



## **ANNUAL REPORT**

**30 June 2025**

## CONTENTS

### Galan Lithium Limited Annual Report 2025

---

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	28
Consolidated Statement of Profit or Loss and Other Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Changes in Equity	31
Consolidated Cash Flow Statement	32
Notes to the Financial Statements	33
Consolidated Entity Disclosure Statement	60
Directors' Declaration	61
Independent Auditor's Report	62
Additional Shareholder Information	67

## **CORPORATE DIRECTORY**

### **Galan Lithium Limited Annual Report 2025**

---

#### **Directors**

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

#### **CFO**

Ross Dinsdale

#### **Company Secretary**

Mike Robbins

#### **Registered Office**

Level 1, 50 Kings Park Road  
West Perth, WA, 6005  
Ph: +61 8 9214 2150  
Email: [admin@galanlithium.com.au](mailto:admin@galanlithium.com.au)  
Website: [www.galanlithium.com.au](http://www.galanlithium.com.au)

#### **Auditors**

Hall Chadwick  
283 Rokeby Road  
Subiaco WA 6008

#### **Share Registry**

Automic Share Registry  
Level 5, 191 St Georges Terrace  
Perth WA 6000

#### **Home Stock Exchange Listing**

Australian Securities Exchange Limited (ASX) – Perth, Australia

#### **ASX Code - GLN**

#### **FSX Code - 9CH**

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

The Directors submit their report on Galan Lithium Limited (**the Company** or **Galan**) and its controlled entities (**the Group**) for the financial year ended 30 June 2025 (**the year**).

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 (ASX).

#### 1. DIRECTORS & OFFICERS

The names and details of the Company's Directors in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

##### **Directors**

###### **Richard Homsany - Non-Executive Chairman**

Mr Homsany is an experienced corporate lawyer who has extensive board and operational experience in the resources and energy sectors. He is Executive Chairman of ASX listed Toro Energy Limited (ASX:TOE), Executive Vice President, Australia of TSX listed Mega Uranium Ltd (TSX:MGA), a Non-Executive Director of Brookside Energy Ltd, Chairman of Health Insurance Fund of Australia Ltd and the principal of Cardinals Lawyers and Consultants, a boutique corporate and energy & resources law firm.

##### Other listed directorships

Redstone Resources Limited	Since November 2007
Toro Energy Limited	Since December 2013
Brookside Energy Limited	Since February 2020

##### Equity Interests

4,825,756 ordinary shares  
1,500,000 performance rights (with various share price vesting conditions – expire 25 Feb 2027)  
1,500,000 performance rights (with various share price vesting conditions – expire 16 Dec 2027)  
2,000,000 service rights (with time vesting conditions – expire 16 Jun 2030)  
65,217 listed options (GLNOB - exercise price \$0.65 expiry date 20 Mar 2029)  
1,000,000 unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)

###### **Juan Pablo ('JP') Vargas de la Vega - Managing Director**

JP is a Chilean/Australian mineral industry professional with 23 years' broad experience in ASX listed mining companies, stockbroking and private equity firms. JP has been a specialist lithium analyst in Australia, has also operated a private copper business in Chile and has worked for BHP, Rio Tinto and Codelco. He was the founder of Blue Sky Lithium Pty Ltd, the vendor of the original Argentinian assets and has been Galan's Managing Director since mid 2018.

##### Other listed directorships

Nil

##### Equity Interests

23,741,650 ordinary shares  
3,000,000 performance rights (with various share price vesting conditions – expire 25 Feb 2027)  
3,000,000 performance rights (with various share price vesting conditions – expire 16 Dec 2027)  
2,239,129 listed options (GLNOB - exercise price \$0.65 expiry date 20 Mar 2029)  
600,000 unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)  
5,000,000 unlisted options (with financing vesting condition – exercise price of \$0.35 with 5-year expiry date)  
1,696,546 performance rights (with STI performance vesting conditions – expire 16 Jun 2030)  
1,454,182 performance rights (with PI performance vesting conditions – expire 16 Jun 2030)

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

#### **Ms Claudia Pohl – Non-Executive Director**

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

#### Other listed directorships

Nil

#### Equity Interests

43,478 ordinary shares  
780,000 service rights (with time vesting conditions – expire 16 Jun 2030)  
21,739 unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)

#### **Terry James Gardiner - Non-Executive Director**

Mr Gardiner has over 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, and a Non-Executive Director of Cazaly Resources Ltd and Charger Metals NL plus non-executive positions with other ASX listed entities.

#### Other listed directorships

Cazaly Resources Limited since December 2016.  
Roto-Gro International Limited since July 2019.  
Charger Metals NL since August 2021

#### Equity Interests

11,126,584 ordinary shares  
1,500,000 performance rights (with various share price vesting conditions – expire 25 Feb 2027)  
1,500,000 performance rights (with various share price vesting conditions – expire 16 Dec 2027)  
780,000 service rights (with time vesting conditions – expire 16 Jun 2030)  
1,315,217 listed options (GLNOB - exercise price \$0.65 expiry date 20 Mar 2029)  
200,000 unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)

#### **Daniel Jimenez - Non-Executive Director**

Mr Jimenez is a civil industrial engineer and MBA, who previously worked for the 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, Belgium and the USA. His last position was as Senior Vice President Commercial 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 sales.

#### Other listed directorships

Nil

#### Equity Interests

4,050,224 ordinary shares  
1,500,000 performance rights (with various share price vesting conditions – expire 25 Feb 2027)  
1,500,000 performance rights (with various share price vesting conditions – expire 16 Dec 2027)  
780,000 service rights (with time vesting conditions – expire 16 Jun 2030)  
164,892 unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

#### Officers

##### **Ross Dinsdale – Chief Financial Officer (appointed 10 July 2024)**

Mr Ross Dinsdale has 18 years of extensive experience across capital markets, equity research, investment banking and executive roles in the natural resources sector. He has held positions with Goldman Sachs, Azure Capital and more recently he acted as CFO for Mallee Resources Limited. He is a CFA charter holder, has a Bachelor of Commerce and holds a Graduate Diploma in Applied Finance.

##### **Mike Robbins - Company Secretary**

Mr Robbins has over 25 years resource industry experience gathered at both operational and corporate levels, both within Australia and overseas. During that time, he has held numerous project and head office management positions and is also Company Secretary for Cazaly Resources Limited.

#### **2. DIVIDENDS**

No dividend has been paid during the year and no dividend is recommended for the year.

#### **3. DIRECTORS' MEETINGS**

The number of Directors' meetings held and conducted during the financial year and the number of meetings attended by each Director are:

	<b>Meetings</b>	
	<b>No. Eligible</b>	<b>No. Attended</b>
Mr Homsany	8	8
Mr Vargas de la Vega	8	8
Ms Pohl	8	5
Mr Gardiner	8	8
Mr Jimenez	8	7

For details of the function of the Board and any relevant committees please refer to the Corporate Governance Statement on the Company's website at [www.galanlithium.com.au](http://www.galanlithium.com.au).

#### **4. PRINCIPAL ACTIVITIES**

The principal activity of the Company during the course of the financial year consisted of mineral exploration, evaluation and development.

#### **5. RISKS**

##### **Risk Factors**

There are risks that specifically relate to the Company's current mode of operations. The following is not intended to be an exhaustive list of risk factors to which the Company may be exposed.

##### Operating and Development Risks

The current and future operations of the Company, including exploration, project appraisal, development and possible production activities may be affected by various factors which can limit or prevent such activities. Such factors may include failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in surveying, drilling, other exploration activities and/or production activities, difficulties in commissioning and operating plant and equipment, electrical or mechanical failure or plant break, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of skilled labour, consumables, spare parts, plant and equipment.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

The ability of Galan to achieve development timelines and production targets, or meet operating and capital expenditure estimates on a timely basis cannot be assured. There is a risk that current estimates of the cost of Phase 1 of the HMW Project will not be met and/or further unanticipated funding may be required in the future. There is also a risk that the development timetable for Phase 1 of the HMW Project takes longer than planned and further injections of working capital are required before the commencement of commercial production. Production costs for the Company's product may be negatively affected by a rise in the cost of key inputs or a rise in other costs such as labour.

#### Risks to completion of Phase 1

While the Company considers there to be a reasonable basis for its Phase 1 HMW Project production forecasts, the forecasts are subject to a number of factors, many of which cannot be foreseen and are beyond the control of the Company. These factors may cause the production forecasts not to be achieved or to be achieved later than expected.

#### Geographical and concentration risk

The Company's flagship HMW Project is located in Argentina. Any circumstance or event which negatively impacts Argentina could materially affect the financial performance of the Company more significantly than if it had a geographically diversified asset base.

#### Offtake risk

On 16 April 2025, the Company announced that it had secured an offtake and funding package that will enable the world class HMW project to move into Phase 1 production.

The Company's operations and future revenues are dependent on the counterparties to existing and future offtake agreements performing their obligations. If counterparties do not take their obligated quantities of product or seek to renegotiate the price or quantity of product, the Company's profitability could be adversely affected. The risk of non-performance or attempted renegotiation of terms by the Company's offtake customers is enhanced by prevailing demand and pricing sensitivities currently impacting the global market for lithium products.

If any of the Company's offtake customers default under agreed delivery schedules and/or any of its future offtake agreements are otherwise terminated, there can be no assurance that the Company will find a new counterparty willing to enter into a replacement offtake agreement with similar pricing, quantity of terms.

#### Technology Risk

The Company will work with Authium to process raw brine, via nanofiltration, into processed brine which can then be concentrated via evaporation to a final lithium chloride concentrate. Nanofiltration is a physical separation process of impurity removal whereas the Company's definitive feasibility study had contemplated a chemical separation of impurities via liming and filtration. The Company has tested samples of its raw brine through the nanofiltration technology with positive results but it cannot offer guarantees that the processing technology will operate successfully at project scale at the HMW site. The Company has been advised that the adoption of the nanofiltration processing technology will not affect the Company's operating approvals (DIA) with the Argentine Authorities however periodic EIA submissions will include the use of the nanofiltration as part of the permitting regime and risks relating to Title and Tenure could therefore apply (see Title and Tenure risks section).

#### Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. The Company may require additional financing for exploration and development of its existing projects or for additional other capital expenditure in the future. There can be no guarantee that the project funding or such additional funding will be obtained on acceptable terms or at all, particularly having regard to the current condition of global financial markets and commodity prices. Any equity financing will dilute existing shareholdings, and debt financing (if available) may involve restrictions on future financing and operating activities. If the Company is unable to obtain additional financing as needed or unable to obtain it on acceptable terms (whether or not due to the Company's circumstances or economic and share market conditions or both), it may be required to reduce the scope of its operations and scale back its exploration programmes. This could have a material adverse effect on the Company's activities and the value of its securities.

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

#### Title and Tenure Risk

This may specifically cover mining tenure whereby country specific mining laws and legislation apply.

Any opportunity in Australia and overseas will be subject to particular risks associated with operating in Australia or the respective foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may lose title to, or lose rights or interests in, project tenements if the contractual obligations and/or conditions to which those tenements are subject are not satisfied or if insufficient funds are available to meet contractual and expenditure commitments. In the jurisdictions in which the Company operates, both the conduct of operations and the steps involved in acquiring interests involve compliance with numerous procedures and formalities. It is not always possible to comply with, or obtain waivers from, all such requirements and it is not always clear whether requirements have been properly completed, or that it is possible or practical to obtain evidence of compliance.

#### Access Risk – Cultural Heritage and Native Title

The Company must comply with various country specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Company.

#### Reliance on Key Personnel

The responsibility of overseeing the day to day operations of the Company depends on its management and its key personnel. The Company is aware of the need to have sufficient management to properly supervise the exploration and, if exploration is successful, the development of the Company's projects. As the Company's projects and prospects progress and develop, the Board will continually monitor the management requirements in the Company and look to employ or engage additional personnel when and where appropriate to ensure proper management of the Company's projects. However there is a risk that the Company may not be able to secure personnel with the relevant experience at the appropriate time which may impact on the Company's ability to complete all of its planned exploration programmes within the expected timetable. Furthermore, no assurance can be given that there will be no adverse effect on the Company if one or more of its existing Directors or management personnel cease their employment or engagement with the Company.

#### Contractual and Joint Venture Risk

The Company has and may have additional options where it can increase its holding in the selective assets by achieving or undertaking selected milestones. The Company's ability to achieve its objectives and earn or maintain an interest in these projects is dependent upon it and the registered holders of those tenements complying with their respective contractual obligations under joint venture and other contractual arrangements in respect of those tenements, and the registered holders complying with the terms and conditions of the tenements and any other relevant legislation.

The Directors are unable to predict the risk of financial failure or default by a participant in any joint venture or other contractual arrangement to which the Company is or may become a party, of the insolvency or other managerial failure by any of the contractors used by the Company in any of its activities or of the insolvency or managerial failure of any of the other service providers used by the Company for any activities.

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

#### Sovereign and Political Risk

##### Argentina

The Company acquired 100% of Blue Sky Lithium Pty Ltd (**Blue Sky**) on 25 June 2018. The acquisition of Blue Sky means the Company (through Blue Sky) holds options to acquire the rights to projects located in Argentina. Mineral exploration tenure in the Argentina is governed by Argentinian legislation.

The Company's interests in Argentina will be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

The Company may also be hindered or prevented from enforcing its rights with respect to government instrumentalities because of the doctrine of sovereign immunity.

Any future material adverse changes in government policies or legislation in Argentina that affect ownership, mineral exploration, development or mining activities, may affect the viability and profitability of the Company.

##### General

The legal systems operating in Argentina are different to that in Australia and this may result in risks such as:

- Different forms of legal redress in the courts whether in respect of a breach of law or regulation, or in ownership dispute.
- A higher degree of discretion on the part of governmental agencies.
- Differences in political and administrative guidance on implementing applicable rules and regulations including, in particular, as regards local taxation and property rights.
- Different attitudes of the judiciary and court.
- Difficulty in enforcing judgments.

The commitment by local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness and enforcement of such arrangements cannot be assured.

The Company cannot guarantee that the licences and/or tenements in which it may acquire an interest, if it completes the acquisition, or any other licences and/or tenements in which it has or may acquire in the future, will be renewed beyond their current expiry date and there is a material risk that, in the event the holder of those licences and/or tenements is unable to renew any of them beyond their current expiry date, all or part of the Company's interests in the corresponding projects may be relinquished.

The Company's future operations in Argentina may be affected by changing political conditions and changes to laws and/or mining policies. The effects of these factors cannot be accurately predicted and developments may impede the operation or development of a project or even render it uneconomic.

#### Access to Infrastructure

The Company's projects depend on an uninterrupted flow of materials, supplies, equipment, services and finished products. Due to the geographic location of Galan's projects, it is dependent on third parties for the provision of transportation and other infrastructure services. Contractual disputes, availability of transport, weather problems, labour disruptions or other factors could have a material adverse effect on the Company's ability to transport (or take delivery of transported) materials according to schedules and contractual commitments and could have a material adverse effect on the Company's business,

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

projects, operations and financial performance. If the Company progresses to production there is no guarantee that appropriate and affordable other infrastructure services such as power and water will be available, which could have an adverse effect on the Company. In the event of production the Company must have the supply of both power and water infrastructure. Due to high demand for power and water access there is a risk that the Company may not be able to procure such access, or procure it on affordable terms, which could have an adverse effect on the Company.

#### Environmental Risks

The Company's business is subject to extensive government environmental regulation, in Australia and overseas, which set standards regulating certain environmental matters. If a relevant government or regulatory body introduces new, more stringent laws or regulations, or changes to existing laws and regulations or the interpretation thereof, the Company may face project disruptions, increases in operating costs and significant constraints on flexibility and the ability to expand its business operations or to maximise its profitability, which may have an adverse effect on the Company's business, results of operations, financial condition and prospects. In addition, failure to comply with regulations may result in significant damages or penalties being imposed on the Company, including for certain discharges into the environment, effects on employees, sub-contractors or customers, or as clean-up costs. If significant damages or penalties are imposed on the Company this may have a material adverse effect on the Company. The Company is not aware of any existing environmental laws or issues which cannot be resolved or would materially limit the Company's ability to proceed with the ongoing activities at its projects. However, the Company's projects may utilise the use of various chemicals, including those which are designated as hazardous substances. Contamination from hazardous substances, either at its own properties, or other locations for which it may be responsible, may subject Galan to liability for the investigation and remediation of contamination, as well as for claims seeking to recover for related property damage, personal injury or damage to natural resources.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's method of production at its HMW Project, being the brine evaporation method, is to a significant degree driven by solar radiation and other environmental factors and is therefore susceptible to seasonal variations and is particularly susceptible to abnormal weather and climatic events. There is a risk that adverse weather and climate events may cause significant variability in the HMW Project's production profile and may negatively impact the Company's operations and financial performance, as was experienced in a 2017 weather event.

The ongoing support of the local communities and the appropriate management of local community expectations is very important to the efficient and profitable operations of the Company at the HMW Project. The failure of the Company to maintain and further develop its community engagement programmes and provide education, employment and other economic and social benefits to the local communities would risk disaffection on the part of the communities which may have adverse implications for the Company's operations in the local area and Argentina generally.

#### Resource Estimates

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of its securities.

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

#### Commercial Risk

The mining industry is competitive and there is no assurance that, even if commercial quantities of minerals are discovered by the Company on its current projects or future projects it may acquire an interest in, a profitable market will exist for sales of such minerals. There can be no assurance that the quality of any such minerals will be such that they can be mined economically.

#### Commodity Price Volatility and Exchange Rate Risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of lithium or any other commodities it may discover exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious metals, technological advancements, forward selling activities and other macro-economic factors such as inflation expectations, interest rates and general global economic conditions. Furthermore, international prices of various commodities are denominated in United States dollars whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar and other currencies as determined in international markets.

If the price of commodities declines this could have an adverse effect on the Company's exploration, development and possible production activities, and its ability to fund these activities, which may no longer be profitable.

#### Climate change risk

The Company acknowledges the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

Climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

## **6. OPERATIONS & CORPORATE REVIEW**

### **ESG**

Galan continues its focus on the discovery and production of lithium as a critical resource for the development of EV batteries, to align with world decarbonisation aims and the transition to a more sustainable future. From its early ventures in Argentina, Galan has strived to put the well-being of its employees, communities and the environment first and foremost, as it continues its ongoing commitment towards a sustainable future for all its stakeholders.

Galan is committed to sustainable and responsible practices aligned with the World Economic Forum's international framework and the United Nations Sustainable Development Goals (SDGs). Our Environmental, Social and Governance (ESG) management reporting are completed in line the Stakeholder Capitalism Metrics of the World Economic Forum.

During the 2025 financial year, the Galan team matured its ESG monitoring and reporting whilst also further developing its ESG framework which is aligned to the 21-core metrics and disclosures as promoted by the World Economic Forum.

#### Governance

Board Composition: Ensuring adherence to ASX related corporate governance principles and practices, the composition of Galan's Board reflects a commitment to diversity and independence and seeks to align its leadership structure with international best practices, enhancing accountability and broadening strategic insights.

Corruption and Integrity: The Company places a high priority on maintaining transparency and conducting ethical business practice across its operations. It has robust internal controls in place, including a clear anti-bribery and corruption policy, and a transparent reporting structure that demonstrates its strong commitment to sound ethical undertakings.

#### Planet

Greenhouse Gas (GHG) Emissions: As part of its dedication to sustainability, Galan actively manages its greenhouse gas emissions. Effective management requires monitoring, setting goals, and enforcing regulations to ensure emissions targets are met. The Company tracks its current HMW and Candelas carbon footprints and projects its future emissions, aiming to be within the first quartile of the industry's emissions curve.

Land Use and Biodiversity: Galan is committed to maintaining a harmonious relationship with the natural environment. The Company conducts biannual biodiversity studies to monitor and mitigate any adverse impact on local ecosystems.

In addition, during the HMW Phase 2 Environmental Impact Assessment (EIA) process, the Company engaged with local communities through participatory mechanisms, complied with regulatory and statutory oversight, and facilitated public hearings to ensure transparent and inclusive dialogue.

The approval of the HMW Phase 2 Environmental Impact Assessment (EIA) further demonstrated Galan's commitment to environmental stewardship.

The Company aims to adhere to world's best practice in respect of waste management, recycling, and regulatory compliance. With continual monitoring, Galan ensures the protection of biodiversity and minimizes the footprint of its activities on the natural world.

During the financial year, an independent, third-party environmental audit was conducted at HMW to ensure the Company's compliance with applicable environmental regulations and sustainability standards.

Water Use: Recognising the vital importance of water conservation, Galan takes a proactive approach to responsible water usage. The Company measures water consumption daily and conducts monthly assessments of both fresh and groundwater quality. Galan also conducts quarterly "participatory monitoring" of water conservation and usage, by working together with local communities to track, evaluate and promote sustainable and responsible water management.

#### People

Human Rights and Modern Slavery: Galan is dedicated to ensuring that its operations are free from modern slavery and human rights abuses. The Company has a Modern Slavery Policy in place along with robust internal controls and processes to prevent violations within its business practices across its operations. This includes routine audits, strict supplier codes of conduct, and transparent reporting mechanisms to uphold ethical labour practices.

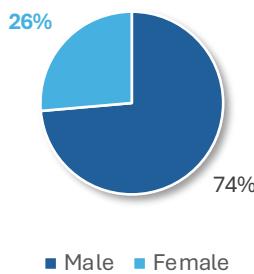
Diversity, Inclusion, and Equality: Diversity and inclusion are central to Galan's organisational culture. The Company measures and promotes gender, origin and age diversity within its workforce, including leadership positions. In FY2025, female participation represents **~26%** of Galan's HMW workforce.

In addition, Galan actively prioritises the recruitment of local talent. During FY2025, over **82%** of the HMW workforce consisted of local employees, reflecting its ongoing commitment to the Catamarcan community.

## DIRECTORS' REPORT

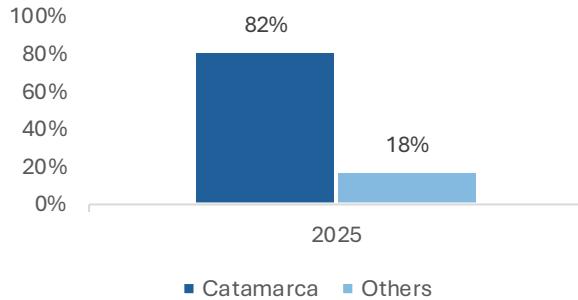
### Galan Lithium Limited Annual Report 2025

#### Diversity and Inclusion -Gender FY2025



■ Male ■ Female

#### Diversity and Inclusion - Origin FY2025

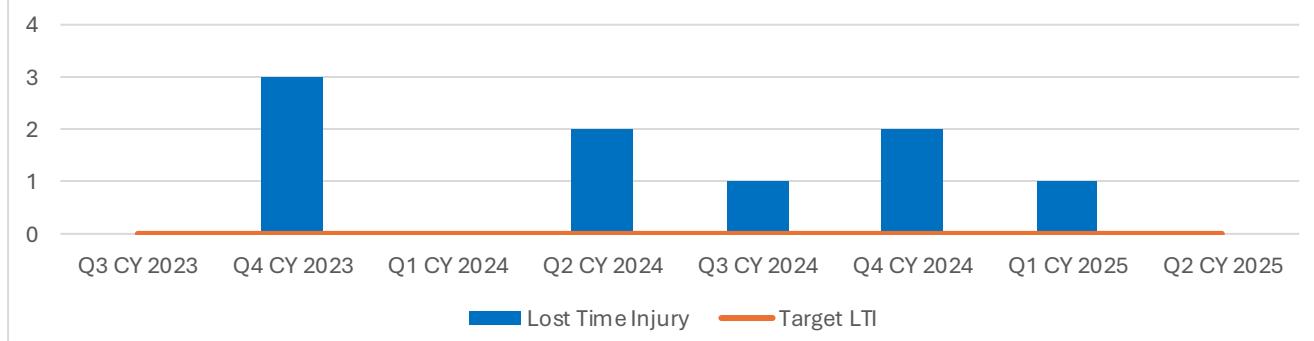


**Health and Safety:** The health and safety of Galan's employees, consultants and contractors is of utmost importance. To ensure a safe and healthy work environment, the Company has developed operation-specific Occupational Health and Safety (OH&S) policies. The Company collects data on a range of health and safety-related issues, including:

- **Workplace Accidents:** Tracking incidents, near misses, and lost-time injuries.
- **Health and Well-being:** Monitoring physical and mental health, including stress, and providing employee support services.
- **Community Health:** Evaluating and addressing risks posed by business operations to local communities.

The Company and its contracting teams recorded a total of four lost time injuries (LTI's) during the financial year, with all having a low severity rating.

#### Lost Time Injuries (LTI's)



In addition, Galan provides ongoing training and development programs to enhance safety awareness and skills across its workforce. To further support employee wellbeing, Galan continues with a comprehensive wellbeing program aimed at promoting physical and mental health.

Over the last 18 months, Galan has formulated and established its HMW Emergency Response Team (**ERT**). The ERT is composed of male and female volunteers who continue to train and learn to ensure a prompt and effective response to any potential safety incidents.

### **Prosperity**

Rate of Employment: Galan tracks workforce growth, proportion of local workforce participation and employee turnover (including exit interview processes).

Economic Contribution: As part of its strategy for sustainable development, Galan is focussed on supporting the local economy. During the financial year, the Company contributed to several initiatives aimed at community development, including education programs, health services, and infrastructure projects. These investments aim to improve the quality of life for local residents and contribute to the broader social and economic growth of the region.

Community Relations: At Galan, building strong relationships with local communities is a key part of our corporate responsibility objective. We continue to invest resources in community development initiatives designed to ensure that our operations bring direct benefits to the communities around us—particularly in the areas of health, education, small business development, and tourism.

Government Relations: Galan values its relationship with government authorities, recognising the crucial role of government support in fostering sustainable growth. The Company maintains regular communication with government representatives, engaging in discussions about regulatory updates, community initiatives, and regional development. These partnerships ensure that Galan's operations are aligned with governmental priorities and that the company is contributing to the overall progress of the community and the region.

### **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 the established El Fenix lithium operation, Sal de Vida (both projects are operated by Rio Tinto) and Sal de Oro (POSCO) lithium projects (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.

HMW is a tier-1 lithium brine project located on the Hombre Muerto salar in Argentina. Phase 1 is designed to deliver 4ktpa LCE as a 6% lithium chloride concentrate, over an initial 40-year mine life <sup>(1)</sup>. Current brine inventories sit at approximately 9,000t LCE.

Project execution remains on schedule with the following key developments during and post quarter:

- Secured binding commitment for Phase 1 funding solution with Clean Elements
- Authium completed detailed engineering design of the nano-filtration plant
- Orders for fabrication of the nano-filtration plant have been issued
- Installation and commissioning of nano-filtration plant targeted for H2 2025
- Site construction activities, including completion of pond 4 targeted for H2 2025
- First production expected in H1 2026

HMW is a multi-decade, lithium brine project with compelling economics. Phase 1 provides for a 4ktpa LCE operation, producing a 6% LiCl concentrate product over a projected 40-year life <sup>(1)</sup>. Finalisation of Phase 1 and commencement of production is the key focus Galan. Beyond Phase 1, the Company will undertake a phased scaling approach, eventually ramping up to 60ktpa at the conclusion of Phase 4. This approach mitigates funding and execution risk and will allow for continuous process improvement.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

With a world class resource and a cost profile within the first quartile globally, HMW is a clear demonstration of the benefits of a high-quality lithium brine asset. These benefits are allowing Galan to progress through development and into production with a lower capital intensity and lower risk profile when compared to hard rock lithium (spodumene) projects.

Importantly, lithium chloride is a key component for lithium iron phosphate (LFP) batteries, which have become the dominant battery product globally. With the ability to be cost effectively converted into a lithium dihydrogen phosphate or lithium carbonate, lithium chloride, as will be produced at HMW, is an ideal source for LFP batteries.

Please refer to Mineral Resource Table for Galan's Total Resources of 9.5Mt LCE.

*(1) Please refer to the announcement dated 3 July 2023 (ASX: Phase 1 of Hombre Muerto West (DFS Delivers Compelling Economic Results for Accelerated Production). The Company confirms that all material assumptions underpinning the production target continue to apply and have not materially changed.*

#### **RIGI Incentive Regime**

On 25 July 2025, the Company advised that the Comite Evaluador de Proyectos RIGI, responsible for awarding the Argentine Government's Régimen de Incentivo para Grandes Inversiones (the incentive regime for large-scale investments referred to as the "**RIGI**"), approved the RIGI for Galan's flagship HMW project in Catamarca Province, Argentina. Galan received official notification of approvals relating to the RIGI on 28 August 2025. The RIGI is a landmark investment framework introduced as part of the Government of Argentina's new economic reform agenda, aimed at encouraging large-scale investment in key sectors, including mining. The RIGI provides long-term certainty on tax and foreign exchange regulations, as well as streamlined permitting, both critical enablers for project financing, efficient construction and operation of the HMW Project over its multi-decade life.

HMW is only the sixth project to receive the RIGI approval in Argentina and the second in the mining sector, following the recent award to Rio Tinto's Rincon project.

#### Key Benefits of the RIGI for the HMW project:

- Reduced Corporate Income Tax - a significant 10% reduction in corporate income tax rate to 25%.
- Fiscal Stability - Certainty around income tax, royalties, and export duties for 30 years.
- Foreign Exchange - Preferential access to currency markets for imports and dividend repatriation.
- Customs & Tariff Exemptions - Reduced barriers for importing critical equipment and materials.
- Accelerated Depreciation - Improved cash flow through tax-effective project development.

## DIRECTORS' REPORT

Galan Lithium Limited Annual Report 2025

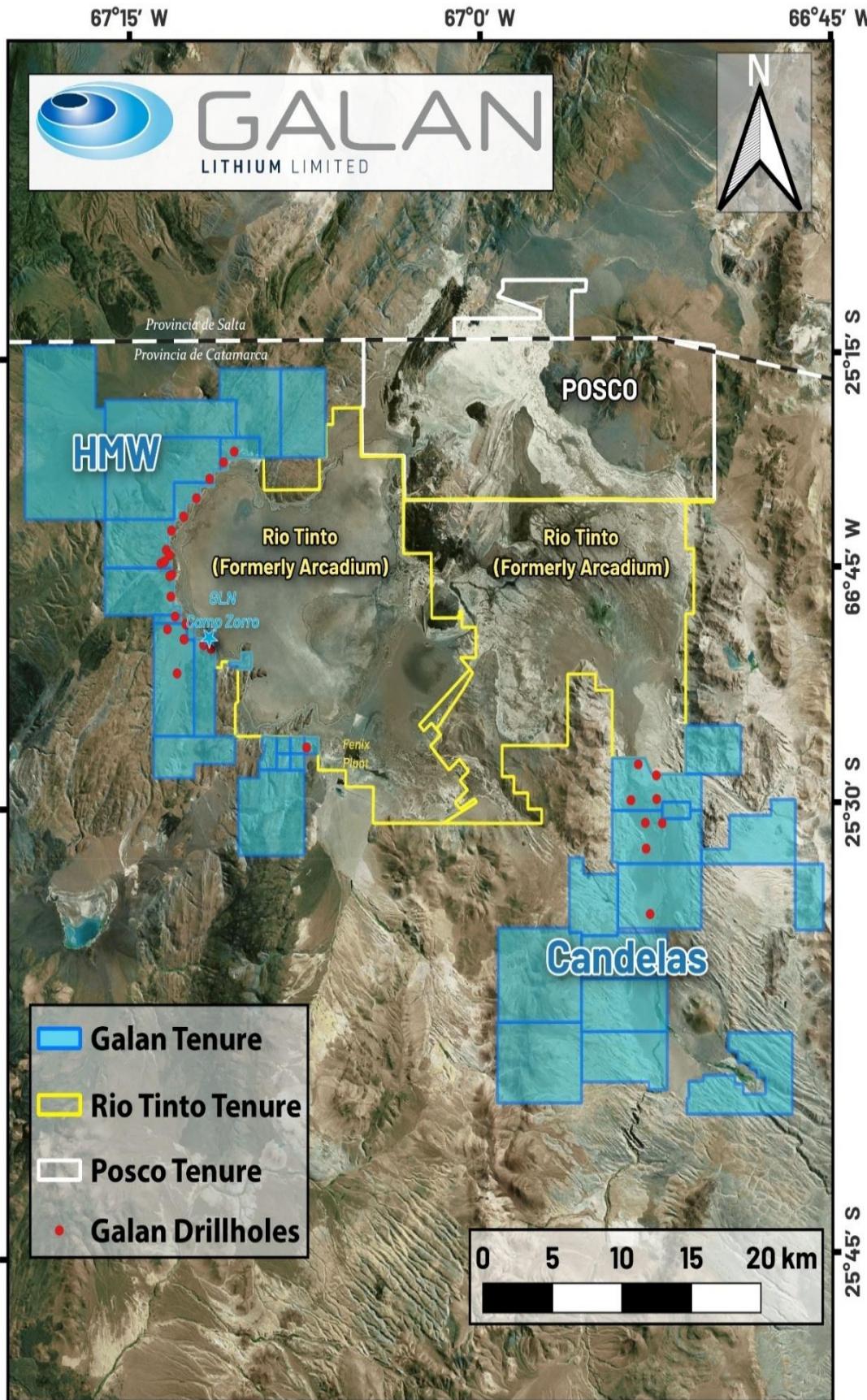


Figure 1: Location of Galan's 100% owned HMW and Candelas Projects in Argentina

**Offtake and Prepayment Facility**

As announced on 16 April 2025, the Company signed definitive agreements (**Agreements**) with Authium, including a lithium chloride concentrate Offtake Agreement and an Operating Agreement which governs the roles and obligations for the processing technology to be implemented at HMW.

Following a comprehensive review of potential funding options the Company decided that Authium was its preferred partner. The partnership with Authium offers the Company superior financial, technical and timing benefits to other identified alternatives and yields the best outcome for the Company and its shareholders to complete HMW Phase 1 and commence the receipt of revenues.

Under the terms of the Agreements, Galan will sell 45 kt (LCE) of its lithium chloride concentrate to Authium over a period of 6 to 12 years. Galan will continue to manage the current HMW lithium brine inventories (estimated at 9,000t LCE), to final lithium chloride concentrate and will utilise Authium's HMW based nano filtration processing plant to enable Galan to reach its target lithium chloride concentrate grade of 6%.

One of the key benefits of the Authium partnership is, that Authium will fund, supply and operate the processing plant at HMW. As a result, Authium's proposal will enable Galan to significantly reduce its capital costs to complete HMW Phase 1, by removing \$41.5 million of capital expenditure relating to the liming plant and is also expected to reduce operating costs by around 18% relative to the HMW Phase 1 DFS (<https://tinyurl.com/GalanLithium>), due to cost savings related to the reagents and filtering plant.

In addition, Galan has the ability to drawdown on offtake prepayments of up to US\$6 million over a 6-month period commencing from the date lithium is processed through the processing plant (**Prepayment**).

Authium is an Australian entity with expertise in mineral commercialization and innovative processing solutions. The team has a history of developing lithium projects, including the first chemical process to extract lithium from unconcentrated brine. Under the agreements, Authium will supply, fund, commission and remotely operate the nano-filtration skid units at the HMW site. This proven technique selectively removes impurities while allowing lithium to pass through. The process has been successfully deployed at multiple international lithium projects, including the Rio Tinto Rincon Project.

**Successful Due Diligence completed - \$20M placement to proceed**

As announced on 25 August 2025, all conditions relating to the \$20 million share placement (Placement) to the Clean Elements Fund (Clean Elements) were completed. Clean Elements advised that all conditions precedent to the Placement had been satisfied. As such, the Placement would proceed to settlement, providing Galan with the funding required for the finalisation of the HMW Phase 1 construction over the remainder of the 2025 calendar year, with first production of lithium chloride concentrate scheduled for H1 2026.

Settlement takes place in two equal tranches of \$10 million. Tranche 1 settlement was received on 1 September 2025 and Tranche 2 of the Placement will settle no later than 22 November 2025.

**Candelas Project (100% Galan)**

The Candelas Project (refer Figure 1) is supported by a full Preliminary Economic Assessment and a JORC 2012 Resource (refer Table 3) and lies approximately 40 km ESE of the HMW Project. It is hosted within a ~15 km by 3–4 km wide structurally controlled basin infilled with sediments that host the Li-bearing brines.

Candelas has no 3<sup>rd</sup> party royalties attached to it and has a readily accessible reverse osmosis water source.

The Candelas project will be incorporated into Phase 4 of the revised 60ktpa production plan.

**Greenbushes South Project (100% Galan)**

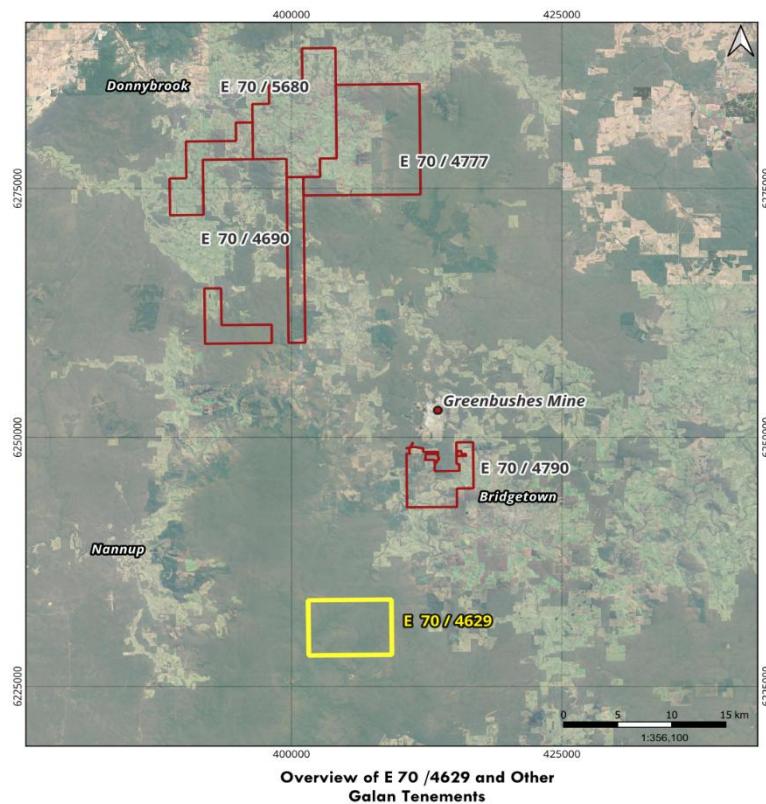
While Galan's focus remains on the construction activities at HMW, the Company is also committed to maintaining and exploring its exploration tenure at Greenbushes South and surrounding areas. During the year Galan sought to follow up on its March 2024 LiDAR aerial survey flown in the Donnelly project area. The high-resolution LiDAR data set provided a metre-scale digital surface model that provided a "bare earth" model of the tenement, which effectively filtered all canopy cover. Using these LiDAR data, Galan developed a targeted surface exploration programme to identify potential outcrops and mineralisation and map potential access points within the tenement.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

Galan's Donnelly project is composed of Galan's 100% owned Exploration Licence E70/4629. The project is 230 km south of Perth and 15 km west of Bridgetown along the Brockman Highway. The tenement is interpreted to intersect the major Archean tectonic structure in the region, the Donnybrook-Bridgetown Shear Zone. This structure is considered responsible for the mineralisation of the lithium-bearing pegmatites at the Greenbushes Mine, nearly 25 km north.

**Figure 2: Overview of E70/4629 and other Galan tenements**



The Donnelly project contains the historic Smithfield pegmatite field project area, containing "Donavon's Tin Find". This area is associated with cassiterite-bearing stream gravels that were exploited in the early 1900s. Cassiterite, an important tin mineral, is often associated with LCT pegmatites, and therefore, the area is highly prospective for pegmatite-hosted lithium mineralisation.

Galan focused on two areas in its E70/4629 tenement, in the northeast portion of the tenement, following up on the historic Donovon's fine tin discovery, and another portion to the southwest, which LiDAR interpretation showed a subtle elevation change at the kilometre scale to topography.

Hand samples were picked in the historic costeans and trenches near the Smithfield pit. Laterised pegmatites were identified and sampled. These pegmatites were up to 20 m wide and heavily weathered and kaolinized to albite-quartz-microcline-muscovite assemblages. Accessory minerals such as tourmaline and cassiterite were identified. Collected hand samples were assayed and contained concentrations of up to 600 ppm tin and 73 ppm tantalum, significantly higher than background levels. In the southwest portion of the tenement, the area was mapped for any potential outcrops. Due to the dense vegetation and limited outcrops encountered, exploratory panning was undertaken. Visible gold was recognised in stream sediment samples. Stream sediment samples were taken from around the topographic high. Visible gold was recognised in three of five stream sediment samples. Two samples sent for assay show concentrations of greater than 350 ppm Au (0.35 g/ton), and greater than 1600 ppm Sn.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

Galan plans on following up on these preliminary encouraging results with another targeted surface sampling and mapping expedition that aims to identify the location and source of the anomalous gold and tin.

#### **Canadian Projects (50/50 Joint Venture with Redstone Resources Limited)**

As announced on 4 October 2023, Galan entered into a binding JV agreement with Redstone Resources Limited (RDS) (as JV Manager) to acquire 100% of the Taiga, Camaro and Hellcat lithium projects in the heart of the James Bay lithium province in Canada.

The JV was formalised upon the receipt by Galan, of 50,000,000 fully paid ordinary shares in RDS on 8 December 2023.

The James Bay projects (James Bay and Taiga) are owned 50/50 by GLN and RDS.

The Ontario projects are covered by an exclusivity option.

#### **Mineral Resources and Reserves**

##### **Resources**

On 29 January 2025, the Company announced a substantial increase in the mineral resources at its 100% owned Candelas lithium brine project. The Candelas Mineral Resource was increased by more than 150% to 1.6 Mt LCE, providing Galan with a total Mineral Resource of 9.5 Mt LCE. This increase provides Galan with increased optionality in commercialising the project with significant upside potential also identified to further enhance the latest Candelas Mineral Resource.

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

Resource Category	Brine Vol (Mm <sup>3</sup> )	In Situ Li (Kt)	Avg Li (mg/L)	LCE (Kt)	In Situ K (Kt)	Avg K (mg/L)	KCl Equiv. (Kt)
<b>Hombre Muerto West:</b>							
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
<b>Candelas:</b>							
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
<b>Galan's Total Resource Inventory</b>							
<b>Total</b>	<b>2,125</b>	<b>1,785</b>	<b>841</b>	<b>9,501</b>	<b>15,950</b>	<b>7,508</b>	<b>30,417</b>

Notes:

1. A cut-off grade of 500 mg/L updated Mineral Resource Estimate for Candelas.
2. 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.
3. There may be minor discrepancies in the above table due to rounding.
4. The conversion for LCE = Li x 5.3228, KCl = K x 1.907.

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

#### **Ore Reserve Estimate**

The HMW Project Phase 2 DFS reported an Ore Reserve estimate of 806.4 kt of recoverable LCE (Table 2). The Ore Reserve estimate was signed off by Rodrigo Riquelme (GeoInnova), who is a Competent Person as described in the Competent Persons Statements.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

**Table 2 - Ore Reserve Statement for HMW Project Phase 2 DFS (September 2023)**

Ore Reserve Category	Well Field	Production Period (Years)	Pumped Brine Vol. (Mm <sup>3</sup> )	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:

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

For further details and relevant technical details on the Ore Reserves please refer to the ASX announcement dated 3 October 2023.

## CORPORATE

### **Equity**

During the financial year, the Company issued the following equity:

Shares:

- A total of 67,250,000 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, 27 December 2024, 28 February 2025 and 28 March 2025);
- 3,973,262 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 48,187,045 ordinary shares were issued to two service providers in lieu of construction services provided at HMW (on 20 September 2024, 17 December 2024 and 17 January 2025);
- 69,533,340 ordinary shares were issued under a \$0.105 Placement announced on 10 September 2024 (on 17 September 2024);
- A total of 132,578,213 ordinary shares were issued at a price of \$0.105 under the terms and conditions of an Entitlement Offer announced on 10 September 2024 (on 17 and 24 October 2024);
- 42,835,724 ordinary shares were issued to Latam Resources Pty Ltd under the same terms and conditions as those under the \$0.105 Placement (on 30 January 2025);
- 1,256,285 ordinary shares were issued to Galan Argentinian staff as employee bonuses (on 7 February 2025);
- 451,427 ordinary shares were issued to a consultant under the terms of their contract (on 8 November 2024);
- A total of 114,923,615 ordinary shares were issued under an \$0.11 placement announced on 16 April 2025 (on 28 April 2025, 8 May 2025 and 27 May 2025); and
- 3,045,436 ordinary shares were issued under a Share Purchase Plan (on 12 June 2025)

Unquoted Options:

- 28,913,044 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 options (exercisable at \$0.35 on or before 18 July 2026) were issued under a \$0.23 placement, as approved by shareholders on 12 July 2024 (on 12 August 2024);

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

- A total of 1,000,000 options (exercisable at \$0.50 on or before 5 November 2027) were issued to employees under Galan Securities Incentive Plan (2022) (on 5 November 2024 and 7 February 2025);
- 5,000,000 options with financing vesting conditions (exercisable at \$0.35 on or before a date that is 5 years from the vesting date) were issued to the Managing Director, as approved by shareholders on 15 November 2024 (on 20 November 2024); and
- 700,000 options (exercisable at \$0.165 on or before 16 June 2028) were issued to employees under Galan Securities Incentive Plan (2022) (on 16 June 2025).

#### Service and performance rights

A total of 4,340,000 service rights, with time related vesting conditions (and an expiry date of 16 June 2030), were issued to Non-Executive Directors on 16 June 2025 (approved by shareholders on 5 June 2025).

1,696,546 STI performance rights, with various STI vesting conditions (and an expiry date of 16 June 2030) were issued to the Managing Director on 16 June 2025 (as approved by shareholders). On the same date 1,618,145 STI performance rights, with various STI vesting conditions (and an expiry date of 16 June 2030) were issued to an employee.

1,454,182 PI performance rights, with various PI vesting conditions (and an expiry date of 16 June 2030) were issued to the Managing Director on 16 June 2025 (as approved by shareholders). On the same date 719,182 PI performance rights, with various PI vesting conditions (and an expiry date of 16 June 2030) were issued to an employee.

All of the above service and performance rights were issued under the Galan Securities Incentive Plan (2022).

#### **Financial**

The loss after tax for the year was \$9,314,022 (2024: \$9,505,462).

Cash and cash equivalents as at year end were \$4,447,999 (2024: \$4,334,457).

Exploration expenditure, including acquisitions, for the year was \$52,944,689 (2024: \$50,101,259) (excluding share valuations capitalised). All of this expenditure was on the Company's various lithium brine projects in the Hombre Muerto salar in Argentina and the Greenbushes South lithium project in Australia. There was no exploration expenditure written off for the year (2024: \$0).

Net administration expenses and employee benefits for the year totalled \$4,166,499 (2024: \$3,749,261).

#### **7. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the Group that occurred during the financial year.

#### **8. AFTER BALANCE SHEET DATE EVENTS**

On 4 July 2025, the Company issued a total of 5,972,171 ordinary shares to Directors (and/or their nominees) under the terms and condition of the \$0.11 placement announced on 16 April 2025.

As announced on 1 August 2025, The Company closed out its Acuity ATM for net proceeds of \$2 million.

At the shareholders meeting held on 22 August 2025, Shareholders approved the issue of a total of 181,818,182 shares and 90,909,091 Options (\$0.15 exercise price with a 3 year exercise period from date of issue) in relation to the \$20 million placement to Clean Elements fund. The placement consisted of two tranches:

Tranche 1 – 90,909,091 shares and 45,454,545 options (\$0.15 exercise price with a 3 year exercise period from date of issue); and

Tranche 2 – 90,909,091 shares and 45,454,546 options (\$0.15 exercise price with a 3 year exercise period from date of issue).

Tranche 1 equity was issued on 1 September 2025 upon the receipt of \$10m. Tranche 2 equity is expected to be issued on or before 22 November 2025 (pending receipt of \$10m).

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

On 1 September 2025, the Company issued 3,000,000 shares to a consultant under the terms and conditions of an agreement.

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.

#### **9. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Directors continue the Group's strategy for the advancement of Shareholders' interests and asset values through well-defined work programmes on the Group's tenements and to implement a growth strategy to seek out further exploration, acquisition and joint venture opportunities.

Further information about likely developments in the operations of the Group and expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

#### **10. ENVIRONMENTAL ISSUES**

The Group aims to comply with or exceed its environmental performance obligations. The Board believes that the Group has adequate systems in place for the management of its environmental requirements. The Group strives to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors are not aware of any breach of environmental legislation for the financial year under review.

#### **11. REMUNERATION REPORT (Audited)**

The remuneration report is set out under the following main headings:

- A Remuneration Philosophy
- B Remuneration Structure & Contractual Arrangements
- C Remuneration and Performance
- D Voting and Comments at the Company's 2024 Annual General Meeting
- E Details of Remuneration
- F Related Party Information
- G Interests of Key Management Personnel (KMP)

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. The remuneration arrangements detailed in this report are for the key management personnel comprising the Non-Executive Chairman, Managing Director and Non-Executive Directors.

##### **A Remuneration Philosophy**

Key management personnel have authority and responsibility for planning, directing and controlling the activities of the Company. The performance of the Company depends upon the quality of its key management personnel. To prosper the Company must attract, motivate and retain appropriately skilled directors and executives.

The Company's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

##### **B Remuneration Structure & Contractual Arrangements**

The Company has in place letters of engagement for all Non-Executive Directors. The Directors hold office until the next annual general meeting at which point one third of the directors retire by rotation and will be eligible for election as a Director at that meeting in accordance with the Company's Constitution.

## **DIRECTORS' REPORT**

### Galan Lithium Limited Annual Report 2025

---

The Directors' appointments will automatically cease in the event that they give notice to the Board of their resignation as a Director or if they retire by rotation and are not re-elected as a Director by the Shareholders of the Company. Moreover their appointment will be terminated immediately if, for any

reason, they are disqualified or prohibited by law from being or acting as a Director or from being involved in the management of a Company.

The following annual remuneration rates apply to Galan Board members:

- Non-Executive Chairman - Mr Richard Homsany – (\$103,200 pa plus statutory superannuation)
- Managing Director – Mr Vargas de la Vega – (\$533,200 including superannuation effective 1 July 2025)
- Non-Executive Director - Mr Terry Gardiner – (\$72,000 pa plus statutory superannuation)
- Non-Executive Director - Mr Daniel Jimenez – (US\$144,000 pa)
- Non-Executive Director – Ms Claudia Pohl – (\$80,000 pa)

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors (from within the remuneration pool approved by Shareholders from time to time at a general meeting) and is set at levels to reflect market conditions and encourage the continued services of the Directors. The current shareholder approved remuneration pool is \$750,000 per annum (approved by shareholders on 18 November 2022).

The Company does not offer any variable remuneration incentive plans or bonus schemes to Non-Executive Directors.

The Company is an exploration and development entity and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior management personnel are paid market rates associated with individuals in similar positions within the same industry.

#### **C Remuneration and Performance**

During the reporting period, Director remuneration was not linked to either long term or short- term performance conditions. The Board feels that the terms and conditions of options, performance rights and shares held by Directors are a sufficient, long-term incentive to align the goals of the Directors with those of the shareholders to maximise shareholder wealth.

#### **D Voting and Comments at the Company's 2024 Annual General Meeting**

The adoption of the Remuneration Report for the financial year ended 30 June 2024 was put to the shareholders of the Company at the Annual General Meeting held on 15 November 2024. The Company received 93.6% FOR votes (from valid proxies) and 94.3% FOR votes (from the poll), of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2024 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

#### E Details of Remuneration

The key management personnel of the Company are the Managing Director, Non-Executive Chairman and Non-Executive Directors. Details of the remuneration of the key management personnel of the Company are set out below:

	Short-term Benefits				Post-Employment Benefits	Other Long-term Benefits	Equity Based Payment		Total	Performance Related
	Salary	Cash profit Share	Non-cash benefit	Other			Other	Equity		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%
Mr Richard Homsany – Non-Executive Chairman (i)										
2025	97,200	-	-	-	11,178	-	-	807,715	916,093	88.17%
2024	96,000	-	-	-	10,560	-	-	809,928	916,488	88.37%
Mr Juan Pablo Vargas de la Vega – Managing Director (ii)										
2025	439,600	-	-	69,231	58,515	-	-	1,615,430	2,182,776	74.01%
2024	400,000	-	-	107,692	55,846	-	-	1,619,856	2,183,394	74.19%
Mr Terry Gardiner – Non-Executive Director										
2025	72,000	-	-	-	8,280	-	-	807,715	887,995	90.96%
2024	72,000	-	-	-	7,920	-	-	809,928	889,848	91.02%
Mr Daniel Jimenez – Non-Executive Director (iii)										
2025	222,412	-	-	-	-	-	-	602,053	824,465	73.02%
2024	220,355	-	-	-	-	-	-	603,703	824,058	73.26%
Ms Claudia Pohl – Non-Executive Director (iv)										
2025	58,943	-	-	-	-	-	-	-	58,943	0%
2024	54,999	-	-	-	-	-	-	-	54,999	0%
<b>Total Remuneration (v)</b>										
2025	890,155	-	-	69,231	77,973	-	-	3,832,913	4,870,272	78.70%
2024	843,354	-	-	107,692	74,326	-	-	3,843,415	4,868,787	78.94%

- (i) Mr Homsany was paid a salary a total salary of \$97,200 plus statutory superannuation (2024- \$106,560).
- (ii) Mr Vargas de la Vega's salary was increased to \$533,200 including superannuation, effective 1 July 2025
- (iii) Mr Jiminez was directly paid director fees of \$222,412 (\$US144,000) (2024 - \$220,355 (\$US144,000)).
- (iv) Ms Pohl was directly paid director fees of \$58,943 (2024 - \$54,999).
- (v) The total value of Director Performance Rights on issue is \$19,469,100. This amount is being expensed and amortised over the 5 year life of the performance rights, resulting in an expense of \$3,832,913 during this period. Refer to note 16 for the performance rights valuation method.

#### F Related Party Information

The Company received \$58,400 (2024:\$57,480) for the recoupment of Company Secretarial services from Cazaly Resources Ltd. Cazaly Resources Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

Cardinals Corporate Pty Ltd was paid or owed a total of \$439,668 (2024:\$163,303) in legal and advisory fees for the 2025 financial year. Cardinals Corporate Pty Ltd is considered by the Company to be a related Party, as the Galan Non-Executive Chairman, Mr Richard Homsany, is a director of Cardinals Corporate Pty Ltd.

Barclay Wells Ltd was paid a total of \$390,308 (2024:\$231,000) in capital raising fees for the 2025 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

Chilean based Ad-Infiniutum was paid a total of \$68,926 (2024:\$605,500), for engineering consultancy for the 2025 financial year. Ad-Infiniutum is considered by the Company to be a related Party, as a Galan Non-Executive Director Claudia Pohl is Managing Partner and General Manager of Ad-Infiniutum.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

#### G Interests of Key Management Personnel (KMP)

##### Share holdings

##### **30 June 2025**

Name	Balance 1 July 2024	Purchased	Options Exercised	Sold/Other	Balance 30 June 2025
Richard Homsany	2,024,284	2,801,472	-	-	4,825,756
JP Vargas de la Vega	20,450,741	1,472,727	-	-	21,923,468
Terry Gardiner	7,945,704	2,380,880	-	-	10,326,584
Claudia Pohl	-	43,478	-	-	43,478
Daniel Jimenez	3,447,713	602,511	-	-	4,050,224
<b>Total</b>	<b>33,868,442</b>	<b>7,301,068</b>	-	-	<b>41,169,510</b>

##### **30 June 2024**

Name	Balance 1 July 2023	Purchased	Options Exercised	Sold/Other	Balance 30 June 2024
Richard Homsany	959,067	65,217	1,000,000	-	2,024,284
JP Vargas de la Vega	17,346,932	3,103,809	500,000	(500,000)	20,450,741
Terry Gardiner	6,580,487	1,365,217	500,000	(500,000)	7,945,704
Claudia Pohl	-	-	-	-	-
Daniel Jimenez	2,447,713	-	1,000,000	-	3,447,713
<b>Total</b>	<b>27,334,199</b>	<b>4,534,243</b>	<b>3,000,000</b>	<b>(1,000,000)</b>	<b>33,868,442</b>

##### Option holdings

##### **30 June 2025**

Name	Balance 1 July 2024	Issued/Other	Exercised	Lapsed/Other	Balance 30 June 2025
Richard Homsany	65,217	1,000,000 (ii) 600,000 (ii)	-	-	1,065,217
JP Vargas de la Vega	2,239,129	5,000,000 (iii)	-	-	7,839,129
Terry Gardiner (iv)	1,215,217	300,000 (ii)	-	-	1,515,217
Claudia Pohl	-	21,739 (ii)	-	-	21,739
Daniel Jimenez	-	164,892 (ii)	-	-	164,892
<b>Total</b>	<b>3,519,563</b>	<b>7,086,631</b>	-	-	<b>10,606,194</b>

##### **30 June 2024**

Name	Balance 1 July 2023	Issued/Other (i)	Exercised	Lapsed/Other	Balance 30 June 2024
Richard Homsany	1,000,000	65,217	(1,000,000)	-	65,217
JP Vargas de la Vega	500,000	2,239,129	(500,000)	-	2,239,129
Terry Gardiner	500,000	1,215,217	(500,000)	-	1,215,217
Claudia Pohl	-	-	-	-	-
Daniel Jimenez	1,000,000	-	(1,000,000)	-	-
<b>Total</b>	<b>3,000,000</b>	<b>3,519,563</b>	<b>(3,000,000)</b>	-	<b>3,519,563</b>

(i) Listed options (GLNOB – exercise price \$0.65 expiry date 20 Mar 2029)

(ii) Unlisted options (exercise price \$0.35 expiry date 18 Jul 2026)

(iii) Unlisted options with finance vesting condition (exercise price \$0.35 with 5 year expiry date)

(iv) Includes 100,000 Listed Options (GLNOB – exercise price \$0.65 expiry date 20 Mar 2029)

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

#### **Performance and service rights holdings**

##### **30 June 2025**

Name	Balance 1 July 2024	Issued/Other	Exercised	Lapsed/Other	Balance 30 June 2025
Richard Homsany	3,000,000	2,000,000 (ii)	-	-	5,000,000
JP Vargas de la Vega	6,000,000	1,696,546 (iii) 1,454,182 (iv)	-	-	9,150,728
Terry Gardiner	3,000,000	780,000 (i)	-	-	3,780,000
Claudia Pohl	-	780,000 (i)	-	-	780,000
<u>Daniel Jimenez</u>	<u>3,000,000</u>	<u>780,000 (i)</u>	<u>-</u>	<u>-</u>	<u>3,780,000</u>
<b>Total</b>	<b>15,000,000</b>	<b>7,490,728</b>	<b>-</b>	<b>-</b>	<b>22,490,728</b>

##### **30 June 2024**

Name	Balance 1 July 2023 (i)	Issued/Other	Exercised	Lapsed/Other	Balance 30 June 2024
Richard Homsany	3,000,000	-	-	-	3,000,000
JP Vargas de la Vega	6,000,000	-	-	-	6,000,000
Terry Gardiner	3,000,000	-	-	-	3,000,000
Claudia Pohl	-	-	-	-	-
<u>Daniel Jimenez</u>	<u>3,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,000,000</u>
<b>Total</b>	<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,000,000</b>

- (i) Performance rights with share price vesting conditions (in two even tranches, approved by shareholders on 28 Jan 2022 and 18 Nov 2022)
- (ii) Service rights with time vesting conditions (approved by shareholders on 5 Jun 2025)
- (iii) STI performance rights with vesting conditions (approved by shareholders on 5 Jun 2025)
- (iv) PI related performance rights with vesting conditions (approved by shareholders on 5 Jun 2025)

#### **End of Remuneration Report**

## **12. OPTIONS AND PERFORMANCE RIGHTS**

#### **Options on issue**

At the date of this report, the Company had the following unlisted options on issue:

Expiry Date	Exercise Price	Number
18 Jul 2026	\$0.35	30,899,675
5 Nov 2027	\$0.50	1,000,000
16 Jun 2028	\$0.165	700,000
20 Nov 2029	\$0.35	5,000,000

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

At the date of this report, the Company had 47,645,627 listed options (GLNOB) on issue (exercise price of \$0.65 and an expiry date of 20 March 2029).

#### **Performance and service rights on issue**

At the date of this report, the Company had a total of 27,678,055 performance and service rights on issue:

Type	Vesting Conditions	Number
Director Performance Rights	Price related vesting hurdles at \$2.25, \$2.50, \$3.00, \$3.25 and \$3.50	8,250,000
Staff Performance Rights	Price related vesting hurdles at \$2.25, \$2.50, \$3.00, \$3.25 and \$3.50	1,350,000
Director Performance Rights	Price related vesting hurdles at \$1.75, \$2.00, \$2.25, \$2.50 and \$2.75	8,250,000
STI Performance Rights	Production, costs and safety related vesting hurdles	3,314,691
PI Performance Rights	Approvals, finance and construction related vesting hurdles	2,173,364
Service Rights	Time related vesting hurdles	4,340,000

## **DIRECTORS' REPORT**

### **Galan Lithium Limited Annual Report 2025**

---

During the financial year, a total of 500,000 Performance Rights, issued to management personnel, were forfeited under the terms and conditions of their issue.

#### **13. PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

#### **14. INDEMNIFYING OFFICERS & AUDITORS**

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001 every Officer, or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. No indemnification has been paid with respect to the Company's auditor. The Company has insurance policies in place for Directors and Officers insurance.

#### **15. NON-AUDIT SERVICES**

The auditors have not provided any non-audit services to the Company in the financial year ended 30 June 2025.

#### **16. AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration under Section 307C in relation to auditor's independence for the Year ended 30 June 2025 has been received and can be found on page 28.

Signed in accordance with a resolution of the Board of Directors.



**J P Vargas de la Vega**  
**Managing Director**  
**Perth, Western Australia**  
**Date: 30 September 2025**

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

#### Competent Persons Statements

The information contained herein that relates to the latest Mineral Resource estimation approach at Hombre Muerto West was compiled by Mr. Carlos Eduardo Descourvieres. Mr. Descourvieres is an employee of WSP Chile and a Member of the Australian Institute of Mining and Metallurgy. 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)'. Mr. Descourvieres consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information contained herein that relates to the latest Mineral Resource estimation approach at Candelas was compiled by Dr Michael Cunningham, GradDip, (Geostatistics) BSc honours (Geoscience), PhD, MAusIMM. Dr Cunningham is a Principal Consultant and full-time employee of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment and of this style of mineralisation to qualify as a Competent Person as defined by the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The 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 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.

## DIRECTORS' REPORT

### Galan Lithium Limited Annual Report 2025

---

#### **Conversion Factors**

Lithium grades are normally presented in mass percentages or milligrams per litre (or parts per million (ppm)). Grades of deposits are also expressed as lithium compounds in percentages, for example as a percentage of lithium oxide ( $\text{Li}_2\text{O}$ ) content or percentage of lithium carbonate ( $\text{Li}_2\text{CO}_3$ ) content. Lithium carbonate equivalent (LCE) is the industry standard terminology and is equivalent to  $\text{Li}_2\text{CO}_3$ . Use of LCE provides data comparable with industry reports and is the total equivalent amount of lithium carbonate, assuming the lithium content in the deposit is converted to lithium carbonate, using the conversion rates in the table included below to get an equivalent  $\text{Li}_2\text{CO}_3$  value in per cent. Use of LCE assumes 100% recovery and no process losses in the extraction of  $\text{Li}_2\text{CO}_3$ .

Convert from		Convert to Li	Convert to $\text{Li}_2\text{O}$	Convert to $\text{Li}_2\text{CO}_3$
Lithium	Li	1.000	2.153	5.323
Lithium Oxide	$\text{Li}_2\text{O}$	0.464	1.000	2.473
Lithium Carbonate	$\text{Li}_2\text{CO}_3$	0.188	0.404	1.000
Lithium Chloride	LiCl	0.871		

#### **Forward Looking Statements**

This Annual Report contains forecasts and forward-looking statements which are no guarantee of future performance and which involve certain risks. Actual results and future outcomes will in all likelihood differ from those outlined herein. The report should not be construed as an offer or invitation to subscribe for or purchase securities in Galan. Nor is it an inducement to make offer or an invitation with respect to said securities.

Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to statements regarding future production, resources or reserves and exploration results. All of such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of the Company, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include, but are not limited to: (i) those relating to the interpretation of drill results, the geology, grade and continuity of deposits and conclusions of economic evaluations, (ii) risks relating to possible variations in reserves nor recovery rates and changes in project parameters as plans continue to be refined, (iii) the potential for delays in exploration or development activities or the completion of feasibility studies, (iv) risks related to commodity price and foreign exchange rate fluctuations, (v) risks related to failure to obtain adequate financing on a timely basis and on acceptable terms or delays in obtaining governmental approvals or in the completion of development or construction activities, and (vi) other risks and uncertainties related to the Company's prospects, properties and business strategy. Our audience is cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof, and we do not undertake any obligation to revise and disseminate forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of or non-occurrence of any events.

To the Board of Directors,

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

As lead audit director for the audit of the financial statements of Galan Lithium Limited and its controlled entities for the year ended 30 June 2025, 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 audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 30<sup>th</sup> day of September 2025  
Perth, Western Australia

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2025

Galan Lithium Limited Annual Report 2025

	Note	30 June 2025	30 June 2024
		\$	\$
<b>Continuing Operations</b>			
Interest revenue	3	142,031	581,348
Other Income	3	263,121	317,550
<b>Total</b>		<b>405,152</b>	<b>898,898</b>
Administration expenses		(2,380,850)	(2,358,391)
Compliance & regulatory expense		(542,458)	(515,919)
Employment expense		(1,785,649)	(1,390,869)
Fair value gain/(loss) on financial assets		(203,102)	(1,134,046)
Depreciation		(222,624)	(255,173)
Share based payments	16	(4,584,554)	(4,749,962)
FX Gain/Loss realised		63	-
<b>Loss before income tax expenses</b>		<b>(9,314,022)</b>	<b>(9,505,462)</b>
Income tax expenses	4	-	-
<b>Loss for the year from continuing operations</b>		<b>(9,314,022)</b>	<b>(9,505,462)</b>
Exchange differences on translating foreign operations		1,093,217	720,036
Other comprehensive income		1,093,217	720,036
<b>Total comprehensive income and net loss for the Year attributable to the owners of the Company</b>		<b>(8,220,805)</b>	<b>(8,785,426)</b>
Basic and diluted weighted average loss per share (cents per share)	15	(1.27)	(2.52)

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

Galan Lithium Limited Annual Report 2025

	Note	30 June 2025 \$	30 June 2024 \$
<b>Current Assets</b>			
Cash and cash equivalents	5	4,447,999	4,334,457
Trade and other receivables	6	177,956	191,924
Prepayments		29,685	-
<b>Total Current Assets</b>		<b>4,655,640</b>	<b>4,526,381</b>
<b>Non-Current Assets</b>			
Term deposit – Bank Guarantee		224,077	224,077
Financial Assets	7	352,137	1,640,505
Right of Use – Office Lease	11	520,023	689,719
Plant & Equipment	8	26,671,910	35,578,143
Exploration and evaluation	9	190,767,729	131,601,536
<b>Total Non-Current Assets</b>		<b>218,535,876</b>	<b>169,733,980</b>
<b>Total Assets</b>		<b>223,191,516</b>	<b>174,260,361</b>
<b>Current Liabilities</b>			
Trade and other payables	10	8,374,312	10,255,517
Lease Liability	11	174,910	158,809
Provisions		194,681	131,676
<b>Total Current Liabilities</b>		<b>8,743,903</b>	<b>10,546,002</b>
<b>Non-Current Liabilities</b>			
Lease Liability	11	271,998	446,908
Environment Provision	26	6,928,452	3,425,088
<b>Total Non-Current Liabilities</b>		<b>7,200,450</b>	<b>3,871,996</b>
<b>Total Liabilities</b>		<b>15,944,353</b>	<b>14,417,998</b>
<b>Net Assets</b>		<b>207,247,163</b>	<b>159,842,363</b>
<b>Equity</b>			
Issued capital	12	227,790,336	176,749,287
Reserves	13	17,126,769	12,061,143
Accumulated losses	14	(37,669,942)	(28,968,067)
<b>Total Equity</b>		<b>207,247,163</b>	<b>159,842,363</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES  
IN EQUITY FOR THE YEAR ENDED 30 JUNE 2025**

Galan Lithium Limited Annual Report 2025

Note	Issued Capital	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>Balance at 30 June 2023</b>	<b>128,831,780</b>	<b>7,079,234</b>	<b>(19,462,605)</b>	<b>116,448,409</b>
Net loss for the year	-	-	(9,505,462)	(9,505,462)
Other comprehensive income for the year net of tax	-	720,036	-	720,036
Total comprehensive loss for the year	-	720,036	(9,505,462)	(8,785,426)
<b>Transactions with owners recorded directly in equity:</b>				
Issue of Equity	37,467,000	-	-	37,467,000
Options exercised	1,247,400	-	-	1,247,400
Vendor shares	10,363,000	-	-	10,363,000
Consultant shares	181,600	-	-	181,600
Share issue costs	(1,829,582)	-	-	(1,829,582)
Performance rights Valuation	-	4,749,962	-	4,749,962
Fair value exercised options	488,089	(488,089)	-	-
<b>Balance at 30 June 2024</b>	<b>176,749,287</b>	<b>12,061,143</b>	<b>(28,968,067)</b>	<b>159,842,363</b>
Net loss for the year	-	-	(9,314,022)	(9,314,022)
Other comprehensive income for the year net of tax	-	1,093,217	-	1,093,217
Total comprehensive loss for the year	-	1,093,217	(9,314,022)	(8,220,805)
<b>Transactions with owners recorded directly in equity:</b>				
Issue of Equity	39,609,915	-	-	39,609,915
Acuity shares	7,911,000	-	-	7,911,000
Vendor shares	5,996,754	-	-	5,996,754
Consultant shares	224,751	-	-	224,751
Share issue costs	(2,701,371)	-	-	(2,701,371)
Performance rights Valuation	-	4,584,554	-	4,584,554
Transfers to accumulated losses	-	(612,145)	612,145	-
<b>Balance at 30 June 2025</b>	<b>227,790,336</b>	<b>17,126,769</b>	<b>(37,669,942)</b>	<b>207,247,163</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2025**

Galan Lithium Limited Annual Report 2025

	Note	30 June 2025	30 June 2024
		\$	\$
<b>Cash flows from operating activities</b>			
Interest received		86,625	767,028
Other income		304,861	65,179
Cash paid to suppliers and employees		(3,797,614)	(3,607,822)
<b>Net cash used in operating activities</b>	17	<u>(3,406,129)</u>	<u>(2,775,615)</u>
<b>Cash flows from investing activities</b>			
Payments for Property, Plant & Equipment		(816,682)	(32,555,818)
Payments for exploration expenditure		(42,073,618)	(42,046,892)
Purchase of exploration assets		-	(145,616)
Payment for investments		-	(448,248)
Proceeds sale of Fixed Assets		34,000	-
Proceeds sale of Investments		1,085,265	287,286
<b>Net cash from / (used in) investing activities</b>		<u>(41,771,034)</u>	<u>(74,909,288)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of equity instruments		46,860,917	37,451,000
Proceeds from Option Conversion		-	1,247,400
Payment for share issue costs		(1,570,213)	(1,829,582)
<b>Net cash from financing activities</b>		<u>45,290,704</u>	<u>36,868,818</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		113,542	(40,816,085)
<b>Cash and cash equivalents at beginning of the year</b>		<u>4,334,457</u>	<u>45,150,542</u>
<b>Cash and cash equivalents at end of year</b>	5	<u>4,447,999</u>	<u>4,334,457</u>

*The accompanying notes form part of these financial statements.*

# NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

## STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of Galan Lithium Limited (**the Company** or **Galan**) and its controlled entities (**the Group**) for the financial year ended 30 June 2025. Galan is a publicly listed company, incorporated and domiciled in Australia. The financial statements were authorised for issue on 30 September 2025 by the Directors of the Company.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF PREPARATION

##### (a) Statement of compliance

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

##### (b) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by the Company at the end of the reporting period. A controlled entity is any entity over which the Company has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities, as at 30 June 2025 is contained in Note 23 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the Company.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Profit or Loss and other Comprehensive Income. The non-controlling interest in the net assets comprises their interests at the date of the original business combination and their share of changes in equity since that date.

##### (c) Going concern

The financial report has been prepared on a 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 year of \$9,314,022 (2024: \$9,505,462) and net cash outflows used in operating activities of \$3,406,129 (2024: \$2,775,615).

As announced on 16 April 2025, the Company signed definitive agreements (**Agreements**) with Authium, including a lithium chloride concentrate Offtake Agreement and an Operating Agreement which governs the roles and obligations for the processing technology to be implemented at HMW.

Following a comprehensive review of potential funding options the Company decided that Authium was its preferred partner. The partnership with Authium offers the Company superior financial, technical and

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

timing benefits to other identified alternatives and yields the best outcome for the Company and its shareholders to complete HMW Phase 1 and commence the receipt of revenues.

Under the terms of the Agreements, Galan will sell 45 kt (LCE) of its lithium chloride concentrate to Authium over a period of 6 to 12 years. Galan will continue to manage the current HMW lithium brine inventories (estimated at 9,000t LCE), to final lithium chloride concentrate and will utilise Authium's HMW based nano filtration processing plant to enable Galan to reach its target lithium chloride concentrate grade of 6%.

One of the key benefits of the Authium partnership is, that Authium will fund, supply and operate the processing plant at HMW. As a result, Authium's proposal will enable Galan to significantly reduce its capital costs to complete HMW Phase 1, by removing \$41.5 million of capital expenditure relating to the liming plant and is also expected to reduce operating costs by around 18% relative to the HMW Phase 1 DFS (<https://tinyurl.com/GalanLithium>), due to cost savings related to the reagents and filtering plant.

In addition, Galan has the ability to drawdown on offtake prepayments of up to US\$6 million over a 6-month period commencing from the date lithium is processed through the processing plant (**Prepayment**). Galan is now working with Authium to secure an additional working capital facility, should it be required.

Authium is an Australian entity with expertise in mineral commercialization and innovative processing solutions. The team has a history of developing lithium projects, including the first chemical process to extract lithium from unconcentrated brine. Under the agreements, Authium will supply, fund, commission and remotely operate the nano-filtration skid units at the HMW site. This proven technique selectively removes impurities while allowing lithium to pass through. The process has been successfully deployed at multiple international lithium projects, including the Rio Tinto Rincon Project.

As announced on 25 August 2025, all conditions relating to the \$20 million share placement (Placement) to the Clean Elements Fund (Clean Elements) were completed. Clean Elements advised that all conditions precedent to the Placement had been satisfied. As such, the Placement would proceed to settlement, providing Galan with the funding required for the finalisation of the HMW Phase 1 construction over the remainder of the 2025 calendar year, with first production of lithium chloride concentrate scheduled for H1 2026.

Settlement takes place in two equal tranches of \$10 million. Tranche 1 settlement was received on 1 September 2025 and Tranche 2 of the Placement will settle no later than 22 November 2025.

The combination of these funding arrangements provided the Company with significant flexibility with respect to its ongoing capital expenditure requirements at HMW, Candelas and Greenbushes South.

Based on the above, the Directors consider the going concern basis of preparation to be appropriate for this annual report.

#### **(d) Basis of measurement**

The financial statements have been prepared on an accrual basis and are based on the historical cost, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **(e) Functional and presentation currency**

These financial statements are presented in Australian dollars, which is the Group's presentation currency.

##### Determination of functional currency of Argentinian subsidiaries

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. ('GLSA'), the two Argentinian based subsidiaries of Galan Lithium Limited.

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

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

Galan has loan agreements in place with GESA and GLSA that are USD denominated. All transfers to Argentina are done in USD. GESA also has a loan agreement in place with GLSA (incorporated Galan Argentinian subsidiary) that is USD denominated. All cash call transfers to Argentina are executed in USD.

#### **(f) Income tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit and loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the Year when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future Years in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

#### **(g) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the relevant tax authority.

Receivables and payables are stated with amounts of GST receivable or payable. The net amount of GST recoverable from, or payable to, the relevant tax authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented in the statement of cashflows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

#### **(h) Financial Instruments**

##### **Financial Assets**

###### Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and

either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Financial Liabilities

#### Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payable and convertible notes.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### **(i) Impairment of Assets**

At the end of each reporting year, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

#### **(j) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting Year.

#### **(k) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts.

#### **(l) Revenue and other income**

Interest Revenue is recognised as interest accrues using the effective interest method. At reporting date the Company had no other revenue sources.

#### **(m) Trade and other payables**

Trade and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the reporting date and are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(n) Equity settled compensation**

The Company operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting Year, with a corresponding increase to the option reserve.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest. Upon reversal of expired share based payments in subsequent years, these are recognised via an adjustment to retained earnings

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

### **(o) Exploration, Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an area of interest that is abandoned are written off in full against profit in the year in which the decision to abandon the areas is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### **(p) Critical accounting estimates and judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### *Key Judgements – Exploration and evaluation expenditure*

The Company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

#### *Key Judgments – Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

#### *Key Estimates – Taxation*

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

#### *Key Estimates – Equity settled transactions*

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined by an internal valuation using Black-Scholes option pricing model.

For equity settled transactions with consultants and other non-employees the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Black and Scholes option pricing model.

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

#### Key Estimates – Rehabilitation provision

The company has recognised a rehabilitation provision for its mining operations in Argentina, measured at the present value of estimated site restoration costs in accordance with regulatory and environmental obligations. The estimate involves significant judgment regarding closure timing, scope of works, cost assumptions (labour, materials, compliance), and discount rates, all of which are subject to inflation, exchange rate and regulatory risks. To support reliability, the Company obtains independent expert assessments to inform key assumptions. At 30 June 2025, the provision recognised is \$6,928,452 (2024: \$3,425,088, driven by increased land disturbance from evaporation pond construction and is reassessed each reporting period to reflect updated assumptions and conditions.

#### **(q) Foreign Currency Transaction and Balances**

##### **Functional and presentation currency**

The Company has adopted the US dollar as the functional currency for the Argentinian subsidiaries. The Company's financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

##### **Transaction and balances**

Profit and loss foreign currency transactions are translated into the functional currency using the average exchange rate for the financial year.

Balance sheet foreign currency items are translated at the year-end exchange rate.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and Other Comprehensive Income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### **(r) Fair value measurements**

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition.

##### **(i) Fair Value Hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### (ii) Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation technique selected by the Company is the market approach ie. valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the Company's assets and liabilities measured and recognized on a recurring basis after initial recognition and their categorization within the fair value hierarchy:

**30 June 2025**

	<b>Level 1</b> \$	<b>Level 2</b> \$	<b>Level 3</b> \$	<b>Total</b> \$
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Financial assets at fair value through other comprehensive income:				
– shares in listed companies	152,137	-	-	152,137
– investments in unlisted companies	-	200,000	-	200,000
<b>Total financial assets recognised at fair value</b>	<b>152,137</b>	<b>200,000</b>	<b>-</b>	<b>352,137</b>
<i>Non-financial assets</i>				
Freehold land	-	-	-	-
Buildings	-	-	-	-
<b>Total non-financial assets recognised at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**30 June 2024**

	<b>Level 1</b> \$	<b>Level 2</b> \$	<b>Level 3</b> \$	<b>Total</b> \$
<b>Recurring fair value measurements</b>				
<i>Financial assets</i>				
Financial assets at fair value through other comprehensive income:				
– shares in listed companies	1,440,505	-	-	1,440,505
– investments in unlisted companies	-	200,000	-	200,000
<b>Total financial assets recognised at fair value</b>	<b>1,440,505</b>	<b>200,000</b>	<b>-</b>	<b>1,640,505</b>
<i>Non-financial assets</i>				
Freehold land	-	-	-	-
Buildings	-	-	-	-
<b>Total non-financial assets recognised at fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

### (s) New, revised or amending accounting standards and interpretations adopted

#### Adoption of new and revised Accounting Standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2022.

#### 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 year ended 30 June 2025. 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.

### (t) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets (office premises) are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. This is 5 years.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

##### ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

#### iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

#### Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (u) Plant & Equipment

Plant and Equipment are stated at cost less accumulated depreciation and impairment.

#### (v) Depreciation

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The following useful lives are applied to asset categories:

<u>Useful Life</u>	<u>Asset Category</u>
10 years	Ponds & Infrastructure, Machinery, Furniture and Fittings
5 years	Motor Vehicles
3 years	Computers, Tanks, Other Equipment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

## 2. OPERATING SEGMENTS

The Company is currently managed primarily on the basis of its exploration activity. Operating segments are therefore determined on the same basis.

#### Exploration

Segment assets, including acquisition costs of exploration licenses, all expenses related to the tenements and profit on sale of tenements are reported on in this segment.

#### Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, deferred tax assets and intangible assets have not been allocated to operating segments.

#### Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Company as a whole and are not allocated. Segment liabilities include trade and other payables.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### Unallocated items

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- non-recurring items of revenue or expense;
- deferred tax assets and liabilities.

	Exploration	Unallocated	Total
30 June 2025	\$	\$	\$
<b>Revenue</b>			
Interest	-	142,031	142,031
Other	-	263,121	263,121
<b>Total segment revenue</b>	-	405,152	405,152
<b>Segment net operating (loss)/profit after tax</b>	-	(9,314,022)	(9,314,022)
Share based payments	-	(4,584,554)	(4,584,554)
<b>Segment assets</b>			
Exploration expenditure (i)	190,767,729	-	190,767,729
Cash and cash equivalents	-	4,447,999	4,447,999
Other assets (ii)	26,626,562	1,349,226	27,975,788
<b>Total segment assets</b>	217,394,291	5,797,225	223,191,516
<b>Segment liabilities (iii)</b>	15,030,444	913,909	15,944,353

### Geographic Location - Exploration

- (i) Argentina: \$182,047,717
- Australia: \$8,720,012
- (ii) Argentina: \$26,626,562
- (iii) Argentina: \$15,030,444

	Exploration	Unallocated	Total
30 June 2024	\$	\$	\$
<b>Revenue</b>			
Interest	-	581,348	581,348
Other	-	317,550	317,550
<b>Total segment revenue</b>	-	898,898	898,898
<b>Segment net operating (loss)/(profit) after tax</b>	-	(9,505,462)	(9,505,462)
Share based payments	-	(4,749,962)	(4,749,962)
<b>Segment assets</b>			
Exploration expenditure	131,601,536	-	131,601,536
Cash and cash equivalents	-	4,334,457	4,334,457
Other assets	35,458,143	2,866,225	38,324,368
<b>Total segment assets</b>	167,059,679	7,200,682	174,260,361
<b>Segment liabilities</b>	13,553,114	864,884	14,417,998

### 3. REVENUE AND OTHER INCOME

	30 June 2025	30 June 2024
	\$	\$
Interest received and accrued from financial institutions	91,784	581,348
Interest received other	50,247	-
<b>Total Interest</b>	142,031	581,348

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### Other Income

Sundry	6,140	-
Company secretarial recoupment	58,400	57,480
Office recharge	198,581	260,070
Total Other Income	263,121	317,550

### 4. INCOME TAX EXPENSE

#### Recognised in the income statement

	<b>Consolidated Group</b>	
	<b>2025</b>	<b>2024</b>
<b>a) Tax Expense</b>		
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense per income statement	-	-

#### b) Numerical reconciliation between tax expense and pre-tax net profit or (loss)

<b>Net profit/(loss) before tax</b>	<b>(9,314,022)</b>	<b>(9,505,462)</b>
Corporate tax rate applicable	30.00%	30.00%
<b>Income tax expense/(benefit) on above at applicable corporate rate</b>	<b>(2,794,206)</b>	<b>(2,851,639)</b>
Increase in income tax due to tax effect of:		
Share based payments expense	1,406,721	1,438,219
Non-deductible expenses	612,098	916,145
Current year tax losses not recognised	769,215	205,960
Current year capital losses not recognised	431,003	53,661
Decrease in income tax expense due to:		
Movement in unrecognised temporary differences	(367,042)	287,415
Deductible equity raising costs	(57,789)	(49,761)
Income tax expense attributable to entity	-	-

#### Deferred tax assets and liabilities

<b>d) Recognised deferred tax assets and liabilities</b>	<b>30.00%</b>	<b>30.00%</b>
<b>Deferred tax assets</b>		
Employee Provisions	58,404	39,503
Other Provisions & Accruals	14,961	17,466
ROU Assets	134,072	11,361
Blackhole - Previously Expensed	2,023	602
Tax losses	3,167,032	1,980,455
Other DTA's	7,192	33,084
	<b>3,383,684</b>	<b>2,082,471</b>
Set-off of deferred tax liabilities	(3,383,684)	(2,082,471)
Net deferred tax assets	-	-

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### Deferred tax liabilities

Exploration & Mine Properties	(3,263,190)	(2,056,108)
Lease Liabilities	(120,494)	-
Other DTL's	-	(26,363)
Gross deferred tax liabilities	(3,383,684)	(2,082,471)
Set-off of deferred tax assets	3,383,684	2,082,471
Net deferred tax liabilities	-	-

### (e) Unused tax losses and temporary differences for which no deferred tax asset has been recognised

Deferred tax assets have not been recognised in respect of the following using corporate tax rates of:	30.00%	30.00%
Deductible Temporary Differences	182,263	559,988
Tax Revenue Losses	4,458,772	3,665,460
Tax Capital Losses	485,099	54,097
Total Unrecognised deferred tax assets	5,126,134	4,279,545

The corporate tax rates on both recognised and unrecognised deferred tax assets and deferred tax liabilities have been calculated with respect to the tax rate that is expected to apply in the year the deferred tax asset is realised or the calculated liability is settled.

### 5. CASH AND CASH EQUIVALENTS

	30 June 2025	30 June 2024
	\$	\$
Cash at bank	4,447,999	4,334,457
Deposits at call (i)	-	-
	4,447,999	4,334,457

(i) The effective interest rate on the cash maximiser account was 2.5% (2024: 3.05%).

### 6. TRADE AND OTHER RECEIVABLES

GST receivables, interest accrued and other debtors	177,956	191,924
---	---------	---------

There were no trade receivables past due but not impaired. Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 18 for more information on the risk management policy of the Company and the credit quality of the Company's trade receivables.

### 7. FINANCIAL ASSETS

Investments in listed and unlisted corporations at fair value (i)	352,137	1,640,505
---	---------	-----------

(i) Several investments were divested during the period for net proceeds of \$1,289,992, resulting in a net loss of \$204,726

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### 8 PROPERTY, PLANT AND EQUIPMENT

	Plant and Equipment	Computer Equipment	Motor Vehicles	Total
	\$	\$	\$	\$
<b>Year Ended 30 June 2025</b>				
<b>Opening net book amount</b>	33,719,856	342,903	1,515,384	35,578,143
Additions	1,201,561	13,780	-	1,215,341
Adjustment/Transfers	(4,598,485)	(10,363)	(458,763)	(5,067,611)
Disposal of assets	-	-	(41,322)	(41,322)
Depreciation expense	(4,512,285)	(177,532)	(322,824)	(5,012,641)
<b>Closing net book amount</b>	<b>25,810,647</b>	<b>168,788</b>	<b>692,475</b>	<b>26,671,910</b>
<b>Year Ended 30 June 2025</b>				
Cost	33,950,727	589,692	1,614,120	36,154,538
Accumulated depreciation and impairment	(8,140,080)	(420,904)	(921,645)	(9,482,628)
<b>Net book amount</b>	<b>25,810,647</b>	<b>168,788</b>	<b>692,475</b>	<b>26,671,910</b>
<b>Year Ended 30 June 2024</b>				
<b>Opening net book amount</b>	6,663,721	211,518	897,941	7,773,180
Additions	33,991,051	430,046	1,647,149	36,068,246
Adjustment/Transfers	-	-	-	-
Disposal of assets	-	-	-	-
Depreciation expense	(6,934,916)	(298,661)	(1,029,706)	(8,263,283)
<b>Closing net book amount</b>	<b>33,719,856</b>	<b>342,903</b>	<b>1,515,384</b>	<b>35,578,143</b>
<b>Year Ended 30 June 2024</b>				
Cost	40,704,118	690,487	2,626,625	44,021,229
Accumulated depreciation and impairment	(6,984,262)	(347,584)	(1,111,241)	(8,443,086)
<b>Net book amount</b>	<b>33,719,856</b>	<b>342,903</b>	<b>1,515,384</b>	<b>35,578,143</b>

### 9. EXPLORATION AND EVALUATION

30 June 2025	30 June 2024
\$	\$

Costs carried forward in respect of areas of interest:

Brought forward	131,601,536	71,137,277
Exploration expenditure capitalised during the year	52,944,688	50,101,259
Catalina vendor shares issued	-	10,000,000
Quebec vendor shares issued	-	363,000
Creditor shares issued	6,221,505	-
<b>Balance at reporting date</b>	<b>190,767,729</b>	<b>131,601,536</b>

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.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### Management assessment and impairment review

In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, management has reviewed the carrying amount of exploration and evaluation expenditure as at 30 June 2025. The Group maintains current legal rights of tenure across all projects, and significant operations are ongoing.

The Directors considered the impairment indicators listed in AASB 6 paragraph 20 and concluded that no impairment was required at 30 June 2025. In forming this view, the Directors noted that:

- the technical feasibility and commercial viability of extracting resources from the Hombre Muerto West project were not demonstrable at balance date;
- project financing had not yet been secured as at 30 June 2025; and
- nano-filtration processing technology, while promising, had not yet been proven at commercial scale.

Accordingly, the carrying amount of \$190,767,729 remains classified as exploration and evaluation expenditure and has not been reclassified to development costs under AASB 6 paragraph 17.

#### Key judgements and estimates (AASB 101.122–125)

The assessment of exploration and evaluation expenditure involves significant judgement, particularly in determining whether costs are expected to be recouped through future development or sale. Key judgements include:

- the classification of Hombre Muerto West Phase 1 as exploration and evaluation rather than development;
- the assumption that project funding will be secured in future periods;
- the technical feasibility of proposed processing technologies; and
- the continued validity of tenure across all project areas.

Should future exploration results, funding outcomes, commodity prices, or permitting conditions differ materially from current expectations, the carrying value of these assets may be subject to impairment in future periods.

### **10. TRADE AND OTHER PAYABLES**

	<b>30 June 2025</b>	<b>30 June 2024</b>
	\$	\$
Trade payables	1,074,528	3,063,548
Accruals	7,299,784	7,191,969
	<hr/>	<hr/>
	8,374,312	10,255,517

### **11. RIGHT OF USE ASSETS AND LEASE LIABILITY**

Effective 1 December 2022 the company executed a 5 year office lease for its new premises at level 1, 50 Kings Park Road, West Perth 6005.

<b>Right-of-use assets</b>	<b>30 June 2025</b>	<b>30 June 2024</b>
	\$	\$
<u>Office lease</u>		
At carrying amount	956,373	941,221
Additions	-	15,142
Less: Accumulated amortization	(436,350)	(266,654)
	<hr/>	<hr/>
	520,023	689,719

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### Leases

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the period:

<b>As at 1 July</b>	605,717	749,427
Additions	-	-
Accretions of interest	26,726	34,253
Payments	(185,535)	(177,963)
<b>As at 30 June</b>	<b>446,908</b>	<b>605,717</b>
Current	174,910	158,809
Non-current	271,998	446,908

The following are the amounts recognised in profit or loss:

Depreciation	166,198	166,198
Interest expense on lease liabilities	26,726	34,253
<b>Total amount recognised in profit or loss</b>	<b>192,924</b>	<b>200,451</b>

The Group had total cash outflows for leases of \$185,535 in the period to 30 June 2025 (2024:\$177,965).

### 12. ISSUED CAPITAL

	<b>2025</b> Number	<b>2025</b> \$
Fully paid ordinary shares (2024: 473,943,995- \$176,749,287)	957,978,401	227,790,334

### Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

	<b>30 June 2025</b>	<b>30 June 2025</b>	<b>30 June 2024</b>	<b>30 June 2024</b>
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
Balance at the beginning of the period	473,943,995	176,749,288	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)	244,947,277	25,719,464	-	-
Placement shares at \$0.11 (vi)	114,923,665	12,641,602	-	-
Share Purchase Plan at \$0.11 (vii)	3,045,436	334,998		
Acuity ATM (viii)	-	-	15,000,000	2,385,150
Acuity ATM Collateral Shares (ix)	67,250,000	7,911,000	-	-
Vendor shares - Catalina (x)	-	-	9,756,098	10,000,000
Vendor shares - Quebec (xi)	-	-	550,000	363,000
Consultant shares (xii)	-	-	60,777	44,100
Consultant shares (xiii)	451,427	67,714	-	-
Consultant shares (xiv)	-	-	250,000	137,500
Shares issued to Creditors (xv)	48,187,045	5,996,754	-	-
Shares issued Employees (xvi)	1,256,294	157,037	-	-
	957,978,401	230,491,706	473,943,995	178,225,929
Less: transaction costs	-	(2,701,372)	-	(1,964,731)
Transfer from equity-based reserve	-	-	-	488,089
Balance at the end of the period	957,978,401	227,790,334	473,943,995	176,749,287

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

- (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 244,947,277 fully paid ordinary shares in a placement at \$0.105 per share on 17 September 2024, 17 October, 24 October 2024 and 30 January 2025.
- (vi) Issued 114,923,665 fully paid ordinary shares in a placement at \$0.11 per share on 28 April 2025, 08 May 2025 and 27 May 2025.
- (vii) Issued 3,045,436 fully paid ordinary shares in a share purchase placement at \$0.11 per share on 12 June 2025.
- (viii) Issued 15,000,000 ordinary shares to Acuity Capital under an ATM (on 12 April 2024). On 14 May 2024, 7,950,000 shares were set off, with 7,050,000 collateral shares remaining under the facility.
- (ix) Issued 67,250,000 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, 27 December 2024, 28 February 2025 and 28 March 2025).
- (x) Issued to the vendor as part consideration for tenement acquisition (Catalina).
- (xi) Issued to the vendor as part consideration for tenement acquisition (Quebec).
- (xii) Shares issued to a consultant on 26 August 2022 and 04 September 2023 in lieu of services provided.
- (xiii) 451,427 fully paid ordinary shares were issued to a consultant under the terms of their contract (on 08 November 2024).
- (xiv) Shares issued to a consultant in lieu of services provided.
- (xv) 48,187,045 fully paid ordinary shares issued to creditors on 20 September, 17 December 2024 and 17 January 2025 in lieu of payment.
- (xvi) 1,256,294 fully paid ordinary shares were issued to employees in lieu of payment of bonus on 07 February 2025.

### Performance Shares

A review of performance shares valuation as at 30 June 2025 was conducted by management (refer Note 16 for details).

### Options as at 30 June 2025

37,599,675 options with expiry dates and exercise price as per below were issued during the period. 6,700,000 were issued to the Managing Director, Senior Management and staff (refer Note 16 for details). 500,000 options with an expiry date of 24/12/24 expired during the period.

The following unquoted options remained on issue as at 30 June 2025:

Expiry Date	Exercise Price	Unquoted Options
18/07/2026	\$0.35	30,899,675
05/11/2027	\$0.50	1,000,000
16/08/2028	\$0.165	700,000
20/11/2029	\$0.35	5,000,000

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

### Performance and service rights as at 30 June 2025

There were a total of 27,678,055 performance and service rights on issue at 30 June 2025 (refer Note 16 for details).

### Capital risk management

The Board controls the capital of the Company in order to provide the shareholders with adequate returns and ensure that the Company can fund its operations and continue as a going concern. The Company's capital includes ordinary share capital. There are no externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

	30 June 2025	30 June 2024
	\$	\$
Cash and cash equivalents	4,447,999	4,334,457
Trade and other receivables	177,956	191,924
Trade and other payables	(8,374,312)	(10,255,517)
Working capital position	<u>(3,748,357)</u>	<u>(5,729,136)</u>

### 13. RESERVES

This reserve records the value of equity benefits provided to employees and directors as part of their remuneration, share based payments to 3<sup>rd</sup> parties plus option consideration for acquisitions.

#### Equity Based Reserve

Opening balance	12,061,143	7,079,234
Valuation of Performance rights (i)	4,949,861	5,131,307
Reversal of Performance rights for resigned employees (ii)	(503,822)	(233,310)
Valuation of Options (iii)	71,683	(148,035)
Valuation of STI and PIP performance rights (iv)	66,832	-
Fair value of exercised options transferred to share capital	-	(488,089)
Transfer to accumulated losses (v)	(612,145)	-
Closing Balance	<u>16,033,552</u>	<u>11,341,107</u>

#### Foreign Currency Translation Reserve

<b>Total Reserves</b>	<b>1,093,217</b>	<b>720,036</b>
	<u>17,126,769</u>	<u>12,061,143</u>

- (i) Represented by 16,500,000 performance rights issued to directors and 1,350,000 performance rights issued to senior management, which are being expensed and amortised over the 5 year life of the performance rights.
- (ii) Reversal of Performance rights for resigned employees.
- (iii) Valuation of unlisted options issued to senior management and staff.
- (iv) Valuation of STI and PIP performance rights and service rights issued during the period
- (v) Valuation of expired Options.

### 14. ACCUMULATED LOSSES

	30 June 2025	30 June 2024
	\$	\$
Opening balance	(28,968,067)	(19,462,605)
Loss for the Year	(9,314,022)	(9,505,462)
Transfer from Reserves	612,144	-
Closing Balance	<u>(37,669,942)</u>	<u>(28,968,067)</u>

### 15. LOSS PER SHARE

	Number	Number
Basic weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss/share	734,626,379	376,661,469
Diluted weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss/share	819,871,681	424,807,096
	\$	\$
Loss used in the calculation of basic and diluted loss per share	<u>(9,314,022)</u>	<u>(9,505,462)</u>

### 16. SHARE BASED PAYMENTS

#### Options

There were 6,700,000 Unlisted Options issued to directors and employees.

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

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 year ended 30 June 2025:

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%
Employee	500,000	\$0.02550	82%	\$0.50	\$0.125	3.82%
Employees	700,000	\$0.03967	82%	\$0.165	\$0.096	3.32%

(\*) 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 and Service Rights

There were a total of 17,850,000 Performance Rights, 3,314,691 STI Performance Rights, 2,173,364 PIP Performance Rights and 4,340,000 Service Rights on issue at 30 June 2025. The above totals include 3,687,327 issued to management personnel.

#### **Directors**

Total value of the Director Performance Rights is \$16,469,100. This amount is being expensed and amortised over the 5 year life of the performance rights, resulting in an expense of \$3,832,913 during this period. The Rights were valued using a barrier up-and-in trinomial pricing model with a Parisian barrier adjustment. The model, produced by an external consultant, takes into consideration that the Rights will vest at any time during the performance period, given that the VWAP of the Company's shares exceeds the relevant barrier over 20 consecutive trading days.

The total value of the Director STI Performance rights, PIP Performance rights and Service Rights is \$749,073. There was \$45,088 expense recognised during the period for STI Performance rights, PIP Performance rights and director Service rights

#### **Management**

The total value of the Management Performance Rights was \$2,068,830. This amount is being expensed and amortised over the 5 year life of the performance rights, resulting in an expense of \$507,428 during this period. The Rights were valued using a barrier up-and-in trinomial pricing model with a Parisian barrier adjustment. The model, produced by an external consultant, takes into consideration that the Rights will vest at any time during the performance period, given that the VWAP of the Company's shares exceeds the relevant barrier over 20 consecutive trading days.

The total value of the STI Performance rights and PIP Performance rights was \$228,202. There was \$21,745 expense recognised during the period for STI Performance rights and PIP Performance rights.

The following table illustrates the movements and the number and weighted average exercise prices of share-based payment options on issue during the year:

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

	2025		2024	
	Number of Options	Weighted Ave Exercise Price \$	Number of Options	Weighted Ave Exercise Price \$
<b>Balance at 1 July 2024</b>	500,000	1.30	6,940,000	0.32
Expired during the year	(500,000)	1.30	(500,000)	0.65
Exercised during the year	-		(5,940,000)	0.21
Issued during the year	6,700,000	0.35	-	
<b>Balance at 30 June 2025</b>	<u>6,700,000</u>	<u>0.35</u>	<u>500,000</u>	<u>1.30</u>
<b>Exercisable at 30 June 2025</b>	<u>6,700,000</u>	<u>0.35</u>	<u>500,000</u>	<u>1.30</u>

The options outstanding at 30 June 2025 had a weighted average remaining life of 3.959 years (2024 - 0.485 years). The weighted average fair value of the options outstanding at 30 June 2025 was \$0.35 (2024 - \$1.30).

### Performance Shares

Allottee	Number of Shares	Fair Value at Grant Date per Option	Probability	Life of Shares (years)	Expiry Date	Expected exercise date
<u>Blue Sky Milestones</u>						
- Share A <sup>(i)</sup>		Vested for vendors on 2 December 2019 <sup>(i)</sup>				
- Share B <sup>(ii)</sup>	10,000,000	\$0.185	80%	N/A	N/A	N/A

The calculation of the value of the above performance shares resulted in a share-based expense of Nil during the year, which is based on management's assessment of the probability of the milestones being met.

- (i) Milestone of 80kt lithium carbonate lithium JORC resource achieved 1 October 2019
- (ii) Probability of Blue Sky Milestone – Share B was re-assessed at 80%, recognising the delivery of a DFS study targeting production of 5.4ktpa on 3/7/2023.

### Blue Sky Milestones

Under the Share Sale and Purchase Agreement for the acquisition of Blue Sky, there is one final allotment of 10 million shares to the Blue Sky vendors and shareholders outstanding. These are due upon the commencement of commercial production from a pilot plant.

### Managing Director Performance Shares

There are no outstanding Managing Director Performance Shares as at 30 June 2025.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### 17. CASH FLOW INFORMATION

#### Reconciliation from the net loss after tax to the net cash flow from operations

	30 June 2025	30 June 2024
	\$	\$
Loss from ordinary activities after income tax	(9,314,022)	(9,505,462)
(Gain) /Loss on sale of shares	204,726	-
Fair value adjustment to investments	(1,624)	1,154,793
Depreciation	222,624	255,173
Share based payments	4,584,554	4,749,962
<b>Changes in assets and liabilities</b>		
(increase)/decrease in trade and other receivables	13,969	(156,007)
(increase)/decrease in prepayments	(29,685)	-
(increase)/decrease in Financial Assets	1,288,368	-
- Increase/(decrease) in provisions	63,006	(30,081)
- Increase/(decrease) in trade and other payables	(438,045)	756,007
<b>Cash flow from operations</b>	<hr/>	<hr/>
	(3,406,129)	(2,775,615)

### 18. FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of deposits with banks, accounts receivable and payable. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, and liquidity risk. Risk management is carried out by the Board of Directors who monitor, evaluate, and manage the Company's financial risk. The financial receivables and payables of the Company in the table below are due or payable within 30 days.

	Variable Interest Rate \$	Fixed Maturity – 1 Year or Less \$	Non-interest Bearing \$	2025 Total \$
<b>2025</b>				
<u>Financial assets</u>				
Cash and cash equivalents	4,447,999	-	-	4,447,999
Receivables	5,159	-	172,797	177,956
Held for trading financial assets	-	-	352,137	352,137
Total financial assets	4,453,158	-	524,934	4,978,092
Weighted average effective interest rate				2.31%
<u>Financial liabilities</u>				
Trade payables and accruals			(8,374,312)	(8,374,312)
Net financial assets				<hr/> <hr/> (3,396,220)

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

	Variable Interest Rate \$	Fixed Maturity – 1 Year or Less \$	Non-interest Bearing \$	2024 Total \$
<b>2024</b>				
<u>Financial assets</u>				
Cash and cash equivalents	4,334,457	-	-	4,334,457
Receivables	-	-	191,924	191,924
Held for trading financial assets	-	-	1,640,505	1,640,505
Total financial assets	4,334,457	-	1,832,429	6,166,886
Weighted average effective interest rate				3.05%
<u>Financial liabilities</u>				
Trade payables and accruals	-	-	(10,255,517)	(10,255,517)
Net financial assets				(4,088,631)

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices, in active markets for identical assets.

### Financial risk management objectives and policies

The Board of Directors monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including fair value and interest rate risk), credit risk and liquidity risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

#### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financing loss from defaults. The Company exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with Standard & Poor's rating of at least AA-. All of the Company's surplus funds are invested with a AA-rated financial institution.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised below:

	30 June 2025 \$	30 June 2024 \$
Cash and cash equivalents - Australia	4,355,583	2,745,143
Receivables – Australia	177,956	191,924

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the Company's maximum exposure to credit risk.

All Australian receivables noted above are due within 30 days.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

### Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company has no borrowings. The Company's non-cash investments can be realised to meet accounts payable arising in the normal course of business.

### Interest rate risk exposure

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk as it invests funds at both fixed and floating interest rates. The risk is managed by maintaining an appropriate mix between fixed and floating rate deposits. The Company has no borrowings.

	30 June 2025	30 June 2024
	\$	\$
<u>Interest bearing financial instruments</u>		
Cash and cash equivalents	4,447,999	4,334,457
Weighted average effective interest rate	2.31%	3.05%

### Sensitivity analysis

#### Interest rate risk

The Company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

#### Interest rate sensitivity analysis

At 30 June 2025, the effect on loss because of changes in the interest rate, with all variables remaining constant would be as follows:

#### Change in loss

Increase in interest rate by 100 basis points	44,480	43,345
Decrease in interest rate by 100 basis points	(44,480)	(43,345)

#### Change in equity

Increase in interest rate by 100 basis points	44,480	43,345
Decrease in interest rate by 100 basis points	(44,480)	(43,345)

#### Foreign currency sensitivity analysis

At 30 June 2025, the effect on loss because of changes in the Foreign currency, with all variables remaining constant would be as follows:

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

	30 June 2025	30 June 2024
	\$	\$
<b>Change in loss</b>		
Increase in 20% of Australian Dollar against the Argentinian Peso	584,118	1,866,985
Decrease in 20% of Australian Dollar against the Argentinian Peso	(584,118)	(1,866,985)
<b>Change in equity</b>		
Increase in 20% of Australian Dollar against the Argentinian Peso	584,118	1,866,985
Decrease in 20% of Australian Dollar against the Argentinian Peso	(584,118)	(1,866,985)

### 19. KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

Refer to the remuneration report contained in the directors' report for details of remuneration paid or payable to each member of the Company's key management personnel for the year ended 30 June 2025.

The totals of remuneration paid to KMP of the Company during the year are as follows:

	30 June 2025	30 June 2024
	\$	\$
Short term employee benefits	959,386	951,047
Post-employment benefits	77,973	74,326
Other long-term benefits	-	-
Equity based payments (i)	3,823,913	3,843,415
	<hr/>	<hr/>
	4,870,272	4,868,788

(i) This amount excludes the value of performance options for resigned directors.

Barclay Wells Ltd was paid a total of \$390,308 (2024: \$231,000) in capital raising fees for the 2025 financial year. Barclay Wells Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Barclay Wells Ltd.

The Company received \$58,400 (2024: \$57,480) for the recoupment of Company Secretarial services from Cazaly Resources Ltd. Cazaly Resources Ltd is considered by the Company to be a related Party, as a Galan Non-Executive Director, Mr Terry Gardiner, is also a director of Cazaly Resources Ltd.

Cardinals Corporate Pty Ltd was paid or due a total of \$439,668 (2024: \$163,603) in legal fees for the 2025 financial year. Cardinals Corporate Pty Ltd is considered by the Company to be a related Party, as the Galan Non-Executive Chairman, Mr Richard Homsany, is a director of Cardinals Corporate Pty Ltd. There was NIL outstanding at 30 June 2025.

Chilean based Ad-Infiniitum was paid a total of \$68,926 (2024: \$605,500), for engineering consultancy for the 2025 financial year. Ad-Infiniitum is considered by the Company to be a related Party, as a Galan Non-Executive Director Claudia Pohl is Managing Partner and General Manager of Ad-Infiniitum.

### 20. COMMITMENTS

The mining tenement option obligations, which include declared tenement commitments at Greenbushes are not provided for in the financial statements and are payable as follows:

	30 June 2025	30 June 2024
	\$	\$
No longer than one year	271,920	260,363
Longer than one year but not longer than five years	367,270	592,241
Longer than five years	83,687	-
	<hr/>	<hr/>
	722,877	852,604

## NOTES TO THE FINANCIAL STATEMENTS

### Galan Lithium Limited Annual Report 2025

---

A summary of the resolution of previously material outstanding mining tenement option obligations are as follows:

#### **Candelas Properties – Candela, Candela II, Candela III, Candela IV, Candela V and Candela VI**

As announced on 8 February 2023, Galan moved to 100% full ownership and title to the Candelas project. Candelas has no outstanding payment obligations attached to it.

#### **Catalina Property – Full Ownership**

On 28 July 2023, the Company announced that it had executed the necessary agreements to register its full ownership of the Catalina tenure (as issued by the Catamarca and Salta authorities). There is a long-standing political border dispute (over 100 years) between Salta and Catamarca, that includes the northern part of the Salar del Hombre Muerto, which does not have a foreseeable resolution. Over time, both respective provincial mining authorities have claimed the right on the disputed area and have been issuing mining rights that overlap over the same area. For clarity, Galan's Catalina tenure covers Catalina, Rana de Sal II, Rana de Sal III, Pucara del Salar and Deceo I.

The Catalina tenure has never been included in the HMW Resource estimate but is now classified under the HMW Project and a more focused and detailed work campaign will ramp up in the area.

Catalina is located in a disputed area between Salta and Catamarca without final definition, therefore the ownership of the area will be disputed by Salta up until the Federal Congress takes a final decision. It is not expected that such a resolution will eventuate in the foreseeable near future.

However, following on from negotiations with the Salta private owner, an agreement has been reached whereby the Company owns 100% of the Catalina project, both in Salta and Catamarca, upon the issue of 9,756,098 fully paid ordinary shares in the capital of Galan (issued 28 July 2023). The uncertainty around the private ownership and potential mine development of the tenure has now been resolved through this important acquisition.

#### **21. EVENTS SUBSEQUENT TO THE REPORTING DATE**

On 4 July 2025, the Company issued a total of 5,972,171 ordinary shares to Directors (and/or their nominees) under the terms and condition of the \$0.11 placement announced on 16 April 2025.

As announced on 1 August 2025, The Company closed out its Acuity ATM for net proceeds of \$2 million.

At the shareholders meeting held on 22 August 2025, Shareholders approved the issue of a total of 181,818,182 shares and 90,909,091 Options (\$0.15 exercise price with a 3 year exercise period from date of issue) in relation to the \$20 million placement to Clean Elements fund. The placement consisted of two tranches:

Tranche 1 – 90,909,091 shares and 45,454,545 options (\$0.15 exercise price with a 3 year exercise period from date of issue); and

Tranche 2 – 90,909,091 shares and 45,454,546 options (\$0.15 exercise price with a 3 year exercise period from date of issue).

Tranche 1 equity was issued on 1 September 2025 upon the receipt of \$10m. Tranche 2 equity is expected to be issued on or before 22 November 2025 (pending receipt of \$10m).

On 1 September 2025, the Company issued 3,000,000 shares to a consultant under the terms and conditions of an agreement.

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.

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

### 22. REMUNERATION OF AUDITORS

	30 June 2025	30 June 2024
	\$	\$
<u>Remuneration of the auditor for:</u>		
Auditing and reviewing the financial reports YE 30 June 2023	-	3,665
Auditing and reviewing the financial reports YE 30 June 2024	19,257	57,501
Auditing and reviewing the financial reports YE 30 June 2025	87,025	-
	<u>106,282</u>	<u>61,164</u>

### 23. CONTROLLED ENTITIES

	Country of Incorporation	Percentage Owned 2025	Percentage Owned 2024
Galan Lithium Limited (Parent Entity)	Australia		
Blue Sky Lithium Pty Ltd (Controlled Entity)	Australia	100%	100%
Galan Exploraciones S.A. (GESA)	Argentina	100%	100%
Galan Litio S.A. (GLSA)	Argentina	100%	100%
Galan Quebec Exploration Inc. (Controlled Entity)	Canada	100%	100%

On 15 July 2019, the Argentinian authorities granted the Company permission to become a registered foreign shareholder of GESA. Under the Argentine Corporations Code, a local company must have at least two shareholders. At the date of this report, the Company now holds 95% of the issued shares in GESA with the remaining 5% being held in trust, on behalf of the Company, by Mr Vargas de la Vega. In Financial year ended 30 June 2022, a second company was registered in the Salta province in Argentina - Galan Litio SA ('GLSA') under the same ownership structure as GESA.

On 26 September 2023, Galan Quebec Exploration Inc was incorporated.

### 24. PARENT ENTITY DISCLOSURES

	30 June 2025	30 June 2024
	\$	\$
<b>(a) Statement of financial position</b>		
<b>Assets</b>		
Current assets	4,563,224	2,937,067
Non-current assets	208,188,422	158,566,571
<b>Total assets</b>	<u>212,751,645</u>	<u>161,493,638</u>
<b>Liabilities</b>		
Current liabilities	5,232,484	1,072,691
Non-current liabilities	271,998	578,583
<b>Total liabilities</b>	<u>5,504,482</u>	<u>1,651,275</u>
<b>Equity</b>		
Issued capital	227,790,336	176,749,287
<u>Reserves:</u>		
Equity based payment reserve	17,308,269	13,051,066
Retained losses	(37,851,441)	(29,957,990)
<b>Total Equity</b>	<u>207,247,163</u>	<u>159,842,363</u>

### (b) Statement of Profit or Loss and Other Comprehensive Income

Total profit/ (loss)	(8,198,662)	(8,785,426)
<b>Total comprehensive income</b>	<b>(8,198,662)</b>	<b>(8,785,426)</b>

## NOTES TO THE FINANCIAL STATEMENTS

Galan Lithium Limited Annual Report 2025

---

### 25. CONTINGENT LIABILITIES

Galan Lithium Limited has the following material contingent liabilities as at 30 June 2025:

Under the Share Sale and Purchase Agreement for the acquisition of Blue Sky, there is one final allotment of 10 million shares to the Blue Sky Lithium Pty Ltd vendors and shareholders outstanding. These are due upon the commencement of commercial production from a pilot plant.

There is a potential liability in relation to the termination of a contract, in the event of no agreement being reached for the provision of future services, in the amount of \$1.7 million as at 30 June 2025

There are no outstanding Managing Director Performance Shares as at 30 June 2025.

### 26. ENVIRONMENT PROVISION

The company has recognised a rehabilitation provision for its mining operations in Argentina, as at 30 June 2025 of \$6,928,452 (2024: \$3,425,088). The increase in provision is driven by land disturbance from evaporation pond construction and is reassessed each reporting period to reflect updated cost assumptions and area of land disturbance.

	30 June 2025	30 June 2024
	\$	\$
Opening Balance	3,425,088	3,748,355
Increase (decrease) in provision	3,503,364	(323,267)
Closing Balance	6,928,452	3,425,088

## CONSOLIDATED ENTITY DISCLOSURE STATEMENT

Galan Lithium Limited Annual Report 2025

---

	Type of Entity	Country of Incorporation	% Owned	Australian or Foreign resident	Foreign tax jurisdiction of foreign residents
Galan Lithium Limited (Parent Entity)	Body corporate	Australia		Australia	Australia
Blue Sky Lithium Pty Ltd (Controlled Entity)	Body corporate	Australia	100%	Australia	Australia
Galan Exploraciones S.A. (GESA) (Controlled Entity)	Body corporate	Argentina	100%	Foreign	Argentina
Galan Litio S.A. (GLSA) (Controlled Entity)	Body corporate	Argentina	100%	Foreign	Argentina
Galan Quebec Exploration Inc. (Controlled Entity)	Body corporate	Canada	100%	Foreign	Canada

## **DIRECTORS' DECLARATION**

### Galan Lithium Limited Annual Report 2025

---

In accordance with a resolution of the directors of Galan Lithium Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out, on pages 29 to 59 are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2025 and of the performance for the year ended on that date of the Company;
2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. in the directors' opinion the information disclosed in the consolidated entity disclosure statement is true and correct; and
4. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

#### **On behalf of the Directors**



**JP Vargas de la Vega**  
**Managing Director**  
**Perth, Western Australia**  
**30 September 2025**

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Galan Lithium Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director's declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Exploration and Evaluation</b></p> <p>As disclosed in Note 9 to the financial statements, the Group had an exploration and evaluation balance of \$190,767,729 as at 30 June 2025.</p> <p>Exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Group's financial position.</li> <li>• The level of judgement required in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ("AASB 6"). AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.</li> <li>• The assessment of impairment of exploration and evaluation expenditure requiring judgement.</li> </ul>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest and the exploration programs planned for those tenements;</li> <li>• For each area of interest, we assessed the Group's rights to tenure by corroborating to agreements in place;</li> <li>• We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets;</li> <li>• Substantiated a sample of expenditure by agreeing to supporting documentation; and</li> <li>• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> <li>○ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li> <li>○ substantive expenditure for further exploration in the specific area is neither budgeted or planned decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> </ul> </li> </ul>

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Accounting for Share Based Payments</b></p> <p>As disclosed in Notes 13 and 16 to the financial statements, during the year ended 30 June 2025 the Group incurred share based payments expense of \$4,584,554.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> <li>the value of the transactions;</li> <li>the complexities involved in the recognition and measurement of these instruments; and</li> <li>the judgement involved in determining the inputs used in the valuations.</li> </ul>	<ul style="list-style-type: none"> <li>Assessing the adequacy of the disclosures included in Note 9 to the financial statements.</li> </ul> <p>Our procedures amongst others included:</p> <ul style="list-style-type: none"> <li>Analysing agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;</li> <li>Evaluating valuation models and assessing the assumptions and inputs used;</li> <li>Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements;</li> <li>Assessing the achievement of relevant milestones; and</li> <li>Assessing the adequacy of the disclosures included in notes 13 and 16 to the financial statements.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity's annual report for the year ended 30 June 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the remuneration report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error, and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Consolidated Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report of Company, for the year ended 30 June 2025, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

  
HALL CHADWICK WA AUDIT PTY LTD

  
MARK DELAURENTIS CA  
Director

Dated this 30<sup>th</sup> day of September 2025  
Perth, Western Australia

## ADDITIONAL SHAREHOLDER INFORMATION

### Galan Lithium Limited Annual Report 2025

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is provided as at **19 September 2025**.

#### **DETAILS OF EQUITY SECURITIES**

##### **ORDINARY SHAREHOLDERS**

There are 1,057,859,633 fully paid ordinary shares on issue, held by 7,170 individual shareholders. Each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person who is a member or a representative or a proxy of a member shall have one vote and on a poll every member present in person or by proxy or attorney or other authorised representative shall have one vote for each share held.

##### **TWENTY LARGEST SHAREHOLDERS**

<b>Fully Paid Ordinary Shareholders</b>	<b>Number</b>	<b>Percentage</b>
Clean Elements Fund (held in escrow)	90,909,091	8.59
Citicorp Nominees Pty Ltd	75,753,213	7.16
BNP Paribas Nominees Pty Ltd (IB AU Noms Retail Client))	74,743,139	7.07
HSBC Custody Nominees (Australia) Limited	65,658,277	6.21
BNP Paribas Noms Pty Ltd	64,087,838	6.06
Latam Resources Pty Ltd	42,835,724	4.05
BNP Paribas Nominees Pty Ltd (Clearstream)	31,879,506	3.01
HSBC Custody Nominees (Australia) Limited – A/c 2	28,910,348	2.73
Compania Constructora Y Servicios Excon SA	28,229,227	2.67
Annandale Street Holdings Pty Ltd (Annadale Street Holding A/c)	17,269,482	1.63
Havelock Mining Investment Ltd	16,955,870	1.60
Mr Zhaoyang Liu	14,739,103	1.39
Juan Pablo Vargas de la Vega	12,414,213	1.17
Ouyang b& Hu Pty Ltd (Ouuyang Family A/c)	8,457,160	0.80
Mr Terry Gardiner	8,169,697	0.77
Mrs Kelly Allen	6,950,000	0.66
HSBC Custody Nominees (Australia) Limited	6,879,622	0.65
Mr Bradley William Smith	6,314,385	0.60
Mr Yizhong Zhang	6,200,000	0.59
J P Morgan Nominees Australia Pty Ltd	5,737,895	0.54
	613,093,790	57.96

##### **VOTING RIGHTS**

Subject to any rights or restrictions for the time being attached to any class or classes (at present there are none) at general meetings of shareholders or classes of shareholders:

- (a) each shareholder entitled to vote, may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (c) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held, or in respect of which he/she has appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

##### **VOTING RIGHTS**

There are 2,757 shareholders who hold less than a marketable parcel of shares.

## ADDITIONAL SHAREHOLDER INFORMATION

Galan Lithium Limited Annual Report 2025

---

### DISTRIBUTION OF SHARE HOLDERS

	<b>Ordinary Shares</b>
1 to 1,000	781,268
1,001 to 5,000	5,547,354
5,001 to 10,000	7,728,771
10,001 to 100,000	74,643,886
100,001 and over	<u>969,158,384</u>
	<b><u>1,057,859,663</u></b>

### SUBSTANTIAL SHAREHOLDERS

As at report date, the following shareholders are recorded as Substantial Shareholders pursuant to their last notices lodged in accordance with section 671B of the Corporations Act:

<b>Substantial Shareholder</b>	<b>Ordinary Shares held</b>	<b>% Held</b>
Clean Elements Ltd	111,295,098	10.52

The percentage set out above is based on the total issued share capital at the date of ASX notification of substantial shareholder interest.

### SHARE BUY-BACKS

There is no current on-market buy-back scheme.

### OTHER INFORMATION

Galan Lithium Limited, incorporated and domiciled in Australia, is a public listed Company limited by shares.

## ADDITIONAL SHAREHOLDER INFORMATION

Galan Lithium Limited Annual Report 2025

---

### INTEREST IN MINING TENEMENTS (AS AT 19 SEPTEMBER 2025)

#### **Argentina (Hombre Muerto projects) - 100% right, interest and/or title**

Argentina Gold I  
Candela I – IX, XI-XV  
Casa Del Inca III & IV  
Catalina  
Deceo I, II & III  
Del Condor  
Delmira, Demira I  
Don Martin  
Pata Pila  
Pucara del Salar  
Rana de Sal I, II, III & IV  
Salinas  
Santa Barbara VII, VIII, X, XXIV

#### **Australia (Greenbushes South project) – 100% interest**

E70/4629  
E70/4690  
E70/4790  
E70/4777  
E70/5680  
P70/1702 to P70/1704  
E70/4889 (Pending)  
E70/6263 (Pending)  
P70/1698 to P70/1701 (Pending)

#### **Canada (James Bay project) – 50% interest**

##### James Bay – Claim Nos

CDC2662038-CDC2662057  
CDC2660890-CDC2660897

##### Taiga - Claim Nos

CDC2661464-CDC2661493