deposits with banks, accounts receivable and payable. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, and liquidity risk. Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Company's financial risk. The financial receivables and payables of the Company in the table below are due or payable within 30 days.

	Variable Interest Rate	Fixed Maturity – 1 Year or Less	Non-interest Bearing	2019 Total
	$	$	$	$
2019				
Financial assets				
Cash and cash equivalents	39,564	2,543,926	-	2,583,490
Receivables	-	-	53,487	53,487
Held for trading financial assets	-	-	21,311	21,311
Total financial assets	39,564	2,543,926	74,798	2,658,288
Weighted average effective interest rate				0.20%
Financial liabilities				
Trade payables and accruals	-	-	(1,538,366)	(1,538,366)
Net financial assets				1,119,922

15. FINANCIAL RISK MANAGEMENT (Cont'd)

	Variable Interest Rate	Fixed Maturity Dates – 1 Year or Less	Non-interest Bearing	2018 Total
	$	$	$	$
2018				
Financial assets				
Cash and cash equivalents	34,638	1,654,955	-	1,689,593
Receivables	-	-	42,513	42,513
Held for trading financial assets	-	-	36,550	36,550
Total financial assets	34,638	1,654,955	79,063	1,768,656
Weighted average effective interest rate				0.97%
Financial liabilities				
Trade payables and accruals	-	-	(360,925)	(360,925)
Net financial assets				1,407,731

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices, in active markets for identical assets.

Financial risk management objectives and policies

The Board of Directors monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value and interest rate risk), credit risk and liquidity risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with Standard & Poor's rating of at least –AA. All of the Company's surplus funds are invested with AA rated financial institutions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

15. FINANCIAL RISK MANAGEMENT (Cont'd)

	30 June 2019 $	30 June 2018 $
Cash and cash equivalents	2,583,490	1,689,593
Receivables	53,487	42,513

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk.

All receivables noted above are due within 30 days. None of the above receivables are past due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings. The Company's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The Company has no borrowings.

	30 June 2019 $	30 June 2018 $
Interest bearing financial instruments		
Cash and cash equivalents	2,583,490	1,689,593
Weighted average effective interest rate	0.20%	0.97%

Sensitivity analysis

Interest rate risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

15. *FINANCIAL RISK MANAGEMENT (Cont'd)*

Interest rate sensitivity analysis

At 30 June 2019, the effect on loss as a result of changes in the interest rate, with all variables remaining constant would be as follows:

	30 June 2019 $	30 June 2018 $
Change in loss		
Increase in interest rate by 100 basis points	25,835	16,896
Decrease in interest rate by 100 basis points	(25,835)	(16,896)
Change in equity		
Increase in interest rate by 100 basis points	25,835	16,896
Decrease in interest rate by 100 basis points	(25,835)	(16,896)

16. *SHARE BASED PAYMENTS*

Unquoted options

Unquoted options are issued to directors, employees and consultants. The unquoted options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Unquoted options carry no dividend or voting rights.

Allottee	Number of Options	Fair Value at Grant Date per Option	Estimated Volatility	Life of Option (years)	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Employees	5,350,000	$0.25074	120%	1.51	$0.6000	$0.500	1.50%
Consultants	4,000,000	$0.10331	120%	2.00	$0.3438	$0.205	1.50%

The issue of the above options resulted in a share based expense of $1,754,696 during the year.

The following table illustrates the number and weighted average exercise prices of and movements in all options on issue during the year:

	2019		2018	
	Number of Options	Weighted Ave Exercise Price $	Number of Options	Weighted Ave Exercise Price $
Balance at 1 July 2018	44,950,000	0.141	12,190,000	0.140
Expired during the year	-	-	-	-
Exercised during the year	(18,183,822)	0.140	-	-
Issued during the year	9,350,000	0.490	32,760,000	0.141
Balance at 30-6-19	36,116,178	0.231	44,950,000	0.141
Exercisable at 30-6-19	36,116,178		44,950,000	

The options outstanding at 30 June 2019 had a weighted average remaining life of 0.756 years (2018 – 1.14 years). The weighted average fair value of the options outstanding at 30 June 2019 was $0.117 (2018 - $0.059).

16. *SHARE BASED PAYMENTS (Cont'd)*

Performance Shares

Allottee	Number of Shares	Fair Value at Grant Date per Option	Probability	Life of Shares (years)	Expiry Date	Expected exercise date
Blue Sky Milestones						
- Share A	15,000,000	$0.185	70%	N/A	N/A	N/A
- Share B	10,000,000	$0.185	10%	N/A	N/A	N/A
Juan Pablo Vargas de la Vega ("Managing Director") Performance Shares						
- Class A	5,000,000	$0.215	50%	4.1	July 2023	Oct 2019
- Class B	5,000,000	$0.215	10%	4.1	July 2023	Dec 2022

The issue of the above performance shares resulted in a share based expense of $393,351 and capitalised exploration expenditure of $2,127,500 during the year, which is based on management's assessment of the probability of the milestones being met.

Blue Sky Milestones

Under the Share Sale and Purchase Agreement for the acquisition of Blue Sky, the following performance shares were on issue:

(a) Upon the delineation by or on behalf of Galan of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to the Blue Sky vendors and shareholders.

(b) Upon the commencement of commercial production from a pilot plant by on or behalf of Galan, the issue of 10,000,000 Shares to the Blue Sky vendors and shareholders

Managing Director Performance Shares

The performance milestones for the Managing Directors performance shares are as follows and must be achieved on or before 31 July 2023 (subject to earlier termination of Mr Juan Pablo Vargas de la Vega):

(a) 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (JORC Code) within a project in which the Company has an interest. In the event that the Company's interest in that project is less than 100%, only the proportion of those 5,000,000 Class A Performance Shares that is equal to the Company's percentage interest in the project will convert into Shares (i.e. if the Company holds a 75% interest in the relevant project, 75% of the Class A Performance Shares will convert into Shares) unless the Board agrees otherwise; and

(b) 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company.

17. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the remuneration report contained in the directors' report for details of remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2019.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	30 June 2019 $	30 June 2018 $
Short term employee benefits	318,584	161,547
Post-employment benefits	15,616	6,275
Other long term benefits	-	-
Equity based payments	393,351	43,800
	727,551	211,622

Cazaly Resources Limited was paid a total of $126,720 (incl GST) under an Office Services Agreement with the Company and is considered by the Company to be a related party, as the Galan Non-Executive Chairman, Mr Nathan McMahon is also a director of Cazaly Resources Limited.

Barclay Wells Ltd was paid a total of $330,700 (incl GST) in capital raising and advisory fees for the 2019 financial year. On 13 June 2019, 2,000,000 unlisted options (exercisable at $0.3438 on or before 11 June 2021) were granted to Barclay Wells Ltd (Black-Scholes valuation of $206,611). Barclay Wells Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

18. COMMITMENTS

The mining tenement option obligations, which may or may not be paid depending on results, are not provided for in the financial statements and are payable as follows:

No longer than one year	388,769	738,916
Longer than one year but not longer than five years	1,612,671	1,801,919
Longer than five years	-	-
	2,001,440	2,540,835

A summary of the outstanding mining tenement option obligations are as follows:

<u>Candelas Properties – Candela, Candela II, Candela III, Candela Iv, Candela V and Candela VI</u>

- Purchase option instalments of USD 70,000, every 6 months, to the titleholder (non-refundable) until December 2021. Each purchase option instalment will be accompanied by the issue of 70,000 shares in the Company to the Candelas titleholder.
- Final purchase option payment of USD 910,000 due within 54 months of contract signing.
- The Company has a 24 month term for developing exploration works or any work related mining activities and must maintain the mining properties in good standing.
- The Candelas titleholder must grant an authorization for developing mining works, grant exclusivity in favour of the Company during the agreement´s life and supply evidence a certificate of property regarding the mining properties.
- The term of the agreement can be extended by both parties.
- Once all payments are completed, the irrevocable transfer of the mining rights will be implemented.

18. COMMITMENTS (Cont'd)

Catalina Property

Full ownership with no further commitments.

A long-standing dispute between the political border between Salta and Catamarca that includes the northern part of the Salar del el Hombre Muerto has been taking place without a final resolution so far. During this time, both mining authorities claiming the right on the disputed area, have been issuing mining rights that in practical terms ended up in overlapping of such rights over the same area and granted by each province with different names.

This is the case of the Catalina exploitation right. Its titleholder denounced a company working on his property with a mining right issued by the province of Salta. The Border dispute between the provinces have a resolution of the Federal Supreme Court in the case "Provincia de Catamarca c/ Provincia de Salta s s/Ordinario 2015" stating basically that, being an issue of definition of the political border between two provinces, the Supreme Court cannot rule over the case but according to our Federal Constitution, art. 75. 15 (the Federal Congress should define the borders between provinces) is an exclusive right of the Federal Congress. Therefore, up until the Congress settles the final border between Salta and Catamarca, even though according to the Mining Judge of Catamarca Catalina belongs to its current titleholder Mr. Navarro, Catalina will remain as a disputed area, and there is no guarantee that its title holder could freely work on 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 Congress takes a final decision. It is not expected that such a resolution will take place in the foreseeable near future. The property will be challenged by the private owner from the Salta side and by the province of Salta itself, and it will be difficult to work there peacefully.

El Deceo Properties – El Deceo I, El Deceo II and El Deceo III

- Final purchase payment option of USD 100,000 within 12 months of signing contract or to deliver geological results and all extra information available on the mining properties to the titleholder. If this payment is made, the El Deceo titleholder is also entitled to be issued 200,000 shares in the Company.
- The Company has 12 months for developing exploration works or any work related mining activities and must maintain the mining properties in good standing.
- The term of the agreement can be extended by both parties.
- Once all payments and share issues are completed, the irrevocable transfer of the mining rights will be implemented.

The following was included in the announcement dated 25 June 2018:

After the application for registration of a purchase option contract by Blue Sky, the El Deceo concessionaires filed an action of contractual recession in the Court of Catamarca, Argentina, alleging non-compliance with the stipulated deadline to make a bank transfer. This action was relayed to us by third parties and not directly by the concessionaires. More importantly, the Company executed the bank transfer as requested by the concessionaires and the Company disputes any claim of non-compliance. It should be noted that the action does not affect any of the Candelas licences where the Company has conducted its most recent work.

The Company's legal advice on this and any other possible claim on El Deceo breaches, is that the claims are not deemed to be valid. Furthermore, Blue Sky has not formally been notified by the Court of Catamarca Court of their requirement to defend the case. As for the remaining concessions, outside of the Salta-Catamarca provincial boundary dispute, there are no legal ownership issues with Blue Sky's holdings.

18. COMMITMENTS (Cont'd)

St Barbara Property

- Purchase option instalments of USD 65,000, every 6 months, to the titleholder (non-refundable) until June 2020. Once all payments are completed, the irrevocable transfer of the mining rights will be implemented.
- The Company has a 24 month term for developing exploration works or any work related mining activities and must maintain the mining properties in good standing.
- The St Barbara titleholder must grant an authorization for developing mining works, grant exclusivity in favour of the Company during the agreement´s life and supply evidence a certificate of property regarding the mining properties.
- The term of the agreement can be extended by both parties.

19. EVENTS SUBSEQUENT TO THE REPORTING DATE

On 15 July 2019, the Argentinian authorities granted the Company permission to become a registered foreign shareholder of the Argentinian company Galan Exploraciones S.A. (GESA). Under the Argentine Corporations Code, a local company must have at least two shareholders. At the date of this report, the Company holds 95% of the issued shares in GESA with the remaining 5% being held in trust, on behalf of the Company, by Juan Pablo Vargas de le Vega.

On 5 August 2019, the Company announced that it was undertaking a capital raising of $2 million through a combination of a private placement to sophisticated investors and a share purchase plan offer to existing shareholders.

The Company received firm commitments from sophisticated investors to raise $1 million through a share placement at 18 cents per share with one free unquoted option (exercisable on or before 31 August 2020 at $0.25) also being issued on a one option for every two shares subscribed for basis (**Placement**). The 5,555,556 Placement shares and 2,777,778 options were issued on 14 August 2019 under the Company's existing placement capacity under ASX Listing Rule 7.1.

The Company also offered existing eligible shareholders, shares plus one free unquoted option (exercisable on or before 31 August 2020 at $0.25) issued at the same price of $0.18 and on the same terms as the Placement under a Share Purchase Plan (**SPP**) to raise up to a further $1 million. The SPP closed on 13 September 2019 with applications received well in excess of the $1m envisaged. The 5,555,485 shares and 2,777,691 options were issued on 17 September 2019.

On 4 September 2019, Galan announced the appointment of Mr Daniel Jimenez to the Board. Mr Jimenez is a civil industrial engineer and has, until recently, worked for world leader in the lithium industry, Sociedad Química y Minera de Chile (NYSE:SQM, Santiago Stock Exchange: SQM-A, SQM-B) for 28 years based in Santiago, Chile.

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Company in subsequent financial years.

20. REMUNERATION OF AUDITORS

	30 June 2019 $	30 June 2018 $
Remuneration of the auditor for:		
Auditing and reviewing the financial reports	36,521	20,500
	36,521	20,500

21. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2019	Percentage Owned 2018
Galan Lithium Limited (Parent Entity)	Australia		
Blue Sky Lithium Pty Ltd (Controlled Entity)	Australia	100%	100%
Galan Exploraciones S.A. (GESA) (a)	Argentina	-	-

(a) During the year the Managing Director, Mr Vargas de la Vega held a 95% interest in the issued capital of Galan Exploraciones S.A (**GESA**) in trust on behalf of Galan with the other 5% being held by the Company's lawyer, also in trust on behalf of Galan. The Company and GESA entered into a loan agreement (up to a value of US$10 million) to fund exploration activities in Argentina. During the year the Company advanced $1,875,588 to GESA to fund exploration activities which has been capitalised to exploration and evaluation expenditure. The loan is unsecured, has an interest rate of 10% and can be forgiven by the Company at any time.

On 15 July 2019, the Argentinian authorities granted the Company permission to become a registered foreign shareholder of GESA. Under the Argentine Corporations Code, a local company must have at least two shareholders. At the date of this report, the Company now holds 95% of the issued shares in GESA with the remaining 5% being held in trust, on behalf of the Company, by Mr Vargas de le Vega.

22. PARENT ENTITY DISCLOSURES

	30 June 2019 $	30 June 2018 $
(a) Statement of financial position		
Assets		
Current assets	2,651,613	1,695,147
Non-current assets	15,377,584	7,544,938
Total assets	18,029,197	9,240,085
Liabilities		
Current liabilities	1,925,009	225,926
Non-current liabilities	-	-
Total liabilities	1,925,009	225,926
Equity		
Issued capital	16,880,032	10,161,339
Reserves:		
Equity based payment reserve	6,512,498	2,630,302
Retained losses	(7,288,342)	(3,777,482
Total Equity	16,104,188	9,014,159

(b) Statement of Profit or Loss and Other Comprehensive Income		
Total profit/ (loss)	(3,510,860)	(992,850)
Total comprehensive income	(3,510,860)	(992,850)

23. CONTINGENT LIABILITIES

Galan Lithium Limited has the following material contingent liabilities as at 30 June 2019:

Under the Share Sale and Purchase Agreement for the acquisition of Blue Sky, the following option issues are outstanding:

i. Upon the delineation by or on behalf of Galan of a JORC resource of not less than 80kt lithium carbonate equivalent within the area of the mining properties in which Blue Sky has an interest as at Completion, the issue of 15,000,000 Shares to the Blue Sky vendors and shareholders.
ii. Upon the commencement of commercial production from a pilot plant by on or behalf of Galan, the issue of 10,000,000 Shares to the Blue Sky vendors and shareholders.

On 6 June 2019, shareholders approved the issue of a total of 10 million performance shares to the Managing Director upon the achievement of the following milestones on or before 31 July 2023:

(c) 5,000,000 Class A Performance Shares, which will convert to Shares upon the Company announcing an Indicated and Measured resource of 1Mt of lithium carbonate equivalent at a minimum grade of 400 mg/l of lithium pursuant to The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 (**JORC Code**) within a project in which the Company has an interest. In the event that the Company's interest in that project is less than 100%, only the proportion of those 5,000,000 Class A Performance Shares that is equal to the Company's percentage interest in the project will convert into Shares (i.e. if the Company holds a 75% interest in the relevant project, 75% of the Class A Performance Shares will convert into Shares) unless the Board agrees otherwise; and
(d) 5,000,000 Class B Performance Shares, which will convert to Shares upon financial close for a commercial scale lithium production facility capable of production of at least 5,000tpa of lithium carbonate equivalent per annum by the Company.

Assessments are conducted by management at each reporting date to determine the likelihood of the milestones being achieved. As at 30 June 2019 the MD performance share valuation ($393,352) was reflected in the share based payment expense and the Blue Sky share valuation ($2,127,500) was capitalised to exploration expenditure.

In accordance with a resolution of the directors of Galan Lithium Limited, the directors of the company declare that:

1. the financial statements and notes, as set out, on pages 27 to 59, are in accordance with the Corporations Act 2001 and:

    a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
    b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company;

2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chairman and Chief Financial Officer.

On behalf of the Directors

Nathan McMahon
Non-Executive Chairman
Perth, Western Australia
24 September 2019

Independent Auditor's Report

To the Members of Galan Lithium Limited

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Galan Lithium Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

    (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial report which indicates that the Consolidated Entity incurred a net loss of $3,554,529 during the year ended 30 June 2019. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Exploration and Evaluation – $15,312,411 (Refer Note 8) Exploration and evaluation is a key audit matter due to: – The significance of the balance to the Consolidated Entity's financial position. – The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. – The assessment of impairment of exploration and evaluation expenditure being inherently difficult.	Our procedures included, amongst others: – We assessed management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest and the exploration programmes planned for those tenements; – We assessed the Consolidated Entity's rights to tenure on a sample basis by corroborating to the option agreements that Blue Sky are a party to and review of the due diligence report prepared by the independent lawyer; – We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6; – We considered the activities in each area of interest to date and assessed the planned future activities; – We assessed the adequacy of the disclosures included in notes 8 and 18 to the financial statements; and

Key audit matter	How our audit addressed the key audit matter
	– We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: – the licenses for the right to explore expiring in the near future or are not expected to be renewed; – substantive expenditure for further exploration in the specific area is neither budgeted or planned; – decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and – data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.
Accounting for Share Based Payments As disclosed in note 16 to the financial statements, the Company issued ordinary shares, unlisted options and performance shares as consideration for services during the year as well as consideration for the acquisition of exploration. The total share based payment transactions during the year was $4,275,547. Share based payments are considered to be a key audit matter due to: – the value of the transactions; – the complexities involved in the recognition and measurement of these instruments; and – the judgement involved in determining the inputs used in the valuations.	Our procedures amongst others included: – Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments; – Evaluating management's option valuations and assessing the assumptions and inputs used; – Evaluating the assumptions used to in assessing the likelihood of the vesting conditions of non market conditions being met; and – Assessing the adequacy of the disclosures included in note 16 to the financial statements.

Key audit matter	How our audit addressed the key audit matter
Management used the Black-Scholes Option Valuation Model to determine the fair value of the options granted. The valuations involved significant estimation and judgement required to determine the fair value of the equity instruments granted.	

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Bentleys

BENTLEYS
Chartered Accountants

DOUG BELL CA
Partner

Dated at Perth this 24th day of September 2019

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 16 September 2019.

DETAILS OF EQUITY SECURITIES

ORDINARY SHAREHOLDERS

There are 134,889,834 fully paid ordinary shares on issue, held by 1,361 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

TWENTY LARGEST SHAREHOLDERS (AS AT 16 SEPTEMBER 2019)

	Fully Paid Ordinary	
Ordinary Shareholders	**Number**	**Percentage**
Hongze Group Ltd	13,367,640	9.9%
Juan Pablo Vargas de la Vega	6,860,244	5.1%
Acuity Capital Investment Management Pty Ltd	5,035,000	3.7%
Clive Jones (The Alyse Investment A/C)	3,793,699	2.8%
Widerange Corporation P/L	3,400,594	2.5%
Pinghua Liu	3,117,644	2.3%
T J Gardiner & V H Gardiner (Terry James Gardiner Super Fund)	2,700,000	2.0%
C W Chalwell & Mrs J R Chalwell (Chalwell Pension Fund)	2,211,402	1.6%
Cicchino Pty Ltd (Cicchino Share A/c)	2,200,000	1.6%
Gazard Investments P/L	2,072,183	1.5%
JP Morgan Nominees Australia Pty Ltd	2,055,419	1.5%
Mr R C Gardener & Ms Hineaka Black (Tumeke Super Fund)	1,746,569	1.3%
Mr Gheorghe Pletea	1,680,675	1.2%
Mr Peter Alexander Friedrich	1,604,507	1.2%
Mr Antony Sunna	1,500,000	1.1%
Mr Terry James Gardiner	1,430,902	1.1%
KM Pilgrim Family Pty Ltd (K & M Pilgrim Family A/C)	1,255,663	0.9%
Cleanwest Property Services Pty Ltd	1,200,000	0.9%
Roger Patek & Maree Patek (The R W P Super Fund)	1,200,000	0.9%
Renee Francisco Lopez	1,176,469	0.9%
	59,608,610	**44.0%**

VOTING RIGHTS

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

(a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;

(b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

VOTING RIGHTS

There are 117 shareholders who hold less than a marketable parcel of shares.

DISTRIBUTION OF SHARE HOLDERS (AS AT 16 SEPTEMBER 2019)

	Ordinary Shares
1 to 1,000	13,233
1,001 to 5,000	682,076
5,001 to 10,000	1,383,556
10,001 to 100,000	23,322,782
100,001 and over	109,488,187
	134,889,834

SUBSTANTIAL SHAREHOLDERS

The following shareholders are recorded in the Register of Substantial Shareholders:

Substantial Shareholder	Ordinary Shares Held	Current % Held
Hongze Group Ltd	13,367,640	9.1%
Clive Jones and associated entities	7,297,129	5.4%
Juan Pablo Vargas de la Vega	7,127,274	5.,3%

SHARE BUY-BACKS

There is no current on-market buy-back scheme.

OTHER INFORMATION

Galan Lithium Limited, incorporated and domiciled in Australia, is a public listed Company limited by shares.

INTEREST IN MINING TENEMENTS

Western Australia

E70/4629 (Greenbushes South - application)

E70/3065 (Walyering Hill - royalty)

Argentina (Hombre Muerto Project – 100% right, interest and title)

1. EL DECEO I
2. EL DECEO II
3. EL DECEO III

4. CANDELA
5. CANDELA II
6. CANDELA III
7. CANDELA IV
8. CANDELA V
9. CANDELA VI

10. CATALINA

11. SANTA BARBARA
12. PATA PILA
13. RANA de SAL