

GLN: Initiation of coverage. Keeping up with the big boys.

GLN | GALAN LITHIUM LTD | MATERIALS | LITHIUM

PRICE 0.12/sh TARGET PRICE 0.20/sh RECOMMENDATION SPECULATIVE BUY



Lithium brines are back in favour again, relative to hardrock. Brine advantages are scale and opex (disadvantages are time and capex). Hardrock advantages are speed to market and capex. At low lithium prices, the market is less concerned with speed to market, and more concerned with low cash costs to minimise cash burn at the bottom of the cycle as investors wait for the cycle to turn. This is the point we are at now. Whilst not yet in production, GLN is very close, with target of early CY26. It remains risky given its in the commissioning phase and small start-up scale, but that is the opportunity for investors should it commission well. The backstop should be that its an attractive medium term M&A target given Posco and RIO are both developing other parts of the basin.

Why we like it

- Intermediate product (LiCl):** The HMW project will produce a low cost premium lithium chloride (LiCl) concentrate of 6% Li, comparable to 13% Li₂O or 32% LCE. This should de-risk commissioning. It also offers synergy upside if an acquirer has LCI excess conversion capacity.
- Staged Expansion:** Phase 1 DFS focused on the production of 5.4ktpa LCE of a lithium chloride concentrate (currently under construction) by 1HCY26 (capex US\$104m, 2023). The Phase 2 targets 21ktpa LCE (incremental capex US\$278m, 2023) lithium chloride concentrate, followed by Phase 3 production of 40ktpa LCE and finally a Phase 4 production target of 60ktpa LCE.
- Partway constructed Phase 1 (4ktpa):** Company spent ~A\$74m capex FY24 and so far spent ~A\$25m in FY25. Hence we estimate ~A\$60m capex to spend. This is not yet funded, although there is commitment for debt financing from Chemphys, which could be unconditional soon.
- M&A potential by neighbours:** The HMW project is on the same salar as RIO (an Arcadium operation) and Posco with already producing/developing assets.
- Supportive valuation:** Market cap ~\$100m, versus our estimated pre-tax NPV12 for HMW1 of \$150m. Our unrisksed valuation including HMW1-4 is \$1.2b, still below implied by the RIO/LTM deal of ~US\$140/t LCE. Our NAV estimates assume higher lithium prices. At spot prices, our valuation is minimal. On our base estimates, EBITDA is ~A\$70m pa from 2HFY28 and A\$220m pa FY31.

- Funded:** If we assume pre-payments or debt of ~\$100m, then GLN is fully funded to first cash flow even on low LC prices. Our model assumes more equity is required, for conservatism, but we will remove that dilution from our model once financing is secured.

Valuation

GLN has a phased ramp-up of HMW. We assume Phase 2 commissions in 2031, which is well later than company guidance. This is to adjust for the potential risks in commissioning Phase 1, and market demand. We assume LC prices ~US\$20k/t (vs spot US\$10/kt).

Initiate with Speculative Buy Recommendation

We initiate coverage on GLN with a Speculative Buy recommendation. A key de-risking catalyst should be certainty that the project is fully financed to completion. Subsequently, it will be the delivery and ramp-up of the brine project. Other positive catalysts would be M&A, or increasing LC prices.

Analyst

Trent Barnett

tbarnett@eurozhartleys.com

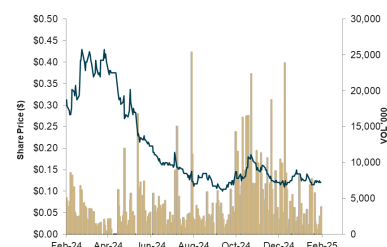
Share Price	0.120	A\$/sh
Price Target	0.20	A\$/sh
NPV12, risked	0.36	A\$/sh

Shares on issue	820	m,Ord
Shares on issue	943	m,Dil
Market Cap Ord	98	A\$m
Market Cap Dil.	113	A\$m
Enterprise Value	105	A\$m
Cash (Ehe)	8	A\$m
Debt	0	A\$m

Production F'cast	FY25	FY26	FY27
Kt LCE	0.0	1.2	3.0
AISC (US\$/t LCE)	0	-21470	-8852
Capex (US\$m)	-56	-29	-7

Assumptions	FY25	FY26	FY27
LC Prices US\$/t	13500	13500	13500
LCI Prices US\$/t	3240	3240	3240
LCI Prices US\$/t LCE	7140	7140	9450
AISC US\$/t LCE	0	-21.5	-8.9

Performance



Source: IRESS

Figure 1: Summary Model

COMPANY DETAILS:		Ph +61 8 9214 2150	
50 Kings Park Rd		www.galanlithium.com.au	
Perth, WA			

MARKET STATISTICS			
Share Price	\$0.1200	Directors	
Issued Capital	820.1m	Richard Homsany	NE Chair
Options (full diluted)	122.9m	JP Vargas de la Vega	MD
Total Dil.	943m	Claudia Pohl	NE
Assumed full financed	1217m	Terry James Gardiner	NE
EV at first prod.	\$161.05	Daniel Jimenez	NE
		Ross Dinsdale	CFO
Mkt Capital'n	\$113.2m	Sub S/h	%
Enterprise Value	\$105.1m	Chemphys	5.2%
Debt (inc AASB16)	\$0.0m		
Cash + facilities	\$8.1m		

Valuation	NPV12	Risk	Risked	Per Shr	Spot
HMW1 (5ktpa)	\$121	15%	\$103	0.08	-
HMW2 (20ktpa)	\$237	25%	\$177	0.15	-
HMW3 & 4 (60ktpa)	\$818	80%	\$164	0.13	-
Total	\$1,175		\$444	0.36	-

Production Summary	Unit	Jun 25	Jun 26	Jun 27	Jun 28
Processed Mill Throughput	Mcub		0.50	1.00	1.50
Processed grade Li	PPM		840	840	840
Produced Kt LCE	Ktpa	0.0	1.2	3.0	4.5
Produced Kt LCI	Ktpa		3.7	8.9	13.4
AISC (LCE)	US\$/t		-21.5	-8.9	-5.9
AISC (LCI)	US\$/t		-7.2	-3.0	-2.0
Mine Life	yr	39	39	38	37

Price Assumptions	Unit	Jun 25	Jun 26	Jun 27	Jun 28
AUDUSD	US\$/A\$	0.68	0.68	0.70	0.71
LC	US\$/t	13500	13500	13500	18000
LCI	US\$/t	3240	3240	3240	4320
- LCE basis	US\$/t	7140	7140	9450	12600

Hedging	Unit	Jun 25	Jun 26	Jun 27	Jun 28
Delivery	Kt	0.0	0.0	0.0	0.0
Price	LC	0.0	0.0	0.0	0.0

Shares	Unit	Jun 25	Jun 26	Jun 27	Jun 28
Ordinary Shares - End	m	1,166.7	1,166.7	1,166.7	1,166.7
Ordinary Shares - W'ted	m	993.8	1,166.7	1,166.7	1,166.7
Diluted Shares - W'ted	m	1,009.9	1,182.8	1,182.8	1,182.8

P&L	Jun 25	Jun 26	Jun 27	Jun 28
Net Revenue	0	18	41	80
Total Costs	-2	-41	-41	-41
EBITDA	-2	-23	0	39
- margin	-	-123%	0%	49%
Depreciation/Amort	-8	-9	-10	-10
EBIT	-10	-32	-10	29
Net Interest	-1	-5	-9	-9
Pre-Tax Profit	-15	-41	-23	16
Tax Expense	0	0	0	0
Normalised NPAT	-13	-45	-23	25
Abnormal Items	-2	4	0	-9
Reported Profit	-15	-41	-23	16
Minority	0	0	0	0
Profit Attrib	-15	-41	-23	16

Balance Sheet	Jun 25	Jun 26	Jun 27	Jun 28
Cash	6	24	5	24
Other Current Assets	0	2	5	10
Total Current Assets	6	26	10	34
Property, Plant & Equip.	85	104	102	98
Exploration & Development	132	132	132	132
Investments/other	2	2	2	2
Tot Non-Curr. Assets	218	238	235	232
Total Assets	225	264	245	265
Short Term Borrowings	0	0	0	0
Other	0	1	1	1
Total Curr. Liabilities	0	1	1	1
Long Term Borrowings	25	100	100	100
Other	4	4	4	4
Total Non-Curr. Liabil.	29	104	104	104
Total Liabilities	30	106	106	106
Net Assets	195	158	139	160
Net Debt (cash)	19	77	95	76

Cashflow	Jun 25	Jun 26	Jun 27	Jun 28
Operating Cashflow	-12	-24	-3	35
Income Tax Paid	0	0	0	0
Interest & Other	-1	-5	-9	-9
Operating Activities	-13	-29	-11	26
Property, Plant & Equip.	-56	-29	-7	-7
Exploration and Devel.	0	0	0	0
Other	0	0	0	0
Investment Activities	-56	-29	-7	-7
Borrowings	25	75	0	0
Equity	46	0	0	0
Dividends Paid	0	0	0	0
Financing Activities	71	75	0	0
Net Cashflow	2	17	-19	19

Reserves & Resources	Mm3	PPM	LCE kt
Resources	2125	841	9501
Reserves	284.3	864	806

Source: Euroz Hartleys

Summary

GLN is developing its HMW project on the edge of the Salar Del Hombre Muerto in Argentina.

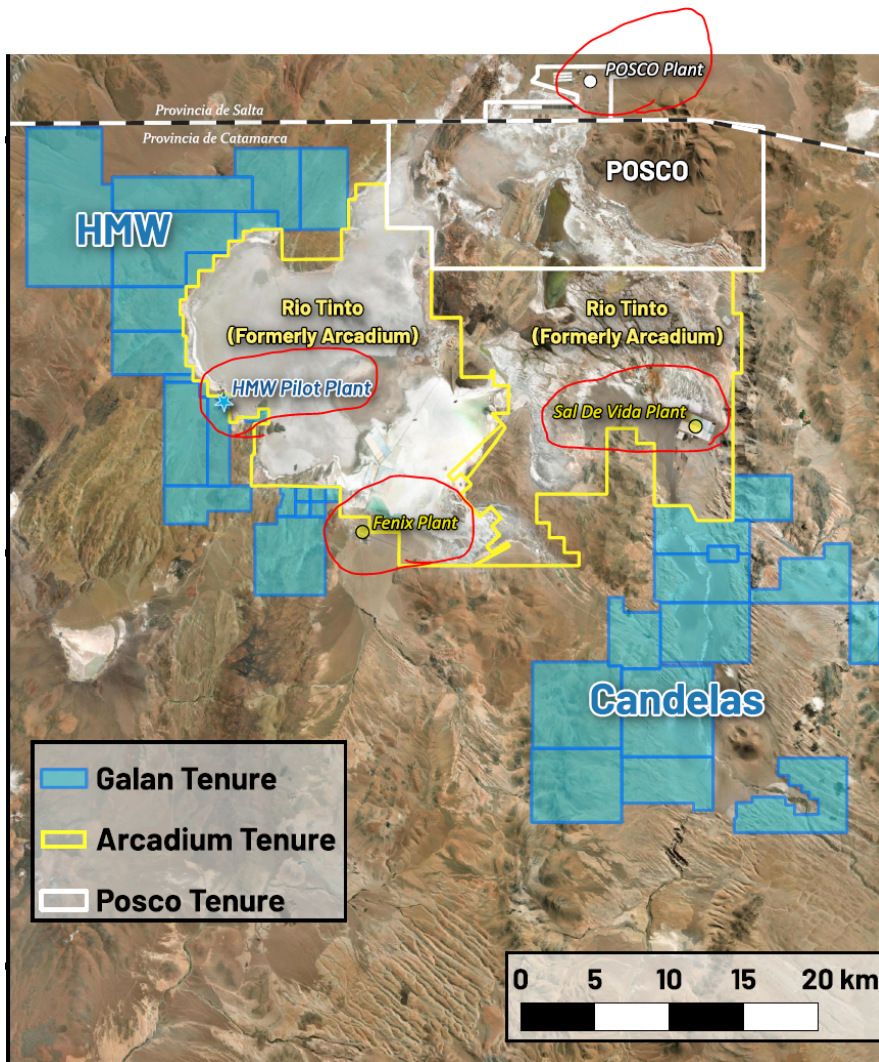
RIO has two project on the Salar Del Hombre Muerto. The first is Fenix (previously Arcadium's, and prior to that, Livent's). It has been producing since 1997. It uses a DLE technology to produce both LC and LCI. There are several expansion projects to increase lithium carbonate production capacity to 100,000 metric tons per year by around the end of the decade.

The second project is RIO's Sal de Vida (previously Arcadium's, and prior to that, Galaxys). It is in development for 30ktpa LC.

Posco is also developing a brine operation (it bought its ground from GXY in 2018) for 25ktpa LC (currently production ~2.5ktpa demo plant).

GLN will be the fourth producing asset on the salar. This improves strategic interest in the asset, and should de-risk the commissioning risk (albeit, it still exists).

Figure 2: GLN project on the same salar as the big boys



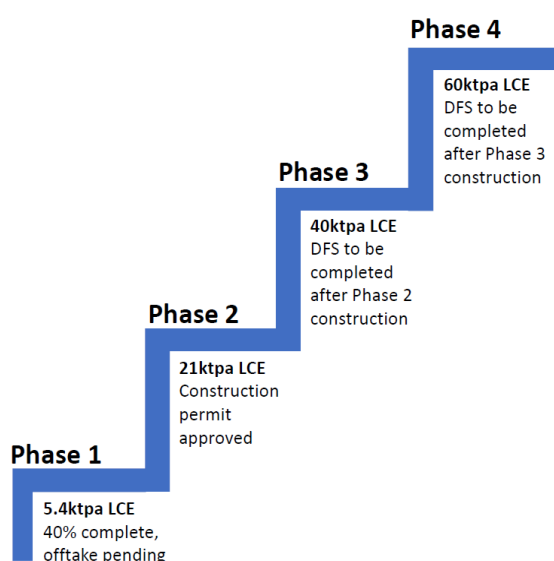
Source: GLN, Euroz Hartleys

Hombre Muerto West (100%)

GLN has a phased ramp-up of HMW. We assume Phase 2 commissions in 2031, which is well later than company guidance. This is to adjust for the potential risks in commissioning Phase 1. It also allows for more confidence that lithium prices can be higher than today. Bringing forward our assumptions to company guidance, and adding in Phase 2-4 would have a dramatic positive impact on valuation assuming higher than spot lithium prices.

Figure 3: Phased Ramp Up

Phased development to 60ktpa LCE



Source: GLN

Figure 4: DFS Study (2023) Phase 1

Parameters	Units	Values
Lithium Carbonate Equivalent Production (after ramp-up)	tonnes/year	5,367
Project Life Estimate	Years	40
Capital Cost (CAPEX)	US\$m	118.4
Capital Cost (ex-contingency)	US\$m	103.6
Average Annual Operating Cost (OPEX)	US\$/tonne	3,963
Average Lithium Chloride Selling Price (2025-2064)	US\$/tonne	20,252
Average Annual EBITDA	US\$m	83
Average Annual Free Cash Flow	US\$m	54
Pre-Tax Net Present Value (NPV _{8%})	US\$m	736
After-Tax Net Present Value (NPV _{8%})	US\$m	460
Pre-Tax Internal Rate of Return (IRR)	%	48
After-Tax Internal Rate of Return (IRR)	%	36
Payback Period (After-Tax, from start of production)	Years	2.2

Source: GLN

Figure 5: DFS Study (2023) Phase 2

Parameters	Units	Values
Lithium Carbonate Equivalent (LCE) Production	tpa	20,851
Project Life Estimate	Years	40
Capital Cost (Capex)	US\$million	429
Capital Cost (ex-contingency)	US\$million	382
Average Annual Operating Cost (Opex)	US\$/t LCE	3,510
Average Lithium Chloride Selling Price (2025-2064)	US\$/t LCE	22,841
Average Annual EBITDA	US\$million	374
Average Annual Free Cash Flow	US\$million	236
Pre-Tax Net Present Value (NPV8%)	US\$million	3,145
After-Tax Net Present Value (NPV8%)	US\$million	1,993
Pre-Tax Internal Rate of Return (IRR)	%	57%
After-Tax Internal Rate of Return (IRR)	%	43%
Payback Period (After-Tax, commencement Phase 1 production)	Years	2.9

Source: GLN

Figure 6: GLN Resource Statement

Mineral Resource Statement for Candelas¹

Category	In situ Li (kt)	Avg. Li (mg/l)	LCE (kt)	Avg. K (mg/l)	In situ K (kt)	KCl Equiv. (kt)
Indicated	129	672	685	5,193	1,734	3,307

Note: 500mg/l Li cut-off grade for Candelas. These results refer to the drainable porosity, the specific yield (SY) values used are as follows;

- Sand: 12.5%
- Gravel: 6%; and
- Halite: 4%

There may be minor discrepancies in the above table due to rounding.

The conversion for LCE = Li x 5.3228, KCl = K x 1.907

Table of Conversion Factors for Lithium Compounds and Minerals:

Convert from	Convert to Li	Convert to Li ₂ O	Convert to Li ₂ CO ₃
Lithium (Li)	1.000	2.153	5.323
Lithium Oxide (Li ₂ O)	0.464	1.000	2.473
Lithium Carbonate (Li ₂ CO ₃)	0.188	0.404	1.000
Lithium Chloride (LiCl)	0.871		

Notes:

1. The Mineral Resource information in this presentation is extracted from the ASX announcement entitled "Excellent PEA Results for Candelas Project", dated 30 November 2021

2. The Mineral Resource information in this presentation is extracted from the ASX announcement entitled "Galan Increases Resource by 18% to 8.6Mt LCE @ 859mg/Li", dated 27 March 2024

Galan confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Galan confirms that the form and context in which the Competent Person's findings are presented have not been materially modified.

Source: GLN

Mineral Resource Statement for Hombre Muerto West²

Category	In situ Li (kt)	Avg. Li (mg/l)	LCE (kt)	Avg. K (mg/l)	In situ K (kt)	KCl Equiv. (kt)
Measured	890	866	4,738	7,505	7,714	14,711
Indicated	310	894	1,649	7,837	2,717	5,181
Inferred	278	926	1,480	8,210	2,464	4,700
HMW total	1,478	883	7,867	7,700	12,895	24,591

Note: No cut-off grade to the updated Mineral Resource Estimate.

There may be minor discrepancies in the above table due to rounding.

The conversion for LCE = Li x 5.3228, KCl = K x 1.907

Figure 7: Reserve Statement

Ore Reserve Statement for Hombre Muerto West (effective date September 2023)

Ore Reserve Category	Well Field	Production Period (Years)	Pumped Brine Vol. (Mm ³)	Li Metal (kt)	Avg. Li grade (mg/L)	LCE (kt)
Proven	West	1-7	34.9	30.8	884.0	101.2
	Santa Barbara	-	-	-	-	-
Probable	West	1-7	1.8	1.5	840.2	5.1
		8-40	192.1	168.5	877.1	552.9
	Santa Barbara	1-40	55.5	44.9	807.9	147.2
Total Proven		1-7	34.9	30.8	884.0	101.2
Total Probable		1-40	249.5	214.9	861.5	705.2
Total Proven and Probable		1-40	284.3	245.7	864.2	806.4

Notes:

- Ore Reserves are inclusive of the declared Measured and Indicated Mineral Resources.
- No cut-off grade is applied for the HMW Ore Reserve.
- A combined process recovery factor of 61.65% was applied. Extracted Li metal in the table does not consider this factor.
- “Li Metal” and “LCE” are expressed as total contained metals.
- Lithium carbonate equivalent (LCE) is calculated using mass of LCE = 5.3228 multiplied by the mass of lithium metal.
- Ore Reserves do not consider any Mineral Resources at Candelas North.
- There may be minor discrepancies in the above table due to rounding.

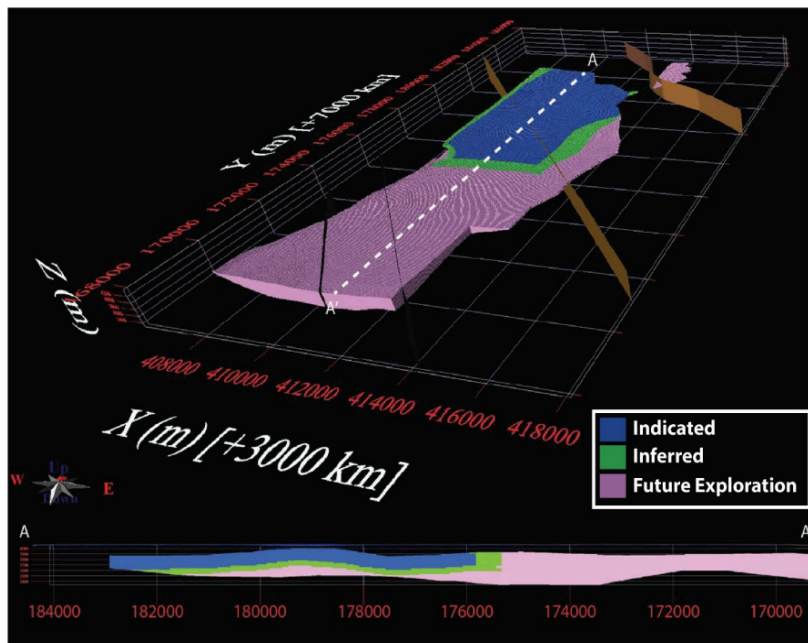
Source: GLN

Exploration

There is significant exploration potential, although this is unnecessary for valuation support given the scale of the project is already enormous.

Figure 8: Exploration potential

Figure 2 – Summary map showing new resource calculation for the Candelas project and future exploration on Galan tenements



Source: GLN

Industry Exposure

GLN is exposed to the lithium industry. This means its exposed to the EV, ESS and AI industry success and consumer mass adoption.

Lithium prices are very weak currently, suggesting limited incentive to increase global supply.

If the former demand drivers continue though, there should be a significant increase in lithium prices needed to satisfy the demand.

Peers and competitors

RIO's Salar Del Hombre Muerto asset (Fenix, previously Arcadium's, and prior to that, Livent's) is on the same salar as GLN. It has been producing since 1997. It uses a DLE technology to produce both LC and LCI. There are several expansion projects to increase lithium carbonate production capacity to 100,000 metric tons per year by around the end of the decade.

RIO's Sal de Vida ((previously Arcadium's, and prior to that, Galaxys) is also on the same Salar, and is in development for 30ktpa LC.

Posco is also developing a brine operation (it bought its ground from GXY in 2018) for 25ktpa LC (currently production ~2.5ktpa demo plant).

Figure 9: RIO's Sal De Vida project



Source: Arcadium

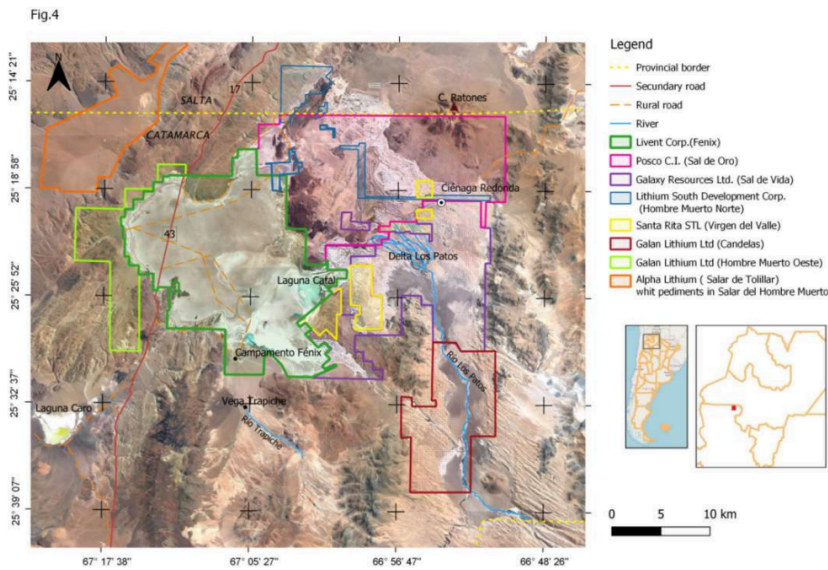
Figure 10: Posco Demo Plant



POSCO Group's lithium brine demo plant in Argentina.

Source: Posco

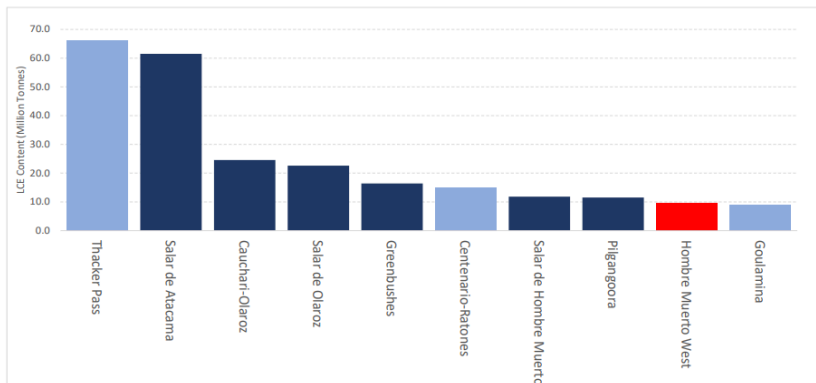
Figure 11: Peers on the salar



Source: *Sal-de-Vida-A-risky-lithium-mining-project-in-Argentina.pdf*

Figure 12: Globally Significant

Figure 1 – Global Top 10 Lithium Production and Construction Projects (LCE Mt)

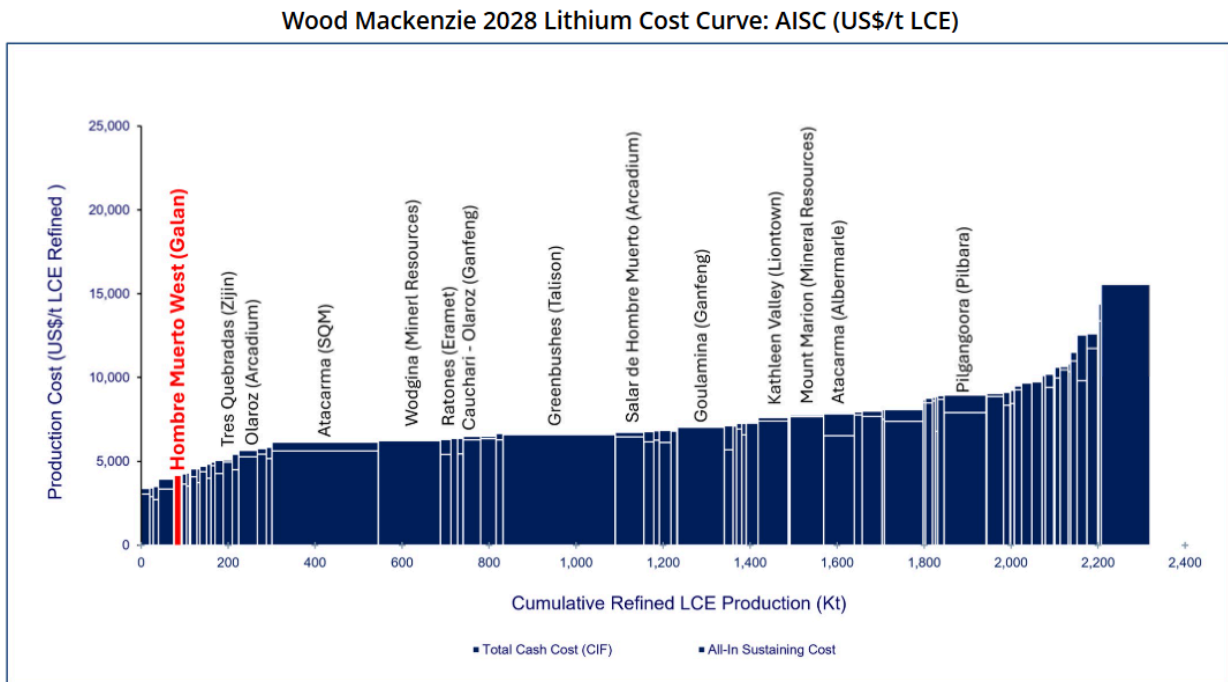


Notes.

1. Production projects shaded dark blue, construction projects shaded lighter blue, HMW (red) is a construction project
2. Analysis of peers included in table 6. Conversion table applies to convert all lithium units to LCE tonnes
3. Peer group: all global lithium production or construction assets ranked by Mineral Resource size with a bottom cut-off of rank 10. Data obtained from S&P GMI as of 15 January 2025.
4. HMW includes the Candelas Mineral Resource due to its close proximity and Galan’s plans for a co-development of the resources in Phase 4 of HMW using common project infrastructure

Source: *GLN*

Figure 13: GLN should be positioned well on the global cost curve



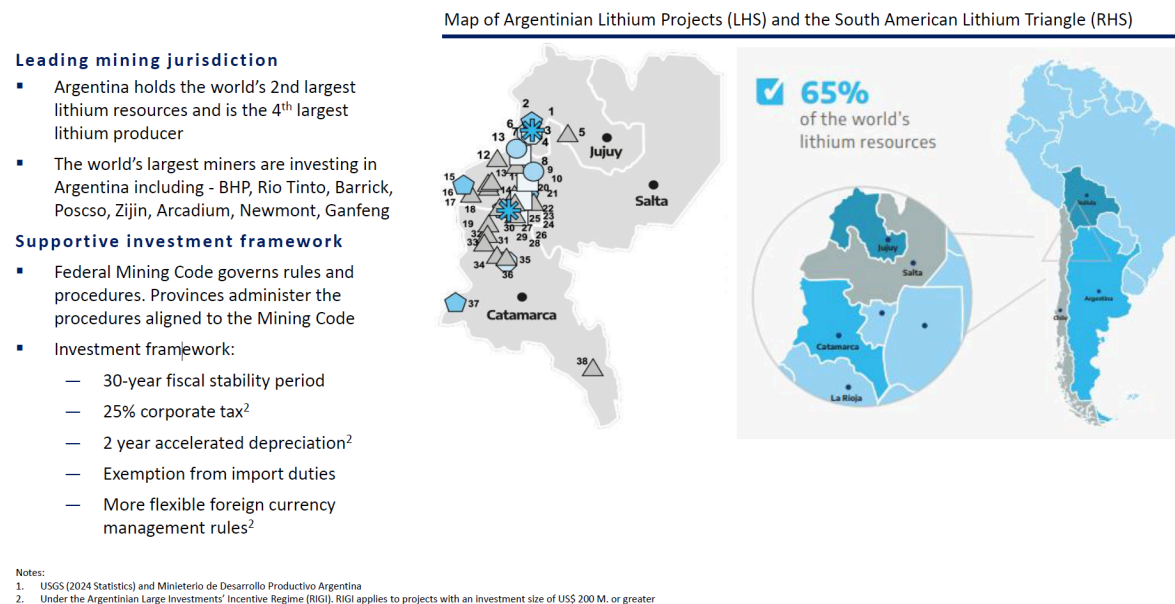
* Wood Mackenzie Disclaimer

Source: GLN

Geographic Location

Project is located in northern Argentina. The basin is located in the Argentinean Puna plateau of the high Andes Mountains at an elevation of approximately 4,000 metres above sea level. The Project lies 90 km north of the town of Antofagasta de la Sierra, in the Province of Catamarca, Argentina, and is located to the southwest of the Salar del Hombre Muerto. The HMW Project is in close proximity to other world class lithium projects owned by RIO (via acquisition of Arcadium) and Posco.

Figure 14: Located in Argentina



Source: GLN

Fiscal Terms

Agreed Catamarca Government Royalty rate 7% (higher than benchmark due to export of LCI rather than LC/LiOH, but noting that LCI trades at a lower price than LCE) and potential advance payments. The agreement includes a commitment by Galan, after 4 years, to pursue further downstream processing routes

Key Suppliers & Customers

Offtakes

August 2024: prepayment MOU with Chemphys. Upon execution of definitive agreements, Galan will supply and Chemphys will purchase a total of 23,000 tonnes LCE, as a lithium chloride product, over the first five years of Phase 1 production from the HMW project. Chemphys will also provide Galan with a US\$40 million offtake prepayment.

The Glencore agreement from November 2023 has expired.

Management, Directors and Major Shareholders

Mr Richard Homsany, Non-Executive Chairman

Mr Richard Homsany is an experienced corporate lawyer and has extensive board and operational experience in the resources and energy sectors. He is Executive Chairman of ASX listed uranium exploration and development company Toro Energy Limited (ASX:TOE), Executive Vice President, Australia of TSX listed uranium exploration company Mega Uranium Ltd (TSX:MGA) and the principal of Cardinals Lawyers and Consultants, a boutique corporate and energy & resources law firm.

Richard is Chairman of the Health Insurance Fund of Australia Ltd (HIF) and listed Redstone Resources Limited (ASX:RDS) and Central Iron Ore Limited (TSX-V:CIO) and is a non-executive director of Brookside Energy Ltd (ASX: BRK). Richard's past career includes time working at the Minera Alumbrera Copper and Gold mine located in the Catamarca Province, north west Argentina.

Mr Juan Pablo ('JP') Vargas de la Vega, Managing Director

JP is a Chilean/Australian mineral industry professional with 20 years' broad experience in ASX mining companies, stockbroking and private equity firms. JP has been a specialist lithium analyst in Australia, operated a private copper business in Chile and has worked for BHP, Rio Tinto and Codelco. He was the founder of and vendor of the original Argentinian assets and has been Galan's Managing Director since mid 2018.

Mr Daniel Jimenez, Non-Executive Director

A civil industrial engineer Mr Jimenez has 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. His last position 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.

Mr Terry Gardiner, Non-Executive Director

Mr Gardiner has 25 years' experience in capital markets, stockbroking & derivatives trading and prior to that had many years trading in equities & derivatives for his family accounts. Currently a Director of boutique stockbroking firm Barclay Wells Limited, a Non-Executive Director of Cazaly Resources Ltd and Non-Executive Chairman of Charger Metals NL plus non-executive positions with other ASX listed entities.

Ms Claudia Pohl, Non-Executive Director

Ms Pohl is a civil industrial engineer who accumulated over 23 years' senior executive experience at Sociedad Química y Minera de Chile (SQM) a world leader in the lithium industry. Since leaving SQM, Claudia has been Managing Partner and General Manager of Chilean based Ad-Infinitem, a process engineering consultancy, with specific focus on lithium brine projects under study and development, and the associated project evaluations.

Figure 15: Board & Management Shareholding

Economic Exposure of Board and key management		Total Options & Performance Shares	Shares #	Total Economic Exposure millions	rank
	Position				
Directors					
Richard Homsany	Non-Exec Chairman	4,065,217	4,024,284	8,089,501	3
Juan Pablo ('JP') Vargas de la Vega	MD	8,839,129	21,650,741	30,489,870	1
Claudia Pohl	Non-Exec Director	21,739	43,478	65,217	5
Terry James Gardiner	Non-Exec Director	4,515,217	8,870,704	13,385,921	2
Daniel Jimenez	Non-Exec Director	3,164,892	3,777,497	6,942,389	4

Source: GLN

Major Shareholders

Chemphys (the offtake partner) is the only substantial shareholder, with 5.2%.

Financials

Production and Profit and Loss

We expect GLN will be profitable in FY27.

Balance Sheet

We assume the project can be heavily funded with debt.

Hedging

Currently there is no hedging.

Capex requirements

The 2023 capex estimate was US\$104m, of which ~US\$50m was spent in FY24. We assume around A\$100m capex is still required for GLN to be free-cash flow positive.

Free cash flow

We assume ~A\$50m pre-tax free cash flow. On spot prices, free cash flow is modest.

Dividends

We don't assume any dividends for the foreseeable future.

Equity issuance

We assume ~A\$30m of new equity. Less equity would be accretive to our valuation. We will adjust our model when these are known.

FX exposure

GLN revenue will be in USD. We model costs in AUD.

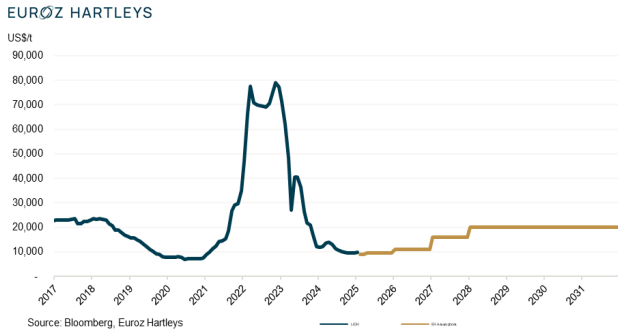
Interest rate exposure

We assume that GLN will be able to obtain low cost debt/prepayments for the balance of the capex.

Commodity price exposure

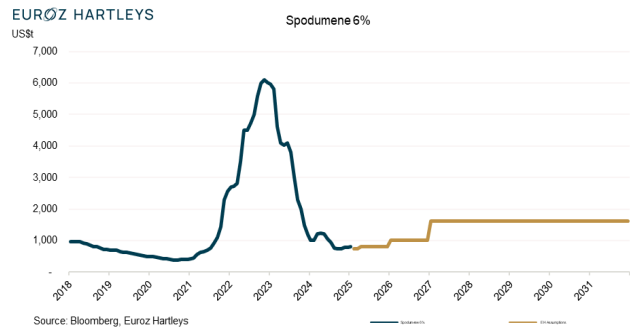
GLN is exposed lithium prices. Our base assumptions assume prices increase substantially from current levels.

Figure 16: LC Prices



Source: Euroz Hartleys, Various

Figure 17: Spodumene Prices



Source: Euroz Hartleys, Various

Valuation

Our GLN valuation is sensitive to assumed prices. We are conservative, albeit probably realistic, on production ramp-up and costs. The company has a more aggressive timetable and cost assumption profile. We will move to company guidance assumptions once commissioning is de-risked.

Figure 18: Model Assumptions HMW1 Only

LOM	DFS	EHe	EHe Spot
Inventory	70MCub	71MCub	
Grade	890ppm	804ppm	
Throughput Start	2.00MCub pa	1.90MCub pa	
Recovery	67%	67%	
Start Prod	5.37ktpa	5.22ktpa	
Mine Life	17yrs	24yrs	
Start Capex (US\$m)	US\$104m	US\$108m	
LC price	US\$28128/t	US\$20000/t	US\$10300/t
LCI price	US\$6751/t	US\$4667/t	US\$2403/t
- LCE basis	US\$20252/t	US\$14000/t	US\$7210/t
FX	0.70	0.72	0.63
Opex	US\$3963/t	US\$5990/t	US\$5592/t
AISC	US\$6500/t	nm	nm
Disc Rate	8%	12%	12%
Pre-tax NPV 100% Production	US\$736m	US\$144m	US\$0m
		30-Jun-26	30-Jun-26

Source: GLN, Euroz Hartleys

Figure 19: Assumptions

Valuation	NPV12	Risk	Risked	Per Shr	Spot
HMW1 (5ktpa)	\$121	15%	\$103	0.08	-
HMW2 (20ktpa)	\$237	25%	\$177	0.15	-
HMW3 & 4 (60ktpa)	\$818	80%	\$164	0.13	-
Total	\$1,175		\$444	0.36	-

Source: Euroz Hartleys

Figure 20: Price Assumptions

Price Assumptions	Unit	Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jun 31	Jun 32
AUDUSD	US\$/A\$	0.68	0.68	0.70	0.71	0.72	0.72	0.72	0.72
LC	US\$/t	13500	13500	13500	18000	20000	20000	20000	20000
LCI	US\$/t	3240	3240	3240	4320	4800	4800	4800	4800
- LCE basis	US\$/t	7140	7140	9450	12600	14000	14000	14000	14000

Source: Euroz Harleys

Figure 21: EH Assumed Production Ramp-Up

Production Summary	Unit	Jun 25	Jun 26	Jun 27	Jun 28	Jun 29	Jun 30	Jun 31	Jun 32
Processed Mill Throughput	Mcub		0.50	1.00	1.50	1.90	1.90	6.88	6.88
Processed grade Li	PPM		840	840	840	840	840	800	800
Produced KI LCE	Ktpa	0.0	1.2	3.0	4.5	5.7	5.7	19.5	19.5
Produced KI LCI	Ktpa		3.7	8.9	13.4	17.0	17.0	58.6	58.6
AISC (LCE)	US\$/t		-21.5	-8.9	-5.9	-4.7	-20.4	-5.9	-5.9
AISC (LCI)	US\$/t		-7.2	-3.0	-2.0	-1.6	-6.8	-2.0	-2.0
Mine Life	yr	39	39	38	37	36	35	34	33
Assumed Mining Inventory	MCub	71.4	70.9	69.9	68.4	66.5	64.6	57.7	50.8

Source: Euroz Hartleys

Risks

The key risks for GLN is obtaining the necessary funding to complete the project. Other risks are earnings disappointments given the industry is volatile and earnings can disappoint due to cost overruns, project delays, cost inflation, environmental regulations, plant and mine design mistakes or lower production. Although some earnings disappointments can be short term and are only a timing issue, other disappointments can be materially value destructive and can sometimes overhang stocks for a long period of time (for example metallurgy problems). Such disappointments can be very difficult to predict and share price reactions can be severe and immediate upon disclosure by the company. High financial leverage (if it exists at that time) would add to the problem.

Price Target

Our price target is a weighted average of various scenarios.

Figure 22: Price Target

Price Target Methodology	Weighting	Spot	12 mth out
Net Cash	15%	\$0.01	\$0.01
Conservative Base: HMW1 Only	30%	\$0.08	\$0.08
Base: HMW 1 - 4	25%	\$0.36	\$0.41
Bear: Spot HMW 1 Only	12%	\$0.00	\$0.00
Bull: HMW1 Only, US\$30k/t LC	15%	\$0.26	\$0.29
Max Bull: HMW 1-4, US\$30k/t LC	3%	\$0.96	\$1.08
Risk weighted composite		\$0.19	
12 Months Price Target		\$0.20	
Shareprice - Last		\$0.12	
12 mth total return (% to 12mth target + dividend)		70.6%	

Source: Euroz Hartleys

Company disclosures

The companies and securities mentioned in this report, include:

Galan Lithium Ltd (GLN) | Price 0.12 | Target price 0.20 | Recommendation Speculative Buy;

Price, target price and rating as at 06 February 2025 (not covered)*

Additional disclosures

The analyst has a beneficial interest in GLN.

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