

## ASX ANNOUNCEMENT

4 May 2020

### EXCELLENT RESULTS FOR PRELIMINARY BRINE POND CONCENTRATION FOR THE CANDELAS PROJECT, ARGENTINA

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#### Highlights:

- **Completion of conceptual modelling for pond concentration for the Candelas Project yielding competitive results, possibly ranking among the best of the new lithium brine projects in the world.**
- **Potential for optimised brine yielding up to 3.06% Li, which evidences high suitability for the next processing step at a lithium carbonate plant.**
- **Forecast shows that Candelas has high lithium recovery, low impurities and a smaller pond footprint, which all point to low-cost, profitable lithium production, especially given the Hombre Muerto Salar's proven high-grade/low impurities setting.**
- **Project ranks favourably against the new lithium projects for lithium recovery and pond size.**
- **Studies continue with pond modelling for Hombre Muerto West (HMW) and preparations have commenced to test the conceptual model results at laboratory scale.**
- **HMW project has 41% higher lithium grade than Candelas and may overtake Candelas as the prime development opportunity.**

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is pleased to announce that it has successfully completed the preliminary predictive model for brine concentration through an evaporation ponds system at the Candelas Project.

This is the first step for Galan to demonstrate the potential economic production of battery grade lithium carbonate.

Candelas is located within the world-class lithium projects' cluster, Salar del Hombre Muerto, where Livent Corp. (NYSE:LTHM) is currently producing lithium carbonate for more than 20 years, and POSCO and Galaxy Resources Ltd (ASX:GXY) are developing (separately) their respective Sal de Vida projects.

The brines data was modelled using Candelas' chemical database from its 685kt LCE Indicated mineral resource (ASX Ann. 01 Oct 2019). The model was prepared by Ad-Infinitum using a specialised software package. The Ad-Infinitum work was strengthened by a team headed by the reputable chemical engineers Mr. Marcelo Bravo and Mr. Hermes Cartes. Mr. Bravo and Mr. Cartes are both former employees of SQM with combined lithium industry experience of more than 35 years.

The predictive model was optimised for lithium grade, lithium recovery, evaporation area and impurity contents. The option of lime addition for further impurities removal was also included. As a result, the brine concentration yielded 1.2 % to 3.06 % lithium. Importantly, the Candelas results rank favourably against the new lithium projects for lithium recovery and pond size (**Table 1**).

### **Next steps**

Galan's study team is considering the following next steps for advancing the process workstream of the Candelas scoping and PFS:

- Complete a predictive model for a nominated process design of a lithium carbonate plant suitable to treat Candelas' brine to produce battery grade lithium carbonate.
- Modelling of a similar predictive work for brine concentration and processing for HMW.
- Preparation of the test work activities at laboratory scale for the verification of the preliminary processing predictive model results for Candelas and HMW. The confirmation of these results will be at a competent lab that has lithium brine testing experience.

JP Vargas de la Vega, Galan's Managing Director said:

*'We are excited to receive the preliminary results for Candelas and how well they stack up when compared with the pipeline of new developing lithium brine projects in the world-renowned lithium triangle. Our work continues to clearly confirm and substantiate that the Hombre Muerto chemical setting of high grade/low impurities is giving us a potential competitive advantage in the pathway to develop low-cost, profitable lithium producing projects.'*

*We look forward to seeing what the preliminary modelling results for lithium carbonate production will report for Candelas. On the other hand, there is also a level of excitement knowing what that the exceptional grades from HMW (which has a 41% higher lithium grade than Candelas) could do for the Project. We think that there is an opportunity for lower production and development costs at HMW and it may overtake Candelas as our prime project. We eagerly await the completion of our next round of modelling.'*

*There is plenty more to be done whilst being budget conscious and our technical team is enthusiastic and well-motivated to prove up our projects and look for solutions while adhering to COVID-19 recommendations.'*

*We continue with preparations to undertake further laboratory test work to process our brine into battery grade lithium carbonate once the restrictions are lifted in Argentina and Chile'.*

**The Galan Board has authorised this release.**

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Project (Company) <sup>(8)</sup>	Li Recovery (Ponds System)	Ponds Area Ratio <sup>(1)</sup> (LCE t/ ha) per year	Production (LCE t per year)	Source
Candelas (Galan)	70 – 80% <sup>(2)</sup>	28 – 38 <sup>(3)</sup>	to be defined <sup>(4)</sup>	This announcement
Tres Quebradas (Neolithium)	67%	40 <sup>(5)</sup>	20,000	PFS, May 8 2019
Salar Blanco (Lithium Power International)	not available	27	20,000	FS, January 17 2019
Pastos Grandes (Millennial Lithium)	77%	16 <sup>(9)</sup>	21,000	FS, September 5 2019
Pastos Grandes (former LSC Lithium)	not available	23 <sup>(6)</sup>	20,000	PEA, January 2019
Olaroz-Cauchari (LAC)	~63% <sup>(7)</sup>	33	40,000	Updated FS August 2019
Olaroz Expansion (Orocobre)	not available	28	25,000	Presentation May 2 2019 and Ann Report November 28 2018
Cauchari JV (former Advantage Lithium)	not available	24	25,000	PFS Report, October 22 2019

**Table 1: Comparative table of new developing lithium brine projects**

1 The ratio was calculated using reported publicly available data and information. Some companies reported evaporation area, but others reported the total area covered by the pond systems. Refer to the Source of Information documents for finding further details of the numbers for the area reported.

2 Lithium recovery is shown as a range to reflect the evaporation model end concentration results of 1.2 to 3.06% Li. The range also includes the possibility to add lime to do further removal of impurities.

3 The size estimate for the evaporation ponds system of the Candelas Project will be reported as part of the PFS. Some preliminary work has been done for the requirements of the evaporation area for a Li concentration ranging from 1.2 to 3.06%, however, some design parameters and the location of the ponds system are still being defined.

4 Galan has not defined the size of the Candelas Project. A range of production rates is still being analysed.

5 The ratio includes the combined area of pre-concentration (406 ha) and calcium removal ponds (99 ha) of the initial Phase. If it is included the extra area of 203 ha required by the First and Second expansions, the ratio is 28 LCE t/ ha per year.

6 The ratio was estimated taking the area of the primary, secondary and tertiary concentration ponds. For the primary ponds, an area of 770 ha was considered.

7 The Lithium recovery was estimated from the overall recovery of the full process (evaporation ponds and lithium carbonate plant) of 53.7%, the Li recovery of the lithium carbonate plant is assumed to be 85.0%.

8 Livent Corp, POSCO and Galaxy Resources do not currently have publicly available information for inclusion in this table.

9 The ratio was estimated only using the information of Stage 1. This information considers a production rate of 21,000 t of LCE per annum and pond system area of 1,329 ha.

## **About Galan**

*Galan is an ASX listed company exploring for lithium brines within South America's Lithium Triangle on the Hombre Muerto salar in Argentina. Hombre Muerto is proven to host the highest grade and lowest impurity levels within Argentina and is home to Livent Corporation's El Fenix operation, Galaxy Resources and POSCO's Sal de Vida projects (sharing the same project's name).*

*Galan has two projects:*

*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.*

*Hombre Muerto West (HMW): a ~14km by 1-5km wide of the west coast of Hombre Muerto salar neighbouring Livent Corp to the east. HMW is currently comprised of four concessions and an additional two concessions under an option agreement from Portofino Resources Inc (TSX-V). Geophysics and drilling at HMW demonstrated a significant potential of a deep basin. In March 2020, a maiden resource estimate delivered 1.08Mt of LCE for two of the largest concessions (Pata Pila and Rana de Sal) with exploration upside remaining for the rest of the concessions.*

## **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 Francisco Lopez (Geology). Mr Lopez is a full-time employee of Galan Lithium Limited and has been engaged by Galan as their Geology 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 a Principal Consultant and full-time employee of SRK Consulting (Australasia) Pty Ltd.*

*The information in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Dr Cunningham. 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.