ASX ANNOUNCEMENT

18th October 2018

POSITIVE GEOPHYSICAL RESULTS DEFINE POTENTIAL NEW DISCOVERIES OVER WESTERN BASIN PROJECTS, HOMBRE MUERTO, ARGENTINA

- **Recent resistivity surveys completed over 4 new targets at Hombre Muerto salar**
- **All targets interpreted to contain "*very conductive and shallow horizons that are consistent with geological units saturated with brine*"**
- **Targets lie in the Western Hombre Muerto basin adjacent to Livent Corporation's (formerly FMC) Fenix lithium brine operation**
- **Targets complement the recently defined 15km long, 3-5km wide, ~6,000 Ha brine potential at Candelas**
- **Resistivity values from the targets, which lie adjacent to Livent's operations, are similar to those observed at Candelas giving positive implications for lithium grade potential for the projects**
- **Total potential surface brine coverage increased by ~24% for the Company's projects at Hombre Muerto to ~7,800 hectares**
- **The Hombre Muerto Basin is, globally, one of the most prolific lithium bearing salt flats hosting some of the lowest levels of impurities in the industry**
- **Project also lies adjacent to Galaxy Resources' and POSCO's *Sal de Vida* projects**

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is pleased to announce potential new discoveries of lithium bearing brine have been defined at the Hombre Muerto Lithium Project (**the Project**) located in Catamarca Province, Argentina.

Recent results from further CSAMT (Controlled Source Audio-frequency Magnetotellurics) surveys conducted over the Company's Western Basin targets at the project indicate there are several other areas of potential lithium bearing brine sources over the Company's holdings at Hombre Muerto.

Galan is now awaiting final permitting to conduct drilling over its projects, which it hopes to receive in the current quarter, and is advancing contracts for drilling and for the camp, OH & S, catering and general logistics.

THE SURVEY

The survey was completed in late September by Quantec Geoscience Ltd 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 is 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.

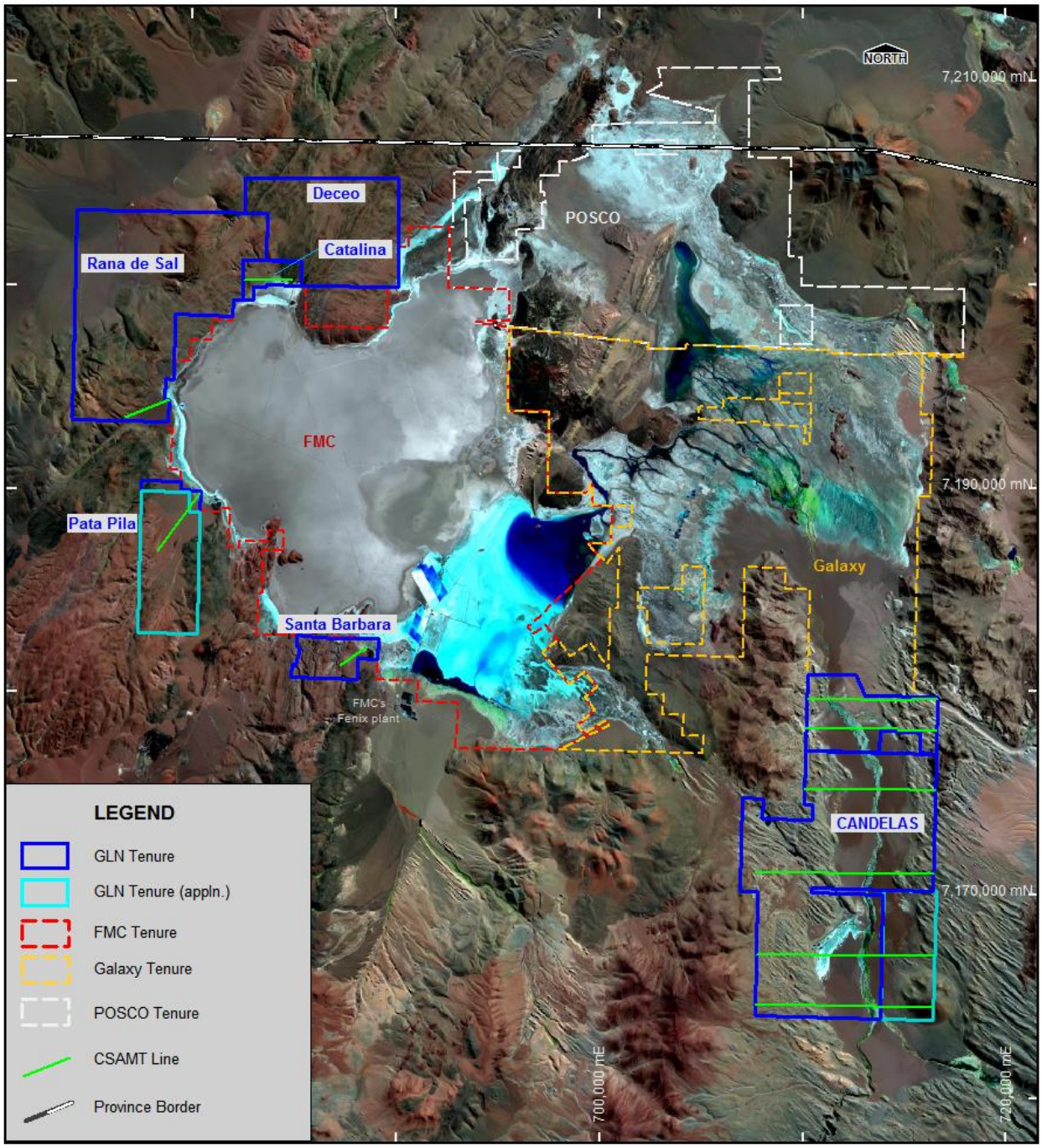

Figure 1: CSAMT August-September survey profile locations over aerial image

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 1.

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 2) 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).

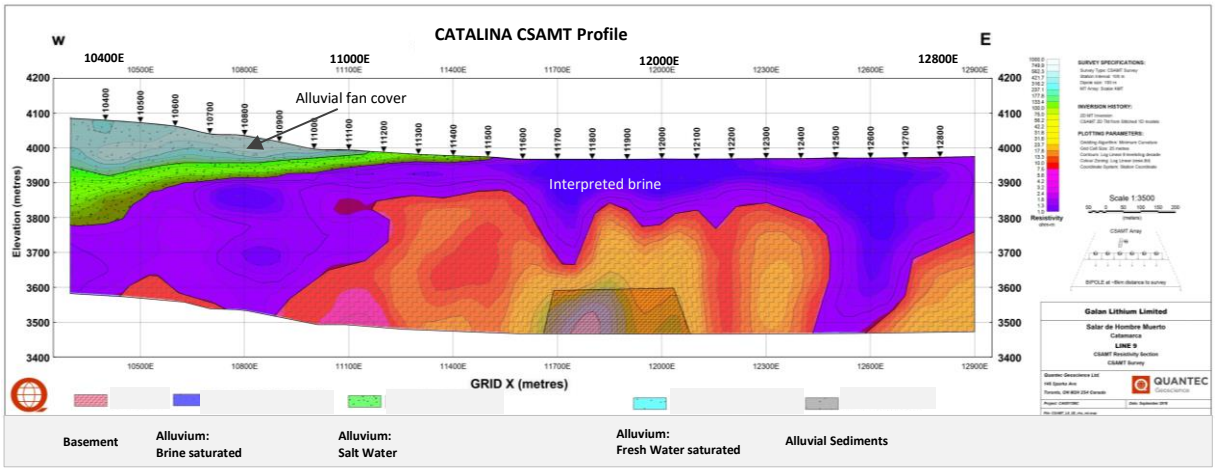

Figure 2: Catalina - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CSAMT – Rana del Sal

The Rana de Sal profile shows a conductive response from station 10700E to the east (right in Figure 3). 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.

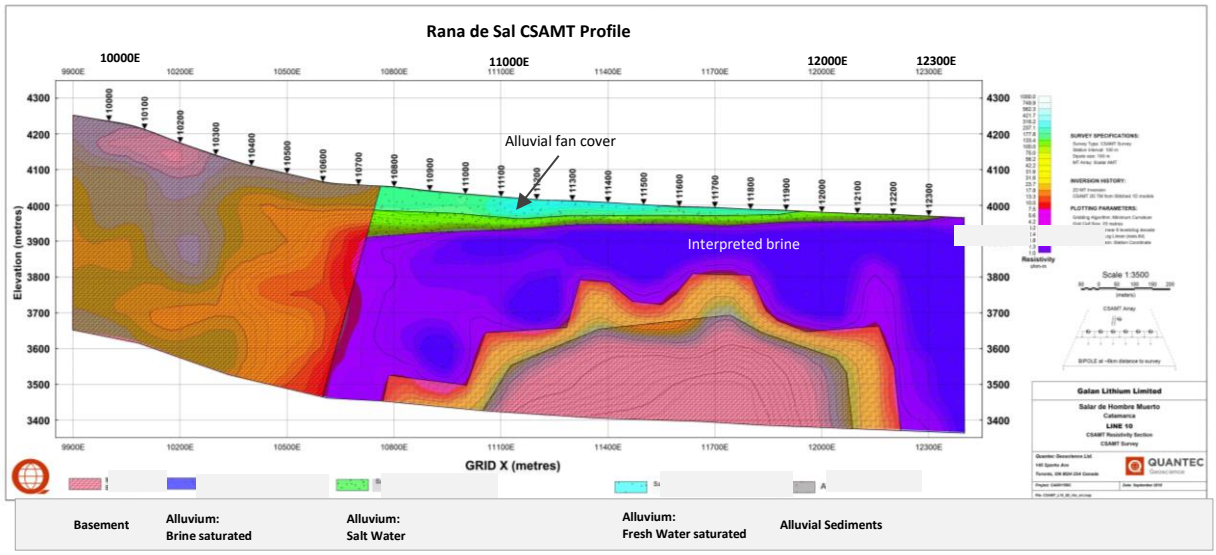

Figure 3: Rana del Sal - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

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 4) 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.

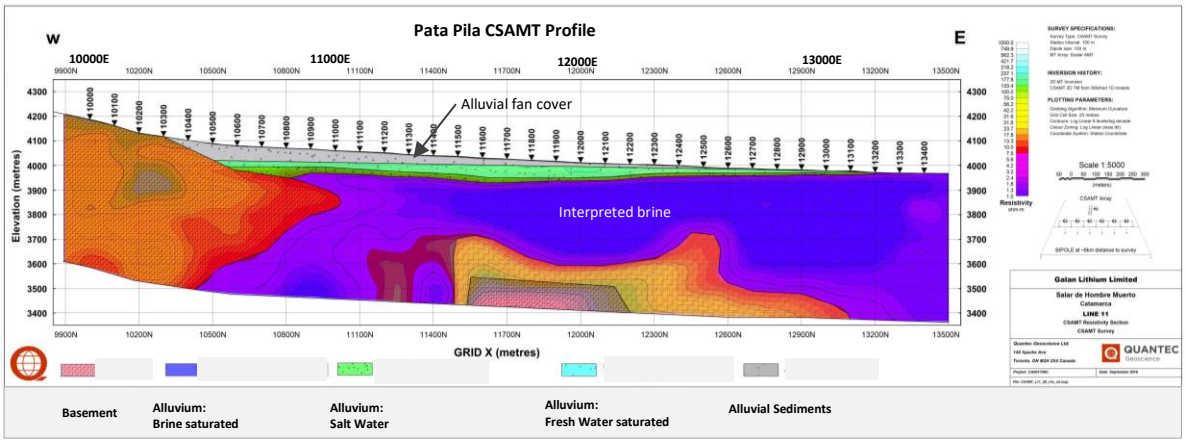

Figure 4: Pata Pila - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

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 5). 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.

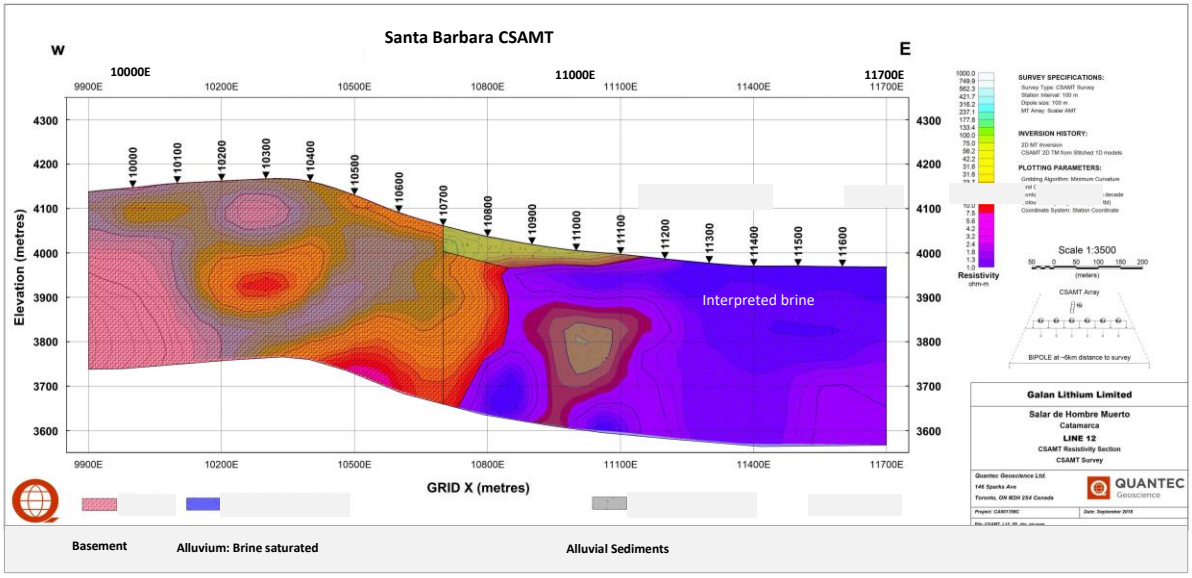

Figure 5: Santa Barbara - Interpreted CSAMT model showing lowly resistive brine saturated materials (in purple/blue)

CONCLUSIONS

During September 2018, Quantec Geoscience Ltd 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.

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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.

GALAN
LITHIUM LIMITED

ANNEXURE 1
JORC CODE, 2012 EDITION – TABLE 1

Section 1 Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *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.*	• Quantec undertook a CSAMT (Controlled Source Audio – Magnetotelluric) survey consisting of a total of four lines in the western Basin Project. A single line per licence area was undertaken over the Deceo, Rana de Sal, Pata Pila, and Santa Barbara license areas. The survey lines covered 10.6 linear km, with dipoles of 100m • A current bipole for the signal source was located parallel to the survey lines • Survey data was scalar, CSAMT with measurements of Ex and Hy. Frequencies used were 1Hz to 8192 Hz. HACSAMT data (harmonic frequencies 3,5,7 and 9 of the fundamentals) was collected for improved data interpretability.
Drilling techniques	• *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).*	• No drilling conducted
Drill sample recovery	• *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.*	• No drill samples collected
Logging	• *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.*	• A CSAMT survey was conducted but no logging was undertaken
Sub-sampling techniques and sample preparation	• *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*	• No sampling or logging undertaken

Criteria	JORC Code explanation	Commentary
	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.*	
Quality of assay data and laboratory tests	• *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.*	• No assays carried out for this survey • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralization in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Verification of sampling and assaying	• *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.*	• Not applicable for CSAMT geophysical surveying • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralization in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• The survey locations were located using modern Garmin handheld GPS with an accuracy of +/- 5m. • 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.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *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.* • *Whether sample compositing has been applied.*	• The CSAMT survey undertaken between 22/09/2018 to 01/10/2018 consisted of a single line per licence area, traversing across the salar shoreline (including coverage of alluvial fans). This ensured the optimum representation and interpretation of the salar boundary and extent, including the subsurface brines.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *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.*	• CSAMT survey lines and extensions were all conducted orthogonal to the long axis of the Candelas to best inform on the basin architecture.
Sample security	• *The measures taken to ensure sample security.*	• Data was recorded, processed and provided by Quantec Geoscience Limited ensuring the data

Criteria	JORC Code explanation	Commentary
		was not manipulated or altered.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The initial CSAMT survey undertaken in May, 2018 (reported: ASX:DMI 6 June 2018), was independently reviewed and verified by Southern Geoscience Consultants.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.* • *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.*	• 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.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There has not been any historical exploration over the Candelas licence area
Geology	• *Deposit type, geological setting and style of mineralisation.*	• 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 hosted within basin fill alluvial sediments and evaporites.

Drill hole Information	• *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:*
	  ○ *easting and northing of the drill hole collar*
	  ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  ○ *dip and azimuth of the hole*
	  ○ *down hole length and interception depth*
	  ○ *hole length.*
	• *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.*
		• No drilling conducted

Data aggregation methods	• *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.* • *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.*	• No data aggregation from geophysical survey

Criteria	JORC Code explanation	Commentary
	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *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').*	• No drilling conducted
Diagrams	• *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.*	• Provided, refer to maps, figures and diagrams in the document
Balanced reporting	• *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.*	• No balanced reporting in relation to grades are applicable for CSAMT survey.
Other substantive exploration data	• *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.*	• All meaningful and material information is reported • Quantec Geoscience Ltd has significant experience in this type of exploration targeting lithium brine mineralisation in the Andes. They have previously conducted work for Galan Lithium at the Candelas licence area. Additionally, Quantec have conducted geophysical surveys in the neighbouring Sal de Vida project.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Geophysical surveys (CSAMT) are being undertaken in the Western Basin project area (Deceo, Rana de Sal, Pata Pila, and Santa Barbara licence areas).