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**GALAN LITHIUM LIMITED**

**ACN 149 349 646**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)  
**DATE:** 29 November 2019  
**PLACE:** Level 2  
38 Richardson Street  
WEST PERTH WA 6005

***This Notice of Annual General Meeting and Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.***

***Should you wish to discuss the matters in this Notice of Annual General Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9322 6283.***

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**IMPORTANT INFORMATION**

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**TIME AND PLACE OF MEETING**

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Notice is given that the Annual General Meeting of the Shareholders convened by this Notice of Meeting will be held at 11.00am (WST) on Friday 29 November 2019 at:

Level 2  
38 Richardson Street  
WEST PERTH WA 6005

**YOUR VOTE IS IMPORTANT**

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The business of the Annual General Meeting affects your Shareholding and your vote is important.

**ATTENDANCE AND VOTING ELIGIBILITY**

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For the purposes of regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) the Directors have determined that the Shares quoted on the ASX at 5.00pm WST on 27 November 2019 will be taken, for the purposes of this Annual General Meeting, to be held by the persons who held them at that time. Accordingly those persons are entitled to attend and vote (if not excluded) at the Meeting.

**VOTING IN PERSON**

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To vote in person, attend the Annual General Meeting at the time, date and place set out above.

**VOTING BY PROXY**

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To vote by proxy, please complete and sign the Proxy Form enclosed (and the power of attorney or other authority (if any) under which it is signed (or a certified copy)) and either:

- (a) deliver the Proxy Form to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
- (b) send the Proxy Form by post to Galan Lithium Limited, PO Box 396, West Perth, Western Australia 6872; or
- (c) send the Proxy Form by facsimile to the Company on facsimile number (08) 9322 6398; or
- (d) email the Proxy Form to [mrobbins@galanlithium.com.au](mailto:mrobbins@galanlithium.com.au)

so that it is received not later than 11.00am (WST) on 27 November 2019.

**Proxy Forms received later than this time will be invalid.**

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Galan Lithium Limited will be held at **Level 2, 38 Richardson Street, West Perth, Western Australia at 11.00am WST on Friday 29 November 2019.**

The Explanatory Memorandum to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Memorandum and the Proxy Form are part of this Notice of Meeting.

Terms and abbreviations used in this Notice of Meeting and Explanatory Memorandum (including any Annexures) are defined in the Glossary unless defined elsewhere in the Explanatory Memorandum.

## AGENDA

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### FINANCIAL STATEMENTS AND REPORTS

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**To receive and consider** the 2019 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

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### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding ordinary resolution**:

*"That, for the purpose of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report."*

**Note: the vote on this Resolution is advisory only and does not bind the Board or the Company.**

#### Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.

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### RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NATHAN MCMAHON

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Nathan McMahon, a Non-Executive Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director."*

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### RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR TERRY GARDINER

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To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Terry Gardiner, a Non-Executive Director, who retires by rotation in accordance with the Constitution, and being willing and eligible for re-election, is re-elected as a Director."*

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#### **RESOLUTION 4 – ELECTION OF DIRECTOR – MR DANIEL JIMENEZ**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That Mr Daniel Jimenez, a Non-Executive Director of the Company appointed under the casual vacancy provisions of the Constitution and who retires in accordance with the Constitution, and being willing and eligible for election, is elected as a Director."*

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#### **RESOLUTION 5 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

*"That, for the purpose of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by a person who is expected to participate in, or who may obtain a material benefit as result of, the proposed issue of Equity Securities under this Resolution (except a benefit solely by reason of being a holder of ordinary securities in Galan) or an associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 6 – RATIFICATION OF THE ISSUE OF 5,555,556 SHARES UNDER A PRIVATE PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 5,555,556 Placement Shares to sophisticated and professional investors, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 7 – RATIFICATION OF THE ISSUE OF 2,777,778 OPTIONS UNDER A PRIVATE PLACEMENT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 2,777,778 Placement Options to sophisticated and professional investors, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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#### **RESOLUTION 8 – RATIFICATION OF THE ISSUE OF 1,515,000 SHARES TO ACUTY CAPITAL**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 1,515,000 Shares to Acuity Capital, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by Acuity Capital or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 9 – RATIFICATION OF THE ISSUE OF 4,000,000 OPTIONS TO CONSULTANTS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders approve and ratify the prior issue of 4,000,000 Consultant Options to consultants, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by the consultants as referred to in the Explanatory Memorandum having regard to the resolution or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 10 – APPROVAL OF THE ISSUE OF 5,294,112 SHARES TO BLUE SKY VENDORS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, Shareholders approve the issue of 5,294,112 Shares to the Blue Sky vendors (and/or their nominee(s)) pursuant to the Share Sale and Purchase Agreement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by the Blue Sky vendors as referred to in the Explanatory Memorandum having regard to the resolution or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**RESOLUTION 11 – APPROVAL OF THE ISSUE OF 5,117,658 SHARES TO BLUE SKY VENDOR (MR JUAN PABLO VARGAS DE LA VEGA)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue a total of 5,117,658 Shares to Director Mr Juan Pablo Vargas de la Vega, who is a Director)(and/or his nominee(s)), pursuant to the Shares Sale and Purchase Agreement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Mr Juan Pablo Vargas de la Vega and/or his nominee(s) or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**RESOLUTION 12 – APPROVAL OF THE ISSUE OF 4,588,230 SHARES TO BLUE SKY VENDOR (HONGZE GROUP LTD)**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue a total of 4,588,230 Shares to Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu, who is a Director)(and/or his nominee(s)), pursuant to the Shares Sale and Purchase Agreement, on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast on the Resolution by Hongze Group Ltd, Mr Jinyu (Raymond) Liu and/or their nominee(s) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**RESOLUTION 13 – APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR DANIEL JIMENEZ**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*"That for the purposes of ASX Listing Rule 10.11, and for all other purposes, the Company is authorised to issue up to 2,000,000 Director Options to Mr Daniel Jimenez, who is a Director, and/or his nominee(s), on the terms and conditions and in the manner set out in the Explanatory Memorandum."*

**Voting Exclusion Statement**

The Company will disregard any votes cast in favour of the Resolution by Mr Daniel Jimenez or any of his associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Voting Prohibition Statement**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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**RESOLUTION 14 - INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEES**

To consider and, if thought fit, to pass with or without amendment, the following as an ordinary resolution:

*"That, pursuant to and in accordance with Listing Rule 10.17, Rule 11.6 of the Constitution and for all other purposes, the maximum total fees payable to non-executive Directors be increased from \$200,000 per annum to \$300,000 per annum on the terms and conditions set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by a Director or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the Chair as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person described above (the "voter") may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy appointed by writing that specifies the way the proxy is to vote on the Resolution; and
  - (b) the voter is the Chair and the appointment of the Chair as proxy:
    - (i) does not specify the way the proxy is to vote on this Resolution; and
    - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity.
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**OTHER BUSINESS**

To deal with any business that may be lawfully brought forward.

## PROXIES

A Shareholder entitled to attend and vote at the Meeting has a right to appoint a proxy to attend and vote instead of the Shareholder. A proxy need not be a Shareholder and can be either an individual or a body corporate. If a Shareholder appoints a body corporate as a proxy that body corporate will need to ensure that it:

- a) appoints an individual as its corporate representative to exercise its powers at the Meeting, in accordance with section 250D of the Corporations Act; and
- b) provides the Company with satisfactory evidence of the appointment of its corporate representative prior to commencement of the Meeting.

If such evidence is not received before the Meeting, then the body corporate (through its representative) will not be permitted to act as proxy.

A Shareholder who is entitled to cast two (2) or more votes may appoint two (2) proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the Shareholder's votes. Fractions of votes will be disregarded.

In order to vote on behalf of a company that is a Shareholder, a valid Power of Attorney in the name of the attendee, must be either lodged with the Company prior to the Meeting, or be presented at the Meeting before registering on the attendance register for the Meeting.

Forms to appoint proxies, and the Power of Attorney (if any) under which they are signed, must be posted or lodged at the registered office of the Company, at Level 2, 38 Richardson Street, West Perth WA 6005, or PO Box 396 West Perth WA 6872, or by facsimile to (61 8) 9322 6398, or by email to [mrobbins@galanlithium.com.au](mailto:mrobbins@galanlithium.com.au) not less than 48 hours before the time of the Meeting or resumption of an adjourned meeting at which the person named in the instrument proposes to vote.

An instrument appointing a proxy:

- a) shall be in writing under the hand of the appointor or of his attorney, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney;
- b) may specify the manner in which the proxy is to vote in respect of a particular Resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the Resolution except as specified in the instrument;
- c) shall be deemed to confer authority to demand or join in demanding a poll;
- d) shall be in such form as the Directors determine and which complies with section 250A of the Corporations Act; and
- e) which appoints the Chair as proxy but does not specify the way in which the proxy is to vote on a particular Resolution will be recorded as voting in favour of the Resolutions (subject to the other provisions of these notes on proxies and any required voting exclusions including those in the Notice) as this is the Chair's voting intention.

## Corporations

A corporation may elect to appoint a representative in accordance with the Corporations Act in which case the Company will require written proof of the representative's appointment, which must be lodged with, or presented to, the Company before the commencement of the Meeting.

Proxies given by corporate Shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Constitution to vote, or abstain from voting, in their capacity as proxy.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

## Undirected and Directed Proxies

The Company encourages all Shareholders who submit proxies to direct their proxy how to vote on each Resolution.



The Company will not disregard any votes cast on a Resolution by a person if the person is the Chair voting an undirected proxy and their appointment expressly authorises the Chair to exercise the proxy.

If you intend to appoint the Chair as your proxy, you can direct him how to vote by marking the boxes for each resolution (for example, if you wish to vote "for", "against" or "abstain" from voting), or you cannot mark any of the boxes and give the Chair your express authority to vote your undirected proxy (in which case the Chair will vote in favour of all Resolutions).

If you intend to appoint another member of the Key Management Personnel (such as one of the Directors) or one of their Closely Related Parties as your proxy, please ensure that you direct them how to vote on Resolutions 1, 13 and 14. If you leave your proxy form undirected on Resolutions 1, 13 and 14, the relevant Key Management Personnel (other than the Chair) and their Closely Related Parties will not be able to vote your shares on those resolutions. If the Chair is your proxy and you do not direct the Chair how to vote in respect of Resolutions 1, 13 and 14 on the proxy form, you will be deemed to have directed and expressly authorised the Chair to vote your proxy in favour of Resolutions 1, 13 and 14. This express authorisation acknowledges that the Chair may vote your proxy even though Resolutions 1, 13 and 14 are connected directly or indirectly with the remuneration of a Key Management Personnel and even though the Chair may have an interest in the outcome of those resolutions and is prohibited from voting on those resolutions (other than as authorised proxy holder) because of that interest.

In accordance with the Corporations Act, any directed proxies that are not voted on a poll at the meeting will automatically default to the Chair, who is required to vote proxies as directed.

***If you appoint any other person as your proxy***

You do not need to direct your proxy how to vote.

**It is the Chair's intention to vote all undirected proxies in favour of all Resolutions including Resolutions 1, 13 and 14.**

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**DATED: 25 OCTOBER 2019**

**BY ORDER OF THE BOARD**

**MIKE ROBBINS  
COMPANY SECRETARY**

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## EXPLANATORY MEMORANDUM

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This Explanatory Memorandum has been prepared for the information of shareholders of Galan Lithium Limited in connection with the business specified to be conducted in the Notice of Annual General Meeting at the annual general meeting of Shareholders to be held at **Level 2, 38 Richardson Street, West Perth, Western Australia 6005 at 11.00am WST on Friday 29 November 2019.**

The purpose of this Explanatory Memorandum is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

The Notice of Meeting, Explanatory Memorandum and Proxy Form are all important documents. The Directors recommend that Shareholders read them carefully in their entirety before making a decision on how to vote at the Annual General Meeting.

A Glossary of terms frequently used in this Notice of Meeting and Explanatory Memorandum can be found at the end of this Explanatory Memorandum.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the 2019 Financial Report together with the Declaration of the Directors, the Directors' Report, the Remuneration Report and the Auditor's Report thereon.

The Company will not provide a hard copy of the 2019 Financial Report to Shareholders unless specifically requested to do so. The 2019 Financial Report is available on its website at [www.galanlithium.com.au](http://www.galanlithium.com.au).

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### 2. ADOPTION OF REMUNERATION REPORT (RESOLUTION 1)

#### 2.1 Background

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Board or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

#### 2.2 Voting Consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report at the two consecutive annual general meetings, the company will be required to put to shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of shareholders vote in favour of the Spill Resolution, the company must convene the extraordinary general meeting (**Spill Meeting**) within 90 days of the company's AGM where the second consecutive strike is received. All of the directors, other than the Managing Director, who were in office when the Board approved the last Directors' Report, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as directors is approved will be the directors of the company.

The Audited Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Audited Remuneration Report is part of the Directors' Report contained in the 2019 Financial Report.

At the Company's previous annual general meeting, held on 29 November 2018, less than 25% of votes were cast against the remuneration report at that meeting. Accordingly the Spill Resolution is not relevant for this Annual General Meeting.

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### **3. RE-ELECTION OF DIRECTOR – MR NATHAN MCMAHON (RESOLUTION 2)**

#### **3.1 Background**

Clause 11.1 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.1 of the Constitution is eligible for re-election.

The Company currently has six (6) Directors and accordingly two (2) must retire by rotation.

Mr Nathan McMahon retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election. The profile of Mr Nathan McMahon is set out in the 2019 Financial Report.

#### **Directors' Recommendation**

The Directors (other than Mr Nathan McMahon) recommend that Shareholders vote in favour of Resolution 2.

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### **3. RE-ELECTION OF DIRECTOR – MR TERRY GARDINER (RESOLUTION 3)**

#### **3.1 Background**

Clause 11.1 of the Constitution requires that at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of three (3), then the number nearest one-third, shall retire from office, provided always that no Director (except a Managing Director) shall hold office for a period in excess of three (3) years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots.

A Director who retires by rotation under clause 11.1 of the Constitution is eligible for re-election.

The Company currently has six (6) Directors and accordingly two (2) must retire by rotation.

Mr Terry Gardiner retires by rotation in accordance with the Constitution and, being willing and eligible for re-election, seeks re-election. The profile of Mr Terry Gardiner is set out in the 2019 Financial Report.

#### **Directors' Recommendation**

The Directors (other than Mr Terry Gardiner) recommend that Shareholders vote in favour of Resolution 3.

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### **4. ELECTION OF DIRECTOR – MR DANIEL JIMENEZ (RESOLUTION 4)**

#### **4.1 Background**

Clause 11.4 of the Constitution requires that any Director appointed to fill a casual vacancy or as an addition to the Board, holds office until the next annual general meeting and is then eligible for election.

Mr Daniel Jimenez was appointed to the Board as a Non-Executive Director on 4 September 2019. Mr Jimenez retires by virtue of clause 11.4 of the Constitution and, being willing and eligible for election, seeks election.

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.

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 joined the Company in 1991 holding several senior positions 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, Mr Jimenez has been a leading consultant to the lithium industry focusing on market intelligence, forecasting and lithium business strategy.

### **Directors' Recommendation**

The Directors (other than Mr Jimenez) recommend that Shareholders vote in favour of Resolution 4.

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## **6. APPROVAL OF 10% PLACEMENT CAPACITY (RESOLUTION 5)**

### **6.1 Purpose of resolution**

The purpose of this special resolution is to authorise the Directors to seek Shareholder approval to allow it to issue a further 10% of the Company's issued share capital under Listing Rule 7.1A during the 10% Placement Period in addition to and without using the Company's 15% placement capacity under Listing Rule 7.1.

The additional 10% placement capacity under Listing Rule 7.1A is in addition to the existing 15% annual placement capacity available under Listing Rule 7.1.

### **6.2 General information**

Listing Rule 7.1A came into effect on 1 August 2012 and enables "eligible entities" to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the annual general meeting if the Equity Securities are in an existing quoted class of the Company's securities ("**10% Placement Facility**"). The 10% Placement Facility is in addition to the Company's 15% placement annual capacity under Listing Rule 7.1.

An "eligible entity" for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less.

The Company is an eligible entity and has a current market capitalisation of \$27.6 million.

The Company is seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the period of 12 months after the Meeting. As Resolution 5 is a special resolution 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 5 for it to be passed.

If Shareholders approve Resolution 5 the exact number of Equity Securities that may be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to section 6.3 (c) below).

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon the issue of any Equity Securities under the 10% Placement Facility.

### **6.3 Description of Listing Rule 7.1A**

#### **(a) Shareholder approval**

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting, which is in addition to the Company's 15% annual placement capacity.

#### **(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

The Company, as at the date of the Notice, has two classes of quoted Equity Securities, namely Shares and Quoted Options.

(c) **Formula for calculating Additional 10% Placement Facility**

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(a \times d) - e$$

*a* is the number of shares on issue 12 months before the date of issue or agreement:

- (i) *plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;*
- (ii) *plus the number of partly paid shares that became fully paid in the 12 months;*
- (iii) *plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% annual placement capacity without shareholder approval;*
- (iv) *less the number of fully paid shares cancelled in the 12 months.*

*Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% annual placement capacity.*

*d* is 10%

*e* is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) **Listing Rule 7.1 and Listing Rule 7.1A**

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice, the Company has 140,445,319 Shares on issue and therefore has the capacity to issue:

- (i) 15% or 21,066,798 Equity Securities under Listing Rule 7.1; and
- (ii) 10% or 14,044,532 Equity Securities under Listing Rule 7.1A subject to the receipt of the Shareholder approval being sought under this Resolution 5 and subject to the conditions of the Listing Rules regarding Equity Securities issued under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities, or the agreement date, in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to 6.3(c) above).

(e) **Information required by Listing Rule 7.3A**

Pursuant to and in accordance with Listing Rule 7.3A, the below information is provided in relation to the approval of the 10% Placement Facility:

**Minimum Price**

The minimum price at which Equity Securities may be issued under the 10% Placement Facility is 75% of the VWAP of securities in the same class calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- the date on which the price of the Equity Securities are to be issued is agreed; or
- if they are not issued within 5 Trading Days of the date above, the date on which the Equity Securities are issued.

**Date of Issue**

The Equity Securities may be issued under the 10% Placement Facility commencing on the date of the Meeting and expiring on the earlier to occur of:

- the date that is 12 months after the date of this Meeting; or
- the date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

## Risk of economic and voting dilution

If Resolution 5 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the table below.

Shareholders should note that there is a risk that:

- the market price for the Equity Securities to be issued may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - the Equity Securities may be issued at a price that is at a discount to the market price for those Equity Securities on the issue date.
- a) Any issue of Equity Securities under the 10% Placement Facility will dilute the interests of Shareholders who do not receive any Shares under the issue. If Resolution 5 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Facility, the economic and voting dilution of existing Shares would be as shown in the table below.
  - b) The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice, assuming the full 10% dilution.
  - c) The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Facility.

Variable "A" in Listing Rule 7.1A.2		Dilution		
		\$0.095 50% decrease in Issue Price	\$0.19 Issue Price	\$0.285 50% increase in Issue Price
<b>Current Variable A</b> 140,445,319 Shares	<b>Shares issued</b>	14,044,532 Shares	14,044,532 Shares	14,044,532 Shares
	<b>Funds raised</b>	\$1,334,231	\$2,668,461	\$4,002,692
<b>50% increase* in current Variable A</b> 210,667,979 Shares	<b>Shares issued</b>	21,066,798 Shares	21,066,798 Shares	21,066,798 Shares
	<b>Funds raised</b>	\$2,001,346	\$4,002,692	\$6,004,037
<b>100% increase* in current Variable A</b> 280,890,638 Shares	<b>Shares issued</b>	28,089,064 Shares	28,089,064 Shares	28,089,064 Shares
	<b>Funds raised</b>	\$2,668,461	\$5,336,922	\$8,005,383

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued under Listing Rule 7.1.

The table has been prepared on the following assumptions:

- The current Shares on issue are the Shares on issue at 24 October 2019.
- The issue price set out above is the closing price of the Shares on the ASX on 24 October 2019.
- The Company issues the maximum number of Equity Securities available under the 10% Placement Facility hence the voting dilution is shown in each example as 10%.
- The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own Shareholding depending on their specific circumstances, and if necessary seek advice from their professional advisers.
- No unlisted Options are exercised into Shares before the date of issue of the Equity Securities.
- The table shows only the effect of issues of Equity Securities under ASX Listing Rule 7.1A, and not dilution under the 15% placement capacity under ASX Listing Rule 7.1, under ASX Listing Rule 7.2, or Shareholder approvals under ASX Listing Rule 7.1.
- The issue of Equity Securities under the 10% Placement Facility consists only of Shares.

## Purpose of issue under 10% Placement Facility

The Company may seek to issue the Equity Securities for the following purposes:

- as cash consideration, in which case the Company intends to use the funds raised towards continued exploration and development of the Company's projects, the evaluation and acquisition of new opportunities and general working capital; or
- as non-cash consideration for the exploration and development of the Company's projects, the evaluation and acquisition of new assets and other investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

#### **Allocation under the 10% Placement Facility**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- the purpose of the issue;
- the alternative methods of raising funds that are available to the Company, including but not limited to, an entitlement offer or other issue in which existing security holders can participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company, including but not limited to the financial situation and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing Shareholders and/or new Shareholders, who are not related parties of the Company or their associates.

#### **Previous Approval under ASX Listing Rule 7.1A**

The Company last obtained Shareholder approval under Listing Rule 7.1A at its Annual General Meeting held on 29 November 2018.

#### **Voting Exclusive**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not invited any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **6.4 Listing Rule 7.3A.6 Details of Equity Securities issued during last 12 months**

<b>Date of Issue</b>	<b>5 Nov 2018</b>	<b>16 Nov 2018</b>	<b>23 Nov 2018</b>	<b>30 Nov 2018</b>
Number issued	290,000	158,737	787,392	693,708
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
Summary of Terms	Conversion of Quoted Options	Conversion of Quoted Options	Conversion of Quoted Options	Conversion of Quoted Options
Name of Persons Issued Securities	Various quoted option holders	Various quoted option holders	Various quoted option holders	Various quoted option holders
Deemed/Issue Price	\$0.14	\$0.14	\$0.14	\$0.14
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$40,600	\$22,223	\$110,235	\$97,119
Cash Spent	\$40,600	\$22,223	\$110,235	\$97,119
Use of Cash	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital
Cash Unspent	Nil	Nil	Nil	Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	NA	NA	NA
Current value of non-cash consideration	NA	NA	NA	NA

Date of Issue	7 Dec 2018	14 Dec 2018	20 Dec 2018	28 Dec 2018
Number issued	550,630	748,100	2,005,953	4,322,863
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
Summary of Terms	Conversion of Quoted Options	Conversion of Quoted Options	Conversion of Quoted Options	Conversion of Quoted Options
Name of Persons Issued Securities	Various quoted option holders	Various quoted option holders	Various quoted option holders	Various quoted option holders
Deemed/Issue Price	\$0.14	\$0.14	\$0.14	\$0.14
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$77,088	\$104,734	\$280,833	\$605,201
Cash Spent	\$77,088	\$104,734	\$280,833	\$605,201
Use of Cash	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital
Cash Unspent	Nil	Nil	Nil	Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	NA	NA	NA
Current value of non-cash consideration	NA	NA	NA	NA

  

Date of Issue	2 Jan 2019	14 Jan 2019	25 Jan 2019	12 Feb 2019
Number issued	6,307,107	180,891	176,470	375,000
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares	Ordinary Shares
Summary of Terms	Conversion of Quoted Options	Shortfall securities per agreement	Conversion of Unquoted Options	Conversion of Options
Name of Persons Issued Securities	Various quoted option holders	Various underwriters	Nerona Pte Ltd	R Griffiths
Deemed/Issue Price	\$0.14	\$0.14	\$0.14	\$0.15
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$882,995	\$25,325	\$24,706	\$56,250
Cash Spent	\$882,995	\$25,325	\$24,706	\$56,250
Use of Cash	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital
Cash Unspent	Nil	Nil	Nil	Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	NA	NA	NA
Current value of non-cash consideration	NA	NA	NA	NA

  

Date of Issue	26 Feb 2019	28 Feb 2019	5 Mar 2019	15 Mar 2019
Number issued	50,000	5,350,000	300,000	655,882
Class/Type	Ordinary Shares	Unquoted options	Ordinary Shares	Ordinary Shares
Summary of Terms	Conversion of Unquoted Options	Exercisable at \$0.60 on or before 31 Aug 2020	Conversion of Options	Conversion of Unquoted Options
Name of Persons Issued Securities	M Matich	Various employees	R Griffiths	M Matich & KM Pilgrim Family
Deemed/Issue Price	\$0.14	NA	\$0.15	\$0.14
Discount to market	NA	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$7,000	NA	\$45,000	\$91,823
Cash Spent	\$7,000	NA	\$45,000	\$91,823
Use of Cash	Ongoing exploration and working capital	NA	Ongoing exploration and working capital	Ongoing exploration and working capital
Cash Unspent	Nil	NA	Nil	Nil
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	Unquoted options	NA	NA
Current value of non-cash consideration	NA	\$1,341,473 – Black Scholes valuation at issue date	NA	NA



Date of Issue	15 Apr 2019	15 Apr 2019	16 Apr 2019	13 Jun 2019
Number issued	14,545,455	176,470	1,515,000	4,000,000
Class/Type	Ordinary Shares	Ordinary Shares	Ordinary Shares	Consultant Options
Summary of Terms	Placement	Conversion of Unquoted Options	Controlled placement deed	Exercisable at \$0.3438 on or before 11 Jun 2021
Name of Persons Issued Securities	Sophisticated and professional investors	Update Corporation	Acuity Capital	Barclay Wells/Ecoban Securities
Deemed/Issue Price	\$0.275	\$0.14	\$0.33	NA
Discount to market	Nil	NA	NA	NA
<b>CASH ISSUES</b>				
Cash Received	\$4,000,000	\$24,706	\$500,000	NA
Cash Spent	\$4,000,000	\$24,706	\$500,000	NA
Use of Cash	Ongoing exploration and working capital	Ongoing exploration and working capital	Ongoing exploration and working capital	NA
Cash Unspent	Nil	Nil	Nil	NA
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	NA	NA	Unquoted options
Current value of non-cash consideration	NA	NA	NA	\$413,223 – Black Scholes valuation at issue date

Date of Issue	14 Aug 2019	14 Aug 2019	17 Sep 2019	17 Sep 2019
Number issued	5,555,556	2,777,778	5,555,485	2,777,691
Class/Type	Ordinary Shares	Unquoted options	Ordinary Shares	Unquoted options
Summary of Terms	Placement	Exercisable at \$0.25 on or before 31 Aug 2020	Share Purchase Plan	Exercisable at \$0.25 on or before 31 Aug 2020
Name of Persons Issued Securities	Sophisticated and professional investors	Sophisticated and professional investors	GLN shareholders	GLN shareholders
Deemed/Issue Price	\$0.18	NA	\$0.18	NA
Discount to market	1%	NA	1%	NA
<b>CASH ISSUES</b>				
Cash Received	\$1,000,000	NA	\$1,000,000	NA
Cash Spent	\$100,000	NA	\$Nil	NA
Use of Cash	Ongoing exploration and working capital	NA	Ongoing exploration and working capital	NA
Cash Unspent	\$900,000	NA	\$1,000,000	NA
<b>NON-CASH ISSUES</b>				
Non-cash consideration	NA	Unquoted options	NA	Unquoted options
Current value of non-cash consideration	NA	\$171,236 – Black Scholes valuation at issue date	NA	\$197,747 – Black Scholes valuation at issue date

Pursuant to and in accordance with Listing Rule 7.3A.6 (a), the total number of Equity securities issued since the date of the Company's last annual general meeting, held on 29 November 2018, are as follows:

Class/Type	On Issue 29 November 2018	Number Issued Since 29 November 2018	% Issued Since 29 November 2018
Ordinary Shares	96,730,749	43,714,570	45%
Unquoted Options	28,500,000	14,905,469	52%
Total	125,230,749	58,620,039	47%

## **Directors' Recommendation**

The Directors consider that the approval of the issue of the 10% Placement Facility described above is beneficial for the Company as it provides the Company with the flexibility to issue up to the maximum number of securities permitted under ASX Listing Rule 7.1A in the next 12 months (without further Shareholder approval), should it be required and which will be in addition to, and without using, the Company's 15% annual placement capacity. At the date of the notice, the Company has no plans to use the 10% placement facility should it be approved. Accordingly the Directors recommend that Shareholders vote in favour of Resolution 5.

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### **7. RATIFICATION OF THE ISSUE OF 5,555,556 SHARES UNDER A PRIVATE PLACEMENT (RESOLUTION 6) AND RATIFICATION OF THE ISSUE OF 2,777,778 OPTIONS UNDER A PRIVATE PLACEMENT (RESOLUTION 7)**

#### **7.1 Background**

As announced on 5 August 2019, the Company confirmed that it had received firm commitments from sophisticated and professional investors to raise \$1,000,000 through a share placement at \$0.18 per Share with one free unquoted option (exercisable on or before 31 August 2020 at \$0.25) (**Placement Options**) also being issued on the basis of one Placement Option for every two Shares subscribed for and issued (**Placement**). The Placement was managed by DJ Carmichael and Barclay Wells Ltd and the Placement Shares (5,555,556) and Placement Options (2,777,778) were issued under the Company's existing placement capacity under ASX Listing Rule 7.1.

The capital funds raised were to be used by the Company to continue its work on a JORC compliant resource and commence PFS work for Candelas North along with the initial drilling campaign for the Western Tenements and working capital purposes.

The Shares and Placement Options were issued on 14 August 2019. The terms and conditions of the Placement Options are set out in Annexure C.

#### **7.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, Equity Securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of Equity Securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If shareholders approve Resolutions 6 and 7, the issue of 5,555,556 Shares and 2,777,778 Placement Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

The following information is provided for the purpose of ASX Listing Rule 7.5.

*(a) Number of securities issued*

Shares - 5,555,556

Placement Options - 2,777,778

*(b) Issue price of securities*

Shares - \$0.18

Placement Options - Nil

*(c) Terms of the securities*

Shares were issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

Placement Options are exercisable at \$0.25 on or before 31 August 2020 on the terms and conditions set out in Annexure C.

- (d) *The name of the persons to whom Galan issued the securities or the basis on which those persons were determined*

Sophisticated and professional investors

- (e) *Use (or intended use) of funds raised*

Share placement funds are to be used for JORC compliant resource work and the commencement pre-feasibility study work for the Company's Candelas North project along with the initial drilling campaign for the Western Tenements and working capital purposes. No funds were raised in respect of the Placement Options as these were issued for no consideration.

### **Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 6 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

The Board recommends Shareholders vote in favour of Resolution 7 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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## **8. RATIFICATION OF THE ISSUE OF 1,515,000 SHARES TO ACUITY CAPITAL (RESOLUTION 8)**

### **8.1 General**

The Company has a Controlled Placement Deed (**CPD**) in place with Acuity Capital Investment Management Pty Ltd (**Acuity Capital**). The CPD provides Galan with standby equity capital of up to \$5,000,000 until December 2020. Galan retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPD. Galan is under no obligation to raise capital under the CPD. If Galan does decide to utilise the CPD, it 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 the Company and a 10% discount to a Volume Weighted Average Price (**VWAP**) over a period of Galan's sole choosing.

The Company was issued with a notice of exercise of CPD option by Acuity Capital on 15 April 2019, as per the terms of the CPD. The Company was required to issue Acuity Capital a total of 1,515,000 Shares at a deemed issue price of \$0.33 per Share for total consideration of \$500,000.

Resolution 8 seeks ratification from Shareholders for the prior issue of 1,515,000 Shares to Acuity Capital under the terms and conditions of the CPD. The Shares were issued on 16 April 2019.

### **8.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, Equity Securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of Equity Securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 8, the issue of 1,515,000 Shares will be excluded from the calculations of the Company's 15% limit under ASX Listing Rule 7.1.

The following information is provided for the purpose of ASX Listing Rule 7.5.

- (a) *Number of securities issued*

1,515,000 Shares

- (b) *Issue price of securities*

\$0.33.

(c) *Terms of the securities*

Shares were issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

(d) *The name of the persons to whom Galan issued the securities or the basis on which those persons were determined*

Acuity Capital Investment Management Pty Ltd

(e) *Use (or intended use) of funds raised*

Funds were used for further exploration work on Galan projects as well as for general working capital purposes.

### **Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 8, as it ratifies the above issue of Shares and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

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## **9. RATIFICATION OF THE ISSUE OF 4,000,000 OPTIONS TO CONSULTANTS (RESOLUTION 9)**

### **9.1 General**

The Company entered into two separate consulting agreements, with Tectonic Advisory Partners (**Tectonic**) and Barclay Wells Ltd, that commenced on 1 June 2019 for an initial six (6) month period.

The Tectonic agreement is to provide capital marketing services to the Company with any securities related transactions being executed through Ecoban Securities Corporation.

The Barclay Wells Ltd agreement is to provide transactional and corporate advisory services to the Company.

Under both agreements, the Company was obligated to issue Galan unquoted options that were to have an exercise price of a 50% premium to the five (5) day VWAP from the date of signing the agreements and an option expiry date of two (2) years from the date of their issue (**Consultant Options**).

On 16 June 2019, 2,000,000 Consultant Options were issued to Barclay Wells Ltd and 2,000,000 Consultant Options were issued to Ecoban Securities Corporation. The Consultant Options have an exercise price of \$0.3438 and an expiry date of 11 June 2021. The terms and conditions of the Consultant Options are set out in Annexure B.

### **9.2 ASX Listing Rule 7.4**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, Equity Securities (which includes shares) that exceed 15% of the total number of fully paid ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. ASX Listing Rule 7.4 provides that the approval of holders of the company's ordinary securities may be obtained after the issue of Equity Securities. The effect of such ratification is to restore the company's discretionary power to issue further securities up to 15% of the number of fully paid ordinary securities on issue at the beginning of the relevant 12 month period without obtaining shareholder approval.

If Shareholders approve Resolution 9, the issue of 4,000,000 Consultant Options will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

The following information is provided for the purpose of ASX Listing Rule 7.5.

(a) *Number of securities issued*

4,000,000 Consultant Options.

(b) *Deemed Issue price of securities*

Nil. The Consultants Options were issued as consideration for services rendered to the Company.

(c) *Terms of the securities*

Consultant Options are exercisable at \$0.3438 on or before 11 June 2021 on the terms and conditions set out in Annexure B.

(d) *The name of the persons to whom Galan issued the securities or the basis on which those persons were determined*

Barclay Wells Ltd – 2,000,000 Consultant Options  
Ecoban Securities Corporation – 2,000,000 Consultant Options

(e) *Use (or intended use) of funds raised*

No funds were raised by the issue of the Consultant Options.

### **Directors' Recommendation**

The Directors recommend that Shareholders vote in favour of Resolution 9, as it ratifies the above issue of Consultant Options and retains the Company's flexibility to issue further securities representing up to 15% of the Company's Share capital during the next 12 months.

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## **10. APPROVAL OF THE ISSUE OF 5,294,112 SHARES TO BLUE SKY VENDORS (RESOLUTION 10)**

### **10.1 Background**

On 6 February 2018, the Company announced that it had signed an exclusive option agreement with Australian company Blue Sky to acquire 100% (royalty free) of Blue Sky Lithium Pty Ltd interests' in mining tenements located in the world class lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina. Blue Sky, through its Managing Director and founder Mr. Juan Pablo Vargas de la Vega, has had a long association in the mining industry in Australia and Latin America and in particular within the lithium sector.

The mining tenements in which Blue Sky has an interest (being the **Project**) are located within the South American *Lithium Triangle* in the *Hombre Muerto* Basin, one of the most important and prolific salt flats in Argentina and indeed the world.

A Shareholder's meeting was conducted on 4 May 2018 at which resolutions seeking approval for the Proposed Acquisition and the issue of Shares and Unquoted Options in connection with the Proposed Acquisition were put before Shareholders and passed.

On 6 June 2018, the Company announced that it had signed a formal Share Sale and Purchase Agreement (**Sale Agreement**) under which it was agreed that the Proposed Acquisition would proceed by way of the acquisition by the Company of 100% of the issued share capital of Blue Sky (**Acquisition**). Under the terms of the Sale Agreement, the consideration was as follows:

- (a) upon completion of the Acquisition, the issue to the Vendors of 17,000,000 Shares and 12,000,000 Options;
- (b) 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 Vendors; and
- (c) upon the commencement of commercial production from a pilot plant by on or behalf of Galan processing lithium carbonate extracted from the area of the Project tenements as at completion of the Acquisition, the issue of 10,000,000 Shares to the Vendors.

The 17,000,000 Shares due on completion of the Acquisition under the Sale Agreement were issued to the Vendors on 25 June 2018. The 12,000,000 Options due on completion of the Acquisition under the Sale Agreement were issued to the Vendors on 15 August 2018.

On 1 October 2019, the Company announced its maiden JORC (2012) compliant mineral resource estimate for the Candelas lithium brine project located in the Catamarca province, Argentina. The resource estimate was completed by the Company's consultants SRK (Australia) and was conducted by their Australian and Argentinian based teams.

The indicated mineral resource estimate for the higher grade Candelas North zone is 684,850 tonnes of contained lithium carbonate equivalent (LCE) product grading at 672mg/l Li (at 500mg/l Li cut off).

Shares due under milestone (b) above are now due to the Blue Sky Vendors.

Of the 15,000,000 Shares to be issued upon the completion of milestone (b) above, 5,117,658 Shares and 4,588,230 Shares are to be issued to Directors Messrs Juan Pablo Vargas de la Vega and Jinyu (Raymond) Liu or entities controlled by them, respectively, which are the subject of Resolutions 11 and 12. The balance of the 5,294,112 Shares to be issued to the Vendors other than Directors Messrs Juan Pablo Vargas de la Vega and Jinyu (Raymond) Liu upon the completion of milestone (b) above are the subject of this Resolution 10.

### **10.2 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 prohibits a listed company from issuing, or agreeing to issue, equity securities (which include shares) that exceed 15% of the total number of ordinary securities on issue in any 12 month period, unless approval is obtained from the holders of the company's ordinary securities. Shareholder approval for the purposes of ASX Listing Rule 7.1 is being sought in Resolution 10 for the issue of 5,294,112 Shares as per the terms and conditions of the Sale Agreement.

If Shareholders approve Resolution 10, the issue of 5,294,112 Shares will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **10.3 ASX Listing Rule Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 7.3:

*(a) Number of securities to be issued*

5,294,112 Shares.

*(b) Date on or by which Galan will issue the securities*

The Shares will be issued within 3 months of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(c) Issue price of the securities*

Nil. The Shares are being issued as part of the consideration for the Acquisition.

*(d) The name of the persons to whom Galan will issue the securities or the basis on which those persons will be determined*

The 5,294,112 Shares will be issued to Vendors Francisco Lopez, Jorge Pablo Sanz, Pinghua Liu, Maurice Matich, Alexandra Matich, Megan Campbell, KM Pilgrim Family Pty Ltd, Jane Allnut, Adrian Manger, Julian Bavin, Update Corporation Pty Ltd and Nerona Pte Ltd (and/or their nominees) as per the Sale Agreement.

*(e) Terms of the securities*

Shares will be issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

*(f) Intended use of funds raised*

No funds will be raised from the issue of the Shares as they are being issued as consideration under the Sale Agreement.

### **Directors' Recommendation**

The Directors recommend Shareholders vote in favour of Resolution 10 as it allows the Company greater flexibility to issue further Securities representing up to 15% (under ASX Listing Rule 7.1) of the total number of Shares on issue in any 12 month period without Shareholder approval.

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**11. APPROVAL OF THE ISSUE OF 5,117,658 SHARES TO BLUE SKY VENDOR (MR JUAN PABLO VARGAS DE LA VEGA) (RESOLUTION 11) AND APPROVAL OF THE ISSUE OF 4,588,230 SHARES TO BLUE SKY VENDOR (HONGZE GROUP LTD) (RESOLUTION 12)**

**11.1 Background**

Resolutions 11 and 12 seek the approval of Shareholders for the issue of a total of 9,705,888 Shares to a Director, Mr Juan Pablo Vargas de la Vega (5,117,658 Shares) and to Hongze Group Ltd (4,588,230 Shares), an entity controlled by Director Mr Jinyu (Raymond) Liu, as part of the consideration for the Acquisition (each of Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd being a Blue Sky Vendor), being that component of the consideration that is due upon the completion of milestone (b) as set out in section 10.1 of this Explanatory Memorandum. Mr Jinyu (Raymond) Liu is the sole director, and a minority shareholder, of Hongze Group Ltd.

Shareholder approval of the issue of the Shares the subject of Resolutions 11 and 12 is sought for the purposes of ASX Listing Rule 10.11, which provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a director without shareholder approval.

The Board considers that the Sale Agreement (including the consideration payable upon satisfaction of the milestones) is on terms that would be reasonable in the circumstances if the parties were dealing at arms' length or terms less favourable, as the Sale Agreement was negotiated before Mr Juan Pablo Vargas de la Vega and Mr Jinyu (Raymond) Liu became related parties of the Company. The Board has therefore determined that Shareholder approval for the issue of Shares to Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd on attainment of milestone (b) in section 10.1 of this Explanatory Memorandum is not required for the purposes of Chapter 2E of the Corporations Act in accordance with section 210 of the Corporations Act.

Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd are substantial holders of the Company, currently holding Securities representing 5.08% and 9.52% respectively of the issued capital of the Company. If Shareholders approve Resolution 11 and 12 (and assuming all of the other Resolutions contained in this Notice are passed), Mr Juan Pablo Vargas de la Vega will hold Securities representing 7.88% of the issued capital of the Company on a fully diluted basis and Hongze Group Ltd will hold Securities representing 11.55% of the issued capital of the Company on a fully diluted basis.

If Shareholder approval is obtained for Resolutions 11 and 12, the Shares will be granted within one month of Shareholder approval.

**11.2 ASX Listing Rule 10.11 Disclosure Requirements**

The following information is provided for the purpose of ASX Listing Rule 10.13:

*(a) Name of the person*

Mr Juan Pablo Vargas de la Vega and Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu) (and/or their nominee(s)).

*(b) Maximum number of securities to be issued*

Mr Juan Pablo Vargas de la Vega – 5,117,658 Shares.  
Hongze Group Ltd – 4,588,230 Shares.

*(c) Date by which Galan will issue the securities*

Within one (1) month of the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules).

*(d) If the person is not a director, a statement of the relationship between the person and the director that requires the approval to be obtained*

Mr Juan Pablo Vargas de la Vega is a Director.  
Mr Jinyu (Raymond) Liu is a Galan and controls Hongze Group Ltd.

(e) *Terms of the securities*

Shares will be issued fully paid and rank pari passu in all respects with the Company's other Shares on issue.

(f) *Intended use of funds raised*

No funds will be raised from the issue of the Shares as they are being issued as consideration under the Sale Agreement.

### **11.3 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Shares to Mr Juan Pablo Vargas de la Vega (and/or his nominee(s)) pursuant to Resolution 11, as approval is being obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolution 11, the issue of 5,117,658 Shares to Mr Juan Pablo Vargas de la Vega will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Shares to Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu)(and/or their nominee(s)) pursuant to Resolution 12, as approval is being obtained under ASX Listing Rule 10.11.

If Shareholders approve Resolution 12, the issue of 4,588,230 Shares to Hongze Group Ltd (an entity controlled by Mr Jinyu (Raymond) Liu)(and/or their nominee(s)) ) will be excluded from the calculations of the 15% limit under ASX Listing Rule 7.1.

### **Directors' Recommendation**

Mr Juan Pablo Vargas de la Vega declines to make a recommendation to Shareholders in relation to Resolution 11 due to his material personal interest in the outcome of the Resolution.

Mr Jinyu (Raymond) Liu declines to make a recommendation to Shareholders in relation to Resolution 12 due to his material personal interest in the outcome of the Resolution.

The Directors (other than Mr Juan Pablo Vargas de la Vega) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 11.

The Directors (other than Mr Jinyu (Raymond) Liu) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 12.

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## **12. APPROVAL OF ISSUE OF DIRECTOR OPTIONS TO MR DANIEL JIMENEZ (RESOLUTION 13)**

### **12.1 Background**

Resolution 13 seeks the approval of Shareholders for the issue of up to 2,000,000 Director Options to Mr Daniel Jimenez, a Non-Executive Director of the Company, and/or his nominee(s) for the purposes ASX Listing Rule 10.11. The Director Options are exercisable at an exercise price of \$0.25 on or before 5.00pm WST on the date that is two (2) years less one day following the date of issue.

ASX Listing Rule 10.11 provides that, subject to certain exceptions (none of which are relevant here), a company must not issue or grant securities to a related party without shareholder approval.

The object of Resolution 13 is to provide Mr Jimenez with a mechanism to participate in the future development of the Company and an incentive for his future involvement with and commitment to the Company. The Directors believe that the success of the Company in the future will depend in part, largely, upon the skills of the people engaged to manage the Company's operations. Accordingly it is important that the Company is able to attract and retain people of the highest calibre. The Directors consider that the most appropriate means of achieving this is to provide Directors such as Mr Jimenez with an opportunity to participate in the Company's future growth and an incentive to contribute to that growth.



If Shareholder approval is obtained for Resolution 13, the Director Options will be granted within one month of the date of the Meeting.

## **12.2 Terms of Director Options**

Subject to Shareholder approval, the Director Options will be granted on the terms and conditions set out in Annexure A to this Explanatory Memorandum.

## **12.3 Part 2E of the Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Director Options to Mr Jimenez under Resolution 13, constitutes the provision of a financial benefit to related parties.

It is the view of the Directors that the proposed grant of Director Options pursuant to Resolution 13 falls within the exception under section 211 of the Corporations Act (reasonable remuneration) given the circumstances of the Company and the position held by Mr Jimenez. Accordingly, the Directors have determined not to seek Shareholder approval under section 208 of the Corporations Act for the grant of the Director Options to Mr Jimenez pursuant to Resolution 13.

The Board's view concluded that the totality of Mr Jimenez's remuneration package, including the equity component of 2,000,000 Director Options now to be considered for approval by Shareholders, is fair and reasonable in the circumstances of Galan given its size and stage of development, market practice of other companies in the mineral exploration industry and given the necessity to attract and retain the highest calibre of skilled professionals to the Company whilst maintaining the Company's cash reserves, and in light of Mr Jimenez's high quality management experience and knowledge of the lithium brines industry.

## **12.4 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 provides that, subject to certain exemptions (none of which are relevant here), a company must not issue options to a related party without shareholder approval. Resolution 13 seeks this approval.

Information required for the purposes of ASX Listing Rule 10.13 in relation to the Shareholder approval sought under ASX Listing Rule 10.11 pursuant to Resolution 13 is set out below:

*(a) Name of the persons*

Mr Daniel Jimenez and/or his nominee(s).

*(b) The maximum number of securities to be issued (if known) or the formula for calculating the number of securities to be issued*

The maximum number of Director Options proposed to be issued to Mr Daniel Jimenez and/or his nominee is 2,000,000.

*(c) The date by which the entity will issue the securities, which must not be more than one month after the date of the meeting*

The Director Options will be issued within one month of the date of the Meeting.

*(d) The issue price of the securities and a statement of the terms of issue*

No consideration is payable by Mr Jimenez on grant of the Director Options. Once granted the Director Options are exercisable at \$0.25 on or before 5.00pm WST on the date that is two (2) years less one day following the date of issue.

*(e) The intended use of funds raised*

As the Director Options are being issued for no consideration, not funds will be raised by their issue. Any funds received by the Company upon exercise of the Director Options will be used for continued exploration work and for working capital.

## **12.5 ASX Listing Rule 7.1**

ASX Listing Rule 7.1 provides that prior approval of shareholders is required for an issue of equity securities if the equity securities will, when aggregated with the equity securities issued by a company during the previous 12 months, exceed 15% of the number of ordinary shares on issue at the commencement of that 12 month period.

Approval pursuant to ASX Listing Rule 7.1 is not required (under Exception 14 to ASX Listing Rule 7.1) in order to issue the Director Options to Mr Jimenez and/or his nominee(s) as approval is being obtained under ASX Listing Rule 10.11.

Shareholders should note that the issue of securities to Mr Jimenez and/or his nominee(s) will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

### **Directors' recommendation**

The Board considers the alignment and incentives offered to Mr Jimenez are commensurate with the value that he will provide the Company and its Shareholders.

Mr Jimenez declines to make a recommendation to Shareholders in relation to Resolution 13 due to his material personal interest in the outcome of the Resolution. The Directors (other than Mr Jimenez) recommend that, for the reasons set out above, Shareholders vote in favour of Resolution 13.

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## **13. INCREASE IN AGGREGATE NON-EXECUTIVE DIRECTOR FEES (RESOLUTION 14)**

In accordance with Listing Rule 10.17 and Rule 11.6 of the Constitution, the Company must not increase the total amount of non-executive Directors' fees payable by it and any of its child entities without Shareholder approval.

Listing Rule 10.17 also provides that the Notice must include the amount of the increase, the maximum amount that may be paid to the Directors as a whole, and a voting exclusion statement.

Resolution 14 seeks Shareholder approval for the increase the aggregate amount of fees available to be paid to non-executive Directors by \$100,000 from the current \$200,000 per annum to an aggregate amount of \$300,000 per annum.

The Board considers that it is reasonable and appropriate at this time in the Company's development to seek an increase in the remuneration pool for non-executive Directors for the following reasons:

- (a) due to the expected growth of the Company and increased responsibilities for non-executive Directors;
- (b) non-executive Directors fees may in the future need to be increased to retain Directors;
- (c) to attract new Directors of a calibre required to effectively guide and monitor the business of the Company; and
- (d) to remunerate Directors appropriately for the expectations placed upon them by both the Company and the regulatory environment in which it operates.

This proposed level of permitted fees does not mean that the Company must pay the entire amount approved as fees in each year. However, the Board considers that it is reasonable and appropriate to establish this amount as this will provide the Company with the flexibility to attract appropriately qualified non-executive Directors and to act quickly if the circumstances require it.

The remuneration of each Director for the year ended 30 June 2019 is detailed in the Annual Report or is included in this Explanatory Memorandum.

In the preceding three years, the following Securities have been issued to non-executive Directors pursuant to Listing Rule 10.11 or 10.14:

NAME	SHARES	OPTIONS
Nathan McMahon	Nil	750,000 options exercisable at \$0.15 on or before 29 November 2019
Terry Gardiner	Nil	750,000 options exercisable at \$0.15 on or before 29 November 2019
Christopher Chalwell	Nil	750,000 options exercisable at \$0.15 on or before 29 November 2019
Daniel Jimenez	Nil	2,000,000 options exercisable at \$0.25 on or before 5.00pm WST on the date that is two (2) years less one day following the date of issue <sup>1</sup>
Patrick Corr <sup>2</sup>	Nil	750,000 options exercisable at \$0.15 on or before 29 November 2019

<sup>1</sup> Subject to Shareholder approval pursuant to Resolution 13.

<sup>2</sup> Mr Corr resigned as a non-executive Director effective 25 June 2018.

A voting exclusion statement is included in the Notice for Resolution 14.

The Chairperson intends to exercise all available proxies in favour of Resolution 14.

### **Directors' Recommendation**

The non-executive Directors, being Messrs McMahon, Chalwell, Gardiner, Liu and Jimenez decline to make a recommendation to Shareholders in relation to Resolution 14 due to their material personal interest in the outcome of the Resolution.

Mr Juan Pablo Vargas de la Vega, being the only executive Director, recommends that Shareholders vote in favour of Resolution 14.

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## GLOSSARY

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In the Notice of Meeting (including the Annexures thereto) and the Proxy Form, the following terms have the following meanings unless they are otherwise defined or the context otherwise requires:

**\$** means Australian dollars.

**2019 Financial Report** means the Company's financial report for the financial year ended 30 June 2019, which can be downloaded from the Company's website at [www.galanlithium.com.au](http://www.galanlithium.com.au).

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**Annexure** means an annexure to this Explanatory Memorandum.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or the market operated by it, as the context requires.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX and any other rules of ASX which are applicable while the Company is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.

**Blue Sky Lithium** or **Blue Sky** means Blue Sky Lithium Pty Ltd ACN 622 748 565.

**Board** means the board of Directors.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chairperson of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the Company;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001* (Cth) that may be made for this purpose.

**Company** or **Galan** means Galan Lithium Limited ACN 149 349 646.

**Constitution** means the Company's constitution.

**Consultant Options** means an Option issued on the terms and conditions set out in Annexure B.

**Corporations Act** means the *Corporations Act 2001* (Cth) and the regulations promulgated under it, each as amended from time to time.

**Director** means a director of the Company.

**Director Options** means an Option issued on the terms and conditions set out in Annexure A.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Memorandum** means the explanatory memorandum accompanying and forming part of the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** or **Notice of Meeting** or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Memorandum and the Proxy Form.

**Option** means an option to acquire a Share.

**Placement Options** means an Option issued on the terms and conditions set out in Annexure C.

**Proxy Form** means the proxy form accompanying and forming part of the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the 2019 Financial Report.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Sale Agreement** means the Share Sale and Purchase Agreement dated 31 May 2018 between the Company, the Vendors, Mr Juan Pablo Vargas de la Vega and Blue Sky for the sale and purchase of 100% of the issued capital of Blue Sky as varied by a Deed of Variation dated 31 May 2018 and which formalises the agreements set out in the Option Agreement.

**Securities** means Shares and Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Trading Day** means a day determined by ASX to be a trading day and notified to market participants being:

- (a) a day other than:
  - (i) a Saturday, Sunday, New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day; and
  - (ii) any other day which ASX declares and publishes is not a trading day; and
- (b) notwithstanding (a), a day which for the purposes of settlement, ASX declares is a trading day notwithstanding that dealings between market participants are suspended on that day.

**Vendors** means the owners of the shares in Blue Sky as per Part 2 of Schedule 1 in the Sale Agreement.

**WST** means Western Standard Time as observed in Perth, Western Australia.

Where a word or phrase is given a defined meaning, another part of speech or other grammatical form in respect of that word or phrase has a corresponding meaning.

## **ANNEXURE A – TERMS AND CONDITIONS OF DIRECTOR OPTIONS**

Each Director Option entitles the holder to subscribe for Shares on the following terms and conditions:

- 1. Entitlement**  
Each Director Option entitles the holder to subscribe for one Share upon exercise of each Director Option.
- 2. Exercise Price**  
The exercise price of each Director Option will be \$0.25.
- 3. Expiry Date**  
Each Director Option has an expiry date being two (2) years less one day from the date of grant.
- 4. Exercise Period**  
Each Director Option is exercisable at any time on or before the date being two (2) years less one day from the date of grant.
- 5. Notice of Exercise**  
Each Director Option may be exercised by notice in writing to the Company. Any notice of exercise of Director Options received by the Company will be deemed to be a notice of the exercise of the Director Option as at the date of receipt.
- 6. Timing of issue of Shares**  
After a Director Option is validly exercised, the Company must as soon as possible:
  - (i) issue and allot the Share; and
  - (ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Director Option.
- 7. Shares issued on exercise**  
Shares issued on exercise of the Director Options rank equally with the then shares of the Company.
- 8. Quotation of Shares on exercise**  
Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Director Options. No application will be made to ASX for Official Quotation of the Director Options.
- 9. Participation in new issues**  
There are no participation rights or entitlements inherent in the Director Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Director Options.  
  
However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three business days after the issue is announced. This will give holders of Director Options the opportunity to exercise their Director Options prior to the date for determining entitlements to participate in any such issue.
- 10. Adjustment for bonus issues of Shares**  
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of a Director Option will be increased by the number of Shares which the Director Option holder would have received if the Director Option holder had exercised the Director Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- 11. Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Director Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Director Option.
- E = the number of underlying Shares into which one Director Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

**12. Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Director Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

**13. Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

## **ANNEXURE B – TERMS AND CONDITIONS OF CONSULTANT OPTIONS**

Each Consultant Option entitles the holder to subscribe for Shares on the following terms and conditions:

- 1. Entitlement**  
Each Consultant Option entitles the holder to subscribe for one Share upon exercise of each Consultant Option.
- 2. Exercise Price**  
The exercise price of each Consultant Option will be \$0.3438.
- 3. Expiry Date**  
Each Consultant Option has an expiry date of 11 June 2021.
- 4. Exercise Period**  
Each Consultant Option is exercisable at any time on or before 11 June 2021.
- 5. Notice of Exercise**  
Each Consultant Option may be exercised by notice in writing to the Company. Any notice of exercise of Consultant Options received by the Company will be deemed to be a notice of the exercise of the Consultant Option as at the date of receipt.
- 6. Timing of issue of Shares**  
After a Consultant Option is validly exercised, the Company must as soon as possible:
  - (i) issue and allot the Share; and
  - (ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Consultant Option.
- 7. Shares issued on exercise**  
Shares issued on exercise of the Consultant Options rank equally with the then shares of the Company.
- 8. Quotation of Shares on exercise**  
Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Consultant Options. No application will be made to ASX for Official Quotation of the Consultant Options.
- 9. Participation in new issues**  
There are no participation rights or entitlements inherent in the Consultant Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Consultant Options.  
  
However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three business days after the issue is announced. This will give holders of Consultant Options the opportunity to exercise their Consultant Options prior to the date for determining entitlements to participate in any such issue.
- 10. Adjustment for bonus issues of Shares**  
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of a Consultant Option will be increased by the number of Shares which the Consultant Option holder would have received if the Consultant Option holder had exercised the Consultant Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- 11. Adjustment for rights issue**  
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Consultant Option will be reduced according to the following formula:



$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Consultant Option.
- E = the number of underlying Shares into which one Consultant Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

## 12. **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Consultant Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

## 13. **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

## **ANNEXURE C – TERMS AND CONDITIONS OF PLACEMENT OPTIONS**

Each Placement Option entitles the holder to subscribe for Shares on the following terms and conditions:

- 1. Entitlement**  
Each Placement Option entitles the holder to subscribe for one Share upon exercise of each Placement Option.
- 2. Exercise Price**  
The exercise price of each Placement Option will be \$0.25.
- 3. Expiry Date**  
Each Placement Option has an expiry date of 31 August 2020.
- 4. Exercise Period**  
Each Placement Option is exercisable at any time on or before 31 August 2020.
- 5. Notice of Exercise**  
Each Placement Option may be exercised by notice in writing to the Company. Any notice of exercise of Placement Options received by the Company will be deemed to be a notice of the exercise of the Placement Option as at the date of receipt.
- 6. Timing of issue of Shares**  
After a Placement Option is validly exercised, the Company must as soon as possible:
  - (i) issue and allot the Share; and
  - (ii) do all such acts matters and things to obtain the grant of quotation for the Share on ASX no later than 5 days from the date of exercise of the Placement Option.
- 7. Shares issued on exercise**  
Shares issued on exercise of the Placement Options rank equally with the then shares of the Company.
- 8. Quotation of Shares on exercise**  
Application will be made by the Company to ASX for Official Quotation of the Shares issued upon the exercise of the Placement Options. No application will be made to ASX for Official Quotation of the Placement Options.
- 9. Participation in new issues**  
There are no participation rights or entitlements inherent in the Placement Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Placement Options.  
  
However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least three business days after the issue is announced. This will give holders of Placement Options the opportunity to exercise their Placement Options prior to the date for determining entitlements to participate in any such issue.
- 10. Adjustment for bonus issues of Shares**  
If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):
  - (i) the number of Shares which must be issued on the exercise of a Placement Option will be increased by the number of Shares which the Placement Option holder would have received if the Placement Option holder had exercised the Placement Option before the record date for the bonus issue; and
  - (ii) no change will be made to the Exercise Price.
- 11. Adjustment for rights issue**  
If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of a Placement Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E[P - (S + D)]}{N + 1}$$

- O = the old Exercise Price of the Placement Option.
- E = the number of underlying Shares into which one Placement Option is exercisable.
- P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 Trading Days ending on the day before the ex rights date or ex entitlements date.
- S = the subscription price of a Share under the pro rata issue.
- D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).
- N = the number of Shares with rights or entitlements that must be held to receive a right to one new share.

## 12. **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Placement Option holders will be varied to comply with the ASX Listing Rules which apply to the reconstruction at the time of the reconstruction.

## 13. **Lodgement Instructions**

Cheques shall be in Australian currency made payable to the Company and crossed "Not Negotiable". The application for shares on exercise of the options with the appropriate remittance should be lodged with the Company Secretary, at the Company's registered office.

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## PROXY FORM

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**APPOINTMENT OF PROXY  
GALAN LITHIUM LIMITED  
ACN 149 349 646**

### ANNUAL GENERAL MEETING

I/We

of

being a member of Galan Lithium Limited entitled to attend and vote at the Annual General Meeting, hereby  
Appoint

Name of proxy

OR

☐

the Chair as your proxy

or failing the person so named or, if no person is named, the Chair, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held **11.00am (WST), on Friday 29 November 2019 at Level 2, 38 Richardson Street, West Perth WA 6005, and at any adjournment thereof.**

**I/We acknowledge that the Chair intends to vote all available proxies in favour of each of Resolutions 1 to 14 (inclusive).**

#### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Re-election of Director – Mr Nathan McMahon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Re-election of Director – Mr Terry Gardiner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Election of Director – Mr Daniel Jimenez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Special Resolution 5 – Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 6 – Ratification of Issue of 5,555,556 Shares Under a Private Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 7 – Ratification of Issue of 2,777,778 Options Under a Private Placement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 8 – Ratification of Issue of 1,515,000 Shares to Acuity Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 9 – Ratification of Issue of 4,000,000 Options to Consultants	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 10 – Approval of Issue of 5,294,112 Shares to Blue Sky Vendors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 11 – Approval of Issue of 5,117,658 Shares to Blue Sky Vendor (JP Vargas de la Vega)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 12 – Approval of Issue of 4,588,230 Shares to Blue Sky Vendor (Hongze Ltd)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 13 – Approval of Issue of Director Options to Mr Daniel Jimenez	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 14 – Increase in Aggregate Non-Executive Director Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority.

Where I/we have appointed the Chair as my/our proxy (or the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy in respect of Resolutions 1, 13 and 14 (except where I/we have indicated a different voting intention above) even though Resolutions 1, 13 and 14 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

If two proxies are being appointed, the proportion or number of voting rights this proxy represents is \_\_\_\_\_

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Member 2**

**Member 3**

**Sole Director/Company Secretary**

**Director**

**Director/Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**GALAN LITHIUM LIMITED**  
**ACN 149 349 646**

**Instructions for Completing 'Appointment of Proxy' Form**

1. **(Appointing a Proxy):** A Shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion or number of the Shareholder's voting rights. If a Shareholder appoints two proxies and the appointment does not specify this proportion or number, each proxy may exercise half the votes. Fractions will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to Vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Proxy Voting):** Sections 250BB and 250BC of the Corporations Act broadly provide that:
  - if proxy holders vote, they must cast all directed proxies as directed; and
  - any directed proxies which are not voted will automatically default to the chair, who must vote the proxies as directed.

Further details on these changes are set out below.

**Proxy vote if appointment specifies way to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

If a proxy is also a Shareholder, the proxy can cast any votes the proxy holds as a Shareholder in any way that the proxy sees fit.

**Transfer of non-chair proxy to chair in certain circumstances**

Section 250BC of the Corporations Act provides that if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

4. **(Signing Instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint Holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
5. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the Shareholder is present at the Annual General Meeting.
6. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and:
  - (a) deliver the Proxy Form by hand to the Company's registered office at Level 2, 38 Richardson Street, West Perth, Western Australia 6005;
  - (b) post it to Galan Lithium Limited, PO Box 396, West Perth, WA 6872; or
  - (c) send it by facsimile to the Company on facsimile number +61 8 9322 6398,
  - (d) send by email to [mrobbins@galanlithium.com.au](mailto:mrobbins@galanlithium.com.au)

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**

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