

# **Patagonia Lithium Limited**

**ACN 654 004 403**

**Interim Report - 30 June 2022**

**Patagonia Lithium Limited**  
**Directors' report**  
**30 June 2022**

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 Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 June 2022.

**Directors**

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

Phillip Thomas (appointed 27 April 2022)  
Paul Boyatzis (appointed 27 April 2022)  
Gino D'Anna (appointed 27 April 2022)  
Rodrigo Martin Nordmann (resigned 28 July 2022)  
Niv Dargan (resigned 27 April 2022)  
Carlos Maria Ramon Sorentino (resigned 27 April 2022)

**Principal activities**

During the financial period the principal continuing activities of the consolidated entity consisted of:

- pursuing Lithium exploration projects in Argentina; and
- working towards to company's listing on the Australian Securities Exchange

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$567,918.

**Significant changes in the state of affairs**

During the period the company issued 14,200,000 fully paid ordinary shares raising \$706,700.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

**Matters subsequent to the end of the financial period**

On 7 July 2022, the Company entered into a lead manager mandate with Pamplona Capital Pty Ltd to provide ongoing corporate advice services related to the Company's activities and capital requirements including acting as lead manager for the Company's proposed IPO. On or about the same date the lead manager mandate entered into with CoPeak Corporate Pty Ltd on 29 April 2022 was terminated by mutual agreement.

On 25 July 2022, Pamplona Capital Pty Ltd and Pamplona Opportunities Ltd were each issued 500,000 in shares in the Company following subscription funds paid to the Company totalling the sum of \$100,000.

The Company has extended the option period to exercise its rights to acquire the Tomas III Project pursuant to the Option Agreement, from 28 July 2022 to 30 November 2022 by paying US\$13,000.

By signing an addendum on 28 September 2022, the Company has agreed to vary the terms of the Option Agreement entered into with Luis Alberto Party dated 23 December 2021. The balance of the US\$2,000,000 deferred consideration payable to the project vendor shall be settled in cash only, due on 30 November 2022.

Since 30 June 2022, the company signed subscription agreements with cornerstone investors to raise \$3,000,000 before costs.

Since 30 June 2022, the company has issued 3,500,000 options over ordinary shares to directors as part of their remuneration. These options have an exercise price of 27 cents and 3 year term that have been valued at \$501,217 on grant date.

The Company has decided not to exercise its rights to acquire the Don Draper II Project pursuant to the Option Agreement entered into with Alejandro Rodriguez De La Villarmois dated 26 November 2021.

No other matter or circumstance has arisen since 30 June 2022 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.

**Patagonia Lithium Limited**  
**Directors' report**  
**30 June 2022**

**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.

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

A handwritten signature in blue ink, appearing to read 'Phillip Thomas', followed by a period.

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Phillip Thomas  
Director

19 October 2022

**PATAGONIA LITHIUM LIMITED**  
**ABN 37 654 004 403**

**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. As the lead audit partner for the review of the financial report of Patagonia Lithium Limited for the half-year ended 30 June 2022, 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.



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Anh (Steven) Nguyen  
Director  
Date: 19 October 2022  
Hall Chadwick Melbourne  
Level 14 440 Collins Street  
Melbourne VIC 3000

## **Patagonia Lithium Limited**

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### **General information**

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

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

Level 6, 505 Little Collins Street  
Melbourne VIC 3000

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 19 October 2022.

**Patagonia Lithium Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the period ended 30 June 2022**

**Consolidated**  
**27 Sep 2021**  
**to 30 Jun**  
**2022**  
**\$**

**Expenses**

Corporate and administration expenses	(96,607)
Exploration related expenses	(3,451)
Depreciation and amortisation expense	(280,200)
Unrealised foreign exchange losses	(187,100)
Other expenses	(560)

**Loss before income tax expense** (567,918)

Income tax expense -

**Loss after income tax expense for the period attributable to the owners of Patagonia Lithium Limited** (567,918)

Other comprehensive income for the period, net of tax -

**Total comprehensive income for the period attributable to the owners of Patagonia Lithium Limited** (567,918)

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

**Patagonia Lithium Limited**  
**Statement of financial position**  
**As at 30 June 2022**

	<b>Note</b>	<b>Consolidated June 2022 \$</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3	96,870
Trade and other receivables	4	11,342
Exploration and evaluation rights	5	50,695
Other	6	78,027
Total current assets		<u>236,934</u>
<b>Non-current assets</b>		
Exploration and evaluation	7	<u>2,854,480</u>
Total non-current assets		<u>2,854,480</u>
<b>Total assets</b>		<u>3,091,414</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	8	49,352
Other	9	<u>2,903,280</u>
Total current liabilities		<u>2,952,632</u>
<b>Total liabilities</b>		<u>2,952,632</u>
<b>Net assets</b>		<u><u>138,782</u></u>
<b>Equity</b>		
Issued capital	10	706,700
Accumulated losses		<u>(567,918)</u>
<b>Total equity</b>		<u><u>138,782</u></u>

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

**Patagonia Lithium Limited**  
**Statement of changes in equity**  
**For the period ended 30 June 2022**

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Retained profits \$</b>	<b>Total equity \$</b>
Balance at 27 September 2021	706,700	-	706,700
Loss after income tax expense for the period	-	(567,918)	(567,918)
Other comprehensive income for the period, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the period	-	(567,918)	(567,918)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2022	<u>706,700</u>	<u>(567,918)</u>	<u>138,782</u>

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



**Patagonia Lithium Limited**  
**Statement of cash flows**  
**For the period ended 30 June 2022**

	<b>Note</b>	<b>Consolidated 27 Sep 2021 to 30 Jun 2022 \$</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers (inclusive of GST)		<u>(62,408)</u>
Net cash used in operating activities		<u>(62,408)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation rights		<u>(469,395)</u>
Net cash used in investing activities		<u>(469,395)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	10	706,700
Share issue transaction costs relating to IPO		<u>(78,027)</u>
Net cash from financing activities		<u>628,673</u>
Net increase in cash and cash equivalents		96,870
Cash and cash equivalents at the beginning of the financial period		<u>-</u>
Cash and cash equivalents at the end of the financial period		<u><u>96,870</u></u>

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

## **Note 1. Significant accounting policies**

These general purpose financial statements for the interim half-year reporting period ended 30 June 2022 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.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### **Reporting period**

The company was incorporated on 27 September and this report covers the period from that date until 30 June 2022.

### **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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

#### *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 company'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.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Patagonia Lithium Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Patagonia Lithium Limited 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.

### **Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**Note 1. Significant accounting policies (continued)**

**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.

**Exploration and evaluation - rights to explore**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights to explore are current is carried forward as an asset in the statement of financial position. The right gives the entity the right to explore for a specified period of time after which they have the decision to enter into the acquisition for the right to tenure. The right to explore will be amortised over the exploration period and if a successful acquisition of the right is acquired, the amortization will be reversed and the right to explore will be capitalised onto the cost of the right to tenure (exploration asset).

**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 exploration 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 period in which the decision is made.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company 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.

**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. Costs relating the company's initial public offering that will be recognised a deduction to equity have been treated as a prepaid IPO cost.

**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 \$567,918 for the period ended 30 June 2022, had negative cash flows from operating activities of \$62,048.

The directors have reviewed the cashflow forecasts and believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern due to the following factors:

- Since 30 June 2022, the company has raised \$100,000 upon the issue of 1,000,000 fully paid ordinary shares valued at 10 cents per shares; and
- The company is planning to list on Australian Securities Exchange (ASX) before the end of the calendar year and is seeking to raise \$8,000,000 before costs.

**Note 1. Significant accounting policies (continued)**

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.

**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 cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

**Note 3. Current assets - cash and cash equivalents**

	<b>Consolidated June 2022 \$</b>
Cash at bank	<u>96,870</u>

**Note 4. Current assets - trade and other receivables**

**Consolidated  
June 2022  
\$**

BAS receivable	<u>11,342</u>
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**Note 5. Current assets - exploration and evaluation rights**

**Consolidated  
June 2022  
\$**

Exploration and evaluation rights - at cost	330,895
Less : accumulated depreciation	<u>(280,200)</u>
	<u>50,695</u>

*Reconciliation*

Reconciliation of the carrying value at the beginning and end of the current period are set out below:

Opening balance	-
Additions	469,395
Amortisation	(280,200)
Transfer to exploration and evaluation - non-current	<u>(138,500)</u>
Closing balance	<u>50,695</u>

**Note 6. Current assets - other**

**Consolidated  
June 2022  
\$**

Prepaid IPO costs	<u>78,027</u>
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**Note 7. Non-current assets - exploration and evaluation**

**Consolidated  
June 2022  
\$**

Exploration and evaluation - at cost	<u>2,854,480</u>
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*Reconciliations*

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

<b>Consolidated</b>	<b>Exploration &amp; evaluation \$</b>
Balance at 27 September 2021	-
Additions *	2,715,980
Transferred from exploration rights (note 5)	<u>138,500</u>
Balance at 30 June 2022	<u>2,854,480</u>

**Patagonia Lithium Limited**  
**Notes to the financial statements**  
**30 June 2022**

**Note 7. Non-current assets - exploration and evaluation (continued)**

- \* April 2022, the Company exercised its right and provided written notice to the project vendor to acquire the Formentera Project pursuant to Option Agreement entered into with Luis Alberto Party dated 23 December 2021. An amount of US\$2,000,000 is payable to complete the transaction, refer to note 9.

**Note 8. Current liabilities - trade and other payables**

	<b>Consolidated June 2022 \$</b>
Trade payables	31,720
Other payables and accruals	17,632
	<u>49,352</u>

**Note 9. Current liabilities - other**

	<b>Consolidated June 2022 \$</b>
Tenement acquisition consideration	<u>2,903,280</u>

On 19 April 2022, the Company exercised its right and provided written notice to the project vendor to acquire the Formentera Project pursuant to Option Agreement entered into with Luis Alberto Party dated 23 December 2021. The above amount will be settled by payment of US\$2,000,000 on or before 30 November 2022.

**Note 10. Equity - issued capital**

	<b>Consolidated June 2022 Shares</b>	<b>June 2022 \$</b>
Ordinary shares - fully paid	<u>14,440,000</u>	<u>706,700</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	27 September 2021	-		-
Issue of shares	27 September 2021	3,000,000	\$0.010	30,000
Issues of shares	27 September 2021	1,700,000	\$0.001	1,700
Issue of shares	22 December 2021	4,000,000	\$0.100	400,000
Issue of shares	22 December 2021	5,500,000	\$0.050	275,000
Shares issued as remuneration for cost raising costs	3 May 2022	240,000	\$0.100	24,000
Less cost of capital raised		<u>-</u>	\$0.000	<u>(24,000)</u>
Balance	30 June 2022	<u>14,440,000</u>		<u>706,700</u>

*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.

**Note 11. Equity - dividends**

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

**Note 12. Commitments**

**Consolidated**  
**June 2022**  
**\$**

*Capital commitments*

Committed at the reporting date but not recognised as liabilities, payable:

Exploration and evaluation acquisitions	<u>704,045</u>
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The above amount relates to US\$340,000 payable to complete the acquisition of the Tomas III project and US\$145,000 to complete acquisition of the Cilon project.

**Note 13. Events after the reporting period**

On 7 July 2022, the Company entered into a lead manager mandate with Pamplona Capital Pty Ltd to provide ongoing corporate advice services related to the Company's activities and capital requirements including acting as lead manager for the Company's proposed IPO. On or about the same date the lead manager mandate entered into with CoPeak Corporate Pty Ltd on 29 April 2022 was terminated by mutual agreement.

On 25 July 2022, Pamplona Capital Pty Ltd and Pamplona Opportunities Ltd were each issued 500,000 in shares in the Company following subscription funds paid to the Company totalling the sum of \$100,000.

The Company has extended the option period to exercise its rights to acquire the Tomas III Project pursuant to the Option Agreement, from 28 July 2022 to 30 November 2022 by paying US\$13,000.

By signing an addendum on 28 September 2022, the Company has agreed to vary the terms of the Option Agreement entered into with Luis Alberto Party dated 23 December 2021. The balance of the US\$2,000,000 deferred consideration payable to the project vendor shall be settled in cash only, due on 30 November 2022.

Since 30 June 2022, the company signed subscription agreements with cornerstone investors to raise \$3,000,000 before costs.

Since 30 June 2022, the company has issued 3,500,000 options over ordinary shares to directors as part of their remuneration. These options have an exercise price of 27 cents and 3 year term that have been valued at \$501,217 on grant date.

The Company has decided not to exercise its rights to acquire the Don Draper II Project pursuant to the Option Agreement entered into with Alejandro Rodriguez De La Villarmois dated 26 November 2021.

No other matter or circumstance has arisen since 30 June 2022 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.


**Patagonia Lithium Limited**  
**Directors' declaration**  
**30 June 2022**

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 2022 and of its performance for the financial period 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

A handwritten signature in blue ink, appearing to read 'Phillip Thomas', with a horizontal line underneath it.

Phillip Thomas  
Director

19 October 2022



**PATAGONIA LITHIUM LIMITED**  
**ABN 37 654 004 403**

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

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Patagonia Lithium Limited, which comprises the condensed statement of financial position as at 30 June 2022, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 Limited 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 2022 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 the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* has been provided to the directors of the Group.

*Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the half-year financial report, which indicates that the group has incurred a net loss of \$567,918 during the half-year ended 30 June 2022 and as of that date; has a negative operating cash flow of \$62,048. These conditions along with the other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast a significant doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the half-year financial report. Our conclusion is not modified in this respect of this matter.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the Group are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.



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### *Auditor's Responsibility*

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 2022 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**



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**Director: Anh (Steven) Nguyen**

**Date: 19 October 2022**