

ASX ANNOUNCEMENT

20th August 2018

FURTHER GEOPHYSICAL SURVEYS TO COMMENCE HOMBRE MUERTO PROJECT, ARGENTINA

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is pleased to announce the upcoming commencement of further geophysical surveys at the Salar de Hombre Muerto Project, located in Catamarca Province, Argentina.

The geophysical surveys will comprise CSAMT (Controlled Source Audio-frequency Magnetotellurics) resistivity surveys which will extend upon the results of earlier surveys conducted along the Candelas channel (ASX:DMI 6 June 2018). The initial surveys delineated very conductive and shallow units compatible with units being saturated with brine which appeared to potentially extend laterally to the east and west of the channel (figure 1). Depths to brine were relatively shallow and ranged from approximately 150 to 400m+ in thicknesses over at least ten kilometres along the extent of the channel.

Additionally, several maiden lines of CSAMT will be conducted over the Company's Western Basin leases at *Santa Barbara*, *Pata Pila*, *Rana de Sal* and *Catalina* where recent work highlighted highly lithium anomalous surface samples.

The Company has engaged the services of well-regarded geophysical contractors Quantec Geoscience Ltd to conduct this work. They have significant experience in this type of exploration targeting lithium brine mineralisation and conducted the initial surveys at the project. Quantec are due to commence the work in approximately 7-10 days time.

The Lithium Market and Argentina

The Company remains confident in the potential long-term strength of the lithium sector. There have been several significant announcements in the past months particularly in relation to the Hombre Muerto region. Galaxy Resources Ltd (ASX:GXY, 6 August) indicated that the "*POSCO transaction (for US\$280m) is ahead of schedule*" which supports local Argentinian news reports ("*El Esquiú*", 19 June) that POSCO was announcing a US\$450m investment to develop its project at Hombre Muerto. Overall, both companies could invest a potential ~US\$0.9b of capital investment. These projects are in the vicinity of Galan Lithium's projects at Hombre Muerto.

In our view, the lithium sector is still showing signs of strength and Argentina largely remains a mining friendly place to invest in lithium. On 15 August, Ganfeng Lithium signed a supply agreement with Korea's LG Chem Ltd to supply 47,600 tonnes of the battery material. Ganfeng remains strongly positioned in the Argentina lithium space by also recently agreeing to purchase SQM's interest in the Caucharí-Olaroz project as announced by Lithium Americas Corp. on 13 August.

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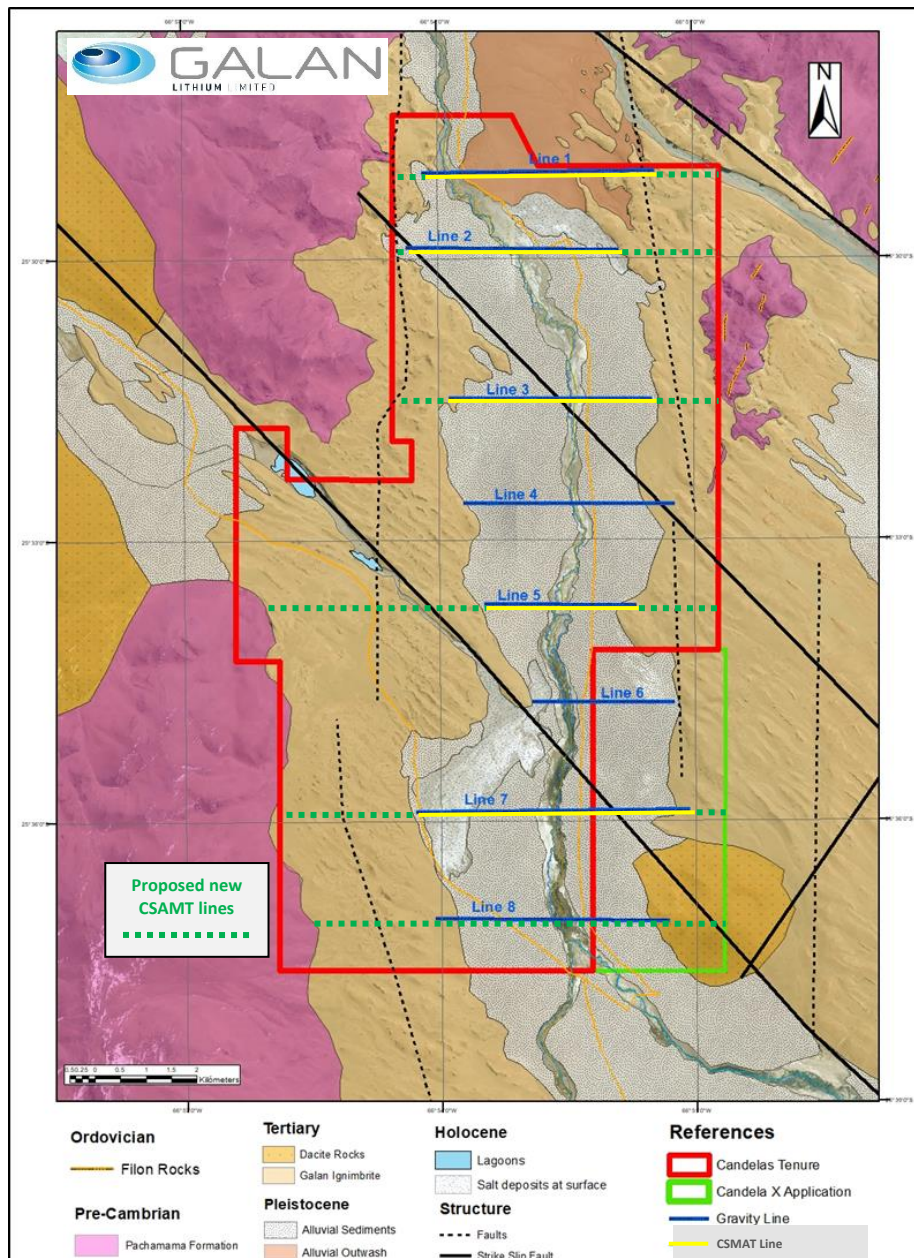


Figure 1: Proposed new CSAMT lines, Candelas