



ASX ANNOUNCEMENT

30 October 2018

QUARTERLY ACTIVITIES REPORT 30 SEPTEMBER 2018

HIGHLIGHTS

PROJECT

- Second resistivity survey completed at *Candelas* at the *Hombre Muerto Lithium Project* with all lines interpreted to contain “...*very conductive and shallow horizons that are consistent with geological units saturated with brine*”
- Resistivity surveys also completed over four new targets in the Western Basin show potential new discoveries of lithium brine
- Total potential surface brine coverage increased to ~7,800 Ha
- Preparations for maiden exploration drilling program at Candelas advanced, awaiting permitting and approvals
- Landholding lies adjacent to Galaxy Resources’ and POSCO’s Sal de Vida project and Livent Corporation’s (formerly FMC) Felix lithium operations

CORPORATE

- Company renamed Galan Lithium Limited
- Cash on hand at end of quarter was approximately \$920K
- Large Argentinian orientated transactions recently completed in the lithium space

The Board of Galan Lithium Limited (‘Galan’ or ‘the Company’) is pleased to provide this Quarterly Activities Report for the quarter ended 30 September 2018 and thereafter. The main focus of the report is the continual development of Galan’s interests in mining tenements located in the lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina.

Galan is awaiting final permitting and approvals to conduct its initial drilling program at the Candelas project, which is now imminent, and is advancing contracts for drilling and for the camp, OH & S, catering and general logistics.

CANDELAS

As announced on 4 October 2018, a second CSAMT (Controlled Source Audio-frequency Magnetotellurics) survey was conducted in September. 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 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 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.

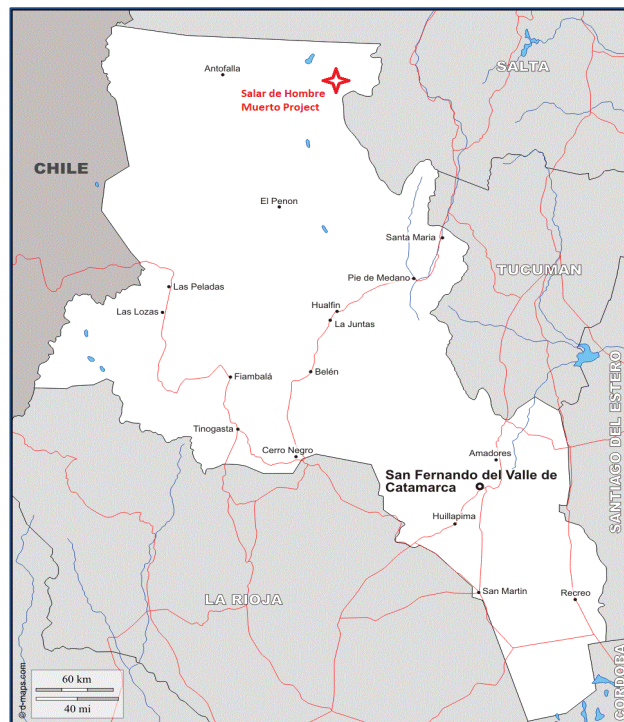


Figure 1: Location of the Hombre Muerto salar, Catamarca province, Argentina

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.

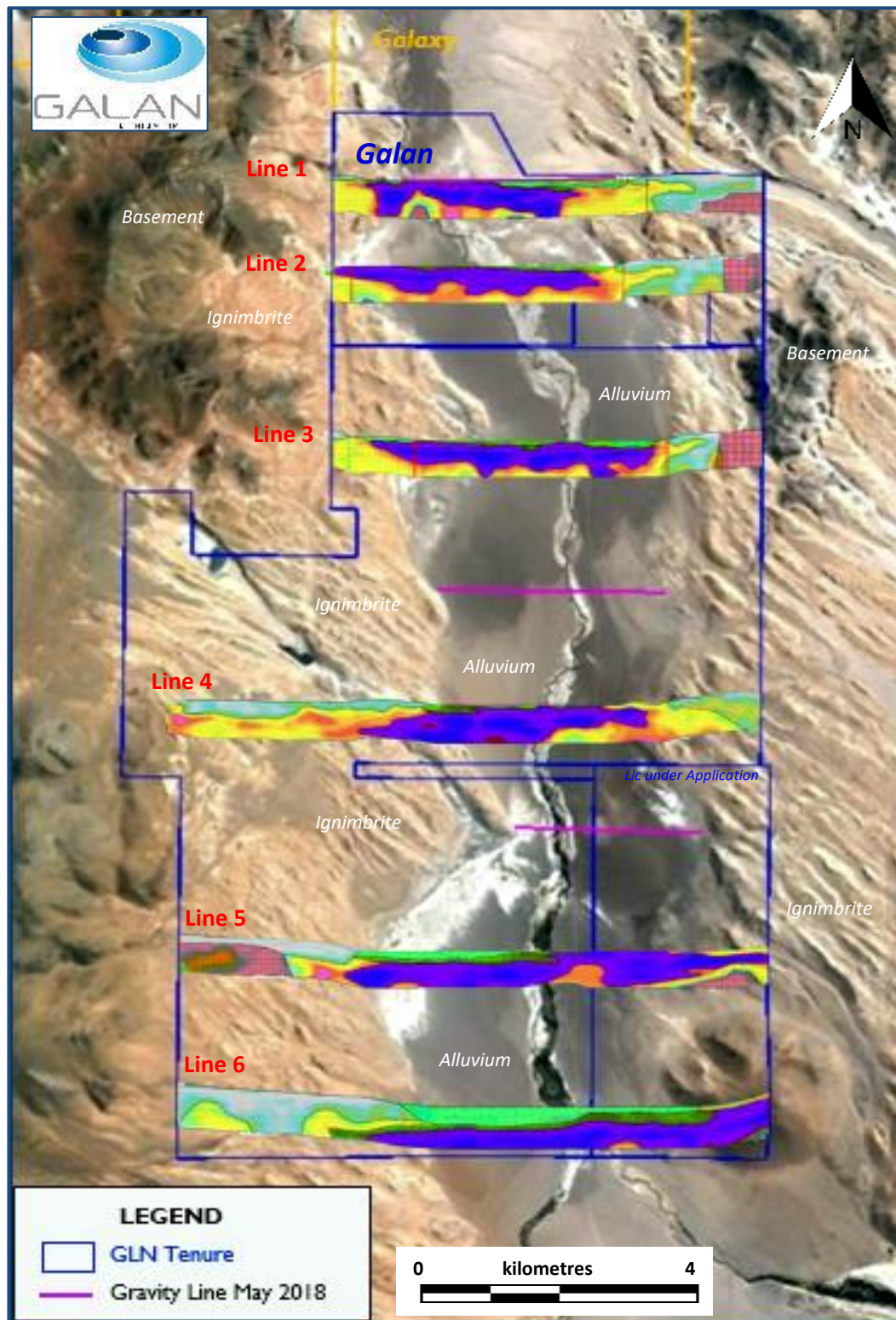


Figure 2: CSAMT extended survey profiles aerial image. Purple/blue represents highly conductive potential brine - Candelas project, Hombre Muerto salar (see figures 3-8 for individual profiles)

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.

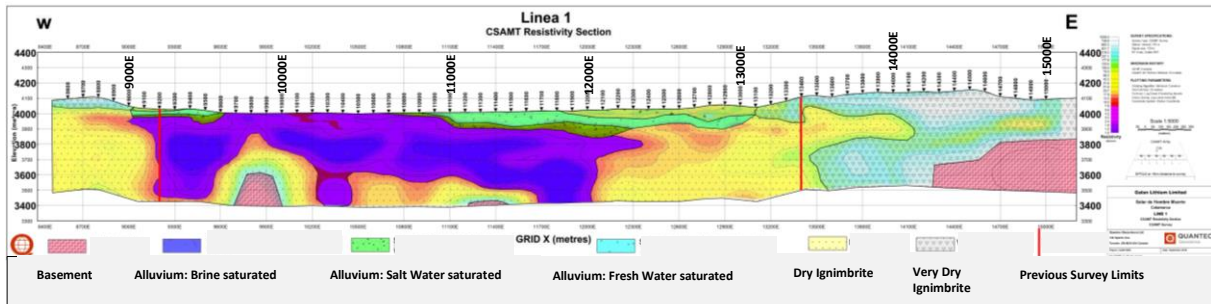


Figure 3: Profile 1 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

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.

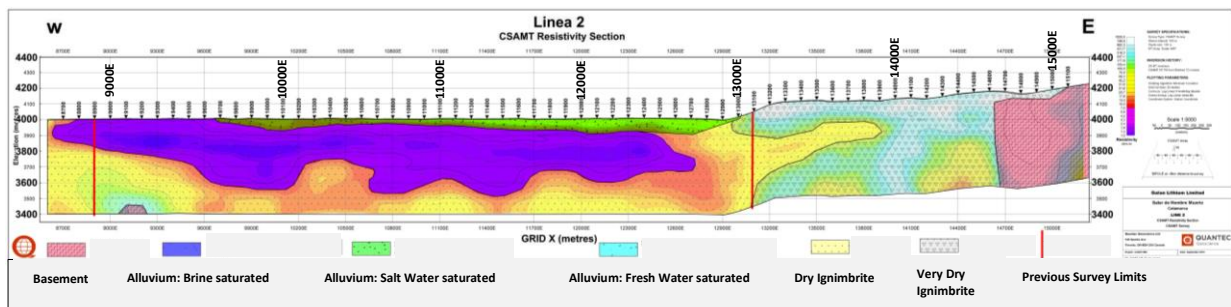


Figure 4: Profile 2 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

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.

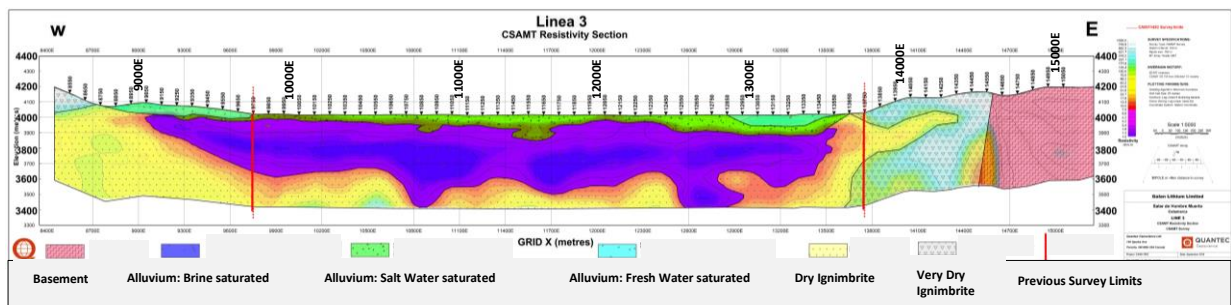


Figure 5: Profile 3 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

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.

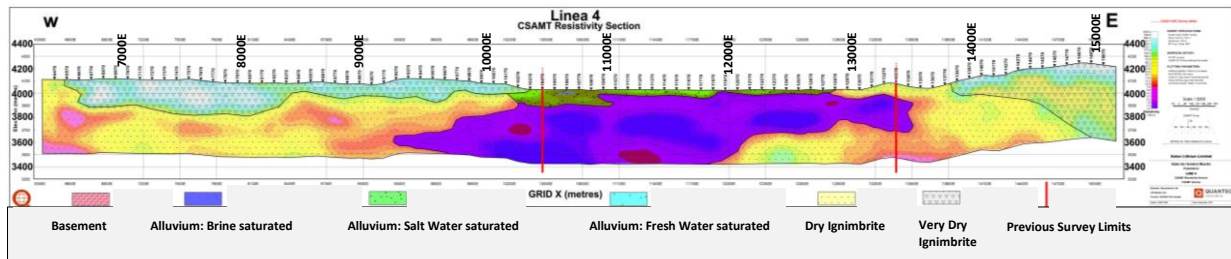


Figure 6: Profile 4 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow)

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.

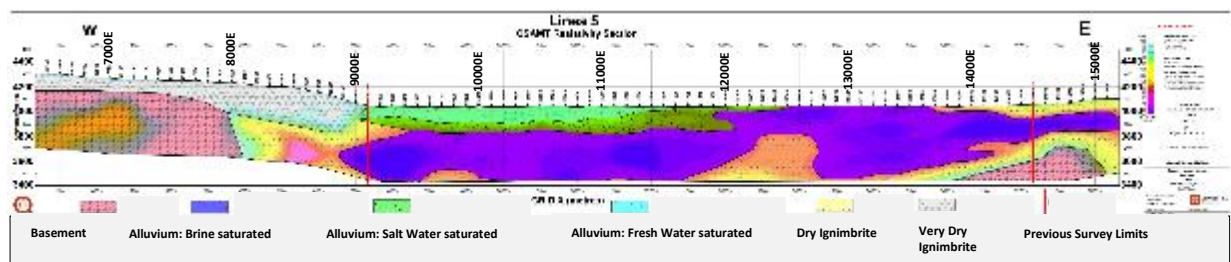


Figure 7: Profile 5 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow) sitting above basement (red)

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.

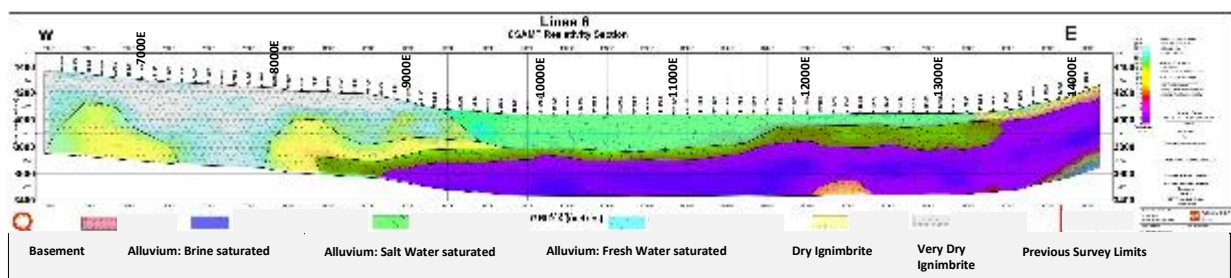


Figure 8: Profile 6 - Interpreted model showing lowly resistive brine saturated materials (in purple/blue) with possible dry materials (yellow)

CONCLUSIONS

During August and September 2018 Quantec 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.

WESTERN BASIN SURVEY

A further survey was completed in late September by Quantec and comprised four (4) CSAMT lines covering 10.6 km. These are the first ever surveys conducted over these targets which cover alluvial fans interpreted by the Company to potentially overly prospective salar.

The data acquired was of a 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 present a good model of subsurface resistivity and Quantec confirmed in their conclusions that: ***“The 4 CSAMT lines show very conductive and shallow responses that are compatible with units being saturated with brine, which constitute a great potential for lithium exploration.”***

Furthermore, and significantly for the prospectivity of the Candelas target (see ASX:GLN release, 4th October 2018), Quantec state: ***“The range of resistivity values is very similar to the that observed in the Candelas sector (over the east in Salar de Hombre Muerto), where there are previous CSAMT surveys also having great brine potential”***.

This implies that grades are expected to be of a similar nature in both regions and comparable to that being extracted by Livent at their adjacent Fenix operations. On October 11, 2018 FMC listed their lithium business on the NYSE as **Livent Corporation** (NYSE:LTHM) raising US\$340m with a market capitalisation at listing of US\$2.43bn.

WESTERN BASIN PROFILES

The locations and resistivity profiles of the four CSAMT lines surveyed along the Western margins of the Hombre Muerto salar are seen in figure 9.

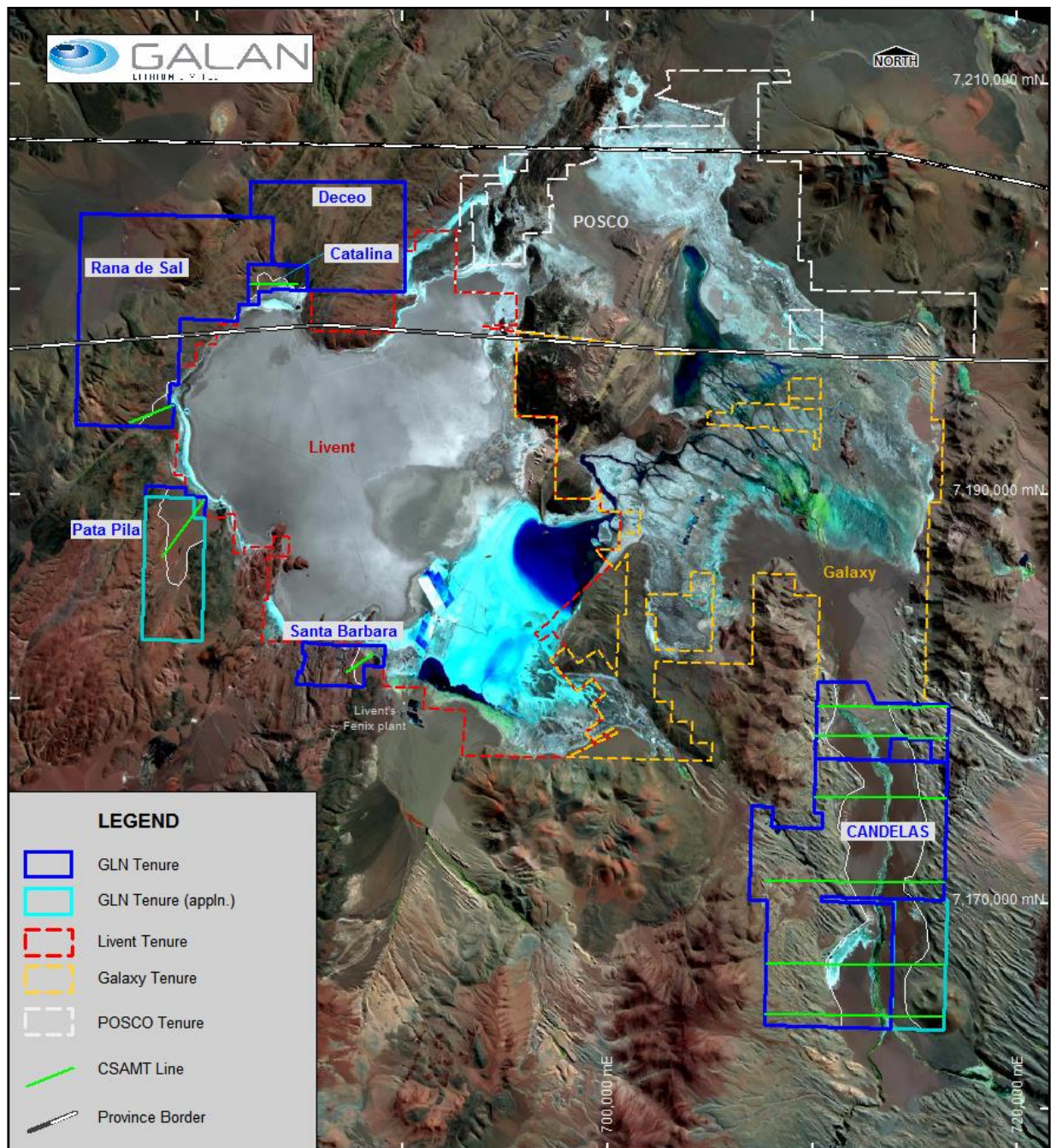


Figure 9: CSAMT August-September survey profile locations over aerial image

CSAMT- Catalina

Catalina occurs on the north western shore of the salar. The resistivity profile shows a zonation of conductive materials ranging from the surface area in the east (right in Figure 10) to ~250-300m depth. This conductive zone has very low resistivity values that are compatible with saturated alluvial sediments that may contain brine. Below them, the more resistive response is attributed to the metamorphic basement. The conductive materials start to deepen towards the west, being covered by more resistive materials corresponding to the alluvial fan cover (saturated with fresh water).

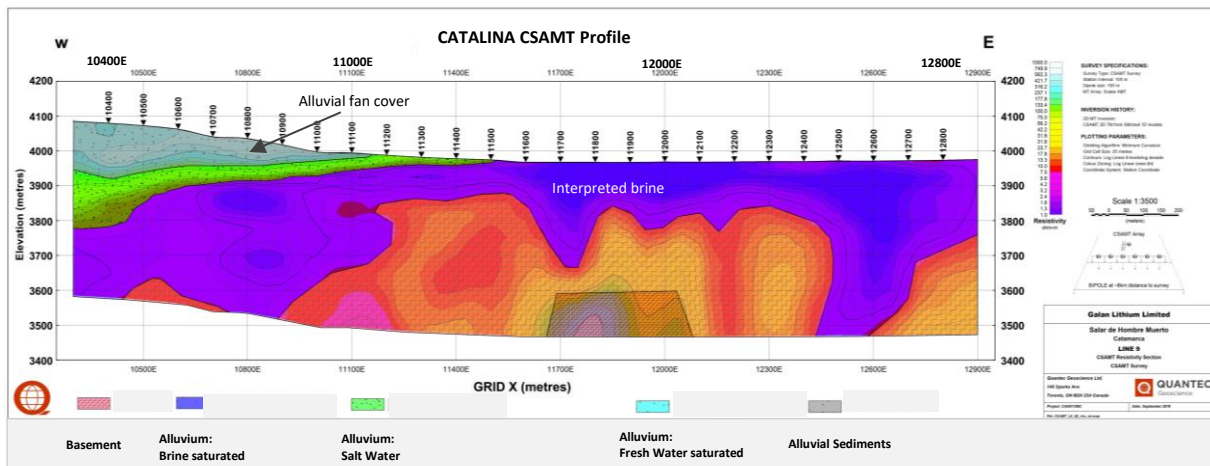


Figure 10: Catalina - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CSAMT – Rana del Sal

The Rana de Sal profile shows a conductive response from station 10700E to the east (right in Figure 11). This conductive zone has very low resistivity values that are compatible with geological units that may contain brines. Over the eastern side, the conductive anomaly remains open as expected since the line starts to enter the salar. Towards the west the conductive horizon is thinner and overlays a more resistive unit, interpreted as basement. Station 10700E seems to be the limit of the brine saturated materials and more resistive rocks are located over the west interpreted as basement. Between stations 10700E and 11900E, the covering materials are little more resistive than the materials below interpreted as alluvial sediments saturated with fresh or salty water.

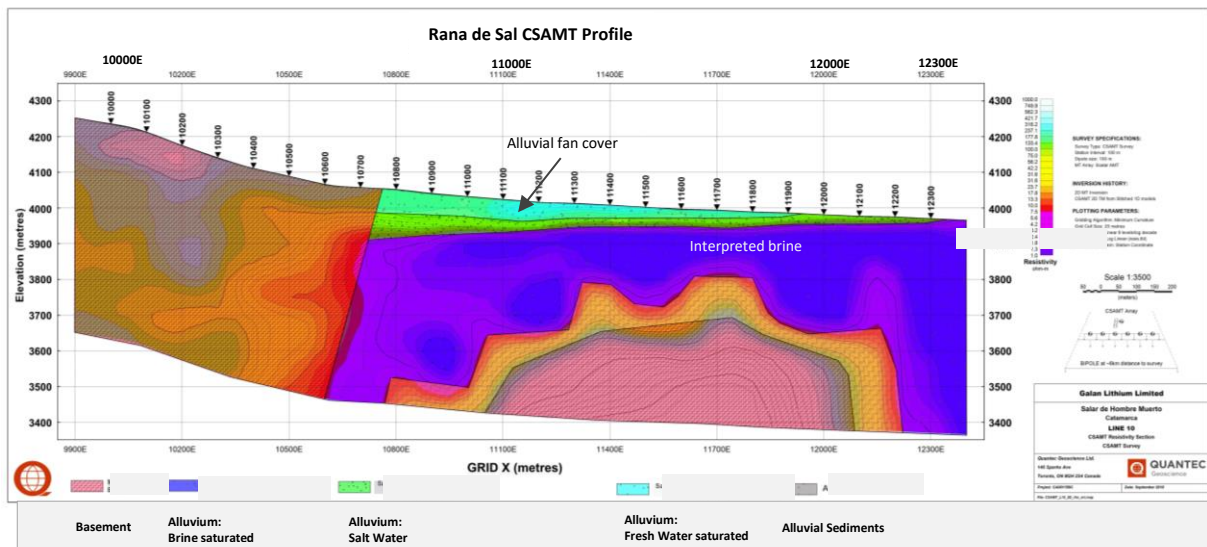


Figure 11: Rana del Sal - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CSAMT – Pata Pila

Pata Pila covers a large alluvial fan area along the western margin of the salar. The profile shows an upper conductive layer with a strong horizontal character located from station 10900E to the north-east (right in Figure 12) being compatible with geological units that may contain brines. Again, more resistive units are located below this conductive zone (probable basement). The south-west extreme of the line shows the limit of the conductive materials which is more transitional and may be due to mixing of fresh/salty water content with brines in the area between stations 10400E and 10800E. From station 10400 to the west the resistive materials are interpreted as metamorphic basement. The overlying materials are more resistive than the materials below and are interpreted as alluvial sediments saturated with fresh or salty water.

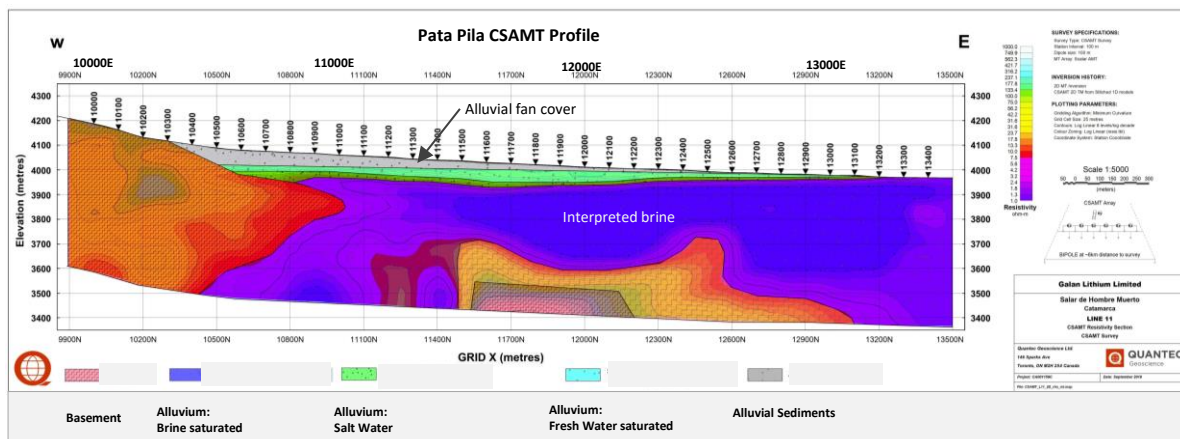


Figure 12: Pata Pila - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CSAMT – Santa Barbara

Santa Barbara sits immediately to the west of Livent's Fenix operation and covers an alluvial fan covered part of the salar. The profile shows very conductive materials in the surface from station 11000E to the east (right in Figure 13). This conductive zone has very low resistivity values that are compatible with geological units that may contain brines. A sharp boundary to the conductive materials is located at station 10800E where the sediments containing brine appear to be limited by metamorphic basement. Overlying this contact is a transition at surface being moderately resistive materials interpreted as alluvial fan sediments.

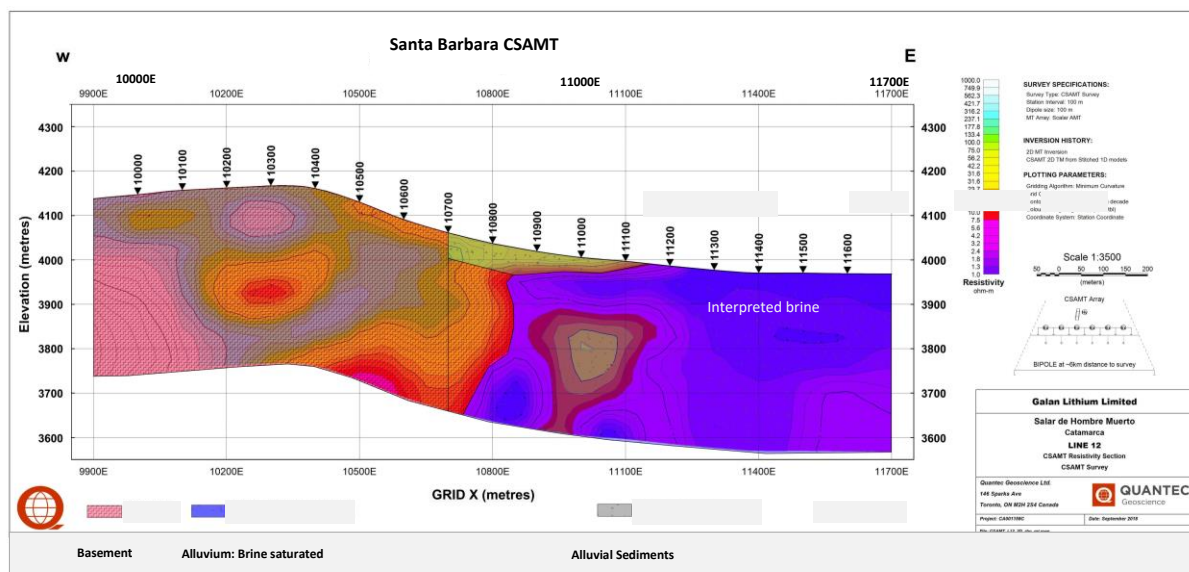


Figure 13: Santa Barbara - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CONCLUSIONS

During September 2018, Quantec carried out a CSAMT resistivity survey to map resistivity contrasts to assist in identifying lithium-bearing brine aquifers over four of the Company's Western Hombre Muerto salar project areas. All four areas surveyed were found to contain extremely conductive layers with data acquired being of a high quality whilst the inversion models presented a good representation of subsurface resistivity.

The profiles exhibit the existence of very conductive materials (sediments containing brine) even below alluvial fans in the salar borders. The potential brine layers are interpreted to be located beyond the salar limits, i.e.; they are not just restricted to the area with salt in the surface (viz; the salar itself) but extend for several hundred metres below the alluvial sediments and limited by metamorphic basement.

In some cases, this limit seems to be sharp and in other cases it shows a more transitional behavior, indicating probable water mixing phenomena between brines and fresher recharge water.

The total area of potential brine coverage for these Western Basin targets is approximately 1,860 hectares. When combined with the Candelas project, this represents an ~24% increase in the Company's total potential surface brine coverage to ~7,800 hectares for its Hombre Muerto projects.

The Company is highly encouraged by these results which indicate that there are several other areas of potential lithium bearing brine sources over the Company's holdings at Hombre Muerto. Significantly, the results also point to the potential grade of the brines interpreted at its substantial holding at Candelas given that resistivity measurements from the proven Western Salar (via Livent's operations) have similar values in both regions.

CORPORATE

At a general meeting held on 10 August 2018 shareholders voted, via a special resolution, to approve the change of name of the Company to Galan Lithium Limited. This approval solidifies the Company's focus as a lithium explorer/developer in Argentina, including embracing the importance of Cerro Galan and its role in the development of lithium brines in the region. The ASX ticker code was changed to GLN on 14 August 2018.

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. On 6 August 2018, Galaxy Resources Ltd (ASX:GXY) sold its non-core, northern tenements at Sal de Vida to South Korean steel giant POSCO for \$US257 million. On 27 August 2018 POSCO announced that it planned to build a lithium plant in Argentina, with the facility expected to produce 25,000 tpa of the commodity for 20 years starting from 2021. On 11 October 2018, FMC listed their lithium business on the NYSE as **Livent Corporation** (NYSE:LTHM) raising US\$340m with a market capitalisation at listing of US\$2.43bn. On the same day, Jiangxi Ganfeng Lithium Co Ltd ('Ganfeng') raised US\$421m on its listing on the Hong Kong Stock Exchange.

The Company stills sees the lithium sector showing signs of strength and Argentina is largely a mining friendly jurisdiction to invest in lithium. On 15 August 2018, Ganfeng signed a supply agreement with Korea's LG Chem Ltd to supply 47,600 tonnes of the battery material. As announced by Lithium Americas Corp (TSX:LAC, NYE:LAC) on 13 August 2018, Ganfeng also remains strongly positioned in the Argentina lithium space by agreeing to purchase Sociedad Quimica Y Minerales ('SQM') interest in the Caucharí-Olaroz lithium brine project.

Tianqi Lithium Corporation, the world's No. 2 by lithium sales, also aims to list on the Hong Kong Stock Exchange, with an initial aim of raising US\$1b.

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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.

INTEREST IN MINING TENEMENTSWestern Australia

E70/4629 (Greenbushes South - application)
E70/3065 (Walyering Hill - royalty)

Argentina (Hombre Muerto Project – 100% right, interest and/or title)

1. EL DECEO I
2. EL DECEO II
3. EL DECEO III

4. CANDELA
5. CANDELA II
6. CANDELA III
7. CANDELA IV
8. CANDELA V
9. CANDELA VI

10. CATALINA

11. SANTA BARBARA
12. PATA PILA
13. RANA de SAL



GALAN
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