



CORPORATE GOVERNANCE STATEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2021

The Board's primary role is the protection and enhancement of long-term shareholder value. To fulfil this role, the Board is responsible for oversight of the management and the overall corporate governance of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Galan Lithium Limited ('Galan' or 'the Company') has adopted policies, procedures and practices as tools to support the Board's strong belief in good corporate governance. Commensurate with the spirit of the Corporate Governance Principles and Recommendations (4th edition) published by the ASX Corporate Governance Council ('Council'), the Company has followed each recommendation where the Board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. In compliance with the "if not, why not" regime, where, after due consideration, the Company's corporate governance practices depart from a recommendation, the Board has offered full disclosure and an explanation for the adoption of its own practice.

The 4th edition of the ASX Corporate Governance Principles and Recommendations is effective for the first full financial year commencing on or after 1 January 2020. Accordingly, the Company is reporting against the 4th edition for the first time for the financial year ended 30 June 2021.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of its operations.

The following outlines the adherence (or otherwise) of the Company for each of the Principles & Recommendations during the financial year ended 30 June 2021 ('Reporting Period').

Principle 1: Lay solid foundations for management and oversight

Recommendations 1.1

The Board has adopted a Charter that sets out the roles and responsibilities of the board. This may be viewed on the Company's website at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Board-Charter.pdf>. The Charter includes, amongst other things that the Board will be responsible for:

- Setting the strategic aims of the Company and overseeing management's performance within that framework
- Making sure that the necessary resources (financial and human) are available to the Company and its senior executives to meet its objectives
- Overseeing management's performance and the progress and development of the Company's strategic plan
- Determining the remuneration policy for the Board, Company Secretary and Senior Management
- Controlling and approving financial reporting, capital structures and material contracts
- Ensuring that a sound system risk management and internal controls are in place
- Setting the Company's values and standards
- Undertaking formal and rigorous reviews of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council
- Ensuring that the Company's obligations to shareholders are understood and met
- Ensuring the health, safety and well-being of employees in conjunction with the senior management team, including developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees
- Ensuring an adequate system is in place for the proper delegation of duties for the effective operative day to day running of the Company without the Board losing sight of the direction that the Company is taking

Recommendations 1.2 to 1.4

In determining candidates for the Board, Board members follow a process whereby they evaluate the mix of skills, experience and expertise of the existing Board and identify the particular skills that will best increase the Board's effectiveness. Consideration is also given to the balance of independent directors. Potential candidates are identified and, if relevant, will be recommended to the Board. Any appointment made by the Board is subject to ratification by shareholders at the next general meeting.

All potential senior executive candidates are thoroughly background checked during the recruitment process.

The Board currently consists of six (6) members, one of which holds an executive position as Managing Director. All directors have appointment contracts. The financial and other remuneration details are disclosed in the Directors Report of each Company annual report.

The Company Secretary is charged with facilitating the Company's corporate governance processes and so shares primary responsibility, along with the Chairman, for ensuring that the Board processes and procedures run efficiently and effectively.

Recommendation 1.5

The Company recognises and values the competitive benefits and advantages that diversity can bring to an organisation and actively supports, encourages and acknowledges diversity as a means of enhancing and enriching the Company's performance and standing by utilising the various skills, experiences and perspectives of its directors, officers, employees, consultants and contractors

The Company treats all its personnel fairly and equally regardless of their gender, sexuality, marital status, cultural background, ethnicity, language, political or religious beliefs, disability or age.

The Company ensures that all its personnel have access to a safe work environment that is free from harassment, discrimination, bullying and victimisation.

The Company has adopted a Diversity Policy which can be viewed on the Company's website at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Diversity-Policy.pdf>.

The proportion of women on the board and women in senior executive positions at 30 June 2021 and 30 June 2020 are as follows:

	2021		2020	
	No.	%	No.	%
Women on the Board	0	0%	0	0%
Women in senior management roles	0	0%	0	0%

Recommendations 1.6 and 1.7

The Board undertakes an annual review of its own performance with external advice as appropriate. During the Reporting Period the Company undertook a formal evaluation of its Directors.

The Managing Director is responsible for evaluating the performance of senior management. The evaluation of senior management is undertaken via an informal interview and appraisal process which occurs at least annually and otherwise takes place as part of the annual salary review under the relevant employment contract.

Principle 2: Structure the board to be effective and add value

Recommendation 2.1

The Board has not established a separate nomination committee. Given the current composition and skill set of the Board, the Board believes that there would be no efficiencies gained by establishing a separate nomination committee. Accordingly, the Board performs the role of the nomination committee. Items that are usually required to be discussed by a nomination committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of the nomination committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.

Recommendation 2.2

The Company does not comply with Recommendation 2.2 as it has decided that due size, composition and structure of the Board, there is no current requirement for the disclosure of a board skills matrix. However, it does disclose the skills and expertise of its directors on its website, in various presentations and in the Directors Report of each Company annual report.

Recommendation 2.3

The Board currently consists of six (6) directors, which includes a Managing Director, a Non-Executive Chairman and four Non-Executive Directors. Details of their experience, qualifications and committee memberships (if applicable) are set out in the Director's Report of the Company annual report. The following Directors have been in office since the start of the Reporting Period to the date of the annual report unless otherwise stated:

Richard Homsany - Non-Executive Chairman from February 2020 (independent)
Juan Pablo Vargas de la Vega – Managing Director since June 2018 (not independent)
Chris Chalwell - Non-Executive Director since February 2011 (independent)
Terry Gardiner - Non-Executive Director since December 2013 (independent)
Jinyu (Raymond) Liu – Non-Executive Director since June 2018 (not independent)
Daniel Jimenez – Non-Executive Director since September 2019 (independent)

Election of Board members is substantially the province of the shareholders in general meeting. However, the Company commits to bringing on board, directors who have characteristics which allow a mix of qualifications, skills, experience, expertise and diversity to the Board.

Recommendation 2.4

The Company complies with Recommendation 2.4 in that 66.6% of the current serving directors are considered independent.

Mr Homsany is the Non-Executive Chairman and is considered to be independent. Mr Homsany is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Chalwell is a Non-Executive Director and is considered to be independent. Mr Chalwell is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Gardiner is a Non-Executive Director and is considered to be independent. Mr Gardiner is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Jimenez is a Non-Executive Director and is considered to be independent. Mr Jimenez is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Mr Vargas de la Vega is Managing Director and is a substantial shareholder of the Company and is therefore not considered to be independent.

Mr Liu is a Non-Executive Director and a substantial shareholder of the Company and is therefore not considered to be independent.

Given the size of the Company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given the size of its capitalisation and existing projects. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

Recommendation 2.5

The Company complies with Recommendation 2.5 in that the Chairman is independent.

Recommendation 2.6

Any new directors undergo an induction process in which they are given a full briefing on the Company. They will also be provided with letters of appointment to the Board, setting out the key terms and conditions relative to their appointment, full details of the Company's current insurance policies and copies of the latest Corporate

Governance Statement as well as relevant Company policies. Upon appointment, directors are also required to complete a Directors Declaration of Interest form.

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the Director first obtains approval from the Chairman for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are encouraged to source the resources and training to address skill gaps where they are identified and to receive continuing education concerning key developments in the Company and in the industry and environment within which the Company operates.

Principle 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

Galan Lithium Limited is an Australian based, international mining company focused on developing its high-quality lithium brine assets in Argentina and exploring its other lithium projects in Australia. The Company is led by a skilled and qualified Board supported by fellow mining business professionals who all have a drive and passion for the mining industry.

Galan is strongly committed, at all times, to:

- respecting the environment;
- the safety and well-being of its personnel;
- the culture and diversity of its people;
- the sustainable development of communities in which it operates; and
- acting with the utmost integrity, honesty and good faith

Galan values are to protect and maximise shareholder returns, promoting and adhering to industry best practice across all disciplines, engaging and understanding all stakeholders and remaining a highly respected, solid corporate citizen.

Recommendation 3.2

The Company has in place a Code of Conduct which guides the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account its legal obligations and the reasonable expectations of its stakeholders and ensures all Board members are informed of any breaches of the code.

A copy of the Galan Code of Conduct can be viewed at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Code-of-Conduct.pdf>.

Recommendation 3.3

The Company has a Whistleblower Policy in place and ensures all Board members are informed of any material incidents that may be reported under the policy.

A copy of the Galan Whistleblower Policy can be viewed at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Whistleblower-Policy.pdf>.

Recommendation 3.4

The Company has an Anti-Bribery and Corruption Policy in place and ensures all Board members are informed of any material breaches that may be reported under the policy.

A copy of the Galan Anti-Bribery and Corruption Policy can be viewed at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Anti-Bribery-Corruption-Policy.pdf>.

Principle 4: Safeguard integrity of financial reporting

Recommendation 4.1

The Board has not established a separate audit committee. Given the current composition and skill set of the Board, the Board believes that there would be no efficiencies gained by establishing a separate audit committee. Accordingly, the Board performs the role of audit committee. Items that are usually required to be discussed by an audit committee are marked as separate agenda items at Board meetings when required. The

Board deals with any conflicts of interest that may occur when convening in the capacity of the audit committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.

All of the Directors consider themselves to be financially literate and to possess the relevant industry experience. Details of each of the Director's qualifications and skill sets are set out in the Directors' Report of each Company annual report.

The appointment and removal of the external auditor requires shareholder approval. The audit partner is currently rotated every three (3) years).

Recommendation 4.2

The Managing Director and the CFO will provide a declaration to the Board in accordance with section 295A of the Corporations Act on at least a bi-annual basis. Such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The above declaration has been provided for the Reporting Period.

Recommendation 4.3

The Company provides audited annual and audit reviewed half year reports and the Company's auditor attends the AGM and is available to answer any questions from the shareholders that are relevant to the accounts or the audit of the Company.

Other relevant periodic corporate reports are thoroughly reviewed and approved off by all Board members, including ASX announcements and Company presentations.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1

The Board has designated the Chairman and Managing Director (Primary) and the Company Secretary (Secondary) as the persons responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. Galan has a Continuous Disclosure Policy which can be viewed on the Company's website at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Disclosure-Policy.pdf>

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability at a senior executive and management level for that compliance.

All ASX announcements are reviewed and approved by the Board.

Recommendation 5.2

The relevant Board members are involved in the compilation of Galan announcements and all Board members are promptly notified and receives copies of all announcements released to the market.

Recommendation 5.3

After an initial Board review, any material or substantive new Company presentation is released to the market prior to the relevant presentation.

Principle 6: Respect the rights of security holders

Recommendations 6.1, 6.2 and 6.3

The Company aims to ensure that its shareholders and other investors are provided with timely, accurate and transparent information about itself, its projects and its governance.

All corporate governance procedures are available on the Company's website www.galanlithium.com.au

The Board of Galan is committed to open and effective shareholder communication to ensure they are informed of all significant developments concerning the Company. The Company principally engages with its shareholders via general meetings and its AGM or personally as requested by individual shareholders, a practice that the Company encourages.

Galan has in place an effective Shareholder Communications Policy which can be viewed on the Company's website at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Shareholder-Communication-Policy.pdf>

Recommendation 6.4

The Company ensures that all resolutions put forward at a meeting of shareholders is decided by a poll rather than a show of hands.

Recommendation 6.5

The Company and its share registry actively encourage the use of electronic security holder communications.

Principle 7: Recognise and manage risk

Recommendation 7.1

The Board has not established a separate risk management committee. Given the current composition and skill set of the Board, the Board believes that there would be no efficiencies gained by establishing a separate risk management committee.

Recommendations 7.2 and 7.3

The Board has adopted a Risk Management Policy. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control. An informal review of the risk management framework was undertaken in the Reporting Period.

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

In addition, the following risk management measures have been implemented by the Board to manage the Company's material business risks:

- the Board has adopted an authority level policy and matrix for the Board and management. The policy and matrix may only be changed with Board approval and governs all Company expenditure, commitments and other financial transactions;
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

A copy of the Galan Risk Management Policy can be viewed on the Company's website at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Risk-Management-Policy.pdf>.

Recommendation 7.4

The Company is not aware of any material exposure to environmental or social risks apart from those generally stated in the Directors Report of each annual report.

Galan recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1

The Board has not established a separate remuneration committee. Given the current size and composition of the Company, the Board believes that there would be no efficiencies gained by establishing a separate remuneration committee. Accordingly, the Board performs the role of remuneration committee. Items that are

usually required to be discussed by a remuneration committee are marked as separate agenda items at Board meetings when required.

The Board deals with any conflicts of interest that may occur when convening in the capacity of the remuneration committee by ensuring that any Director with conflicting interests is not party to the relevant discussions.

Remuneration levels for Board and senior managers are based on canvassed market rates and peer comparisons. External consultants may be engaged and utilised for appointment of any new directors or managers

Recommendation 8.2

The Company discloses information on an annual basis in respect of the remuneration of the Board and key management personnel in the Remuneration Report (Audited) in the Directors' Report of each Company annual report.

Recommendation 8.3

The Company discloses information on an annual basis (if applicable) in respect of its Employee Incentive Plan in the notes to the financial statements contained in the Company annual report. The Employee Incentive Plan is approved by shareholders every three (3) years.

A copy of the Galan Securities Trading Policy can be viewed at <https://galanlithium.com.au/wp-content/uploads/2021/09/GLN-Security-Trading-Policy.pdf>