



## ASX ANNOUNCEMENT

31 January 2024

### QUARTERLY ACTIVITIES REPORT DECEMBER 2023

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#### Hombre Muerto West (HMW)

- HMW Project is a low cost, tier one project that will produce a premium high grade lithium chloride (LiCl) concentrate of 6% Li, comparable to 13% Li<sub>2</sub>O or 32% Lithium Carbonate Equivalent (LCE) in H1 2025
- Operating cost of \$US3,510/t LCE equates to a Li<sub>2</sub>O equivalent operating cost of SC6 \$US310/t-\$US350/t; HMW in the 1st quartile of lithium industry's cost curve
- Pond 1 liner installation rapidly moving forward (50% completion)
- Buffer wall installed at 35% mark of Pond 1; filling ongoing
- Evaporation process has commenced; the first major step of the long-term production schedule
- Pond 2 earthworks construction progressing well (30% completion)
- Phase 1 Glencore production offtake due diligence ongoing; site visit completed
- Phase 2 production offtake discussions advancing
- On-site laboratory commissioned for ongoing Li assaying
- Phase 2 EIA lodged with Catamarca Government
- 9 production wells constructed (works ongoing); Phase 1 production only requires 6 wells
- Galan's robust 4 phase production strategy (up to 60ktpa LCE) provides an exceptional foundation for significant future economic upside
- Current resource 6.6Mt LCE @ 880 mg/L Li (72% in Measured category); updated resource estimate due in Q1 2024

#### Greenbushes South

- Further drill program planned for late Q1 or early Q2, 2024

#### Corporate:

- Cash and investments at the end of quarter ≈A\$19 million
- A\$19.5 million Equity Raising announced 31 January 2024

The Board of Galan Lithium Limited (**Galan** or the **Company**) is pleased to provide this Quarterly Activities Report for the quarter ended 31 December 2023 and to the date of this report. The main focus for the quarter was the ongoing construction works/activities and the securing of an offtake agreement for Phase 1 production at the Company's 100% owned, high-grade/low-impurity Hombre Muerto West (**HMW**) Project in the Catamarca Province, Argentina.

## **OPERATIONS**

### **Hombre Muerto West (100% Galan)**

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



*Figure 1 – Overview of HMW Phase 1 project construction (includes camp, pilot plant and filling of Pond 1 in the background)*



## Project and Construction Update

As recently announced, the construction phase and activities for the low cost, high grade HMW project continues to progress towards timely production, forecast in H1 2025. As at the date of this report, the major construction activities update is as follows:

- Buffer wall installed at 35% mark of Pond 1 with filling ongoing
- Pond 1 liner installation (50% completed)
- Pond 2 earthworks progressing well (30% completed)
- New camp and infrastructure progressing well (90% completed)
- Production well drilling ongoing (9 wells completed to date – only 6 required for Phase 1 production)
- Phase 2 EIA lodged with Catamarca Government
- On-site laboratory commissioned for continual Li assaying
- On-site ESG monitoring ramping up
- Quality, Argentinian team building for planned production in H1 2025



*Figure 2 – Overview of HMW Phase 1 project construction with the filling of Pond 1 in the foreground*



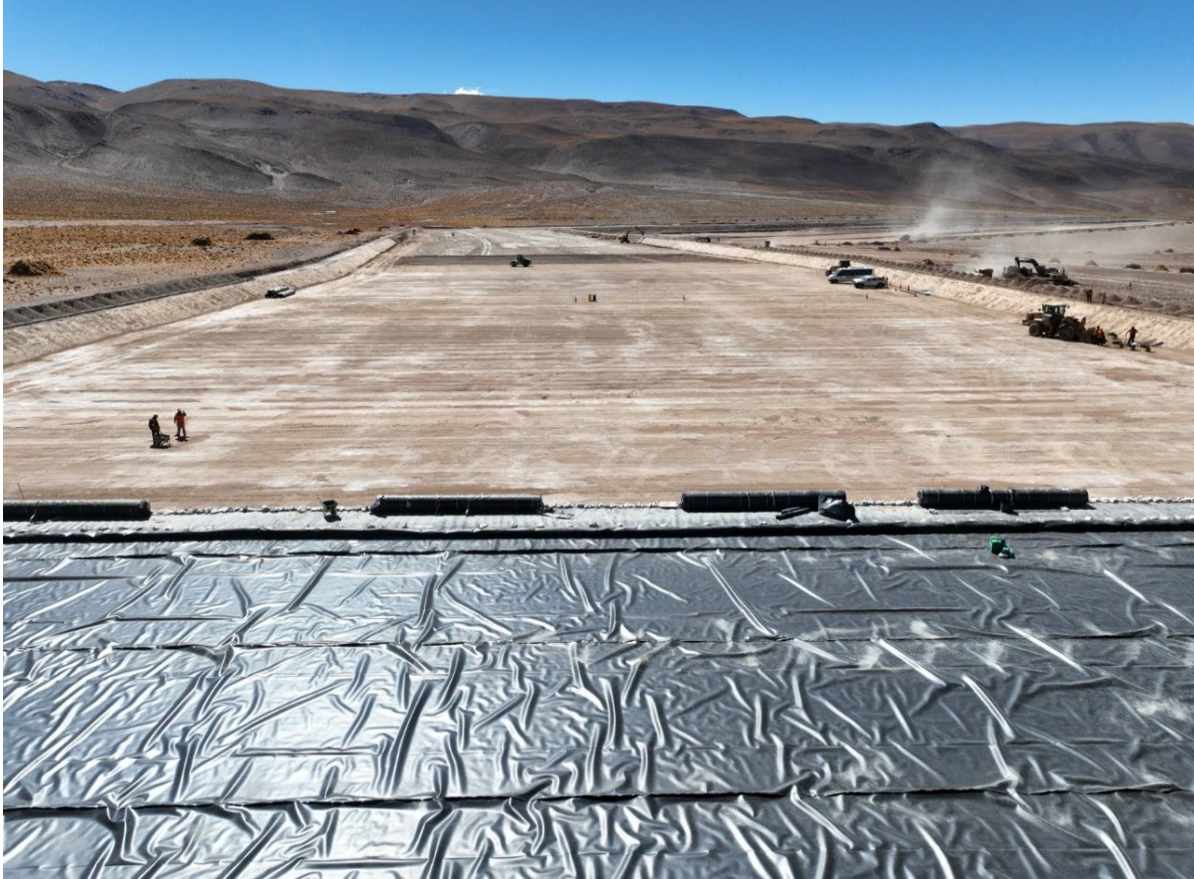


**Figure 3 – The commencement of the filling of Pond 1**



**Figures 4 and 5 - Liner installation process Pond 1**





*Figure 6 – Scale of liner installation process Pond 1*

### Offtake Update

As announced on 16 November 2023, Galan signed a binding term sheet with a wholly owned subsidiary of Glencore plc (**Glencore**) global mining and trading company, for offtake for up to 100% of its premium lithium chloride concentrate from HMW (**Marketing Offtake Agreement or MOA**) and the offer to provide or facilitate a secured Financing Prepayment Facility (**Facility**) for US\$70 to US\$100 million, subject to conditions precedent being met. The agreement is renewable subject to mutual agreement between Galan and Glencore.

Glencore will purchase technical grade lithium chloride product from Galan's high-grade, low-impurity HMW Project in Catamarca Province, Argentina. The offtake commitment does not require Galan to have secured an export licence for its lithium chloride. Glencore will accept offtake for Galan's lithium chloride to be toll treated into lithium carbonate for sale and export from Argentina.

The binding agreement is for a five (5) year period from commencement of commercial production for 100% of Galan's Phase 1 production estimated at 5.4kt LCE in lithium chloride concentrate per annum. The price payable by Glencore will be referenced to a mutually agreed lithium carbonate price index over a quotational period less a marketing fee, discount and penalties (if any).

The offer from Glencore includes a provision to provide or facilitate a binding proposal for the Facility to support funding of Phase 1, which is subject to certain conditions precedent being met. These include, amongst others, satisfactory due diligence to Glencore's absolute discretion and draw down under the Facility only becoming effective when the MOA and all transaction definitive documentation has been signed subject to Glencore's satisfaction in its absolute discretion.

Galan believes that the execution of the binding term sheet for the MOA and Facility is a validation of the exceptional quality of the HMW Project and a strong endorsement of the experienced personnel with the requisite niche expertise which Galan has secured to successfully construct and deliver a lithium brine project in Argentina. Moreover, to underscore such confidence in the growth and future of Galan and its HMW Project, Galan and Glencore have agreed that Glencore will have first right to negotiate in respect of marketing and/or financing with regards to the future expansion of the HMW Project for Phase 2.

A Glencore site visit was undertaken in late January 2024 with due diligence ongoing.

The Company also continues to advance its offtake partnering process for Phase 2 production (**Offtake Process**) for its HMW Project.

The Offtake Process followed on from the Phase 1 offtake and financing agreement with Glencore plc (ASX announcement dated 16 November 2023) and the positive Phase 2 Definitive Feasibility Study (**DFS**) (ASX announcement dated 3 October 2023). The Offtake Process is being led by Galan's Managing Director and one of its other Directors, Mr Daniel Jimenez.

Mr Jimenez was employed for 28 years by world leader in the lithium industry, Sociedad Química y Minera de Chile (SQM), based in Santiago, Chile where he formulated the commercial strategy and marketing of SQM's industrial products. Mr Jimenez was responsible for over US\$900 million worth of estimated sales in 2018.

The HMW Project DFS was separated into two phases. The initial Phase 1 DFS was based on a production level of 5,367 ktpa LCE in the form of lithium chloride concentrate (as governed by the production permits). The Phase 2 DFS increased the overall annual production rate to 20,851 recoverable tonnes LCE, contained in a concentrated lithium chloride product for a period of 40 years.

The HMW project requires Phase 1 capital expenditure of US\$118.4m for commencement of commercial production in H1, 2025, followed by a further US\$310.4m in capital expenditure for Phase 2. Part of the Phase 2 capital will be funded from Phase 1 production.

In exchange for offtake production, the formal Phase 2 Offtake Process will also be seeking partners offering financing and funding options for the construction of Phase 2. Galan is, and will continue to conduct discussions and negotiations directly with prospective partners, without the use of intermediaries. The Offtake Process for Phase 2 production will aim to:

- Further de-risk the HMW project;
- Obtain very competitive offtake terms;
- Secure attractive finance and funding options; and
- Attract a well-respected partner in the lithium brine space

The Phase 2 Offtake Process is running in parallel to its permitting process. The Phase 2 EIA was lodged with the Catamarca Government in mid-December 2023.

### **Candelas Project (100% Galan)**

The Candelas Project (refer Figure 8) is supported by a full Preliminary Economic Assessment and a JORC 2012 Resource (refer Table 1) 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.

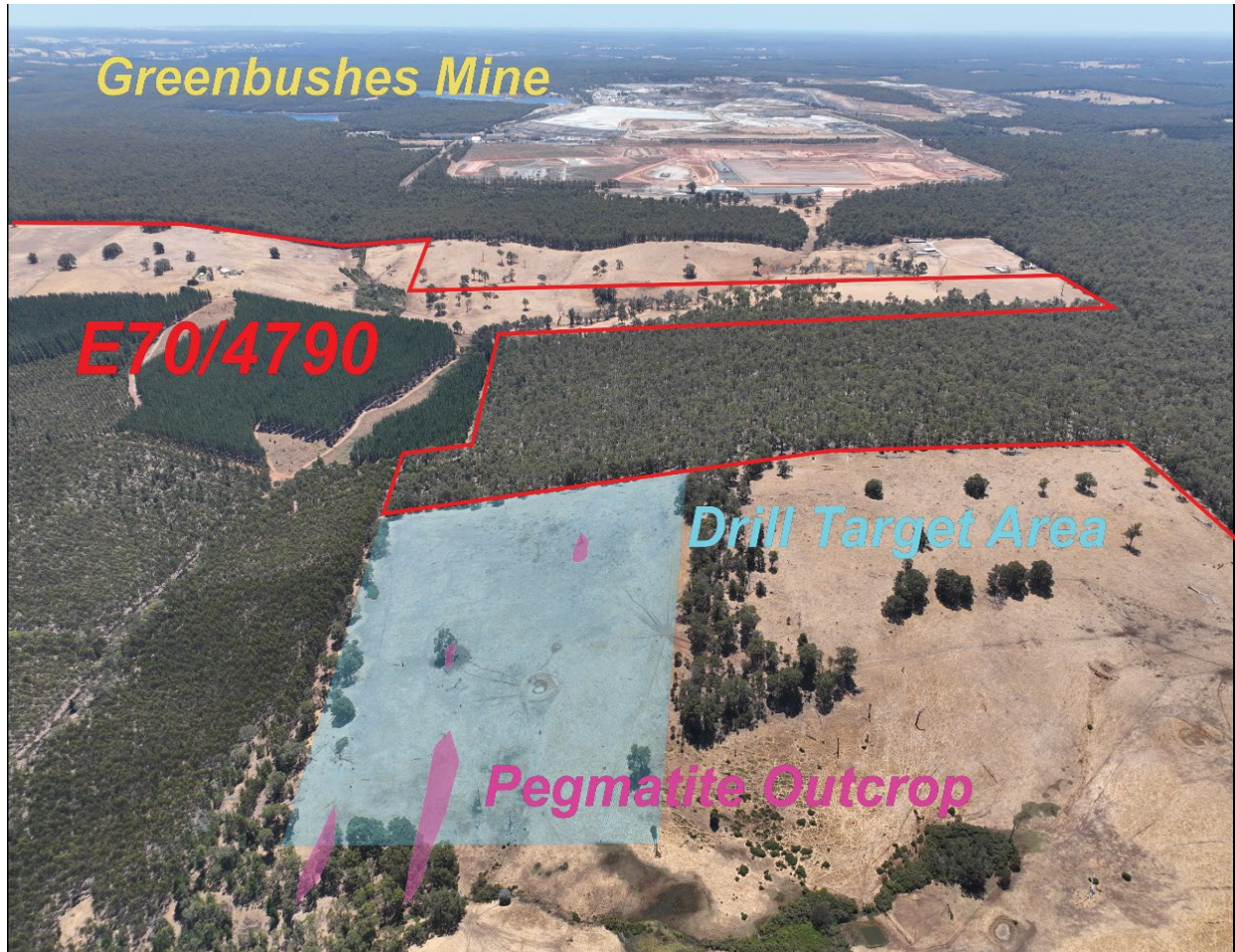
Candelas has no 3<sup>rd</sup> party royalties attached to it and has a readily accessible reverse osmosis water source ie. no river water will be required.

The Candelas project will be incorporated into Phase 4 of the revised 60ktpa production plan.



### **Greenbushes South Project (100% Galan)**

Apart from ongoing land access discussions, there was no significant work that was undertaken in the December'23 quarter but further drilling is being planned late in Q1 or early Q2, 2024.



*Figure 7 – Galan's 100% owned E70/4790 located only 3km south of Greenbushes Lithium mine*

### **Canadian Projects (50/50 Joint Venture with Redstone Resources Limited)**

As announced on 4 October 2023, Galan entered into a binding JV agreement with Redstone Resources Limited (RDS) (as JV Manager) to acquire 100% of the Taiga, Camaro and Hellcat lithium projects in the heart of the James Bay lithium province in Canada.

The JV was formalised during the quarter, upon the receipt by Galan, of 50,000,000 fully paid ordinary shares in RDS on 8 December 2023.

The James Bay projects (James Bay and Taiga) are owned 50/50 by GLN and RDS.

The Ontario projects are covered by an exclusivity option.

## Mineral Resource Estimate

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

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

The HMW Mineral Resource was re-classified based on the new data, resulting in a Measured Resource exceeding 4.7 Mt of contained lithium carbonate equivalent (**LCE**) product grading 873 mg/L Li in accordance with JORC Code Guidelines. The total HMW Mineral Resource (Measured + Indicated + Inferred) increased by approximately 14% to 6.6 Mt of contained LCE grading 880 mg/L Li. The latest HMW Mineral Resource estimate is summarised below in the Mineral Resource Statement (Table 1). No cut-off grade was applied to the updated Mineral Resource estimate as minimum block grades of 805 mg/L Li exceeded the anticipated economic threshold. This exceptional characteristic of the HMW reservoir reflects the highly homogenous brine quality throughout the mining tenements which permits the aggregation of the complete ore body and simplifies future operational and process constraints. The adjacent Candelas North project, approximately 40 km from the future HMW plant site is a strategic resource that forms part of the Galan long-term growth strategy.

*Table 1 - Mineral Resource Statement for Hombre Muerto West and Candelas (Effective Date May 2023) (Inclusive of Ore Reserves)*

Resource Category	Brine Vol. (Mm <sup>3</sup> )	In situ Li (kt)	Avg. Li (mg/L)	LCE (kt)	Avg. K (mg/L)	In situ K (kt)	KCl Equiv. (kt)
<b>Hombre Muerto West (Western sector and Santa Barbara)</b>							
Measured	1,020	890	873	4,737	7,638	7,782	14,841
Indicated	205	185	904	986	7,733	1,585	3,022
Inferred	182	161	887	859	7,644	1,391	2,653
<b>HMW Total</b>	<b>1,407</b>	<b>1,237</b>	<b>880</b>	<b>6,582</b>	<b>7,653</b>	<b>10,758</b>	<b>20,516</b>
<b>Candelas North (*)</b>							
Indicated	196	129	672	685	5,193	1,734	3,307
<b>Galan’s Total Resource Inventory</b>							
<b>Grand Total</b>	<b>1,603</b>	<b>1,366</b>	<b>852</b>	<b>7,267</b>	<b>7,793</b>	<b>12,492</b>	<b>23,823</b>

Notes:

- No cut-off grade is applied to the updated Mineral Resource Estimate as minimum assays values are above expected economic concentrations (Li 620 mg/L).
- Specific yield (SY) values used are as follows: Sand – 23.9%, Gravel – 21.7%, Breccia – 8%, Debris – 12%, Fractured Rock – 6%, and Halite – 3%.
- The conversion for LCE = Li x 5.3228, and KCl = K x 1.907.
- (\*) Candelas North Mineral Resource Statement announced on 1 October 2019.
- There may be minor discrepancies in the above table due to rounding.

An updated resource is expected in Q1 2024.

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## Ore Reserve Estimate

As announced on 3 October 2023, the HMW Project Phase 2 DFS reported an Ore Reserve estimate of 806.4 kt of recoverable LCE (Table 2). The Ore Reserve estimate was signed off by Rodrigo Riquelme (GeoInnova), who is a Competent Person as described in the Competent Persons Statements.

*Table 2 - Ore Reserve Statement for HMW Project Phase 2 DFS (Effective Date September 2023)*

Ore Reserve Category	Well Field	Production Period (Years)	Pumped Brine Vol. (Mm <sup>3</sup> )	Li Metal (kt)	Avg. Li grade (mg/L)	LCE (kt)
Proven	West	1-7	34.9	30.8	884.0	101.2
	Santa Barbara	-	-	-	-	-
Probable	West	1-7	1.8	1.5	840.2	5.1
		8-40	192.1	168.5	877.1	552.9
	Santa Barbara	1-40	55.5	44.9	807.9	147.2
<b>Total Proven</b>		<b>1-7</b>	<b>34.9</b>	<b>30.8</b>	<b>884.0</b>	<b>101.2</b>
<b>Total Probable</b>		<b>1-40</b>	<b>249.5</b>	<b>214.9</b>	<b>861.5</b>	<b>705.2</b>
<b>Total Proven and Probable</b>		<b>1-40</b>	<b>284.3</b>	<b>245.7</b>	<b>864.2</b>	<b>806.4</b>

Notes:

- Ore Reserves are inclusive of the declared Measured and Indicated Mineral Resources.
- No cut-off grade is applied for the HMW Ore Reserve.
- A combined process recovery factor of 61.65% was applied. Extracted Li metal in the table does not consider this factor.
- "Li Metal" and "LCE" are expressed as total contained metals.
- Lithium carbonate equivalent (LCE) is calculated using mass of LCE = 5.3228 multiplied by the mass of lithium metal.
- Ore Reserves do not consider any Mineral Resources at Candelas North.
- There may be minor discrepancies in the above table due to rounding.

The Ore Reserve estimate is considered to be a conservative representation (due to border conditions with zero concentration of lithium in overburden and outside the mining tenements) of the aquifer systems with a high confidence in modelled outputs during the early mine production plan and reducing confidence during mid-life and later production. In the case of the West well field, extracted brine in Years 1 to 7 of the Phase 2 mine plan is predominantly from areas with high levels of confidence with good geological and test pumping control and has therefore been categorised as Proven Ore Reserves. Extracted brine in Years 8 to 40 of the Phase 2 mine plan tends to be derived from areas with less confidence and has therefore been categorised as Probable Ore Reserves. For the Santa Barbara well field, because extracted brine is derived from Indicated Resources, Reserves were categorised as Probable for the LOM.

Due to the high and consistent grades of lithium within brines derived from Hombre Muerto West, no cut-off grade has been applied to the Ore Reserve.

Although model sensitivity and professional judgement have been incorporated into the numerical model development, it is important to note that hydrogeological numerical models have significant areas of uncertainty and that the mine plan developed over a 40 year period is not definitive. As previously stated by Galan, Phases 3 and 4 will see a further increase in production, however these phases are not included in this Ore Reserve Statement.

For more detailed technical information (including relevant JORC Code Tables) surrounding the latest HMW Mineral Resource and the HMW Ore Reserve Statement, please refer to the ASX Announcement dated 1 May 2023 entitled "Galan's 100% Owned HMW Project Resource Increases to 6.6MT LCE @ 880 mg/l Li (72% in Measured Category)" and the ASX Announcement dated 3 October 2023 entitled "Phase 2 DFS Confirms Tier One Status of Hombre Muerto West (HMW) Lithium Brine Project in Argentina".

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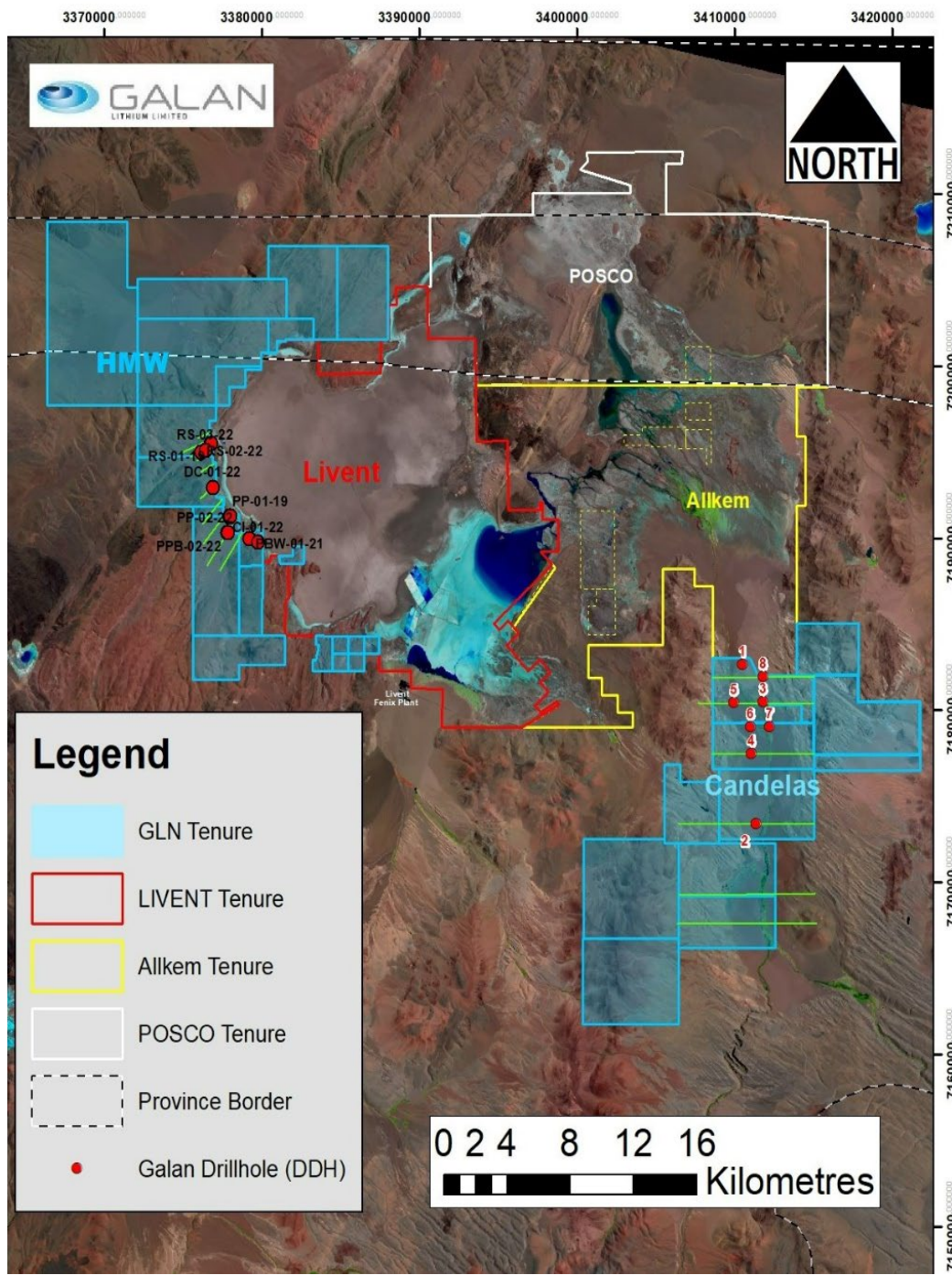


Figure 8 – Galan’s 100% owned HMW and Candelas projects are within a 20km radius of Livent, Allkem and POSCO tenure (note Allkem and Livent announced their merger as Arcadium Lithium on 4 January 2024)

**CORPORATE**

At the end of the December 2023 quarter, the Company had cash resources and investments of approximately \$19 million.

**Capital Raising**

As announced on 31 January 2024, the Company is undertaking an equity raising of A\$19.5 million having secured firm commitments of A\$18.0 million to institutional, sophisticated and professional investors (**Placement**) and intends to undertake a non-underwritten Share Purchase Plan (**SPP**) offer of A\$1.5 million to existing Galan shareholders.



The equity raising enhances Galan's balance sheet by providing additional working capital and financial flexibility during Hombre Muerto West Phase 1 construction and provides sufficient working capital headroom whilst Galan finalizes negotiations of alternative funding solutions including debt and prepayment facilities that will enable completion of HMW Phase 1.

Proceeds from the Placement will be applied to:

- Remaining HMW phase 1 developments costs;
- Exploration and resource work; and
- Corporate overheads, working capital and transaction costs

Canaccord Genuity (Australia) Limited and Jett Capital Advisors LLC acted as Joint Lead Managers and Bookrunners to the Placement.

Under the Placement, the Company will issue 35,869,565 fully paid ordinary shares in the Company at A\$0.46 per share plus 35,869,565 quoted options (exercisable at \$0.65 with a 5 year exercise period), raising a total of A\$16.5 million (before costs), to institutional, sophisticated and professional investors. Additionally, Galan director's will be subscribing for 3,260,870 shares plus 3,260,870 options on the same terms raising a total of A\$1.5 million (before costs) in a second tranche that will be subject to shareholder approval.

The Placement shares and options will be issued under the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A. The Placement was not underwritten.

For further details on the Placement and SPP please refer to the ASX announcement dated 31 January 2024 and entitled " \$19.5m Raising to Fund Ongoing Development of HMW Phase 1".

### **Equity Issues**

On 4 October 2023, 550,000 fully paid ordinary shares were issued as part of the consideration paid for the purchase of tenements in James Bay Lithium province in Canada.

On 12 October 2023, a total of 4,940,000 fully paid ordinary shares were issued upon the conversion of \$0.21 options (total proceeds of \$1,037,400).

On 22 December 2023, 250,000 fully paid ordinary shares were issued to a consultant under the terms of their contract.

### **Appendix 5B**

Payments to related parties of the entity and their associates for the quarter totalled \$366,096 for director fees, legal fees and consulting fees.

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

For further information contact:

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## **Competent Persons Statements**

### **Competent Persons Statement 1**

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

### **Competent Persons Statement 2**

*The information in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West 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 of this style of mineralisation to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)'. Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

### **Competent Persons Statement 3**

*The information in this report that relates to the Ore Reserves estimation approach at Hombre Muerto West was compiled by Mr Rodrigo Riquelme. Mr Riquelme is a Principal Consultant of Geolnova and is assisting WSP Consulting (Chile). He has experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Riquelme consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

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

## **About Galan**

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

**Hombre Muerto West (HMW):** A ~16 km by 1-5 km region on the west coast of Hombre Muerto Salar neighbouring Livent Corp. to the east. HMW is currently comprised of twenty one mining tenements. Geophysics and drilling at HMW demonstrated significant potential of a deep basin. In May 2023 an updated Mineral Resource estimate was delivered totalling 6.6 Mt of LCE. In November 2023, a binding offtake and financing agreement (pending due diligence) for Phase 1 production was signed with Glencore plc.

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

**Greenbushes South Lithium Project:** Galan now owns 100% of the mining tenement package that makes up the Greenbushes South Project that covers a total area of approximately 315 km<sup>2</sup>. The project is located ~250 km south of Perth in Western Australia. These mining tenements are located along the trace of the geological structure, the Donnybrook-Bridgetown Shear Zone that hosts the emplacement of the lithium-bearing pegmatite at Greenbushes. Part of the mining tenure is only 3 km to the south of the Greenbushes mine.



### Lithium Classification and Conversion Factors

Lithium grades are normally presented in mass percentages or milligrams per litre (or parts per million (ppm)). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percentage of lithium oxide (Li<sub>2</sub>O) content or percentage of lithium carbonate (Li<sub>2</sub>CO<sub>3</sub>) content. Lithium carbonate equivalent (LCE) is the industry standard terminology and is equivalent to Li<sub>2</sub>CO<sub>3</sub>. Use of LCE provides data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent Li<sub>2</sub>CO<sub>3</sub> value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li<sub>2</sub>CO<sub>3</sub>.

Table of Conversion Factors for Lithium Compounds and Minerals:

Convert from		Convert to Li	Convert to Li <sub>2</sub> O	Convert to Li <sub>2</sub> CO <sub>3</sub>
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	Li <sub>2</sub> O	0.464	1.000	2.473
Lithium Carbonate	Li <sub>2</sub> CO <sub>3</sub>	0.188	0.404	1.000

### **Forward-Looking Statements**

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

### **INTEREST IN MINING TENEMENTS AT 31.12.23**

#### Argentina (Hombre Muerto projects) - 100% interest

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

#### Australia (Greenbushes South project) – 100% interest

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

#### Canada (James Bay project) – 50% interest

##### **James Bay – Claim Nos**

CDC2643135  
CDC2650113-CDC2650118  
CDC2662038-CDC2662057  
CDC2652549  
CDC2652551-CDC2652567  
CDC2660890-CDC2660897

##### **Taiga – Claim Nos**

CDC2661464-CDC2661493

## Appendix 5B

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

Name of entity

GALAN LITHIUM LIMITED

ABN

87 149 349 646

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	20	35
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(1,085)	(1,998)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	298	674
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(767)</b>	<b>(1,289)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(146)
(c) property, plant and equipment	-	(27)
(d) exploration & evaluation	(14,723)	(28,270)
(e) investments	(812)	(812)
(f) other non-current assets	-	-



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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(15,535)</b>	<b>(29,255)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	976	1,247
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(10)	89
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>966</b>	<b>1,336</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	31,279	45,151
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(767)	(1,289)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(15,535)	(29,255)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	966	1,336

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	(78)	(78)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>15,865</b>	<b>15,865</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	13,588	11,011
5.2	Call deposits	-	15,000
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Overseas bank acc	2,277	5,268
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>15,865</b>	<b>31,279</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	168
<p><i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i></p> <p>Includes MD salary, NED salaries and professional fees plus legal fees paid to an associate of a NED.</p>		

<b>7.</b>	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	<b>Total financing facilities</b>		
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p>		
<div style="border: 1px solid black; height: 40px; width: 100%;"></div>			

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

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(767)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(14,723)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(15,490)
8.4 Cash and cash equivalents at quarter end (item 4.6)	15,865
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	15,865
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	<b>1</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: Yes	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: Yes, a \$19.5m equity raising was announced on 31 January 2024 comprising secured firm commitments of A\$18m to institutional, sophisticated and professional investors in a placement and the undertaking of a non-underwritten Share Purchase Plan (SPP) offer of A\$1.5m to existing Galan shareholders.	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: Yes, through financial options including prepayment funding (via offtake facility) and other sources	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

**Compliance statement**

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

Date: 31 January 2024

Authorised by: **The Board of Galan Lithium Limited****Mike Robbins (Company Secretary)**

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



**Notes**

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