



ASX ANNOUNCEMENT

2 July 2019

Latest drilling confirms minimum 3.5km strike extent of heavy brines at Candelas, on track for Maiden Resource in Q3 2019

Highlights

- Galan successfully completes its stage two drilling program at the Candelas lithium brine project, Catamarca province, Argentina
- Latest results confirm high quality brines occur over at least a 3.5km strike extent at the northern end of Candelas
- Results of latest drilling:
 - Heavy brines from drill hole C-05-19 return 137m @ 680mg/l Li
 - C-06-19 encountered 54m @ 510mg/l Li
 - C-07-19 met basement at 248m, limiting the access to heavy brines
 - C-08-19 returned a high SG, 70m thick interval indicating potential lithium grades >500 mg/l Li
- Resource estimation work will now commence with maiden JORC compliant resource estimate (for initially northern portion) on track for delivery in Q3 2019
- Drilling activities currently paused for a staffing break whilst also awaiting drilling permits for the Western Tenements
- Preparation for Pre-Feasibility Studies to commence

Galan Lithium Limited (ASX: GLN) ("Galan" or "the Company") is on track to deliver a maiden JORC compliant resource estimate in Q3 2019 for the northern portion of the Candelas lithium brine project located in Catamarca province, Argentina, following receipt of further assay results from its recently completed stage two drilling campaign.

Laboratory results were received for drill hole five (C-05-19), six (C-06-19) and seven (C-07-19), with brine samples from drill hole eight (C-08-19) currently being forwarded to the laboratory. This new data confirms a minimum 3.5km strike extent of heavy brines at the northern portion of Candelas (Figure 1), with holes one, three, five and six all with >500mg/l Li ranging from 510-802mg/l Li and hole eight giving similar indications from field testwork. Importantly, results continue to show exceptional low levels of impurities with Mg/Li < 3, which are in line with those observed at the nearby Livent project (NYSE: Fenix) and Galaxy Resources' (ASX: GXY) Sal de Vida project.

The latest round of sampling for drill holes 5 to 7 followed downhole geophysics which highlighted the preferred brine horizons to be sampled. The holes were then cased to the top of the brine horizon and pumped for between 8 to 24 hours to ensure that the sample was representative. The results from this sampling is presented in Table 1 and indicate excellent lithium grades with low impurities.

Drillhole C-07-19 encountered shallow basement at ~248m, not deep enough to encounter heavy brines in this region. Drillhole C-08-19 encountered brines from ~270m to 340m. This drillhole was tested with field instruments following downhole geophysics (and before casing) and tested with a simple packer which showed high conductivities >200 mS/cm and specific gravity (SG) of 1.162 over the 70m interval.

Next Steps

Drilling activities have now been paused for 2-3 weeks whilst the Company awaits the issuance of drilling permits to commence its maiden drilling over its Western tenements and to give site personnel a break between campaigns. This time will also allow for rig maintenance, further brine re-sampling, bore monitoring and site preparatory work for drilling of the Western Tenements. The Company is also looking to prepare for the commencement of a Pre-Feasibility Study ('PFS') into the potential development of the project.

The Company currently has enough drill information to conduct its maiden resource estimate for the northern portion of Candelas, which will be prepared in conjunction with its consultants SRK (Australia) and their Argentinian representatives. The maiden JORC compliant resource estimate remains on track for delivery in Q3 2019.

Despite the wintry conditions, exploration activities have not been adversely affected at Candelas due to good site preparation. Canadian-based international drilling company Major Drilling – who were appointed to undertake the diamond drilling campaign at Candelas - has proved to be a great drilling partner in unlocking the value at Candelas.

Commenting on these results, Galan Lithium Managing Director, Juan Pablo ("JP") Vargas de la Vega, said, *"We are very pleased to have advanced Candelas this far in such a short period of time, with our local team continuing to deliver despite recent adverse weather conditions."*

"Our maiden JORC resource estimate for the northern portion of Candelas is on track for Q3 2019, with a PFS to commence soon after."

"We are also looking forward to drilling our targets in the Western basin at Hombre Muerto, which represents another exciting opportunity for Galan."

Table 1: Sample analyses drillhole C-05-19, C-06-19 and C-07-19

HoleID	Sample ID	From	To (m)	Interval	Cond. (µs/cm)	SG (g/ml)	Li mg/L	Mg mg/L	B mg/L	K mg/L	Mg:Li
C-05-19	GL435	240	377	137	>200	1.159	680	1,721	506	6,622	2.53
C-06-19	GL444	350	404	54	>200	1.128	508	1,363	462	5,670	2.68
C-07-19	GL430	150	331	181	61	1.030	99	126	281	1,859	1.27

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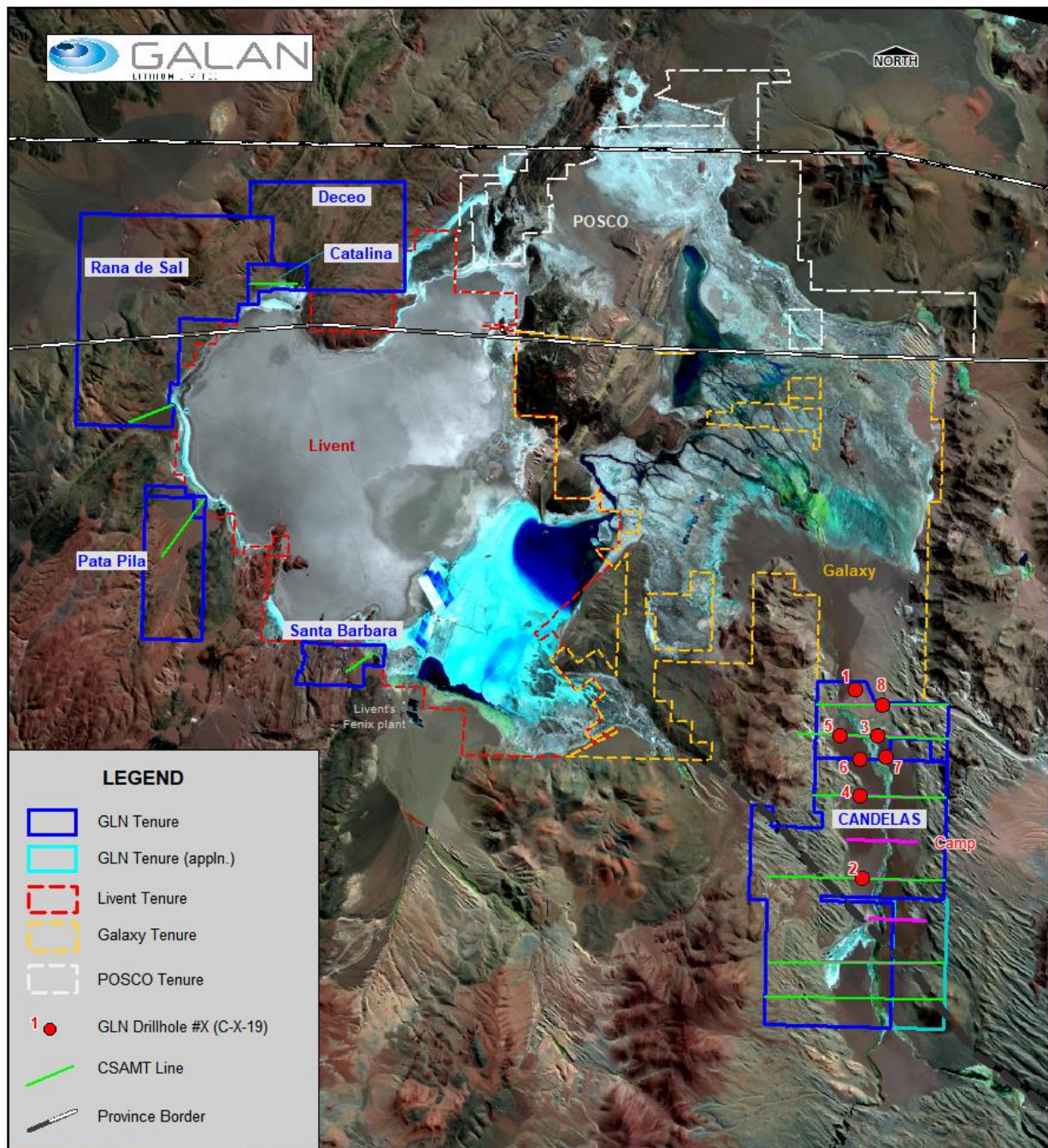


Figure 1: Location of drillholes and Galan Lithium's tenure, salar Hombre Muerto, Argentina

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. 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 wide valley filled channel which project geophysics and drilling have indicated the 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.

ANNEXURE 1

JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Drill core was recovered in 1.5 m length core runs in core split tubes to minimize sample disturbance. Core recovery was carefully measured by comparing the measured core to the core runs. Drill core was undertaken along the entire length of the holes to obtain representative samples of the stratigraphy and sediments that host brine. Water/brine samples from target intervals were collected by either the Packer or Bailer tests. Bailer tests; purge isolated sections of the hole of all fluid a total of five times to minimize the possibility of contamination by drilling fluid (fresh water), although some contamination (5-15%) may occur. The hole is then allowed time to re-fill with ground water. On the fifth purge the sample for lab analysis is collected. The casing lining the hole ensures contamination with water from higher levels in the borehole is likely prevented. Packer tests utilise a straddle packer device which isolates a discrete interval and allows for sampling purely from this interval. Samples were taken from the relevant section based upon geological logging and conductivity testing of water. Water/brine samples were collected from intervals 300-320m Conductivity tests are taken on site with a field portable Hanna Ph/EC/DO multiparameter. Density measurements were undertaken on site with a field portable Atmospheric Mud Balance, made by OFI testing equipment. Downhole geophysical profiling was conducted using a Ponti Electronics MPX-14 Multiplex Well Logger.
Drilling techniques	<ul style="list-style-type: none"> 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). 	<ul style="list-style-type: none"> Diamond drilling with internal (triple) tube was used for drilling. The drilling produced core with variable core recovery, associated with unconsolidated material. Recovery of the more friable sediments was difficult, however core recovery by industry standards was very good. Fresh water is used as drilling fluid for lubrication during drilling.
Drill sample recovery	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Diamond drill core was recovered in 1.5m length intervals in triple (split) tubes. Appropriate additives were used for hole stability to maximize core recovery. The core recoveries were measured from the core and compared to the length of each run to calculate the recovery. Brine samples were collected over relevant sections based upon the geology encountered and ground water representation. Brine quality is not directly related to core recovery and is largely independent of the quality of core samples. However, the porosity and permeability of the lithologies where

		<p>samples are taken is related to the rate of brine inflow.</p>
Logging	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The core is logged by a senior geologist and contract geologists who are overseen by the senior geologist who also supervised the taking of samples for laboratory analysis. Logging is both qualitative and quantitative in nature. The relative proportions of different lithologies which have a direct bearing on the overall porosity, contained and potentially extractable brine are noted, as are more qualitative characteristics such as the sedimentary facies. Cores are split for sampling and are photographed. All core was logged by a geologist
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> 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 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. 	<ul style="list-style-type: none"> Bailer sampling: Utilises a stainless steel hollow 3m-long tube with a check valve at the bottom. The hole was first purged by extracting a calculated volume of liquid (brine and drilling mud) to ensure that sampled brine corresponds to the sampled depth. Once the calculated volume was extracted and brine was clear, samples were collected in plastic bottles and delivered to the laboratories. The lower part of the sampling hole section was temporarily sealed during purging and sampling. Double packer sampling: Water/brine samples were collected by purging isolated sections of the hole of all fluid in the hole, to minimize the possibility of contamination by drilling fluid, then allowing the hole to re-fill with ground waters. Samples were then taken from the relevant section. Duplicate sampling is undertaken for quality control purposes.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> The Alex Stewart laboratory located in Jujuy, Argentina, is used as the primary laboratory to conduct the assaying of the brine samples collected. The Alex Stewart laboratory is ISO 9001 and ISO 14001 certified and is specialised in the chemical analysis of brines and inorganic salts, with considerable experience in this field. The SGS laboratory was used for secondary check analyses and is also certified for ISO 9001 and ISO 14001 Core samples will also be sent to a laboratory for porosity test work.
Verification of sampling and assaying	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Field duplicates, standards and blanks are used to monitor potential contamination of samples and the repeatability of analyses. Sub-sample duplicates are also being transported to a second reputable industry standard laboratory in country for check analysis
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other 	<ul style="list-style-type: none"> The survey locations were located using modern Garmin handheld GPS with an accuracy of +/- 5m.

	<p><i>locations used in Mineral Resource estimation.</i></p> <ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	<ul style="list-style-type: none"> • 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.
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Water/brine samples were collected within isolated sections of the hole based upon the results of geological logging.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The brine concentrations being explored for generally occur as sub-horizontal layers and lenses hosted by conglomerate, gravel, sand, salt, silt and/or clay. Vertical diamond drilling is ideal for understanding this horizontal stratigraphy and the nature of the sub-surface brine bearing aquifers
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Data was recorded and processed by trusted employees, consultants and contractors to the Company and overseen by senior management ensuring the data was not manipulated or altered. • Samples are transported from the drill site to secure storage at the camp on a daily basis.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • No audits or reviews have been conducted to date. The drilling is at a very early stage however the Company's independent consultant and CP have approved the procedures to date.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • 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.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • There has not been any historical exploration over the Candelas licence area • Galaxy Resources, who owns the Sal de Vida lithium brine resource situated to the north of Candelas with the Hombre Muerto salar, has conducted drilling within the Candelas channel approximately 1km east-northeast of Galan drillhole C-01-19.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • 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

Criteria	JORC Code explanation	Commentary
		hosted within basin fill alluvial sediments and evaporites.
<i>Drill hole Information</i>	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Drillhole ID: C-01-19 • Easting: 712,115.5 E (WGS84 Zone 19) • Northing: 7,180,414.0N (WGS84 Zone 19) • Vertical hole • Hole Depth 401m • Drillhole ID: C-02-19 • Easting: 712,756.1E (WGS84 Zone 19) • Northing: 7,171,177.0N (WGS84 Zone 19) • Vertical hole • Hole Depth 662m • Drillhole ID: C-03-19 • Easting: 713,170E (WGS84 Zone 19) • Northing: 7,178,175N (WGS84 Zone 19) • Vertical hole • Hole Depth: 460m • Drillhole ID: C-04-19 • Easting: 712,345E (WGS84 Zone 19) • Northing: 7,175,238N (WGS84 Zone 19) • Vertical hole • Hole Depth 488m • Drillhole ID: C-05-19 • Easting: 711,350E (WGS84 Zone 19) • Northing: 7,178,200N (WGS84 Zone 19) • Vertical hole • Hole Depth: 380m • Drillhole ID: C-06-19 • Easting: 7112,300E (WGS84 Zone 19) • Northing: 7,177,000N (WGS84 Zone 19) • Vertical hole • Hole Depth: 422m • Drillhole ID: C-07-19 • Easting: 713,600E (WGS84 Zone 19) • Northing: 7,177,150N (WGS84 Zone 19) • Vertical hole • Hole Depth: 331m • Drillhole ID: C-08-19 • Easting: 713,392E (WGS84 Zone 19) • Northing: 7,179,695N (WGS84 Zone 19) • Vertical hole • Hole Depth: 340m
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • Further sampling and assays for C-08-19 are pending • All new assay results received to date are included in this report.

Criteria	JORC Code explanation	Commentary
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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').</i> 	<ul style="list-style-type: none"> • It is fairly assumed that the brine layers lie sub-horizontal and, given that the drillhole is vertical, that any intercepted thicknesses of brine layers would be of true thickness.
<i>Diagrams</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Provided, refer to maps, figures and tables in the document
<i>Balanced reporting</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • These assay results are from the 5,6 and 7th drillhole and field results from hole 8 at the project to date.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • All meaningful and material information is reported • Refer to previous ASX Company releases; ASX:GLN - 4 October, 2018 ASX:GLN - 11 March, 2019 ASX:GLN - 20 March, 2019 ASX:GLN - 4 April, 2019 ASX:GLN - 29 May, 2019
<i>Further work</i>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg; tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • The Company is awaiting approval for further drilling. • Maiden resource estimation will be the main focus for further work • Ground works to improve access once drilling permits for the Western Tenements are announced.