Galan Lithium Ltd (ASX:GLN)

First lithium sales imminent

Equity Research

25 September 2026

Commissioning of the Hombre Muerto West (HMW) Phase 1 lithium operation is complete and the project is in ramp-up, with first lithium chloride (LiCl) concentrate sales guided for the current half (2H CY26). We maintain our Buy (High Risk) recommendation for GLN, with a higher 12-month target price of A$0.75ps an ETR of 90% – we expect this valuation gap to close as GLN de-risks HMW and is recognised as a lithium producer. Key share-price catalysts: first sales, successful ramp-up to Phase 1 nameplate and the financing of Phase 2.

Key points

- **Commissioning**: Wet commissioning of GLN's Phase 1 conventional evaporation and nanofiltration operation is complete, with HNW producing its first processed lithium chloride. Nanofiltration is successfully removing impurities (e.g. 98% of sulphate) from brine preconcentrated in evaporation cells (0.5% lithium content), in line with plant specifications.
- **Production ramp-up to 4ktpa LCE:** GLN is optimising output to reach an initial rate of 4ktpa of Lithium Carbonate Equivalent (LCE, in concentrated brine), with evaporation rates lifting after a severe winter in the Puna region. We model 2.4kt of LCE in FY27 (to 31-Jun-27).
- **First sales 2H CY26:** Brine is being concentrated in the final evaporation ponds ahead of sale. GLN targets first lithium chloride concentrate and product sales in the current half (2H CY26) under the existing offtake agreement. We model this quarter (SepQ26) as production into stockpile, with first sales in DecQ26.
- **Expansions to come**: Pond construction to expand Phase 1 production to 5.2ktpa LCE is scheduled for SepQ26, with the capacity uplift in 1H CY27. GLN plans a Phase 2 expansion to a combined 21ktpa LCE (FY29/30), with potential for +40ktpa in the longer term.
- **Corporate**: Cash at 30-Jun-26 was A$35.5m with no debt: this is sufficient funding, in our view, to reach first revenue. We assume Phase 2 is funded 60:40 debt:equity.

Investment View: Maintain Buy (High Risk), TP$0.75ps

Commissioning of the **nanofiltration plant** has been a **significant derisking milestone** in the development of HMW Phase 1. The project is now in ramp-up to initial steady state production, with **a 4ktpa rate expected by the end of FY27, increasing to 5.2ktpa** after the pond expansion planned for completion in 1H CY2027. We forecast Phase 1 production of 2.4kt LCE in FY27.

Spot lithium carbonate (c.US$19,800/t) is in line with the US$20,000/t long-term price we apply in our base-case valuation, so we see **the investment case as a function of project execution – this will be key to the stock re-rating and reaching our base-case price target of A$0.75/sh**.

The **start of HMW Phase 1 sales**, targeted for 2H CY2026 – we expect DecQ26 – is the next critical derisking event for GLN, as this should **confirm that product quality, and pricing outcomes align with expectations**. A further derisk, expected through FY27, is successfully ramping up production to nameplate levels and achieving what is expected to be a **first-quartile unit cost profile**.

Successful delivery of HMW Phase 1 should validate the business model and pave the way for **execution of HMW Phase 2**, substantially increasing GLN's earnings potential and establishing it as a leading lithium sector growth platform, with significant expansion optionality. The low first-quartile cost positioning should enable profitable operation throughout the price cycle and facilitate counter-cyclic investment in inorganic growth.

Combined, the expansion potential, cost-curve positioning, and ability for additional downstream processing and margin capture, could provide GLN with considerable corporate appeal to neighboring major producers Rio Tinto Ltd and POSCO Holdings Inc, among others.

Change of analyst: *Trent Allen assumes coverage of GLN from Brad Watson.*

RATING

Recommendation	Buy (High Risk)
Last Close Price	A$0.39ps
Target Price, 12 mths	A$0.75ps
Target Price, previous	A$0.70ps

EXPECTED RETURN, +12mths

Capital growth	92.3%
Dividend yield	0.0%
Total expected return	92.3%

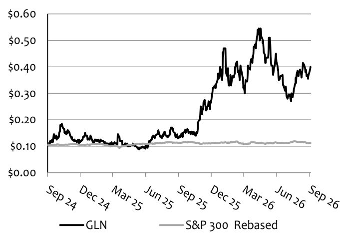
COMPANY DATA

Market capitalisation	A$494m
Enterprise value	A$459m
Issued capital	1268m
Free float	80.6%
Average daily value	A$1.6m
Price range (12 mths)	A$0.13-0.55

SHARE PRICE PERFORMANCE

Period	1mth	3mth	12mth
Price (A$ps)	0.39	0.41	0.14
Change (%)	-2.6	-8.5	177.8

PRICE CHART



GLN Directors / Management
Mr Richard Homsany
- Non Executive Chairman
Mr Juan Pablo Vargas de la Vega
- Managing Director
Mr Terry Gardiner
- Non-Executive Director
Mr Daniel Jimenez
- Non-Executive Director
Ms Claudia Pohl
- Non-Executive Director
Mr Ofer Amir
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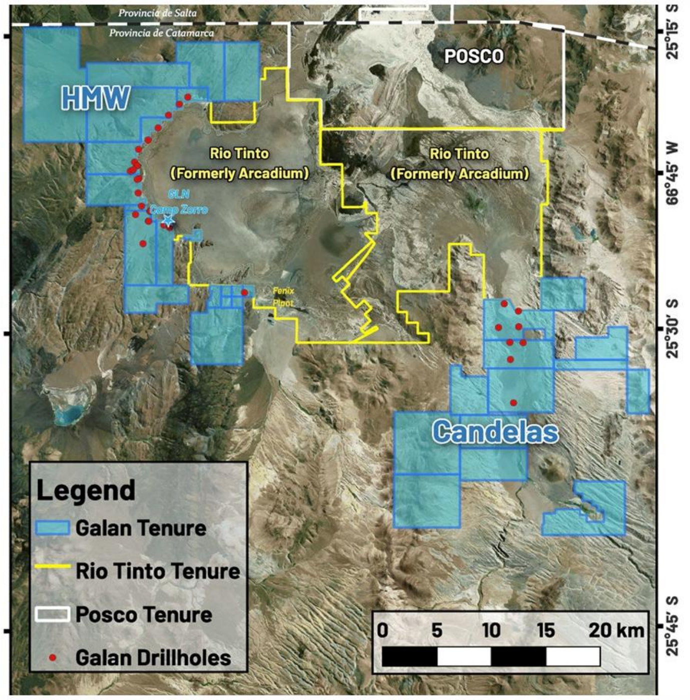
Galan Lithium Ltd (ASX: GLN)

Company overview

GLN is an ASX-listed mineral exploration and development company primarily focused on delivering high-grade, low-cost lithium brine production from its flagship Hombre Muerto West (HMW) Project in Argentina's 'Lithium Triangle'. GLN's other projects include the Candelas brine project in Argentina (also located at adjacent to the Salar del Hombre Muerto) and the Greenbushes South hard-rock lithium project in Western Australia, which is located near the world class Greenbushes Lithium Mine.

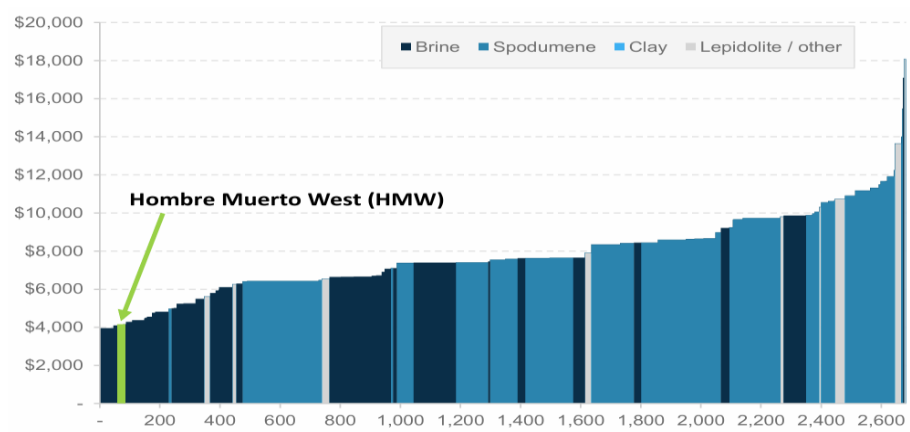
Figures 1 and 2: GLN's Project locations



Source: Company announcements.

Figure 3: Hombre Muerto expected position on Li cost curve

Hombre Muerto is expected to sit in the first quartile of the global Li cost curve



Source: Company announcements.

Valuation

Valuation methodology

We value the company by combining our estimate of the HMW project's worth with other relevant factors. Our sum-of-the-parts valuation includes: (1) a discounted cash flow estimate of forecast corporate costs, (2) an adjustment for our forecast of the future net-cash position, (3) allowances for dilution for in-the-money options, and (4) adjustments for future capital raises to fund exploration, evaluation and development.

Our project valuation is based on the details reported in GLN's 2023 HMW Project Feasibility Studies, with modifications based on announced guidance.

Our Target Price is based on our sum-of-the-parts valuation looking forward to the end of FY27 (30 June 2027). We now risk the HMW Phase 2 contribution at 50% of our estimated post-construction project NPV, increased/derisked from 40% in our May'26 note because the preceding Phase 1 is now in production. The increase in our Target Price to $0.75ps (from $0.70ps) reflects this higher Phase 2 weighting and the roll-forward of our 12-month valuation to SepQ27, offset by lower net cash.

We propose a rounded Target Price of $0.75ps and maintain a Buy (High-Risk) recommendation. Our valuation is shown in Figure 4.

Our valuation and 12-month GLN target price of A$0.75ps are based on a DCF analysis of HMW, with higher risk weighting of 50% on Phase 2.

Figure 4: Sum-of-the-Parts Valuation

	(m)	($m)	($ps)
Shares and options (+12 months)			
Shares on issue	1,684.2		
Options in the money (OITM), including perforamnce rights	118.6		
Diluted shares on issue	1,802.8		
Sum-of-the-parts valuation (12-month look forward)			
HWE Stage 1 project NPV - 100%		559.9	0.33
HWE Stage 2 (50% of estimated post-construction project NPV)		798.8	0.47
Exploration assets		-	-
Corporate and exploration costs		(33.0)	(0.02)
Subtotal		**1,325.7**	**0.79**
Net cash (debt)		10.9	0.01
Total (undiluted)		**1,336.5**	**0.79**
Add options in the money (m)	118.6		
Add cash from OTIM		15.5	0.01
Total (diluted)		**1,352.0**	**0.75**

Source: GBA estimates.

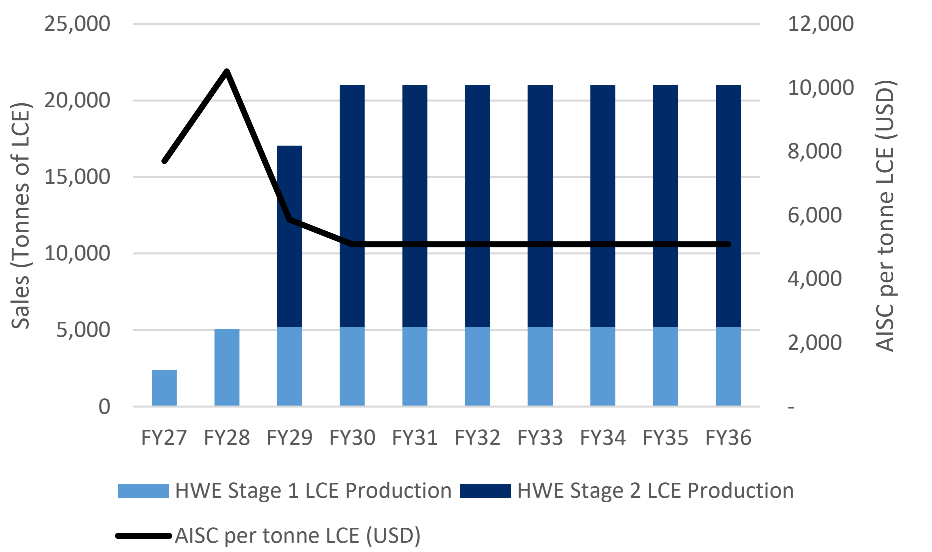
Valuation assumptions

Our project valuation is based on details reported in GLN's HMW Definitive Feasibility Studies (DFS; 2023), and updates reported by the company. Key details and assumptions we apply in our valuation include:

- **HMW Production**: We model production of FY27: 2.4.0kt LCE (Phase 1, ramp-up to 4ktpa), FY28: 5.2kt LCE (Phase 1), FY29: 17kt LCE (Phase 2 ramp-up period), and FY30: 21kt LCE (Phase 1 + Phase 2). We model Phase 1 and Phase 2 production over 40 years. We don't model beyond Phase 2, which is upside to our valuation. We model SepQ26 quarter as production into stockpile, with first sales expected in DecQ26.

- **Metallurgical Recovery**: We model lithium recovery to concentrate averaging 68.5% in line with the DFS.
- **Capital Costs**: Phase 1 capital expenditure is largely complete. We model Phase 2 capital costs of A$400m, in line with the DFS, but there is potential to reduce this subject to further studies in 1H CY27. We assume Phase 2 is funded 60:40 debt:equity. GLN held cash of A$35.5m and no debt at 30-Jun-26 (latest reported).
- **Operating Costs**: We model operating costs of: (1) US$3,200/t of LCE, and (2) concentrate transport costs of US$750/t of LCE, and (3) provincial royalties of 7%.
- **Project Schedule**: We model (1) first HMW Phase 1 sales in 1HFY27, (2) Phase 2 construction commencement in 2HFY27 (allowing for finance), and (3) first Phase 2 production in 1QFY29.
- **Revenue, EBITDA and Project NPV**: At a long-term lithium carbonate price of US$20,000/t LCE, we model Phase 1 and Phase 2 project Revenue of A$8.2b, and EBITDA of A$5.3b – this assumes payability of 87% of US$/t LCE price for GLN's 6% LiCl (lithium chloride) concentrate (vs 70% in the DFS), less a flat converter charge of US$3,100/t. We estimate project NPV of A$1.7b (real dollars, 8% discount rate, post-tax, valuation date SepQ26, first 20 years of project life). Each Phase's contributions are:
  - **Phase1**: project Revenue of $2.2B, and EBITDA of $1.4b.
  - **Phase 2**: project Revenue of $6.0B, and EBITDA of $3.9b.

Figure 5: Production Outlook – Ten Years – HMW Phase 1 and Phase 2 Only



Source: GBA estimates.

We set our Target Price with reference to our 12-month sum-of-the-parts valuation (Figure 4). Figure 6 sets out the assumptions underpinning our post-construction valuation, and the total expected return to the post-construction date:

Figure 6: Target Price Consideration

Item	Assumption
Project financing	60:40 debt equity for a A$400m initial capital expenditure
Construction equity capital raise	A$0.40ps 417m new shares issued
Construction completion date	Construction completion in 2QFY28, and a production start date of 1QFY29 (1.9 years)
Post construction valuation, project	A$2,078m, at a LCE price of US$20,000/t LCE
Post construction valuation, share price	A$1.15ps (including equity dilution, adjusted for net-debt, and including exploration value)
Total Expected Rreturn, to post-construction date	187%, w hich corresponds to an annualised rate-of-return of 72%

Source: GBA estimates.

Target Price sensitivity to commodity price

The table below shows the sensitivity of our Target Price to forecast commodity price.

Like all mineral projects, the valuation of HMW is highly sensitive to commodity price

Figure 7: Target Price sensitivity to forecast commodity price assumptions

US$ Commodity Price	A$ Commodity Price (0.7AUD:USD)	FID Cap Raise Price ^	Total Expected Return*	Annualised Rate of Return*	Target Price*	Target Price, +12mths	Total Expected Return, +12mths	Recommendation
	Target Price basis							
US$20,000/t LCE	A$28,571/t LCE	A$0.40ps	187%	69%	$1.15ps	$0.75ps	87%	Buy
	Sensitivity prices							
US$30,000/t LCE	A$42,857/t LCE	A$0.40ps	455%	97%	$2.22ps	$1.38ps	245%	Buy
US$25,000/t LCE	A$35,714/t LCE	A$0.40ps	321%	84%	$1.69ps	$1.07ps	166%	Buy
US$20,000/t LCE	A$28,571/t LCE	A$0.40ps	187%	69%	$1.15ps	$0.75ps	87%	Buy
US$15,000/t LCE	A$21,429/t LCE	A$0.40ps	52%	50%	$0.61ps	$0.43ps	8%	Hold
US$10,000/t LCE	A$14,286/t LCE	A$0.40ps	-87%	14%	$0.05ps	$0.12ps	-71%	Sell

^ FID capital raise assumed

* to post construction

Source: GBA estimates.

Investment thesis

We make our recommendation considering our valuation, and the following key points:

- **The Hombre Muerto West (HMW) & Candelas Lithium Brine Project**: HMW and Candelas are in South America's "Lithium Triangle", specifically the Catamarca Province of Argentina. Situated on the west coast of the Hombre Muerto Salar, at HMW, GLN has defined a large, high-grade, and low-impurity, long-life lithium brine project. HMW Mineral Resources total, 7,867kt of LCE contained 1,675Mm^3 (million cubic metres) of brine, with lithium concentration of 883mg/L (milligrams per litre). Candelas has Mineral Resources of 1,634kt of LCE contained in 450Mm^3 of brine, with lithium concentration of 683mg/L.

- **Lithium cost curve positioning**: GLN forecasts its HMW project sits in the first quartile of the global lithium cost curve, identifying it as a premier low-cost brine producer. This positioning ensures operational resilience and profitability during low-price cycles that threaten high-cost competitors and should generate industry leading margins in high-price cycles. This competitive advantage makes GLN an attractive option for majors seeking long-life, Tier-1 assets with minimal financial risk. Consequently, this cost advantage provides the leverage needed to secure strategic offtake agreements and resist undervalued buyout attempts.

GLN is expected to be a low-cost producer with potential to expand output – but a positive re-rating of the stock over the next 12 months should be a function of ramp-up execution and pricing outcomes.

- **HMW Phase 1**: Like many brine projects, HMW's development is being advanced in a staged approach. GLN has completed wet commissioning of Phase 1, nanofiltration is removing impurities from preconcentrated brines, and production is now in ramp-up. GLN is targeting first lithium chloride concentrate and product sales in 2H CY26 (1H FY27). Phase 1 is planned to initially produce 4ktpa of LCE (4 thousand tonnes per annum of lithium carbonate equivalent, contained in a 6% lithium chloride concentrate) for the first year (FY27), before increasing to 5.2ktpa LCE following the pond expansion planned for 1H CY27 (full-year effect in FY28).

- **HMW Phase 2**: Following the commissioning of Phase 1, GLN plans to finance and develop HMW Phase 2 and increase production to a combined 21ktpa of LCE for a 40-year project life. After financial close, HMW Phase 2 is expected to take 12 months to be constructed, with production ramp-up expected to commence ~6months following the completion of construction. GLN's Aug'26 investor presentation highlights that the expansion is permitted.

- **Capital and expansion modularity**: A feature of solar evaporation lithium brine projects is they have a high degree of project development modularity. This modularity allows for (1) phased development of very large Mineral Resources base like GLN's, (2) agile capital budgeting and iterative funding cycles in response to changing lithium sector and capital market conditions, and (3) following achieving a critical scale, self-funding of additional growth phases. This expansion and capital modularity further enhance GLN's attractiveness as an M&A target.

- **Self-financing growth and Stage 3 +**: In 2023, prior to its 2025 Mineral Resource upgrade, GLN announced long-term plans to expand production beyond HMW Phase 2's 21ktpa. At that time, GLN proposed developing a HMW Phase 3 and Phase 4, each adding 20ktpa of LCE production, to take total production to +60ktpa of LCE. The production expansion is guidance now likely superseded by the growth of Mineral

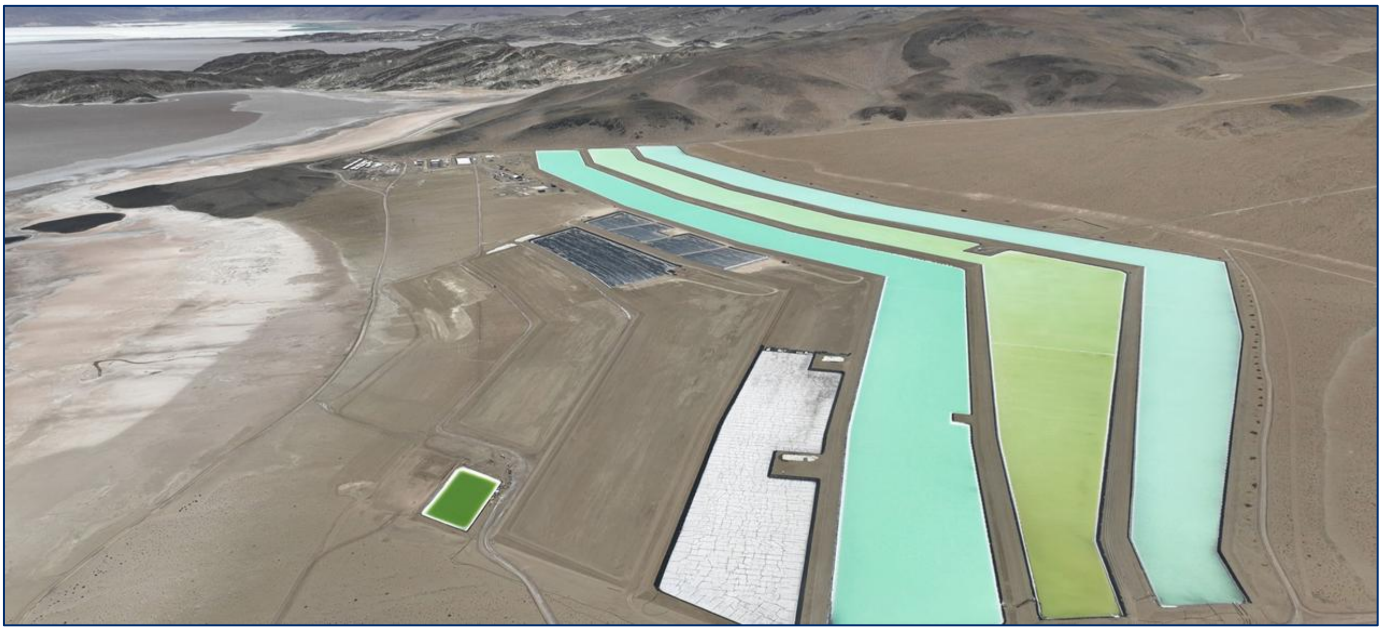
Resources to 9.5Mt LCE (including 1.6Mt LCE at the GLN's second project, Candelas). Combined, Phase 1 and Phase 2 is only planned to schedule ~1Mt LCE of global Resources, indicating that GLN's projects have very substantial expansion potential, well beyond the +40ktpa LCE announced in 2023.

- **Greenbushes South**. The Greenbushes South Lithium Project, 100% owned by GLN, covers approximately 315km² in Western Australia's premier lithium district. The Project is just 2km south, and along trend, from the Tier-1 Greenbushes Lithium Mine, (jointly operated by Tianqi Lithium Corp, Albemarle and IGO Ltd) which is recognised as the largest and highest-grade hard-rock lithium deposit globally, with an industry low FY26 production cost guidance of A$380/t of 6% lithia spodumene concentrate. GLN's tenure is situated directly along the southern strike of the Donnybrook-Bridgetown Shear Zone, the same primary geological structure that hosts Greenbushes. GLN's recent focus has been on the development of HMW. Once HMW is established, GLN will be able to return to the exploration of this very interesting project.

Potential catalysts

Potential catalysts for the company: **(1)** the FY26 annual report and the SepQ26 quarterly report; **(2)** first HMW Phase 1 sales (targeted for 2HCY26, likely DecQ26) and demonstrating commercial production and product acceptance; **(3)** ramp-up to a stabilised 4ktpa and completion of the pond expansion to 5.2ktpa (1H CY2027); **(4)** updated Phase 2 feasibility study in 1H CY27 with potential capex reductions below 2023 DFS; and **(5)** financing and commencing construction of Phase 2 (we assume financial close in MarQ27).

Figure 8: Aerial image of Hombre Muerto West (HMW)



Source: Company announcements.

Risks of investment

Commodity price and exchange rate risks: Resource company (1) forecast earnings, (2) valuations and (3) target prices are sensitive to changes in spot and forecast commodity prices and exchange rates.

Feasibility study risks: Resource companies conduct feasibility studies (including scoping studies) to evaluate the technical, economic and social feasibility of establishing an extractive business. Study accuracy is dependent on data available at the time and assumptions. Study outcomes are sensitive to changing input data and assumptions.

Project development / commissioning risks: Resource companies pursuing project development are subject to numerous risks that can affect their valuation, or the need to access additional funding. The risks include: costs exceeding budgets, construction proceeding slower than scheduled and new project commissioning underperforming design on planned ramp-up rates.

Project operating risk: Resource companies are subject to numerous operational risks. Operational risks include: weather disruption, equipment reliability, labour availability, grade and tonnage reconciliation between Mineral Resource estimates and processed head grades, recovery of products through processing plants, product quality and product saleability, the availability of consumables and reagents, as well as many others.

Cost risk: Contributors to capital and operating costs, including price escalation, or scope changes can have adverse effects on the valuation of Resource companies.

Financial risk: Resource companies require access to financial markets to fund exploration and evaluation work, deferred transaction terms and growth and expansion capital. Access to debt and equity markets is affected by: general economic and market conditions, feasibility study financial metrics, commodity prices, and market perception of business risk and management capability. Following debt funding, risks include maintaining debt covenants and exposure to any associated commodity price hedging. GLN held cash of A$35.5m at 30 June 2026 (its latest reported position, 2.6 quarters of funding at the June quarter's rate of outgoings), and our valuation assumes an equity raise to help fund Phase 2, which would dilute existing shareholders.

Sovereign and Regulatory risk: Resource companies are subject to sovereign and regulatory risk in the jurisdictions in which they operate. Potential risks can arise in the areas of: exploration and mining license tenure, tax and royalty regimes, environmental approvals and regulation, traditional ownership and native title, occupational health and safety compliance, and many others. We note that HMW is approved under Argentina's RIGI regime, confirming 25% corporate tax rate and 30-year fiscal stability.

Exploration risks: Exploration attempts to discover and define natural resources capable of supporting feasible operation (technically, economically and socially), through the progressive collection of geological and other data. Positive results at any stage of the exploration process are no guarantee of ultimate success in defining a resource capable of supporting the establishment of a feasible operation. Share prices of exploration companies can be volatile as markets reflect new data or judgements on the feasibility and value of the potential business. Investments in exploration companies are speculative as the outcomes of exploration programs are inherently unpredictable.

Summary Information Table

PROFIT AND LOSS						
Year ending June	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
Revenue	$m	-	49.1	103.3	348.5	429.2
Expense	$m	(4.2)	(24.0)	(76.0)	(142.8)	(152.8)
EBITDA	**$m**	**(4.2)**	**25.0**	**27.3**	**205.7**	**276.4**
Depreciation	$m	-	(11.0)	(23.1)	(54.5)	(64.8)
EBIT	**$m**	**(4.2)**	**14.1**	**4.3**	**151.2**	**211.6**
Net interest expense	$m	-	(5.4)	(21.6)	(21.6)	(16.2)
Unrealised gains (Impairments)	$m	-	-	-	-	-
Other	$m	0.5	4.3	5.7	4.8	9.6
PBT	**$m**	**(3.7)**	**13.0**	**(11.6)**	**134.3**	**205.0**
Tax expense	$m	-	(3.0)	(3.8)	(33.0)	(61.5)
NPAT (reported)	**$m**	**(3.7)**	**10.0**	**(15.5)**	**101.3**	**143.5**
NPAT (underlying)	$m	(3.7)	10.0	(15.5)	101.3	143.5

CASH FLOW						
Year ending June	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
OPERATING CASHFLOW						
Receipts	$m	0.1	48.0	103.0	326.2	429.2
Payments	$m	(4.0)	(21.3)	(55.5)	(132.9)	(152.8)
Tax	$m	-	(3.0)	(3.8)	(33.0)	(61.5)
Net interest	$m	0.6	(1.1)	(15.9)	(16.8)	(6.6)
Other	$m	0.1	-	-	-	-
Operating cash flow	$m	**(3.1)**	**22.7**	**27.7**	**143.5**	**208.3**
INVESTING CASHFLOW						
Property, plant and equipment	$m	(0.0)	(207.1)	(200.0)	-	-
Mine development	$m	-	-	-	-	-
Exploration & evaluation	$m	(30.0)	-	-	-	-
Other	$m	0.2	-	-	-	-
Investing cash flow	$m	**(29.8)**	**(207.1)**	**(200.0)**	**-**	**-**
Free Cash Flow	$m	**(32.9)**	**(184.4)**	**(172.3)**	**143.5**	**208.3**
FINANCING CASHFLOW						
Share issues/(buy-backs)	$m	65.0	160.0	-	-	-
Debt proceeds	$m	-	240.0	-	-	-
Debt repayments	$m	-	-	-	-	(240.0)
Dividends	$m	-	-	-	-	-
Other	$m	-	-	-	-	-
Financing cash flow	$m	**65.0**	**400.0**	**-**	**-**	**(240.0)**
Change in cash	$m	32.1	215.6	(172.3)	143.5	(31.7)

BALANCE SHEET						
Year ending June	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
ASSETS						
Cash & short term investments	$m	35.5	251.1	78.8	222.3	190.6
Accounts receivable	$m	-	1.0	1.3	23.6	23.6
Property, plant & equipment	$m	23.9	220.1	397.1	342.6	277.8
Mine development expenditure	$m	-	-	-	-	-
Exploration & evaluation	$m	217.8	217.8	217.8	217.8	217.8
Other	$m	0.8	0.8	0.8	0.8	0.8
Total assets	$m	**278.1**	**690.9**	**695.9**	**807.1**	**710.6**
LIABILITIES						
Accounts payable	$m	5.0	7.8	28.3	38.2	38.2
Income tax payable	$m	-	-	-	-	-
Borrowings	$m	-	240.0	240.0	240.0	-
Other	$m	7.0	7.0	7.0	7.0	7.0
Total liabilities	$m	**12.1**	**254.8**	**275.3**	**285.2**	**45.2**
SHAREHOLDER'S EQUITY						
Share capital	$m	293.5	453.5	453.5	453.5	453.5
Reserves	$m	16.9	16.9	16.9	16.9	16.9
Retained earnings	$m	(44.4)	(34.4)	(49.8)	51.5	195.0
Total equity	$m	**266.0**	**436.0**	**420.6**	**521.9**	**665.4**
Weighted shares	m	1,253.4	1,475.9	1,684.2	1,684.2	1,684.2

MAJOR SHAREHOLDERS		
Shareholder	**%**	**m**
Clean Elements Ltd	17.0	214.2
Latam Resources Pty Limited	3.4	42.8
Konwave AG (Gold 2000)	2.4	30.5
Juan Pablo de la Vega	2.3	29.3

FINANCIAL RATIOS						
Year ending June	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
VALUATION						
NPAT	$m	(3.7)	10.0	(15.5)	101.3	143.5
Reported EPS	c/sh	(0.3)	0.7	(0.9)	6.0	8.5
Adjusted EPS	c/sh	(0.3)	0.7	(0.9)	6.0	8.5
EPS growth	%	- 80.5	- 331.6	- 235.4	- 755.4	41.6
PER	x	-136.7x	59.0x	-43.6x	6.6x	4.7x
DPS	c/sh	-	-	-	-	-
Franking	%	n/a	n/a	n/a	n/a	n/a
Yield	%	-	-	-	-	-
FCF/share	c/sh	- 2.6	- 12.5	- 10.2	8.5	12.4
P/FCFPS	x	-15.2x	-3.2x	-3.9x	4.7x	3.2x
EV/EBITDA	x	-112.4x	18.9x	17.3x	2.3x	1.7x
EBITDA margin	%	na	51.0	26.5	59.0	64.4
EBIT margin	%	na	28.7	4.1	43.4	49.3
Return on assets	%	- 1.3	1.4	- 2.2	12.6	20.2
Return on equity	%	- 1.4	2.3	- 3.7	19.4	21.6
LIQUIDITY & LEVERAGE						
Net debt (cash)	$m	- 36	- 11	161	18	- 190
ND / E	%	- 13.4	- 2.5	38.4	3.4	- 28.6
ND / (ND + E)	%	- 14.1	- 2.5	35.2	3.4	- 29.9
EBITDA / Interest	x	-	4.6	1.3	9.5	17.1
Net debt / EBITDA	x	8.5	(0.4)	5.9	0.1	(0.7)

ASSUMPTIONS - Production						
Year ending June	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
Stage 1 Production LCE	t	-	2,402	5,056	5,208	5,208
Stage 2 Production LCE	t	-	-	-	11,850	15,800

ASSUMPTIONS - Prices & Costs						
Year ending June -	**Unit**	**2026e**	**2027e**	**2028e**	**2029e**	**2030e**
Lithium Carbonate Price	USD/t	20,000	20,000	20,000	20,000	20,000
Realised 6% Lithium Chloride Solution	USD/t	14,300	14,300	14,300	14,300	14,300
AUD:USD	:	0.70	0.70	0.70	0.70	0.70

VALUATION			
	(m)	**($m)**	**($ps)**
Shares and options (+12 months)			
Shares on issue	1,684.2		
Options in the money (OITM), including perforamnce rights	118.6		
Diluted shares on issue	1,802.8		
Sum-of-the-parts valuation (12-month look forward)			
HWE Stage 1 project NPV - 100%		559.9	0.33
HWE Stage 2 (50% of estimated post-construction project NPV)		798.8	0.47
Exploration assets		-	-
Corporate and exploration costs		(33.0)	(0.02)
Subtotal		**1,325.7**	**0.79**
Net cash (debt)		10.9	0.01
Total (undiluted)		**1,336.5**	**0.79**
Add options in the money (m)	118.6		
Add cash from OTIM		15.5	0.01
Total (diluted)		**1,352.0**	**0.75**

CAPITAL STRUCTURE (CURRENT)			
	(m)	**($m)**	**($ps)**
Total shares on issue	1,267.5		
Share price - last close			**0.400**
Market capitalisation		507.0	
Net cash		35.3	
Enterprise value (undiluted)		**471.7**	
Options outstanding	119.6		
Options (in the money)	118.6		
Issued shares (diluted for options)	**1,386.2**		
Market capitalisation (diluted)		554.5	
Net cash + options		50.8	
Enterprise value (diluted)		**503.7**	

Recommendation structure

Buy: Expected to outperform the overall market on a 12-month view.
Hold: Expected to perform in line with the overall market on a 12-month view.
Sell: Expected to underperform the market on a 12-month view.
Not Rated: GBA has a factual view of the company with no recommendation.

High Risk: A qualitative rating, based on our assessment of significantly higher-than market risk of share price volatility.
Medium Risk: A qualitative rating, based on our assessment of market-average risk of share price volatility.
Low Risk: A qualitative rating, based on our assessment of lower-than-market risk of share price volatility.

If no Recommendation is stated, including 'Not Rated', then the note has been commissioned for publication by the subject company. A Valuation may be provided, but not a Price Target.

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