



AND CONTROLLED ENTITIES

ABN 87 149 349 646

Financial Report
Half Year ended 31 December 2024

DIRECTORS

Richard Homsany (Non-Executive Chairman)
Juan Pablo ('JP') Vargas de la Vega (Managing Director)
Terry Gardiner (Non-Executive Director)
Daniel Jimenez (Non-Executive Director)
Claudia Pohl (Non-Executive Director)

COMPANY SECRETARY

Mike Robbins

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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West Perth WA 6005
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AUDITORS

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283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

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Level 5, 126 Phillip St
SYDNEY NSW 2000
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STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange Limited.
Home Exchange: Perth

ASX Code

GLN

Contents	Page
Directors' Report	3
Directors' Declaration	11
Auditor's Independence Declaration	12
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	13
Condensed Consolidated Statement of Financial Position	14
Condensed Consolidated Statement of Cash Flows	15
Condensed Consolidated Statement of Changes in Equity	16
Condensed Notes to the Financial Statements	17
Independent Auditor's Review Report	24

The Directors of Galan Lithium Limited ('the Company' or 'Galan') present the financial report of the Company and its Controlled Entities ('the Group') for the half year ended 31 December 2024. Galan is a company limited by shares that is incorporated and domiciled in Australia. Its listed equity securities are quoted on the Australian Securities Exchange under the ticker GLN.

DIRECTORS

The names of Directors who held office during or since the end of the half year and until the date of this report are as follows.

Richard Homsany	Non-Executive Chairman
Juan Pablo ('JP') Vargas de la Vega	Managing Director
Terry Gardiner	Non-Executive Director
Daniel Jimenez	Non-Executive Director
Claudia Pohl	Non-Executive Director

The directors were in office for this entire period unless otherwise stated.

Mike Robbins holds the position of Company Secretary.

RESULTS

The operating loss after income tax of the Group for the half year ended 31 December 2024 was \$5,541,178 (2023: \$4,550,782).

HALF YEAR REVIEW

CORPORATE

At the end of the 2024 calendar year, the Group had cash reserves of \$3,611,783 (June 2024: \$4,334,457).

Equity

During the half year to 31 December 2024, the Company issued the following equity:

Shares

- A total of 48,550,000 fully paid ordinary shares were issued to Acuity Capital under the terms and conditions of an At-The-Market Subscription Deed (on 15 July 2024, 2 August 2024, 15 August 2024, 20 November 2024 and 27 December 2024);
- A total of 3,973,262 fully paid ordinary shares were issued to directors under a \$0.23 placement, as approved by shareholders on 12 July 2024 (on 12 August 2024);
- A total of 33,824,645 fully paid ordinary shares were issued to two service providers in lieu of construction services provided at HMW (on 20 September 2024 and 17 December 2024);
- A total of 69,533,340 fully paid ordinary shares were issued under the \$0.105 Placement announced on 10 September 2024 (on 17 September 2024);
- A total of 5,911,399 fully paid ordinary shares were issued under the same terms and conditions as those issued under the \$0.105 Placement (on 24 October 2024); and
- 451,427 fully paid ordinary shares were issued to a consultant under the terms of their contract (on 8 November 2024).

Options

- A total of 28,913,044 unquoted options (exercisable at \$0.35 on or before 18 July 2026) were issued under the terms and conditions of a \$0.23 placement (on 18 July 2024);
- A total of 1,986,631 unquoted options (exercisable at \$0.35 on or before 18 July 2026) were issued as part of the \$0.23 placement, as approved by shareholders on 12 July 2024 (on 12 August 2024);
- A total of 500,000 unquoted options (exercisable at \$0.50 on or before 5 November 2027) were issued to an employee under the terms and conditions of their employment (on 5 November 2024); and
- A total of 5,000,000 unquoted options (exercisable at \$0.35 on or before a date that is 5 years from the date the options vest) were issued to the Managing Director (with vesting conditions) as approved by shareholders on 15 November 2024 (on 20 November 2024).

Entitlement Offer

On 10 September 2024, the Company announced a \$12 million placement to institutional, sophisticated and professional investors (**\$0.105 Placement**) and a 1 for 4 non-renounceable entitlement offer up to A\$ 13.3 million at the same price as the \$0.105 Placement.

On 16 October 2024, it was announced that the entitlement offer closed fully subscribed. The Entitlement Offer was extended by one week and closed on 10 October 2024. A total of 126,666,814 fully paid ordinary shares were issued on 17 October 2024.

OPERATIONS

Hombre Muerto West (100% Galan)

The Hombre Muerto West (**HMW**) Project is located in the Hombre Muerto basin, one of the most prolific salt flats in the world. The basin is located in the Argentinean Puna plateau of the high Andes Mountains at an elevation of approximately 4,000 m above sea level. The Project is 90 km north of the town of Antofagasta de la Sierra, in the Province of Catamarca, Argentina and is located to the West and South of the Salar del Hombre Muerto.

The HMW Project is in close proximity to other world class lithium projects now owned by Rio Tinto (formerly Arcadium Ltd) (Figure 1). The project is around 1,400 km northwest of Buenos Aires, the capital of Argentina and 170 km west-southwest of the city of Salta.

Galan's focus remains on its ongoing operational works at, and funding solutions for its 100% owned HMW lithium brine project. The Company continues its phased development strategy and continues to work towards first production as a priority.

Phase 1 Update

The Phase 1 DFS, announced in July 2023, was based on the production of 5.4ktpa lithium carbonate equivalent (**LCE**) of lithium chloride (**LiCl**) concentrate, however in line with market conditions, Galan has chosen to moderate the capital intensity of the project and target production at an initial rate of 4ktpa LCE.

The operational de-risking of Phase 1 at HMW advanced during the period. Lithium chloride inventories continued to build in the pond system to a current position of approximately 7,900 tonnes LCE. Lithium grades, flow rates and evaporation rates have remained consistent with Phase 1 DFS expectations.

Galan is now targeting production from Phase 1 of HMW in H1 2026. The timing to first production was reviewed and adjusted in light of financing and offtake discussions. Galan is encouraged by recent progress in financing negotiations, as highlighted by the equity investment from Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) (as announced on 28 January 2025) as parties continue to work towards finalising an offtake prepayment facility targeting financial close during the first quarter of 2025.

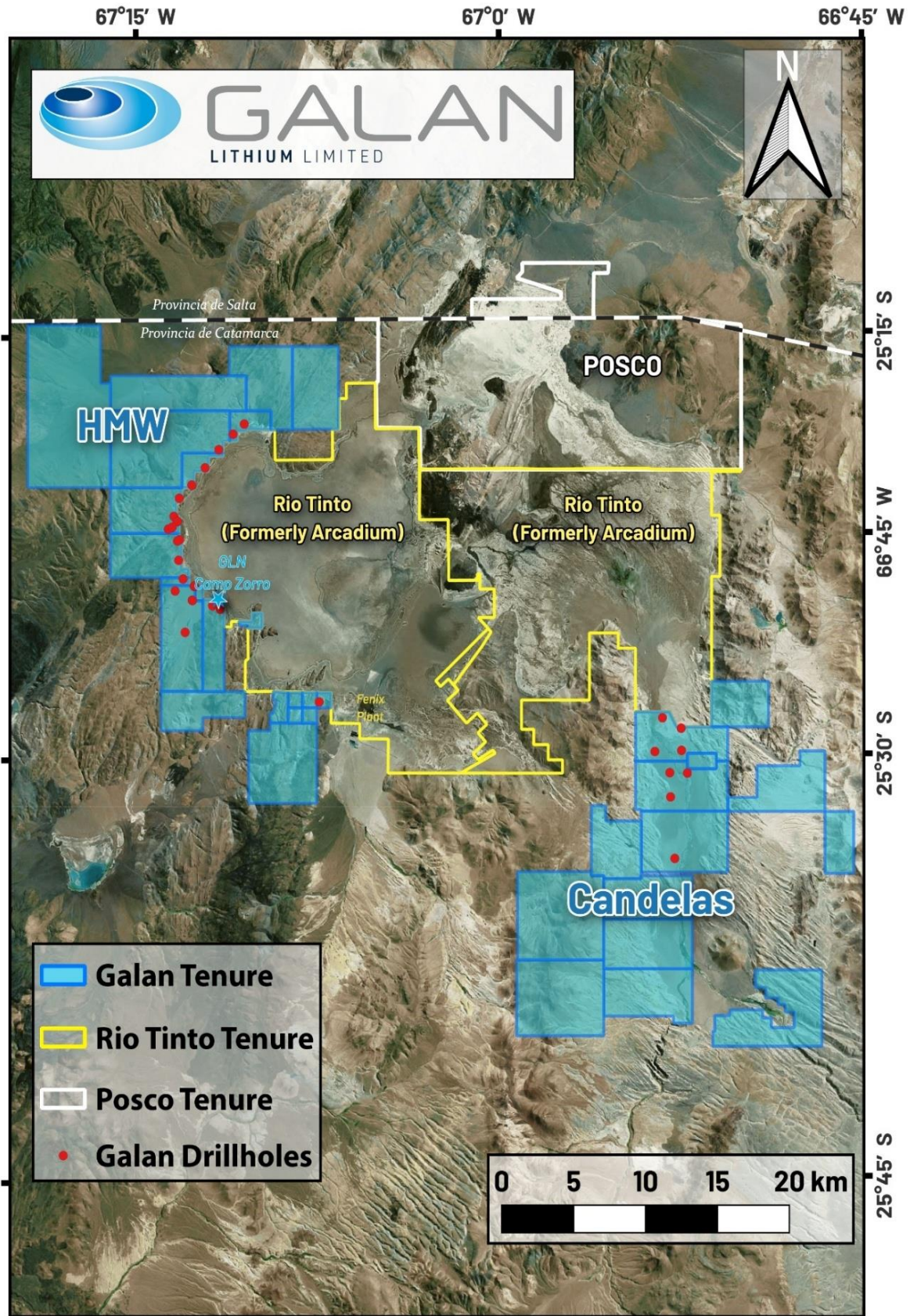
Phase 2 Update

On 6 January 2025, the Company announced that the Catamarca Ministro – Ministerio de Minería (**Mines Department Minister**) had granted Galan the Phase 2 Mining Permit for 21ktpa LCE production at HMW. The grant of the Mining Permit allows Galan the ability to expand production up to 21ktpa LCE, subject to securing project finance and following the delivery of Phase 1 (up to 5.4ktpa LCE).

The grant of the Mining Permit for Phase 2 demonstrates the excellent, long-term relationship Galan has fostered with the Government of Catamarca and the local communities around HMW.

The Company notes the recent acquisition of Arcadium Lithium Plc by Rio Tinto Limited. This acquisition includes the Fenix Project (Salar Del Hombre Muerto) which was the first lithium brine operation in Argentina to produce lithium from brine at a commercial scale since 1997. The Fenix Project and associated mining permits lie adjacent to HMW (see Figure 1 below).

Figure 1: Location of Galan's 100% owned HMW and Candelas Projects in Argentina



The Phase 2 Mining Permit also supports Galan's application for the grant of the RIGI, which was lodged on 30 October 2024. Subject to meeting the eligibility criteria for RIGI, it can provide the following key incentives:

- The corporate income tax rate is set at 25% (ordinarily 35%)
- Accelerated depreciation
- Absence of time limits in the computation of tax loss carry forwards
- Concessions on import duty, VAT and withholding tax
- Greater flexibility on foreign exchange movements
- Fiscal stability for a period of 30 years

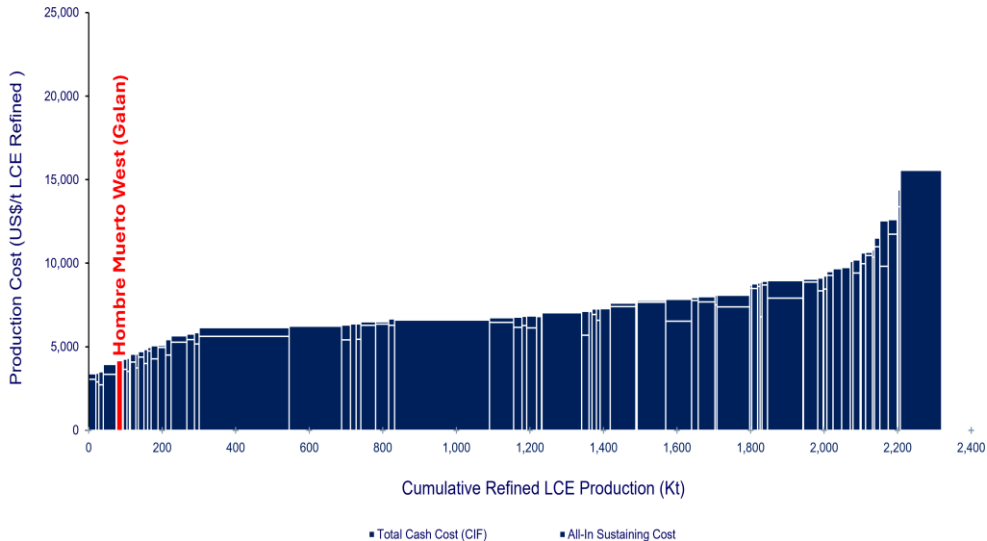
Galan continues to work with Argentine authorities in respect of the grant of the RIGI and looks forward to making an update in due course.

HMW Economics

The high-grade and low-cost nature of HMW see it placed in the first quartile of the LCE cost curve. Phase 1 and Phase 2 production would be cash flow positive even at today's prevailing lithium carbonate prices. HMW is now poised to be a long term and resilient globally significant source of lithium supply.

Wood Mackenzie's emissions benchmarking service has also placed HMW within the first quartile of the industry greenhouse gas emissions curve. Strong environmental, social and governance principles have been a governing tenet of the development strategy for HMW, which focuses on the production of a lithium chloride concentrate from conventional evaporation allowing for significantly reduced energy and water consumption. In line with Galan's commitment to social principles, at least 70% local content in employment and contracting opportunities has been targeted at HMW and remains a key focus for the Company and the Government of Catamarca. Skills and training opportunities have been provided to increase local participation, with a view to creating a skilled local workforce and supply chain for sustainable long-term operations.

Figure 2. Wood Mackenzie 2028 LCE Cost Curve: AISC (US\$/t LCE)



Wood Mackenzie Disclaimer "The foregoing information was obtained from the Lithium Cost Service™ a product of Wood Mackenzie." "The data and information provided by Wood Mackenzie should not be interpreted as advice and you should not rely on it for any purpose. You may not copy or use this data and information except as expressly permitted by Wood Mackenzie in writing. To the fullest extent permitted by law, Wood Mackenzie accepts no responsibility for your use of this data and information except as specified in a written agreement you have entered into with Wood Mackenzie for the provision of such of such data and information."

The cost curve was sourced from Wood Mackenzie in December 2024. The opinions expressed are those of Wood Mackenzie, and do not necessarily represent company filings and / or project economic estimates. The above AISC cost curve is based on multiple metrics (including commodity prices, feedstock assumptions and inflation), structures and industry developments and standardises lithium assets (at PFS, DFS, BFS and operational levels) and whether they are of brine, hard rock or another origin by converting the costs of the upstream lithium product to costs for a lithium carbonate equivalent (LCE) product.

Figure 3 – General Overview of HMW Site



Offtake

As announced on 27 August 2024, the Company entered into an offtake prepayment memorandum of understanding with Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) in relation to the Company's HMW Project in Argentina (**Agreement**).

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 facility to facilitate the continued development of Phase 1 of the HMW project.

Key terms of the Agreement are contained in the ASX Announcement dated 27 August 2024.

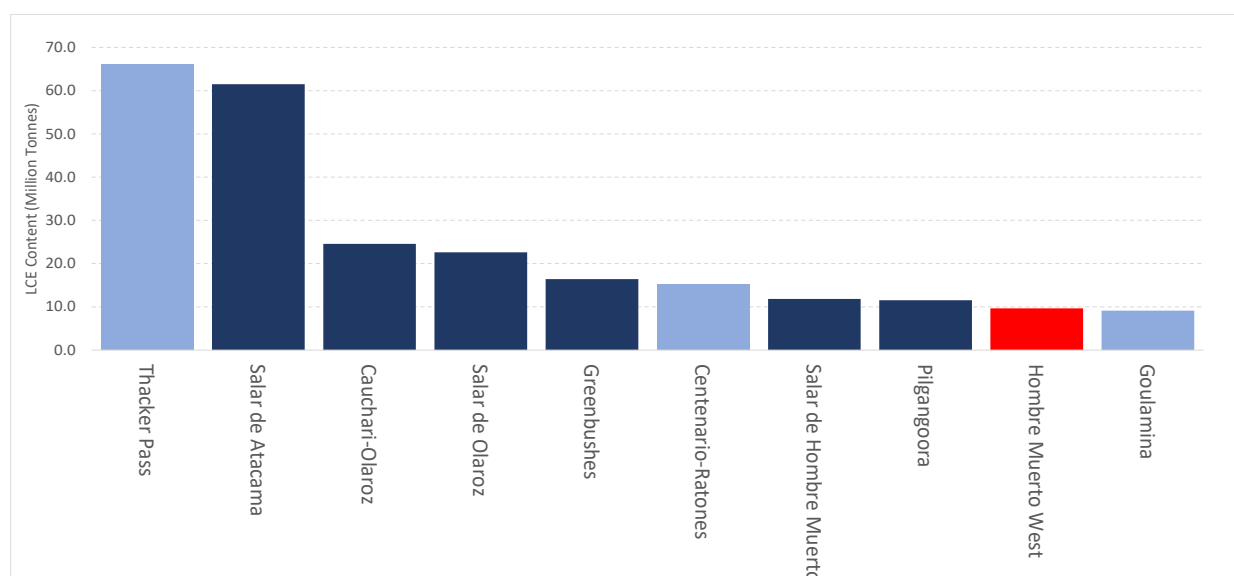
Candelas Project, Argentina (100% Galan)

The Company announced a substantial increase in the mineral resources at its 100% owned Candelas lithium brine project (refer to ASX announcement dated 29 January 2025 entitled "Galan's Mineral Resources grow to 9.5Mt LCE"). The Company 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 estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcement continue to apply and have not materially changed.

The Candelas Mineral Resource was significantly increased to 1.634 Mt LCE from 0.685 Mt LCE, providing Galan with a total Mineral Resource of 9.5 Mt LCE. This increase provides Galan with a foundation for further assessing commercialisation options for Candelas with significant upside potential also identified to further enhance the Candelas Mineral Resource.

Galan now sits within the top 10 lithium production and construction projects (by LCE mineral resource).

Figure 4. Global Top 10 Lithium Production and Construction Projects (by LCE mineral resource)



Notes

- a) Production projects shaded dark blue, construction projects shaded lighter blue, HMW (red) is a construction project
- b) Analysis of peers included in table 2. Conversion table applies to convert all lithium units to LCE tonnes
- c) Peer group: all global lithium production and construction projects ranked by LCE mineral resource size with a bottom cut-off of rank 10. Data obtained from S&P GMI as of 15 January 2025
- d) 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

Table 1. Mineral Resource Statement for Hombre Muerto West and Candelas (January 2025)

Resource Category	Brine Vol (Mm ³)	In Situ Li (Kt)	Avg Li (mg/L)	LCE (Kt)	In Situ K (Kt)	Avg K (mg/L)	KCl Equiv. (Kt)
Hombre Muerto West:							
Measured	1,028	890	866	4,738	7,714	7,505	14,711
Indicated	347	310	894	1,649	2,717	7,837	5,181
Inferred	300	278	926	1,480	2,464	8,210	4,700
HMW Total	1,675	1,478	883	7,867	12,895	7,700	24,591
Candelas:							
Indicated	350	242	689	1,284	2,406	6,870	4,588
Inferred	100	65	661	350	649	6,520	1,238
Subtotal	450	307	683	1,634	3,055	6,792	5,826
Galan's Total Resource Inventory							
Total	2,125	1,785	841	9,501	15,950	7,508	30,417

Notes:

- a) A cut-off grade of 500 mg/L updated Mineral Resource Estimate for Candelas.
- b) The Mineral Resource Estimate for Hombre Muerto West is unchanged from 27 March 2024. 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 changed.
- c) There may be minor discrepancies in the above table due to rounding.
- d) The conversion for LCE = Li x 5.3228, KCl = K x 1.907.
- e) Candelas North tenements are located about 40 km to the Southeast of the HMW Project. The Candelas North Mineral Resource Statement was originally announced by Galan on 1 October 2019.

For further detailed technical information please refer to GLN ASX announcements dated 1 October 2019, 27 March 2024, 4 April 2024 and 29 January 2025.

Other Galan Projects

There was no material work undertaken, in the quarter, on Galan's 100% owned Greenbushes South project (Australia) or its 50% owned James Bay (Canada) projects.

Significant changes in the state of affairs

Other than as disclosed elsewhere in the report, there have been no significant changes in the state of affairs of the Group to the date of this report.

Subsequent events after balance date

A total of 14,362,400 fully paid ordinary shares were issued to two service providers in lieu of construction services provided at HMW (on 17 January 2025).

On 28 January 2025, the Company announced that it had received proceeds from Latam Resources Pty Limited (**Latam**), an Affiliate of Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) in relation to the share placement announced by the Company on 10 September 2024 and subsequently approved by shareholders at the Galan Annual General Meeting held on 15 November 2024. Chemphys agreed to subscribe for US\$3 million worth of shares under the terms of the Placement (a total of 42,835,724 fully paid ordinary shares were issued to Latam on 30 January 2025).

On 7 February 2025, a total of 1,256,294 fully paid shares and 500,000 unquoted options (exercisable at \$0.50 on or before 5 November 2027) were issued to Galan employees and consultants, in lieu of cash bonuses, under the Galan Securities Incentive Plan (2022).

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick WA Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 12 and forms part of this Directors' Report for the half year ended 31 December 2024.

This report is signed in accordance with a resolution of the board of directors made pursuant to s 306(3) of the Corporations Act 2001.



Juan Pablo Vargas de la Vega
Managing Director
Perth, 14 March 2025

Competent Persons Statements

Competent Persons Statement 1

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.

Competent Persons Statement 2

The information in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Dr Michael Cunningham. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment 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.

Competent Persons Statement 3

The information in this report that relates to the Project infrastructure, Capex, Opex and economic evaluation was reviewed by Ernest Burga, General Manager of Andeburg Consulting Services Inc. He has sufficient experience relevant to the activity which they are undertaking to qualify as a Competent Persons as defined by the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)". Mr Burga 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.

Forward Looking Statements

Some of the statements appearing in this half year report may be in the nature of forward-looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industries in which Galan Lithium Limited operates and proposes to operate as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets, among other things. Actual events or results may differ materially from the events or results expressed or implied in any forward- looking statement. No forward-looking statement is a guarantee or representation as to future performance or any other future matters, which will be influenced by several factors and subject to various uncertainties and contingencies, many of which will be outside Galan Lithium's control. Galan Lithium Limited does not undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after today's date or to reflect the occurrence of unanticipated events. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions or conclusions contained in this announcement. To the maximum extent permitted by law, none of Galan Lithium Limited, its directors, employees, consultants, advisors, or agents, nor any other person, accepts any liability for any loss arising from the use of the information contained in this announcement. You are cautioned not to place undue reliance on any forward-looking statement. The forward-looking statements in this half year review reflect views held only as at the date of this half year report.

GALAN LITHIUM LIMITED | DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2024 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors, made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Board



Juan Pablo Vargas de la Vega
Managing Director
14 March 2025

To the Board of Directors,

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Galan Lithium Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated this 14th day of March 2025
Perth, Western Australia

GALAN LITHIUM LIMITED**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the half year ended 31 December 2024

	Note	31 December 2024 \$	31 December 2023 \$
Revenue			
Other income		175,483	684,996
Gain on financial assets at fair value through profit and loss		(203,084)	(321,789)
Administration and occupancy expenses		(1,145,450)	(1,348,842)
Corporate and compliance		(304,244)	(195,918)
Personnel expenses		(922,594)	(707,829)
Depreciation		(110,399)	(44,408)
Share based payment expense	5	(3,030,890)	(2,616,992)
Loss before income tax		(5,541,178)	(4,550,782)
Income tax		-	-
Loss for the period		(5,541,178)	(4,550,782)
Exchange differences on translating foreign operations		1,756,741	(897,047)
Other comprehensive income		-	-
Total comprehensive loss for the period		(3,784,437)	(5,447,829)
Basic loss per share (cents per share)		(0.91)	(1.31)

The accompanying notes form part of these financial statements.

GALAN LITHIUM LIMITED**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

For the half year ended 31 December 2024

	Note	31 December 2024 \$	30 June 2024 \$
Current Assets			
Cash and cash equivalents		3,611,783	4,334,457
Trade and other receivables		140,741	191,924
Total Current Assets		<u>3,752,524</u>	<u>4,526,381</u>
Non-Current Assets			
Term deposit – Bank Guarantee		224,077	224,077
Financial assets		352,155	1,640,505
Right of Use – Office Lease		604,862	689,719
Plant and equipment		33,551,632	35,578,143
Exploration and evaluation	3	172,812,827	131,601,536
Total Non-Current Assets		<u>207,545,553</u>	<u>169,733,980</u>
TOTAL ASSETS		<u>211,298,077</u>	<u>174,260,361</u>
Current Liabilities			
Trade and other payables		12,681,858	10,255,517
Lease Liability		166,711	158,809
Provisions		88,587	131,676
Total Current Liabilities		<u>12,937,156</u>	<u>10,546,002</u>
Non-Current Liabilities			
Lease Liability		362,188	446,908
Environment Provision	9	8,712,871	3,425,088
Total Non-Current Liabilities		<u>9,075,059</u>	<u>3,871,996</u>
Total Liabilities		<u>22,012,215</u>	<u>14,417,998</u>
NET ASSETS		<u>189,285,862</u>	<u>159,842,363</u>
Equity			
Issued capital	4	206,946,331	176,749,287
Reserves	5	16,848,776	12,061,143
Accumulated losses		(34,509,245)	(28,968,067)
NET EQUITY		<u>189,285,862</u>	<u>159,842,363</u>

The accompanying notes form part of these financial statements

GALAN LITHIUM LIMITED**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the half year ended 31 December 2024

	31 December 2024	31 December 2023
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(1,499,978)	(1,873,335)
Interest received	46,231	673,658
Other Income	179,247	-
Net cash flows used in operating activities	<u>(1,274,500)</u>	<u>(1,199,677)</u>
Cash Flows from Investing Activities		
Proceeds of the sale of Investments	1,085,265	84,017
Payments for exploration expenditure	(26,818,571)	(27,861,762)
Payments for property, plant and equipment	(8,396)	(1,029,124)
Payments for investments acquired	-	(448,228)
Net cash flows used in investing activities	<u>(25,741,702)</u>	<u>(29,255,097)</u>
Cash Flows from Financing		
Proceeds from issue of equity	27,206,054	-
Share issue costs	(912,525)	-
Proceeds from option conversion	-	1,247,400
Net cash flows used in financing activities	<u>26,293,528</u>	<u>1,247,400</u>
Net increase/(decrease) cash and cash equivalents	(722,674)	(29,207,374)
Cash and cash equivalents at the beginning of the financial period	4,334,457	45,150,542
Foreign exchange movements	-	(78,496)
Cash and cash equivalents at the end of the financial period	<u>3,611,783</u>	<u>15,864,672</u>

The accompanying notes form part of these financial statements.

GALAN LITHIUM LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2024

	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2023	128,831,780	7,079,234	(19,462,605)	116,448,409
Loss for the period	-	-	(4,550,782)	(4,550,782)
Foreign currency movement	-	(897,047)	-	(897,047)
Total comprehensive loss for the period	-	(897,047)	(4,550,782)	(5,447,829)
Equity to be issued	-	-	-	-
Vendor and consultant shares	10,544,600	-	-	10,544,600
Performance rights valuation	-	2,616,992	-	2,616,992
Fair value exercised options	488,088	(488,088)	-	-
Options conversions	1,247,400	-	-	1,247,400
Balance at 31 December 2023	141,111,868	8,311,091	(24,013,387)	125,409,572
	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2024	176,749,287	12,061,143	(28,968,067)	159,842,363
Loss for the period	-	-	(5,541,178)	(5,541,178)
Foreign currency movement	-	1,756,741	-	1,756,741
Total comprehensive loss for the period	-	1,756,741	(5,541,178)	(3,784,437)
Issue of shares @ \$0.23	913,849	-	-	913,849
Issue of shares @ \$0.105	21,221,713	-	-	21,221,713
Acuity ATM shares	5,565,000	-	-	5,565,000
Creditor and consultant shares	3,724,008	-	-	3,724,008
Performance rights valuation	-	2,541,944	-	2,541,944
Valuation of Options issued	-	488,948	-	488,948
Share Issue Costs	(1,227,526)	-	-	(1,227,526)
Balance at 31 December 2024	206,946,331	16,848,776	(34,509,245)	189,285,862

The accompanying notes form part of these financial statements.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

1. CORPORATE INFORMATION

This interim financial report represents those of Galan Lithium Limited ('the Company' or 'Galan') and Controlled Entities ('the Group') for the half-year ended 31 December 2024 was authorised for issue in accordance with a resolution of the Directors on 14 March 2025.

Galan Lithium Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The principal activity of the Company is the exploration and development of mineral resources.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The interim financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS34: *Interim Financial Reporting*.

The condensed half-year report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2024 and any public announcements made by Galan during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

Basis of Preparation

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The financial report has also been prepared on an historical cost basis, modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian Dollars, which is the Group's presentation currency.

Based on the primary indicators under IAS 21 – The Effects of Change in Foreign Exchange Rates – Effective 1 July 2021 the Company has adopted the US dollar as the functional currency of Galan Exploraciones S.A. ('GESA') and Galan Litio S.A., the two Argentinian based subsidiaries of Galan Lithium Limited. The historical cost basis has been used to value the non-monetary balances as at this date, subsequent balances will be remeasured at each reporting date.

All tenement and project acquisitions in Argentina have been and continue to be in USD.

New accounting standards, interpretations and amendments adopted by the Group

Adoption of new and revised Accounting Standards

In the period ended 31 December 2024, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

Standards and Interpretations in issue not yet adopted.

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the period ended 31 December 2024. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2024.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model.

Going Concern

The condensed consolidated half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year of \$5,541,178 (2023: \$4,550,782) and net cash outflows used in operating activities of \$1,274,500 (2023: \$1,199,677). At the end of the 2024 calendar year, the Group had a cash balance of \$3,611,783 (June 2024: \$4,334,457).

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity or debt markets and managing cashflow in line with the available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The Directors are satisfied that the going concern basis of preparation of the condensed consolidated half-year financial report is appropriate due to:

- The Company has a history of successful capital raising to date and the Directors are confident of the Company's ability to raise additional funds as and when they are required; and
- The Directors have prepared a cash flow forecast which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for a period of 12 months from the date of this report.

Based on the reasons above, the Directors believe it is appropriate that the condensed consolidated half year financial report be prepared on a going concern basis. Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

3. EXPLORATION AND EVALUATION

	31 December 2024 \$	30 June 2024 \$
Costs carried forward in respect of areas of interest:		
Exploration and evaluation phases at cost		
Movement:		
Brought forward	131,601,536	71,137,277
Exploration expenditure capitalised during the half year	37,487,283	50,101,259
Candelas shares issued	-	10,000,000
Creditor shares Issued	3,724,008	-
Quebec shares issued	-	363,000
Balance at reporting date	172,812,827	131,601,536

The value of the Company's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

4. ISSUED CAPITAL

			31 Dec 2024 Number	31 Dec 2024 \$
Fully paid ordinary shares (30 June 2024: 473,943,995)			762,854,882	206,946,331
	31 Dec 2024 Number	31 Dec 2024 \$	30 Jun 2024 Number	30 Jun 2024 \$
Balance at the beginning of the period	473,943,995	176,749,287	336,915,405	128,831,780
Option conversions at \$0.21 (i)	-	-	5,940,000	1,247,400
Placement shares at \$0.46 (ii)	-	-	38,943,477	17,913,999
Share Purchase Plan at \$0.46 (iii)	-	-	8,702,150	4,003,000
Placement shares at \$0.23 (iv)	3,973,262	913,849	57,826,088	13,300,000
Placement shares at \$0.105 (v)	202,111,553	21,221,713	-	-
Acuity ATM Collateral Shares set off (vi)	-	-	15,000,000	2,385,150
Acuity ATM Collateral Shares (vii)	48,550,000	5,565,000	-	-
Vendor shares - Catalina (viii)	-	-	9,756,098	10,000,000
Vendor shares - Quebec (ix)	-	-	550,000	363,000
Consultant shares (x)	-	-	60,777	44,100
Consultant shares (xi)	451,427	67,714	-	-
Consultant shares (xii)	-	-	250,000	137,500
Shares issued to Creditors (xiii)	33,824,645	3,656,294	-	-
	762,854,882	208,173,857	473,943,995	178,225,929
Transfer from equity-based reserve	-	-	-	488,089
Less: transaction costs	-	(1,227,526)	-	(1,964,731)
Balance at the end of the period	762,854,882	206,946,331	473,943,995	176,749,287

- (i) Issued on various dates upon the conversion of unquoted options (exercisable @ \$0.21 on or before 8/10/23).
- (ii) Issued 38,943,477 fully paid ordinary shares in a placement at \$0.46 per share on 06 February 2024.
- (iii) Issued 8,702,174 fully paid ordinary shares in a share purchase placement at \$0.46 per share on 02 April 2024.
- (iv) Issued 57,826,088 fully paid ordinary shares in a placement at \$0.23 per share on 24 May 2024.
3,973,262 fully paid ordinary shares were issued to directors under a \$0.23 placement, as approved by shareholders on 12 July 2024 (on 12 August 2024).
- (v) Issued 202,111,553 fully paid ordinary shares in a placement at \$0.105 per share on 17 September 2024, 17 October and 24 October 2024.
- (vi) Issued 15,000,000 ordinary shares to Acuity Capital under an ATM (on 12 April 2024). On 15 July 2024, 7,950,000 shares were set off, with 7,050,000 collateral shares remaining under the facility.
- (vii) Issue of 48,550,000 fully paid ordinary shares were issued to Acuity Capital under the terms and conditions of an At-The-Market Subscription Deed (on 15 July 2024, 2 August 2024, 15 August 2024, 20 November 2024 and 27 December 2024).
- (viii) Issued to the vendor as part consideration for tenement acquisition (Catalina).
- (ix) Issued to the vendor as part consideration for tenement acquisition (Quebec).
- (x) Shares issued to a consultant on 26 August 2022 and 04 September 2023 in lieu of services provided.
- (xi) 451,427 fully paid ordinary shares were issued to a consultant under the terms of their contract (on 08 November 2024).
- (xii) Shares issued to a consultant in lieu of services provided.
- (xiii) 33,824,645 fully paid ordinary shares issued to creditors on 20 September and 17 December 2024 in lieu of payment.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

Options

The following unquoted options remained on issue at 31 December 2024:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Unquoted Options</u>
20/11/2029	\$0.35	5,000,000
05/11/2027	\$0.50	500,000
18/07/2026	\$0.35	30,899,675

500,000 options with an expiry date of 24/12/24 expired during the period.

The following listed options remained on issue at 31 December 2024:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Listed Options</u>
20/03/29	\$0.65	47,645,627

Performance Rights

There were a total of 18,350,000 Performance Rights on issue at 31 December 2024.

5. RESERVES

This reserve records the value of equity benefits provided to employees, consultants and directors as part of their remuneration, share based payments to third parties and option consideration for acquisitions.

	31 December 2024	30 June 2024
	\$	\$
<u>Equity Based Reserve</u>		
Opening balance	12,061,143	7,079,234
Valuation of Performance rights (i)	2,541,944	5,131,307
Valuation of Options issued in the period	488,948	-
Reversal of option valuation for resigned employees	-	(233,310)
Reversal of option valuation for lapsed options	-	(148,035)
Fair value of exercised options transferred to share capital	-	(488,089)
Closing Balance	15,092,035	11,341,107
<u>Foreign Currency Translation Reserve</u>	1,756,741	720,036
	16,848,776	12,061,143

- (i) Represented by 16,500,000 performance rights issued to directors and 1,850,000 performance rights issued to senior management, which are being expensed and amortised over the 5 year life of the performance rights.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

Options

Unquoted options are issued to directors, employees and consultants. The unquoted options may be subject to performance criteria, and are issued to directors, employees and consultants to increase goal congruence between executives, directors and shareholders. Unquoted options carry no dividend or voting rights.

The following parameters were used to value the options issued during the half year ended 31 December 2024:

Allottee	Number of Options	Fair Value at Grant Date per Right	Estimated Volatility	Exercise Price	Share Price at Grant Date	Risk Free Interest Rate
Director (*)	5,000,000	\$0.09156	95%	\$0.35	\$0.150	4.17%
Employee	500,000	\$0.06232	95%	\$0.50	\$0.165	4.07%

(*) 5 million unquoted options were issued to the Managing Director on 20 November 2024 (approved by shareholders at the AGM on 15 November 2024). The unquoted options will vest once the Company has executed binding documentation sufficient for the financing of the development and construction of the Hombre Muerto West lithium project to produce 4ktpa LCE.

Once vested, the Options will have an expiry date on or before 5.00pm WST on the date that is five (5) years following the date of issue at an exercise price of \$0.35.

Performance Rights

There were no performance rights issued during the period.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2024

6. SUBSEQUENT EVENTS

A total of 14,362,400 fully paid ordinary shares were issued to two service providers in lieu of construction services provided at HMW (on 17 January 2025).

On 28 January 2025, the Company announced that it had received proceeds from Latam Resources Pty Limited (**Latam**), an Affiliate of Chengdu Chemphys Chemical Industry Co., Ltd (**Chemphys**) in relation to the share placement announced by the Company on 10 September 2024 and subsequently approved by shareholders at the Galan Annual General Meeting held on 15 November 2024. Chemphys agreed to subscribe for US\$3 million worth of shares under the terms of the Placement (a total of 42,835,724 fully paid ordinary shares were issued to Latam on 30 January 2025).

On 7 February 2025, a total of 1,256,294 fully paid shares and 500,000 unquoted options (exercisable at \$0.50 on or before 5 November 2027) were issued to Galan employees and consultants, in lieu of cash bonuses, under the Galan Securities Incentive Plan (2022).

Apart from the above, the Directors are not aware of any matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that has significantly affected or may significantly affect the operations, the results of operations or the state of affairs of the Group in subsequent financial years.

7. SEGMENT INFORMATION

The Group currently operates in two geographical areas being Argentina and Australia, and in one industry, being exploration, for the half year ended 31 December 2024. The Chief Operating Decision Makers are the Board of Directors and the management of the Company. There is currently only one operating segment identified, being exploration activities based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of the financial statements.

8. COMMITMENTS AND CONTINGENCIES

There have been no material changes in commitments and contingent liabilities or assets since the annual reporting date.

9. ENVIRONMENTAL PROVISION

Due to increased activity in development of evaporation ponds, an additional provision has been raised to allow for future rehabilitation of ponds.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GALAN LITHIUM LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Galan Lithium Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2024, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Galan Lithium Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of Galan Lithium Limited financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Consolidated Entity incurred a net loss of \$5,541,178 during the half year ended 31 December 2024. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Galan Lithium Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB *134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark DeLaurentis

MARK DELAURENTIS CA
Director

Dated this 14th day of March 2025
Perth, Western Australia