



GALAN
LITHIUM LIMITED

ASX ANNOUNCEMENT

30 October 2019

QUARTERLY ACTIVITIES REPORT SEPTEMBER 2019

HIGHLIGHTS

PROJECT

- Maiden indicated mineral resource of 684,850 tonnes of contained lithium carbonate equivalent (LCE) @ 672mg/l Li for North Zone, Candelas project
- Resource estimate exceeds the Company's expectation and forms a solid basis to advance the Pre-Feasibility Study at Candelas
- Resource achieved just 8 months following commencement of drilling and represents one of the highest grade/low impurity lithium brine resources within Argentina
- Additional lower grade resources at Candelas North and Candelas Central Zones
- Exceptional maiden drill results from the Western Tenements indicate potential for further additional resources
- All samples from maiden drill hole at Pata Pila return >900mg/l Li and Mg/Li ratios <2.0
- Rana de Sal encounters heavy brine from 83m with preliminary assays indicating several lithium grade sections >1,000mg/l Li, with low impurity levels

CORPORATE

- Galan appoints South American based lithium industry expert Daniel Jiménez (a former senior executive with 28 years' experience at SQM) to the Board
- Highly experienced engineer and former Study Manager of Orocobre, Boris Caro appointed as Study Advisor to assist with Pre-Feasibility Study
- \$2m capital raising completed via placement and SPP
- Cash on hand at end of quarter was \$2.5m

The Board of Galan Lithium Limited ('Galan' or 'the Company') is pleased to provide this Quarterly Activities Report for the quarter ended 30 September 2019 and thereafter. The main focus for the quarter was the maiden JORC compliant resource for Candelas North and the commencement of drilling of the Western Tenement lithium brine projects in the *Hombre Muerto* salt flat in the province of Catamarca, Argentina.

OPERATIONS

During the quarter, the Company successfully and safely completed its drilling campaign at Pata Pila and Rana de Sal. The Company has now recorded no lost time injuries (LTI's) since exploration drilling commenced in the Hombre Muerto region in January 2019.

Maiden JORC (2012) Compliant Resource

As announced on 1 October 2019, the Company released its maiden JORC (2012) compliant Mineral Resource estimate for the Candelas lithium brine project located in Catamarca province, Argentina. The resource estimate was completed by the Company's consultants SRK (Australia) and was conducted by their Australian and Argentinian based teams.

The indicated mineral resource estimate for the higher grade Candelas North zone is 684,850 tonnes of contained lithium carbonate equivalent (LCE) product grading at 672mg/l Li (at 500mg/l Li cut off).

A summary of the Candelas North Zone mineral resource and sensitivity to grade-tonnage and cut-off, as well as an inferred resource for the Central Zone, is provided in the Summary of Resource Estimate (Table 2).

Summary of Resource Estimate and Reporting Criteria

The mineral resource estimation was undertaken by SRK Consulting (Australasia) (SRK) and was based upon results from a total of eight (8) holes drilled in the North and Central Zones of its tenement holding at Candelas for a total of 3,537 metres total length. See Table 1 for assays summary (C-01-19 to C-08-19) and Figure 1 for location of drill holes at Candelas.

The location of holes was mainly based on the results of gravity and Controlled Source Audio Magneto-Tellurics (CSMAT) data, and in most cases, located on survey lines.

Table 1: Candelas Drillhole Assays Summary (C-01-19 to C-08-19)

Hole ID	From (m)	To (m)	Interval (m)	Li mg/L	Mg mg/L	B mg/L	K mg/L	Mg:Li	Location
C-01-19	205	397	192 m@	802	2,224	577	8,219	2.77	Candelas North
C-02-19	470	662	192 m@	121	368	347	1,854	3.04	Candelas Central
C-03-19	311	454	143 m@	784	2,144	544	7,095	2.73	Candelas North
C-04-19	371	488	117 m@	141	525	349	1,880	3.72	Candelas Central
C-05-19	240	377	137 m@	680	1,721	506	6,682	2.53	Candelas North
C-06-19	350	404	54 m@	508	1,363	462	5,670	2.68	Candelas North
C-07-19	150	331	181 m@	99	126	281	1,859	1.27	Candelas North
C-08-19	270	340.4	70.4 m@	744	1,974	566	7,684	2.65	Candelas North

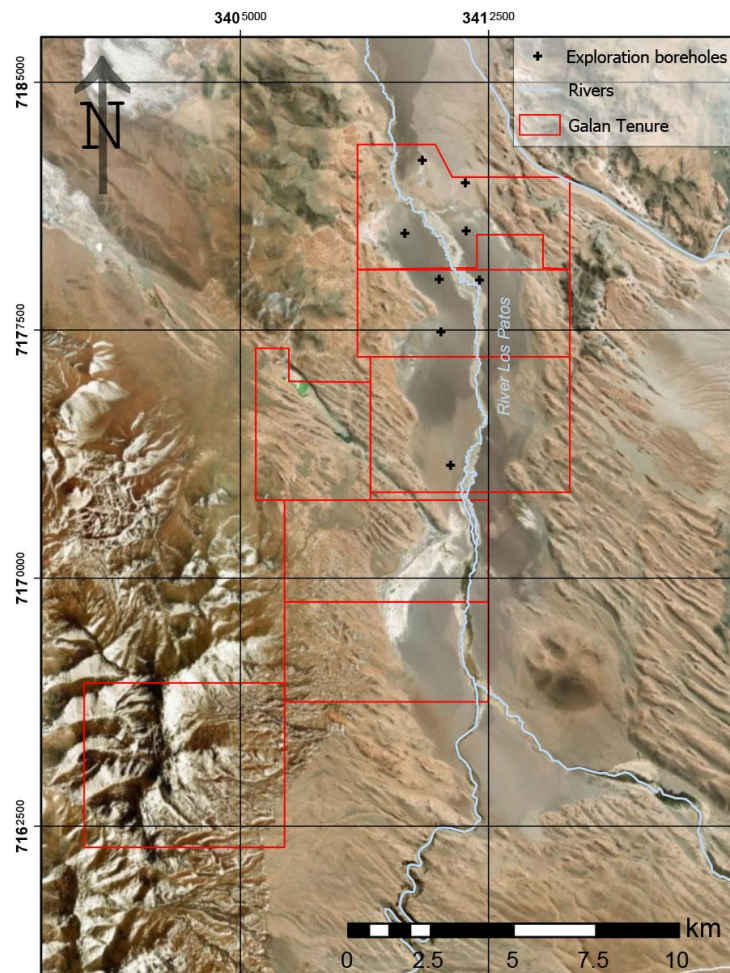


Figure 1: Location of resource drilling, Candelas Lithium brine project

The mineral resource estimates undertaken by SRK were determined for lithium and potassium. Lithium is reported as lithium carbonate (Li_2CO_3) equivalent, and potassium as potassium chloride (KCl). The Candelas project covers a structurally controlled basin in a lithium brine salar environment, with normal faults on the west and east and a number of northwest-southeast traverse faults that cut the deposit.

A summary table (table 2) of the resource reported in accordance with the JORC Code guidelines is provided below:

Table 2: Mineral Resource Statement for Candelas Project – September 2019

Resource Category	In situ Li (t)	Li (mg/l)	LCE (t)	Avg. K (mg/l)	In situ K (t)	KCl Equiv. (t)
CANDELAS NORTH						
Indicated	166,834	496	888,020	5,193	1,734,090	3,306,900
CANDELAS CENTRAL						
Inferred	50,838	130	270,600	2,024	846,170	1,613,640

nb; Reported at zero cut-off grade. There may be minor discrepancies in the above table due to rounding.

The Mineral Resource Estimate is categorised for the North Zone as Indicated and the Central Zone as Inferred. The Inferred category primarily reflects the large spacing between the two drill holes within the Central Zone. Table 3 tabulates the sensitivity of the resource estimate to cut-off grade.

Table 3: Sensitivity of grade-tonnage to cut-off for Candelas North zone

Global Grade Tonnage – Candelas North				
Cut-off (Li mg/l)	Li Grade (mg/l)	Brine Vol. (m³)	Li (t)	LCE (t)
400	639	237,270	147,668	786,000
450	653	200,850	140,693	748,880
500	672	195,660	128,664	684,850

According to SRK, the maiden Candelas Mineral Resource represents geologically well-defined zones of low to high-grade lithium mineralisation. It comprises three main mineralised hydrogeologic domains spread over two zones. The units within the domains show some variation in thickness along strike and depth.

Location & Tenure

The Candelas Project is part of the Hombre Muerto basin, one of the most globally prolific salt flats, located in the Argentinean Puna of the high Andes mountains at an elevation of approximately 4 km above sea-level. The Project comprises nine exploration permits, covering an area of ~17,750 hectares and lies adjacent to Galaxy Resources' and POSCO's Sal de Vida projects and FMC's Fenix lithium operations. It is approximately 1,400 km northwest of the capital of Buenos Aires and 170 km west-southwest of the city of Salta (in a straight line). See figure 3 for tenure and drill collar locations.

Geological Model

As part of the mineral resource estimation process, SRK conducted geological modelling of Candelas using the software packages LeapfrogTM (Seequent, geological modelling) and GEMSTM (Geovia, geological modelling and section interpretation).

The modelling used the following datasets:

- Gravity (original data and re-modelled profiles);
- Resistivity and Conductivity profiles (CSMAT);
- Downhole geophysics (particularly gamma);
- Assays obtained from Alex Stewart laboratory;
- Relative Brine Release Capacity data including total porosity and specific yield,
- Zelandez downhole data including total porosity and specific yield; and
- Lithological logs

The geology of the Candelas project is interpreted as a structurally controlled basin which forms a feeder channel to the Hombre Muerto basin to the north. A number of faults have been interpreted by Galan and are obvious from imagery and offset topographic ridges. These structures have been factored into the geological modelling of lithology to form hydrogeologic domains (Figure 2).

The west and east boundaries are determined by the north-south normal faults. The north boundary is constrained to the limit of the tenement, and the south boundary is about 200 m south of the last drill hole (C-02-19). The model has been divided in two by a major northwest-southeast fault. This structure provides a convenient break between the (1) North, and (2) Central zones. There are 5 holes in the North zone, but hole C-07-19 was drilled on a basement high and is not included in the final resource estimate. This zone has higher grades than the south and has reasonable drillhole coverage. The south zone has lower grades and only two holes located about 4 km apart. Therefore, this zone was treated differently for estimation of grades.

A proportional block model was created to cover the extents of the drill coverage over Candelas and confined by a wireframe model based upon the various lithologies. When choosing appropriate model cell dimensions, consideration was given to drill spacing, sample interval, the interpreted geometry and thickness of the hydrogeologic domains and the style of mineralisation.

Interpolated cell grades were visually compared to the drill hole sample composites to ensure that the cell grade estimates appear to be consistent with the drill hole data. Comparisons were conducted in cross section and long section. There was generally good correlation between the estimated and composite grades, with regional grade trends observed in the composites also evident in the model cells. No significant issues were identified, with local grade characteristics in the composite data being adequately reproduced in the model. Statistical comparisons were also conducted between the interpolated model cell grades and the sample composite grades.

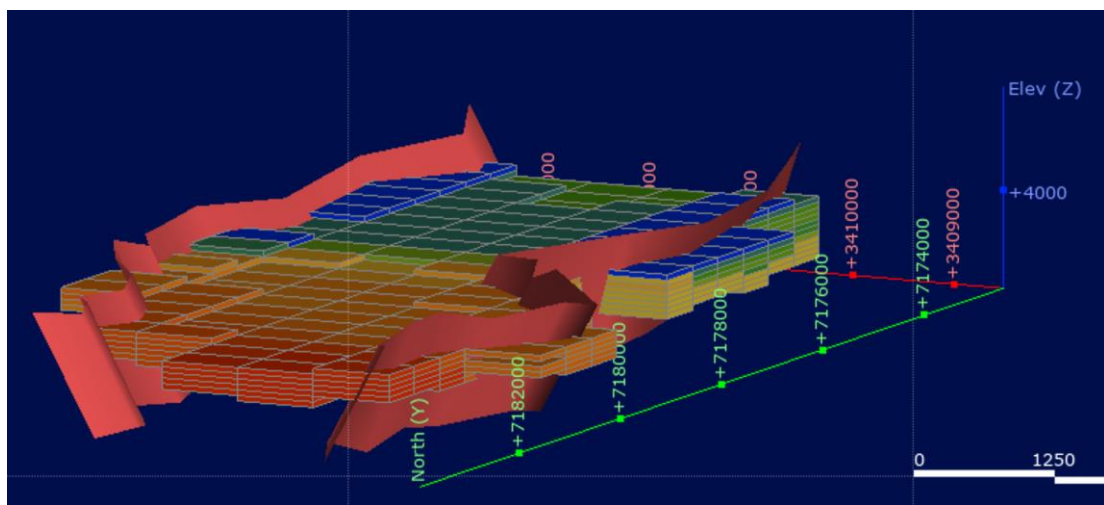


Figure 2: Resource block model showing major basin controlling faults (red planes) – looking south-southwest

Resource Classification

The mineral resource estimate for the Candelas project has been classified in accordance with the JORC Code, 2012 edition. Numerous factors were taken into consideration when assigning the classification applied to the Mineral Resource estimate. Of these factors, it is considered that the classification has been primarily influenced by the drill coverage, geological complexity and data quality.

The Mineral Resource Estimate is categorised as a combination of Indicated (North zone) and Inferred (South zone). The Inferred category primarily reflects the two widely spaced drillholes at over 4km apart.

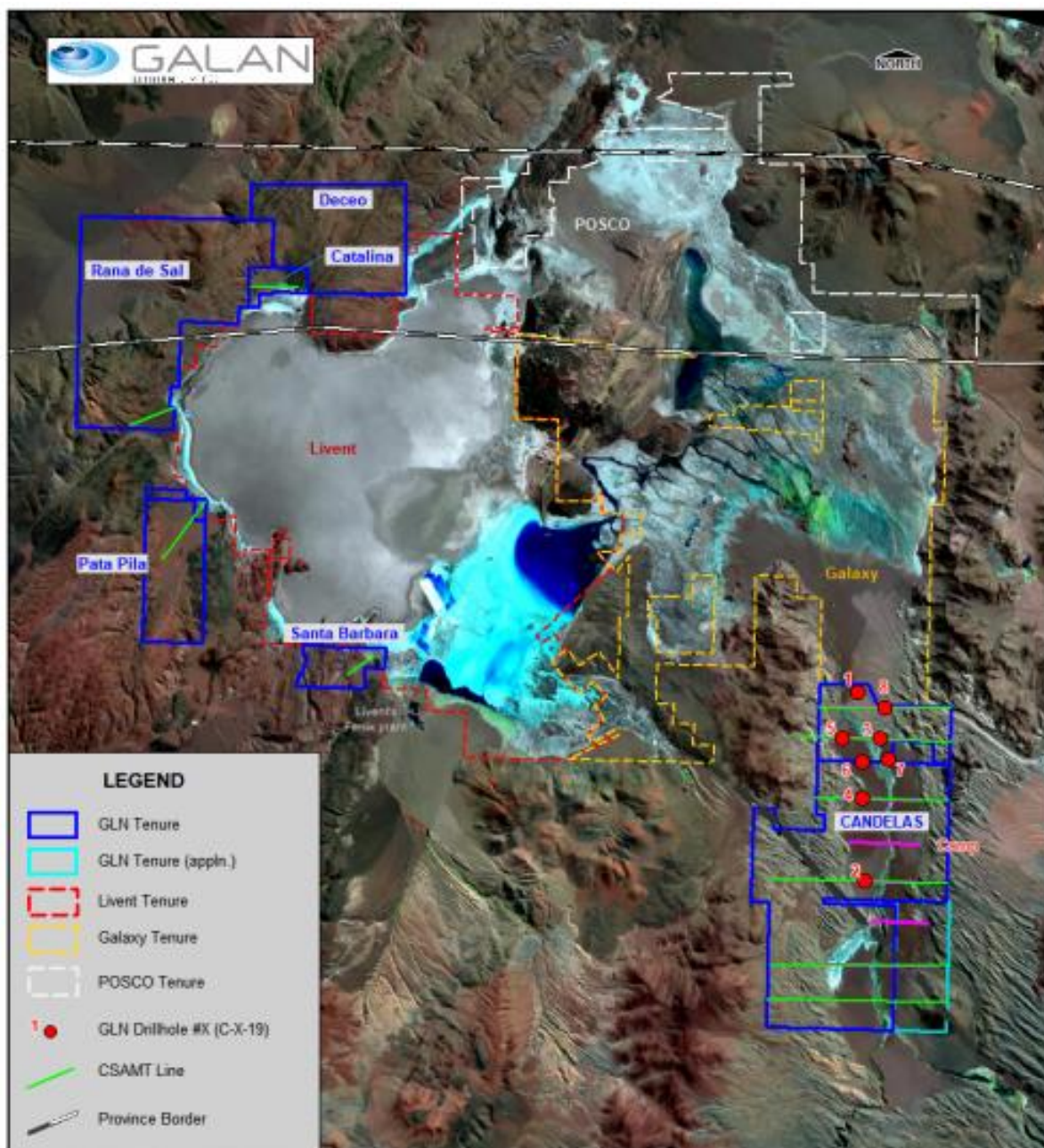


Figure 3: Location of drillholes and Galan Lithium's tenure, salar Hombre Muerto, Argentina

Western Basin Tenements

On 13 August 2019, Galan announced that the Company would commence its maiden drill programme over its Western Tenement projects located on the Hombre Muerto salar in Argentina. Preparatory works to access sites for drilling were completed within the *Pata Pila* and *Rana del Sal* project areas with drilling commencing on 16 August 2019.

The drilling was targeting highly conductive anomalies recorded from CSAMT (Controlled Source Audio-frequency Magnetotellurics) surveys previously completed in September last year (Figures 4 and 5).

The Company was granted permits to drill a total of 14 drillholes plus 5 water bores within 18 months over the Western tenements.

Pata Pila

Pata Pila covers a large alluvial fan along the western margin of the salar with the geophysical profile showing an upper, horizontal conductive layer over ~2km being compatible with geological units interpreted to 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 between stations 10400E and 10800E. To the west, the resistive materials are interpreted as metamorphic basement.

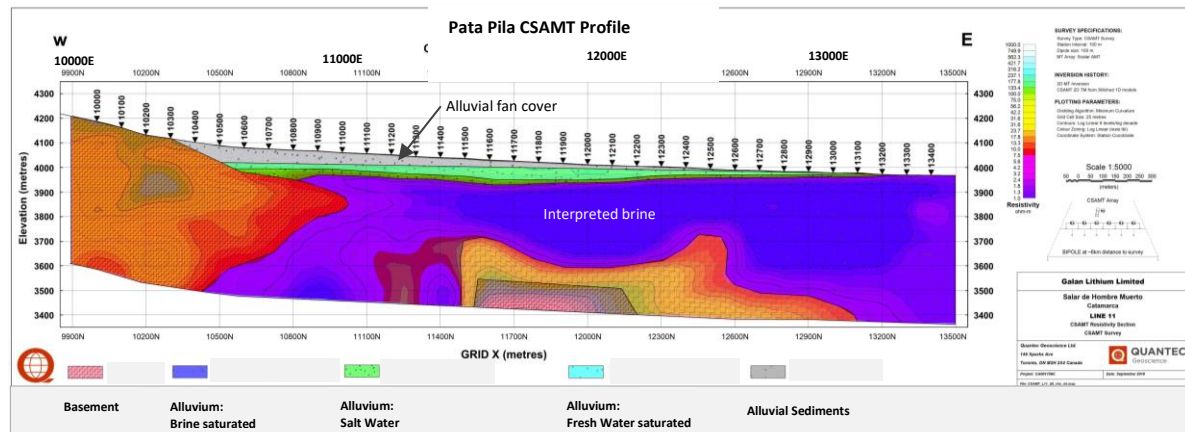


Figure 4: Pata Pila - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

Rana del Sal

The Rana de Sal profile covers an alluvial fan area interpreted to overlie the salar. The geophysical profile shows a highly conductive response over ~1.5km that are compatible with units interpreted to contain brines (Figure 5). The eastern end shows the conductive anomaly remaining open, as expected, as the line enters the salar in the area where Livent Corporation (NYSE:LTHM) has its operations. Towards the west a more resistive unit is interpreted as basement. Between stations 10700E and 11900E, the overlying materials are interpreted as alluvial fan sediments saturated with fresh or salty water.

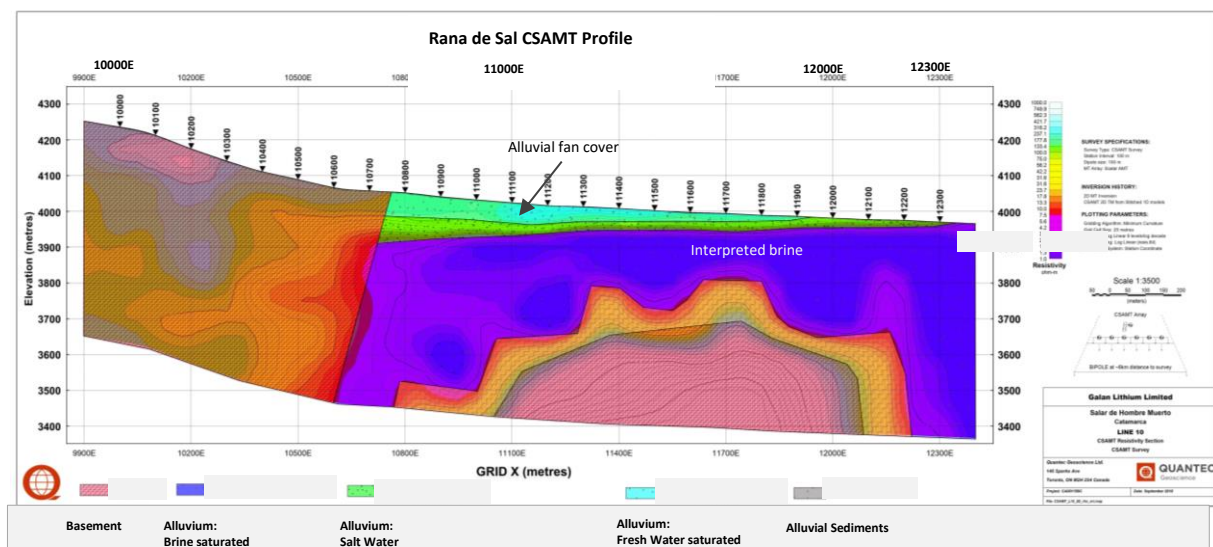


Figure 5: Rana del Sal - Interpreted CSAMT model showing lowly resistive brine saturated materials

On 9 October 2019, the Company announced that initial results from the maiden drilling program at *Rana de Sal* and *Pata Pila*, which form part of the Western Basin projects, located on the Hombre Muerto salar in Argentina, had intercepted several heavy brine bearing aquifers in both holes.

The Rana de Sal and Pata Pila licences both cover large alluvial fan areas lying adjacent to Livent Corporation's (NYSE: LVHM) tenure, covering the western margin of the Hombre Muerto salar. Drilling targeted highly conductive CSAMT (Controlled Source Audio-frequency Magnetotellurics) anomalies recorded from surveys previously completed in September last year, which are believed to represent the extension of Livent's brine producing aquifer for their Fenix operation.

Results from Pata Pila confirm the high grade nature with all samples returning lithium grades >900mg/l Li with low levels of Mg/Li at <2.0. These grades, encountered within very wide brine intercepts, indicate the potential for a significant new resource at Pata Pila.

Table 4: Laboratory and current field test results, drill hole PP-01-19

Sample No.		From (m)	To (m)	S.G. (mg/l)	Cond. (mS/Cm2)	Li mg/l	Mg mg/l	Mg/Li
607		99	121	1.220	>200	938	1,338	1.43
608		Failed Test						
609		254	301.5	1.222	>200	902	1,570	1.74
610		493	541	1.219	>200	902	1,440	1.60
611		544	580	1.221	>200	909	1,388	1.53
612		582	647	1.200	>200	948	1,546	1.63
613		651	718	1.200	>200	933	1,465	1.57

Drill hole (RS-01-19) at Rana de Sal was completed at 474m within metamorphic basement. The hole encountered a largely sandy unit from 63m followed by large interval of sands and sandy clays ~300-400m to the basement at 467m. Laboratory results received to date indicate an initial 39m high grade section from 83m to 122m returning **1,043mg/l Li** with low levels of impurities as observed at Pata Pila. This result is the highest ever recorded by Galan and is one of the best-known results recorded in Argentina (refer ASX announcement dated 9 October 2019).

From ~133m the hole encountered poor conditions, due to the porous nature of the sandy units, which affected the ability to conduct effective packer sampling. Accordingly, the drillhole was open cased with a view towards collecting a whole hole composite brine sample once the requisite equipment is on site.

Table 5: Laboratory and current field test results, drill hole RS-01-19

Sample No.	From (m)	To (m)	S.G. (mg/l)	Cond. (mS/Cm2)	Li mg/l	Mg mg/l	Mg/Li
614	32	80	1.100	>200	441	883	2.00
615	83	122	1.210	>200	1,043	1,833	1.76

CORPORATE

Director and Study Advisor Appointments

As announced on 4 September 2019, the Company appointed **Daniel Jiménez to the Board of Galan** as an Independent Non-Executive Director.

Daniel is a civil industrial engineer and has, until recently, worked for world leader in the lithium industry Sociedad Química y Minera de Chile (NYSE:SQM, Santiago Stock Exchange: SQM-A, SQM-B) for 28 years based in Santiago, Chile.

Daniel's last position at SQM was as Vice President of Sales of Lithium, Iodine and Industrial Chemicals where he formulated the commercial strategy and marketing of SQM's industrial products and was responsible for over US\$900 million worth of estimated sales in 2018. He joined the Company in 1991 holding several senior positions in the finance and sales areas at SQM's headquarters in Chile and in the U.S. He also held regional commercial responsibilities for Europe, Africa and Asia based in Belgium.

Additionally, during the Quarter the Company announced the appointment of **Boris Caro as Study Advisor** to oversee the Company's team and advise on strategy and study development activities into the Pre-Feasibility Study ("PFS") for the Candelas lithium brine project. Mr. Caro is a mining engineer (MAusIMM) with a Master in Mineral Economics obtained from the Curtin University of Technology (Western Australia). Boris has over 20 years of experience in the mineral industry working in several countries including Australia. Most recently he was the Study/Project Manager for Orocobre Ltd working on the Olaroz Expansion Lithium Project in Argentina (May 2017 to April 2019). During this time he was responsible for the completion of the Feasibility Study, leading front-end engineering, securing environmental permits and overseeing the commencement of construction activities.

Capital Raising

On 5 August 2019, the Company announced that it had undertaken a capital raising of \$2 million through a combination of a private placement to sophisticated investors and a share purchase plan offer to existing shareholders.

The Company received firm commitments from sophisticated investors to raise \$1 million through a share placement at 18 cents per share with one free unquoted option (exercisable on or before 31 August 2020 at \$0.25) also being issued on a one option for every two shares subscribed for basis. The Placement shares (5,555,555) and options (2,777,777) were issued under the Company's existing placement capacity under ASX Listing Rule 7.1. Shares and options were issued on 14 August 2019.

The Company also offered existing eligible shareholders, shares issued at the same price of \$0.18 plus one free unquoted option (exercisable on or before 31 August 2020 at \$0.25) and on the same terms as the above placement under a Share Purchase Plan (**SPP**) to raise up to a further \$1 million. At the SPP closing date (13 September 2019), the Company had received applications well in excess of the planned \$1m capital raising. Shares and options were issued on 17 September 2019.

At the end of the quarter, the Company had approximately \$2.5m in the bank.

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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 and over which a maiden resource estimate has recently been conducted.

Competent Persons Statements

The information contained herein that relates to Exploration Results and geology 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.

The information relating to the Exploration Results and integrity of the database was compiled by Mr Francisco Lopez (Geology). Mr Lopez is a full-time employee of Galan Lithium Limited and has been engaged by Galan as their Geology Manager. The integrity of the database and site inspection was done by Dr Michael Cunningham, GradDip, (Geostatistics) BSc honours (Geoscience), PhD, MAusIMM, MAIG, MGSA, FGSL. Dr Cunningham is a Principal Consultant and full-time employee of SRK Consulting (Australasia) Pty Ltd. The information in this report that relates to the Mineral Resources estimation approach at Candelas was compiled by Dr Cunningham. He has sufficient experience relevant to the assessment and of this style of mineralisation to qualify as a Competent Person as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Information within this report relates to previously announced mineral resource estimates for the Candelas Project: (ASX:GLN 1/10/19). Exploration Results for the Candelas Project have been previously announced e.g. (ASX:GLN 4/10/18; 11/3/19; 20/3/19; 4/4/19; 29/5/19; 2/7/19; 2/7/19). Exploration Results from the Western Tenements were previously announced in: (ASX:GLN 9/10/19).



Pumping tests and brine re-sampling, Candelas project, Hombre Muerto

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