ASX ANNOUNCEMENT

4th October 2018

GEOPHYSICAL RESULTS DEFINE BRINE POTENTIAL AT CANDELAS PROJECT, HOMBRE MUERTO

- **Second resistivity survey completed at Candelas, Hombre Muerto salar**
- **5 previously surveyed lines extended and one additional line to the south extends total strike potential from 10km to ~15km**
- **Lateral limits of potential brine now well defined, total area of potential brine coverage increased to ~6,000 Hectares**
- **All lines interpreted to contain "…*very conductive and shallow horizons that are consistent with geological units saturated with brine*"**
- **Interpreted brine layers range from 3 to 5km wide and ~150-400m+ thickness**
- **The Hombre Muerto Basin is one of the most globally prolific salt flats, hosting one of the lowest content levels of impurities in the industry**
- **Project is adjacent to Galaxy Resources' and POSCO's Sal de Vida projects and FMC's Fenix lithium operation (which has been in operation since 1997)**

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is pleased to announce the results from a second CSAMT (Controlled Source Audio-frequency Magnetotellurics) survey recently conducted at the Company's Hombre Muerto Lithium Project (**the Project**) located in Catamarca Province, Argentina.

THE SURVEY

The survey aimed to extend upon the results of an earlier survey conducted along the Candelas channel (ASX:DMI 6 June 2018). The initial survey was interpreted by the Company's geophysical consultants as showing "…***very conductive and shallow units that are compatible with units being saturated with brine, which constitute a great potential for lithium exploration***". These conductive units remained open laterally largely to the west and it was recommended that the survey be extended to define the lateral limits of the brine horizons.

The survey was conducted and interpreted by highly credentialed geophysical consultants Quantec Geoscience Ltd (**Quantec**). Quantec has significant experience in this type of exploration targeting lithium brine mineralisation and has previously conducted work at the neighbouring Sal de Vida project for Galaxy Resources Ltd.

The CSAMT survey covered 25.6 line kms over 6 profiles, 5 of which were extensions to previously surveyed lines with one new line surveyed to extend strike coverage along the channel to the south. The 6 lines now cover the entire 15km extent of the channel within Company's project area.

The data acquired was noted as being of high quality despite the extremely conductive environment in the area. Profiles were interpreted to a depth of approximately 600m however caution is advised on the deeper results since the extremely low conductivity materials can have a diminished response with depth.

In summary, the interpreted inversion models presented a good model of subsurface resistivity and Quantec confirmed their conclusions that **"*The 6 CSAMT lines show very conductive and shallow units that are compatible with units being saturated with brine, which constitute a great potential for lithium exploration*"**. The extended survey has shown that the conductive materials are more laterally extensive than previously expected and suggests that highly conductive brine could exist below younger ignimbrite formations indicating that the potential of the project to be much larger than previously thought.

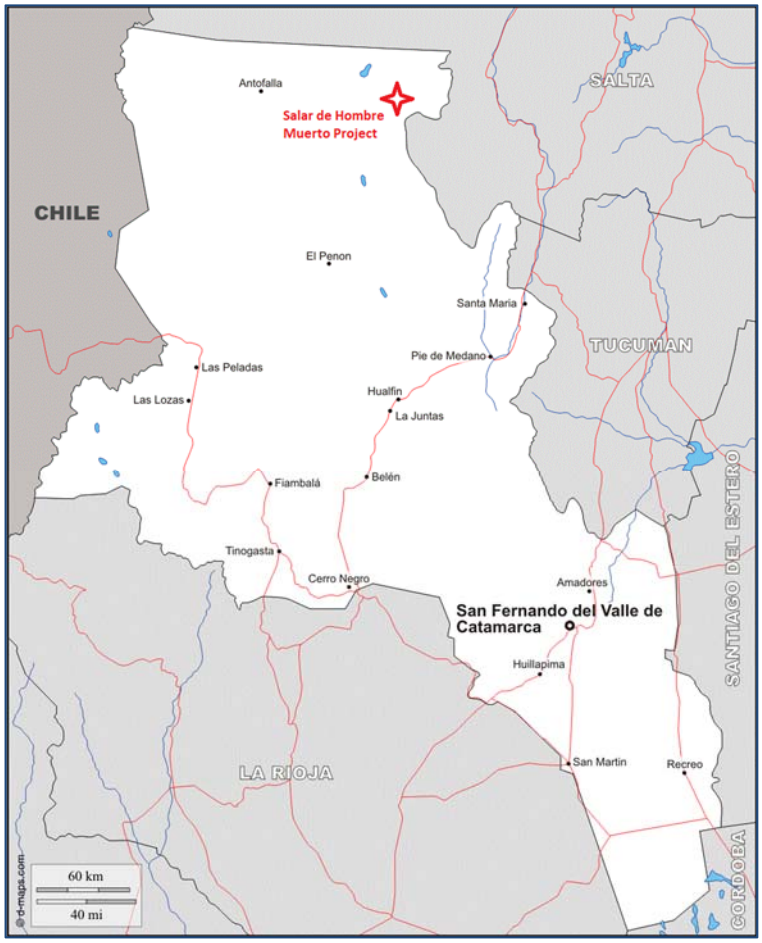

Figure 1: Location of the Hombre Muerto salar, Catamarca province, Argentina

DETAILED RESULTS

The locations and resistivity profiles of the 6 CSAMT lines surveyed along the Los Patos channel, which is almost wholly covered by the Company's tenure, is shown in Figure 2. These are shown overlying an aerial image of the project showing the correlation between the channel and adjacent ignimbrites. The Company has also completed CSAMT surveying over some of the Company's other leases in the Western basin of the salar the results of which are currently being processed.

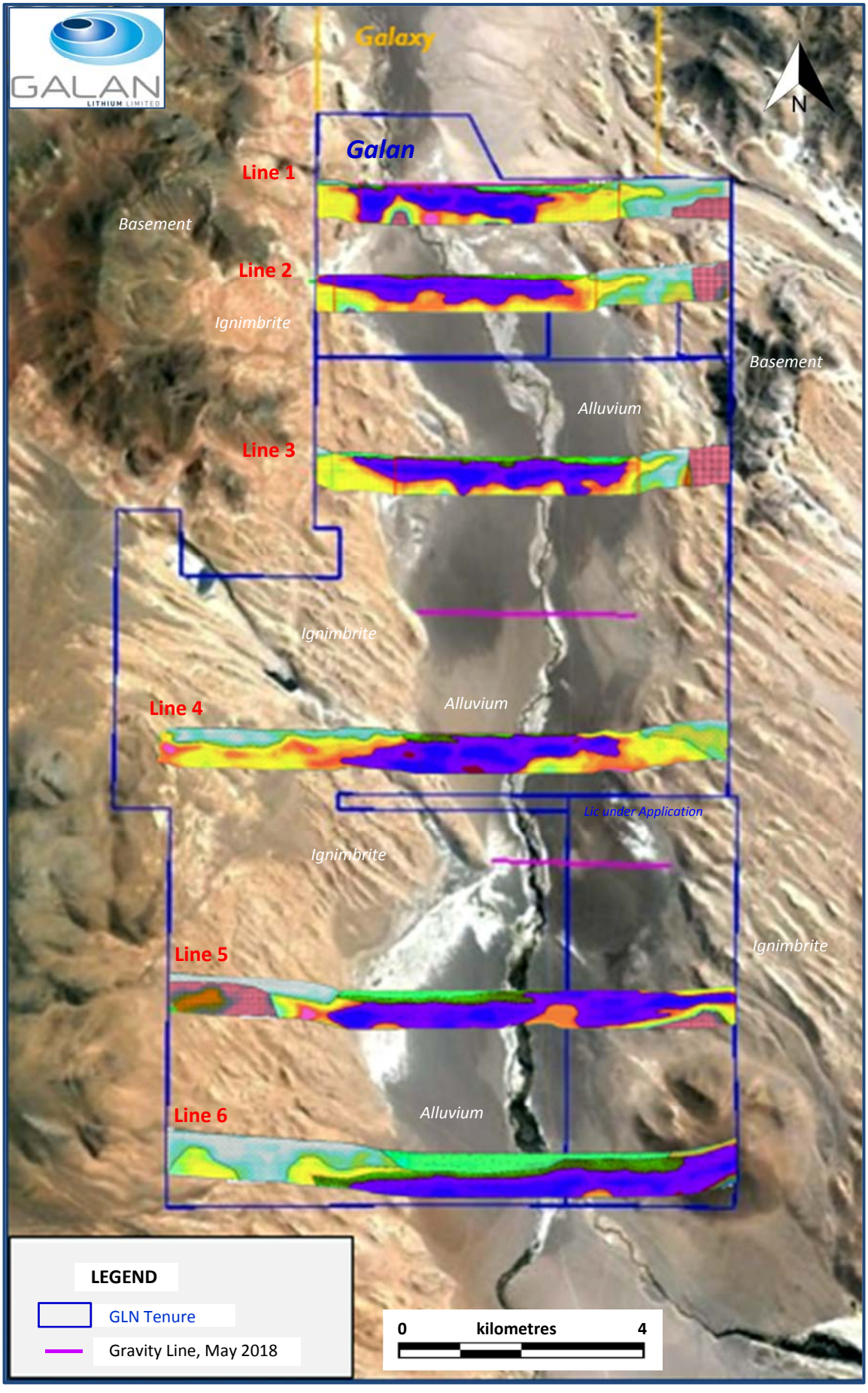

Figure 2: CSAMT extended survey profiles aerial image. Purple/blue represents highly conductive potential brine - Candelas project, Hombre Muerto salar (see figures 3-8 for individual profiles)

CSAMT- Profile 1 Extended

This northern resistivity profile shows a zonation of conductive materials ranging from surface in the west sector of the line (left in Figure 2) and then going deeper to the east below more resistive units coincident with surficial reworked tuffs. The lateral limits of the potential brine material are well controlled.

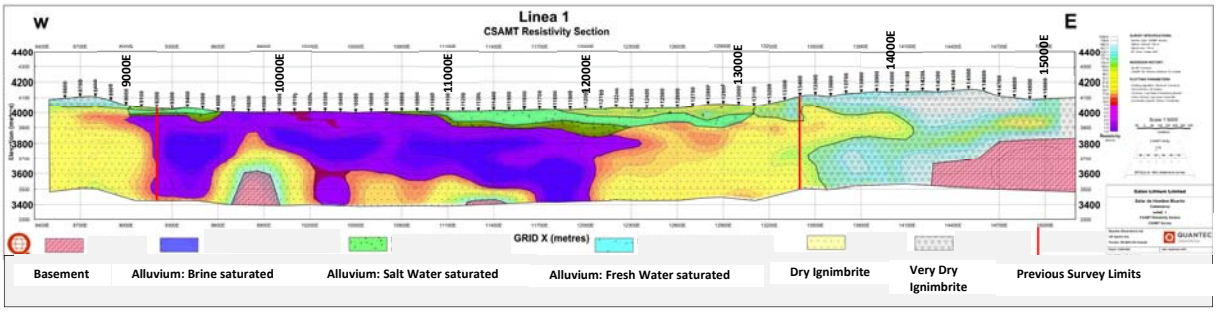

Figure 3: Profile 1 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

CSAMT – Profile 2 Extended

This profile also shows a highly conductive horizon at surface, slightly dipping to the east with very low resistivity values. Over the eastern side, the resistivity sections indicate a truncation of the very conductive materials which may indicate the border of the basin controlled by a graben margin fault. In the west, the brine extends almost to the end of the line whilst the basement is interpreted to be deeper in this section.

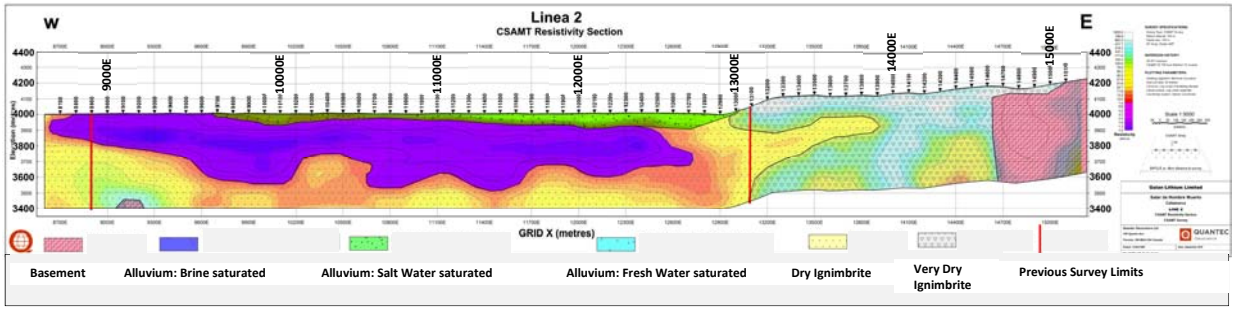

Figure 4: Profile 2 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

CSAMT – Profile 3 Extended

This profile shows a very similar scenario to Profile 2, with a horizontal, conductive layer located at approximately 150m depth, extending for over 4km from 9,500mE to 13,600mE. Over the eastern side there are more resistive materials in the surface, interpreted as dry ignimbrites and as in Profile 2, may be truncated by major structural elements. The western limits of the brine material is well defined.

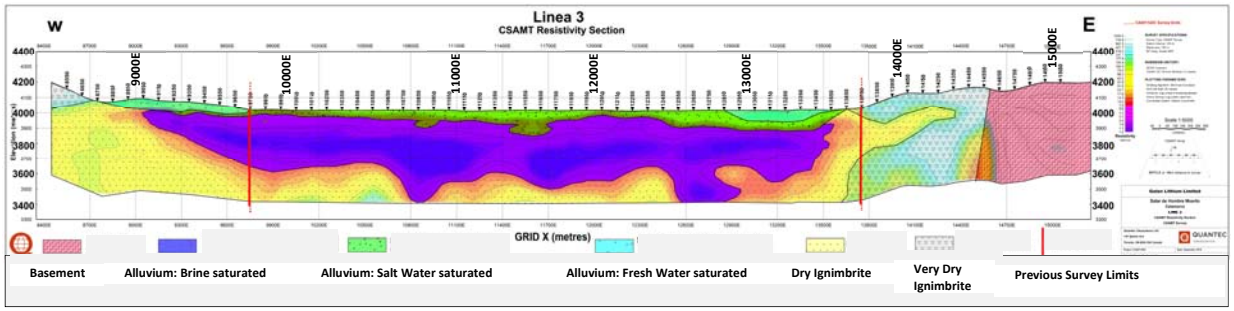

Figure 5: Profile 3 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

CSAMT – Profile 4 Extended

The profile exhibits conductive materials in the western sector to greater depths than in previous profiles. The lateral extent is over 4km from ~9,300mE to 13,500mE. Younger ignimbrite flows are seen to overly deeper-seated alluvial sediments in the central west part of the profile (the ignimbrite flows have occurred as more than one single event with several pulses of ignimbrite noted). On the eastern end, the surface seems more resistive, corresponding to units of massive/dry ignimbrites. The line shows no extreme resistive structures that can be interpreted as basement.

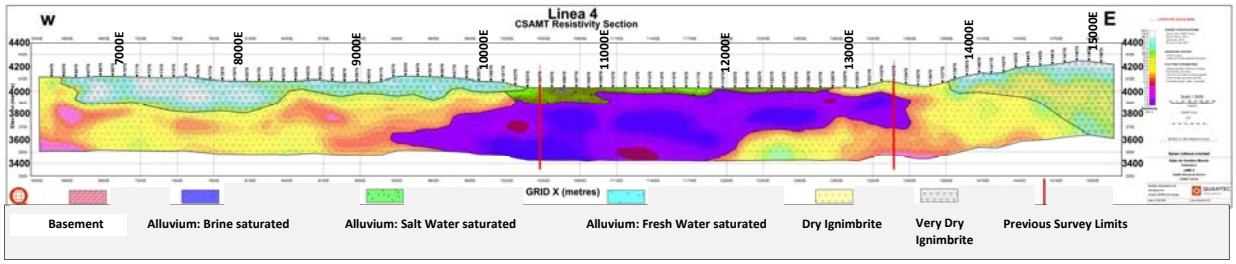

Figure 6: Profile 4 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow)

CSAMT – Profile 5 Extended

Profile 5 shows a more resistive surface layer covering the western part of the line, interpreted as alluvial and dry ignimbrite materials limiting the western lateral extent of the brine. A horizontal and superficial conductive horizon is also observed in the east (up to 400m) and continues deeper westward below the resistive layer described above and in part below younger ignimbrite.

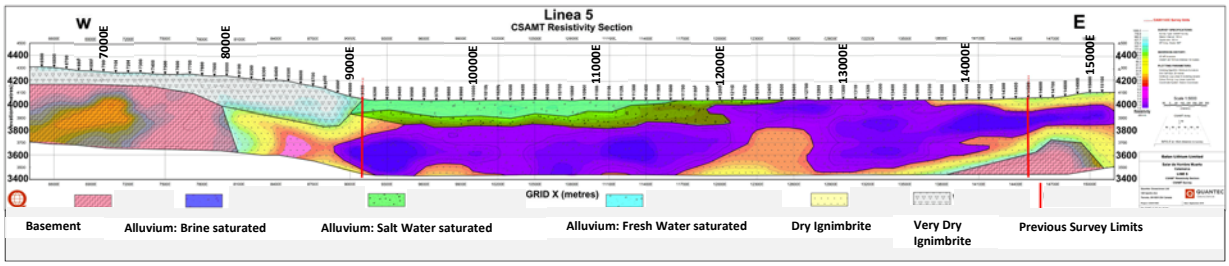

Figure 7: Profile 5 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

CSAMT – Profile 6 (New line)

Profile 6 shows highly conductive units in the central and eastern portions of the line extending for ~5km. More resistive materials were found in the west, interpreted as very compact and dry ignimbrite. In the center, the brine seems to be deeper than in previous profiles and covered by less conductive materials interpreted as alluvial sediments and younger ignimbrite showing a transition from fresh water at the surface, to salty water, to finally brine below ~3700 m elevation.

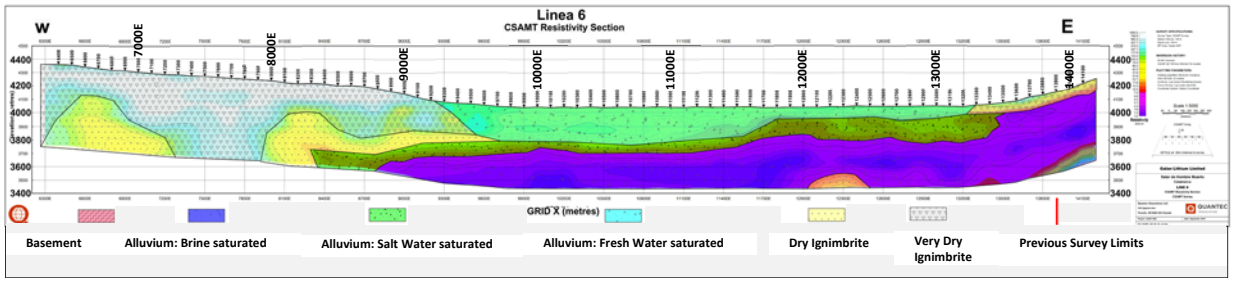

Figure 8: Profile 6 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow)

CONCLUSIONS

During August and September 2018 Quantec Geoscience Ltd carried out a second CSAMT resistivity survey to map resistivity contrasts to assist in identifying lithium-bearing brine aquifers over the Los Patos delta region in the Salar de Hombre Muerto for the Company. The area was found to be extremely conductive and the data acquired noted as being of a high quality whilst the inversion models presented a good representation of subsurface resistivity.

The 6 CSAMT lines show very conductive and shallow units that are compatible with units being saturated with brine which constitute great potential for further exploration. Depths to brine are relatively shallow and conductive units, interpreted to be brine material, range from approximately 150 to 400m+ in thicknesses over the approximate 15 kilometers long channel. The total area covering potential brines has increased to ~5,930 hectares.

The Company is also awaiting the results of CSAMT surveying over some of the Company's other leases in the Hombre Muerto Western basin which are currently being processed. Additionally, permitting procedures to conduct drilling over the project are well advanced and the Company is advancing contracts to commence drilling in the current quarter.

Commenting on the survey results, Galan's Non-Executive Chairman, Mr Nathan McMahon, said; "*The recent survey has further confirmed our belief that Candelas has the very real potential to host a significant resource of potentially economic brine. We have extended the target from 10 to around 15 kilometers within our project which is adjacent to significant lithium projects and on one of the world's most prolific salt flats for the production of high-quality lithium carbonate for the battery minerals market."*

"We now await the granting of our permits to allow drilling of this extensive target for the very first time" he added.

For further information contact:

Juan Pablo ("JP") Vargas de la Vega
Managing Director, Galan Lithium Ltd
Email: jp@galanlithium.com.au
Tel: +61 8 9322 6283

Nathan McMahon
Non-Executive Chairman, Galan Lithium Ltd
Email: nathan@galanlithium.com.au
Tel: +61 8 9322 6283

Media

David Tasker
Chapter One Advisors
E: dtasker@chapteroneadvisors.com.au
Tel: +61 433 112 936

Colin Jacoby
Chapter One Advisors
E: cjacoby@chapteroneadvisors.com.au
Tel: +61 439 980 359

Competent Persons Statement

The information contained herein that relates to Exploration Results 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.

GALAN
LITHIUM LIMITED

ANNEXURE 1

JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Quantec undertook a CSAMT (Controlled Source Audio – Magnetotelluric) survey comprising six lines over the Candelas licences. Five lines were extensions of previously surveyed lines undertaken by Quantec in May, 2018 (reported in ASX:DMI 6 June 2018). One entirely new line was also surveyed. The survey lines covered 25.6 linear km, with dipoles of 100m • A current bipole for the signal source was located parallel to the survey lines at distance of ~6km. • Survey data was scalar, CSAMT with measurements of Ex and Hy. Frequencies used were 1Hz to 8192 Hz. HACSAMT data (harmonic frequencies 3,5,7 and 9 of the fundamentals) was collected for improved data interpretability.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling conducted
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drill samples collected
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• A CSAMT survey was conducted but no logging was undertaken
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation*	• No sampling or logging undertaken

Criteria	JORC Code explanation	Commentary
	technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No assays carried out for this survey • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralization in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Not applicable for CSAMT geophysical surveying • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralization in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The survey locations were located using modern Garmin handheld GPS with an accuracy of +/- 5m. • The grid System used by Quantec: POSGAR 94, Argentina Zone 3 • Topographic control was obtained by handheld GPS, and the topography is mostly flat with very little relief.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The extensions of the previous 5 CSAMT survey lines were undertaken due to constrain the lateral limits of the brines • The CSAMT survey undertaken in May, 2018, had a line spacing designed to obtain optimum and representative coverage of the subsurface Candelas prospect. The spacing between line 1 and 2 was 1.7km; lines 2 and 3 was 2.8km; and lines 3, 4 and 5 were spaced at 4km. The spacing on lines 1-3 were shortened to obtain more detail in the northern extent of the Candelas license. This region has a thick pile of alluvial outwash area and to ensure detailed subsurface mapping the line spacing was shortened. The spacing between lines 3-5 was suitable for the targeted subsurface geology. • The additional line (line 6) was surveyed at a spacing of 1.6km south from line 5. This line was surveyed to optimise coverage in the southern extent of the licence area.
Orientation of data in relation	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is*	• CSAMT survey lines and extensions were all conducted orthogonal to the long axis of the Candelas to best inform on the basin

Criteria	JORC Code explanation	Commentary
to geological structure	*known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	architecture.
Sample security	• *The measures taken to ensure sample security.*	• Data was recorded, processed and provided by Quantec Geoscience Limited ensuring the data was not manipulated or altered.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The initial CSAMT survey undertaken in May, 2018 (reported: ASX:DMI 6 June 2018), was independently reviewed and verified by Southern Geoscience Consultants.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Hombre Muerto Lithium Project consists of numerous licences located in Catamarca Province, Argentina. The tenements are owned by Blue Sky Lithium Pty Ltd ('Blue Sky'). The Company and Blue Sky executed a Share Sale Agreement whereby Galan Lithium Limited purchased 100% of the issued share capital of Blue Sky.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There has not been any historical exploration over the Candelas licence area
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Candelas licence area is located within a structurally controlled basin (graben) and is part of the Hombre Muerto salar. The salar hosts a world-renowned lithium brine deposit. The lithium is sourced locally from weathered and altered felsic ignimbrites and is concentrated in brines hosted within basin fill alluvial sediments and evaporites.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• No drilling conducted
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.*	• No data aggregation from geophysical survey

Criteria	JORC Code explanation	Commentary
	• *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• No drilling conducted
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Provided, refer to maps, figures and diagrams in the document
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• No balanced reporting in relation to grades are applicable for CSAMT survey.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• All meaningful and material information is reported • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralisation in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Geophysical surveys (CSAMT) are being undertaken in the Western Basin project area (Deceo, Rana de Sal, Pata Pila, and Santa Barbara licence areas).