GLOBAL METALS & MINING

Lithium - refreshing our global S/D balance, maintain cautious view on 2027E and 2028E

We refresh our global lithium S/D balance, incorporating an updated supply outlook, while keeping demand assumptions mostly unchanged. With easing S/D balance, we maintain our cautious view on the benchmark lithium price outlook.

We expect the Chinese and global lithium market to move from 16% deficit in most of 2026, to nearly balanced in 4Q26, and 8-18% surplus in 2027-2028E. We estimate apparent demand growth to become stagnant in 2027-2028E, as the underlying growth rate in EV and ESS softens, while the pace of supply chain inventory restocking tapers off. On the supply side, the project based estimates by our team point to 32% growth in 2027E, and 19% in 2028E, driven by projects in China, Africa and Australia. As a result, we expect a moderate supply surplus in 2027E, as the market recovers from deep deficit, and considering the range of the uncertainties around the supply and inventory changes on the demand side. However, the fundamentals in 2028E will be significantly deteriorated.

Our revised benchmark price forecast for China spot lithium carbonate is US$13.7k/t-LCE (or ~Rmb100k) for 2027E, including US$13.0k/t-LCE in 2H27E where it meets marginal cost of the global supply. We expect price to further correct to US$11.0k/t-LCE (or Rmb84k) for 2028E, representing 80%-ile cost position on the global cost curve. These revised prices are +33% and -31% versus our prior estimates for 2027E and 2028E, respectively.

Cost inflation in both operation and effective capex has been meaningful, although the change of marginal projects has led to us lower our mid-cycle price to US$14.0k/t-LCE, versus our prior forecast of US$16.0k/t-LCE set in 2023.

We refresh earnings and 12m TPs for the China stocks under coverage (see our earnings revision note for details).

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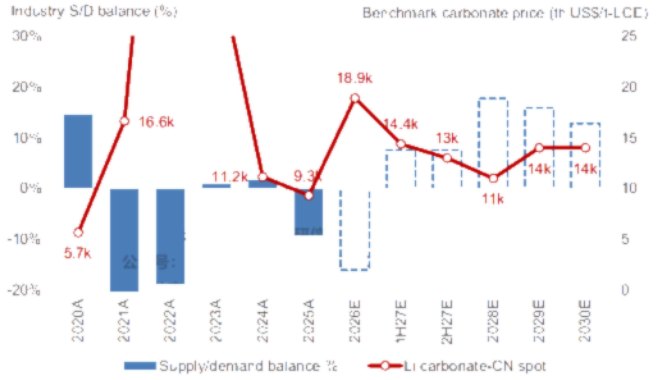
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Exhibit 1: Global lithium S/D balance and pricing outlook - 8-18% supply surplus in 2027-2028E, with benchmark price correction ahead



Source: SMM, Bloomberg, Wind, Woodmac, Company data, Goldman Sachs Global Investment Research

Exhibit 2: Global lithium supply and demand balance - we estimate lithium market at 8-18% supply surplus, with supply growth of 19-32% in 2027-28E

Global S/D balance-lithium		2024A	2025A	2026E	2027E	2028E	2029E
Demand-global-bottom up est	kt LCE	1,191	1,639	2,062	2,387	2,499	2,860
yoy	%	39%	38%	26%	16%	5%	14%
Demand called based+miners, global	kt LCE	1,349	1,786	2,524	2,542	2,506	3,052
yoy	%	32%	32%	41%	1%	-1%	22%
EV-battery, global	kt LCE	639	852	992	1,161	1,382	1,698
China	kt LCE	403	548	620	702	796	954
Ex China	kt LCE	235	304	372	459	585	744
ESS-global	kt LCE	245	449	695	821	679	688
Others	kt LCE	307	337	376	406	438	474
Total restocking	kt LCE	158	148	462	155	7	192
Output-global, realized	kt LCE	1,371	1,622	2,120	2,735	2,950	3,538
S/D balance	kt LCE	23	(164)	(404)	193	444	486
as% of demand	%	2%	-9%	-16%	8%	18%	16%
Capacity-base case supply	kt LCE	1,702	1,870	2,124	2,793	3,320	3,846
Capacity utilization-base case supply	%	77%	82%	93%	92%	82%	85%

Source: SMM, WoodMac, Company data, Goldman Sachs Global Investment Research

Exhibit 3: Benchmark lithium price forecasts - GSe (spot price as of Sep 30, 2026)

Lithium		2023A	2024A	2025A	1H26A	2H26E	2026E	1H27E	2H27E	2027E	2028E	2029E	2030E	Spot	YTD
Carbonate-CN spot	US$/t	32,620	11,162	9,316	21,030	16,800	18,915	14,378	13,000	13,689	11,000	14,000	14,000	16,198	20,468
chgs vs prior estimates	%					17%	16%	40%	27%	33%	31%	13%	13%	n.a.	n.a.
Spodumene price 6%-CN spot	US$/t	3,623	943	862	2,281	1,853	2,067	1,657	1,485	1,571	1,231	1,300	1,300	1,735	2,225
chgs vs prior estimates	%					7%	9%	82%	63%	73%	-5%	6%	0%	n.a.	n.a.

Source: SMM, Bloomberg, Goldman Sachs Global Investment Research

Exhibit 4: Global valuation peers – Lithium

Notes: NC = Not Covered where estimates for NC stocks are based on consensus numbers; target prices are based on a 12-month timeframe; *denotes stock is on the APAC Conviction List

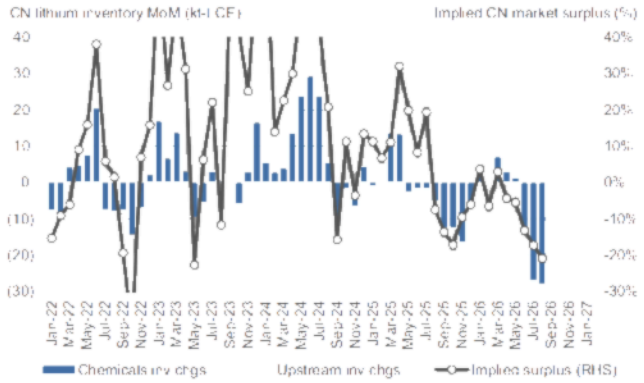
Company	Ticker	Rating	Target	Price	ccy	Mkt cap	PE		PB		ROE		EV/EBITDA		FCF yield		Div yield			Perf.
Price as of 5-Oct-2026				Local		US$ bn	26E	27E	26E	27E	26E	27E	26E	27E	26E	27E	25A	26E	27E	YTD
Ganfeng-H	1772.HK	Neutral	31.00	30.16	HKD	8.1	8.6	15.2	1.1	1.0	12%	7%	7.1	10.8	6%	-1%	1%	2%	1%	-44%
Ganfeng-A	002460.SZ	Sell	30.00	43.43	CNY	13.6	14.5	25.5	1.8	1.7	12%	7%	10.2	15.4	4%	-1%	0%	1%	1%	-31%
Tianqi-H	9696.HK	Sell	22.00	27.92	HKD	6.0	6.6	12.4	0.6	0.6	9%	5%	3.2	4.1	15%	20%	0%	3%	2%	-47%
Tianqi-A	002466.SZ	Sell	21.00	40.25	CNY	10.0	11.2	21.0	1.0	1.0	9%	5%	4.9	6.4	10%	13%	0%	2%	1%	-27%
Sichuan Yahua	002497.SZ	Sell	12.00	15.70	CNY	2.7	9.3	13.8	1.4	1.3	15%	10%	5.4	6.6	10%	6%	0%	1%	1%	-37%
Yongxing	002756.SZ	Sell	30.00	38.99	CNY	3.1	14.4	14.5	1.5	1.4	10%	10%	8.3	8.1	6%	4%	1%	2%	2%	-28%
Qinghai Salt Lake	000792.SZ	Buy	33.00	23.83	CNY	18.8	9.5	12.7	2.2	2.0	23%	16%	4.8	6.3	12%	8%	0%	5%	4%	-15%
Zhejiang Huayou	603799.SS	Neutral	37.00	35.00	CNY	9.9	11.7	9.8	1.3	1.1	11%	11%	8.0	6.9	-13%	7%	1%	1%	2%	-49%
GEM	002340.SZ	Sell	5.00	6.11	CNY	4.7	21.3	23.6	1.4	1.3	7%	6%	11.3	10.3	-6%	-5%	1%	1%	1%	-27%
Zijin Mining	2899.HK	Buy*	51.00	32.16	HKD	109.0	9.0	8.1	2.9	2.3	37%	32%	6.0	5.2	11%	11%	3%	4%	4%	-13%
Zijin Mining	601899.SS	Buy*	49.00	29.79	CNY	118.1	9.8	8.7	3.2	2.5	37%	32%	6.5	5.6	11%	11%	3%	4%	4%	-14%
Youngy	002192.SZ	NC	NA	56.40	CNY	2.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	9%
SZ Chengxin Lithium	002240.SZ	NC	NA	25.01	CNY	3.4	11.8	13.4	1.9	1.6	17%	17%	5.0	4.5	n.a.	n.a.	n.a.	2%	2%	-27%
Nanjing Hanrui	300618.SZ	NC	NA	30.54	CNY	1.4	38.7	26.6	1.7	1.6	4%	6%	n.a.	n.a.	n.a.	n.a.	n.a.	1%	1%	-32%
Regional peers							**13.6**	**15.8**	**1.7**	**1.5**	**16%**	**12%**	**6.7**	**7.5**	**6%**	**7%**	**1%**	**2%**	**2%**	**-27%**
Albemarle Corp.	ALB	NC	NA	104.37	USD	12.3	9.0	9.8	1.3	1.2	15%	14%	4.8	4.4	9%	9%	2%	2%	2%	-27%
SQM	SQM	Neutral	82.00	65.83	USD	18.8	10.7	10.5	3.0	2.6	28%	25%	6.0	5.8	7%	7%	0%	5%	5%	-6%
Lithium Argentina	LAR	NC	NA	5.60	USD	0.9	22.4	23.3	1.1	1.0	3%	1%	9.2	6.0	0%	-5%	0%	0%	0%	-8%
PLS Group	PLS.AX	Sell	4.30	3.81	AUD	8.6	20.4	14.0	3.0	2.7	15%	19%	10.3	6.9	8%	2%	0%	1%	2%	-12%
Livium Ltd	LIT.AX	NC	NA	0.01	AUD	0.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	-36%
Mineral Resources	MIN.AX	Neutral	59.00	51.46	AUD	7.1	12.4	16.3	2.3	2.0	32%	13%	5.6	5.1	12%	7%	0%	2%	3%	-7%
Core Lithium	CXO.AX	Neutral	0.25	0.31	AUD	0.7	n.a.	34.3	2.0	1.8	-3%	5%	n.a.	12.9	-5%	-7%	0%	0%	0%	11%
IGO Ltd.	IGO.AX	Buy	9.50	6.52	AUD	3.4	45.3	12.2	2.2	1.9	5%	16%	17.0	9.9	2%	7%	0%	1%	2%	-21%
Liontown	LTR.AX	Neutral	1.25	0.83	AUD	1.8	174.4	18.0	1.8	1.6	1%	9%	30.1	7.8	1%	-5%	0%	0%	0%	-49%
Lithium Americas	LAC	Neutral	4.50	2.55	USD	0.9	n.a.	n.a.	0.5	0.5	-1%	-2%	n.a.	n.a.	-108%	-43%	n.a.	n.a.	n.a.	-47%
Average global peers							**20.0**	**17.3**	**1.9**	**1.7**	**11%**	**11%**	**11.9**	**7.3**	**4%**	**2%**	**0%**	**1%**	**2%**	**-20%**

Source: Datastream, LSEG Data & Analytics, Goldman Sachs Global Investment Research

Near term picture - from deficit to balance

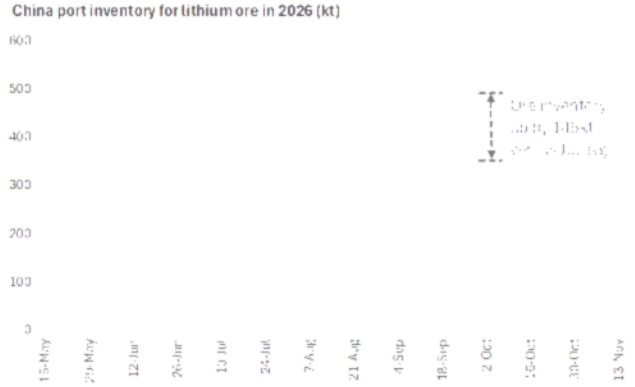
China domestic lithium chemical market has been running at a deficit in most of 2026, with a deficit at 17-21% in 3Q26. With Zimbabwe spodumene shipment arrival normalizing in September, along with the expansion of three projects (Mamicuo, Manono, and Dazhong's mines), we expect the market to return to balance in 4Q26E. Recent rise of spodumene inventory at the port is a reflection of the changes taking place, before official trade data comes through.

Exhibit 5: China monthly lithium balance - at a deficit of 13-21% in recent months



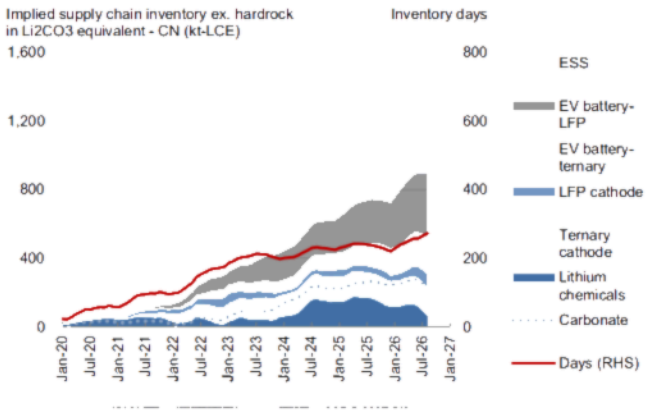
Source: SMM, China customs, Goldman Sachs Global Investment Research

Exhibit 6: China port inventory for lithium ore - up 145kt by the week of 30th Sep versus July average, partly driven by the normalization of Zimbabwe spodumene shipment



Source: SMM, Goldman Sachs Global Investment Research

Exhibit 7: China lithium inventory (implied) across EV/ESS supply chain - we estimate ~400kt-LCE inventory built up YTD 2026, mostly in EV/ESS battery



Source: SMM, China Customs, CAAM, CABIA, Goldman Sachs Global Investment Research

Exhibit 8: Global lithium demand is tracking at 40% yoy growth in 8M26A based on high frequency EV/ESS sales and output data

High frequency tracking		8M25A	8M26A	yoy
China S/D balance	%	13%	-8%	
Global lithium demand	kt-LCE	960	1,339	40%
EV-battery	kt-LCE	514	651	27%
EV-battery-China	kt-LCE	292	330	13%
EV-battery-China-PV	kt-LCE	262	270	3%
EV-battery-China-heavy truck	kt-LCE	29	59	101%
EV-battery-exChina	kt-LCE	222	322	45%
ESS-global	kt-LCE	220	437	98%
EV demand	mn units	12.4	13.4	9%
China-domestic sales	mn units	8.1	7.2	-11%
China-export sales	mn units	1.5	3.4	128%
ex-China demand est.	mn units	4.3	6.2	45%
ESS output	GWh	302	600	98%

Source: SMM, CAAM, Woodmac, China Customs, Goldman Sachs Global Investment Research

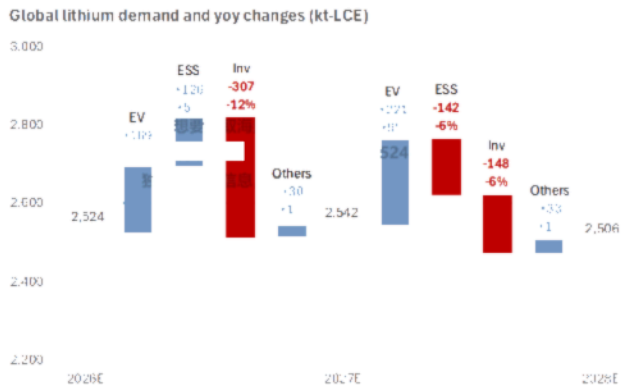
Demand deceleration

We expect global lithium apparent demand growth to decelerate significantly to +1% in 2027E and -1% in 2028E, from +41% in 2026E, on the deceleration of underlying demand growth (from 26% in 2026E to 16% and 5% in 2027-2028E), combined with less aggressive inventory restocking.

Specifically, we expect growth in EV/ESS demand to add 295kt-LCE or 12% of global lithium demand yoy in 2027E. However, this will be more than offset by a 307kt-LCE demand reduction (or 12%) resulting from slower inventory restocking.

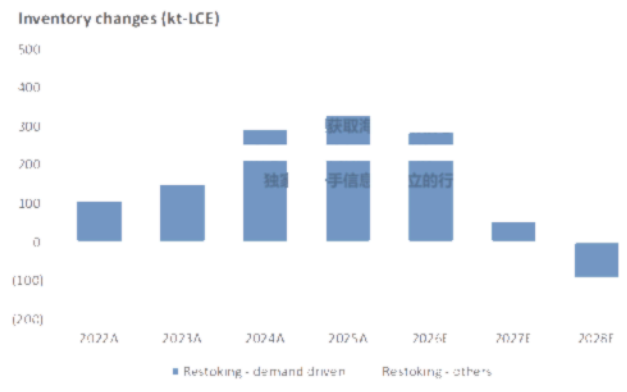
- GS global auto team expects global NEV demand to grow by 10-11% in 2027-28E, mainly driven by growth in EU, China, and other emerging markets. Specifically, GS China auto team expects China NEV output growth to moderate to 7-9% in 2027-28E, with domestic demand weakness offset by continued export growth.
- GS China battery team expects global ESS shipments to change by +174GWh and -194GWh yoy, or +18% and -17%, in 2027E and 2028E. The cyclicality is expected to be mostly driven by a potential negative swing in China ESS demand, which is expected to peak in 2027E.
- Overall, global EV and ESS battery shipment is expected to increase by 110-410GWh yoy, or 4-18%, in 2027-28E, with EV batteries to provide a steadier growth anchor, while ESS to drive a sharper 2027E acceleration before turning into a drag in 2028E.
- Inventory rise, mostly in battery form in our estimate, contributed to 462kt-LCE in lithium demand in 2026E, equivalent to 18% of the market. The change is partly driven by both strong growth in ESS, accompanied by other factors in a strong demand environment. We expect the pace of the restocking to decelerate in 2027E, as demand growth decelerates, leading to 12% haircuts in apparent demand of lithium carbonate.

Exhibit 9: We expect global lithium apparent demand growth to decelerate in 2027-28E mostly due to deceleration of the underlying demand and inventory restocking



Source: Goldman Sachs Global Investment Research

Exhibit 10: We estimate restocking demand in lithium, mostly in form of battery, would be 462kt-LCE in 2026E, but to decelerate to 7-155kt-LCE in 2027-28E, leading to a meaningful lithium demand haircut

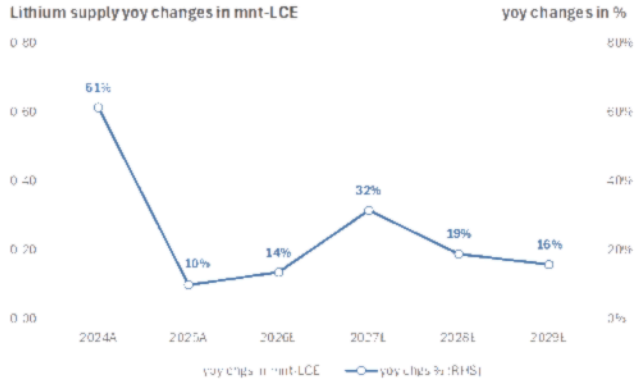


Source: SMM, Goldman Sachs Global Investment Research

Supply expansion

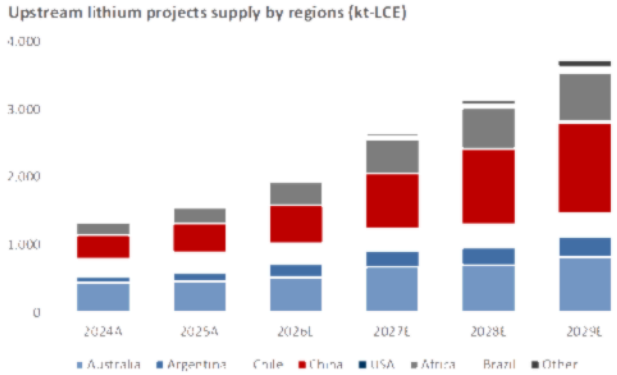
We expect overall lithium supply to increase by 670kt-LCE in 2027E and 527kt-LCE in 2028E, or 19-32% of the market, driven by project expansions in China, Africa and Australia. Our confidence level for 2027E estimates is 94%, reflecting uncertainties in China lepidolite and Brazil spodumene projects.

Exhibit 11: We expect overall lithium supply to increase by 670kt-LCE in 2027E and 527kt-LCE in 2028E, or 19-32% of the market



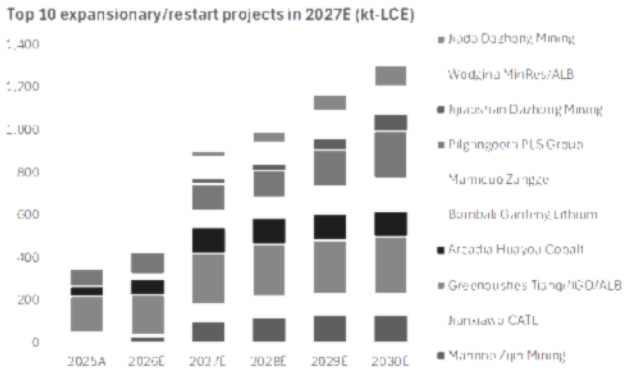
Source: WoodMac, Company data, Goldman Sachs Global Investment Research

Exhibit 12: Global upstream lithium projects supply growth in the next three years will be led by projects in China, Africa and Australia



Source: WoodMac, Company data, Goldman Sachs Global Investment Research

Exhibit 13: Majority of global top 10 expansionary/restart lithium projects in 2027E are developed by Chinese operators in China, Africa and Australia



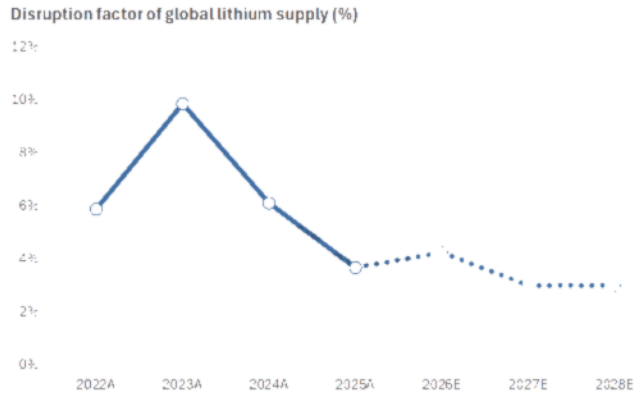
Source: Company data, Goldman Sachs Global Investment Research

Exhibit 14: Detailed list for global top 10 expansionary/restart lithium projects in 2027E

Top 10 expansionary/restart projects in 2027E					in kt-LCE		Chgs
Project	Owner	Location	Type	CN name	2026E	2027E	yoy
Manono	Zijin	DRC	Hard Rock	紫金马诺诺	30	100	70
Jianxiawo	CATL	China	Lepidolite	宁德枧下窝	10	80	70
Greenbushes	Tianqi/IGO/ALB	Australia	Hard Rock	天齐/IGO/ALB格林布什	187	241	54
Arcadia	Huayou	Zimbabwe	Hard Rock	华友Arcadia	71	120	50
Bombali	Ganfeng	Sierra Leone	Hard Rock	赣锋邦巴利	0	28	28
Mamicuo	Zangge	China	Brine	藏格麻米错	25	50	25
Pilgangoora	PLS Group	Australia	Hard Rock	-	105	128	23
Jijiaoshan	Dazhong	China	Lepidolite	大中矿业鸡脚山	4	24	20
Wodgina	MinRes/ALB	Australia	Hard Rock	-	84	100	16
Jiada	Dazhong	China	Hard Rock	大中矿业加达	15	30	15

Source: Company data, Goldman Sachs Global Investment Research

Exhibit 15: Producers' and our ability to estimate forward production has become more aligned with the output - implied disruption factor has been improving over time



Source: WoodMac, Company data, SMM, Goldman Sachs Global Investment Research

China

We expect China upstream lithium supply to grow from 554kt-LCE in 2026E to 806kt-LCE in 2027E and 1,100kt-LCE in 2028E. The growth in 2027E was mostly driven by 1) partial restarts of operation in Jiangxi lepidolite mines including Jianxiawo, 2) greenfield lepidolite projects outside Jiangxi such as Jijiaoshan, 3) ramp up of greenfield spodumene projects in Sichuan and brine projects in Tibet. Specifically, we see lower risk of full year production loss in Jianxiawo with recent progress on EIA approval and has factored in an assumption of 80% of its full capacity in 2027E. Our latest check with selected Jiangxi lepidolite mine producers suggest the rest of 6 suspended mines are on track to change mining license to include lithium. Most operators expect the approval process to complete in 4Q26. Shuinanduan lepidolite mine recently announced it has entered the final stage of EIA report for public participation. Therefore, we expect upstream lepidolite supply from Jiangxi to grow from 103kt-LCE in 2026E to 211kt-LCE in 2027E.

Africa

We expect Chinese-led African upstream lithium supply to grow from 336kt-LCE in 2026E to 509kt-LCE in 2027E and 601kt-LCE in 2028E. The growth in 2027E was mostly driven by ramp up of Manono project in DRC, higher production in Arcadia project, Zimbabwe with ramp up of lithium sulfate capacity to process more petalite ore, greenfield projects operation start in Sierra Leone and Nigeria.

While Zimbabwe is scheduled to start to ban spodumene export from Jan 1st, 2027, the risk to the four Chinese operators from a complete ban in early 2027 is low in our view as all four operators are in the process of constructing lithium sulfate capacity to be in compliance with the government requirement. Specifically, Huayou's lithium sulfate capacity is already under operation, and another two Chinese operators' lithium sulfate capacity is under construction and targeted to start operation by mid-2027.

We expect upstream lithium supply in Zimbabwe to reach 242kt-LCE in 2027E, or 9% of global supply. While it is not our base case, the uncertainty around the spodumene export ban may expose half of the Zimbabwe supply to risk, given the lithium sulfate

capacity constructed/under construction is ~50% operational in 2027E for most projects.

Manono project's mining capacity of 5mnt/year and gravity separation beneficiation have started operation as of the end of May-2026, one month ahead of schedule. Lithium chemical capacity is expected to start operation by end of 2026. It produced 5.4kt-LCE equivalent lithium spodumene in 1H26 and is on track to produce 30kt-LCE equivalent lithium spodumene in 2026E. We expect Manono's lithium production to reach 100kt-LCE in 2027E, before it fully ramps up to 120-130kt-LCE in 2028-29E.

According to Ganfeng, Bombali project with 2mnt/year lithium ore capacity in Sierra Leone is scheduled to start operation in 2027.

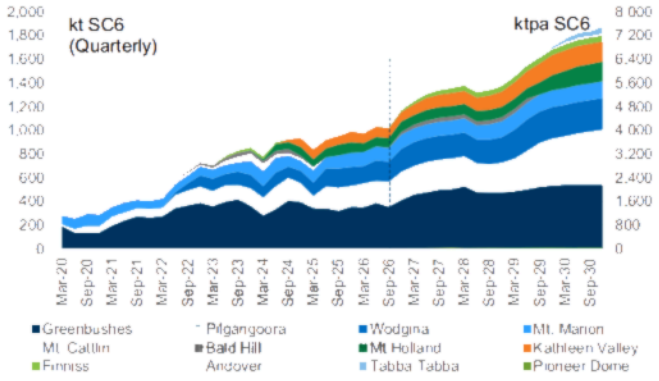
South America

Supply growth from Brazilian projects was revised down or postponed. Both greenfield projects and operating projects saw elevated funding and operational uncertainty. Lithium price volatility coupled with capex risks have raised challenges for lithium projects in the region. Sigma expansion challenges have also increased following a series of environmental and licensing uncertainties with their current operations.

Australia

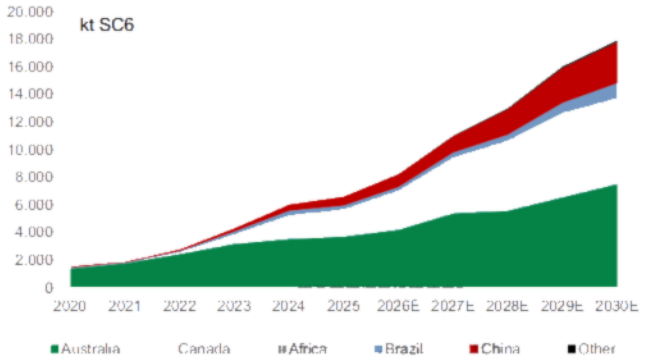
Australian spodumene supply remains set to add >1Mtpa SC6 (>125kt LCE) into CY27 with the ramp up of Greenbushes CGP3 and ongoing ramp up at Kathleen Valley, along with restarts across Pilgangoora (second plant at Ngungaju), Wodgina Train 3, Bald Hill, and Finniss, while other projects continue to explore earlier commencement of production via acquired processing infrastructure or direct shipped ore (DSO).

Exhibit 16: Australian spodumene supply looks set to add >1Mtpa SC6 into CY27...
Australian spodumene production by project (kt SC6 quarterly; ktpa SC6 RHS)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 17: ...with spodumene supply across all key regions continuing to grow over the rest of the decade
Global spodumene production by region (ktpa SC6)



Source: Company data, Goldman Sachs Global Investment Research

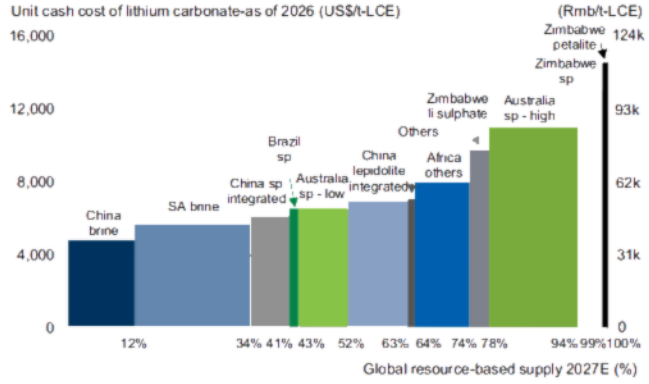
Revised cost support and mid-cycle price

Cost inflation has been aggressive in the past year, in particular for ex-China operations - over the past year, we see broadly flat to +35% cost inflation in Australia spodumene, 9-40% for Zimbabwe hard rock projects, while South America brine are seeing more moderate changes. We estimate the marginal cost level of refreshed global cost curve is now at US$13.1-14.6k/t-LCE for the last 5% of the global supply, versus US$9.0k/t-LCE a year ago. At 80%-ile, we estimate the unit cash cost would now be at US$11.0k/t-LCE.

On capex intensity, the major moving factors are the increasing requirements of downstream investment or free-carried interest in selected Africa projects, leading to not only disruptions in supply but also an average increase of US$1,500-5,000/t-LCE, or 8-34% in the total integrated equivalent capex intensity. The change would require US$2,000-4,000/t-LCE higher lithium carbonate price to compensate for the same return, in our estimates, and remain attractive.

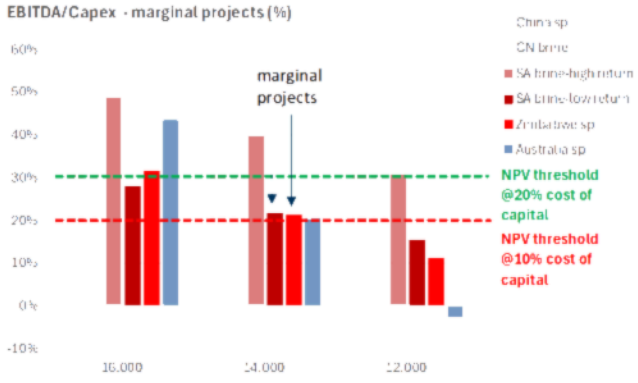
We use returns of marginal projects (high capex or high cost) to estimate sustainable mid-cycle price for the lithium market. Subject to required cost of capital that may range between 10% to 20% depending on the companies. Our mid-cycle price of US$14,000/t-LCE, at which the EBITDA/Capex of 20-30% would barely make cost of capital. Our new mid-cycle price is US$2,000/t-LCE lower than our prior estimates, mostly due to the change of marginal projects to Zimbabwe hard rock, selected SA brine, and Australia spodumene projects, from SA brine mostly in our prior analysis.

Exhibit 18: Unit cash cost of integrated carbonate equivalent is at US$13.1-14.6k/t-LCE for the last 5% of the supply and averages to US$11.0k/t-LCE at 80%-ile



Source: Company data, Goldman Sachs Global Investment Research

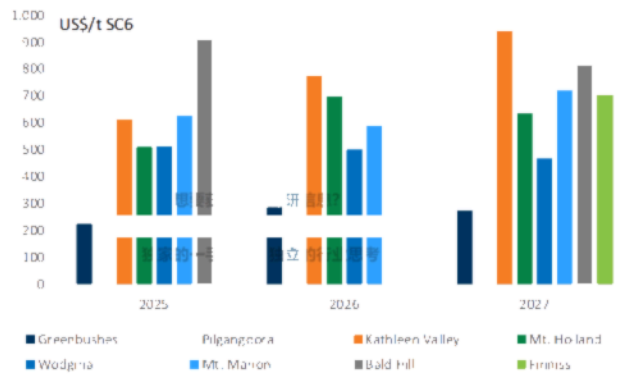
Exhibit 19: Our revised mid-cycle price is US$14,000/t-LCE, based on EBITDA/Capex and NPV threshold at 10-20% in cost of capital



Source: Company data, Goldman Sachs Global Investment Research

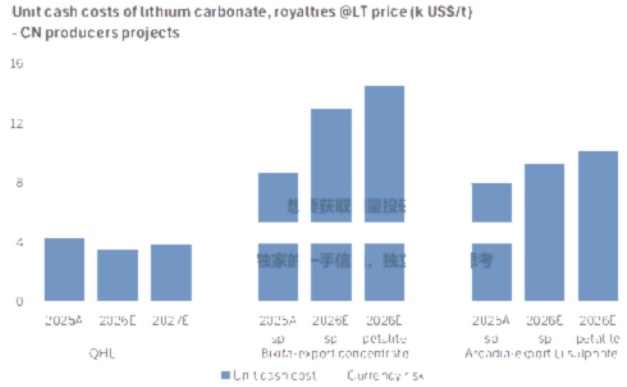
Exhibit 20: Unit cost inflated in FY26 yoy from broadly flat to +35%, and ~0-20% yoy in FY27

Australian spodumene unit FOB cash costs ex. royalties (US$/t SC6)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 21: Selected China domestic lithium projects see costs reduction in 2026-27E, while cost for selected Zimbabwe hard rock projects would increase by 9-40% partly due to higher export tax

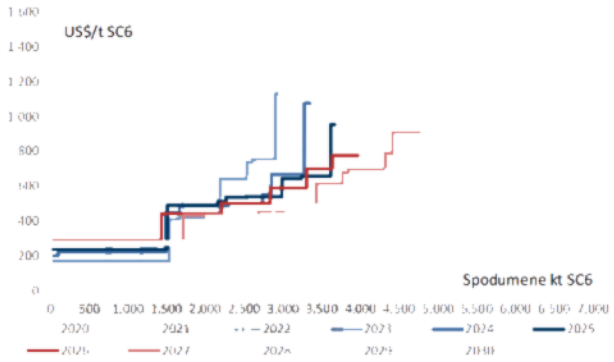


Source: Company data, Goldman Sachs Global Investment Research

Rising cost in Australian supplies

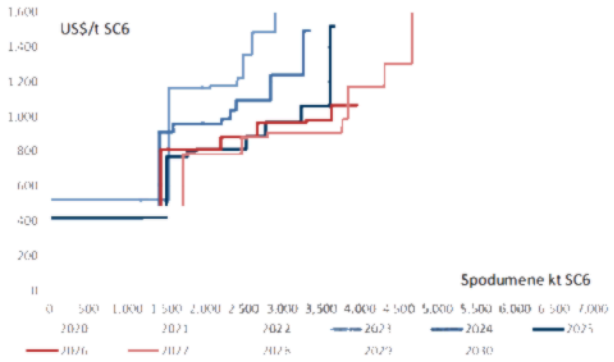
As Australian projects ramp up their base operations, or look to expand/de-bottleneck, we see the top end of the FOB cash cost curve declining toward ~US$700/t SC6, while the all-in cost curve (AISC) continues to widen and flatten with the bulk of Australian projects then sitting below ~US$1,000/t SC6. However, a return to growth spending in FY27E as Australian companies fund expansions (LTR's Kathleen Valley expansion and Covalent's Mt. Holland expansions recently FID, PLS' P2000 at Pilgangoora expected to be sanctioned 4Q CY26) sees the all-in costs/FCF breakevens of Australian spodumene producers lift well above the AISC curve, with this spend persisting through over the near-to-medium-term to support this future widening and further flattening of the cost curve.

Exhibit 22: Australian spodumene FOB cash cost curve over time (US$/t SC6)



Source: Company data, Goldman Sachs Global Investment Research

Exhibit 23: Australian spodumene AISC curve over time (US$/t SC6)



Spodumene price used in royalties taken as historical for FY26 and earlier, GSe FY27+.

Source: Company data, Goldman Sachs Global Investment Research