



ASX ANNOUNCEMENT

31 July 2024

QUARTERLY ACTIVITIES REPORT JUNE 2024

Highlights

- In-situ lithium mining inventory continues to build with over 3,000t LCE accumulating in ponds 1, 2 and 3
- First production from HMW is targeted for H2 2025. Overall project completion is approximately 40%. Project construction continues to advance at a pace commensurate with preserving cash
- Average brine flow rate, lithium grade and evaporation rates are in line with or better than those utilised in the Phase 1 Feasibility Study
- Pond inventory management system in place to protect inventory and optimise evaporation process
- Offtake partners shortlisted with Galan progressing towards a definitive sales agreement and associated funding package
- Ross Dinsdale appointed to the role of Chief Financial Officer
- Cash and liquid assets at the end of quarter ≈A\$6 million.

Figure 1. HMW Project looking south



The Board of Galan Lithium Limited (**Galan** or **the Company**) is pleased to provide this Quarterly Activities Report for the quarter ended 30 June 2024 and to the date of this report. The main focus for the quarter was the ongoing construction works/activities at the Company's 100% owned, high-grade/low-impurity Hombre Muerto West (**HMW**) Project in the Catamarca Province, Argentina. Lithium inventories continue to build in the HMW Phase 1 pond system, in line with Feasibility Study expectations, which will provide the feedstock for the HMW processing plant. Over the last month and a half, Galan has re-worked its construction activities to preserve cash with a view to procuring both a definitive sales agreement and an associated funding package for the Project in the short term.

Operations

HMW

Overall completion of the HMW Phase 1 project now sits at approximately 40% with the ponds system at 60% capacity. The designed ponds system, if necessary, can support an inventory, until H2 2025, of up to 10,000tpa LCE without the need for processing through the plant. Approximately 750,000 m² of evaporation area has now been built, currently housing 3,000t LCE contained inventory. The key processing parameters, including average flow rates, lithium grades and evaporation rates are all aligned with the Phase 1 DFS. First production from HMW is expected to be within H2 2025.

Galan's team continue to analyse trade-off exercise scenarios and options to further reduce capital expenditure with these opportunities focussed on selecting the minimum infrastructure required for the commencement of production.

Figure 2. First 3 ponds completed, filled and evaporating



Candelas Project (100% Galan)

The Candelas Project is supported by a full Preliminary Economic Assessment 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. Candelas has no 3rd 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)

In July 2024, the Company was successfully awarded a co-funding grant of up to \$220,000 for diamond drilling, under Round 29 of the Western Australian Government's Exploration Incentive Scheme (EIS). The EIS funding supports the drilling of new potential pegmatite along strike of the Donnybrook-Bridgetown Shear Zone. It is the first grant to be awarded in the South-West and highlights the government's intention to encourage the exploration of critical minerals and lithium in the region.

In early April 2024, Galan and representatives from the Karri Karrak Aboriginal Corporation (KKAC) and consulting anthropologists and archaeologists performed an ethnographic and archaeological heritage survey in one of Galan's lithium target areas. The survey confirmed that no ethnographic Aboriginal heritage sites or places are located in the target area. Galan continues to be committed to working with all First Nation peoples and has committed to continue to consult with KKAC in future drilling endeavours.

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

There was no significant work undertaken in respect of the Taiga, Camaro and Hellcat lithium projects in the heart of the James Bay lithium province in Canada.

Corporate

At the end of the June 2024 quarter, the Company had cash resources and liquid assets of approximately \$6 million. The rate of all project expenditure in the September 2024 quarter is expected to be significantly lower than the June 2024 quarter due to the changing pace of HMW construction activities and company wide cost saving measures.

Capital Raising

During the quarter, Galan completed a \$13.3 million equity raising, at \$0.23 per share, via a placement of 57,826,088 shares and 28,913,044 options (exercisable at \$0.35 on or before 18 July 2026). Approval for Director participation in the equity raising was recently granted, allowing up to a further \$1.1m to be raised. Proceeds of the placement have and will be used to fund HMW Phase 1 construction activities, corporate costs and working capital purposes.

As announced on 12 April 2024, the Company entered into an At-the-Market Subscription Deed (ATM) with Acuity Capital. The ATM provides Galan with up to \$15,000,000 of standby equity capital until 31 January 2029. Since the ATM was executed, Galan has utilised two At-The-Market placements (on 14 May 2024 and 15 July 2024) for total proceeds of \$3.35m.

Chief Financial Officer

After the end of the quarter Mr Ross Dinsdale was appointed to the role of Chief Financial Officer. Mr Dinsdale has 18 years of extensive experience across capital markets, equity research, investment banking and executive roles in the natural resources sector. He has held positions with Goldman Sachs, Azure Capital and more recently he acted as CFO for Mallee Resources Limited. He is a CFA charter holder, has a Bachelor of Commerce and holds a Graduate Diploma in Applied Finance.

Appendix 5B

Payments to related parties of the entity and their associates for the quarter totalled \$289,375 for director fees, legal fees and consulting fees.

Managing Director, JP Vargas de la Vega commented:

“I am very pleased with our progress during the June quarter. Our lithium inventory continues to build at HMW and the flow rates, lithium grades and evaporation rates are meeting our feasibility study expectations. Galan is now working hard to finalise offtake and financing arrangements ahead of a planned start to production next year.”

The Galan Board authorises the release of this June 2024 Quarterly Activities Report.

For further information contact:

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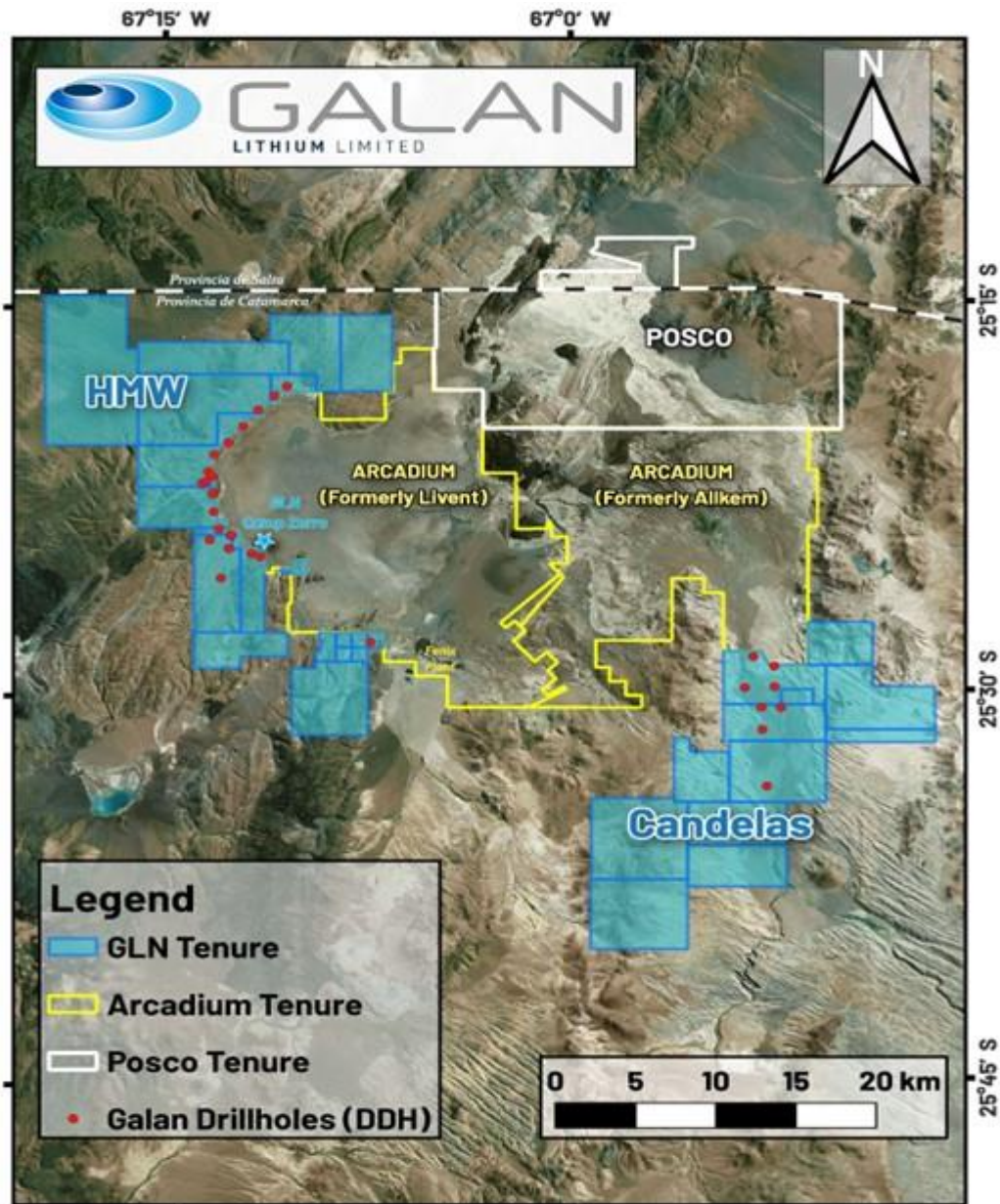
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Galan's HMW and Candelas project tenure in Argentina

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 (Arcadium Lithium, formerly Livent Corporation), Sal de Vida (Arcadium Lithium, formerly Allkem) and Sal de Oro (POSCO) lithium projects. Galan is also exploring at Greenbushes South in Western Australia, just 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 Arcadium Lithium 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 March 2024 an updated Mineral Resource estimate was delivered totalling 7.9Mt of LCE @ 883mg/l Li.

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 km². 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.

Mineral Resource Statement for HMW and Candelas (March 2024)

Resource Category	Brine Vol (Mm ³)	In Situ Li (Kt)	Avg Li (mg/L)	LCE (Kt)	In Situ K (Kt)	Avg K (mg/L)	KCl Equiv. (Kt)
Hombre Muerto West:							
Measured	1,028	890	866	4,738	7,714	7,505	14,711
Indicated	347	310	894	1,649	2,717	7,837	5,181
Inferred	300	278	926	1,480	2,464	8,210	4,700
HMW Total	1,675	1,478	883	7,867	12,895	7,700	24,591
Candelas North (*):							
Indicated	196	129	672	685	1,734	5,193	3,307
Galan's Total Resource Inventory							
Total	1,871	1,607	859	8,552	14,629	7,819	27,895

- No cut-off grade applied to the updated Mineral Resource Estimate.
- There may be minor discrepancies in the above table due to rounding.
- The conversion for LCE = Li x 5.3228, KCl = K x 1.907.

(*) Candelas North tenements are located about 40 km to the Southeast of the HMW Project. The Candelas North Mineral Resource Statement was originally announced by Galan on 1 October 2019.

Also refer to the Galan announcements dated 27 March 2024 and 4 April 2024.

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 (Li₂O) content or percentage of lithium carbonate (Li₂CO₃) content. Lithium carbonate equivalent (LCE) is the industry standard terminology and is equivalent to Li₂CO₃. 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 Li₂CO₃ value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of Li₂CO₃.

Table of Conversion Factors for Lithium Compounds and Minerals:

Convert from		Convert to Li	Convert to Li ₂ O	Convert to Li ₂ CO ₃
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	Li ₂ O	0.464	1.000	2.473
Lithium Carbonate	Li ₂ CO ₃	0.188	0.404	1.000
Lithium Chloride	LiCl	0.871		

Potassium is converted to potassium chloride (KCl) with a conversion factor of 1.907.

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 reflect views held only as at the date of this announcement.

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 contained herein that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Mr Carlos Eduardo Descourvieres. Mr Descourvieres is an employee of WSP (Chile) and a Member of the Australian Institute of Mining and Metallurgy. 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)'. Mr Descourvieres consents to the inclusion of his name in 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.

INTEREST IN MINING TENEMENTS AT 30.06.24

Argentina (HMW & Candelas 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")

30 June 2024

Consolidated statement of cash flows		Current quarter \$A'000	Year to date \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	14	65
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(835)	(3,844)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	21	767
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)	-	-
1.9	Net cash from / (used in) operating activities	(800)	(3,012)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	(146)
	(c) property, plant and equipment	-	(27)
	(d) exploration & evaluation	(20,915)	(73,733)
	(e) investments	-	(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	202	202
	(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)	-	-
2.6	Net cash from / (used in) investing activities	(20,713)	(74,516)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	16,948	37,451
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	1,247
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(926)	(1,961)
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)	-	-
3.10	Net cash from / (used in) financing activities	16,022	36,738
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,771	45,151
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(800)	(3,012)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20,713)	(74,516)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,022	36,738

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
4.5	Effect of movement in exchange rates on cash held	52	(26)
4.6	Cash and cash equivalents at end of period	4,334	4,334
5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,727	8,169
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details) Overseas bank acc	1,607	1,602
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	4,334	9,771
6.	Payments to related parties of the entity and their associates	Current quarter \$A'000	
6.1	Aggregate amount of payments to related parties and their associates included in item 1	126	
6.2	Aggregate amount of payments to related parties and their associates included in item 2	163	
<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>			
7.	Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities		
7.5	Unused financing facilities available at quarter end		
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> <p>Galan is currently in negotiations to finalise funding sources to support its Hombre Muerto West, Phase 1 project in Argentina. Funding is expected to include a combination of equity, debt and prepayment finance to fund the balance of Galan's cash requirements for the year</p>		

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

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(800)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(20,915)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(21,715)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,334
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,334
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.2
	<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: No, the company has reduced the rate of expenditure at its Argentina project during the quarter in order to preserve cash ahead of finalisation of funding arrangements	
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, an ATM funding facility was announced on 12 April 2024 for up to A\$15 million of standby equity capital until 31 January 2029. On 12 July 2024 approval was received at the company's General Meeting for the issue of up to 4,965,218 shares in relation to director participation in a share placement, expected to raise up to A\$1.1 million. In addition, the company is currently in negotiations in relation to a secured Financing Prepayment Facility to support development activities at its Hombre Muerto West project in Argentina. The company is confident that it will secure funding through a combination of debt and equity to support its activities during 2024.	
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, the combination of equity funding, secured and unsecured debt, prepayment funding is expected to provide cashflow to meet its business objectives in 2024.	
	<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 July 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.