

Patagonia Lithium Ltd

ACN 654 004 403

Annual Report - 31 December 2025

Patagonia Lithium Ltd
Corporate directory
31 December 2025

Directors	Phillip Thomas (Executive Chairman) Pablo Tarantini (Non-Executive Director) Rick Anthon (Non-Executive Director)
Company secretary	Jarek Kopias
Registered office	Suite 66 Level 1, 2-4 Cochranes Road, MOORABBIN VIC 3189
Principal place of business	Suite 66 Level 1, 2-4 Cochranes Road, MOORABBIN VIC 3189 0433 747 380
Share register	Automic Pty Ltd Level 5, 126-130 Phillip Street, Sydney NSW 2000 1300 288 664
Auditor	Hall Chadwick Melbourne Audit Level 14, 440 Collins Street, Melbourne VIC 3000
Website	www.patagonialithium.com.au
Corporate Governance Statement	The Board has adopted policies, charters and practices reported against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations – 4th Edition (ASX Recommendations). The Board continually monitors and reviews its existing and required policies, charters and procedures with a view to ensuring its compliance with the ASX Recommendations to the extent deemed appropriate for the size of the Company and its status. A summary of the Company's ongoing corporate governance practices is set out annually in the Company's Corporate Governance Statement and can be found on the Company's website at https://www.patagonialithium.com.au/corporate-governance.

Patagonia Lithium Ltd
Directors' report
31 December 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Patagonia Lithium Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2025.

Directors

The following persons were directors of Patagonia Lithium Ltd during the whole of the financial year and up to the date of this report, unless otherwise stated:

Phillip Thomas
Rick Anthon
Feiyu Qi (resigned 23 February 2025)
Pablo Tarantini

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of pursuing lithium exploration projects in Argentina and Brazil.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$1,436,563 (31 December 2024: \$414,294).

Patagonia has a portfolio of strategically located exploration projects in key, demand driven commodities such as lithium including; the Formentera/Cilon and Tomas III Lithium Projects in the lithium triangle in Argentina, and the 25 concessions covering 41,706 Has in three states in Brazil exploring for Niobium, REE Antimony and spodumene.

Formentera/Cilon in Argentina

Patagonia made substantive, material progress during the year, with an ongoing core focus on the Formentera Lithium Project. The Company is focused on developing the Project into a significant lithium producing operation and delivering shareholder value. The project consists of two concessions covering more than 90% of the salar (salt lake) that covers 1,952 Has (19.5km²) and are located 10km from the township of Jama adjacent to a sealed highway to the major towns of Susques, San Antonio de la Cobres and Salta.

During the period, Patagonia reported its drainable (specific yield) lithium brine JORC Mineral Resource at **551,000 tonnes of lithium carbonate equivalent** or 104,000 tonnes of lithium metal equivalent (release dated 14 July 2025 "Lithium Carbonate Mineral Resource increased by 319%. This was followed up in October 2025 with a drilling program on well JAM 25-05 which was terminated at 480m. Lithium values of 219ppm were obtained from packer tests

The upgraded Mineral Resource at the Formentera/Cilon salar is reported as follows:

- Patagonia Lithium's Formentera JORC Inferred and Indicated Mineral Resource Estimate (MRE) for Lithium Carbonate Equivalent ("LCE") has increased by 319%, rising to 551,400 tonnes from 173,000 tonnes of LCE in drainable areas (as determined by Specific Yield) from the July maiden resource. This upgrade is based on a significant increase in the lithium metal resource, which increased from 32,000 metric tonnes in January 2025 to 103,000 metric tonnes;
- The specific yield increased by 248% to 11.85% from 4.8% which is a key factor for lithium brine extraction and is amongst the highest values in the region;
- The average lithium concentration increased from 264ppm to 294ppm an increase of 13%;
- The Indicated Resource estimate of 14,800 tonnes of LCE was assigned around wells JAM-24-01 and JAM-24-02, supported by strong geological continuity confirmed through recently acquired downhole geophysical data. While all of the factors previously stated support confidence at the Project, the resource classification has been largely limited to the Inferred MRE category due to the absence of confirmed basement contacts, the small number of brine samples available and the large distances between drillholes. This is currently being addressed with the well 5 at Cilon concession.
- This MRE provides further proof that the Project is a highly strategic lithium asset being substantial in size with further upside targeting other high porosity areas on the salar at depth.
- A further drill hole (well 5) is planned to 600m depth in the Cilon concession where sub-surface samples of 1,122 parts per million (ppm) lithium were collected.
- A 100 ppm lithium (Li) cut-off grade (COG) was applied to the mineral resource estimate.
- Notably, the average porosity from core samples was higher than the Borehole Magnetic Resonance (BMR) derived values as these were sampled from discrete zones and achieved higher porosity.

The Mineral Resource estimate was prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (JORC Code). Full details on the Mineral Resource upgrade are provided in ASX announcement of 14 July 2025 (ASX Release "PL3 Lithium Carbonate Mineral Resource increased by 319%.

Exploration Plans for 2026

Our team in Salta is preparing to run a 7km passive seismic survey to delineate the basement of the salar. This is important as it will improve geological knowledge and potentially increase the mineral resource estimate and show how deep the country rock basement is across the concession.

Preparations are underway to drill JAM 25-07 well on Formentera to 600m. A drill rig is currently operating nearby and the company will probably start in March 26 if all goes to plan. The rig will operate 20 hours in two shifts and our two geologists will alternate shifts. We intend to adopt regular interval packer tests to ensure data integrity. We have a permit for up to ten wells.

Ekosolve Direct Lithium Extraction Plant

Preparations are nearly completed to lodge an application to build the 1,000 lithium carbonate tonne demonstration plant. A number of important steps have been completed:

- Mass balance of input and output chemicals is complete using the pilot plant data obtained in 2023.
- A flowsheet showing process flows has been completed and a detailed floor plan.
- Engineering drawings for key components are being finalised. especially the columns which make it a continuous production process.
- Discussions have been held with major column manufacturer, and they will provide a guarantee for the operation of the solvent exchange column on scale up from pilot plant to full size column.
- 99.7% of solvents and all acids and alkalis will be recovered and regenerated. The final 0.3% will be collected via filters.
- We will be able to use the sodium chloride from waste brines to enhance the process.
- A solar plant is currently being designed to produce up to 1.8 megawatts of energy supported by diesel generators and batteries.
- Currently we are working on lithium chloride to lithium carbonate water usage to be reduced by up to 80% using the plant system to extract sodium chloride.
- The plant uses all the available sodium chloride, so we are working on producing fresh potable water from the waste and native brines rather than reinjecting the brine or directing it into the lagoon.
- The Environmental Impact Report which is required to be submitted every two years has been lodged and includes the DLE plant operations.

Brazil

No exploration field work was completed in the 2025 year. The focus is on the company's two concessions adjacent to the CMOC niobium mine, the presence of fenitisation is a key indicator of Rare Earth elements. We have staked large areas nearby significant gold-antimony mineralisation where deposits are hosted in meta-sedimentary rocks and meta-volcanic rocks, with mineralisation in quartz veins along regional fault and shear structures. These structures are often linked to intrusive granites or granitic dykes that acted as pathways for mineralising fluids. Major antimony deposits in Brazil are historically found in Minas Gerais, particularly in the Iron quadrangle region near Belo Horizonte, with significant exploration ongoing in areas like the Curral Range and the Seridó region in the north-east. The historical Alps-Alturas mine demonstrates the potential for high-grade antimony deposits in Brazil, with its ore averaging extremely high concentrations

Corporate

Sam Qi resigned his directorship on 23 February 2025. The board thanked him for his service.

In March 2026, the company raised a total of \$3.64m at \$0.08 per share. Later in the year, with the support of Dr Jose Luis Manzano and Magnus Capital we successfully raised \$2.69m at \$0.045 per share via a fully underwritten entitlement offer. Approximately \$1.34m was subscribed in the entitlement issue and \$1.35m was supported by the underwriters.

A further placement was successfully in January 2026 made at 9 cents a share by Cygnet Capital raising \$2.8m before costs and we thank Jonathan and the team at Cygnet Capital for their assistance.

The lithium market as reflected in the futures markets has recently made a major gain from US\$9,000 to more than US\$24,000, but the demand supply is delicately balanced. Analysts believe that significant battery usage in buses and BESS systems will increase over the next few years and increase annual usage from 1.6 million tonnes to more than 2 million tonnes per year.

The number of U.S. gigafactories under construction is a dynamic figure, but as of early 2025, there are approximately 34 lithium-ion battery factories either planned, under construction, or already operating in the United States, representing a significant boom driven by the Inflation Reduction Act. This surge is set to add 160 GWh of new capacity in 2025 alone, with major investments from automakers like Tesla, Ford, and Panasonic.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity, other than those disclosed in the Review of Operations, during the financial year.

Matters subsequent to the end of the financial year

On 4 February 2026, the Company announced a share placement to raise \$2.8 million at a price of \$0.10 per share. The placement was completed via the issue of 27,950,000 shares and 13,975,000 attaching unquoted options (\$0.16 exercise price and 31 December 2027 expiry).

On 13 February 2026, the Company issued 25,000,000 performance rights to directors as part of their remuneration.

On 25 March 2026, the Company issued 5,450,000 unquoted options (\$0.15 exercise price and 31 March 2028 expiry) as employee remuneration.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law, however does have obligations through its subsidiaries in Argentina and Brazil. The majority of its activities involve low level disturbance associated with exploration drilling programs. Approvals, licences, hearings and other regulatory requirements are performed, as required, by the consolidated entity's management for each permit or lease in which the Group has an interest.

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Information on directors

Name:	Phillip Thomas
Title:	Executive Chairman (appointed 27 April 2022)
Qualifications:	Phillip graduated from Australian National University majoring in Geology and received his Master's Degree in Business from Monash University. He is a Fellow of the AusIMM, (Chartered Professional Valuation), a Member of the Australian Institute of Geoscientists and Director..
Experience and expertise:	Phillip has extensive experience in lithium exploration, geochemistry, geophysics, process design and production. He has more than 20 years' experience working in Argentina on Pocitos, Guayatayoc, Salinas Grandes, Pozuelos, Rincon and Incahuasi salars. He is past COO and QP of Recharge Resources Ltd and past CEO and chairman of Admiralty Resources NL where he and his team explored and developed a pilot plant at the Rincon Salar sold to Rio Tinto for \$925m, with 1.1 million tonnes LCE. Phillip has written several NI43-101 reports, the most recent for Pocitos and Incahuasi salar projects. Phillip is President of Ekosolve Inc a Lithium DLE company. He is a Competent Person for JORC reporting having more than 5 years' experience in lithium brine style of mineralisation.
Other current directorships:	Nil
Former directorships (last 3 years):	Austral Resources Australia Ltd (ASX:AR1) - resigned July 2024, Recharge Resources Ltd (CSE:RR) Canada - resigned July 2024 and Spey Resources (CSE:ARMY) - resigned October 2023
Special responsibilities:	Member of Audit & Risk Committee
Interests in shares:	2,568,573 fully paid ordinary shares
Interests in options and rights:	15,000,000 unquoted performance rights.
Name:	Rick Anthon
Title:	Non-Executive Director (appointed 19 February 2024)
Experience and expertise:	Mr Anthon is a Battery Minerals industry expert. He was the director of Corporate Development for Allkem Limited for over 10 years prior to its merger with Livent to form NYSE listed Arcadium that was subsequently taken over by Rio Tinto for \$10B. He was a practicing lawyer for over 30 years with deep experience in both corporate and commercial law focusing on the resource and energy sectors.
Other current directorships:	Savannah Resources Plc (AIM:SAV), Euro Manganese Inc (ASX:EMN), Rapid Critical Metals Limited (ASX:RCM) and Savannah Goldfields Ltd (ASX:SVG)
Former directorships (last 3 years):	Greenwing Resources Ltd (ASX:GW1)
Special responsibilities:	Member of Audit & Risk Committee
Interests in shares:	Nil
Interests in options and rights:	5,000,000 unquoted performance rights.
Name:	Sam Qi
Title:	Non-Executive Director (appointed 7 August 2023 and resigned 23 February 2025)
Qualifications:	Sam graduated from Shanghai University with a major in project management.
Experience and expertise:	Sam has over 20 years' experience in providing professional services and is CEO of Fuyang Mingin New Energy Development Co., Ltd.
Other current directorships:	N/A
Former directorships (last 3 years):	N/A
Interests in shares:	N/A
Interests in options and rights:	N/A

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Name:	Pablo Tarantini
Title:	Non-Executive Director (appointed 12 November 2024)
Qualifications:	Mr Tarantini is certified as Public Accountant and holds a Bachelor's Degree in Business Administration from Universidad Católica Argentina (UCA). He has a Master in Business Administration Degree from Harvard Business School.
Experience and expertise:	Pablo Tarantini has accumulated broad professional experience in the mining industry. For two years, he has served as Executive Director of the Argentinian Bureau of Investment and International Trade, coordinating investment initiatives, and contributing with his vast experience in several industries and countries. In that role, Mr Tarantini worked together with mining companies settled in the country and supported the promotion of mining activity in Argentina, along with the Argentinian Secretary of Mining. He has served as President and Executive Director of SAPISA and Minera Don Nicolás, an Argentinian private equity fund and one of its investments in the mining sector, respectively. Minera Don Nicolás is the first local mining project based on Argentinian capital. He has also served as M&A Director at General Electric and Advent International Corporation for Latin America, and as Manager at AT Kearney. Mr Tarantini is a non-executive Director of Latin Resources Limited (ASX:LRS), Compañía Minera Aguilar and Integra Lithium. In all these roles, he has carried out businesses and projects at the regional level.
Other current directorships:	Non-Executive Director of Latin Resources Limited (ASX:LRS)
Former directorships (last 3 years):	Nil
Interests in shares:	Nil
Interests in options and rights:	5,000,000 unquoted performance rights and 1,000,000 unquoted options over shares

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary

Jarek Kopias has over 25 years' industry experience in a wide range of financial and secretarial roles within the resources industry. This includes 5 years at WMC Resources Limited's Olympic Dam operations, 5 years at Newmont Mining Corporation in the Australian corporate office, and 5 years at Stuart Petroleum Limited, an oil and gas producer and explorer, prior to its merger with Senex Energy Limited.

Jarek is currently the CFO and Company Secretary of Resolution Minerals Ltd (ASX:RML) and iTech Minerals Ltd (ASX:ITM), and Company Secretary of Core Lithium Ltd (ASX:CXO), Iron Road Ltd (ASX:IRD), Austral Resources Australia Ltd (ASX:AR1) and Altitude Minerals Ltd (ASX:ATT). He has held similar roles with other ASX listed entities in the past.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 31 December 2025, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Phillip Thomas	5	5	2	2
Rick Anthon	5	5	2	2
Pablo Tarantini	5	5	1	2
Sam Qi	1	1	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The directors approved numerous matters via circular resolution during the reporting period.

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board has considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Non-executive directors' fees will be paid within an aggregate limit which is to be approved by the shareholders from time to time. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act at the time of the directors retirement or termination.

ASX listing rules requires that the aggregate non-executive directors' remuneration shall be determined periodically by a general meeting. The shareholders approved an aggregate limit of \$500,000 at the company's 2023 annual general meeting.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components. In determining the level and make-up of executive remuneration, the Board negotiates a remuneration to reflect the market salary for a position and individual of comparable responsibility and experience.

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The executive remuneration and reward framework has the following components:

- base pay and non-monetary benefits
- share-based payments

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are determined by the board based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

The long-term incentives ('LTI') includes share-based payments comprising options.

Use of remuneration consultants

During the financial year, the consolidated entity has not used remuneration consultants.

Voting and comments made at the Company's 28 May 2025 Annual General Meeting ('AGM')

At the 28 May 2025 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2024. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
2025	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Paul Boyatzis	-	-	-	-	-	-	-
Gino D'Anna	-	-	-	-	-	-	-
Sam Qi *	8,880	-	-	-	-	-	8,880
Rick Anthon	48,000	-	-	-	-	-	48,000
Pablo Tarantini	49,520	-	-	-	-	18,873	68,393
<i>Executive Directors:</i>							
Phillip Thomas	136,771	-	2,286	3,000	-	-	142,057
	243,171	-	2,286	3,000	-	18,873	267,330

* Resigned 23 February 2025.

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	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
2024							
<i>Non-Executive Directors:</i>							
Paul Boyatzis	4,440	-	-	-	-	-	4,440
Gino D'Anna	8,880	-	-	-	-	-	8,880
Sam Qi	53,280	-	-	-	-	-	53,280
Rick Anthon	51,250	-	-	-	-	12,187	63,437
Pablo Tarantini	6,444	-	-	-	-	-	6,444
<i>Executive Directors:</i>							
Phillip Thomas	121,068	-	-	-	-	21,538	142,606
	245,362	-	-	-	-	33,725	279,087

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2025	2024	2025	2024	2025	2024
<i>Non-Executive Directors:</i>						
Paul Boyatzis	-	100%	-	-	-	-
Gino D'Anna	-	100%	-	-	-	-
Sam Qi	100%	100%	-	-	-	-
Rick Anthon	100%	81%	-	-	-	19%
Pablo Tarantini	66%	100%	-	-	34%	-
<i>Executive Directors:</i>						
Phillip Thomas	100%	85%	-	-	-	15%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Phillip Thomas
Title: Executive Chairman
Term of agreement: He is entitled to \$108,000 per annum (exclusive of superannuation entitlements) up until 30 November 2025. From 1 December 2025, he is entitled to \$330,000 per annum (inclusive of superannuation entitlements).

Name: Sam Qi
Title: Non-Executive Director (resigned 23 February 2025)
Agreement commenced: 7 August 2023
Term of agreement: He was entitled to \$48,000 per annum (exclusive of superannuation entitlements).

Name: Rick Anthon
Title: Non Executive Director (appointed 19 February 2024)
Term of agreement: He is entitled to \$60,000 per annum.

Name: Pablo Tarantini
Title: Non-Executive Director (appointed 12 November 2024)
Agreement commenced: 12 November 2024
Term of agreement: He is entitled to \$48,000 per annum. \$60,000 from 1 November 2025.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to key management personnel as part of compensation during the year ended 31 December 2025.

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year, the prior financial year, or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Rick Anthon	1,000,000	24 May 2024	24 May 2024	10 October 2025	\$0.270	\$0.012
Pablo Tarantini	1,000,000	28 May 2025	28 May 2025	30 June 2027	\$0.100	\$0.019

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 31 December 2025 and period ended 31 December 2024 are set out below:

Name	Number of options granted during the year 2025	Number of options granted during the year 2024	Number of options vested during the year 2025	Number of options vested during the year 2024
Rick Anthon	-	1,000,000	-	1,000,000
Pablo Tarantini	1,000,000	-	1,000,000	-

Performance rights

During the prior financial year Phil Thomas received 2,000,000 performance rights which would vest with the below performance conditions has been met before 30 June 2025:

- The company announcing a JORC compliant Mineral Resource Estimate (inferred or better) of 500,000 of contained Lithium Carbonate; and
- The company releasing a scoping study (or a study with a great level confidence) related to the Mineral Resource Estimate

Both performance conditions were previously considered probable of being achieved and expense of \$21,538 has been recognised over the estimated vested period. The performance rights had not vested at 31 December 2024 and lapsed on 30 June 2025.

Additional information

The earnings of the consolidated entity for the four years to 31 December 2025 are summarised below:

	2025 \$	2024 \$	2023 \$	2022 \$
Loss after income tax	(1,436,563)	(414,294)	(1,109,953)	(1,469,060)

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The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2025	2024	2023	2022
Share price (\$) *	0.05	0.09	0.13	-
Basic earnings per share (cents per share)	(1.11)	(0.68)	(2.07)	(10.67)
Diluted earnings per share (cents per share)	(1.11)	(0.68)	(2.07)	(10.67)

* The company was admitted to the official list of the Australian Securities Exchange (ASX) on 31 March 2023.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Disposed	Additions	Conversion of convertible notes	Balance at the end of the year
<i>Ordinary shares</i>					
Phillip Thomas	2,254,001	-	314,572	-	2,568,573
	<u>2,254,001</u>	<u>-</u>	<u>314,572</u>	<u>-</u>	<u>2,568,573</u>

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Additions	Disposed	Balance at the end of the year
<i>Options over ordinary shares</i>					
Phillip Thomas *	2,319,501	-	-	(2,319,501)	-
Rick Anthon *	1,000,000	-	-	(1,000,000)	-
Pablo Tarantini	-	1,000,000	-	-	1,000,000
	<u>3,319,501</u>	<u>1,000,000</u>	<u>-</u>	<u>(3,319,501)</u>	<u>1,000,000</u>

* Disposal represents lapse of options.

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
<i>Performance rights over ordinary shares</i>					
Philip Thomas	2,000,000	-	-	(2,000,000)	-
	<u>2,000,000</u>	<u>-</u>	<u>-</u>	<u>(2,000,000)</u>	<u>-</u>

The loan provided by the directors in the prior year, through related entities have been repaid in full during the current year as follows:

- Phil Thomas \$339,529 including accrued interest; and
- Rick Anthon \$25,863 including accrued interest.

In addition, Phil Thomas also had convertible notes with a value of \$98,940 outstanding at 31 December 2024. All loans were repaid in full during the current financial year.

This concludes the remuneration report, which has been audited.

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Shares under option

Unissued ordinary shares of Patagonia Lithium Ltd under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
17 December 2024	31 August 2026	\$0.18	3,000,000
28 May 2025	30 June 2027	\$0.10	1,000,000
11 February 2026	31 December 2027	\$0.16	13,975,000
25 March 2026	31 March 2028	\$0.15	5,450,000
			<u>23,425,000</u>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

Shares under performance rights

There were 25,000,000 unissued ordinary shares of Patagonia Lithium Ltd under performance rights outstanding at the date of this report. Of these rights, 8,333,334 have vested to date.

Shares issued on the exercise of options

There were no ordinary shares of Patagonia Lithium Ltd issued on the exercise of options during the year ended 31 December 2025 and up to the date of this report.

Shares issued on the exercise of performance rights

There were no ordinary shares of Patagonia Lithium Ltd issued on the exercise of performance rights during the year ended 31 December 2025 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

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

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Hall Chadwick Audit

There are no officers of the company who are former partners of Hall Chadwick Audit.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

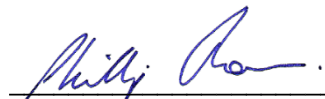
Auditor

Hall Chadwick Audit continues in accordance with section 327 of the Corporations Act 2001.

Patagonia Lithium Ltd
Directors' report
31 December 2025

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



Phillip Thomas
Executive Chairman

30 March 2026

Patagonia Lithium Ltd
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31 December 2025

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General information

The financial statements cover Patagonia Lithium Ltd as a consolidated entity consisting of Patagonia Lithium Ltd and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Patagonia Lithium Ltd's functional and presentation currency.

Patagonia Lithium Ltd is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Suite 66 Level 1, 2-4 Cochranes Road,
MOORABBIN VIC 3189

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 March 2026. The directors have the power to amend and reissue the financial statements.

**PATAGONIA LITHIUM LIMITED
ACN 654 004 403**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PATAGONIA LITHIUM LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Patagonia Lithium Limited and controlled entities. As the lead audit partner for the audit of the financial report of Patagonia Lithium Limited for the year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

**Hall Chadwick Melbourne
Level 14 440 Collins Street
Melbourne VIC 3000**



**Anh (Steven) Nguyen
Registered Company Auditor
Director**

Date: 30 March 2026

Patagonia Lithium Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Note	Consolidated 2025 \$	2024 \$
Revenue			
Other income		-	27,273
Interest revenue calculated using the effective interest method		13,440	14,652
Expenses			
Corporate and administration expenses		(1,020,500)	(1,036,741)
Employee benefits expense		(30,286)	-
Depreciation and amortisation expense		(14,826)	-
Impairment of investments		-	(5,998)
Foreign exchange (losses)/gains		(172,938)	868,297
Share based payment expense	27	(18,873)	(144,802)
Other expenses		(145,487)	(83,617)
Finance costs		(47,093)	(53,358)
Loss before income tax expense		(1,436,563)	(414,294)
Income tax expense	4	-	-
Loss after income tax expense for the year attributable to the owners of Patagonia Lithium Ltd		(1,436,563)	(414,294)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation (loss)/gain		(486,956)	235,274
Other comprehensive income for the year, net of tax		(486,956)	235,274
Total comprehensive income for the year attributable to the owners of Patagonia Lithium Ltd		(1,923,519)	(179,020)
		Cents	Cents
Basic earnings per share	26	(1.11)	(0.68)
Diluted earnings per share	26	(1.11)	(0.68)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Patagonia Lithium Ltd
Statement of financial position
As at 31 December 2025

	Note	Consolidated 2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,498,789	57,546
Trade and other receivables	6	97,337	147,093
Prepayments		53,524	79,585
Total current assets		<u>1,649,650</u>	<u>284,224</u>
Non-current assets			
Other receivables	7	819,451	646,975
Property, plant and equipment	8	54,801	-
Exploration and evaluation	9	10,307,818	10,049,317
Total non-current assets		<u>11,182,070</u>	<u>10,696,292</u>
Total assets		<u>12,831,720</u>	<u>10,980,516</u>
Liabilities			
Current liabilities			
Trade and other payables	10	185,091	1,703,670
Borrowings	11	-	867,210
Employee benefits		2,286	-
Total current liabilities		<u>187,377</u>	<u>2,570,880</u>
Total liabilities		<u>187,377</u>	<u>2,570,880</u>
Net assets		<u>12,644,343</u>	<u>8,409,636</u>
Equity			
Issued capital	12	15,974,630	9,835,277
Reserves	13	374,343	1,567,666
Accumulated losses		(3,704,630)	(2,993,307)
Total equity		<u>12,644,343</u>	<u>8,409,636</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Patagonia Lithium Ltd
Statement of changes in equity
For the year ended 31 December 2025

Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2024	8,554,703	1,143,604	(2,579,013)	7,119,294
Loss after income tax expense for the year	-	-	(414,294)	(414,294)
Other comprehensive income for the year, net of tax	-	235,274	-	235,274
Total comprehensive income for the year	-	235,274	(414,294)	(179,020)
Equity portion of convertible notes	-	9,249	-	9,249
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	1,280,574	-	-	1,280,574
Share-based payments (note 27)	-	179,539	-	179,539
Balance at 31 December 2024	<u>9,835,277</u>	<u>1,567,666</u>	<u>(2,993,307)</u>	<u>8,409,636</u>
Consolidated	Issued capital \$	Reserves \$	Accumulated losses \$	Total equity \$
Balance at 1 January 2025	9,835,277	1,567,666	(2,993,307)	8,409,636
Loss after income tax expense for the year	-	-	(1,436,563)	(1,436,563)
Other comprehensive income for the year, net of tax	-	(486,956)	-	(486,956)
Total comprehensive income for the year	-	(486,956)	(1,436,563)	(1,923,519)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 12)	6,139,353	-	-	6,139,353
Share-based payments (note 27)	-	18,873	-	18,873
Transfer on settlement of convertible notes	-	(9,249)	9,249	-
Transfer on lapse of loyalty options	-	(146,413)	146,413	-
Transfer on lapse of options	-	(569,578)	569,578	-
Balance at 31 December 2025	<u>15,974,630</u>	<u>374,343</u>	<u>(3,704,630)</u>	<u>12,644,343</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Patagonia Lithium Ltd
Statement of cash flows
For the year ended 31 December 2025

	Note	Consolidated 2025 \$	2024 \$
Cash flows from operating activities			
Payments to suppliers (inclusive of GST)		(1,236,785)	(1,153,241)
Interest and other finance costs paid		(47,093)	(16,814)
Other income		-	27,273
Interest received		12,047	30,972
Foreign currency gains / (loss)		(172,937)	868,297
Indirect taxes paid		(121,328)	(721,641)
Net cash used in operating activities	24	(1,566,096)	(965,154)
Cash flows from investing activities			
Payments for investments		-	(5,998)
Payments for property, plant and equipment	8	(71,700)	-
Payments for exploration and evaluation rights		(2,193,130)	(3,779,167)
Net cash used in investing activities		(2,264,830)	(3,785,165)
Cash flows from financing activities			
Proceeds from issue of shares	12	6,252,581	1,398,442
Proceeds from borrowings		-	505,974
Proceeds from convertibles notes		-	400,000
Share issue transaction costs		(113,228)	(149,191)
Repayment of borrowings		(867,209)	-
Net cash from financing activities		5,272,144	2,155,225
Net increase/(decrease) in cash and cash equivalents		1,441,218	(2,595,094)
Cash and cash equivalents at the beginning of the financial year		57,546	2,650,901
Effects of exchange rate changes on cash and cash equivalents		25	1,739
Cash and cash equivalents at the end of the financial year	5	<u>1,498,789</u>	<u>57,546</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The Consolidated Entity incurred a loss from ordinary activities of \$1,436,563 for the year ended 31 December 2025 (2024: \$414,294 and had negative cash flows from operating activities of \$1,566,096 (2024: \$965,154) and had payments for exploration and evaluation rights of \$2,193,130 (2024: \$3,779,167).

Management has prepared a cash flow forecast covering at least the next 12 months, considering the company's existing cash reserves. While this funding supports short-term liquidity, management continues to explore additional financing options to meet future operational and strategic needs, and believe that there are reasonable grounds to believe that the Consolidated Entity will be able to meet its commitments for at least 12 months from the date of signing this report, for the below reasons:

- On 4 February 2026, the Company announced a share placement to raise \$2.8 million at a price of \$0.10 per share. The placement was completed via the issue of 27,950,000 shares and 13,975,000 attaching unquoted options (\$0.16 exercise price and 31 December 2027 expiry), refer to note 23;
- As an ASX listed entity, the company has the ability to access equity capital markets and has a history of being able to raise additional capital as and when the directors consider appropriate; and
- Management remain diligent in their monitoring of cash flows day by day.

Accordingly, the directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report. In the event that the Consolidated Entity is unsuccessful in implementing the above-stated initiatives, a material uncertainty exists, that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern and its ability to recover assets and discharge liabilities in normal course of business and at the amounts shown in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessarily incurred should the company not continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

Note 1. Material accounting policy information (continued)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Patagonia Lithium Ltd ('company' or 'parent entity') as at 31 December 2025 and the results of all subsidiaries for the year then ended. Patagonia Lithium Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation

The financial statements are presented in Australian dollars, which is Patagonia Lithium Ltd's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue and income recognition

The consolidated entity recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Note 1. Material accounting policy information (continued)

Other revenue and income

Other revenue and income is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Motor vehicles	10 years
Plant and equipment	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 1. Material accounting policy information (continued)

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Note 1. Material accounting policy information (continued)

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Patagonia Lithium Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the fair value of equity-settled share-based payment arrangements at grant date in accordance with AASB 2 *Share-based Payment*. Fair value is determined using appropriate option valuation models, including the Black-Scholes or Binomial model, which require the use of significant assumptions.

The key assumptions applied in determining the fair value of options and performance rights include:

- the share price at grant date;
- expected share price volatility;
- expected life of the instruments;
- risk free interest rate; and
- vesting conditions, including market and non market conditions.

The valuation of share-based payment arrangements is sensitive to changes in these assumptions. In particular, expected volatility and expected life have a significant impact on the calculated fair value. A higher expected volatility or longer expected life would result in an increase in the fair value of the instruments and, accordingly, a higher share-based payment expense recognised over the vesting period. Conversely, a reduction in these assumptions would result in a lower fair value and expense.

For non-market vesting conditions, management estimates the number of equity instruments expected to vest at each reporting date, and the expense recognised is adjusted to reflect those estimates. Changes in vesting expectations could result in a material adjustment to the cumulative share-based payment expense recognised in future periods.

Due to the judgement involved in selecting valuation inputs and estimating vesting outcomes, actual results may differ from estimates used, and such differences could be material to the consolidated entity's financial statements in future reporting periods.

Exploration and evaluation costs

Exploration and evaluation expenditure is capitalised in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* where the rights of tenure are current and where management considers that the expenditure is expected to be recouped through successful development or sale of the relevant area of interest, or where exploration activities have not yet reached a stage that permits a reasonable assessment of the existence of economically recoverable reserves.

The carrying value of exploration and evaluation assets as at 31 December 2025 was \$10,307,818 (2024: \$10,049,317), representing a significant proportion of the consolidated entity's total assets.

In assessing whether impairment indicators exist in accordance with AASB 6.20, management considered, among other factors:

- the ongoing validity of exploration licences and tenure rights;
- the level of exploration activity undertaken during the period and subsequent to year end;
- the absence of a decision to abandon or discontinue exploration in the relevant areas of interest;
- the entity's ability to access funding to continue exploration activities; and
- market conditions for lithium and comparable exploration projects.

Based on this assessment, management determined that no impairment indicators were present at the reporting date and, accordingly, no impairment charge has been recognised for the year ended 31 December 2025.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Notwithstanding this conclusion, the recoverability of exploration and evaluation assets remains dependent on the successful discovery and development of economically recoverable resources, or the ability to realise the assets through sale. Changes in exploration outcomes, funding availability, regulatory conditions, or commodity prices could result in a material adjustment to the carrying value of these assets in future periods.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment, being pursuing lithium exploration projects in South America.

Note 4. Income tax expense

	Consolidated	
	2025	2024
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,436,563)	(414,294)
Tax at the statutory tax rate of 25%	(359,141)	(103,574)
Current year tax losses not recognised	174,378	164,716
Impact of tax of overseas subsidiaries	166,393	(101,924)
Impact of permanent and timing differences	18,370	40,782
Income tax expense	-	-

	Consolidated	
	2025	2024
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	2,819,044	2,121,533
Potential tax benefit @ 25%	704,761	530,383

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

At 31 December 2025, the consolidated entity had Argentinian tax losses valued at \$1,613,380 (2024: \$nil). The corporate tax rate in Argentina is 35%.

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	2025	2024
	\$	\$
Cash on hand	336	361
Cash at bank	488,580	57,185
Cash on deposit	1,009,873	-
	1,498,789	57,546

Note 6. Current assets - trade and other receivables

	Consolidated 2025 \$	2024 \$
Other receivables	84,279	76,859
Interest receivable	1,393	-
Indirect taxes receivable	11,665	70,234
	<u>97,337</u>	<u>147,093</u>

Note 7. Non-current assets - other receivables

	Consolidated 2025 \$	2024 \$
Indirect taxes receivables	819,451	646,975

The non-current portion of the Argentinian indirect taxes will only be recovered once the revenue is generated in Argentina.

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2025 \$	2024 \$
Plant and equipment - at cost	3,515	-
Less: Accumulated depreciation	(1,172)	-
	<u>2,343</u>	<u>-</u>
Motor vehicles - at cost	65,572	-
Less: Accumulated depreciation	(13,114)	-
	<u>52,458</u>	<u>-</u>
	<u>54,801</u>	<u>-</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

Consolidated	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 January 2025	-	-	-
Additions	3,648	68,052	71,700
Exchange differences	(89)	(1,984)	(2,073)
Depreciation expense	(1,216)	(13,610)	(14,826)
Balance at 31 December 2025	<u>2,343</u>	<u>52,458</u>	<u>54,801</u>

Note 9. Non-current assets - exploration and evaluation

	Consolidated 2025 \$	2024 \$
Exploration and evaluation - at cost	10,307,818	10,049,317

Note 9. Non-current assets - exploration and evaluation (continued)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & evaluation \$
Balance at 1 January 2024	4,442,737
Additions	5,285,056
Exchange differences	321,524
Balance at 31 December 2024	10,049,317
Additions	666,341
Exchange differences	(407,840)
Balance at 31 December 2025	<u>10,307,818</u>

Exploration and evaluation expenditure capitalised during the year primarily relates to the consolidated entity's lithium exploration activities in Argentina. Exploration activities continued throughout the year and subsequent to reporting date, and the consolidated entity has not made any decision to abandon or dispose of any area of interest.

As at the reporting date, no JORC-compliant Ore Reserves or Mineral Resources have been declared. The carrying value of exploration and evaluation assets reflects management's expectation that the assets will be recovered through successful exploration and development activities or through sale.

The consolidated entity's exploration and evaluation assets relate primarily to lithium exploration projects located in Argentina. During the year ended 31 December 2025, the consolidated entity continued to undertake exploration activities across its areas of interest, with expenditure focused on geological studies, sampling, drilling programs, and project evaluation.

Subsequent to the reporting date, the consolidated entity has continued to progress its exploration programs in accordance with planned work programs. Future exploration expenditure is expected to be directed toward advancing existing projects through further drilling, technical studies, and evaluation activities, subject to the availability of funding, regulatory approvals, and prevailing market conditions.

The consolidated entity does not have any contractual commitments for exploration expenditure as at 31 December 2025. However, management anticipates that ongoing exploration activities will require continued investment and access to funding. The timing, extent, and nature of future exploration expenditure will depend on exploration results, commodity prices, funding availability, and strategic priorities.

These planned exploration activities form a key part of management's assessment of the recoverability of exploration and evaluation assets and the consolidated entity's ability to continue as a going concern.

Note 10. Current liabilities - trade and other payables

	Consolidated	
	2025	2024
	\$	\$
Trade payables	104,834	46,045
Other payables and accruals	80,257	1,657,625
	<u>185,091</u>	<u>1,703,670</u>

Refer to note 15 for further information on financial instruments.

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Note 11. Current liabilities - borrowings

	Consolidated	
	2025	2024
	\$	\$
Short Term loans	-	519,548
Convertible notes payable	-	347,662
	-	867,210

Refer to note 15 for further information on financial instruments.

Convertible notes

The convertible notes had a face value of \$1 per note and matured on 10 January 2025 with interest payable at 10% per annum. At any time, the lender may elect to convert all or any of the convertible notes. When converted the lender received 11.11 shares for every convertible note. An equity potion of \$9,249 was recognised and released in relation and to these notes, refer to note 13.

The notes have all been repaid in full during the year.

Short terms loans

The balance in relation to short terms loans included the principal and accrued interest of \$13,574 in the prior year. The total interest payable on the loans amounted to 10% of the amount contributed and they were due for repayment on 14 January 2025.

All amounts have been repaid during the year.

Note 12. Equity - issued capital

	2025	Consolidated	
	Shares	2024	2025
		Shares	\$
Ordinary shares - fully paid	179,115,540	74,837,252	15,974,630

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 January 2024	58,565,000		8,554,703
Issue of shares	20 September 2024	430,802	\$0.090	38,772
Issue of shares - conversion of notes	20 September 2024	734,000	\$0.090	66,060
Issue of shares	6 November 2024	15,107,450	\$0.090	1,359,670
Less cost of capital raised		-	\$0.000	(183,928)
Balance	31 December 2024	74,837,252		9,835,277
Issue of shares	18 March 2025	12,500,000	\$0.080	1,000,000
Issue of shares	21 March 2025	1,628,505	\$0.080	130,280
Issue of shares	27 March 2025	30,444,603	\$0.080	2,435,568
Issue of shares	26 August 2025	29,760,024	\$0.045	1,339,201
Issue of shares	1 September 2025	29,945,156	\$0.045	1,347,532
Less cost of capital raised		-	\$0.000	(113,228)
Balance	31 December 2025	179,115,540		15,974,630

Note 12. Equity - issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

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

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2024 Annual Report.

Note 13. Equity - reserves

	Consolidated	
	2025	2024
	\$	\$
Foreign currency reserve	(42,118)	444,838
Share-based payments reserve	416,461	967,166
Convertible note reserve	-	9,249
Loyalty option reserve	-	146,413
	<u>374,343</u>	<u>1,567,666</u>

Financial assets at fair value through other comprehensive income reserve

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Convertible note reserve

The reserve is used to recognise the equity portion of convertible notes.

Loyalty options reserve

The reserve was used to recognise the funds received in relation to 14,621,250 loyalty options issued on 9 October 2023, with an exercise price of \$0.30 which expired on 15 December 2025.

Note 13. Equity - reserves (continued)

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Loyalty options \$	Foreign currency \$	Convertible notes \$	Share-based payments \$	Total \$
Balance at 1 January 2024	146,413	209,564	-	787,627	1,143,604
Equity portion of convertible note *	-	-	9,249	-	9,249
Share based payments	-	-	-	179,539	179,539
Foreign currency translation	-	235,274	-	-	235,274
Balance at 31 December 2024	146,413	444,838	9,249	967,166	1,567,666
Share based payments	-	-	-	18,873	18,873
Foreign currency translation	-	(486,956)	-	-	(486,956)
Transfer to accumulated losses on payment of notes	-	-	(9,249)	-	(9,249)
Transfer to accumulated losses on lapse of loyalty options	(146,413)	-	-	-	(146,413)
Transfer to accumulated loss on lapse of options	-	-	-	(569,578)	(569,578)
Balance at 31 December 2025	-	(42,118)	-	416,461	374,343

* The equity portion of the convertible notes was calculated using an interest rate of 15% and a repayment date of 9 January 2025.

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 15. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Market risk

Foreign operations and country-specific risks

The consolidated entity conducts a significant portion of its exploration activities through subsidiaries located in Argentina. As a result, the consolidated entity is exposed to risks specific to operating in that jurisdiction, including foreign exchange volatility, regulatory and taxation changes, restrictions on the repatriation of funds, and broader economic and political conditions.

Assets and liabilities of the Argentine operations are translated into Australian dollars using the exchange rate at the reporting date, with income and expenses translated at average exchange rates for the period, in accordance with AASB 121 *The Effects of Changes in Foreign Exchange Rates*. Foreign exchange differences arising on translation are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Certain indirect taxes incurred in Argentina are recognised as receivables. Recovery of these balances is dependent on the generation of future taxable revenues within Argentina and compliance with local regulatory requirements. Accordingly, the timing and ultimate recoverability of these balances is subject to uncertainty.

Note 15. Financial instruments (continued)

Management monitors country-specific risks on an ongoing basis and considers these risks when assessing funding requirements, cash flow forecasts, and the recoverability of non-current assets.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity is not exposed to material interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity does not generate revenue and for this reason is not exposed to material credit risk.

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2025						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	185,091	-	-	-	185,091
Total non-derivatives		185,091	-	-	-	185,091
	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2024						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables and other payables	-	1,703,670	-	-	-	1,703,670
<i>Interest-bearing - fixed rate</i>						
Short term loans	10.00%	519,548	-	-	-	519,548
Convertible notes	10.00%	347,662	-	-	-	347,662
Total non-derivatives		2,570,880	-	-	-	2,570,880

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Note 16. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2025	2024
	\$	\$
Short-term employee benefits	245,457	245,362
Post-employment benefits	3,000	-
Share-based payments	18,873	33,725
	<u>267,330</u>	<u>279,087</u>

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Hall Chadwick Audit, the auditor of the company, and unrelated firms:

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - Hall Chadwick Audit</i>		
Audit or review of the financial statements	<u>41,000</u>	<u>36,500</u>
<i>Audit services - unrelated firms</i>		
Audit or review of the financial statements	<u>13,955</u>	<u>10,600</u>

Note 18. Contingent liabilities

The consolidated entity had no contingent liabilities at 31 December 2025 and 31 December 2024.

Note 19. Commitments

The consolidated entity has no commitments at 31 December 2025 and 31 December 2024.

Note 20. Related party transactions

Parent entity

Patagonia Lithium Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 22.

Key management personnel

Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

Note 20. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2025	2024
	\$	\$
Payment for goods and services:		
Exploration consulting paid to Gurtan Pty Ltd (an entity related to Phillip Thomas)	17,000	33,190
Other expenses:		
Interest accrued on loans to directors and related entities	-	9,418

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2025	2024
	\$	\$
Current payables:		
Fees payable to directors	18,851	52,122

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2025	2024
	\$	\$
Current borrowings:		
Short term loans from directors and related entities (including accrued interest)	-	365,392
Convertible notes from directors and related entities	-	98,590

All borrowings were repaid in full during the year.

Note 21. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025	2024
	\$	\$
Loss after income tax	(624,031)	(821,991)
Total comprehensive income	(624,031)	(821,991)

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Note 21. Parent entity information (continued)

Statement of financial position

	Parent	
	2025	2024
	\$	\$
Total current assets	1,483,622	149,656
Total assets	13,461,537	8,783,292
Total current liabilities	121,423	977,373
Total liabilities	121,423	977,373
Equity		
Issued capital	15,974,631	9,835,277
Share-based payments reserve	416,461	967,166
Convertible note reserve	-	9,249
Loyalty option reserve	-	146,413
Accumulated losses	(3,050,978)	(3,152,186)
Total equity	13,340,114	7,805,919

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2025 and 31 December 2024.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2025 and 31 December 2024.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2025 and 31 December 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 22. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025	2024
		%	%
Patagonia Lithium Argentina S.A	Argentina	100.00%	100.00%
PL3 Brazil Mineracao LTDA	Brazil	100.00%	100.00%

Note 23. Events after the reporting period

On 4 February 2026, the Company announced a share placement to raise \$2.8 million at a price of \$0.10 per share. The placement was completed via the issue of 27,950,000 shares and 13,975,000 attaching unquoted options (\$0.16 exercise price and 31 December 2027 expiry).

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Note 23. Events after the reporting period (continued)

On 13 February 2026, the Company issued 25,000,000 performance rights to directors as part of their remuneration.

On 25 March 2026, the Company issued 5,450,000 unquoted options (\$0.15 exercise price and 31 March 2028 expiry) as employee remuneration.

No other matter or circumstance has arisen since 31 December 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 24. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax expense for the year	(1,436,563)	(414,294)
Adjustments for:		
Depreciation and amortisation	14,826	-
Impairment of investments	-	5,998
Share-based payments	18,873	144,802
Non-cash finance costs	-	36,544
Change in operating assets and liabilities:		
Increase in trade and other receivables	(122,721)	(705,321)
Decrease in prepayments	26,061	71,909
Increase/(decrease) in trade and other payables	(68,858)	14,501
Increase in employee benefits	2,286	-
Decrease in other operating liabilities	-	(119,293)
Net cash used in operating activities	<u>(1,566,096)</u>	<u>(965,154)</u>

Note 25. Changes in liabilities arising from financing activities

Consolidated	Short Term Loans \$	Convertible notes \$	Total \$
Balance at 1 January 2024	-	-	-
Net cash from financing activities	505,974	400,000	905,974
Accrued interest	13,574	22,970	36,544
Equity portion of convertible notes	-	(9,249)	(9,249)
Conversion of notes to equity	-	(66,060)	(66,060)
Balance at 31 December 2024	519,548	347,661	867,209
Net cash used in financing activities	(519,548)	(356,910)	(876,458)
Equity portion of convertible notes	-	9,249	9,249
Balance at 31 December 2025	<u>-</u>	<u>-</u>	<u>-</u>

Note 26. Earnings per share

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax attributable to the owners of Patagonia Lithium Ltd	<u>(1,436,563)</u>	<u>(414,294)</u>

Note 26. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	129,525,074	61,156,862
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>129,525,074</u>	<u>61,156,862</u>
	Cents	Cents
Basic earnings per share	(1.11)	(0.68)
Diluted earnings per share	(1.11)	(0.68)

Options that could potentially dilute basic earnings per share in the future, were not included in the calculation of diluted earnings per share because they are antidilutive.

Note 27. Share-based payments

During the current year, 1,000,000 options over ordinary shares were issued to a director as part of their remuneration. A total expense of \$18,873 has been recognised in relation to these options.

Set out below are summaries of options granted during the year:

	Number of options 2025	Weighted average exercise price 2025	Number of options 2024	Weighted average exercise price 2024
Outstanding at the beginning of the financial year	12,500,000	\$0.220	5,500,000	\$0.270
Granted	1,000,000	\$0.100	7,000,000	\$0.180
Expired	<u>(7,500,000)</u>	\$0.222	<u>-</u>	\$0.000
Outstanding at the end of the financial year	<u>6,000,000</u>	\$0.196	<u>12,500,000</u>	\$0.220
Exercisable at the end of the financial year	<u>6,000,000</u>	\$0.196	<u>12,500,000</u>	\$0.220

2025

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
05/10/2022	04/10/2025	\$0.270	1,500,000	-	-	(1,500,000)	-
10/10/2022	10/10/2025	\$0.270	2,000,000	-	-	(2,000,000)	-
24/03/2023	24/03/2026	\$0.270	2,000,000	-	-	-	2,000,000
24/05/2024	10/10/2025	\$0.270	1,000,000	-	-	(1,000,000)	-
20/09/2024	31/08/2025	\$0.150	3,000,000	-	-	(3,000,000)	-
17/12/2024	31/08/2026	\$0.180	3,000,000	-	-	-	3,000,000
28/05/2025	30/06/2027	\$0.100	-	1,000,000	-	-	1,000,000
			<u>12,500,000</u>	<u>1,000,000</u>	<u>-</u>	<u>(7,500,000)</u>	<u>6,000,000</u>

Note 27. Share-based payments (continued)

2024

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
05/10/2022	04/10/2025	\$0.270	1,500,000	-	-	-	1,500,000
10/10/2022	10/10/2025	\$0.270	2,000,000	-	-	-	2,000,000
24/03/2023	24/03/2026	\$0.270	2,000,000	-	-	-	2,000,000
24/05/2024	10/10/2025	\$0.270	-	1,000,000	-	-	1,000,000
20/09/2024	31/08/2025	\$0.150	-	3,000,000	-	-	3,000,000
17/12/2024	31/08/2026	\$0.180	-	3,000,000	-	-	3,000,000
			<u>5,500,000</u>	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>12,500,000</u>

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2025 Number	2024 Number
05/10/2022	04/10/2025	-	1,500,000
10/10/2022	10/10/2025	-	2,000,000
24/03/2023	24/03/2026	2,000,000	2,000,000
25/05/2024	10/10/2025	-	1,000,000
20/09/2024	31/08/2025	-	3,000,000
17/12/2024	31/08/2026	3,000,000	3,000,000
28/05/2025	30/06/2027	1,000,000	-
		<u>6,000,000</u>	<u>12,500,000</u>

The weighted average remaining contractual life of options outstanding at the end of the financial year was 0.65 years (2024: 1.03 years.)

For the options granted during the current and prior financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
24/05/2024	10/10/2025	\$0.090	\$0.270	89.00%	-	4.04%	\$0.012
20/10/2024	31/08/2025	\$0.080	\$0.150	93.00%	-	3.88%	\$0.012
17/12/2024	31/08/2026	\$0.105	\$0.180	95.00%	-	4.16%	\$0.037
28/05/2025	30/06/2027	\$0.054	\$0.100	91.00%	-	3.25%	\$0.019

Performance rights

During the prior financial year Phillip Thomas received 2,000,000 performance rights which vested with the below performance conditions being met before 30 June 2025:

- The company announcing a JORC compliant Mineral Resource Estimate (inferred or better) of 500,000 of contained Lithium Carbonate; and
- The company releasing a scoping study (or a study with a great level confidence) related to the Mineral Resource Estimate

Both performance conditions were considered probable of being achieved and expense of \$21,538 was recognised in the prior year.

Patagonia Lithium Ltd
Directors' declaration
31 December 2025

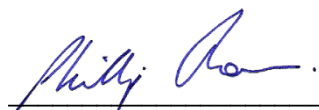
In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Phillip Thomas
Executive Chairman

30 March 2026

Patagonia Lithium Ltd
Consolidated entity disclosure statement
As at 31 December 2025

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Patagonia Lithium Ltd	Parent entity	Australia	-	Australia
PL3 Brazil Mineracao LTDA	Body Corporate	Brazil	100.00%	Brazil
Patagonia Lithium Argentina S.A	Body Corporate	Argentina	100.00%	Argentina

Basis of preparation

The consolidated entity disclosure statement has been prepared in accordance with the Corporations Act 2001, includes information for each entity that was part of the consolidated entity as at 31 December 2025 and has regard to the Australian Taxation Office's Practical Compliance Guidance 2018/9.

Determination of tax residency

Section 295(3A) of the Corporations Act 2001 defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are different interpretations that could be adopted and which could give risk to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

Australian tax residency

The consolidated entity has applied current legislation and where available, relevant revenue authority guidance in the determination of foreign tax residency.

Foreign tax residency

The consolidated entity has applied current legislation and where available, relevant revenue authority guidance in the determination of foreign tax residency.

PATAGONIA LITHIUM LIMITED
ACN 654 004 403
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PATAGONIA LITHIUM LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Patagonia Lithium Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, consolidated entity disclosure statement and the Directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm 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 give to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of \$1,436,563 and had negative cash flows from operating activities of \$1,566,096 during the year ended 31 December 2025. These conditions, along with other matters described in Note 1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 31 December 2025. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How Our Audit Addressed the Key Audit Matter
Exploration and Evaluation Refer to note 9 in the annual report. The Group carries exploration and evaluation assets as at 31 December 2025 in accordance with the Group's accounting policy for exploration and evaluation assets. The recoverability of exploration and evaluation assets is a key audit matter due to the significance of the total balance and the level of procedures undertaken to evaluate management's application of the requirements of <i>AASB6 Exploration for and Evaluation of Mineral Resources</i> in light of any indicators of impairment that may be present.	Our procedures included, amongst others: In assessing whether an indicator of impairment exists in relation to the Group's exploration assets in accordance with <i>AASB6 – Exploration for and Evaluation of Mineral Resources</i>, we: ○ assessed management's determination of its area of interest for consistency with definition in <i>AASB 6 Exploration and Evaluation of Mineral Resources</i>; ○ reviewed management's position on the assessment of impairment at the end of the year and evaluate it for reasonableness; ○ assessed management's assumptions regarding potential resource value, production capacity, and projected profitability and corroborated key assumptions with external market data, including lithium prices and industry benchmarks. ○ assessed the Group's rights to tenure by corroborating to agreements in place; ○ examined board minutes, budgets, and capital raising activities to assess whether the Group has the intention and financial capacity to continue exploration activities.

Information Other Than the Financial Report and Auditor's Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2025, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 11 of the Directors' Report for the year ended 31 December 2025.

In our opinion, the Remuneration Report of Patagonia Lithium Limited, for the year ended 31 December 2025, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of Patagonia Lithium Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Hall Chadwick Melbourne Audit
Level 14 440 Collins Street
Melbourne VIC 3000



Anh (Steven) Nguyen
Registered Company Auditor
Director

Date: 30 March 2026

Patagonia Lithium Ltd
Shareholder information
31 December 2025

The shareholder information set out below was applicable as at 28 February 2026.

Distribution of equity securities

Analysis of number of equity security holders by size of holding:

	Ordinary shares		Options over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	20	-	-	-
1,001 to 5,000	69	0.12	-	-
5,001 to 10,000	94	0.39	-	-
10,001 to 100,000	153	3.00	10	4.51
100,001 and over	90	96.49	34	95.49
	<u>426</u>	<u>100.00</u>	<u>44</u>	<u>100.00</u>
Holding less than a marketable parcel	<u>60</u>	<u>0.06</u>	<u>-</u>	<u>-</u>

The company has a total of 19,975,000 unlisted options on issue. The unlisted options are comprised of:

- 2,000,000 held by Pamplona Capital Pty Ltd (\$0.27 / 24 March 2026 expiry).
- 3,000,000 held by 3 employees (\$0.18 / 31 August 2026 expiry) and issued under the company's share option plan.
- 1,000,000 held by a director (\$0.10 / 30 June 2027 expiry) and issued under the company's share option plan.
- 13,975,000 held by 39 investors (\$0.16 / 31 December 2027 expiry).

There were also 25,000,000 unissued ordinary shares of Patagonia Lithium Ltd under performance rights outstanding at the date of this report held by directors and issued under the company's performance share plan.

There are no restricted securities or securities subject to voluntary escrow on issue.

Patagonia Lithium Ltd
Shareholder information
31 December 2025

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	93,060,737	44.94
BNP PARIBAS NOMS PTY LTD	29,064,941	14.04
10 BOLIVIANOS PTY LTD	15,225,057	7.35
FUYANG MINGJIN NEW ENERGY DEVELOPMENT CO LTD	10,000,000	4.83
CITICORP NOMINEES PTY LIMITED	7,298,103	3.52
SOUTHEAST MINGQING SUPPLY CHAIN (FUYANG) CO LTD	3,750,000	1.81
MR PHILLIP THOMAS	2,568,573	1.24
UBS NOMINEES PTY LTD	2,142,000	1.03
KEA HOLDINGS PTY LTD (IOS HOLDING A/C)	2,000,000	0.97
DECK CHAIR HOLDINGS PTY LTD	2,000,000	0.97
ASHMAT INVESTMENTS PTY LTD (HESTER INVESTMENT A/C)	1,633,134	0.79
MR WAYNE ROLAND HINES	1,293,495	0.62
BNP PARIBAS NOMINEES PTY LTD (CLEARSTREAM)	1,259,728	0.61
VIVO TRADING PTY LTD	1,200,000	0.58
DREAYER INVESTMENTS AUSTRALIA PTY LTD	1,000,000	0.48
MR CON CARYDIAS	1,000,000	0.48
SHORTHALFHEAD PTY LTD (BRAE SOKOLSKI FAMILY NO2 A/C)	1,000,000	0.48
MATHIESON DOWNS PTY LTD	1,000,000	0.48
MOWLMA PTY LIMITED	1,000,000	0.48
KEMBLA NO 20 PTY LTD (CAA A/C)	750,000	0.36
	178,245,768	86.06

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Dr Jose Luis Manzano	88,029,017	42.51
Magnus Capital S.A.	28,731,719	13.88
10 Bolivianos Pty Ltd, Freedom Trader Pty Ltd and Niv Dagan	15,559,167	7.51

Voting rights

The voting rights attached to the company's securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

No voting rights.

Performance Rights

No voting rights.

Other information

There is no current on-market buy-back.

Tenements

Description	Tenement number	Interest owned %
<u><i>Brazil</i></u>		
Formantera	518 P2016	100.00
Tomas III	1211 1993	100.00
Cilon	24142	100.00
<u><i>Argentina</i></u>		
830151/2024	Ponto Dos Volantes, Monte Formoso	100.00
830152/2024	Monte Formoso	100.00
830153/2024	Monte Formoso	100.00
830154/2024	Monte Formoso	100.00
830155/2024	Joaíma, Monte Formoso	100.00
830156/2024	Monte Formoso	100.00
830157/2024	Monte Formoso	100.00
830167/2024	Simonésia	100.00
830169/2024	Santana Do Manhuaçu	100.00
830170/2024	Santana Do Manhuaçu	100.00
830171/2024	Teófilo Otoni	100.00
830172/2024	Teófilo Otoni	100.00
830173/2024	Teófilo Otoni	100.00
830174/2024	Teófilo Otoni	100.00
830176/2024	Teófilo Otoni	100.00
830177/2024	Teófilo Otoni	100.00
830178/2024	Água Boa	100.00
830179/2024	Água Boa	100.00
830.192/2024	Água Boa	100.00
830.193/2024	Água Boa	100.00
830.194/2024	Água Boa	100.00
830.195/2024	Água Boa	100.00
830.196/2024	Água Boa	100.00
860.164/2024	Catalão e Ouvidor	100.00
860.165/2024	Catalão e Ouvidor	100.00

The company's tenements are all held in Argentina and Brazil.

Competent person information

The Company confirms it is not aware of any new information or data that materially affects the information cross referenced in this announcement and all material assumptions and technical parameters underpinning the MRE (lodged on 14 July 2025 as "Lithium Carbonate Mineral Resource increased by 319% continue to apply and have not materially changed. The LCE MRE of 551,400t LCE @ 294mg/L is comprised of 14,800t LCE @ 393mg/L Indicated MRE and 536,600t LCE @ 292mg/L Inferred MRE. This report also contains the MRE announced on 22 January 2025 of 717,000 tonnes of lithium metal equivalent and 173,000 tonnes of extractable lithium carbonate equivalent (inferred category) as "Significant Maiden Lithium Mineral Resource". The insitu lithium carbonate equivalent of the Formentera project was 3.8 million tonnes.

The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original announcements.

This report also contains previously released exploration results as "Sampling at Formentera and Cilon Assays 1,122ppm Lithium" on 2 June 2023 and "99.9% Lithium Carbonate Produced from Formentera Brines" on 16 October 2023.

Mineral Resource Statement

During the year, the company announced its maiden lithium Mineral Resource Estimate (MRE) in January 2025 located in Argentina. The estimate was upgraded in July 2025 and is current as at 31 December 2025.

Patagonia Lithium Ltd
Shareholder information
31 December 2025

The information in this announcement that relates to the MRE is based on and fairly represents information and supporting documentation prepared by Jason van den Akker MAusIMM Principal Hydrogeologist, who is an employee of WSP Australia Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. The MRE has been approved by the competent person.

The Company ensures that all Mineral Resource estimates are subject to appropriate levels of governance and internal controls. Exploration results are collected and managed by an independent competent qualified geologist. All data collection activities are conducted to industry standards based on a framework of quality assurance and quality control protocols covering all aspects of sample collection, topographical and geophysical surveys, drilling, sample preparation, physical and chemical analysis and data and sample management. Mineral Resource estimates are prepared by qualified independent Competent Persons. If there is a material change in the estimate of a Mineral Resource, the estimate and supporting documentation in question is reviewed by a suitable qualified independent Competent Persons. The Company reports its Mineral Resources on an annual basis in accordance with JORC Code 2012.

June 2025 MRE above 100 mg/L Li COG Mineral Resource Classification	Sediment Volume (M m³)	Specific Yield (%)	Brine Volume (M L)	Li Grade (mg/L)	Li Metal (kt)	LCE (kt)	Mg Grade (mg/L)	Mg Metal (kt)
Indicated	61.9	11.4	7,090.7	393.0	2.8	14.8	894	6.3
Inferred	2,912.5	11.9	345,521.4	292.0	100.9	536.6	894	309.0
Total Mineral Resources	2,974.4	23.3	352,612.1	685.0	103.7	551.4	894	315.3