

## ASX ANNOUNCEMENT

24 August 2020

### **EXCELLENT PRELIMINARY POND MODELLING RESULTS MOVE ATTENTION TO POTENTIAL WORLD CLASS HOMBRE MUERTO WEST (HMW) PROJECT**

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#### **Highlights:**

- **Completion of conceptual pond modelling at HMW Project shows its exceptional potential with concentration grade over 50% higher than Candelas (4.8% Li vs 3.1% Li).**
- **Both projects show excellent capabilities, with Galan's Board and project team now primarily focused on the development of the HMW Project.**
- **With optimised concentrated brine yielding up to 4.8% Li (25.6% LCE\*), suitability for a world class lithium carbonate plant arises.**
- **Modelling results indicate that HMW may have smaller pond and processing plant footprints indicating competitive Capex and Opex.**
- **Due to the project's high-grade/low impurity settings, Galan's HMW project ranks very favourably amongst new lithium projects in the lithium triangle for Li recovery and pond size.**
- **Brine samples have been extracted from the HMW site and are ready to be sent to a laboratory as soon as transport permits are available.**
- **PEA and Scoping Studies for HMW remain on track with process design and pond layout set to be completed during October with final Study results expected in Q4 2020.**

#### **Project Update:**

Galan Lithium Limited (ASX:GLN) (**Galan or the Company**) is very pleased to announce that it has successfully completed the preliminary predictive model for brine concentration through an evaporation ponds system at the HMW Project. Results indicate that a concentrate with up to a 4.8 % Li (or 25.6% LCE) can be obtained including high lithium recovery and low impurities. HMW has the potential to be a world class lithium brines project.

HMW is located within one of the world's greatest lithium projects' cluster, Salar del Hombre Muerto, where Livent Corp. (NYSE:LTHM) has been 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.

Overall, HMW's brine quality shows that it can be more than competitive for the potential production of battery grade lithium carbonate. This can be achieved by using existing proven technologies based on the experience of the specialised lithium consultants (Ad-Infinitum).

The brines data was modelled using HMW's chemical database from its 1.37 Mt LCE Mineral Indicated mineral resource (ASX announcement 22 June 2020) and 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 and results were peer reviewed. 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 high lithium grade and recovery, small evaporation area and low impurity contents. As a result, the brine concentration yielded up to 4.8% lithium. Importantly, Galan now has two exceptional projects (HMW and Candelas) that rank favourably against the new lithium projects for lithium recovery and pond size (**Table 1**). High grade lithium feed is crucial for any potential lithium processing plant as it allows greater flexibility in terms of where the plant can be located eg. plant could be located hundreds of kms from site in a place with better access to roads, utilities and other infrastructure.

Our work in Argentina continues despite the constraints in place across the globe. Galan's site team has recently completed the collection of three cubic metres of brine sample from the HMW Project. Galan intends to transport the brine samples to a world-renowned laboratory to solidify the results predicted by the evaporation ponds modelling at HMW.

As a result of COVID-19 lockdown measures, transportation between provinces and outside of Argentina, requires special permits for freight to be mobilised. The logistics and permits for transporting the brine sample are well advanced and will be conveyed as soon as is practical.

The study team is currently developing the design of the evaporation ponds system and the confirmation of the preferable production capacity. The process design and pond layout are set to be completed during October. The PEA/Scoping Study remains on track expecting results in Q4 2020.

### **Next steps**

Based on the strong results for HMW, Galan's Board and project team have prioritised the development of the HMW Project with the following next steps:

- Initiation of the test work activities at laboratory scale for the verification of the concentrated brine quality and target the production of battery grade lithium carbonate from HMW.
- Complete the preliminary process design of HMW Project and evaporation ponds system layout to confirm the production capacity.

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

*'This is another exciting step for Galan. The preliminary modelling results for HMW confirm that it is a higher priority development project than Candelas. Our efforts are now fully focussed on developing an economic and competitive project at Hombre Muerto West. Importantly, due to the project's high grade/low impurity settings, Galan's HMW project ranks very favourably amongst new developing lithium brine projects in the world-renowned lithium triangle.'*

*'We fully believe in our special project and are primarily focused on proving that HMW can and will be, a future lithium producer. We remain on track to deliver our PEA/Scoping Study in Q4 2020. We look forward to continuing to optimise results and to test work further solutions once we have our brine delivered to the laboratory.'*

\* Conversion factor from lithium to Lithium Carbonate Equivalent (LCE) is 5.323.

The Galan Board has authorised this release.

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

Project (Company) <sup>(1)</sup>	Li Recovery (Ponds System)	Ponds Area Ratio <sup>(2)</sup> (LCE t/ ha) per year	Production (LCE t per year)	Source
Hombre Muerto West (Galan)	Up to 75% <sup>(3)</sup>	Up to 36 <sup>(4)</sup>	to be defined <sup>(7)</sup>	This announcement
Candelas (Galan)	70 – 80% <sup>(5)</sup>	28 – 38 <sup>(6)</sup>	to be defined <sup>(7)</sup>	Announcement, 4 May 2020
Tres Quebradas (Neolithium)	67%	40 <sup>(8)</sup>	20,000	PFS, 8 May 2019
Salar Blanco (Lithium Power International)	not available	27	20,000	FS, 17 January 17 2019
Pastos Grandes (Millennial Lithium)	77%	16	21,000	FS, 5 September 2019
Pastos Grandes (former LSC Lithium)	not available	23 <sup>(9)</sup>	20,000	PEA, January 2019
Olaroz-Cauchari (LAC)	~63% <sup>(10)</sup>	33	40,000	Updated FS, August 2019
Olaroz Expansion (Orocobre)	not available	28	25,000	Presentation, 2 May 2019 and Announcement 28 November 2018
Cauchari JV (former Advantage Lithium)	not available	24	25,000	PFS Report, 22 October 2019

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

2 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.

3 Ponds area ratio is shown to reflect the concentrated brine product with a Li content of 4.8 %. The ponds area ratio could be improved for a lower range of Li content in the concentrated brine.

4 Lithium recovery ratio is shown to reflect the concentrated brine product with a Li content of 4.8 %. The Li recovery could be improved for a lower range of Li content in the concentrated brine.

5 Lithium recovery is shown as a range to reflect the evaporation model end concentration results of 1.2 to 3.06% Li.

6 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.

7 Galan has not defined the size of HMW and Candelas Projects. A range of production rates is still being analysed.

8 The estimate includes the area of the ponds for the removal of calcium contents of the brine.

9 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.

10 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%.

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**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.*

*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 1.1Mt 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.