

ASX ANNOUNCEMENT

19 November 2018

OPTION UNDERWRITING AGREEMENT & UPDATE ON CANDELAS LITHIUM PROJECT, ARGENTINA

- **Galan enters Option Underwriting Agreement for its quoted options**
- **Agreement secures underwritten funding of \$1,594,811 to be used for ongoing exploration and imminent drilling activities at Candelas**
- **Permitting for initial drilling at Candelas is well advanced with assessment by the authority that approves the drilling permits in Catamarca Province, Argentina reaching its final stage**
- **Preferred drilling contractor now identified and draft contracts and other logistics are being prepared**
- **Final stage involves community information meetings which are to be conducted over the next fortnight**
- **Company personnel have significant in-country experience in these matters and Hombre Muerto lies in a long-established mining region**

Galan Lithium Limited (ASX:GLN) (**Galan** or **the Company**) is pleased to announce it has entered into an underwriting agreement with Barclay Wells Limited ('Barclay Wells') in relation to the Company's quoted options. Under the Company's available ASX Listing Rule 7.1 capacity, Barclay Wells will underwrite the exercise of 11,391,504 of the Company's current outstanding quoted options exercisable at \$0.14 each and expiring on 31 December 2018 ('Underwriting'). The full number of quoted options on issue is 15,596,644 which if fully exercised will raise a total of \$2,183,530.

The underwriting agreement will guarantee that the Company receives \$1,594,811 (before costs) to be used to advance the Company's exploration activities at the Company's Hombre Muerto Lithium Project (**the Project**) located in Catamarca Province, Argentina. A submission by the Company for permits to allow for an initial drilling program at the Candelas target has now reached an advanced stage.

Commenting on the Underwriting, Galan's Non-Executive Chairman Mr Nathan McMahon said:

"This reflects the strong investor enthusiasm for our Candelas project and our significant ~25,000-hectare landholding across the six project areas at Hombre Muerto."

In accordance with ASX Listing Rule 3.11.3, the Company advises that Barclay Wells is not a related party of the Company and pursuant to the underwriting agreement, Barclay Wells will receive a fee of 4% of the underwritten amount. The underwriting agreement contains standard market terms and contains the usual indemnification and termination provisions.

Candelas Project Update

As previously announced, permitting for initial drilling at Candelas is well advanced with assessment by Secretaria de Estado de Minería - Gobierno de Catamarca (the authority that approves the drilling permits in Catamarca, Argentina) reaching its final stages.

The final stages of the permitting process involve conducting community information meetings to update nearby residents on the activities of Galan and the significance of its exploration activities.

The community information meetings are in the process of being organised and the Company intends to conduct these meetings over the next fortnight.

Upon completion of the permitting process, Galan intends to rapidly progress operations, with the Company reaffirming its intention to target commencement of exploration in Q4 this year.

Galan has identified preferred highly-experienced drilling, and other logistics, contractors for the project. Once permitting has been received, the contracts can be finalised with operations to immediately commence. It is expected that drilling will start approximately two weeks after this.

The Company will continue to keep shareholders informed regarding the permitting, execution of contracts and commencement thereof.

Commenting on the recent contract and permitting activities, the Company's Non-Executive Chairman Mr Nathan McMahon added:

"Galan has made rapid progress, ensuring exploration activities can commence as quickly as possible at the Candelas target. The expediency with which the Company has developed its permits and contractors reflects the deep in-country experience held by management and demonstrates our intention to rapidly develop this extremely encouraging lithium brine prospect."

Exploration conducted by Galan continues to increase the Company's confidence in the Hombre Muerto project. The recent results from further CSAMT (Controlled Source Audio-frequency Magnetotellurics, see: ASX Announcement 18th October 2018) resistivity surveys conducted over the Western Basin targets at the project indicate there are several additional areas of potential lithium bearing brine sources over all of the Company's holdings at Hombre Muerto.

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