



AND CONTROLLED ENTITIES

ABN 87 149 349 646

Financial Report
Half Year ended 31 December 2023

DIRECTORS

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

COMPANY SECRETARY

Mike Robbins

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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STOCK EXCHANGE LISTING

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

ASX Code
GLN

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The Directors of Galan Lithium Limited ('the Company' or 'Galan') present the financial report of the Company and its Controlled Entities ('the Group') for the half year ended 31 December 2023. Galan is a company limited by shares that is incorporated and domiciled in Australia. Its listed equity securities are quoted on the Australian Securities Exchange under the ticker GLN.

DIRECTORS

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

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

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

Mike Robbins holds the position of Company Secretary.

RESULTS

The operating loss after income tax of the Group for the half year ended 31 December 2023 was \$4,550,782 (2022: \$2,961,927).

HALF YEAR REVIEW

CORPORATE

At the end of the 2023 calendar year, the Group had cash reserves of \$15,864,672 (June 2023: \$45,150,542).

Equity

During the half year to 31 December 2023, the Company issued the following equity:

- 9,756,098 fully paid ordinary shares were issued to Everlight Resources Pty Ltd for 100% ownership of the Catalina tenement in the Salta province (on 28 July 2023);
- A total of 5,940,000 fully paid ordinary shares were issued upon the conversion of \$0.21 options (on 22 August, 29 August and 12 October 2023);
- 60,777 fully paid ordinary shares were issued to a consultant in lieu of services provided (on 4 September 2023);
- 550,000 fully paid ordinary shares were issued as part of the consideration paid for the purchase of tenements in James Bay Lithium province in Canada (on 4 October 2023); and
- 250,000 fully paid ordinary shares were issued to a consultant under the terms of their contract (on 22 December 2023).

OPERATIONS

Hombre Muerto West (100% Galan)

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

The HMW Project is in close proximity to other world class lithium projects owned by Arcadian Lithium Ltd (formerly Livent and Allkem) and Posco (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.

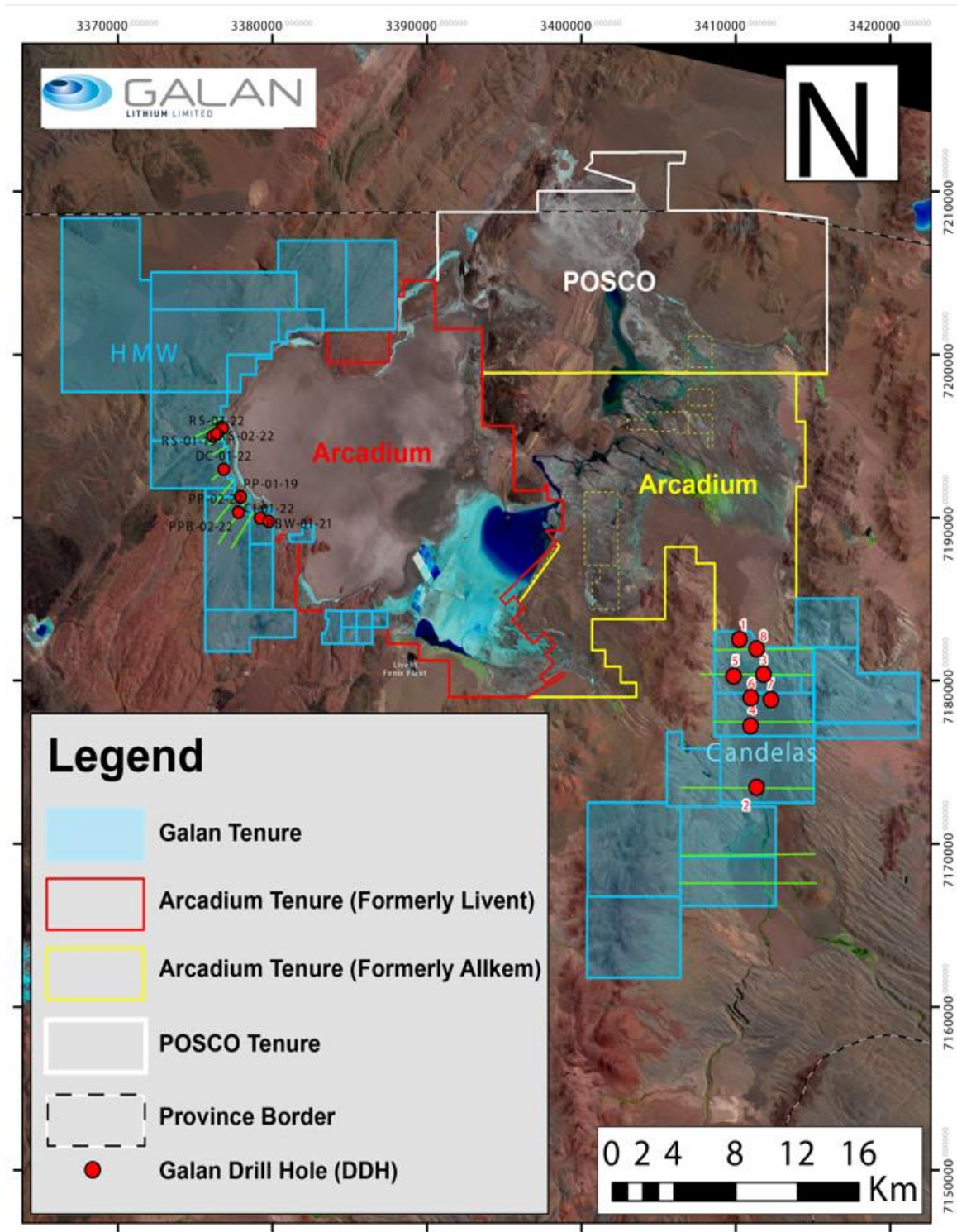


Figure 1: Location of Galan's 100% owned HMW and Candelas Projects in Argentina

Production Plan and Studies

As previously announced, the HMW project was separated into four production phases. The initial Phase 1 Definitive Feasibility Study (DFS) focused on the production of 5.4ktpa LCE of a lithium chloride concentrate by H1 2025, as governed by the approved production permits. The Phase 2 DFS would target 21ktpa LCE of a lithium chloride concentrate in 2026, followed by Phase 3 production of 40ktpa LCE by 2028 and finally a Phase 4 production target of 60ktpa LCE by 2030. Phase 4 will include lithium brine sourced from both HMW and Galan's other 100% owned project in Argentina, Candelas.

For full details (including Cautionary Statements, Table 1 and Table 2) surrounding the Phase 1 DFS results please refer to the ASX announcement released on 3 July 2023 entitled 'Phase 1 of Hombre Muerto West (HMW) DFS Delivers Compelling Economic Results for Accelerated Production.'

On 3 October 2023, the Company announced that the Phase 2 DFS had increased the overall annual production rate to 20,851 recoverable tonnes LCE, contained in a concentrated lithium chloride product for a period of 40 years. The Phase 2 DFS results and analysis provided outstanding outcomes that confirmed Galan's belief that the HMW Project is a tier one project in the lithium brine industry.

The Phase 2 DFS was prepared by several consultants. The Mineral Resource estimate was prepared by SRK Consulting (**SRK**), the Reserve estimate was prepared by WSP Consulting (Chile) (**WSP**) (part of WSP Ambiental S.A.), the lithium recovery method was designed by Ad-Infinitem and the pond and water contour channels designs were developed by AIA Engineering and Consulting Services International (**AIA**) and EIC Engineering (**EIC**), respectively. AIA and EIC are specialised engineering companies with sound previous experience with similar projects. Pares & Alvarez Ingenieros Asociados Limitada (**P&A**) were responsible for reviewing and documenting the recovery method and developing the engineering design of the reagents and filter plant. P&A also developed the Project layout, infrastructure designs for water and power supply that needed to be expanded for Phase 2, capital cost (**Capex**) and operating cost (**Opex**) estimates and overall economic evaluation. Andeburg Consulting Services Inc. (**ACSI**) reviewed the Capex, Opex and overall economic evaluation. The price estimates for lithium carbonate and lithium chloride concentrate were developed by Wood Mackenzie and iLiMarkets, respectively. Key financial highlights are presented in Table 1.

Table 1: Phase 2 Definitive Feasibility Study Results – HMW Project

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

For full details (including Cautionary Statements and Table 1 and Table 2) surrounding the Phase 2 DFS results please refer to the ASX announcement released on 3 October 2023 entitled 'Phase 2 DFS Confirms Tier One Status of Hombre Muerto West (HMW) Lithium Brine Project in Argentina.'

Capex Transition between Phase 1 and 2

Phase 1 is currently in construction and Galan is targeting to continue directly with the construction of the ponds for Phase 2, when the construction of the Phase 1 ponds is completed. This will have a positive impact on the production plan and the Capex efficiency.

Other areas may not need this continuity of construction to achieve the Phase 2 production plan. However, Galan will analyse the possibility of bringing forward or combining the construction of the Phase 2 facilities with the construction of Phase 1. This may result in capital savings and will reduce mobilisation and demobilisation costs. The Phase 1 and Phase 2 Capex estimates are compared in Table 2. Galan will review the transition between the phases to take advantage of potential savings and to further optimise its cash flows.

Table 2: Incremental Capex Between Phase 1 and 2

Area	Phase 1 Capex US\$ Million	Phase 2 Incremental Capex US\$ Million	Total Capex US\$ Million
Brine Wells and Brine Transport	3.3	18.4	21.7
Evaporation Ponds System	31.3	82.0	113.3
Reagents and Filter Plant	27.0	30.6	57.6
Utilities	9.3	30.0	39.3
Infrastructure	12.9	2.1	15.0
Total Direct Cost	83.8	163.1	246.9
Total Indirect Cost	19.8	114.8	134.6
Total Capex without contingency	103.6	277.9	381.5
Contingency	14.8	32.5	47.3
Total Capex	118.4	310.4	428.8

Construction Update

The construction phase and activities for the low cost, high grade HMW project continues to progress towards timely production, forecast in H1 2025 with the major construction activities summarised as follows:

- Buffer wall installed at 35% mark of Pond 1 with filling ongoing
- Pond 1 liner installation (100% complete)
- Pond 2 earthworks progressing well (65% complete)
- New camp and infrastructure progressing well (95% completed)
- Production well drilling ongoing (9 wells completed to date – only 6 required for Phase 1 production)
- Phase 2 EIA lodged with Catamarca Government
- On-site laboratory commissioned for continual Li assaying
- On-site ESG monitoring ramping up
- Quality, Argentinian team building for planned production in H1 2025



Figure 2 – Overview of HMW Phase 1 project construction (includes camp, pilot plant and filling of Pond 1 in the background)



Figure 3 – Overview of HMW Phase 1 project construction with the filling of Pond 1 in the foreground

Offtake Update

As announced on 16 November 2023, Galan signed a binding term sheet with a wholly owned subsidiary of Glencore plc (**Glencore**) global mining and trading company, for offtake for up to 100% of its premium lithium chloride concentrate from HMW (**Marketing Offtake Agreement** or **MOA**) and the offer to provide or facilitate a secured Financing Prepayment Facility (**Facility**) for US\$70 to US\$100 million, subject to conditions precedent being met. The agreement is renewable subject to mutual agreement between Galan and Glencore.

Glencore will purchase technical grade lithium chloride product from Galan's high-grade, low-impurity HMW Project in Catamarca Province, Argentina. The offtake commitment does not require Galan to have secured an export licence for its lithium chloride. Glencore will accept offtake for Galan's lithium chloride to be toll treated into lithium carbonate for sale and export from Argentina.

The binding agreement is for a five (5) year period from commencement of commercial production for 100% of Galan's Phase 1 production estimated at 5.4kt LCE in lithium chloride concentrate per annum. The price payable by Glencore will be referenced to a mutually agreed lithium carbonate price index over a quotational period less a marketing fee, discount and penalties (if any).

The offer from Glencore includes a provision to provide or facilitate a binding proposal for the Facility to support funding of Phase 1, which is subject to certain conditions precedent being met. These include, amongst others, satisfactory due diligence to Glencore's absolute discretion and draw down under the Facility only becoming effective when the MOA and all transaction definitive documentation has been signed subject to Glencore's satisfaction in its absolute discretion.

Galan believes that the execution of the binding term sheet for the MOA and Facility is a validation of the exceptional quality of the HMW Project and a strong endorsement of the experienced personnel with the requisite niche expertise which Galan has secured to successfully construct and deliver a lithium brine project in Argentina. Moreover, to underscore such confidence in the growth and future of Galan and its HMW Project, Galan and Glencore have agreed that Glencore will have first right to negotiate in respect of marketing and/or financing with regards to the future expansion of the HMW Project for Phase 2.

A Glencore site visit has been conducted with due diligence ongoing.

The Company also continues to advance its offtake partnering process for Phase 2 production from the HMW Project. This is running in parallel to the Phase 2 EIA permits which were lodged with the Catamarca Government.

Project Funding

Typical project development financing involves a combination of debt and equity. The Company may also elect to pursue other funding options, which could include undertaking a corporate transaction or other value realisation strategies such as an off-take with pre-payment, sale, partial sale or joint venture of the HMW Project. Galan is of the opinion that there is a reasonable basis to believe that the requisite future funding for the HMW Project will be available when required. It is also possible that such funding may only be available on terms that may dilute or otherwise affect the value of Galan's existing shares on issue. The grounds on which this reasonable basis is founded include:

- Finance availability for high-quality projects remains robust
- Early off-take opportunities due to more flexible commercial outcomes
- The HMW Project will produce a premium, high-grade concentrated lithium chloride product with 6% Li (equivalent to 12.9% Li₂O or 31.9% LCE) with low impurities
- Premium LiCl product can help to improve the performance of any lithium carbonate plant in northern Argentina. Several of these plants will start production in the next 3 years
- Like Phase 1, Phase 2 is technically simple and has a rapid payback of only 2.9 years from the start of Phase 1 production
- The strategic nature of lithium, especially in the context of urgent global climate issues
- The release of the Phase 1 and Phase 2 DFS for the HMW Project enables Galan to discuss outcomes with potential financiers
- The HMW Project has significant growth in its Ore Reserves as it moves further into Phase 2 for 20.85 ktpa LCE production
- There are significant capital savings and other sunk costs that flow through from Phase 1 to Phase 2 and will flow through to Phases 3 and 4
- Two years earlier cash flow from lithium chloride production versus lithium carbonate production.

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 3rd party royalties attached to it and has a readily accessible reverse osmosis water source ie. no river water will be required.

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

Greenbushes South Project (100% Galan)

On 21 September 2023, the Company announced the completion of its extended maiden diamond drilling program at its 100% owned Greenbushes South project in Western Australia, with final assay results validating its exploration model for targets. The Company's exploration model employed novel geophysical methods for identifying blind pegmatites at depth, and the rock types associated with spodumene mineralisation, and proved to be successful. Whilst the drilling did not detect any significant lithium mineralisation, the results mean that Galan's planning for further exploration will be more focused and cost-effective.

The maiden diamond drilling campaign at Fry's Block was extended into a second phase to validate the exploration model provided by the geophysical and drilling results, and furthermore to take advantage of the logistics, mobilisation and continued availability of the drilling team. Phase two drilling included three additional diamond drill holes and a further 1,385 metres of drilling for a total of eight (8) holes and 3,885 metres of drilling.

Approximately 25% of the rock drill core recovered was classified as pegmatite. In general, whilst the pegmatite intersected is not significantly enriched in lithium, caesium, and tantalum to an extent consistent with 'mineralised' LCT pegmatites or granite, it does show a trend towards some enrichment in these elements, which, along with some of the above observations, suggests the pegmatite cannot be disregarded as genetically unrelated to the Greenbushes pegmatite at this stage. The Company has engaged with primary stakeholders to gain strategic land access in the region and are developing another geophysical campaign along with a new calibration of the previous drill core data. This will enable the Company to identify the density characteristics of potentially new host rocks and targets and provide further geophysical targeting.

For full details on the technical results (including Table 1) on the Greenbushes South drilling please refer to the ASX announcement released on 21 September 2023 entitled 'Greenbushes South Drilling Update.'

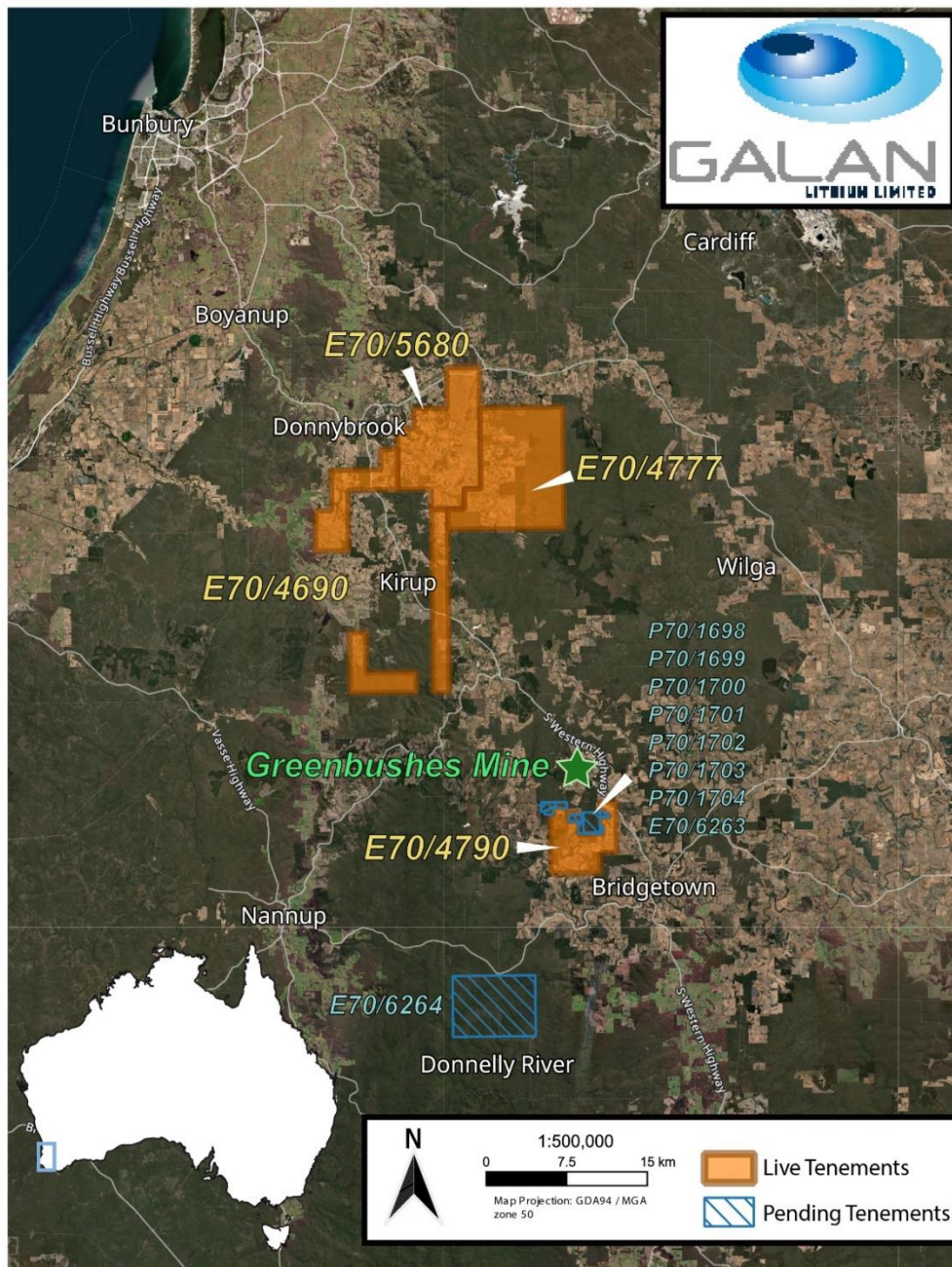


Figure 4 – Galan’s 100% owned E70/4790 located only 3km south of Greenbushes Lithium mine

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 during the quarter, 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 Resource Estimate

The latest HMW Mineral Resource estimate was announced on 1 May 2023 (Refer ASX Announcement entitled "Galan's 100% Owned HMW Project Resource Increases to 6.6 Mt LCE @ 880 mg/L Li (72% in Measured Category)". The Resource incorporated geological and geochemical information obtained from nineteen (19) drill holes totalling 5,918 m within the Pata Pila, Rana de Sal, Casa del Inca (III & IV), Del Condor, Pucara del Salar, Delmira, Don Martin and Santa Barbara mining tenements (see Figure 1). A total of 610 brine assays were used as the foundation of the estimation, all of which were analysed at Alex Stewart International (**Alex Stewart**) laboratory in Jujuy. The QA/QC program included duplicates, triplicates and standards. In total, 325 QA/QC samples were analysed using Alex Stewart (duplicates) and SGS in Argentina (triplicates) as the umpired laboratory.

The HMW Mineral Resource was supported by new core porosity data. Approximately 51 km of additional surface resistivity (CSAMT and TEM) completed in the 2021 and 2022 campaigns at the HMW Project supported the directly obtained brine samples.

The HMW Mineral Resource was re-classified based on the new data, resulting in a Measured Resource exceeding 4.7 Mt of contained lithium carbonate equivalent (**LCE**) product grading 873 mg/L Li in accordance with JORC Code Guidelines. The total HMW Mineral Resource (Measured + Indicated + Inferred) increased by approximately 14% to 6.6 Mt of contained LCE grading 880 mg/L Li. The latest HMW Mineral Resource estimate is summarised below in the Mineral Resource Statement (Table 3). No cut-off grade was applied to the updated Mineral Resource estimate as minimum block grades of 805 mg/L Li exceeded the anticipated economic threshold. This exceptional characteristic of the HMW reservoir reflects the highly homogenous brine quality throughout the mining tenements which permits the aggregation of the complete ore body and simplifies future operational and process constraints. The adjacent Candelas North project, approximately 40 km from the future HMW plant site is a strategic resource that forms part of the Galan long-term growth strategy.

Table 3 - Mineral Resource Statement for Hombre Muerto West and Candelas (Effective Date May 2023) (Inclusive of Ore Reserves)

Resource Category	Brine Vol. (Mm ³)	In situ Li (kt)	Avg. Li (mg/L)	LCE (kt)	Avg. K (mg/L)	In situ K (kt)	KCl Equiv. (kt)
Hombre Muerto West (Western sector and Santa Barbara)							
Measured	1,020	890	873	4,737	7,638	7,782	14,841
Indicated	205	185	904	986	7,733	1,585	3,022
Inferred	182	161	887	859	7,644	1,391	2,653
HMW Total	1,407	1,237	880	6,582	7,653	10,758	20,516
Candelas North (*)							
Indicated	196	129	672	685	5,193	1,734	3,307
Galan's Total Resource Inventory							
Grand Total	1,603	1,366	852	7,267	7,793	12,492	23,823

Notes:

1. No cut-off grade is applied to the updated Mineral Resource Estimate as minimum assays values are above expected economic concentrations (Li 620 mg/L).
2. Specific yield (SY) values used are as follows: Sand – 23.9%, Gravel – 21.7%, Breccia – 8%, Debris – 12%, Fractured Rock – 6%, and Halite – 3%.
3. The conversion for LCE = Li x 5.3228, and KCl = K x 1.907.
4. (*) Candelas North Mineral Resource Statement announced on 1 October 2019.
5. There may be minor discrepancies in the above table due to rounding.

For full details on the Resource estimate please refer to the ASX announcement released on 1 May 2023 entitled 'HMW Project Resource Increases to 6.6Mt LCE @ 880 mg/l Li.'

Ore Reserve Estimate

As announced on 3 October 2023, the HMW Project Phase 2 DFS reported an Ore Reserve estimate of 806.4 kt of recoverable LCE (Table 4). The Ore Reserve estimate was signed off by Rodrigo Riquelme (Geolnova), who is a Competent Person as described in the Competent Persons Statements.

Table 4 - Ore Reserve Statement for HMW Project Phase 2 DFS (Effective Date September 2023)

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

Notes:

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

For full details on the Ore Reserve estimate please refer to the ASX announcement released on 3 October 2023 entitled 'Phase 2 DFS Confirms Tier One Status of Hombre Muerto West (HMW) Lithium Brine Project in Argentina.'

Significant changes in the state of affairs

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

Subsequent events after balance date

On 31 January 2024, the Company announced an \$18 million placement to institutional, sophisticated and professional investors (**Placement**) and a share purchase plan offer of \$1.5 million to existing Galan shareholders. Under the Placement, Galan was to issue a total of 39,130,435 fully paid ordinary shares in the Company at \$0.46 per share along with 39,130,435 free attaching listed options (exercisable at \$0.65 with a 5-year exercise period)(**Options**). The Placement Shares and Options were to be issued under the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A.

The Company raised \$16.5 million (before costs) and issued an initial 35,869,565 fully paid ordinary shares in the Company on 6 February 2024. The issue of the 35,869,565 free attaching Options will follow in due course. Additionally, it was planned that Galan directors would be subscribing for up to 3,260,870 Shares along with up to plus 3,260,870 Options on the same terms raising a total of A\$1.5 million (before costs) in a second tranche that would be subject to shareholder approval at a forthcoming general meeting.

The equity raising enhances Galan's balance sheet by providing additional working capital and financial flexibility during Hombre Muerto West Phase 1 construction and provides sufficient working capital headroom whilst Galan finalizes negotiations of alternative funding solutions including debt and prepayment facilities that will enable completion of HMW Phase 1.

As announced by Galan on 31 January 2024 and 9 February 2024, the Share Purchase Plan (**SPP**) is on the same terms as the Placement for the issue of up to 3,260,870 Shares at \$0.46 per share, along with up to 3,260,870 free attaching Options to raise up to \$1.5m on the terms and conditions contained in the announcement.

On 11 March 2024, the Company announced the grant of an additional key tenement, E70/4629 targeting lithium-bearing pegmatites. The exploration licence has been granted for a period of 5 years to February 2029. The tenement is approximately 260 km south of Perth, the capital of Western Australia, and less than 30 km south of the Greenbushes pegmatite at the Greenbushes Mine (Talisson Lithium).

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

Auditor Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick WA Audit Pty Ltd, to provide the Directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 15 and forms part of this Directors' Report for the half year ended 31 December 2023.

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



Juan Pablo Vargas de la Vega
Managing Director
Perth, 15 March 2024

Competent Persons Statements

Competent Persons Statement 1

The information contained herein that relates to exploration results and geology is based on information compiled or reviewed by Dr Luke Milan, who has consulted to the Company. Dr Milan is a Member of the Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and types of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Persons as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Milan consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Competent Persons Statement 2

The information in this report that relates to the Mineral Resources estimation approach at Candelas and Hombre Muerto West was compiled by Dr Michael Cunningham. Dr Cunningham is an Associate Principal Consultant of SRK Consulting (Australasia) Pty Ltd. He has sufficient experience relevant to the assessment of this style of mineralisation to qualify as a Competent Person as defined by the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves – The JORC Code (2012)'. Dr Cunningham consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 3

The information contained herein that relates to Project background, brine extraction method, recovery method and Project layout, have been directed by Mr. Marcelo Bravo. Mr. Bravo is Chemical Engineer and managing partner of Ad-Infinitem SpA. with over 25 years of working experience, he is a Member of the Chilean Mining Commission and has sufficient experience which is relevant 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'. Mr. Bravo consents to the inclusion of his name in the matters based on the information in the form and context in which it appears.

Competent Persons Statement 4

The information in this report that relates to the Ore Reserves estimation approach at Hombre Muerto West was compiled by Mr Rodrigo Riquelme. Mr Riquelme is a Principal Consultant of Geolnova and is assisting WSP Consulting (Chile). He has 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 Riquelme consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Competent Persons Statement 5

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

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements, and that all material assumptions and technical parameters have not materially changed. The Company also confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward Looking Statements

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

In the opinion of the directors:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Board



Juan Pablo Vargas de la Vega
Managing Director
15 March 2024

To the Board of Directors,

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

As lead audit director for the review of the financial statements of Galan Lithium Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated this 15th day of March 2024
Perth, Western Australia

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

For the half year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Revenue			
Other income		684,996	446,065
Gain on financial assets at fair value through profit and loss		(321,789)	(103,461)
Administration and occupancy expenses		(1,348,842)	(968,006)
Corporate and compliance		(195,918)	(147,518)
Personnel expenses		(707,829)	(485,658)
Depreciation		(44,408)	(25,415)
Share based payment expense	5	(2,616,992)	(1,677,934)
Loss before income tax		(4,550,782)	(2,961,927)
Income tax		-	-
Loss for the period		(4,550,782)	(2,961,927)
Exchange differences on translating foreign operations		(897,047)	(3,706)
Other comprehensive income		-	-
Total comprehensive loss for the period		(5,447,829)	(2,965,633)
Basic loss per share (cents per share)		(1.31)	(0.97)

The accompanying notes form part of these financial statements.

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

For the half year ended 31 December 2023

		31 December 2023	30 June 2023
	Note	\$	\$
Current Assets			
Cash and cash equivalents		15,864,672	45,150,542
Trade and other receivables		37,303	533,610
Total Current Assets		15,901,975	45,684,152
Non-Current Assets			
Term deposit – Bank Guarantee		224,077	224,077
Financial assets		2,655,097	2,378,588
Right of Use – Office Lease		650,944	734,043
Plant and equipment		8,878,948	7,883,409
Exploration and evaluation	3	108,280,445	71,137,277
Total Non-Current Assets		120,689,511	82,357,394
TOTAL ASSETS		136,591,486	128,041,546
Current Liabilities			
Trade and other payables		7,631,857	6,933,598
Lease Liability		151,120	143,712
Provisions		192,434	161,757
Total Current Liabilities		7,975,411	7,239,067
Non-Current Liabilities			
Lease Liability		528,898	605,715
Environment Provision		2,677,605	3,748,355
Total Non-Current Liabilities		3,206,503	4,354,070
Total Liabilities		11,181,914	11,593,137
NET ASSETS		125,409,572	116,448,409
Equity			
Issued capital	4	141,111,868	128,831,780
Reserves	5	8,311,091	7,079,234
Accumulated losses		(24,013,387)	(19,462,605)
NET EQUITY		125,409,572	116,448,409

The accompanying notes form part of these financial statements

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

For the half year ended 31 December 2023

	31 December 2023	31 December 2022
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(1,873,335)	(1,379,145)
Interest received	673,658	301,263
Net cash flows used in operating activities	<u>(1,199,677)</u>	<u>(1,077,882)</u>
Cash Flows from Investing Activities		
Deposit for bank guarantee	-	(224,077)
Proceeds of the sale of Investments	84,017	-
Payments for exploration expenditure	(27,861,762)	(14,979,894)
Payments for property, plant and equipment	(1,029,124)	-
Payments for investments acquired	(448,228)	(100,000)
Net cash flows used in investing activities	<u>(29,255,097)</u>	<u>(15,303,971)</u>
Cash Flows from Financing		
Proceeds from option conversion	1,247,400	6,500
Net cash flows used in financing activities	<u>1,247,400</u>	<u>6,500</u>
Net increase/(decrease) cash and cash equivalents	(29,207,374)	(16,375,353)
Cash and cash equivalents at the beginning of the financial period	45,150,542	53,894,847
Foreign exchange movements	(78,496)	(48,529)
Cash and cash equivalents at the end of the financial period	<u>15,864,672</u>	<u>37,470,965</u>

The accompanying notes form part of these financial statements.

GALAN LITHIUM LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2023

	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2022	96,254,698	2,451,290	(11,845,616)	86,860,372
Loss for the period	-	-	(2,961,927)	(2,961,927)
Foreign currency movement	-	-	(3,706)	(3,706)
Total comprehensive loss for the period	-	-	(2,965,633)	(2,965,633)
Equity to be issued	(141,695)	-	-	(141,695)
Vendor and consultant shares	1,270,378	-	-	1,270,378
Performance rights valuation	-	1,631,025	-	1,631,025
Option valuation	-	46,909	-	46,909
Fair value exercised options	2,527	(2,527)	-	-
Options conversions	6,500	-	-	6,500
Balance at 31 December 2022	97,392,408	4,126,697	(14,811,249)	86,707,856

	Issued Capital	Reserves	Accumulated losses	Total
	\$	\$	\$	\$
Balance at 1 July 2023	128,831,780	7,079,234	(19,462,605)	116,448,409
Loss for the period	-	-	(4,550,782)	(4,550,782)
Foreign currency movement	-	(897,047)	-	(897,047)
Total comprehensive loss for the period	-	(897,047)	(4,550,782)	(5,447,829)
Vendor and consultant shares	10,544,600	-	-	10,544,600
Performance rights valuation	-	2,616,992	-	2,616,992
Fair value exercised options	488,088	(488,088)	-	-
Option Conversions	1,247,400	-	-	1,247,400
Balance at 31 December 2023	141,111,868	8,311,091	(24,013,387)	125,409,572

The accompanying notes form part of these financial statements.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

1. CORPORATE INFORMATION

This interim financial report represents those of Galan Lithium Limited ('the Company' or 'Galan') and Controlled Entities ('the Group') for the half-year ended 31 December 2023 was authorised for issue in accordance with a resolution of the Directors on 15 March 2024.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

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

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Galan during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

Basis of Preparation

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

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

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

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

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

New accounting standards, interpretations and amendments adopted by the Group

Adoption of new and revised Accounting Standards

In the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

Standards and Interpretations in issue not yet adopted.

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the period ended 31 December 2023. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Significant Accounting Judgements and Key Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates. In preparing this half-year report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2023.

Share-based payment transactions

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

Going Concern

The condensed consolidated half year financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group incurred a loss for the half year of \$4,550,782 (2022: \$2,961,927) and net cash outflows used in operating activities of \$1,199,677 (2022: \$1,077,882). At the end of the 2023 calendar year, the Group had a cash balance of \$15,864,672 (June 2023: \$45,150,542).

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

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

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

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

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

3. EXPLORATION AND EVALUATION

	31 December 2023 \$	30 June 2023 \$
Costs carried forward in respect of areas of interest:		
Exploration and evaluation phases at cost		
Movement:		
Brought forward	71,137,277	33,020,242
Exploration expenditure capitalised during the half year	26,642,668	35,566,035
Consultant shares issued	137,500	-
Candelas shares issued	-	1,551,000
Catalina shares Issued	10,000,000	
Greenbushes vendor shares	-	1,000,000
Quebec shares issued	363,000	-
Balance at reporting date	108,280,445	71,137,277

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

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

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

4. ISSUED CAPITAL

			31 Dec 2023 Number	31 Dec 2023 \$
Fully paid ordinary shares (30 June 2023: 336,915,405)			353,472,280	141,111,868

	31 Dec 2023 Number	31 Dec 2023 \$	30 Jun 2023 Number	30 Jun 2023 \$
Balance at the beginning of the period	336,915,405	128,831,780	304,399,362	96,254,698
Option conversions at \$0.21 (i)	5,940,000	1,247,400	30,950	6,500
Placement shares at \$1.05(ii)	-	-	30,000,000	31,500,000
Vendor shares – Candelas (iii)	-	-	1,410,000	1,551,000
Vendor shares - Greenbushes South (iv)	-	-	864,345	1,000,000
Vendor shares - Catalina (v)	9,756,098	10,000,000	-	-
Vendor shares - Quebec (vi)	550,000	363,000	-	-
Consultant shares (vii)	-	-	97,729	141,671
Consultant shares (viii)	60,777	44,100	41,840	44,100
Consultant shares (ix)	250,000	137,500	-	-
Consultant shares (x)	-	-	66,122	78,583
Consultant shares (xi)	-	-	5,057	6,000
	353,472,280	140,623,780	336,915,405	130,582,552
Shares to be issued (vii)	-	-	-	(141,671)
Transfer from equity-based reserve	-	488,088	-	2,527
Less: transaction costs	-	-	-	(1,611,628)
Balance at the end of the period	353,472,280	141,111,868	336,915,405	128,831,780

- (i) Issued on various dates upon the conversion of unquoted options (exercisable @ \$0.21 on or before 8/10/23).
- (ii) Issued 30,000,00 fully paid ordinary shares in a placement at \$1.05 per share on 22 May 2023.
- (iii) Issued to the vendor as part consideration for tenement acquisitions (Candelas).
- (iv) Issued to the vendor as part consideration for tenement acquisition (Greenbushes South).
- (v) Issued to the vendor as part consideration for tenement acquisition (Catalina).
- (vi) Issued to the vendor as part consideration for tenement acquisition (Quebec).
- (vii) Shares issued to a study consultant in lieu of services provided (6 months to June 2022 - \$133,671) and to a geological consultant (\$8,000) in lieu of services provided.
- (viii) Shares issued to a consultant on 26 August 2022 and 04 September 2023 in lieu of services provided.
- (ix) Shares issued to a consultant (\$137,500) in lieu of services provided.
- (x) Shares issued to a study consultant in lieu of services provided (3 months to July to September 2022 - \$78,583)
- (xi) Shares issued to a geological consultant (\$6,000) in lieu of services provided.

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

Options

The following unquoted options remained on issue at 31 December 2023:

<u>Expiry Date</u>	<u>Exercise Price</u>	<u>Unquoted Options</u>
04/02/2024	\$0.65	500,000
24/12/2024	\$1.30	500,000

Performance Rights

There were a total of 18,850,000 Performance Rights on issue at 31 December 2023.

5. RESERVES

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

	31 December 2023	30 June 2023
	\$	\$
<u>Equity Based Reserve</u>		
Opening balance	8,047,856	3,441,217
Valuation of Performance rights (i)	2,616,992	4,205,348
Performance shares (ii)	-	403,818
Candelas vendor shares	-	-
Fair value of exercised options transferred to share capital	(488,088)	(2,527)
Transfer to accumulated losses	-	-
Closing Balance	10,176,760	8,047,856
<u>Foreign Currency Translation Reserve</u>	(1,865,669)	(968,622)
	8,311,091	7,079,234

- (i) Represented by 16,500,000 performance rights issued to directors and 2,350,000 performance rights issued to senior management, which are being expensed and amortised over the 5 year life of the performance rights.
- (ii) Revaluation of unvested performance shares on issue.

Options

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

Performance Rights

There were no performance rights issued during the period

GALAN LITHIUM LIMITED

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

For the half year ended 31 December 2023

6. SUBSEQUENT EVENTS

On 31 January 2024, the Company announced an \$18 million placement to institutional, sophisticated and professional investors (**Placement**) and a share purchase plan offer of \$1.5 million to existing Galan shareholders. Under the Placement, Galan was to issue a total of 39,130,435 fully paid ordinary shares in the Company at \$0.46 per share along with 39,130,435 free attaching listed options (exercisable at \$0.65 with a 5-year exercise period)(**Options**). The Placement Shares and Options were to be issued under the Company's existing placement capacity under ASX Listing Rules 7.1 and 7.1A.

The Company raised \$16.5 million (before costs) and issued an initial 35,869,565 fully paid ordinary shares in the Company on 6 February 2024. The issue of the 35,869,565 free attaching Options will follow in due course. Additionally, it was planned that Galan directors would be subscribing for up to 3,260,870 Shares along with up to plus 3,260,870 Options on the same terms raising a total of A\$1.5 million (before costs) in a second tranche that would be subject to shareholder approval at a forthcoming general meeting.

The equity raising enhances Galan's balance sheet by providing additional working capital and financial flexibility during Hombre Muerto West Phase 1 construction and provides sufficient working capital headroom whilst Galan finalizes negotiations of alternative funding solutions including debt and prepayment facilities that will enable completion of HMW Phase 1.

As announced by Galan on 31 January 2024 and 9 February 2024, the Share Purchase Plan (**SPP**) is on the same terms as the Placement for the issue of up to 3,260,870 Shares at \$0.46 per share, along with up to 3,260,870 free attaching Options to raise up to \$1.5m on the terms and conditions contained in the announcement.

On 11 March 2024, the Company announced the grant of an additional key tenement, E70/4629 targeting lithium-bearing pegmatites. The exploration licence has been granted for a period of 5 years to February 2029. The tenement is approximately 260 km south of Perth, the capital of Western Australia, and less than 30 km south of the Greenbushes pegmatite at the Greenbushes Mine (Talisson Lithium).

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

7. SEGMENT INFORMATION

The Group currently operates in two geographical areas being Argentina and Australia, and in one industry, being exploration, for the half year ended 31 December 2023. The Chief Operating Decision Makers are the Board of Directors and the management of the Company. There is currently only one operating segment identified, being exploration activities based on internal reports reviewed by the Chief Operating Decision Makers in assessing performance and allocation of resources.

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

8. COMMITMENTS AND CONTINGENCIES

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

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

Conclusion

We have reviewed the accompanying half-year financial report of Galan Lithium Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of Galan Lithium Limited financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the half-year financial report, which indicates that the Consolidated Entity incurred a net loss of \$4,550,782 during the half year ended 31 December 2023. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2 indicate a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark DeLaurentis
MARK DELAURENTIS CA
Director

Dated this 15th day of March 2024
Perth, Western Australia