Patagonia Lithium Ltd

ACN 654 004 403

Interim Report - 30 June 2026

Patagonia Lithium Ltd
Directors' report
30 June 2026

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 half-year ended 30 June 2026.

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

Phillip Thomas – Executive Chairman
Pablo Tarantini – Non-Executive Director
Rick Anthon – Independent Director
Ricardo Beroiza Contreras - Non-Executive Director (appointed 2 September 2026)

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

Review of operations
The loss for the consolidated entity after providing for income tax amounted to $2,187,309 (30 June 2025: $735,566).

Patagonia has a portfolio of strategically located exploration projects in key, demand driven commodities 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, Rare earth elements, Antimony and spodumene.

Our major milestones for the next six months are:

- Complete well JAM 26-08 on Cilon concession and its BMR Gamma study and a 72 hour pumping test
- Get a permit to drill well JAM 26-09 to reduce distances between wells
- Publish the upgraded MRE with wells 5,6 7,8,9 and seismic data included
- Receive the Ekosolve DLE brine pilot plant processing report from Sulzer Corporation
- Receive the permit from Jujuy Dept mining after UGAMP meeting to build the 1,000 tonne demonstration plant.
- Complete the scoping study for the Formentera Project
- Receive the Sulzer proposal to scale up laboratory work to pilot plant to determine columns required for the demonstration plant for lithium harvesting, washing, extraction and Lithium Chloride concentration.
- Initiate exploration in Brazil on 830164/165 concessions and complete a satellite mineral identification project, ground or drone magnetics survey and a soil sampling program.

Formentera/Cilon in Argentina.

Patagonia made substantive, material progress during the half-year, with the completion of wells JAM-26-05 to JAM 26-08 with an ongoing core focus on the Formentera Lithium Project. Post the reporting period the Company has completed drilling its first well on the Cilon concession and completed 7 wells on its Formentera Concession. The Company is focused on developing the Formentera Project into a significant lithium producing operation and thus delivering significant shareholder value. The project consists of two concessions covering more than 90% of the salar (salt lake) that covers 1,952 Has (19.5sqkm) 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.

In July 25, the company announced a drainable mineral resource estimate of 551,000 tonnes of lithium carbonate equivalent ("LCE"), a 319% increase in LCE resource. The expanded Mineral Resource came after Patagonia completed a Borehole Magnetic Resonance program on wells 1,3 and 4, that delivered the significant Mineral Resource upgrade.

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). 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.

  JAM 26-05 and JAM 26-06 are located nearby to JAM 25-03 and JAM 26-07 is near the highway. Jam 26-08 is on Cilon on the same MT Survey line as JAM 25-03.

  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 8 at Cilon concession, and well JAM 26-09, a completed passive seismic survey and BMR Gamma porosity tests on all wells.
- This MRE provides further proof that the Project is a highly strategic lithium asset being substantial in size with targeting other high porosity areas on the salar at depth near completion.
- 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 are drilling JAM 26-08 well on Cilon to 600m. Subject to results which to date have been very positive, we may drill a second well on Cilon concession. We have a permit for up to eight wells. A magnetic ground survey is planned for Brazil.

Ekosolve Direct Lithium Extraction Plant

An Environmental six monthly report and Environmental Impact Report that contains the 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 and updated for new brines samples.
- 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.
- 100% of solvents and all acids and alkalis will be recovered (new process developed) and regenerated. The use of HCl acid is being tested to be substituted with strong chloride brine solution further reducing costs
- We will be able to use the sodium chloride from waste brines in the process.
- A super efficient Reverse Osmosis/Evaporation process has been developed to concentrate the lithium chloride prior to mixing with carbonate saving water and energy.
- 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.
- Presentations have been received for a 2.0MW solar BESS storage system which will give us full power for 4+ hours, complemented by diesel generators.

Brazil

No exploration field work was completed during the reporting period but a satellite geophysics targeting program was nearly completed. The focus is on the company's two concessions adjacent to the CMOC niobium mine, the presence of fenitisation being a key indicator of Rare Earth Elements. We have staked large areas nearby significant gold-antimony mineralisation where deposits are hosted in metasedimentary rocks and metavolcanic 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

With the co-operation of Dr Jose Luis Manzano and Magnus Capital SA on 4 February 2026 the Company completed a capital raising of $2,795,000 for 27,950,000 shares at $0.10 a share. A further capital raising for $3.4m was completed on 22June 2026 for 34,000,000 shares at $0.10 per share. Both share issues included a 1:2 option attaching. The Company also entered into a private placement arrangement where a further $8m of shares at $0.10 per share was subscribed by one new and two existing shareholders. The General Meeting to approve the above placement was held on 3 August 2026 and the placement was completed on 28 August 2026.

The lithium market as reflected in the futures markets has recently retraced its highs but still well above US$20,000 a tonne. Demand supply is delicately balanced and significant volatility still remains. A 9% reduction of global spodumene production from exports from Zimbabwe will impact Sinomine, Chengxin Lithium Group, and Yahua export operations of about 1.2million tonnes a year of ore. Now they will be required to build lithium carbonate plants in Zimbabwe.

Deficit Expectations: Industry forecasters expect demand growth to outpace new mine supply additions, potentially pushing the market into a structural deficit in 2030 although there are some forecasters saying 2028.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year
On 28 August 2026, the company issued 80,000,000 shares valued at $0.10 per share raising $8,000,000 before costs. The company received $5,000,000 of the funds in relation to these shares before 30 June 2026, refer to note 6.

On 28 August 2026, the company issued 6,666,667 fully paid ordinary shares to directors on conversion of performance rights.

On 1 September 2026, the company issued 5,500,000 options with an exercise price of $0.16 and expiry of 31 December 2027 to brokers as part of their remuneration. In addition, the company also issued 57,000,000 free attaching options to placement participants on the same terms. The company converted a further 19,975,000 existing unquoted options to the new quoted options on the same terms.

No other matter or circumstance has arisen since 30 June 2026 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.

Business Risks
The Board and management team address risks as they occur and endeavour to reduce their impact on operations.

FX and Blue-rate Peso Currency – The consolidated entity's expenses are primarily denominated in US dollars, with a portion incurred in Argentine pesos. During the year, the devaluation of the Argentine peso (approximately ARS 1,520 to USD 1) resulted in foreign exchange gains. As the consolidated entity's expected revenue will also be generated in US dollars, management considers there to be a natural hedge and therefore has not entered into foreign currency hedging arrangements. The Group has also benefited from the weakening of the US dollar against the Australian dollar, although forward exchange facilities are available should AUD/USD movements warrant hedging. Management notes that the gap between the blue market and official Argentine peso exchange rates has narrowed to approximately 4.5%

Pumping Brines at Commercial Volumes: The company has tested all the wells with a 20mm hose and got the maximum flow rate attainable at the 4,100m altitude. The company increased the hose diameter to 25mm and got a 25-35% improvement in the flow rate in wells 2,3, and 6. We have also conducted both core and BMR porosity tests to ensure the brines flow into the 100mm PVC pipes we have in each well. We have projected flow rates using the hydrological data we have collected and have predicted we will be able to produce sufficient brine to feed the demonstration plant but this is still to be tested across the four production wells. If they fail we may have to relocate the wells or drill larger wells.

Operation of the Demonstration Plant at higher volumes: The Ekosolve technology uses liquid to liquid extraction, which is well understood, performs very efficient in the pilot plant where there is greater control in batch mode. In a continuous mode it may be that additional work has to be done to fine tune the operation of extraction, washing, stripping and concentration of lithium chloride prior to production of lithium carbonate.

High Capital Intensity: While the board has had many years' experience in raising capital, and a mineral resource estimate exists at inferred level of 551,400 tonnes of lithium carbonate, by the time a 10,000 plant is built it may cost $140-$200m USD. This will require the board to raise equity and debt to get the plant built which will probably be secured around an offtake contract for part or all the lithium to be produced. This capital needs to be raised as the project progresses past its milestones.

Consumables, Staff and Energy: DLE processes require reliable inputs of power, water, and specific reagents, making operations vulnerable to supply chain disruptions. We also need to train and retain chemical engineers skilled in solvent extraction and other processes that the Ekosolve DLE plant relies on.

Regulatory Pushback: Environmental NGOs and local populations closely scrutinize environmental impact assessments, sometimes creating permitting bottlenecks and reputational risks for some projects but we have not experienced these delays or pushback efforts. The Olaroz community are highly supportive.

Undeveloped Transport and Infrastructure: Remote Andean salars lack adequate roads, rail networks, and transport corridors, threatening timely project execution. The road to Formentera from San Antonio de las Cobres will have many trucks supplying projects on the Puna and to this end it will need constant repair and upgrades to ensure trucks arrive and depart in a timely manner. Lithium Carbonate product will be trucked through Chile to Antofagasta for shipping in lots of 120 containers per quarter holding 21 tonnes each.

Jurisdictional Fragmentation: Mining rights belong to the provinces, but national macro-policies (such as currency controls and export taxes) dictate financial returns. Navigational friction between federal and provincial authorities creates regulatory risk. However, Jujuy has the most lithium projects operating and is seen as a progressive administrative rather than judicial province.

Macroeconomic Volatility: Despite recent policy resets and investment frameworks like the RIGI regime, historical inflation, currency shifts, and capital controls introduce long-term financial unpredictability. Miliel demonstrated the positive impact on inflation with his policies of 220% two years ago to now 33% (July 2026).

Indigenous Rights and Consultation: Some Projects face local pushback and community disputes if Free, Prior and Informed Consent (FPIC) processes with Indigenous groups are incomplete or contested. We have a UGAMP meeting in second half of 2026 meeting to discuss with the indigenous communities our proposed lithium carbonate project.

Retention of Mining licences: These are issued with a two year rollover and if you keep your environmental reports current, they are automatically renewed with payment of a concession tax amount which is very modest.

Climate Risk: The location of the brines is 200-400m underground, 4000m above sea level and experiences temperatures from -25C to +25C being in a cold desert, so climate doesn't play a role in producing brine. It does play a role in evaporating waste brine and providing a source of sodium chloride and due to low air pressure, and low number of cloudy days the evaporation rate is substantial.

Earthquake and tremor risk – there have been 889 earthquakes over the last 10 years in the region with the vast majority of these events originated in the northwestern La Puna region 200km+ from the project site. Most quakes occurred at depths of 250 to 300 km, meaning they were very deep and rarely felt or damaging. A 3.1 scale earthquake occurred recently 70km away but no effect was felt. There are 40-70 tremors a month but 95-99% of them are not detected.

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.

Competent Person Reference

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 (released on 14 July 2025 as “Lithium Carbonate Mineral Resource increased by 319%”) continue to apply and have not materially changed. The MRE is comprised of 14.8kt indicated MRE and 536.6kt inferred MRE. 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 is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Phillip Thomas
Director

9 September 2026

PATAGONIA LITHIUM LTD
AND CONTROLLED ENTITIES
ACN 654 004 403

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF PATAGONIA LITHIUM LTD AND CONTROLLED ENTITIES

As lead auditor for the review of Patagonia Lithium Ltd for the half-year ended 30 June 2026, I declare that, the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000

Anh (Steven) Nguyen
Registered Company Auditor
Partner

Date: 9 September 2026

Patagonia Lithium Ltd
Contents
30 June 2026

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

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

Suite 66, 1st Floor, 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 9 September 2026.

Patagonia Lithium Ltd
Statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 30 June 2025 $
Revenue			
Interest revenue calculated using the effective interest method		26,494	-
Expenses			
Corporate and administration expenses		(623,287)	(535,198)
Employee benefits expense		(180,824)	-
Depreciation and amortisation expense		(8,283)	-
Foreign exchange gains / (losses)		53,849	(37,802)
Share-based payment expense	15	(1,412,858)	-
Other expenses		(42,400)	(125,322)
Finance costs		-	(37,244)
Loss before income tax expense		(2,187,309)	(735,566)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Patagonia Lithium Ltd		(2,187,309)	(735,566)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(126,570)	(295,669)
Other comprehensive loss for the half-year, net of tax		(126,570)	(295,669)
Total comprehensive loss for the half-year attributable to the owners of Patagonia Lithium Ltd		(2,313,879)	(1,031,235)
		Cents	**Cents**
Basic loss per share	14	(1.08)	(0.74)
Diluted loss per share	14	(1.08)	(0.74)

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 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 31 December 2025 $
Assets			
Current assets			
Cash and cash equivalents		9,305,013	1,498,789
Trade and other receivables	3	83,205	97,337
Other		20,963	53,524
Total current assets		9,409,181	1,649,650
Non-current assets			
Trade and other receivables	3	1,189,162	819,451
Property, plant and equipment		82,192	54,801
Exploration and evaluation	4	12,147,498	10,307,818
Total non-current assets		13,418,852	11,182,070
Total assets		22,828,033	12,831,720
Liabilities			
Current liabilities			
Trade and other payables	5	291,924	185,091
Employee benefits		15,110	2,286
Other	6	5,000,000	-
Total current liabilities		5,307,034	187,377
Total liabilities		5,307,034	187,377
Net assets		17,520,999	12,644,343
Equity			
Issued capital	7	21,706,563	15,974,630
Reserves	8	1,706,375	374,343
Accumulated losses		(5,891,939)	(3,704,630)
Total equity		17,520,999	12,644,343

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 half-year ended 30 June 2026

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 half-year	-	-	(735,566)	(735,566)
Other comprehensive loss for the half-year, net of tax	-	(295,669)	-	(295,669)
Total comprehensive loss for the half-year	-	(295,669)	(735,566)	(1,031,235)
Conversion of notes	-	(9,249)	-	(9,249)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	3,500,856	-	-	3,500,856
Balance at 30 June 2025	13,336,133	1,262,748	(3,728,873)	10,870,008

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 January 2026	15,974,630	374,343	(3,704,630)	12,644,343
Loss after income tax expense for the half-year	-	-	(2,187,309)	(2,187,309)
Other comprehensive loss for the half-year, net of tax	-	(126,570)	-	(126,570)
Total comprehensive loss for the half-year	-	(126,570)	(2,187,309)	(2,313,879)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 7)	5,731,933	-	-	5,731,933
Share-based payments (note 8)	-	1,458,602	-	1,458,602
Balance at 30 June 2026	21,706,563	1,706,375	(5,891,939)	17,520,999

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 half-year ended 30 June 2026

	Note	Consolidated 30 June 2026 $	Consolidated 30 June 2025 $
Cash flows from operating activities			
Interest received		34,565	-
Payments to suppliers and employees (inclusive of GST)		(1,106,585)	(790,787)
Interest and other finance costs paid		-	(37,244)
Net cash used in operating activities		(1,072,020)	(828,031)
Cash flows from investing activities			
Payments for property, plant and equipment		(35,674)	(3,592)
Payments for exploration and evaluation rights		(1,862,435)	(1,711,911)
Net cash used in investing activities		(1,898,109)	(1,715,503)
Cash flows from financing activities			
Proceeds from issue of shares	7	6,195,000	3,565,848
Proceeds from shares yet to be issued	6	5,000,000	-
Share issue transaction costs		(417,323)	(64,992)
Repayment of borrowings		-	(876,458)
Net cash from financing activities		10,777,677	2,624,398
Net increase in cash and cash equivalents		7,807,548	80,864
Cash and cash equivalents at the beginning of the financial half-year		1,498,789	57,546
Effects of exchange rate changes on cash and cash equivalents		(1,324)	(887)
Cash and cash equivalents at the end of the financial half-year		9,305,013	137,523

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

Note 1. Basis of preparation and significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2026 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2025 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

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 $2,187,309 for the half-year ended 30 June 2026 and had negative cash flows from operating activities of $1,072,020.

The directors have reviewed the cashflow forecasts which extend to 30 September 2027, and believe that there are reasonable grounds to believe that the Consolidated Entity will be able to meets its commitments for at least 12 months from the date of signing this report, for the below reasons;

- On 28 August 2026, the company issued 80,000,000 shares valued at $0.10 per share raising $8,000,000 before costs. The company received $5,000,000 of the funds in relation to these shares before 30 June 2026, refer to note 6 and note 13.
- 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.

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.

Note 2. 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 3. Trade and other receivables

	Consolidated	
	30 June 2026	**31 December 2025**
	$	**$**
Current assets		
Other receivables	46,920	84,279
Interest receivable	-	1,393
Indirect tax receivable	36,285	11,665
	83,205	97,337
Non-current assets		
Indirect taxes receivables	1,189,162	819,451

Note 4. Exploration and evaluation

	Consolidated	
	30 June 2026	**31 December 2025**
	$	**$**
Non-current assets		
Exploration and evaluation - at cost	12,147,498	10,307,818

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

Consolidated	Exploration & evaluation $
Balance at 1 January 2026	10,307,818
Additions	1,936,589
Exchange differences	(96,909)
Balance at 30 June 2026	12,147,498

The directors have assessed the exploration and evaluation assets for indicators of impairment and confirm that:

- tenement remain in good standing;
- substantive exploration activities continue; and
- facts and circumstances do not indicate impairment under AASB 6.

Note 5. Trade and other payables

	Consolidated	
	30 June 2026	**31 December 2025**
	$	**$**
Current liabilities		
Trade payables	212,741	104,834
Other payables and accruals	79,183	80,257
	291,924	185,091

Note 6. Other

	Consolidated	
	30 June 2026 $	31 December 2025 $
Current liabilities		
Funds received ahead of shares being issued	5,000,000	-

On 28 August 2026, the company issued 50,000,000 fully paid ordinary shares valued at $0.10 per share in relation to the funds which were received before 30 June 2026, but the shares could not be issued until the company received approval from shareholders to issue the shares at an extraordinary general meeting held on 3 August 2026, refer to note 13.

Note 7. Issued capital

	Consolidated			
	30 June 2026 Shares	31 December 2025 Shares	30 June 2026 $	31 December 2025 $
Ordinary shares - fully paid	241,065,540	179,115,540	21,706,563	15,974,630

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 January 2026	179,115,540		15,974,630
Issue of shares	4 February 2026	27,950,000	$0.100	2,795,000
Issue of shares	22 June 2026	34,000,000	$0.100	3,400,000
Less cost of capital raised		-	$0.000	(463,067)
Balance	30 June 2026	241,065,540		21,706,563

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.

Note 8. Reserves

	Consolidated	
	30 June 2026 $	31 December 2025 $
Foreign currency reserve	(168,688)	(42,118)
Share-based payments reserve	1,875,063	416,461
	1,706,375	374,343

Note 8. Reserves (continued)

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.

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Foreign currency $	Share-based payments $	Total $
Balance at 1 January 2026	(42,118)	416,461	374,343
Foreign currency translation	(126,570)	-	(126,570)
Share based payments *	-	1,458,602	1,458,602
Balance at 30 June 2026	(168,688)	1,875,063	1,706,375

* Includes $45,744 which relates to options issued to brokers which have been recognised as a cost of capital raised.

Note 9. Dividends

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

Note 10. Fair value measurement

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities. The fair value is classified as level 3 due to significant unobservable inputs used in the valuation, including credit risk.

Note 11. Contingent liabilities

As at 30 June 2026, the consolidated entity had no contingent liabilities (31 December 2025: nil).

Note 12. Related party transactions

Parent entity
Patagonia Lithium Ltd is the parent entity.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 30 June 2026 $	Consolidated 30 June 2025 $
Other transactions:		
Exploration consulting paid to Gurtan Pty Ltd (an entity related to Phillip Thomas)	-	10,550
Rent paid to Gurtan Pty Ltd (an entity related to Phillip Thomas)	2,850	-

Note 12. Related party transactions (continued)

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

	Consolidated	
	30 June 2026 $	31 December 2025 $
Current payables:		
Fees and expense payable to directors	11,851	18,851

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Note 13. Events after the reporting period

On 28 August 2026, the company issued 80,000,000 shares valued at $0.10 per share raising $8,000,000 before costs. The company received $5,000,000 of the funds in relation to these shares before 30 June 2026, refer to note 6.

On 28 August 2026, the company issued 6,666,667 fully paid ordinary shares to directors on conversion of performance rights.

On 1 September 2026, the company issued 5,500,000 options with an exercise price of $0.16 and expiry of 31 December 2027 to brokers as part of their remuneration. In addition, the company also issued 57,000,000 free attaching options to placement participants on the same terms. The company converted a further 19,975,000 existing unquoted options to the new quoted options on the same terms.

No other matter or circumstance has arisen since 30 June 2026 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 14. Earnings per share

	Consolidated	
	30 June 2026 $	30 June 2025 $
Loss after income tax attributable to the owners of Patagonia Lithium Ltd	(2,187,309)	(735,566)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	203,163,606	98,907,507
Weighted average number of ordinary shares used in calculating diluted earnings per share	203,163,606	98,907,507
	Cents	**Cents**
Basic loss per share	(1.08)	(0.74)
Diluted loss per share	(1.08)	(0.74)

Note 15. Share-based payments

During the half year, the company issued 5,450,000 options to staff and consultants. A total expense of $598,522 has been recognised in relation to these options.

In addition, 1,000,000 options were issued to brokers and a total of $45,744 has been recognised as a cost of capital raised.

Note 15. Share-based payments (continued)

For the options granted during the current financial half-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
18/03/2026	31/03/2028	$0.180	$0.150	106.00%	-	4.51%	$0.110
09/06/2026	31/12/2027	$0.105	$0.160	113.00%	-	4.58%	$0.457

During the year the company also issued a total of 25,000,000 performance rights. These rights are summarised below and vest upon the below condition being met by 31 December 2027.

- 8,333,333 which vests if the company's share price exceeds 10 cents on a volume weighted average price basis calculated over 15 consecutive trading days on which the shares were actually traded. These were valued using a Monte Carlo model and had a grant date fair value of 4.28 cents;
- 8,333,333 which vests upon the company announcing a JORC compliant Mineral Resource Estimate of 750.000 tonnes of contained Lithium Carbonate Equivalent. These rights had a grant date fair value of 5.4 cents;
- 4,166,667 which vests upon the company releasing a scoping study in relation to Formentera project. These rights had a grant date fair value of 5.4 cents;
- 4,166,667 which vests upon the company releasing a feasibility study in relation to Formentera project. These rights had a grant date fair value of 5.4 cents;

A total expense of $814,336 has been recognised over the vesting period.

Patagonia Lithium Ltd
Directors' declaration
30 June 2026

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Phillip Thomas
Director

9 September 2026

PATAGONIA LITHIUM LTD
ACN 654 004 403

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE SHAREHOLDERS OF PATAGONIA LITHIUM LTD

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Patagonia Lithium Ltd and Controlled Entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of material accounting policies and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Patagonia Lithium Ltd is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the Group's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report.

We are independent of the Group in accordance with the auditor independence requirement of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including independence standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the Directors of the Company, would be the same terms if given to the Directors as at the time of this Auditor's Review Report.

Responsibilities of the Directors for the Financial Report

The Directors of the Group are responsible for:

a) the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*

b) such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2026 and its performance for the half-year ended as at that date; and complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Hall Chadwick Melbourne Audit
Chartered Accountants
Level 14, 440 Collins Street
MELBOURNE VIC 3000

Anh (Steven) Nguyen
Registered Company Auditor
Partner

Date: 9 September 2026