

ASX ANNOUNCEMENT

14 January 2021

Galan to Acquire an 80% Interest in Greenbushes South Lithium Project, Western Australia and increase its tenure in a world class lithium district

Highlights:

- Galan to acquire 80% of the Greenbushes South Lithium Project from Lithium Australia NL (ASX: LIT)
- The Project is located 3 kms south of the world-class Greenbushes Lithium Mine which is owned and managed by Talison Lithium Pty Ltd
- Galan already holds a 100% interest in an Exploration Licence application (E70/4629) covering a total area of approximately 43 km². It is approximately 15kms to the south of the Greenbushes Mine
- The acquisition secures and consolidates a significant package of exploration ground of 396km²
- Talison's project is known as the one of the world's largest, highest grade, hard rock spodumene deposits

Galan Lithium Limited (ASX: GLN) (**Galan or the Company**) is very pleased to announce that it has entered into an asset acquisition agreement with Lithium Australia NL (ASX:LIT) to purchase an 80% interest in the Greenbushes South Lithium project.

About Greenbushes South Lithium Project

The Greenbushes South Lithium Project ('the Project') is located 200 km south of Perth, the capital of Western Australia. With an area of 353 km², the Project was originally acquired by Lithium Australia NL due to its proximity to the Greenbushes Lithium Mine ('Greenbushes'), given that the Project covers the southern strike projection of the geological structure that hosts Greenbushes. The Project area commences approximately 3km south of the Greenbushes open pit mining operations (Figure 1).

Greenbushes is currently the largest hard-rock lithium mine in the world, operated since May 2014 by Talison Lithium Pty Ltd, an incorporated joint venture between Tianqi Lithium Corporation (51%) and Albemarle Corporation (49%). Greenbushes produces a concentrate of the lithium mineral, spodumene, to feed both China and Western Australian based mineral conversion plants or consumers of spodumene concentrates in Europe, North America and China. Australian mining company IGO

Limited recently signed a deal to acquire a 24.99% stake in Greenbushes from Tianqi Lithium Corporation.

Reports of work by earlier explorers within the Project record the presence of pegmatites – a rock type that may host spodumene – and so provides immediate exploration targets. Much of this earlier work focused on the discovery of the minerals cassiterite (tin) and tantalite (tantalum), as Greenbushes was at different times mined for these minerals before spodumene (lithium) became the major driver of revenue.

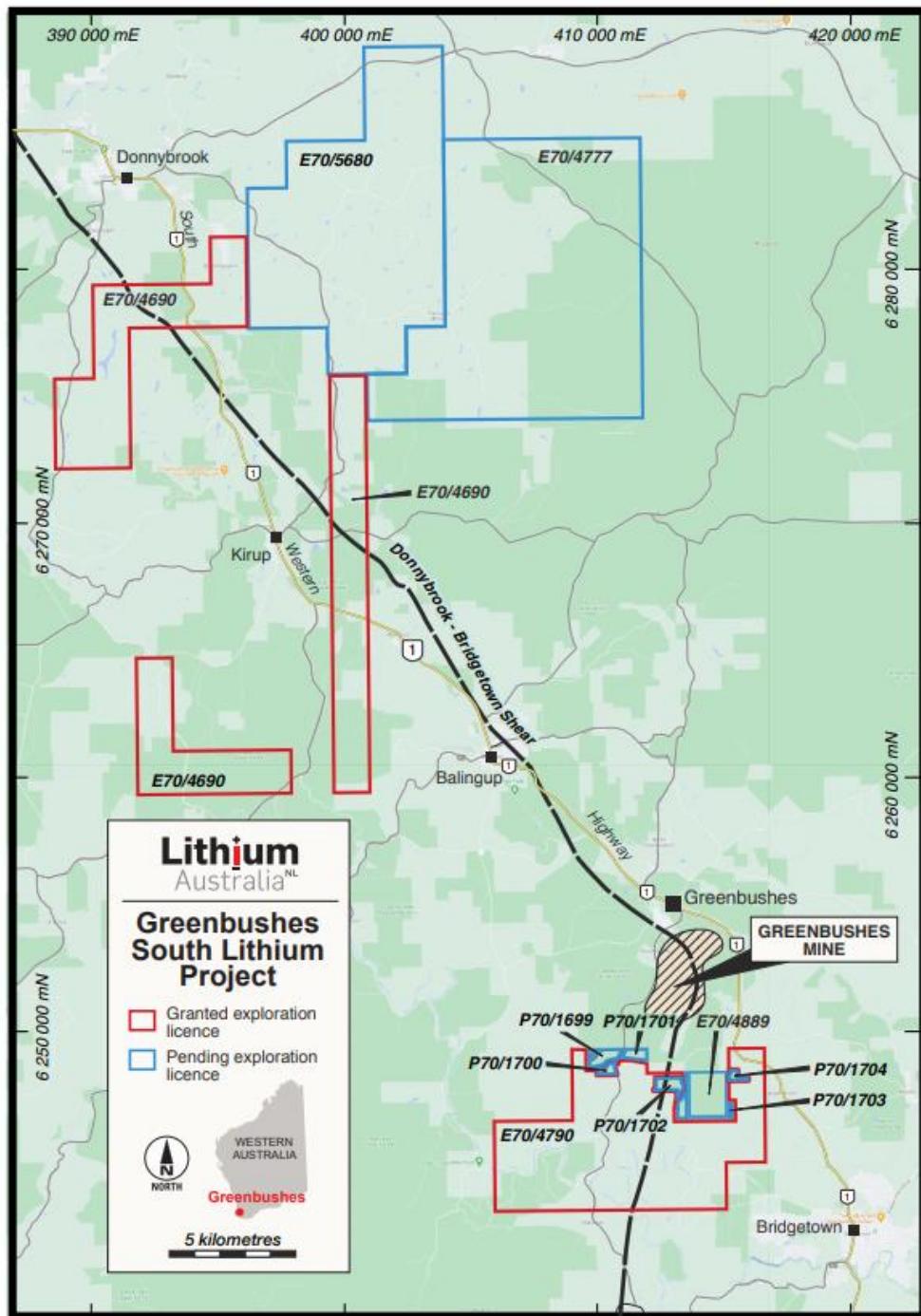


Figure 1 - Greenbushes South Lithium Project

Terms of the transaction

- Unincorporated joint venture formed between Galan (80%) and LIT (20%) by the issue of 1,221,000 fully paid ordinary shares in the capital of Galan
- Galan to sole fund joint-venture expenditure share until completion of a preliminary feasibility study.
- Thereafter, Galan and LIT will contribute on a pro-rata basis or withdraw and retain a 2% net smelter royalty. If LIT dilutes to below 10% it withdraws from the joint venture and converts to that royalty
- It is expected that the acquisition will be completed within five business days or at such later date as the parties agree.
- Sale and purchase of the exploration license and prospecting license applications are subject to regulatory approvals.

Commenting on the Greenbushes South Lithium project acquisition, Galan's Managing Director Juan Pablo (JP) Vargas de la Vega said:

"We are delighted to acquire a significant majority stake in a highly prospective lithium project in a world-renowned lithium district and increase our existing lithium exploration ground at Greenbushes in Western Australia. Nevertheless, Galan remains strongly focused in advancing our Tier One lithium project (Hombre Muerto West) in Catamarca, Argentina."

We have secured an outstanding exploration opportunity in Western Australia to add to our existing portfolio of assets in Argentina that have a potential production profile. We will proceed to exploring this tenure in a methodological step-by-step manner and progress tenement applications to grant. We are pleased to joint venture with Lithium Australia NL and look forward to updating the market with our developments in due course."

Greenbushes South Lithium Project Tenements

State	Location	Tenement	Status	Grant Date	Registered Holder	LIT_Title
WA	Greenbushes	E70/4690	G	30/11/2020	Lithium Australia NL	100%
WA	Greenbushes	E70/4777	P		Lithium Australia NL	100%
WA	Greenbushes	E70/4790	G	1/07/2016	Lithium Australia NL	100%
WA	Greenbushes	E70/4889	P		Lithium Australia NL	100%
WA	Greenbushes	E70/5680	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1698	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1699	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1700	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1701	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1702	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1703	P		Lithium Australia NL	100%
WA	Greenbushes	P70/1704	P		Lithium Australia NL	100%

G = Granted P = Pending

The Galan Board has authorised this release.

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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 and Galaxy Resources and POSCO’s Sal de Vida projects.

Galan has three 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 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 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). That resource now sits at 2.3Mt of LCE with exploration upside remaining for the rest of the HMW concessions not included in the current indicated resource.

Greenbushes South Lithium Project: Galan has an Exploration Licence application (E70/4629) covering a total area of approximately 43 km². It is approximately 15kms to the south of the Greenbushes mine.

In January 2021, Galan entered into a sale and joint venture with Lithium Australia NL in a JV for an 80% for the Greenbushes South Lithium project ('the Project'), which is located 200 km south of Perth, the capital of Western Australia. With an area of 353 km², the Project was originally acquired by Lithium Australia NL due to its proximity to the Greenbushes Lithium Mine ('Greenbushes'), given that the Project covers the southern strike projection of the geological structure that hosts Greenbushes. The project area commences only about 3km south of the current Greenbushes open pit mining operations

Competent Persons Statement

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.