

## ASX ANNOUNCEMENT

31 January 2019

### QUARTERLY ACTIVITIES REPORT 31 DECEMBER 2018

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## HIGHLIGHTS

#### PROJECT

- Drilling approvals and permits received for Candelas lithium brine project at Hombre Muerto
- Maiden drilling campaign commenced at Candelas
- International group Major Drilling appointed to conduct work
- Landholding lies adjacent to Galaxy Resources' and POSCO's Sal de Vida project and Livent Corporation's (formerly FMC) Fenix lithium operations
- SRK Consulting appointed to oversee potential resource definition work
- Hombre Muerto project *Pata Pila* licence granted

#### CORPORATE

- 99% of GLN quoted options were exercised by closing date – balance underwritten
- Cash on hand at end of quarter was approximately \$2.2m

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The Board of Galan Lithium Limited ('Galan' or 'the Company') is pleased to provide this Quarterly Activities Report for the quarter ended 31 December 2018 and thereafter. The main focus has been the continual development of the Company's mining tenement interests in the lithium bearing *Hombre Muerto* salt flat in the province of Catamarca, Argentina.

#### OPERATIONS

##### Candelas

On 22 January 2019, the Company announced that its maiden drilling programme at Candelas was due to commence following the receipt of permits from the Secretaria de Estado de Minería - Gobierno de Catamarca (the authority that approves drilling permits in Catamarca, Argentina). Field activities were commenced in preparation for drilling and included a series of contracts for drilling, camp establishment, OH&S, catering and technical assistance. The Company engaged Canadian based international drilling company Major Drilling to perform the diamond drilling campaign at Candelas. Major Drilling has significant experience in drilling salt flats for brine in Argentina. Additionally, Galan contracted the services of SRK Consulting in Australia (with support from their offices in Argentina) to oversee resource definition, QA/QC and review work over the Candelas Project with a view to potentially generating a JORC compliant resource estimation. Drilling has since commenced and at the date of this quarterly, is progressing well.

Galan remains strongly committed to sourcing, contracting and training local people from the Catamarca Province for its operations. As part of this commitment, some locals were trained by Major Drilling to assist in their operations which slightly delayed the commencement of the drilling programme. Local caterers have been engaged to provide catering services to personnel, whilst onsite personnel are utilising nearby private camp facilities for initial accommodation until the Company's camp is mobilised shortly.

The drilling campaign aims to test the geophysical model developed by the Company (see Galan ASX release 4 October 2018) and its consultants and is also planned to provide detailed data on the stratigraphy within the Candelas channel. The results from the initial hole will also assist in the planning of subsequent drilling. This maiden drill programme is planned to comprise five holes to be drilled along the ~12-15 km extent of the Candelas channel.



Figure 1: Diamond drill rig working at the Candelas project, Hombre Muerto, with Galaxy Resources' drill rig operating ~1km away in the background

The initial drillhole at Candelas is situated approximately 800 metres to the north of CSAMT Profile line 1. Figure 2 shows the projection of the hole onto the CSAMT Line 1 (see figure 3 for line location).

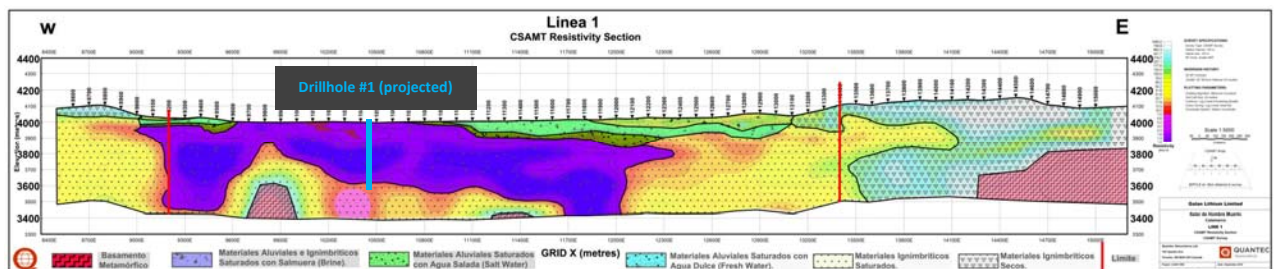


Figure 2: CSMAT Line 1 showing projected drillhole #1 (in It blue) at Candelas. Interpreted model showing lowly resistive brine saturated materials (in blue) with possible dry materials (yellow) sitting above basement (red)



GLN's Managing Director, JP Vargas del a Vega, is on site to oversee management of the drilling programme.

#### Pata Pila

As announced on 30 January 2019, the Company received formal notification that it has been granted its Pata Pila licence which lies along the western margin of the Hombre Muerto (figure 3). The licence covers a large area of alluvial fan interpreted to overlies the western margin of the Hombre Muerto salar. The licence is therefore considered highly prospective for lithium bearing brines akin to those being exploited by neighboring Livent Corporation.

Recent geophysical work undertaken by the Company via a CSAMT (Controlled Source Audio-frequency Magnetotellurics) survey (see Galan ASX release 18th October 2018) conducted along the extent of the fan, highlighted a highly conductive horizontal layer compatible with geological units that may contain brines (figure 4). 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. 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.

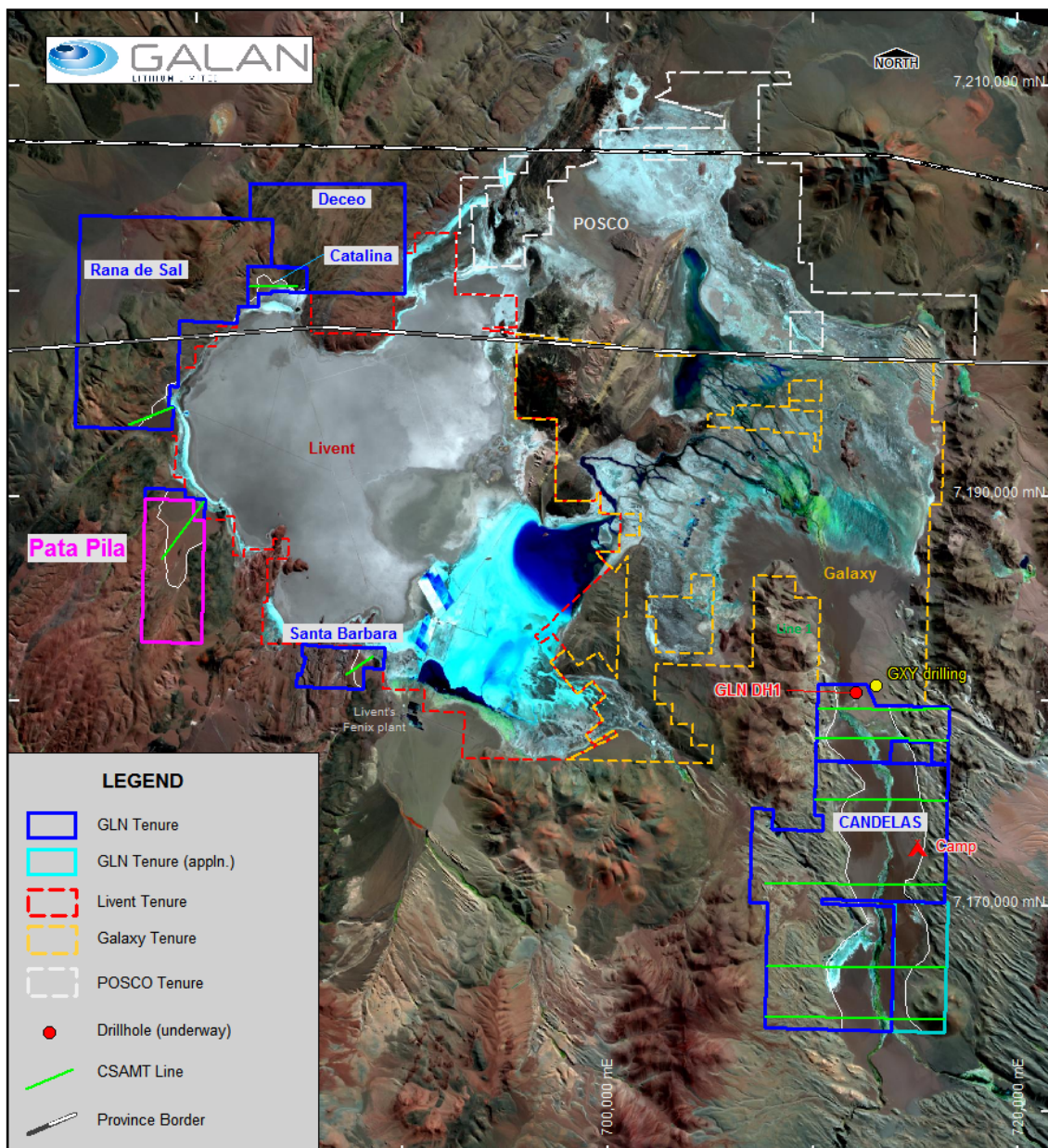


Figure 3: Tenement holdings at Hombre Muerto

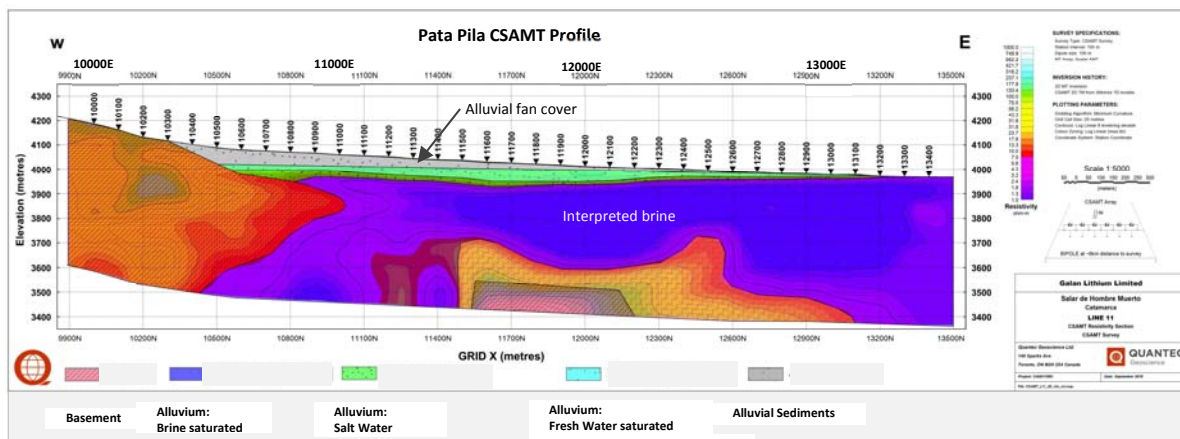


Figure 4: Pata Pila - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

The Company has also commenced the process to gain drilling permits for both the Western tenements, which include Pata Pila, and for a larger expanded programme at Candelas.

## CORPORATE

### Listed Options

As announced on 2 January 2019, a total of 16,269,109 GLN quoted options were issued to option holders before their expiry at 5.00pm WST on 31 December 2018. This represented an outstanding take up of 99% of the total quoted options issued under the terms of the original entitlement offer dated 4 February 2016.

The balance of 180,891 GLN quoted options (Shortfall Securities) were dealt with in accordance with the Barclay Wells underwriting agreement announced on 19 November 2018. Total funds raised for the Company from the GLN quoted options was \$2.303m.

### Acuity Capital

At the end of January 2019, the Company entered into a Controlled Placement Agreement (CPA) with Acuity Capital. The CPA provides GLN with up to \$5 million of standby equity capital up to 31 December 2020. Importantly, GLN retains full control of all aspects the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of the shares and the timing of each placement tranche (if any). There are no requirements on GLN to utilise the CPA and GLN may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on GLN raising capital through other methods. If GLN does decide to utilise the CPA, GLN is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by GLN and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of GLN's choosing (again at the sole discretion of GLN).

### For further information contact:

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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 TENEMENTS**

#### Western 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**  
LITHIUM LIMITED