



ASX ANNOUNCEMENT

30 April 2019

QUARTERLY ACTIVITIES REPORT 31 MARCH 2019

HIGHLIGHTS

PROJECT

- **Drilling campaign highlights extensive size of the lithium brine discovery at the Candelas project, Hombre Muerto**
- **Candelas brines now confirmed over at least ~2.5km strike extent**
- **Two major intercepts in the north;**
 - **192 metres @ 802 mg/l Li**
 - **143m @ 784 mg/l Li**
- **Low impurity levels with an Mg/Li ratio ~2.70< - comparable with high quality brines currently being mined at Salar del Hombre Muerto**
- **Hombre Muerto project *Pata Pila* licence granted**
- **Ongoing drilling to focus on resource definition in the northern area**

CORPORATE

- **Successful \$4m capital raise completed in April 2019**
- **Current cash on hand approximately \$4.7m**

The Board of Galan Lithium Limited ('Galan' or 'the Company') is pleased to provide this Quarterly Activities Report for the quarter ended 31 March 2019 and thereafter. The main focus for the quarter was Galan's maiden drilling campaign at the Company's Candelas lithium brine project in the *Hombre Muerto* salt flat in the province of Catamarca, Argentina.

OPERATIONS

At the date of this report, the Company had completed the first four drillholes of a planned five hole maiden drilling campaign at Candelas. The results to date confirm a potentially substantial volume of high quality, low impurity lithium bearing brine exists over a large area at Candelas and the Company remains on target to define a resource in Q3 this year.

Drillhole (C-01-19)

As announced on 20 February 2019, the highly successful maiden drillhole (C-01-19), located immediately to the southeast of the Hombre Muerto salar in Argentina, was completed to a depth of 401 metres. The drillhole successfully encountered a substantial intercept of **192 metres @ 802 mg/l Li within** brine from depths of approximately 235 to the end of the hole within coarse clastic sediments to 311 metres and then fractured basement lithologies to 401 metres. Furthermore, impurity levels continue to return low values with Mg:Li ~2.70 similar to those observed at the nearby Livent's (NYSE: LTHM) *Fenix* and Galaxy Resources' (ASX:GXY) *Sal de Vida* operations.

The hole was cement cased to the top of the brine, cased further with PVC at depth and downhole geophysical profiling was conducted comprising a spontaneous potential short/long electrical resistivity survey.

Table 1: Assay and field test results – Drillholes C01 to C03, Candelas project

HoleID	Sample ID	Laboratory	From (m)	To (m)	Interval (m)	Cond. (µs/cm)	SG (g/ml)	Li mg/L	Mg mg/L	B mg/L	K mg/L	SO4 mg/L	Mg:Li	SO4:Li
C-01-19	GL101	Alex Stewart/SGS	165	215	50	59,000	1.042	119	279	189	1651	702	2.34	5.85
C-01-19	GL102*	Alex Stewart	235	267	32			515	1,465	369	4729		2.84	
C-01-19	GL103*	Alex Stewart/SGS	235	300	65	236,000	1.215	897	2,371	592	8696	6,889	2.65	8.15
C-01-19	GL104*	Alex Stewart/SGS	310	330	20	233,000	1.203	813	2,162	538	8359	6,452	2.67	8.37
C-01-19	GL105*	Alex Stewart/SGS	353	354	1	234,000	1.212	837	2,250	561	8647	6,759	2.70	8.39
C-01-19	MN116	Alex Stewart	205	397	192			802	2,224	577	8219		2.67	
C-02-19	GLN121	Alex Stewart	270	304	34	56,100	1.025	93	121	275	1,632		1.31	
C-02-19	GLN122	Alex Stewart	335	351	16	60,200	1.025	97	243	282	1,506		2.51	
C-02-19	GLN123	Alex Stewart	401	449	48	60,560	1.025	103	253	302	1,607		2.47	
C-02-19	GLN124	Alex Stewart	560	572	12	79,160	1.025	120	399	333	1,761		3.34	
C-02-19	GLN125	Alex Stewart	654	662	8	87,940	1.050	121	504	317	1,672		4.17	
C-02-19	GLN126	Alex Stewart	657	658	1	92,210	1.040	124	512	324	1,700		4.14	
C-02-19	GLN127	Alex Stewart	633	662	29	90,110	1.045	123	490	325	1,714		3.97	
C-02-19	GLN128*	Alex Stewart	470	662	192	79,010	1.028	121	368	347	1,854		3.04	
C_03_19	GLN132	Alex Stewart	241	270	29	72,700	1.025	104	161	347	1,944		1.55	
C_03_19	GLN154-5*	Alex Stewart	276	277	1	>200,000	1.110	436	1,185	434	4,657		2.72	
C_03_19	GLN159-60*	Alex Stewart	279	430	151	>200,000	1.110	406	1,094	410	4,304		2.69	
C_03_19	GLN133	Alex Stewart	290	312	22	183,100	1.110	318	913	413	3,718		2.87	
C_03_19	GLN134	Alex Stewart	300	312	12	>200,000	1.130	441	1,268	449	4,467		2.88	
C_03_19	GLN186-7*	Alex Stewart	311	454	143	>200,000	1.190	784	2,144	565	8,240		2.73	
C_03_19	GLN194-5*	Alex Stewart	313	451	138	>200,000	1.175	692	1,900	518	7,314		2.75	
C_03_19	GLN166-7*	Alex Stewart	315	430	115	>200,000	1.175	566	1,533	472	6,097		2.71	
C_03_19	GLN138-9*	Alex Stewart	335	399	64	>200,000	1.175	736	1,947	544	7,095		2.65	
C_03_19	GLN169-70*	Alex Stewart	347	430	83	>200,000	1.190	822	2,245	576	8,648		2.73	
C_03_19	GLN143-4*	Alex Stewart	369	399	30	>200,000	1.200	863	2,266	586	8,338		2.63	
C_03_19	GLN181-2*	Alex Stewart	401	454	53	>200,000	1.125	496	1,336	444	5,266		2.69	
C_03_19	GLN151-2*	Alex Stewart	403	430	27	>200,000	1.155	691	1,806	523	6,658		2.62	
C_03_19	GLN175-6*	Alex Stewart	431	454	23	>200,000	1.125	492	1,326	436	5,215		2.70	

Drillhole (C-02-19)

Drillhole C-02-19 encountered fractured basement at 632m and was completed to a total depth of 662m. It was noted that sample waters were elevated in temperature (~30°C) indicative of proximal hydrothermal activity which would dilute the aquifer at this location. Fumaroles at surface are only observed to exist in the proximity to C-02-19 (CSMAT line 4).

Drill hole C-02-19 largely replicated the geology of the maiden drill hole including good levels of potential porosity within a thick sequence (~231m) of conglomerates (105m thick in C-01-19). C-02-19 has a layer

of ignimbrite to 167m (165m in C-01-19) below shallow alluvial cover. The continuity of these lithologies gives confidence that they should continue south of C-02-19 in the Candelas channel. The tectonic basin in this area was found to be much deeper (632m vs 310m) encountering a very thick sequence of sands and clays at depth (to 401m) before entering interbedded breccia and conglomerates (to 632m) similar in character to that observed in maiden drill hole C-01-19.

It is the technical team's view that brines were introduced at depth into the channel from the north with drillhole C-02-19 drilled into a hydrothermally affected area. Lithium bearing brines lie around the base of the channel in interbedded breccia and conglomerates and infiltrate into fractured bedrock. Hydrothermal activity proximal to C-02-19 may be diluting the aquifer at this location.

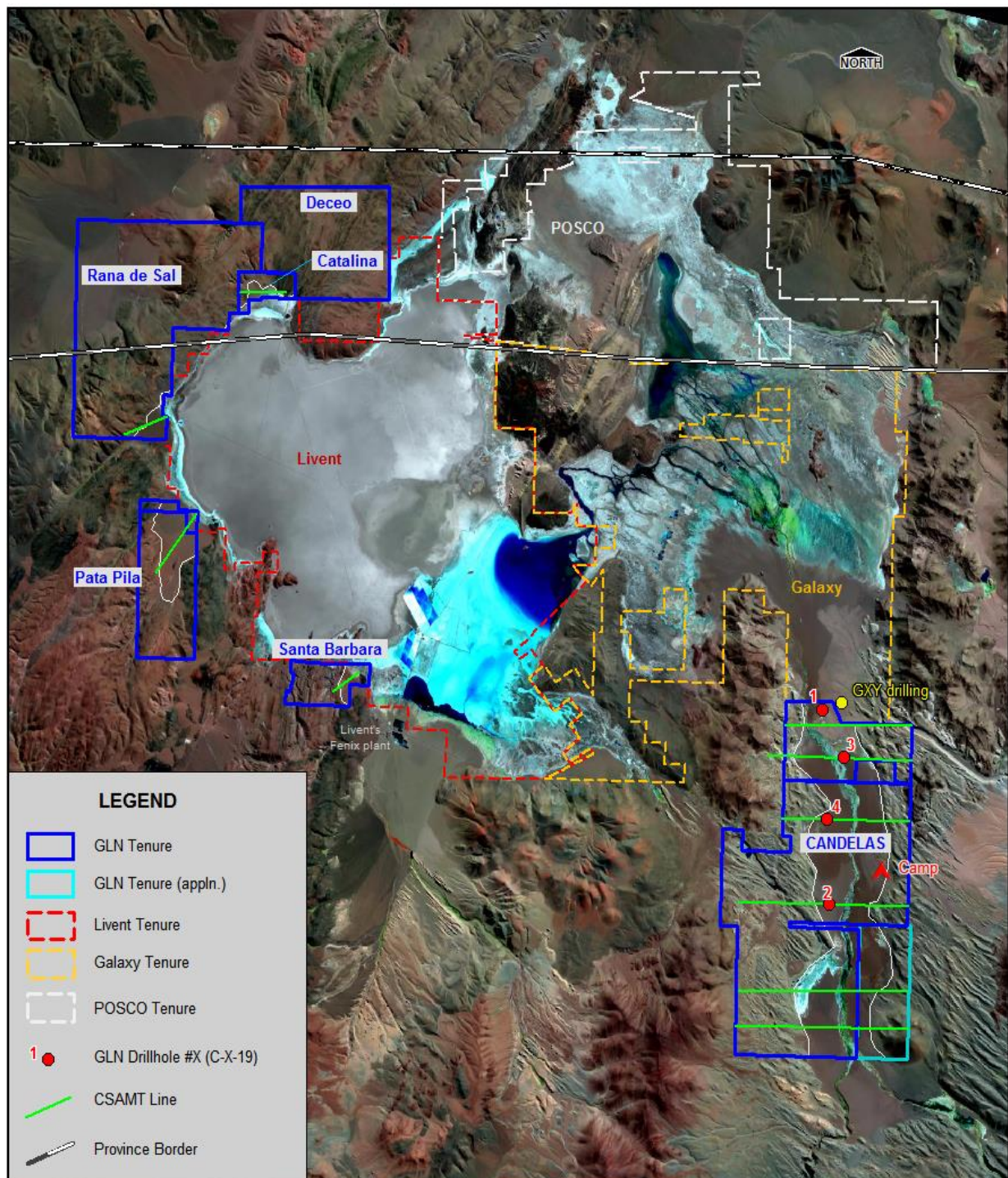


Figure 1: Galan Lithium's tenure and location of drillholes and at salar Hombre Muerto

Drillhole (C-03-19)

On 17 April 2019, Galan announced that it had completed drilling, casing and sampling its third drillhole (C-03-19) at the project. The drillhole is located approximately 2.5kms south of the maiden drillhole (C-01-19).

Following termination of the drillhole to a final depth of 460m. Following downhole geophysical logging several packer tests were performed and samples collected and sent for analyses. Field tests and logging indicated a substantial intercept of brine where assays confirmed an exceptional intercept of **143m @ 784 mg/l Li** from 311m to 454m.

Drillhole (C-04-19)

The fourth drillhole (C-04-19) was recently completed to 488m. Field tests indicated a moderately conductive, from 100 mS/cm to ~143 mS/cm, brine horizon intercepted over 117m from ~371m to 488m to the end of the hole. Downhole geophysics will be performed, and samples collected over the interval.

The Company now aims to focus drilling on resource definition in the northern Candelas channel area. Permitting for further drilling beyond the initial five holes approved is advanced and expected in the near term.

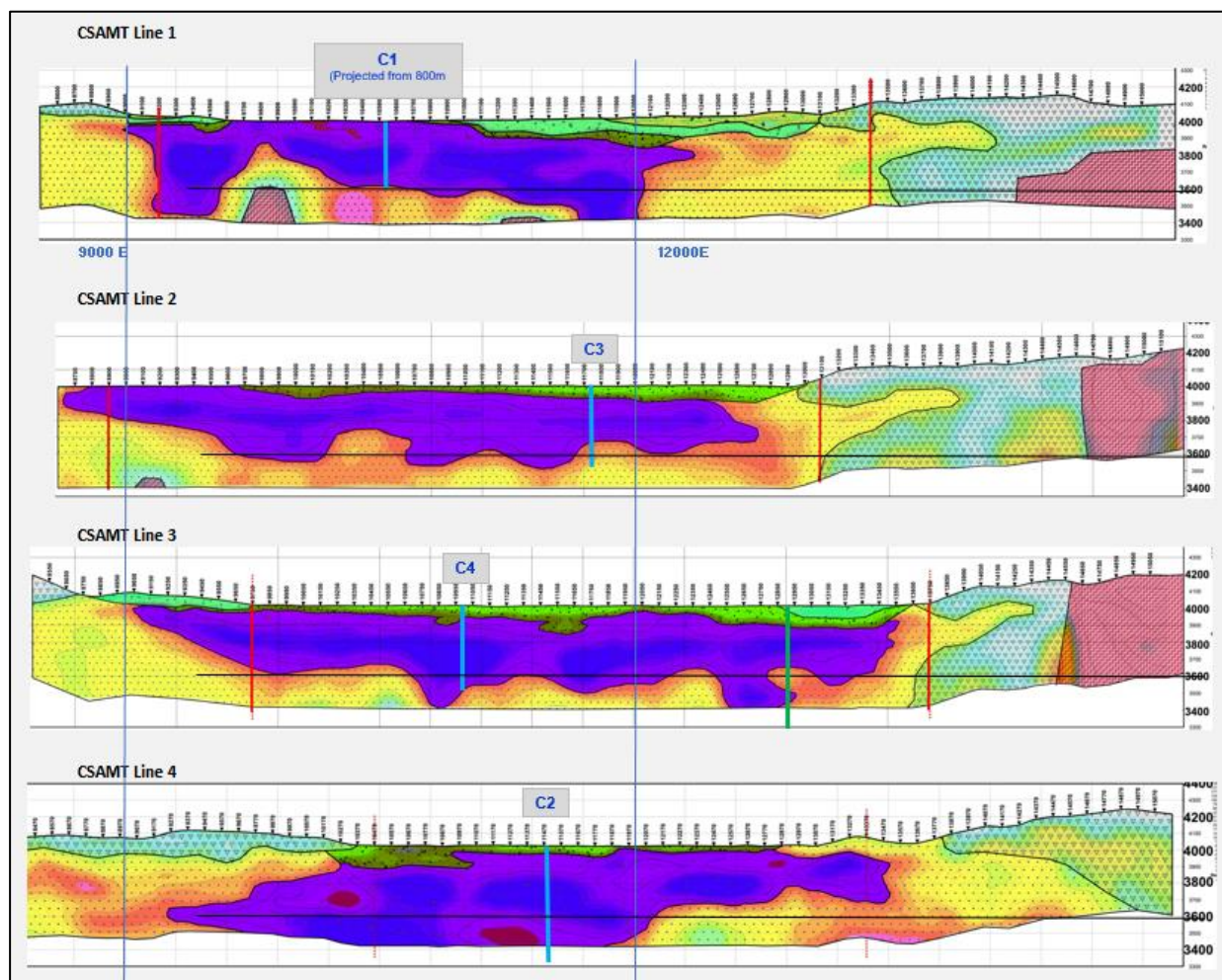


Figure 2: CSAMT resistivity profiles and location of drillholes at Candelas

CORPORATE

\$4m Capital Raising

In the announcement dated 9 April 2019, the Company had received commitments via a share placement to professional and sophisticated investors to raise gross proceeds of \$4,000,000. The placement received strong support from a range of sophisticated and institutional investors from Australia and North America.

A total of 14,545,455 shares were issued under the placement under ASX Listing Rules 7.1 and 7.1A., at an issue price of \$0.275 per share. Barclay Wells Limited acted as lead manager to the placement whilst Tectonic Advisory Partners (acting through Ecoban Securities Corporation) acted as the North American placement agent.

The funds raised will enable GLN to continue and expand its maiden drilling campaign along the Candelas channel at the Hombre Muerto Lithium project in Argentina, commence initial resource work and for working capital purposes.

For further information contact:

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

Nathan McMahon
Non-Executive Chairman, Galan Lithium Limited
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

About Galan

Galan is an ASX listed company exploring for lithium brines within South America's *Lithium Triangle* on the Hombre Muerto salar in Argentina and surroundings. Hombre Muerto is proven to host the highest grade and lowest impurity levels within Argentina and is home to Livent Corporation's El Fenix operation and Galaxy Resources and POSCO's Sal de Vida projects. Galan's primary target is the adjoining Candelas channel target, a ~15km long by 3-5km structurally controlled pull apart basin, infilled with sediments hosting the brines. Recent geophysics and now drilling indicate its potential to host a substantial volume of brine.

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)

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

EL DECEO I
EL DECEO II
EL DECEO III

CANDELA
CANDELA II
CANDELA III
CANDELA IV
CANDELA V
CANDELA VI

CATALINA

SANTA BARBARA
PATA PILA
RANA de SAL