



ASX ANNOUNCEMENT

8 February 2023

Galan Moves to 100% Title of Candelas Project in Catamarca, Argentina

HIGHLIGHTS

- **100% title to Candelas Project completed**
- **No 3rd party royalties**
- **Readily accessible reverse osmosis water source, no river water required**
- **PEA completed in November 2021 - robust economic results, unleveraged Pre-tax NPV of US\$1,225m (8% discount rate) and IRR of 27.9% with a four (4) year payback period**
- **Long life project 25 years of 14ktpa of battery grade lithium carbonate (LCE)**
- **Indicated mineral resource of 685kt LCE @ 672mg/l Li, low impurities**
- **Candelas Project studies to be re-visited after completion of Hombre Muerto West DFS**

The Board of Galan Lithium Limited (**Galan** or the **Company**) is pleased to announce that it has moved to 100% full ownership of the Candelas Project in the Catamarca Province, Argentina. The Candelas Project is supported by a full Preliminary Economic Assessment (**PEA**) and a JORC 2012 Resource and lies approximately 40 km ESE of the HMW Project. It is hosted within a ~15 km by 3–4 km wide structurally controlled basin infilled with sediments that host the Li-bearing brines (Figure 1).

Galan's Managing Director, JP Vargas de la Vega, said: "The Candelas Project was our first project foray into Argentina and we now have final full ownership of the project. Over the journey, our focus has understandably been on Hombre Muerto West but once we complete the DFS and associated works and infrastructure projects we will move forward on Candelas. With our five years of lithium knowledge in the region, we will initially re-visit all our geological data and analysis. Don't forget, Candelas is a stand-alone, lithium brine project in the Catamarca province, with no water access concerns, that shows robust economic returns."

Mineral Resources

Please also refer to the JORC Code Tables, 2012 Edition, as detailed in the Galan ASX announcement dated 1 October 2019 entitled “ High-Grade Maiden Lithium Resources Exceeds Expectations”.

The mineral resource estimation was undertaken by SRK Consulting (Australasia) (SRK) and was based upon results from a total of eight (8) holes drilled in the North and Central Zones at Candelas for a total of 3,537 metres.

Table 1: Mineral Resource Statement for Candelas (October 2019)

Resource Category	Brine Vol. (Mm ³)	In situ Li (Kt)	Avg. Li (mg/l)	LCE (Kt)	Avg. K	In situ K (Kt)	KCI Equiv. (Kt)
					(mg/l)		
Candelas North (*)							
Indicated	196	129	672	685	5,193	1,734	3,307

(*) The Candelas North Mineral Resource Statement was originally announced on 1 October 2019. There may be minor discrepancies in the above table due to rounding.

Preliminary Economic Assessment (PEA)

On 30 November 2021, the Company announced the results of a PEA study for its 100% owned Candelas Project in Catamarca Province, Argentina. The study, at a minimum, complies with the Canadian NI 43-101 regulation known as a PEA and is equivalent to a JORC Scoping Study. For further PEA information, including Cautionary Statement, refer to the Galan ASX Announcement dated 30 November 2021 entitled “Excellent Preliminary Economic Assessment Results for Candelas Project in Catamarca, Argentina”.

The Study estimated a production profile of 14,000 tonnes per annum of battery grade lithium carbonate product including some technical grade product for the first three (3) years.

The preparation of the Project’s PEA was managed by Ad Infinitum and Galan’s Project Manager for the engineering inputs including the recovery method, project layout and infrastructure, capital cost and operating cost estimates and overall economic evaluation. The other sections of the study were managed by consultants and employees of Galan Lithium Limited.

Key financial highlights are presented in Table 2.

Table 2: Preliminary Economic Assessment Results

Parameters	Units	Values
Lithium Carbonate Production	Tonnes/year	14,000
Project Life Estimate (excluding ramp-up)	Years	25
Capital Cost (CAPEX)	US\$M	408
Capital Cost (ex-contingency and indirects)	US\$M	302
Average Annual Operating Cost (OPEX)	US\$/tonne	4,277
Average Li ₂ CO ₃ Selling Price (2025-2040)	US\$/tonne	18,594
Average Annual EBITDA	US\$M	188
Pre-Tax Net Present Value (NPV)	US\$M	1,225
After-Tax Net Present Value (NPV)	US\$M	660
Pre-Tax Internal Rate of Return (IRR)	%	27.9
After-Tax Internal Rate of Return (IRR)	%	20.9
Payback Period (After-Tax)	Years	4.75

Other

Once the Hombre Muerto West DFS is complete, Galan’s geological team will undertake a thorough review of all Candelas data.

Reverse osmosis studies have shown that the Candelas project has a reliable water source. The results from these studies indicate there will be minimal to no need to access water from the Los Patos river.

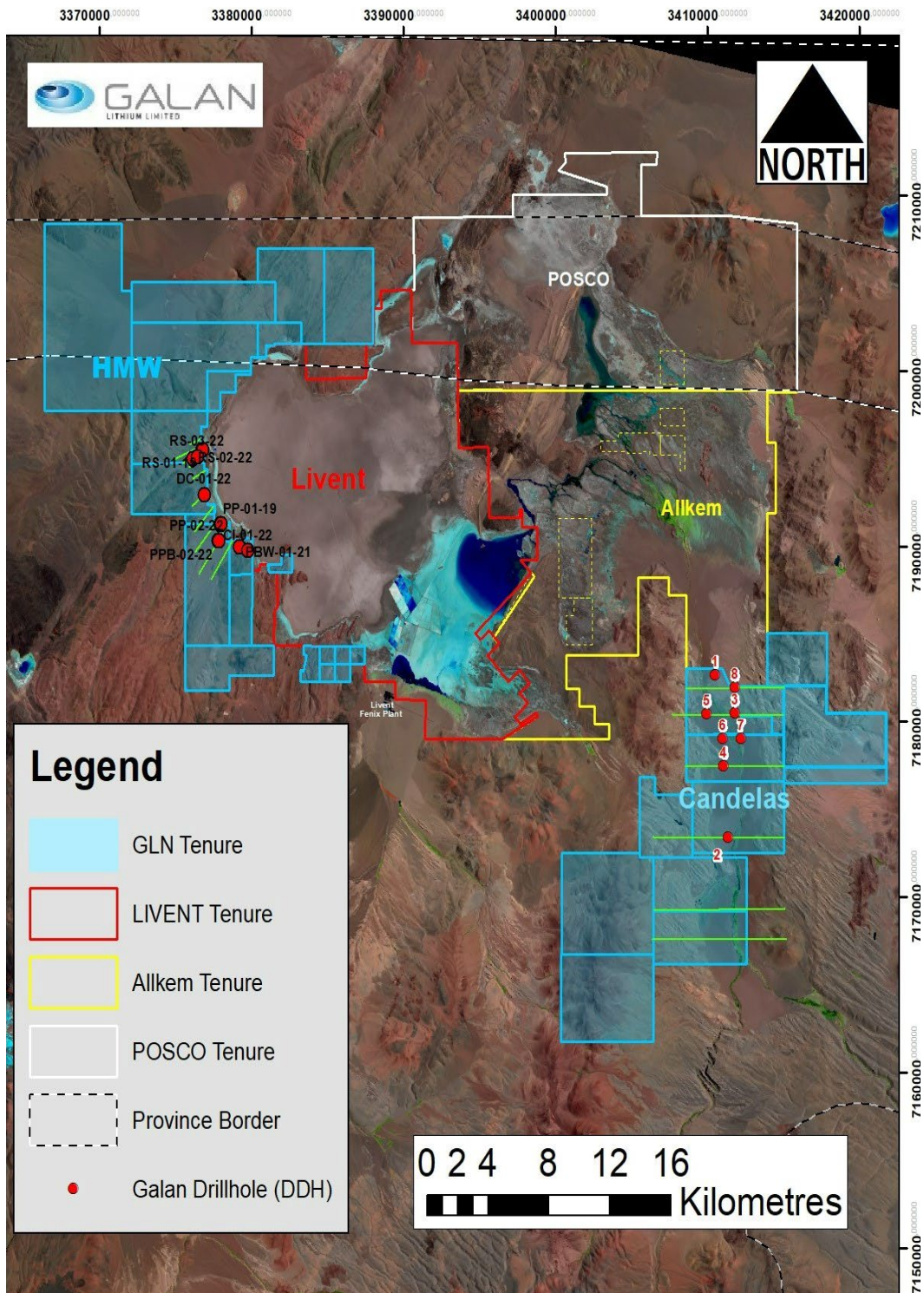


Figure 1 – Galan’s high-grade, low-impurity lithium brine tenure in Argentina

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The Galan Board authorises the release of this announcement.

For further information contact:

Juan Pablo (“JP”) Vargas de la Vega
Managing Director
Email: jp@galanlithium.com.au
Tel: +61 893226283

Terry Gardiner
Non-Executive Director
Email: TGardiner@galanlithium.com.au
Tel: +61 400900377

Competent Persons Statements

Competent Persons Statement 1

The information contained herein that relates to exploration results and geology is based on information compiled or reviewed by Dr Luke Milan, who has consulted to the Company. Dr Milan is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Dr Milan consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Competent Persons Statement 2

The information relating to the Exploration Results and integrity of the database was compiled by Mr Alvaro Henriquez. Mr Henriquez is a full-time employee of Galan Lithium Limited and has been engaged by Galan as their Exploration Manager. The integrity of the database and site inspection was done by Dr Michael Cunningham, GradDip, (Geostatistics) BSc honours (Geoscience), PhD, MAusIMM, MAIG, MGSA, FGSL. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. Review of the hydrogeological aspects of the exploration program and a site inspection was completed by Dr Brian Luinstra, BSc honours (Geology), PhD (Earth Sciences), MAIG, PGeo (Ontario). Dr Luinstra is a Principal Consultant of SRK Consulting (Australasia) Pty Ltd.

Competent Persons Statement 3

The information in this report that relates to the Mineral Resources estimation approach at Candelas was compiled by Dr Michael Cunningham. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment and of this style of mineralisation to qualify as a Competent Person as defined by the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)”. Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

Forward-Looking Statements

Some of the statements appearing in this announcement may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Galan Lithium Limited operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward- looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside Galan Lithium’s control. Galan Lithium Limited does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today’s date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of Galan Lithium Limited, its directors, employees, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this announcement reflect views held only as at the date of this announcement.

About Galan

Galan Lithium Limited (ASX:GLN) is an ASX-listed lithium exploration and development business. Galan's flagship assets comprise two world-class lithium brine projects, HMW and Candelas, located on the Hombre Muerto salar in Argentina, within South America's 'lithium triangle'. Hombre Muerto is proven to host lithium brine deposition of the highest grade and lowest impurity levels within Argentina. It is home to the established El Fenix lithium operation (Livent Corporation) and the Sal de Vida (Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, approximately 3km south of the Tier 1 Greenbushes Lithium Mine.

Hombre Muerto West (HMW): A ~16km by 1-5km region on the west coast of Hombre Muerto salar neighbouring Livent Corp to the east. HMW is currently comprised of seven concessions – Pata Pila, Rana de Sal, Deceo III, Del Condor, Pucara, Catalina and Santa Barbara. Geophysics and drilling at HMW demonstrated significant potential of a deep basin. In October 2022, an updated Mineral Resource estimate was delivered totalling 5.8Mt of LCE for the largest concessions (including Pata Pila, Casa del Inca and Rana de Sal). Exploration upside remains for the rest of the HMW concessions not included in the current resource estimate.

Candelas: A ~15km long by 3-5km wide valley filled channel which project geophysics and drilling have indicated the potential to host a substantial volume of brine and over which a maiden resource estimated 685kt LCE (Oct 2019). Furthermore, Candelas has the potential to provide a substantial amount of processing water by treating its low-grade brines with reverse osmosis, this is without using surface river water from Los Patos River.

Greenbushes South Lithium Project: Galan now owns 100% of the tenement package that makes up the Greenbushes South Project that covers a total area of approximately 315 km². The project is located ~250 km south of Perth in Western Australia. These tenements are located along the trace of the geologic structure, the Donnybrook-Bridgetown Shear Zone, that hosts the emplacement of the lithium-bearing pegmatite at Greenbushes. In March 2022 airborne geophysics was flown to develop pegmatite targets for all of Galan's tenements. Following on, in August 2022, a pegmatite associated with spodumene-bearing rocks was discovered at E70/4790. This tenement is approximately 3 km to the south of the Greenbushes mine. Further geological mapping, soil sampling and geophysical investigations are being used to determine drill targets within E70/4790. These ground-based methods are also being applied to Galan's other granted tenements in the region.

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